Statement of Accounts
2010/11

Swindon Borough Council and Group

D10168/11

Swindon
BOROUGH COUNCIL

Contents

Introduction by the Director of Finance

These financial statements represent a new direction for local authority financial reporting with the move to International Financial Reporting Standards (IFRS). Their aim, to harmonise financial reporting across national boundaries, is a grand design. However each organisation affected by their implementation will no doubt tell you the move has not been without some significant challenges. Not least, these have included numerous re-drafting to make highly technical accounting terminology and requirements something users can understand and compare.

It has been said that International Standards are the similar, but different, in comparison to the old Financial Reporting Standards, and for the majority of financial policies the change has had no impact. For the policies that have undergone review and restatement to comply with the international agenda though, there has been some significant changes and restatements needed. These accounts show how the final set of Statement of Recommended Practice (SORP) compliant accounts have transitioned into the IFRS version.

If looked at in the detail, there is significant change to the required accounting transactions through some accounts, but the overall substance of the accounts, and the Council's financial position, remains unchanged. The General Fund balance remains at £6m. A significant amount in isolation but which would only cover the Council for a small fraction of the gross cost of service provision if called upon.

This year may have seen major change in the financial standards but it is unlikely that there will be a period of calm. Standards are continually reviewed and updated by the International Financial Reporting Council and their impact on Local Authority financial reporting as yet unknown.

It is worthwhile to reflect that in a relatively short period of time the environment in which local services are funded and delivered has seen significant evolution. Swindon Borough Council has not been alone in having to make difficult decisions to enable it to maintain core services and deliver within the financial constraints imposed. It is a sobering position that similar decisions will continue to be needed in the coming years.

Whatever happens in the future, it is at least hoped that the time and energy that has gone in to the accounts you are reading has helped in making them an accessible document for those with and without accounting knowledge.

Stuart McKellar
Direct of Finance
June 2011

Explanatory Foreword

These accounts relate to the financial year ending 31 March 3011 and have been prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain (the Code). The Code is to be adopted by Local Authorities when publishing their accounts. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

Updates to the Accounts Required Under Changes to Accounting Practice

This year, more than most, has seen a major review of accounting standards with the implementation of International Financial Reporting Standards (IFRS). Rather than explain in detail here the nature of the changes that have been applied to the accounts, there is a new section on page 12, for this year only, which explains them alongside the relevant movements in figures.

The Statements

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

Their purpose and content are summarised below:

Core Statements

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

Supplementary Statements

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

Financial Overview

Swindon Borough Council is a Unitary Council that, alongside its other core functions, also provides Council Housing. It is required to account for its expenditure in three distinct categories:

- **General Fund (GF) Revenue Account**

This includes day-to-day expenditure on all services except those directly relating to council housing. Expenditure is financed mainly from government grant, (Formulae Grant, Dedicated Schools Grant (DSG)) and other specific grants, fees and charges and Council Tax.

- **Housing Revenue Account (HRA)**

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

- **Capital**

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

Financial Overview – The General Fund (GF)

The net GF budget for 2010/11 was set at £131.226m. This excludes funding for schools, which is provided via the Dedicated Schools Grant (DSG).

The 2010/11 financial year has again been challenging for the Council's finances. Exceptionally, during the course of the financial year, the coalition government clawed back previously announced grant funding. As a consequence, the Council recast its budget, looking to bring forward additional savings that had not been required when the budget was approved. Though a mid-year budget recast is an uncommon event, it is arguable the result positioned the Council in a better place for setting the current year's budget.

In another exceptional move, the Council made use in-year of one-off resources to consolidate its group pension liability position and to improve future cash flows around the Capita partnership arrangements. These one-off payments will help the budget in future years. Even with the above items, services came in slightly under budget, allowing a new reserve created to assist with the expected costs that will be incurred in organisational review that is currently being undertaken (Stronger Together).

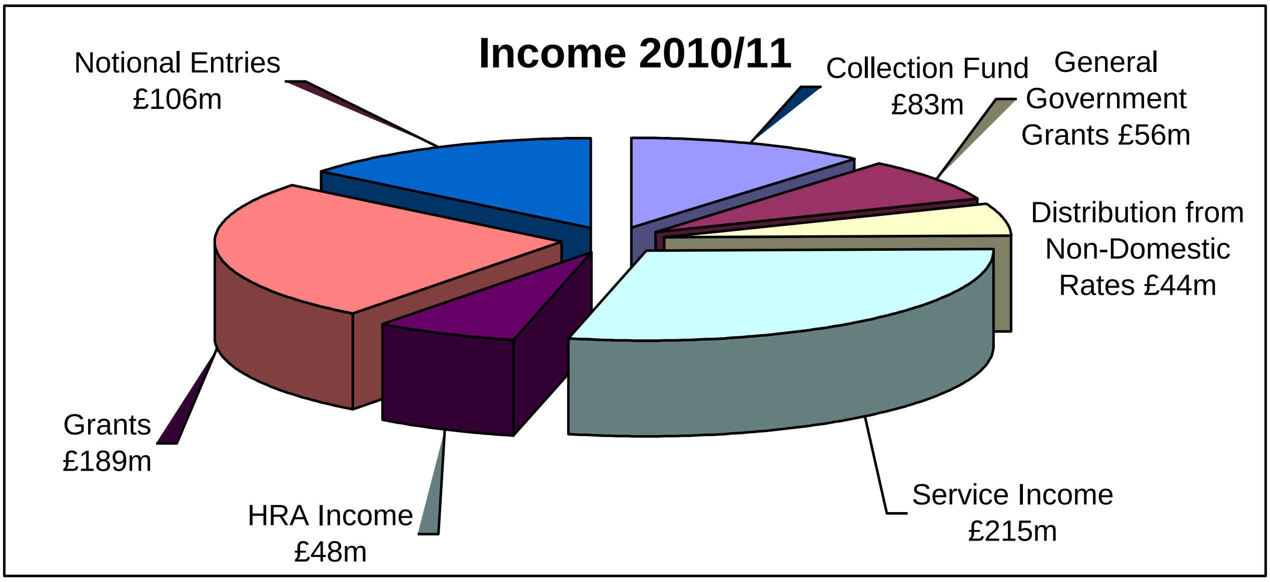
Although the overall budget was delivered, there remain significant variations between Groups. As per the national position, the ageing population supported by Adult Social Care continues to place additional financial demands on the Council. Other services ended the year under budget to negate these additional costs.

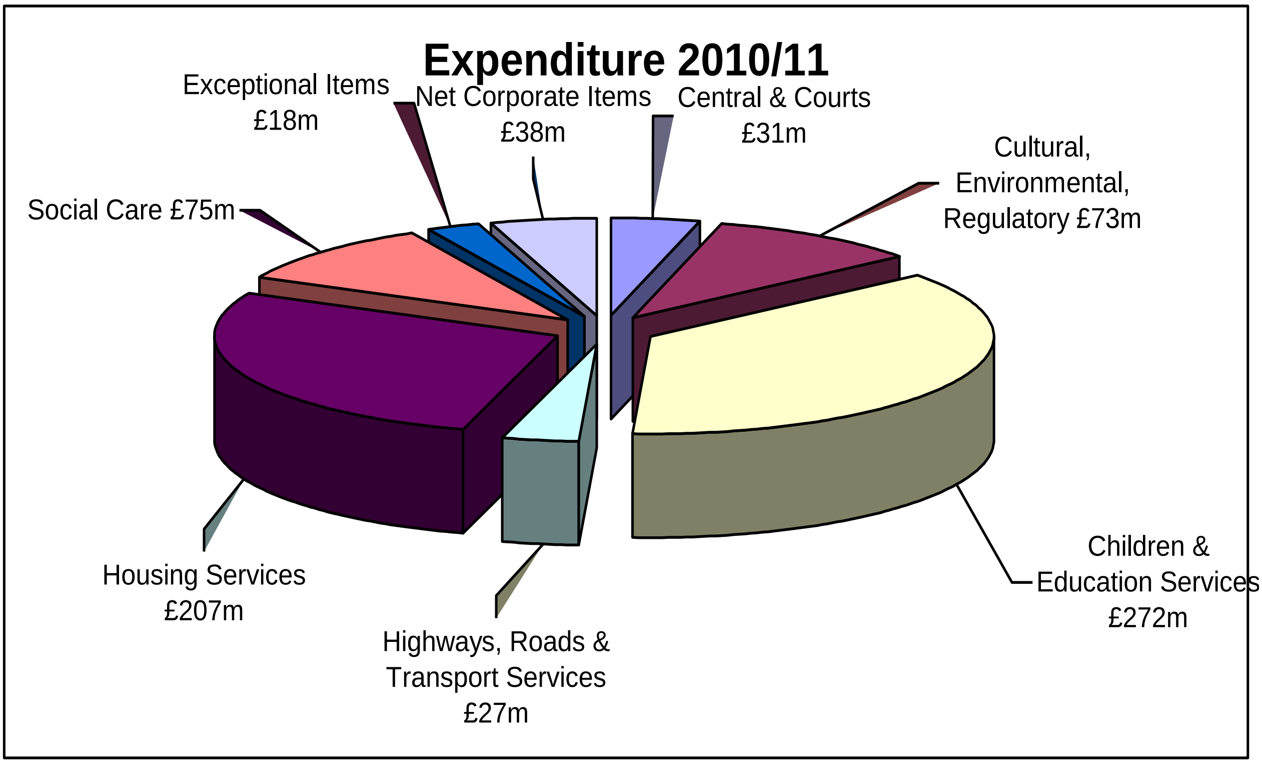
The following table provides more detail on the outturn position for each of the Council's Group Directorates. This presentation differs from the nationally prescribed format for the CIES, as it reflects the Council's local management structure. However, the total expenditure, and hence that amount to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

	Budget £000's	Actual £000's	Variance £000's
Children Services	28,190	27,587	(603)
Housing and Social Care	53,750	56,521	2,771
Environment and Regeneration	29,438	28,802	(636)
Business Transformation	16,843	16,589	(254)
Sub Total of Group Position	**128,221**	**129,499**	**1,278**
Chief Executive and Corporate	(903)	(70)	833
Sub Total	**127,318**	**129,429**	**2,111**
General Contingency Fund	3,908	1,000	(2,908)
Net Cost of General Fund Services (outturn)	**131,226**	**130,429**	**(797)**
Use of under spend taken to reserves		797	
Parish Precepts		1,933	
Net Corporate Income and Expenditure		37,678	
Net Capital, Reserves and other Appropriations in Net Cost of Services		118,155	
Surplus / Deficit on Provision of Services		**288,992**	
Taxation and Non-Specific Grant Income		(184,091)	
Net (Surplus)/Deficit For Year on the I&E		**104,091**	
Items Included In the Statement of Reserves		(104,091)	

The significant variance to the Council's budget outturn is within the provision of care packages for Adult Social Care. Other areas ended the year under budget, except the Corporate area, which includes many non-service specific items of income and expenditure affecting the Council as a whole.

The following charts analyse the main income sources to the Council in 2010/11, and the gross expenditure on services. Income sources include grants, HRA income, service fees and charges and net corporate income streams.





Financial Overview – The Collection Fund

The Collection Fund is credited with Council Tax income and debited with Swindon Borough Council's budgeted call on the fund plus the precepts of the Fire and Police Authorities and Town and Parish Councils. The Fund is used to smooth the difference between the actual and budgeted amount of Council Tax collected each year. Any surplus or deficit on the Fund is reflected in the following year's Council Tax calculations.

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

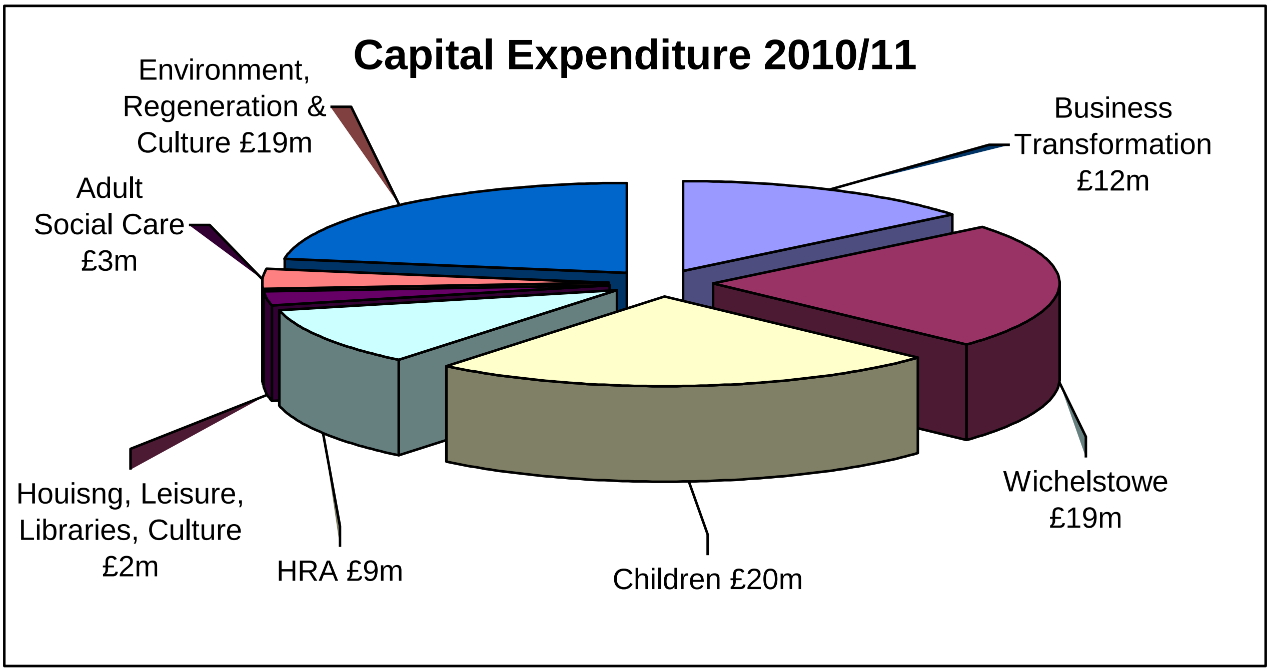
Financial Overview – The Housing Revenue Account (HRA)

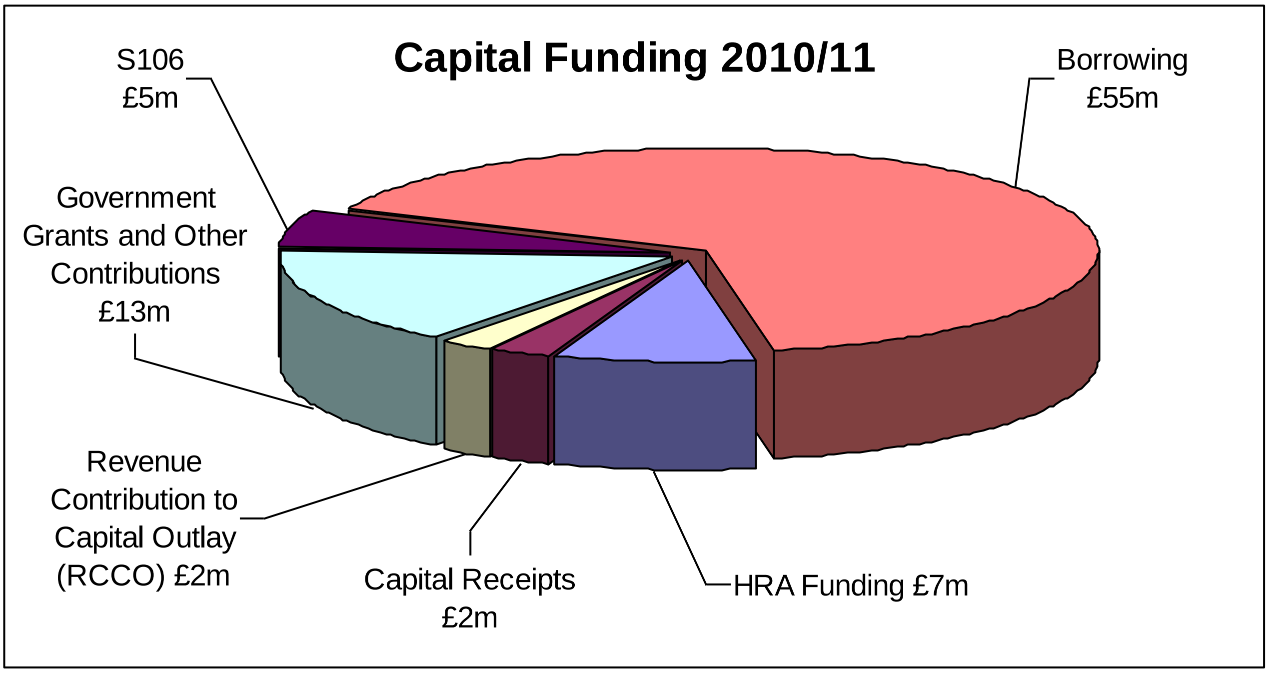
The HRA planned to balance its budget in year, but due to a small overspend of £48k against the original gross budget of £47.3m in 2010/11, a small transfer from reserves was required. The HRA therefore finished the year with a small decrease in balances held at the 31st March 2011.

The reserve movement resulted in the HRA delivering a balanced budget in 2010-11. The current economic climate has meant that the rent collection teams have had to work more closely with tenants to ensure that the rent is paid on time. The out-turn has been assisted by the current low interest rates reducing the interest payments due, and the HRA Equal Pay settlements being lower than budgeted, albeit in line with the agreed compensation matrix. This has enabled the HRA to make a larger than expected contribution to capital spend of £1.68m compared with a budget of £0.52m. The HRA has also made savings in a number of other areas, in part by holding vacancies and instead providing training positions to 18 young people via the Governments Future Jobs Fund.

Financial Overview – Capital Income & Expenditure

During the year, the Council incurred capital expenditure of £84m, excluding prior year accrual adjustments. This expenditure is analysed in the chart below into key service areas of the Council.





Significant areas of capital expenditure in 2010/11 were on:

- Schools - £20m
- Council Housing £9m
- Wichelstowe £19m

The Council incurred borrowing in 2010/11 of £55m towards capital expenditure of £84m. This contributes to total borrowing of £128m, with a related capital finance requirement of £165m. This should be seen in the context of a non-current asset base of £1.1bn.

Financial Overview – Other Key Disclosures

- Pension Liability

The net pension liability as disclosed in the balance sheet, under International Accounting Standard 19 (IAS19) requirements, has seen a large decrease over the 2009/10 disclosures. The liability is reported as £151m (£300m for 2009/10), a decrease of £149m. This decrease reflects the change in interest rate applied notionally to pensions, from Retail Price Index (RPI) to Consumer Price Index (CPI).

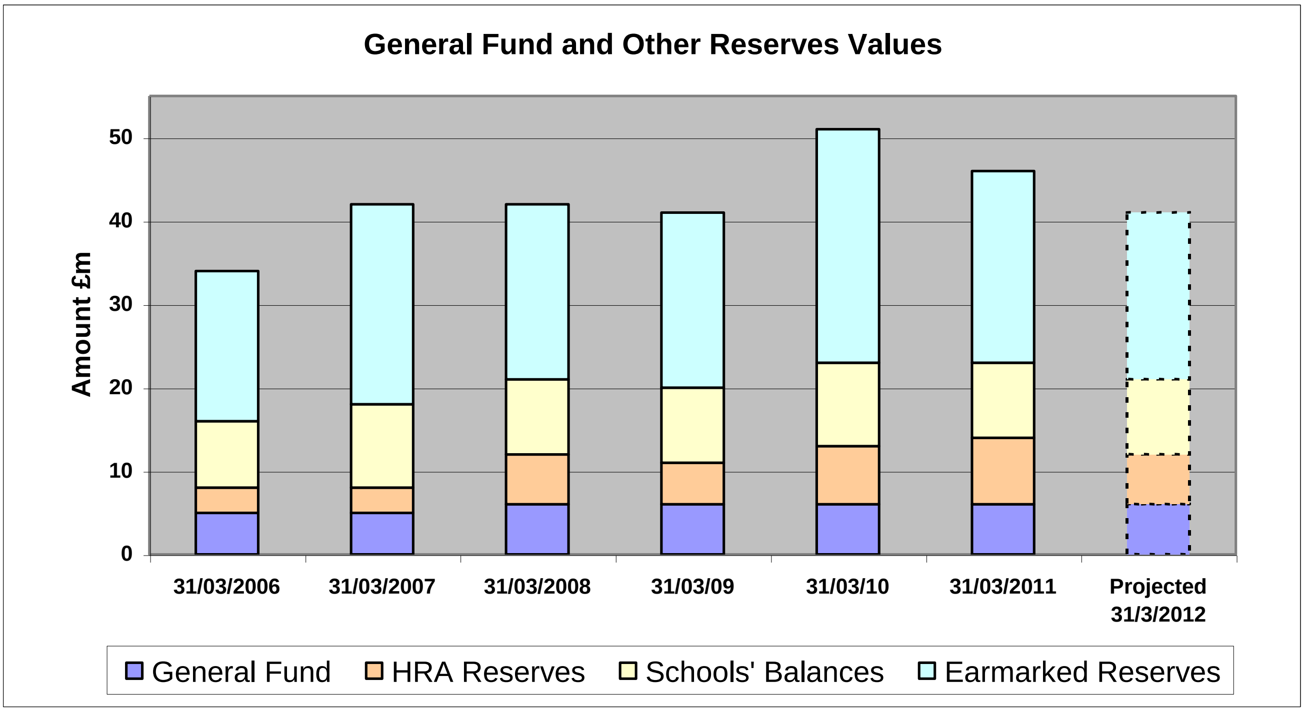
Additionally, the Council consolidated the pension position of its group companies, by way of a payment to reduce the Thamesdown Transport Limited liability. This will result in an improved cash position for the company and provide the footing for annual dividends to be paid.

Financial Overview – Financial Outlook

- Medium Term Resourcing Plan

In common with the entire public sector, the Council's financial position will remain particularly challenging in the coming years. With considerable future cost pressures to address local and national priorities, set against further tightening of financial settlements and limited scope to increase Council Tax income for a number of years due to the tightness of the public finances, the Council will need to rely on significant efficiency savings and service redesign to balance its annual budgets. A fundamental review of all services, together with public sector partners, will also be required to ensure that collective resources are focused on achieving priority outcomes as set out in "One Swindon". This is likely to be accompanied by a change from the current pattern of service delivery and a major organisational re-design, signalled by the "Stronger Together" approach.

At this point, the Council's balance sheet continues to be strong, with a healthy level of reserves as shown in the chart below. The level of General Fund earmarked reserves will fall during 2011/12 as the Council pump primes investment in its Stronger Together programme and in promoting its other key objectives.



The Council approved further Capital programme starts for 2011/12 in February 2011, only for schemes believed to be essential in future years. Work will commence shortly on updating the identified priorities and developing an affordable future programme beyond 2011/12.

Future Primary Infrastructure Works on Wichelstowe are subject to a review of available options given the economic climate, with only essential works currently budgeted for through to the end of 2011/12. Work has recently commenced on developing options towards ensuring that this major site fulfils its full financial and sustainable development potential.

- Audit Report

The draft accounts have to be approved before the 30 June 2011 by the Director of Finance, the Council's designated Finance Officer, independently audited as required by the Audit Commission Act 1998 and published in their audited form by 30 September 2011. The Council's auditors are the Audit Commission.

- Further Information

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

Restatement of the Balance Sheet

The below table shows the closing 31/3/09 balance sheet under UK GAAP and how the balances, unaltered, would fit in the new IFRS balance sheet format. The following table then shows by column each of the main adjustments made to transition the UK GAAP balance sheet figures to the IFRS version. A brief explanation of each column is provided in the subsequent notes.

UK GAAP	31/3/09 £'000		UK GAAP to IFRS Format		31/03/09 £'000	IFRS
Operational Fixed Assets	1,115,249	1	Balances 1 & 2 transfer	A	467,205	Council dwellings
Non-Operational Fixed Assets	136,925	2	To A, B, C	B	701,731	Property, Plant & Equipment
				C	83,238	Investment property
Long-term Investments	1,489				1,489	Long term investments
Long-term Debtors	283				283	Long Term debtors
Total Long-term Assets	**1,253,946**				**1,253,946**	**Total Non-Current Assets**
Stocks and Work in Progress	1,540				1,540	Inventories & Work in Progress
Debtors Less Provision for Bad Debts	44,048	3	Balances 3 & 4 transfer	D	47,330	Short term debtors
Payments in Advance	3,282	4	To D			
Short-term Investments	58,976				58,976	Short term investments
Cash	9,502				9,502	Cash & Cash equivalent
Total Current Assets	**117,348**				**117,348**	**Total Current Assets**
Creditors	(57,006)	5	Balances 5 & 6 transfer	E	(66,807)	Short term creditors
Receipts in Advance	(9,801)	6	To E			
Long Term Borrowing repayable within one year	(13,178)				(13,178)	Short term borrowing
Unapplied Grants and Contributions	(20,049)				(20,049)	Unapplied Grants and Contributions
Total Current Liabilities	**(100,034)**				**(100,034)**	**Total Current Liabilities**
Government Grants Deferred	(82,375)				(82,375)	Government Grants Deferred
Provisions	(3,088)				(3,088)	Provisions (long term)
Long-term Borrowing	(73,720)				(73,720)	Long term borrowing
Finance Lease Liability	(49,339)				(49,339)	Long term creditors
Liability Related to Pension Scheme	(145,029)				(145,029)	Liability Related to Pension Scheme
Total Long-term Liabilities	**(353,551)**				**(353,551)**	**Non-Current Liabilities**
TOTAL ASSETS LESS LIABILITIES	**917,709**				**917,709**	**Net Assets / (Liabilities)**

UK GAAP	31/3/09 £'000		UK GAAP to IFRS Format		31/03/09 £'000	IFRS
Usable Capital Receipts Reserve	(14,137)	7	Balance 7 to 11	F	(59,810)	Useable Reserves
Major Repairs Reserve	(2,977)	8	Transfer to F			
Specific Reserves and Funds	(34,621)	9				
General Fund	(6,000)	10				
Housing Revenue Account Balance	(2,075)	11				
Capital Adjustment Account	(902,045)	12	Balances 12 to 18	G	(857,899)	Unusable Reserves
Revaluation Reserve	(101,007)	13	Transfer to G			
Financial Instruments Adjustment Account	1,289	14				
Pension Reserve	145,029	15				
Collection Fund Adjustment Account	(446)	16				
Deferred Capital Receipts (Mortgages)	(108)	17				
Passenger Transport Realisation Account	(611)	18				
TOTAL FINANCING	**(917,709)**				**(917,709)**	**Net Reserves**

The main changes to the accounts to bring the opening "transitional" balance sheet to IFRS standard are presented in the table below.

	A	B	C	D	E	F
	UK GAAP 31/03/09 £'000	**Capital Grants £'000**	**Asset Categorisations £'000**	**Finance Lease £'000**	**Cash / Provisions / Other Changes £'000**	**Restated 01/04/09 £'000**
Council dwellings	467,205					467,205
Property, Plant & Equipment	701,731		29,209		1	730,941
Investment property	83,238		(31,600)	(2,214)		49,424
Long term investments	1,489					1,489
Long Term debtors	283					283
Total Non-Current Assets	**1,253,946**	**0**	**(2,391)**	**(2,214)**	**1**	**1,249,342**
Short term investments	58,976				(14,500)	44,476
Inventories & Work in Progress	1,540					1,540
Short term debtors	47,330			263		47,593
Cash & Cash equivalent	9,502				14,500	24,002
Total Current Assets	**117,348**	**0**	**0**	**263**	**0**	**117,611**
Short term borrowing	(13,178)					(13,178)
Short term creditors	(66,807)				34	(66,773)
Unapplied Grants and Contributions	(20,049)	20,049				0
Provisions (short term)					(1,373)	(1,373)
Total Current Liabilities	**(100,034)**	**20,049**	**0**	**0**	**(1,339)**	**(81,324)**
Long term creditors	(49,339)					(49,339)
Provisions (long term)	(3,088)				1,339	(1,749)
Long term borrowing	(73,720)					(73,720)
Liability Related to Pension Scheme	(145,029)					(145,029)
Government Grants Deferred	(82,375)	82,375				0
Capital Grants receipts in advance		(20,049)				(20,049)
Long Term Liabilities	**(353,551)**	**62,326**	**0**	**0**	**1,339**	**(289,886)**
Net Assets / (Liabilities)	**917,709**	**82,375**	**(2,391)**	**(1,951)**	**1**	**995,743**
Useable Reserves	(59,810)		0	(263)	0	(60,073)
Unusable Reserves	(857,899)	(82,375)	2,391	2,214	(1)	(935,670)
Net Reserves	**(917,709)**	**(82,375)**	**2,391**	**1,951**	**(1)**	**(995,743)**

The changes above relate to:

Column Ref	Heading	Explanation
A	UK GAAP	The 2008/09 closing balance sheet formatted to IFRS headings.
B	Capital Grants	Adjustment to remove the government grant deferred account and show grants as either applied in full to Capital Adjustment Account for use in funding, useable but unapplied to the Capital Grants Unapplied Account if there is reasonable assurance that any condition will be met, or as a receipt in advance if there is a condition to the grant that is not yet reasonable assured to be met.
C	Asset Categorisation	The changes to asset categories as a result of stricter classification to investment properties.
D	Finance Lease	Adjustment to assets required on review of leasing arrangements whereby some assets are reclassified as finance lease asset and require to be de-recognised as assets and recognised as debtors under finance lease accounting instead.
E	Cash / Provision / Other Changes	These are reclassifications needed to align the accounting statements for changes in provision classification, for short term deposits less than one month in term classified as cash equivalent balances, and minor rounding.
F	Restated 1/4/09	The balances that form the 1st April 2009 transitional IFRS balance sheet.

The Comprehensive Income and Expenditure Statement has also undergone transitional reclassification in 2009/10, however, the impact on the changes are limited to the below lines:

CIES Line	Value	Explanation
Net Cost of Services	£3.5m	£3.4m of deferred grant income was removed from the NCS and £0.1m of finance lease payments have been added in.
Financing & Investment Inc/Exp and Revaluation of Asset	£0.6m	Revaluation of investment properties credited to investment income rather than revaluations.
Tax and non-specific grant income	£40.1m	The requirement to recognise grants in full when conditions are fulfilled has seen the increase in grant recognition.

Main Statements

Comprehensive Income and Expenditure Statement

Note	Continuing Operations	2009/10 Gross Expenditure £000	2009/10 Gross Income £000	2009/10 Net Expenditure £000	2010/11 Gross Expenditure £000	2010/11 Gross Income £000	2010/11 Net Expenditure £000
	Central & Court Services	17,189	(14,957)	2,232	20,297	(16,649)	3,648
	Corporate and democratic core	7,731	(9,549)	(1,818)	10,442	(9,535)	907
	Non distributed costs	17,403	(16)	17,387	47	340	387
	Cultural, environmental, regulatory and planning services	74,136	(21,002)	53,134	73,003	(21,745)	51,258
	Education and children's services	224,272	(181,850)	42,422	271,729	(203,311)	68,418
	Highways and transport services	25,629	(10,284)	15,345	26,991	(11,039)	15,952
	Local authority housing (HRA)	50,320	(47,362)	2,958	138,784	(48,433)	90,351
	Other housing services	67,679	(64,775)	2,904	68,674	(61,535)	7,139
	Adult social care	68,997	(24,127)	44,870	74,971	(26,685)	48,286
5	Exceptional items	6,214	0	6,214	18,614	(53,646)	(35,032)
	Surplus / Deficit on Continuing Operations	**559,570**	**(373,922)**	**185,648**	**703,552**	**(452,238)**	**251,314**
9	Other operating expenditure			(217)			26,366
10	Financing and investment income and expenditure			15,931			11,312
11	Taxation and non-specific grant income			(175,450)			(184,091)
	(Surplus) or Deficit on Provision of Services			**25,912**			**104,901**
	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets			(23,415)			14,868
	(Surplus) or deficit on revaluation of available for sale financial assets			0			(625)
22/40	Actuarial (gain) / loss on pension assets / liabilities			138,063			(104,826)
	Other Comprehensive Income and Expenditure			**114,648**			**(90,583)**
	Total Comprehensive Income and Expenditure			**140,560**			**14,318**

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

Movement in Reserves Statement

	General Fund Balance £000	Earmarked GF Reserves £000	HRA £000	Earmarked HRA Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2010	**(6,000)**	**(39,850)**	**(2,048)**	**(5,407)**	**(11,891)**	**(6,243)**	**0**	**(71,439)**	**(783,744)**	**(855,183)**
Surplus / (deficit) on provision of services	13,864		91,037					**104,901**		**104,901**
Other Comprehensive Income and Expenditure								**0**	(90,583)	**(90,583)**
Total Comprehensive Income and Expenditure	13,864	0	91,037	0	0	0	0	**104,901**	**(90,583)**	**14,318**
Adjustments between accounting basis & funding basis under regulations (note 7)	(8,232)	0	(92,102)	0	(341)	45	(18,998)	(119,628)	119,628	**0**
Net Increase/ Decrease before Transfers to Earmarked Reserves	5,632	0	(1,065)	0	(341)	45	(18,998)	**(14,727)**	**29,045**	**14,318**
Transfers to/from Earmarked Reserves	(5,632)	5,673	1,113	(1,113)	(42)	0	1	0		**0**
Increase/Decrease in 2010/11	0	5,673	48	(1,113)	(383)	45	(18,997)	**(14,727)**	**29,045**	**14,318**
Balance at 31 March 2011 carried forward	**(6,000)**	**(34,177)**	**(2,000)**	**(6,520)**	**(12,274)**	**(6,198)**	**(18,997)**	**(86,166)**	**(754,699)**	**(840,865)**

This statement shows the movement in the year on the different reserves held by the authority, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority’s services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

Statement of Financial Position

Note		1st April 2009 £000	31st March 2010 £000	31st March 2011 £000
12	Property, Plant& Equipment (non-dwellings)	730,941	778,927	791,095
12	Council dwellings	467,205	461,900	320,238
13	Investment property	49,424	48,111	51,267
57	Long term investments	1,489	1,489	1,489
	Long Term debtors	283	250	220
	Total Non-Current Assets	**1,249,342**	**1,290,677**	**1,164,309**
14	Short term investments	44,476	56,869	44,510
15	Inventories & Work in Progress	1,540	634	621
16	Short term debtors	47,593	35,890	26,742
17	Cash & Cash equivalents	24,002	26,945	17,410
18	Assets held for sale (current)	0	0	625
	Current Assets	**117,611**	**120,338**	**89,908**
14	Short term borrowing	(13,178)	(37,411)	(43,910)
19	Short term creditors	(67,289)	(46,560)	(51,000)
20	Provisions (short term)	(1,373)	(1,458)	(1,439)
	Current Liabilities	**(81,840)**	**(85,429)**	**(96,349)**
	Long term creditors	(48,823)	(48,277)	(47,662)
20	Provisions (long term)	(1,749)	(1,851)	(2,089)
14	Long term borrowing	(73,720)	(95,988)	(84,189)
22/40	Pension Asset/Liability	(145,029)	(300,050)	(151,374)
35	Capital Grants receipts in advance	(20,049)	(24,237)	(31,689)
	Non-Current Liabilities	**(289,370)**	**(470,403)**	**(317,003)**
	Net Assets	**995,743**	**855,183**	**840,865**
	Usable Reserves	(60,073)	(71,439)	(86,166)
22	Unusable Reserves	(935,670)	(783,744)	(754,699)
	Total Reserves	**(995,743)**	**(855,183)**	**(840,865)**

The unaudited accounts were issued on 31/6/2011 and the audited accounts were authorised for issue on 23/9/11.

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

Cash Flow Statement

Notes		2009/10 £000	2010/11 £000
	Net (surplus) or deficit on the provision of services	25,912	104,901
	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(50,150)	(123,906)
	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	6,980	5,027
23	**Net cash flows from Operating Activities**	**(17,258)**	**(13,978)**
24	Investing Activities	57,155	18,261
25	Financing Activities	(42,840)	5,252
	Net (increase) or decrease in cash and cash equivalents	**(2,943)**	**9,535**
	Cash and cash equivalents at the beginning of the reporting period	24,002	26,945
	Cash and cash equivalents at the end of the reporting period	**26,945**	**17,410**

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

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

a) General Principles

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

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

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

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

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

b) Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised in the period that the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised in the period when the Authority provides the service and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date that material supplies are received and their consumption, material balances are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

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

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

c) Acquisitions and Discontinued Operations

The Authority has neither acquired nor discontinued any material operation within these accounts.

d) Cash and Cash Equivalents

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

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

e) Exceptional Items

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

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

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

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

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

g) Charges to Revenue for Non-Current Assets

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

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

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

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

h) Employee Benefits

Benefits Payable During Employment

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

Post-Employment Benefits

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

- The Teachers' Pension Scheme, administered by Teachers' Pensions Agency on behalf of the Department for Education (DfE).
- The Local Government Pension Scheme, administered by Wiltshire County Council.

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

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

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme. The liabilities of the Wiltshire pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate of 5.5% (based on the indicative rate of return on the iBoxx Sterling Corporates AA over 15 years Index at the IAS19 valuation date with one adjustment – the removal of recently re-rated bonds from the index).

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

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

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

Discretionary Benefits

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

i) Events After the Balance Sheet Date

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

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

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

j) Financial Instruments

Financial Liabilities

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

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

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

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

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

Financial Assets

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

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

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

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

k) Foreign Currency Translation

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

l) Government Grants and Contributions

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

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

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

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

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

Business Improvement Districts

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

m) Intangible Assets

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

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

n) Interests in Companies and Other Entities

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

Swindon Borough Council, as sole shareholder and therefore parent organisation of Thamesdown Transport Limited (TTL), Swindon Commercial Services Limited (SCSL), and Forward Swindon Limited (FSL) is required to produce group financial statements for the combined entities where the impact on the accounts is material. On that basis Forward Swindon Limited is not included in consolidation. In collation of these accounts it is necessary that the accounting policies of the parent be used for the Group as a whole.

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

Fixed Asset Depreciation / Valuation

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

No other material policy adjustments are noted.

Accruals and transactions between the group entities have been removed from the group statements using information from the subsidiary and authority records.

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

o) Inventories and Long Term Contracts

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

p) Investment Property

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

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

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

q) Leases

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

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

Finance Leases

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

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating Leases

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

The Authority as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves

Statement. Where the amount due in relation to the leased asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement.

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

Operating Leases

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

r) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice (BVACOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority’s status as a multi-functional, democratic organisation.
- Non-Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in BVACOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

s) Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

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

Financial year 2010/11 was the first year of a new five-year rolling programme of asset revaluations. The de minimis level applied is £10,000. All valuations have been carried out by the Council's valuers, who are RICS qualified.

Impairment

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

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

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

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

Depreciation

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

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

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

Deprecation is calculated on the following bases:

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

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

Components

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

To be considered for componentisation an individual asset must:

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

A component must:

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

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

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

t) Private Finance Initiative (PFI) and Similar Contracts

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

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

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

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

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

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

u) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

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

Landfill Allowance Trading Schemes (LATS)

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

v) Reserves

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

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

w) Revenue Expenditure Funded from Capital under Statute

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

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

x) VAT

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

y) Collection Fund / Agency Arrangements

The Collection Fund is a separate account required through statute by billing authorities. It presents the amounts collected as income and the amounts paid out as precepts to precepting 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.

z) Group Consolidation

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

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

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

The adoption of Financial Reporting Standard 30 "Heritage Assets" by the Code in 2011/12 will result in a change of accounting policy for asset categorisation. This requires disclosure in the current year's accounts in line with the Code. The Authority is seeking further information on the requirements of Heritage Asset valuation and classification and currently has no known disclosure information.

3. Critical Judgements in Applying Accounting Policies

There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

The Authority is deemed to control the services provided under the agreement for school provision in seven new schools and also to control the residual value of the buildings at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the schools (with a net book carry value of £62m 31/3/11) are recognised as Property, Plant and Equipment on the Authority's Balance Sheet.

The Authority contributes funding to Highworth Recreation. The Trust is managed by the centre team with assistance from the Council to continue service provision in light of difficult trading conditions. It has been determined that the Authority does not have control of the Trust and it is not a subsidiary of the Authority.

The Council set up a new company in 2010/11 for the promotion of Swindon, called Forward Swindon Ltd. This company is considered to be part of the Group boundary due to the Council being sole shareholder and having a controlling influence. However, the company's transactions are not-material with net assets of only £1.4m, and on materiality grounds the company has not been consolidated into the Group statements of these accounts.

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

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

The items in the Authority's Balance Sheet at 31 March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
Provisions	The Authority has made 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 relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages,	Changes to the pension liability can be complex with a variety of items that may cause impact on the either a positive or negative change.

	mortality rates and expected returns on pension fund assets. Actuaries provide the Authority, through the pension fund, with expert advice about the assumptions to be applied.	
Untaken Leave	Sampling has been used to estimate the historic value of untaken staff leave, coupled with an annual return sent to managers to complete for the latest financial year. The accounting judgement is based upon these estimates as a percentage of gross expenditure.	If future changes should be made to gross expenditure it may trigger the threshold for inclusion of accrual leave due to changes in materiality. This would result in higher cost of services but with compensating adjustments in the movement in reserves statement.

5. Material Items of Income and Expense

The Comprehensive Income and Expenditure Statement contains £18m of exceptional costs which were funded on a one-off basis in 2010/11 and £53m of notional income. This can be broken down as:

Items	10/11 Value	Explanation
Group Pension Liability	£4m	The Council has repaid part of the Group pension liability in order to provide for improved future returns on its investments in group companies.
Capita Partnership	£11m	The Council has made a payment to the partnership to reduce the ongoing contractual obligation for services. This upfront payment covers costs that would have been incurred in future, with additional interest on top, and represents a future saving to the Authority.
Capitalised Equal Pay Awards	£3.5m	The Council incurred costs relating to equal pay awards that were allowed to be capitalised. This is also the only exceptional cost shown for 2009/10.
Past service gain from change in pension inflation type	(£53.2m)	In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). This has the effect of reducing the Council's liabilities in the Wiltshire Pension Fund and has been recognised as a past service gain in accordance with guidance set down in UITF Abstract 48, since the change is considered to be a change in benefit entitlement. There is no impact upon the General Fund or Housing Revenue Account.

6. Events after the Balance Sheet Date

The draft Statement of Accounts were authorised for issue by the Director of Finance on 30 June 2011. Events taking place after this date are not reflected in these financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2011, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The financial statements and notes have not been adjusted for the following events which took place after 31 March 2011 as they provide information that is relevant to an understanding of the Authority's financial position but do not relate to conditions at that date:

Contingent Asset
The Authority is progressing a compensation claim for emergency building works that it was obliged to complete to a listed building in the Borough. A successful claim would see the capital costs repaid, resulting in additional capital receipts.

7. Adjustments between Accounting Basis and Funding Basis under Regulations

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

2010/11	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Adjustments primarily involving the Capital Adjustment Account:								
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement								
Charges for depreciation of non-current assets	(22,904)	(3,237)				(26,141)	26,141	**0**
Charges for impairment of non-current assets	(37,883)	(97,167)				(135,050)	135,050	**0**
Movement in the market value of investment properties	4,346					4,346	(4,346)	**0**
Capital grants and contributions applied	13,085	0				13,085	(13,085)	**0**
Revenue expenditure funded from capital under statute	(12,282)	0				(12,282)	12,282	**0**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(25,796)	(567)				(26,363)	26,363	**0**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:								
Statutory provision for the financing of capital investment	1,832	0				1,832	(1,832)	**0**
Capital expenditure charged against the General Fund and HRA balances	151	1,680				1,831	(1,831)	**0**
Adjustments primarily involving the Capital Adjustment Account:								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	18,998				(18,998)	0	0	**0**

2010/11	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Application of grants to capital financing transferred to the Capital Adjustment Account	4,951					4,951	(4,951)	**0**
Adjustments primarily involving the Capital Receipts Reserve:								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,611	627	(2,238)			0		**0**
Use of the Capital Receipts Reserve to finance new capital expenditure			1,607			1,607	(1,607)	**0**
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(290)	0	290			0	0	**0**
Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):								
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(18)					(18)	18	**0**
Adjustment primarily involving the Major Repairs Reserve								
Reversal of Major Repairs Allowance credited to the HRA		6,952		(6,952)		0	0	**0**
Use of the Major Repairs Reserve to finance new capital expenditure				6,997		6,997	(6,997)	**0**
Adjustment primarily involving the Financial Instruments Adjustment Account:								
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	123	194				317	(317)	**0**
Adjustments primarily involving the Pensions Reserve:								

2010/11	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	44,437	(584)				43,853	(43,853)	**0**
Adjustments primarily involving the collection Fund Adjustment Account:								
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1,407	0				1,407	(1,407)	**0**
Total Adjustments	**(8,232)**	**(92,102)**	**(341)**	**45**	**(18,998)**	**(119,628)**	**119,628**	**0**

2009/10	General Fund Balance	Housing Revenue Account	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
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	(15,746)	(4)				**(15,750)**	15,750	**0**
Charges for impairment of non-current assets	(24,490)	(9,160)				**(33,650)**	33,650	**0**
Movement in the market value of investment properties	604					**604**	(604)	**0**
Capital grants and contributions applied	34,879					**34,879**	(34,879)	**0**
Revenue expenditure funded from capital under statute	(11,887)					**(11,887)**	11,887	**0**

2009/10	General Fund Balance	Housing Revenue Account	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
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	(69)	(864)				**(933)**	933	**0**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:								
Statutory provision for the financing of capital investment	1,328					**1,328**	(1,328)	**0**
Adjustments primarily involving the Capital Receipts Reserve:								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,694	1,183	(3,877)			**0**	0	**0**
Use of the Capital Receipts Reserve to finance new capital expenditure			5,398			**5,398**	(5,398)	**0**
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(807)		807			**0**	0	**0**
Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):								
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(28)					**(28)**	28	**0**
Adjustment primarily involving the Major Repairs Reserve								
Reversal of Major Repairs Allowance credited to the HRA		2,253		(2,253)		**0**	0	**0**
Use of the Major Repairs Reserve to finance new capital expenditure				(1,013)		**(1,013)**	1,013	**0**

2009/10	General Fund Balance	Housing Revenue Account	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
Adjustment primarily involving the Financial Instruments Adjustment Account:								
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	234	219				**453**	(453)	**0**
Adjustments primarily involving the Pensions Reserve:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(16,861)	(97)				**(16,958)**	16,958	**0**
Adjustments primarily involving the collection Fund Adjustment Account:								
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	281					**281**	(281)	**0**
Total Adjustments	**(29,868)**	**(6,470)**	**2,328**	**(3,266)**	**0**	**(37,276)**	**37,276**	**0**

8. 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 in 2010/11.

	Balance at 1/4/2009 £000	Transfers In £000	Transfers Out £000	Balance at 31/3/2010 £000	Transfers In £000	Transfers Out £000	Balance at 31/3/2011 £000
General Fund:							
Reserves - Central	(18,841)	(12,668)	6,116	(25,393)	(7,476)	11,884	(20,985)
Reserves - Children	(160)	(4)	106	(58)	(243)	5	(296)
Reserves - Environment & Regeneration	(1,740)	(1,865)	190	(3,415)	(297)	1,703	(2,009)
Reserves - Housing GF	(326)	(61)	0	(387)	(5)	215	(177)
Reserves - Trading Services	(1,305)	0	1,305	0	0	0	0
Reserves - Recreation	(71)	0	71	0	0	0	0
Reserves - Revenue Grant Funds	0	0	0	0	(1,494)	0	(1,494)
Total GF Reserves	**(22,443)**	**(14,598)**	**7,788**	**(29,253)**	**(9,515)**	**13,807**	**(24,961)**
Ring fenced Reserves							
HRA	(2,461)	(3,362)	416	(5,407)	(1,207)	94	(6,520)
Schools	(9,374)	(1,035)	0	(10,409)	0	1,302	(9,107)
Statutory Mitigation Reserves*	(263)	0	75	(188)	0	79	(109)
Total Earmarked Reserves	**(34,541)**	**(18,995)**	**8,279**	**(45,257)**	**(10,722)**	**15,282**	**(40,697)**

* The statutory mitigation reserve has been created to provide the balancing entries for newly categorised finance leases

9. Other Operating Expenditure

Breakdown of items included under Other Operating Expenditure.

	2009/10 £000	2010/11 £000
Parish council precepts	1,892	1,933
Payments to the Government Housing Capital Receipts Pool	807	289
Gains/losses on the disposal of non-current assets	(2,916)	24,144
Total Other Operating Expenditure	**(217)**	**26,366**

10. Financing and Investment Income and Expenditure

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

	2009/10 £000	2010/11 £000
Interest payable and similar charges	14,859	12,633
Net pensions interest cost and expected return on pensions assets	9,969	10,355
Interest receivable and similar income	(3,290)	(1,217)
Investment income	(5,003)	(6,113)
Movement on market value of investment property	(604)	(4,346)
Total Financing and Investment Income and Expenditure	**15,931**	**11,312**

11. Taxation and Non Specific Grant Incomes

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

	2009/10 £000	2010/11 £000
Council tax income	(81,559)	(83,919)
Non-domestic rates	(40,559)	(44,226)
Non-ring-fenced government grants	(18,453)	(19,297)
Capital grants and contributions	(34,879)	(36,649)
Total Taxation and Non-specific Grant Incomes	**(175,450)**	**(184,091)**

12. Property, Plant and Equipment

2010/11	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, & Equipment £000	Infra-structure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total PPE £000	PFI Assets in PPE £000
Cost or Valuation									
At 1 April 2010*	**475,002**	**617,894**	**25,953**	**68,620**	**23,572**	**40,809**	**49,929**	**1,301,779**	**63,947**
Additions	9,034	19,188	1,471	14,852	1,540	80	25,681	**71,846**	366
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(49,779)	30,644			406	1,307	0	**(17,422)**	
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(97,026)	(38,000)					(1,718)	**(136,744)**	
Derecognition – disposals	(698)	(26,383)					(155)	**(27,236)**	
Other movements in cost or valuation		5,645	84				(5,729)	**0**	
At 31 March 2011	**336,533**	**608,988**	**27,508**	**83,472**	**25,518**	**42,196**	**68,008**	**1,192,223**	**64,313**
Accumulated Depreciation and Impairment									
At 1 April 2010*	**(13,102)**	**(24,875)**	**(12,546)**	**(10,388)**	**0**	**(41)**	**0**	**(60,952)**	**(1,074)**
Depreciation charge	(3,214)	(13,861)	(4,041)	(4,999)		(26)		**(26,141)**	(1,080)
Depreciation written out to the Revaluation Reserve	21	2,553						**2,574**	
Impairment losses / (reversals) recognised in the Revaluation Reserve		2,820				36		**2,856**	
Derecognition – disposals		773						**773**	
Derecognition – other								**0**	
At 31 March 2011	**(16,295)**	**(32,590)**	**(16,587)**	**(15,387)**	**0**	**(31)**	**0**	**(80,890)**	**(2,154)**
Net Book Value									
31 March 2010	**461,900**	**593,019**	**13,407**	**58,232**	**23,572**	**40,768**	**49,929**	**1,240,827**	**62,873**
31 March 2011	**320,238**	**576,398**	**10,921**	**68,085**	**25,518**	**42,165**	**68,008**	**1,111,333**	**62,159**

2009/10	**Council Dwellings £000**	**Other Land and Buildings £000**	**Vehicles, Plant, & Equipment £000**	**Infra-structure Assets £000**	**Community Assets £000**	**Surplus Assets £000**	**Assets Under Construction £000**	**Total PPE £000**	**PFI Assets in PPE £000**
Cost or Valuation									
At 1 April 2009	**476,280**	**583,372**	**20,625**	**57,230**	**24,421**	**35,806**	**47,580**	**1,245,314**	**70,047**
Additions	8,879	42,764	5,515	11,390	1,209		19,482	**89,239**	
Revaluation increases / (decreases) recognised in the Revaluation Reserve		19,593	149	0	1	4,735		**24,478**	
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(8,879)	(24,151)	(201)	0	(2,059)			**(35,290)**	(3,448)
Derecognition – disposals	(747)		(181)					**(928)**	
Other movements in cost or valuation		(297)				296	(17,133)	**(17,134)**	
At 31 March 2010	**475,533**	**621,281**	**25,907**	**68,620**	**23,572**	**40,837**	**49,929**	**1,305,679**	**66,599**
Accumulated Depreciation and Impairment									
At 1 April 2009	**(9,075)**	**(23,001)**	**(8,848)**	**(6,244)**	**0**		**0**	**(47,168)**	**(2,652)**
Depreciation charge	(4,558)	(4,506)	(3,652)	(4,144)	0	(15)		**(16,875)**	(1,074)
Depreciation written out to the Revaluation Reserve								**0**	
Impairment losses / (reversals) recognised in the Revaluation Reserve		(755)						**(755)**	
Derecognition – disposals								**0**	
Derecognition – other				0		(54)		**(54)**	
At 31 March 2010	**(13,633)**	**(28,262)**	**(12,500)**	**(10,388)**	**0**	**(69)**	**0**	**(64,852)**	**(3,726)**
Net Book Value									
31 March 2009	**467,205**	**560,371**	**11,777**	**50,986**	**24,421**	**35,806**	**47,580**	**1,198,146**	**67,395**
31 March 2010	**461,900**	**593,019**	**13,407**	**58,232**	**23,572**	**40,768**	**49,929**	**1,240,827**	**62,873**

*A £531k realignment between gross depreciation and gross cost was processed on 31/3/10 closing balances. Net value was unaffected.

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

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

Capital Commitment
At 31 March 2011, Council has approved a Capital Programme of £116m for the construction or enhancement of Property, Plant and Equipment in 2011/12 and future years. Whilst not contractually committed, there is reasonable expectation that the work will be undertaken. The funding for this programme will be met primarily from external grants and borrowing. Further expenditure depends on borrowing, grants and other contributions, some of which have already been received or promised. Similar commitments at 31 March 2009 were £102m.

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

13. Investment Properties

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

	2009/10 £000	2010/11 £000
Rental income from investment property	(3,103)	(3,089)

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

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

	2009/10 £000	2010/11 £000
Balance at start of the year	**49,424**	**48,111**
Additions:		
Purchases	79	157
Construction	0	0
Subsequent expenditure	0	0
Disposals	0	(185)
Net gains/losses from fair value adjustments	(1,446)	3,184
Transfers:		
to/from Inventories	0	0
to/from Property, Plant and Equipment	0	0
Other changes	54	0
Balance at end of the year	**48,111**	**51,267**

14. Financial Instruments

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

	Long-term		Current	
	31-Mar 2010	31-Mar 2011	31-Mar 2010	31-Mar 2011
	£000	£000	£000	£000
Investments				
Loans and receivables	0	0	20,000	27,400
Available-for-sale financial assets	0	0	36,869	17,110
Total investments	**0**	**0**	**56,869**	**44,510**
Borrowings				
Financial liabilities PWLB	(65,988)	(54,189)	(7,061)	(11,798)
Financial liabilities LOBO	(30,000)	(30,000)	0	0
Financial liabilities Other Temporary Borrowing	0	0	(30,350)	(32,112)
Total borrowings	**(95,988)**	**(84,189)**	**(37,411)**	**(43,910)**
Other Current Financial Instruments				
Debtors	0	0	2,257	480
Creditors	0	0	(14,015)	(17,305)
Other Long Term Liabilities				
PFI	(48,822)	(48,278)	0	0
Total other financial instruments	**(48,822)**	**(48,278)**	**(11,758)**	**(16,825)**

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

The fair values calculated are as follows:

	31 March 2010		31 March 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Long Term Creditors	95,988	105,203	84,189	91,367

The fair value of the liabilities is higher than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2011) arising from a commitment to pay interest to lenders above current market rates.

	31 March 2010		31 March 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Loans and Receivables	37,411	37,617	43,910	44,107

The fair value of the assets is higher than the carrying amount because the Authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2011) attributable to the commitment to receive interest below current market rates.

Available for sale assets and assets and liabilities at fair value through profit or loss are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument.
Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

15. Inventories

	Trading Stores		Leisure Stores		Other Stores		Total	
	09/ 10	10/ 11	09/ 10	10/ 11	09/ 10	10/ 11	09/ 10	10/ 11
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April	**298**	**275**	**256**	**227**	**986**	**132**	**1,540**	**634**
In-year movement	(23)	(36)	(29)	(14)	(854)	37	(906)	(13)
Balance at 31 March	**275**	**239**	**227**	**213**	**132**	**169**	**634**	**621**

16. Short-term Debtors

	31 March 2009 £000	31 March 2010 £000	31 March 2011 £000
Central government bodies	5,380	4,634	4,320
Other local authorities	534	8,227	8,964
NHS bodies	979	2,869	1,009
Public corporations and trading funds	3,734	1	496
Collection Fund	7,395	6,173	6,360
Other entities and individuals	33,927	20,509	11,637
Payments in Advance	3,282	2,954	4,227
Sub-total	**55,231**	**45,367**	**37,013**
Provision for bad debts	(7,638)	(9,477)	(10,271)
Net Debtors	**47,593**	**35,890**	**26,742**

17. Cash and Cash Equivalents

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

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

	31 March 2009 £000	31 March 2010 £000	31 March 2011 £000
Cash	9,502	11,295	10,160
Short-term investments	14,500	15,650	7,250
Total	**24,002**	**26,945**	**17,410**

18. Assets Held for Sale

	Current		Non-Current	
	2009/10 £000	2010/11 £000	2009/10 £000	2010/11 £000
Balance Outstanding at start of year	**0**	**0**	**0**	**0**
Assets newly classified as held for sale:				
Property, Plant and Equipment	0	625	0	0
Assets declassified as held for sale:				
Property, Plant and Equipment	0	0	0	0
Transfers from non-current to current	0	0	0	0
Other movements	0	0	0	0
Balance outstanding at year end	**0**	**625**	**0**	**0**

19. Creditors

	31 March 2009 £000	31 March 2010 £000	31 March 2011 £000
Central government bodies	(696)	(284)	(3,705)
Other local authorities	(1,379)	(1,284)	(1,270)
NHS bodies	(1,062)	(2,114)	(1,270)
Public corporations	(53)	(56)	(16)
Bonds	(271)	(496)	(456)
Other entities and individuals	(52,899)	(33,120)	(34,454)
Receipts in advance	(10,929)	(9,206)	(9,829)
Total	**(67,289)**	**(46,560)**	**(51,000)**

20. Provisions

	Insurance £000	Aged NDR £000	Other £000	Total £000
Balance Outstanding at start of year	**(1,946)**	**(903)**	**(460)**	**(3,309)**
Additional provisions made	(759)	(70)	(208)	(1,037)
Amounts used	786	0	32	818
Balance outstanding at year end	**(1,919)**	**(973)**	**(636)**	**(3,528)**
Relating to short-term	(1,439)	0	0	(1,439)
Relating to long-term	(480)	(973)	(636)	(2,089)

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.

Aged NDR

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

Other

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

Expenditure relating to these provisions occurs when the Insurers close claims, when confirmation of NDR balances can be used is received, or as temporary housing needs require. This occurs during the course of any year and is not fixed to specific dates. The provisions are reviewed annually to ensure they cover prudently estimated liabilities.

21. Useable Reserves

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

22. Unusable Reserves

	31 March 2009 £000	31 March 2010 £000	31 March 2011 £000
Capital Adjustment Account	(977,902)	(960,559)	(801,087)
Revaluation Reserve	(102,921)	(122,653)	(102,693)
Financial Instruments Adjustment Account	1,289	836	518
Pensions Reserve	145,029	300,050	151,374
Collection Fund Adjustment Account	(446)	(727)	(2,134)
Other Unusable Reserves	(719)	(691)	(677)
Total	**(935,670)**	**(783,744)**	**(754,699)**

Revaluation Reserve

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

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

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

	2009/10 £000	2010/11 £000
Balance at 1 April	**(102,921)**	**(122,653)**
Revaluation of assets in asset table note	(23,481)	17,422
Revaluation of held for sale assets	0	(625)
Depreciation added back on revaluation		(3,901)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	**(23,481)**	**12,896**
Difference between fair value depreciation and historical cost depreciation	2,003	433
Accumulated gains on assets sold or scrapped	69	6,622
Adjustment to CAA	1,677	9
Amount written off to the Capital Adjustment Account	3,749	7,064
Balance at 31 March	**(122,653)**	**(102,693)**

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.

	2009/10	2010/11
	£000	£000
Balance at 1 April	**(977,902)**	**(960,559)**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
• Charges for depreciation of noncurrent assets	14,872	27,489
• Charges for impairment of noncurrent assets	37,097	135,050
• Revaluation losses on Property, Plant and Equipment		
• Amortisation of intangible assets		
• Revenue expenditure funded from capital under statute	11,887	12,282
• 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	865	26,363
	64,721	**201,184**
Adjusting amounts written out of the Revaluation Reserve	(1,677)	(7,064)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(8,957)	(1,607)
Use of the Major Repairs Reserve to finance new capital expenditure		(6,997)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(34,879)	(13,085)
Application of grants to capital financing from the Capital Grants Unapplied Account		(4,950)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(1,328)	(1,832)
Capital expenditure charged against the General Fund and HRA balances	0	(1,831)
Movement in the market value of investments	(604)	(4,346)
Mortgage write down adjustment	7	0
Adjustment to align asset register corrections	60	0
	(47,378)	**(41,712)**
Balance at 31 March	**(960,559)**	**(801,087)**

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.

	2009/10 £000	2010/11 £000
Balance at 1 April	**(446)**	**(727)**
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	(281)	(1,407)
Balance at 31 March	**(727)**	**(2,134)**

Financial Instruments Adjustment Account

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

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

	2009/10 £000	2010/11 £000
Balance at 1 April	**1,289**	**836**
Proportion of premiums incurred in previous financial years to be charged against the HRA	(219)	(194)
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance	(234)	(124)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(453)	(318)
Balance at 31 March	**836**	**518**

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.

	2009/10 £000	2010/11 £000
Balance at 1 April	**145,029**	**300,050**
Actuarial (gains) or losses on pensions assets and liabilities	138,063	(104,821)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	16,958	(43,853)
Actuarial Roundings	0	(2)
Balance at 31 March	**300,050**	**151,374**

Statutory arrangements, however, require benefits 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.

23. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2009/10 £000	2010/11 £000
Interest received	(3,290)	(1,217)
Interest paid	14,859	12,633
Dividends received	(1,900)	(3,024)
Total	**9,669**	**8,392**

24. Cash Flow Statement – Investing Activities

	2009/10 £000	2010/11 £000
Purchase of property, plant and equipment, investment property and intangible assets	89,239	71,845
Purchase of short-term and long-term investments	119,000	50,000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,877)	(2,238)
Proceeds from shot-term and long-term investments	(104,000)	(60,000)
Other receipts from investing activities	(43,207)	(41,346)
Total	**57,155**	**18,261**

25. Cash Flow Statement – Financing Activities

	2009/10	2010/11
	£000	£000
Cash receipts of short- and long-term borrowing	(1,762,633)	(809,698)
Other receipts from financing activities	(1,770)	(6,028)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	516	544
Repayments of short- and long-term borrowing	1,719,470	818,857
Other payments for financing activities	1,577	1,577
Total	**(42,840)**	**5,252**

26. Amounts Reported for Resource Allocation Decisions

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

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

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

Service Information For the year ended 31 March 2010	**Childrens Dedicated Schools Grant**	**Children**	**Housing & Social Care**	**Environment & Regeneration**	**Business Trans - formation**	**Chief Executive**	**HRA**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Government grants*	(139,822)	(23,292)	(2,624)	(5,093)	(74,499)	(18,212)	(7,487)	(271,029)
Fees, charges & other service income	(31,886)	(22,886)	(93,860)	(16,637)	(12,223)	(28,306)	(41,300)	(247,098)
Total Income	**(171,708)**	**(46,178)**	**(96,484)**	**(21,730)**	**(86,722)**	**(46,518)**	**(48,787)**	**(518,127)**
Employee expenses	108,553	23,051	29,859	11,399	9,756	10,980	5,824	199,422
Other operating expenses	61,895	50,514	122,761	39,294	93,863	36,716	41,561	446,604
Support Service Recharges	1,260	200	385	(162)	(308)	550	1,402	3,327
Total operating expenses	**171,708**	**73,765**	**153,005**	**50,531**	**103,311**	**48,246**	**48,787**	**649,353**
Net Cost of Services	**0**	**27,587**	**56,521**	**28,801**	**16,589**	**1,728**	**0**	**131,226**

* The analysis of government grants is based upon a system extracted figure of the main grant receiving codes and whilst expected to be materially correct, may not include every grant received in-year.

Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement	£000
Cost of Services in Service Analysis	131,226
Add amounts not reported to management (capital charges)	108,546
Remove amounts reported to management not included in Net Cost of Services of Comprehensive Income and Expenditure Statement (Corporate Items)	11,542
Net Cost of Services in Comprehensive Income and Expenditure Statement	**251,314**

Reconciliation to Subjective Analysis(Single Entity)	Service Analysis	Not reported to mgmt	Not included in I&E NCS	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(247,098)	(2,390)	28,238	22,925	(198,325)		(198,325)
Surplus or deficit on associates and joint ventures					0		0
Interest and investment income			4,241		4,241	(11,676)	(7,435)
Income from council tax					0	(128,145)	(128,145)
Government grants and contributions	(271,029)		12,875		(258,154)	(55,946)	(314,100)
Total Income	**(518,127)**	**(2,390)**	**45,354**	**22,925**	**(452,238)**	**(195,767)**	**(648,005)**
Employee expenses	199,422	(54,206)			145,216	10,355	155,571
Other service expenses	446,604		(21,179)		425,425		425,425
Support Service recharges	3,327			(22,925)	(19,598)		(19,598)
Depreciation, amortisation and impairment		165,142			165,142		165,142
Interest Payments			(12,633)		(12,633)	12,633	0
Precepts & Levies					0	1,933	1,933
Payments to Housing Capital Receipts Pool					0	289	289
Gain or Loss on Disposal of Fixed Assets					0	24,144	24,144
Total operating expenses	**649,353**	**110,936**	**(33,812)**	**(22,925)**	**703,552**	**49,354**	**752,906**
Surplus or deficit on the provision of services	**131,226**	**108,546**	**11,542**	**0**	**251,314**	**(146,413)**	**104,901**

27. Agency Services

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

	2009/10 £'000	2010/11 £'000
Primary Care Trust Section 28A arrangements	6,054	6,054
Other health services	1,979	1,874
Net non – social services arrangements	264	(52)
	8,297	**7,876**

28. Pooled Budgets

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

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

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

Main Adults Section 75 Pool	2009/10 £'000	2010/11 £'000
Mental Health	26,049	23,327
Learning Disabilities	18,727	19,025
Community Services	23,540	23,767
ICES and Wheel Chair	1,130	1,203
Grants to Voluntary Organisations	821	809
Commissioning Teams	1,955	1,555
Other services	4,173	3,519
Gross Expenditure	**76,395**	**73,205**
Mental Health	(6,214)	(6,515)
Learning Disabilities	(14,140)	(14,941)
Community Services	(18,512)	(19,074)
ICES and Wheel Chair	(673)	(616)
Grants to Voluntary Organisations	(536)	(534)
Commissioning Teams	(751)	(167)
Other services	0	0
Swindon Borough Council's Contribution	**(40,826)**	**(41,847)**
Swindon PCT Contribution	**(35,569)**	**(31,358)**

Children Section 75 Commissioning	2009/10 £'000	20010/11 £'000
Net Expenditure	38,170	36,601
Net Income (including SBC contribution)	(38,170)	(36,601)
Swindon Borough Council's Contribution	(28,665)	(27,586)

29. Members Allowances

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

	2009/10 £000	2010/11 £000
Basic Allowances	454	447
Special Responsibility Allowances	164	180
Expenses	8	7
Total	**626**	**634**

30. Officers' Remuneration

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

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

Position	Salary & Allowances	Expenses	Remuneration	Employer Pension Contributions	Total Remuneration
	£	£	£	£	£
			2009/10		
Chief Executive – Gavin Jones	178,476	370	178,846	27,485	206,331
Group Director Children	138,000	525	138,525	20,881	159,406
Group Director Business Transformation	130,112	0	130,112	20,037	150,149
Deputy C.E. and Group Director Environment & Regeneration	140,213	139	140,352	21,593	161,945
Director of Housing & Leisure	113,924	142	114,066	22,215	136,281
Director of Finance	100,678	0	100,678	15,504	116,182
Director of Law & Democratic Services	96,567	425	96,992	14,917	111,909

Position	Salary & Allowances	Expenses	Remuneration	Employer Pension Contributions	Total Remuneration
	£	£	£	£	£
2010/11					
Chief Executive – Gavin Jones	171,188	842	172,030	26,363	198,393
Group Director Children	138,000	928	138,928	21,252	160,180
Group Director Business Transformation	130,112	0	130,112	20,037	150,149
Deputy C.E. and Group Director Environment & Regeneration	140,213	124	140,337	21,593	161,930
Director of Housing & Leisure	113,924	183	114,107	22,215	136,322
Director of Finance	100,678	69	100,747	15,504	116,251
Director of Law & Democratic Services	96,567	200	96,767	14,871	111,638

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				
£		£	2009/10 Number of Employees	20010/11 Number of Employees
50,000	to	54,999	36	41
55,000	to	59,999	45	46
60,000	to	64,999	22	26
65,000	to	69,999	11	18
70,000	to	74,999	1	4
75,000	to	79,999	2	2
80,000	to	84,999	2	1
85,000	to	89,999	6	2
90,000	to	94,999	2	2
95,000	to	99,999	5	4
100,000	to	104,999	0	2
105,000	to	109,999	0	1
110,000	to	114,999	1	0

31. 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:

	2009/10 £'000	2010/11 £'000
Statutory Audit of the Accounts	315	315
Audit of Grant Claims	59	34
Inspection Fees	17	0
Total Fees Paid	**391**	**349**

32. 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.

	Net Total 2009/10 £'000	Central Expenditure 2010/11 £'000	Schools Budgets 2010/11 £'000	Total 2010/11 £'000
DSG receivable for the year	110,858	17,861	99,928	117,789
Actual expenditure for the year	111,305	17,216	99,928	117,144
(Over) / Under spend for the year	**(447)**	**645**	**0**	**645**
Supplementary Council Funding / Schools' Balances	0	0	0	0
(Over) / Under spend from prior year	**(149)**	**(596)**	**0**	**(596)**
(Over) / Under spend carried forward	**(596)**	**49**	**0**	**49**

33. BID Account

	2009/10 £'000	2010/11 £'000
BID levy income	(341)	**(373)**
Costs of collecting levy	13	14
Council expenditure on providing services	131	86
Payment for services provided by other parties	189	270
Total expenditure	**333**	**370**
(Surplus) / Deficit for the year	**(8)**	**(3)**
(Surplus) / Deficit brought forward	(31)	(39)
(Surplus) / Deficit carried forward	**(39)**	**(42)**

34. Building Control Statement

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

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

Schedule of Charges

Swindon Borough Council, in conjunction with all Wiltshire Local Authorities have adopted the Local Government Association (LGA) model scheme of charges for the period 1 April 2010 to 31 March 2011.

Building Regulations Chargeable Account

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

	2009/10 £'000	2010/11 £'000
Direct and Indirect Expenditure	437	368
Building Regulation Fee Income	(271)	(262)
Net Deficit / (Surplus)	**166**	**106**

Building Control Statement

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

	2009/10 £'000	2010/11 £'000
Direct Expenditure		
Employee Costs	422	364
Transport Costs	20	11
Supplies and Services	20	9
Indirect Expenditure		
Departmental Management Costs and Support Services	54	37
Premises Costs and Other Support Services	96	113
Total Expenditure	**612**	**534**
Income		
Building Regulation Fees	(272)	(261)
Other Income	(7)	(1)
Total Income	**(279)**	**(262)**
Total Net Expenditure	**333**	**272**

35. Grant Income

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

Credited to Services

Funding Body	2009/10 £'000	2010/11 £'000
Arts Council - South West	55	0
Big Lottery Fund	136	118
British Council	6	2
Children's Workforce Development Council	45	105
Crime Concern	41	0
DEFRA	4	4
Department For Children, Schools & Families (DCSF)	136,308	141,687
Department for Work & Pensions (DWP)	2,054	3,035
Department of Communities & Local Government (DCLG)	29,570	25,687
Department of Health	2,227	4,620
Department of Transport	974	1,142
Department of Culture Media and Sport	340	15
Environment Agency	3	0
Film Council	20	0
Forestry Commission	32	0
Government Office for the South West	111	111
Home Office	581	457
Learning Skills Council /Skills Funding Agency	3,403	480
Museums and Libraries Council	4	0
National College for Leadership of Schools and Childrens Services	23	16
National Probation Service	95	0
NHS South West	19	19
Partnership for Schools	4,367	0
South West Regional Development Agency	92	2
Training & Development Agency	338	216
Wiltshire County Council	16	0
Wiltshire Youth Offending Service	37	24
Young Persons Learning Agency	0	10,931
Youth Justice board	314	217
	181,215	**188,888**

Credited to Taxation and Non Specific Grant Income

	2009/10 £'000	2010/11 £'000
Income from the Collection Fund	(81,559)	(83,919)
Distribution from Non-Domestic Rates	(40,559)	(44,226)
General Government Grants:		
Formulae Grant	(9,362)	(6,422)
Area Based Grant	(9,091)	(12,875)
S106 Contributions Transferred to CAA*	(19,880)	(4,951)
General Capital Grants Transferred to CGUA**	0	(18,997)
General Capital Grants Used in Funding	(14,999)	(12,701)
	(175,450)	**(184,091)**

*Capital Adjustment Account
**Capital Grants Unapplied Account

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

	2009/10 £'000	2010/11 £'000
Balance at 1 April	**(20,049)**	**(24,237)**
New funds received with conditions not met	(6,159)	(14,418)
Funds written out where conditions have been met	1,971	6,957
Funds written out for repayment	0	9
Balance at 31 March	**(24,237)**	**(31,689)**

36. 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

Central 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 set out in the subjective analysis in Note 32.

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 28. Members have completed an annual declaration of any possible related party situation and transactions with them. There are no significant transactions identified.

Officers

Officers of the Council have also made an annual declaration involving related parties. There are no significant transactions identified, though the Director of Adult Social Care provided services for both the Authority and the local Primary Care Trust. Payments to the Primary Care Trust totalled £22m in 2010/11.

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

The Authority has a pooled budget arrangement with Swindon Primary Care Trust for the provision of Children and Adult Social Care services. Expenditure and income arrangements are contained in note 27.

Entities Controlled or Significantly Influenced by the Authority

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

Members of the Council also sit on boards of other groups or organisations, including the Group Companies of the Council. A listing of outside bodies that Swindon Borough Council Members are represented on can be found on the Committee and Member Information Site pages of the Council website.

37. 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 01/04/10 was £103,375k it has increased by £61,052k to £162,943k as at 31/03/11.

	General Fund £'000	HRA £'000	Total £'000
Capital Investment:			
Property, Plant & Equipment	62,391	0	62,391
HRA Dwellings & AUC	0	9,455	9,455
Investment Properties	157	0	157
Total Additions to Balance Sheet	**62,548**	**9,455**	**72,003**
Revenue Expenditure Funded from Capital Under Statute	12,282	0	12,282
Movement on Creditors	5,539	0	5,539
Total Expenditure to be Financed	**80,369**	**9,455**	**89,824**
Sources of Finance:			
HRA Funding	0	6,996	6,996
Capital Receipts	1,557	50	1,607
Revenue Contribution to Capital Outlay (RCCO)	123	1,680	1,803
Government Grants and Other Contributions	12,830	584	13,414
S106	4,805	145	4,950
Borrowing	61,054	0	61,054
Total Financing	**80,369**	**9,455**	**89,824**

38. Leases

Authority as Lessee

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

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

	2009/10	2010/11
Finance Lease Liabilities	£'000	£'000
- Current	544	618
- Non-current	48,277	47,662
Finance Cost Payable in Future Years	190,619	180,448
Minimum lease payments	**239,440**	**228,728**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	2009/10	2010/11	2009/10	2010/11
	£'000	£'000	£'000	£'000
Not later than one year	10,963	10,924	(544)	(618)
Later than 1 not later than 5	54,234	53,974	(3,468)	(3,585)
Later than 5	169,360	158,696	(44,809)	(44,077)
	234,557	**223,594**	**(48,821)**	**(48,280)**

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

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

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

	2009/10	2010/11
	£'000	£'000
Not later than one year	841	796
Later than one year and not later than five	822	880
Total Payments Due	1,663	1,676
Sublease payments receivable	(1,663)	(1,676)

Authority as Lessor

Finance Leases

The Authority has leased out a range of property across the Borough where it holds assets on commercial estates, farms and office space. Most of these are classified as operating leases, but three leases are finance leases.

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

	2009/10	2010/11
	£'000	£'000
Finance lease debtor	188	108
Covered by minimum lease payments:		
Not later than one year	(82)	(92)
Later than one year and not later than five	(106)	(16)

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

Operating Leases

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

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

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

	2009/10	2010/11
	£'000	£'000
Not later than one year	365	988
Later than one year and not later than five	1,496	1,068
Later than five years	1,816	1,632
Total Payments Due	**3,677**	**3,688**

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.

39. 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, at a capital cost to the provider of £69.5m. The Department for Education & Skills sponsored the project and has issued the Council with a Notional Credit Approval of £62.8m. The Council is committed to making payments estimated at £274.9m under the contract although the actual level of payments will depend on contract performance by the provider. This payment covers a range of on-going services in the management of the schools, with the expectation that the schools will be available for educational use throughout the school term and day. The contract expires in 2032.

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

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

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

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

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

PFI assets are accounted for on the Council's balance sheet at depreciated historic cost with a related finance lease liability. The income and expenditure account now has the unitary charge payment split between service costs, lease costs and MRP payments.

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

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.

	As At 31/3/11		
	Service Charges	**Interest**	**Liability**
	£000	**£000**	**£000**
Within 1 Year	1,799	7,886	618
Within 2 - 5 Years	7,036	30,480	2,850
Within 6 - 10 Years	8,795	35,159	5,276
Within 11 - 15 Years	8,795	29,124	11,217
Within 16 - 20 Years	8,795	17,211	21,066
Within 21 - 22 Years	2,639	1,333	7,251
	37,859	**121,193**	**48,278**

40. 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 2010/11, the council paid £2.572m to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.1% of pensionable pay. The figures for 2009/10 were £7.783m and 14.1%.

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

41. Defined Benefit Pension Schemes

Participation in Pension Schemes
As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the

payments that needs to be disclosed at the time that employees earn their future entitlement.

The authority participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Wiltshire County Council – this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there is no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Council paid an employer's contribution of £10.661m (£13.333m in 2009/10) into Wiltshire County Council's Pension Fund, which provides participants with defined benefits relating to pay and service. This represented 17% of employees' pensionable pay including some lump sum payments. The basic contribution rate to cover the cost of on-going pensions was 15.4% for General Fund staff, with the additional lump sum payments being paid to reduce the deficit on the Pension Fund.

The Fund's Actuary, based on triennial actuarial valuations, determines the contribution rate. The last review was at 31 March 2010. Future contribution rates are set so that fund assets should be sufficient to meet 100% of the overall liabilities of the fund over time; however, the current position of the pension fund is that it is not fully funded. Though a significant liability, the Council can meet the proportion applicable.

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	**2009/10 £'000**	**2010/11 £'000**
Within Net Cost of Service:		
• Current service cost	8,681	14,290
• Non-Distributed cost	14,857	(53,288)
Within Net operating Expenditure:		
• Interest cost	25,294	29,929
• Expected return on scheme assets	(15,325)	(19,574)
Within Reserves Movement:		
• Movement on Pensions Reserve	(16,958)	43,848
Actual Amount Charged Against Council tax for the Year:		
• Employer's contributions payable to the scheme	(16,549)	(15,205)
Net effect on Council Tax of IAS19 adjustments	0	0

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2010/11 is a loss of £116.972m.

Assets and Liabilities in Relation to Post-employment Benefits
Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	31 March 2010 £'000	31 March 2011 £'000
Opening Liability	**(387,006)**	**(578,588)**
Current Service Cost	(8,681)	(14,290)
Interest Cost	(25,294)	(29,929)
Contributions by Members	(4,979)	(4,386)
Actuarial (Losses) / Gains	(194,011)	98,030
Past Service (Costs) / Gains	(12)	53,646
(Losses) / Gains on Curtailments	(546)	(359)
Liabilities Extinguished on Settlements	27,249	0
Estimated Unfunded Benefits Paid	1,254	1,167
Estimated Benefits Paid	13,438	15,725
Closing liability	**(578,588)**	**(458,984)**
Opening Asset	**241,977**	**278,539**
Expected Return on Assets	15,325	19,574
Contributions by Members	4,979	4,386
Contributions by the Employer	15,295	14,038
Contributions in Respect of Unfunded Benefits	1,254	1,167
Actuarial (Losses) / Gains	55,948	6,798
Assets Distributed on Settlements	(41,548)	0
Unfunded Benefits Paid	(1,254)	(1,167)
Benefits Paid	(13,438)	(15,725)
Closing Asset	**278,538**	**307,610**
Net Opening Asset / (Liability)	**(145,029)**	**(300,049)**
Movement	(155,021)	148,675
Net Pension Asset / (Liability)	**(300,050)**	**(151,374)**

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

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

	2009/10 £'000	2010/11 £'000
Current Service Cost	8,681	14,290
Interest Cost	25,294	29,929
Expected Return on Employer Assets	(15,325)	(19,574)
Past Service Cost / (Gain)	12	(53,646)
Losses / (Gains) on Curtailments & Settlements	14,845	359
Total	**33,507**	**(28,642)**
Actual return on Plan Assets	71,274	26,370

The liabilities show the underlying commitments that the authority has in the long run to pay post-employment (retirement) benefits. The total liability of £458.982m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance of £151.374m. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2012 is £13.453m.

Basis for Estimating Assets and Liabilities

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

The principal assumptions used by the actuary have been:

Assumptions as at 31 March	**2010**	**2011**
Pension Increase Rate (CPI)	3.8%	2.8%
Salary Increase Rate	5.3%	5.1%
Expected Return on Assets	7.0%	6.7%
Discount Rate	5.5%	5.5%
Long Term Return on Scheme Assets	**31-Mar-10**	**31-Mar-11**
Equities	7.8%	7.5%
Bonds	5.0%	4.9%
Property	5.8%	5.5%
Cash	4.8%	4.6%
Longevity at 65 for Current Pensioners		
Male	20.8 years	21.13 years
Female	24.1 years	23.6 years
Longevity at 65 for Future Pensioners		
Male	22.3 years	23.3 years
Female	25.7 years	25.5 years
Take-up of option to convert annual pension into retirement lump sum	25.0%	50.0%

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2010/11 can be analysed into the following categories:

History of Experience Gains & Losses		**31 March 2010 £'000**	**31 March 2011 £'000**
Fair Value of Employer Assets		278,539	307,608
Present Value of Liabilities		(578,588)	(458,982)
Net Pension Asset / Liability		**(300,049)**	**(151,374)**
Which is due in part to actuarial:			
Experience losses as % of Employer assets		20%	2%
Experience Gains / (Losses) on Assets		55,949	6,796
Experience Gains / (Losses) on Liabilities		2,113	44,520
History of Experience Gains & Losses	**31 March 2007 £'000**	**31 March 2008 £'000**	**31 March 2009 £'000**
Fair Value of Employer Assets	330,073	315,176	241,977
Present Value of Liabilities	(445,402)	(399,984)	(387,006)
Net Pension Asset / Liability	**(115,329)**	**(84,808)**	**(145,029)**
Which is due in part to actuarial:			
Experience losses as % of Employer assets	(2%)	(14%)	(38%)
Experience Gains / (Losses) on Assets	(5,251)	(44,465)	(91,160)
Experience Gains / (Losses) on Liabilities	(21,386)	9,897	(2,359)

42. 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 in relation to its investments in banks and building societies of £34,650k cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31 March 2012 that this was likely to crystallise. No credit limits were exceeded during the reporting period and (apart from the bond issued by [PQR]) the authority does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

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

	2009/10	2010/11
	£'000	£'000
Less than three months	3,148	2,538
Three to six months	427	644
Six months to one year	327	377
More than one year	675	927
Total	**4,577**	**4,486**

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:

	2009/10	2010/11
	£'000	£'000
Less than one year	7,062	11,000
Between one and two years	11,048	11,000
Between two and five years	31,048	20,000
More than five years	53,891	53,877
Total	**103,049**	**95,877**

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

Interest Rate Risk

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

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus of Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Authority has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 30% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Authority's cost of borrowing and provide compensation for a proportion of any higher costs.

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

According to this assessment strategy, at 31 March 2011, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	2010/11
	£'000
Increase in interest payable on variable rate borrowings	566
Increase in interest receivable on variable rate investments	(300)
Total	**266**

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

Foreign Exchange Risk

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

43. Trust Funds

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

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

Trust	Balance 31/03/10 £'000	Income 2010/11 £'000	Expenditure 2010/11 £'000	Balance 31/03/11 £'000
Langley Brooke	(31)	(0)	0	(31)
W G Little	(197)	(22)	33	(186)
Ethel May	(46)	(1)	0	(47)
Swindon Development Trust	(18)	0	0	(18)
George Game	(1)	(0)	0	(1)
Mary Ellen Boddington	(3)	(0)	0	(3)
F C Phelps	(12)	(0)	0	(12)
G A Gerring	(5)	(0)	0	(5)
F A Thompson	(16)	(0)	0	(16)
M E Cowley	(28)	(0)	0	(28)
McDermott Memorial	(61)	(1)	2	(60)
M E Packer	(2)	(0)	0	(2)
Timothy Griffiths	(1)	(0)	0	(1)
Powell Trust	(2)	(0)	0	(2)
	(423)	**(24)**	**35**	**(412)**

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

Supplementary Statements

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

The Collection Fund

	2009/10 £'000	2010/11 £'000
INCOME		
Income from Council Tax	(85,211)	(87,593)
Transfers from General Fund Council Tax Benefits	(12,484)	(13,077)
Non-Domestic Rates	(97,402)	(87,967)
Adjustment in respect of Community Charge	0	0
Contributions (SBC, Wiltshire Police Authority and Wilts and Swindon Fire Authority)	0	(414)
	(195,097)	**(189,051)**
EXPENDITURE		
Precepts and Demands	95,711	98,407
Business Rates		
• Payment to National Pool	95,941	88,662
• Cost of collection allowance	293	284
• (Write-Ons) / Write-Offs	(161)	(841)
• (Decrease) / Increase in Bad Debt provision	1,329	(137)
Council Tax Bad and Doubtful Debts		
• Net Write-Offs / (Ons)	(67)	220
• (Decrease) / Increase in Bad Debt Provision	1,125	786
• Transitional Relief	(1)	(1)
Contributions (SBC, Wiltshire Police Authority and Wilts and Swindon Fire Authority)	591	0
	194,761	**187,380**
Movement on the Fund – (Surplus) / Deficit	**(336)**	**(1,671)**
(Surplus) / Deficit brought forward	(527)	(863)
(Surplus) / Deficit as at 31 March	**(863)**	**(2,534)**
Reconciliation to Collection Fund Adjustment Account:		
Less Balance Attributable to Major Preceptors	136	400
Balance Remaining Attributable to Swindon Borough Council (Collection Fund Adjustment Account balance)	(727)	(2,134)

Notes to the Collection Fund

44. Rateable Value

The total rateable value in the Local Rating List at 31 March 2011 was £254,788,991, (£257,119,831 at 31 March 2010). The multiplier for 2010/11 was 41.4 pence for the majority of properties and 40.7 pence for small businesses, (48.5 pence and 48.1 pence respectively for 2009/10).

45. Council Tax Base

The Council Tax Base for 2010/11, i.e. the number of chargeable dwellings in each band (adjusted for dwellings where discounts apply in band A) converted to an equivalent number of Band D dwellings, was as shown in the table below.

Band	No of Taxable Properties *	Ratio to Band D	Band D Equivalents
A	11,413.20	6/9	7,625.70
B	22,863.15	7/9	17,782.50
C	19,935.40	8/9	17,720.40
D	13,522.40	9/9	13,522.40
E	7,276.65	11/9	8,893.70
F	2,754.75	13/9	3,979.10
G	1,159.85	15/9	1,933.10
H	43.25	18/9	86.50
Total	**Band D equivalents**		**71,543.40**
Contributions in lieu	(MOD properties)		55.5
Add:	Anticipated changes in year		820.19
Less:	Provision for non-collection (2.5%)		(1,807.39)
	TAX BASE		**70,611.70**

* After adjustment for discounts and relief.

46. Major Preceptors

	Precept 2009/10 £'000	Precept 2010/11 £'000
Swindon Borough Council (including Parishes)	80,778	82,862
Wiltshire Police Authority	10,690	11,140
Wiltshire & Swindon Fire Authority	4,243	4,405
Total	**95,711**	**98,407**

The Housing Revenue Account (HRA)

HRA Income and Expenditure Statement	2009/10 £'000	2010/11 £'000
Expenditure		
Repairs and maintenance	9,622	11,492
Supervision and management	6,225	6,279
Special Services	4,212	3,914
Rents, rates, taxes and other charges	39	24
Negative HRA Subsidy payable	8,562	8,651
Depreciation and impairment of non-current assets	13,749	100,404
Debt management costs	48	48
Movement in the allowance for bad debts	0	330
Total Expenditure	**42,457**	**131,142**
Income		
Dwelling rents	(33,746)	(34,600)
Non-dwelling rents	(1,332)	(1,348)
Charges for services and facilities	(3,441)	(4,087)
Contributions towards expenditure	(1,121)	(1,043)
Leaseholders' charges for services and facilities	(102)	(61)
Total Income	**(39,742)**	**(41,139)**
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	**2,715**	**90,003**
HRA services' share of Corporate and Democratic Core	279	282
HRA share of other amounts included in the whole authority Cost of Services but not allocated to specific services	34	61
Net Income for HRA Services (NB: Cost if negative)	**3,028**	**90,346**
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
Gain or (loss) on sale of HRA non-current assets	331	(60)
Interest payable and similar charges	609	270
Interest and investment income	(153)	(164)
Net Pensions Interest Cost / Return on Asset	240	646
Surplus or (deficit) for the year on HRA services	**4,055**	**91,038**
Actuarial gains / losses on pension assets / liabilities	63	(584)
Other Comprehensive Income and Expenditure	**63**	**(584)**
Total Comprehensive Income and Expenditure	**4,118**	**90,454**

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

Notes to the HRA

47. Housing Stock

The stock of Council dwellings at 31st March was:

Type	Year of Construction Pre 1919	1919-1944	1945-1964	After 1964	Total
Low Rise Flats:					
1 Bedroom	139	21	415	1,132	**1,707**
2 Bedrooms	15	2	664	75	**756**
3 or more Bedrooms	1	1	58	2	**62**
Medium Rise Flats:					
1 Bedroom	15	0	270	635	**920**
2 Bedrooms	4	0	359	85	**448**
3 or more Bedrooms	0	0	8	1	**9**
High Rise Flats:					
1 Bedroom	0	0	26	0	**26**
2 Bedrooms	0	0	98	138	**236**
3 or more Bedrooms	0	0	0	0	**0**
Houses and Bungalows:					
1 Bedroom	101	123	295	365	**884**
2 Bedrooms	77	35	806	497	**1,415**
3 Bedrooms	14	499	2,605	724	**3,842**
4 or more Bedrooms	3	18	83	81	**185**
Shared Dwellings:					
Multi-Occupied	0	0	0	0	**0**
Total	**369**	**699**	**5,687**	**3,735**	**10,490**

The previous stock is summarised as below.

	2009/10	2010/11
Houses and Bungalows	6,332	6,326
Flats	4,167	4,164
Shared Dwellings	0	0
Total Dwellings	**10,499**	**10,490**

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

Assets:	2009/10 £'000	2010/11 £'000
Dwellings	407,205	320,238
Land	506	556
Buildings	7,433	7,453
Total Balance Sheet Value	**415,144**	**328,247**

There is a statutory requirement for the Council's assets to be revalued every 5 years. The tenanted dwellings were revalued as at 1st April 2008.

48. Vacant Possession Valuation

In addition to the balance sheet valuation it is a requirement of the HRA (Accounting Practices) Direction 2011 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 31st March 2011 was £ 1,067,692,790.

49. Major Repairs Reserve

The Major Repairs Allowance (MRA) was introduced by Government to assist Councils in bringing the stock up to the Decent Homes Standard by 2010. Swindon Borough Council Achieved this in March 2008.

	31/03/10 £'000	31/03/11 £'000
Capital expenditure for HRA purposes financed by MRA Resources:		
Houses	3,559	6,997
Land	0	
Other property	0	
Total Expenditure	**3,559**	**6,997**
Amount equivalent to total depreciation charges for all HRA assets	(4,572)	(3,237)
Transfer from HRA	(2,253)	(3,714)
Total Income	**(6,825)**	**(6,951)**
Deficit / (Surplus) for the Year	**(3,266)**	**46**
Balance b/fwd	**(2,977)**	**(6,243)**
Carried Forward – (Surplus)	**(6,243)**	**(6,197)**

50. Housing Repairs Account

	31/03/10 £'000	31/03/11 £'000
Repairs & Maintenance	11,810	11,575
Total Expenditure	**11,810**	**11,575**
Contribution from HRA	(11,676)	(11,290)
Service charges	(234)	(285)
Total Income	**(11,910)**	**(11,575)**
Deficit / (Surplus) for the Year	**(100)**	**0**
Balance b/fwd	(1,450)	(1,550)
Carried Forward – (Surplus)	**(1,550)**	**(1,550)**

51. HRA Capital Expenditure

	2009/10 £'000	2010/11 £'000
Opening Accruals	1,049	2,591
Dwellings	6,577	7,442
Land	0	
Buildings	1,254	1,979
Closing Accruals	(2,591)	(2,557)
Total to Finance	**6,289**	**9,455**
Usable Capital Receipts	2,730	49
Revenue Contributions	0	1,680
Major Repairs Reserve	3,559	6,997
HCA Grant for New Build	0	584
S106 contributions	0	145
Total Finance	**6,289**	**9,455**

52. HRA Capital Receipts

	2009/10 £'000	2010/11 £'000
Sale of Council Houses	997	287
Discount Repaid	109	110
Council Mortgage Repayments	27	15
Sale of Land	50	0
Sale of Other Assets	0	90
Total	**1,183**	**502**

In 2010/11, the Council paid £0.300m to the Secretary of State with respect to the pooling of capital receipts arising from the disposal of housing assets as required in the Local Government Act 2003 (£0.806m in 2009/10).

53. HRA Cost of Capital Charge

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

	2009/10 £'000	2010/11 £'000
Depreciation on dwellings	4,572	3,214
Depreciation on other property	4	0
Impairment of dwellings	9,160	138,615
Impairment of non-dwellings	0	141
Total	**13,736**	**141,970**

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

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

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

Following the removal of rent rebates from the HRA to the General Fund, with effect from 1st April 2004, the HRA is a contributor to the national housing pot through housing subsidy. The amount that the Authority contributed in 2010/11 was £15.752m. However, the Council receives a grant (MRA) from central Government to improve the condition of its Council stock. The MRA grant of £6.951m is netted off the negative subsidy amount leaving a balance of £8.801m to be paid over to the Secretary of State.

	2009/10 £'000	2010/11 £'000
Management & Maintenance Allowances	16,035	16,738
Charges for capital	1,715	1,703
Interest on Receipts	(10)	(4)
Guideline Rent Income	(33,063)	(34,189)
Total Negative Subsidy	**(15,323)**	**(15,752)**
Major Repairs Allowance	6,825	6,951
Total Repaid to the Secretary of State	**(8,498)**	**(8,801)**

55. HRA Share of IAS19 Contributions

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

56. HRA Arrears & Provisions for Bad Debt

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

	2009/10 £'000	2010/11 £'000
Current tenants	694	1,001
Former tenants	296	252
Total Arrears	**990**	**1,253**
Less: provision for bad debts	(758)	(672)
Total Arrears After Provisions	**232**	**581**

This represents 1.4% (2010/11) and 0.6% (2009/10) of rent income and service charges due to the Council.

Information Relating to Group Accounts

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

The authority has considered its relationship with key partners and has concluded that Group Accounts are required with Thamesdown Transport Ltd (TTL) and Swindon Commercial Services Limited (SCSL) only. Forward Swindon, though a wholly owned company, is excluded from consolidation on materiality grounds.

57. Long Term Investments

Thamesdown Transport Limited

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

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

The Council (1,488,999 £1 shares) and its Chief Executive (£1 share) are the only shareholders. Should the organisation face financial difficulties in the future, elected Members would state the degree of commitment of the Council and the Council's willingness to meet any accumulated losses would be established at that time.

No dividend was declared payable in 2009/10. A £300,000 interim dividend was declared for 2010/11.

Swindon Commercial Services Limited

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

Should the organisation face financial difficulties in the future, elected Members would state the degree of commitment of the Council and the Council's willingness to meet any accumulated losses would be established at that time.

Forward Swindon Limited

The Council also incorporated a company on 17 March 2011 to help promote and develop the Swindon area, called Forward Swindon Ltd. This organisation is wholly owned by the Council but due to immateriality is not consolidated within the group statements that follow. The high net asset of the company in comparison to the other group entities is purely due to the share premium issued at £1.4m. Excluding cash and share premium balances, no balance sheet value is greater than £0.15m

	Thamesdown Transport		Swindon Commercial Services		Forward Swindon
	2009/10	2010/11	2009/10	2010/11	2010/11
	£'000	£'000	£'000	£'000	£'000
Profit / (Loss) before taxation	394	1,913	23	150	7
Tax Adjustment	86	(1,592)	0	(37)	6
Profit / (Loss) after taxation	**480**	**321**	**23**	**113**	**13**
	31/3/10	**31/3/11**	**31/3/10**	**31/3/11**	**31/3/11**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Net Balance Sheet Asset	**(816)**	**5,008**	**2**	**115**	**1,623**

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

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

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

58. Group Accounts

The Group Comprehensive Income and Expenditure Statement

Note		2009/10 Gross Expenditure £000	2009/10 Gross Income £000	2009/10 Net Expenditure £000	2010/11 Gross Expenditure £000	2010/11 Gross Income £000	2010/11 Net Expenditure £000
	Central and Court Services	17,189	(14,957)	2,232	20,297	(16,649)	3,648
	Corporate and democratic core	7,731	(9,549)	(1,818)	10,442	(9,535)	907
	Non distributed costs	17,403	(16)	17,387	47	340	387
	Cultural, environmental, regulatory and planning services	73,191	(21,002)	52,189	68,410	(19,646)	48,764
	Education and children's services	224,176	(181,805)	42,371	270,897	(202,926)	67,971
	Highways and transport services	40,193	(25,124)	15,069	33,399	(20,236)	13,163
	Local authority housing (HRA)	49,558	(47,362)	2,196	131,297	(44,742)	86,555
	Other housing services	67,679	(64,775)	2,904	68,674	(61,535)	7,139
	Adult social care	68,997	(24,127)	44,870	74,950	(26,675)	48,275
	Exceptional items	6,214	0	6,214	14,614	(53,646)	(39,032)
	Surplus / Deficit on Continuing Operations	**572,331**	**(388,717)**	**183,614**	**693,027**	**(455,250)**	**237,777**
59	Other operating expenditure (group income tax)			717			32,191
60	Financing and investment income and expenditure			17,195			14,853
	Taxation and non-specific grant income			(175,450)			(184,091)
	(Surplus) or Deficit on Provision of Services			**26,076**			**100,730**
	Surplus or deficit on revaluation of Property, Plant and Equipment assets			(23,415)			14,868
	Surplus or deficit on revaluation of available for sale financial assets			0			(625)
	Group Tax on Other Comprehensive Income			(1,209)			773
	Actuarial gains/losses on pension assets / liabilities			142,186			(107,366)
	Other Comprehensive Income and Expenditure			**117,562**			**(92,350)**
	Total Comprehensive Income and Expenditure			**143,638**			**8,380**

The Group Movement in Reserves Statement

	SBC Useable £000	SBC Unusable £000	TTL Useable £000	TTL Unusable £000	SCS Useable £000	SCS Unusable £000	GROUP Useable £000	GROUP Unusable £000	GROUP Total £000
Balance at 31 March 2010	**(71,439)**	**(783,744)**	**(7,728)**	**10,033**	**(2)**	**0**	**(79,169)**	**(773,711)**	**(852,880)**
Surplus / (deficit) on provision of services	105,201	0	(321)	(4,000)	(150)	0	104,730	(4,000)	100,730
Other Comprehensive Income and Expenditure	0	(90,583)	0	(1,804)	0	37	0	(92,350)	(92,350)
Total Comprehensive Income and Expenditure	**105,201**	**(90,583)**	**(321)**	**(5,804)**	**(150)**	**37**	**104,730**	**(96,350)**	**8,380**
Adjustments between accounting basis & funding basis under regulations	(119,628)	119,628	0	0	0	0	(119,628)	119,628	0
Net Increase/	**(14,427)**	**29,045**	**(321)**	**(5,804)**	**(150)**	**37**	**(14,898)**	**23,278**	**8,380**
Decrease before Transfers to Earmarked Reserves	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfers to/from Earmarked Reserves	(300)	0	2,585	(2,285)	0	0	2,285	(2,285)	0
Increase/Decrease in 2010/11	**(14,727)**	**29,045**	**2,264**	**(8,089)**	**(150)**	**37**	**(12,613)**	**20,993**	**8,380**
Balance at 31 March 2011 carried forward	**(86,166)**	**(754,699)**	**(5,464)**	**1,944**	**(152)**	**37**	**(91,782)**	**(752,718)**	**(844,500)**

The Group Statement of Financial Position

Note		31st March 2009 £000	31st March 2010 £000	31st March 2011 £000
62	Property, Plant& Equipment (non-dwellings)	740,127	788,639	800,886
	Council dwellings	467,205	461,900	320,238
	Investment property	49,424	48,111	51,267
	Long term investments	1	1	1
	Long Term debtors	283	250	220
	Deferred Tax on Group Undertakings	1,222	2,809	525
	Total Non-Current Assets	**1,258,262**	**1,301,710**	**1,173,137**
	Short term investments	44,476	56,869	46,510
66	Inventories & Work in Progress	1,742	4,744	4,829
	Short term debtors	48,172	28,849	21,872
63	Cash & Cash equivalents	24,778	34,218	20,569
	Assets held for sale (current)	0	0	625
	Current Assets	**119,168**	**124,680**	**94,405**
	Short term borrowing	(14,000)	(38,293)	(44,868)
64	Short term creditors	(68,162)	(50,449)	(55,384)
	Provisions (short term)	(1,373)	(1,458)	(1,439)
	Current Liabilities	**(83,535)**	**(90,200)**	**(101,691)**
	Long term creditors	(48,974)	(49,134)	(48,451)
	Provisions (long term)	(1,749)	(1,851)	(2,089)
65	Long term borrowing	(75,759)	(98,005)	(85,804)
61	Pension Asset/Liability	(150,846)	(310,083)	(153,318)
	Capital Grants receipts in advance	(20,049)	(24,237)	(31,689)
	Non-Current Liabilities	**(297,377)**	**(483,310)**	**(321,351)**
	Net Assets	**996,518**	**852,880**	**844,500**
	Usable Reserves	(60,848)	(69,136)	(89,801)
	Unusable Reserves	(935,670)	(783,744)	(754,699)
	Total Reserves	**(996,518)**	**(852,880)**	**(844,500)**

The Group Cash flow Statement

	2009/10 £000	2010/11 £000
Net cash flows from Operating Activities	**(25,289)**	**(10,323)**
Investing Activities	57,250	18,675
Financing Activities	(41,401)	5,297
Net increase or decrease in cash and cash equivalents	**(9,440)**	**13,649**
Cash and cash equivalents at the beginning of the reporting period	24,778	34,218
Cash and cash equivalents at the end of the reporting period	**34,218**	**20,569**

59. Group Other Operating Expenditure

	2009/10 SBC £'000	2009/10 TTL £'000	2009/10 SCS £'000	2009/10 Group £'000	2010/11 SBC £'000	2010/11 TTL £'000	2010/11 SCS £'000	2010/11 Group £'000
Parish council precepts	1,892	0	0	1,892	1,933	0	0	1,933
Payments to the Government Housing Capital Receipts Pool	807	0	0	807	289	0	0	289
Gains/losses on the disposal of non-current assets	(2,916)	0	0	(2,916)	24,144	0	0	24,144
Group Taxation and Administration	0	(86)	1,020	934	0	1,592	4,233	5,825
Total Other Operating Expenditure	**(217)**	**(86)**	**1,020**	**717**	**26,366**	**1,592**	**4,233**	**32,191**

60. Group Financing and Investment Income and Expenditure

	2009/10 SBC £'000	2009/10 TTL £'000	2009/10 SCS £'000	2009/10 Group £'000	2010/11 SBC £'000	2010/11 TTL £'000	2010/11 SCS £'000	2010/11 Group £'000
Interest payable and similar charges	14,859	166	4	15,029	12,633	146	79	12,858
Net pensions interest cost and expected return on pensions assets	9,969	430		10,399	10,355	311		10,666
Interest receivable and similar income	(3,290)	(1)	(2)	(3,293)	(1,217)	(1)	(18)	(1,236)
Investment income (dividends/rebates receivable)	(4,336)			(4,336)	(3,089)			(3,089)
Movement on market value of investment property	(604)			(604)	(4,346)			(4,346)
Total Financing and Investment Income and Expenditure	**16,598**	**595**	**2**	**17,195**	**14,336**	**456**	**61**	**14,853**

61. Group Pension Asset / Liability

	2009/10 SBC £'000	2009/10 TTL £'000	2009/10 Group £'000	2010/11 SBC £'000	2010/11 TTL £'000	2010/11 Group £'000
Opening Liability	**(387,006)**	**(15,263)**	**(402,269)**	**(578,588)**	**(21,965)**	**(600,553)**
Current Service Cost	(8,681)	(119)	(8,800)	(14,290)	(148)	(14,438)
Interest Cost	(25,294)	(1,025)	(26,319)	(29,929)	(1,120)	(31,049)
Contributions by Members	(4,979)	(41)	(5,020)	(4,386)	(36)	(4,422)
Actuarial (Losses) / Gains	(194,011)	(6,356)	(200,367)	98,030	2,302	100,332
Past Service (Costs) / Gains	(12)	0	(12)	53,646	1,500	55,146
(Losses) / Gains on Curtailments	(546)	0	(546)	(359)	0	(359)
Liabilities Extinguished on Settlements	27,249	0	27,249	0	0	0
Estimated Unfunded Benefits Paid	1,254	0	1,254	1,167	0	1,167
Estimated Benefits Paid	13,438	839	14,277	15,725	1,034	16,759
Closing liability	**(578,588)**	**(21,965)**	**(600,553)**	**(458,984)**	**(18,433)**	**(477,417)**
Opening Asset	**241,977**	**9,446**	**251,423**	**278,539**	**11,932**	**290,471**
Expected Return on Assets	15,325	595	15,920	19,574	809	20,383
Contributions by Members	4,979	41	5,020	4,386	36	4,422
Contributions by the Employer	15,295	456	15,751	14,038	508	14,546
Contributions by Parent Company	0	0	0	0	4,000	4,000
Contributions in Respect of Unfunded Benefits	1,254	0	1,254	1,167	0	1,167
Actuarial (Losses) / Gains	55,948	2,233	58,181	6,798	238	7,036
Assets Distributed on Settlements	(41,548)	0	(41,548)	0	0	0
Unfunded Benefits Paid	(1,254)	0	(1,254)	(1,167)	0	(1,167)
Benefits Paid	(13,438)	(839)	(14,277)	(15,725)	(1,034)	(16,759)
Closing Asset	**278,538**	**11,932**	**290,470**	**307,610**	**16,489**	**324,099**
Net Opening Asset / (Liability)	**(145,029)**	**(5,817)**	**(150,846)**	**(300,049)**	**(10,033)**	**(310,082)**
Movement	(155,021)	(4,216)	(159,237)	148,675	8,089	156,764
Net Pension Asset / (Liability)	**(300,050)**	**(10,033)**	**(310,083)**	**(151,374)**	**(1,944)**	**(153,318)**

62. Group Property, Plant & Equipment

2010/11	SBC £'000	TTL £'000	SCS £'000	Group £'000
Cost or Valuation				
At 1 April 2010	**826,777**	**15,323**	**1,435**	**843,535**
Additions	62,812	1,244	206	64,262
Revaluation increases/(decreases) recognised in the Revaluation Reserve	32,357			32,357
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(39,718)			(39,718)
Derecognition – disposals	(26,538)	(1,298)	(22)	(27,858)
Other movements in cost or valuation	0			0
At 31 March 2011	**855,690**	**15,269**	**1,619**	**872,578**
Accumulated Depreciation and Impairment				
At 1 April 2010	**(47,850)**	**(6,051)**	**(995)**	**(54,896)**
Depreciation charge	(22,927)	(1,039)	(284)	(24,250)
Depreciation written out to the Revaluation Reserve	2,553			2,553
Impairment losses/(reversals) recognised in the Revaluation Reserve	2,856			2,856
Derecognition – disposals	773	1,257	15	2,045
Derecognition – other	0			0
At 31 March 2011	**(64,595)**	**(5,833)**	**(1,264)**	**(71,692)**
Net Book Value				
31-Mar-10	**778,927**	**9,272**	**440**	**788,639**
31-Mar-11	**791,095**	**9,436**	**355**	**800,886**

2009/10	SBC £'000	TTL £'000	SCS £'000	Group £'000
Cost or Valuation				
At 1 April 2009	769,034	15,743	1,354	786,131
Additions	80,360	1,129	81	81,570
Revaluation increases/(decreases) recognised in the Revaluation Reserve	24,478			24,478
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(26,411)			(26,411)
Derecognition – disposals	(181)	(1,549)		(1,730)
Other movements in cost or valuation	(17,134)			(17,134)
At 31 March 2010	**830,146**	**15,323**	**1,435**	**846,904**
Accumulated Depreciation and Impairment				
At 1 April 2009	(38,093)	(6,557)	(905)	(45,555)
Depreciation charge	(12,317)	(1,043)	(90)	(13,450)
Depreciation written out to the Revaluation Reserve	0			0
Impairment losses/(reversals) recognised in the Revaluation Reserve	(755)			(755)
Derecognition – disposals	0	1,549		1,549
Derecognition – other	(54)			(54)
At 31 March 2010	**(51,219)**	**(6,051)**	**(995)**	**(58,265)**
Net Book Value				
31-Mar-09	**730,941**	**9,186**	**449**	**740,576**
31-Mar-10	**778,927**	**9,272**	**440**	**788,639**

63. Group Cash & Cash Equivalents

	31-Mar-09 £000	31-Mar-10 £000	31-Mar-11 £000
Swindon Borough Council	24,002	26,945	17,410
Thamesdown Transport Limited	776	1,235	942
Swindon Commercial Services Limited	0	6,038	2,217
Group Total	**24,778**	**34,218**	**20,569**

64. Group Short term Creditors

	31-Mar-09 £000	31-Mar-10 £000	31-Mar-11 £000
Swindon Borough Council	(67,201)	(30,491)	(38,040)
Thamesdown Transport Limited	(961)	(1,132)	(1,406)
Swindon Commercial Services Limited	0	(18,826)	(15,938)
Group Total	**(68,162)**	**(50,449)**	**(55,384)**

65. Group Long term borrowing

	31-Mar-09 £000	31-Mar-10 £000	31-Mar-11 £000
Swindon Borough Council	(73,720)	(95,988)	(84,189)
Thamesdown Transport Limited	(2,039)	(2,017)	(1,615)
Swindon Commercial Services Limited	0	0	0
Group Total	**(75,759)**	**(98,005)**	**(85,804)**

66. Group Inventories & Work in Progress

	2010 £0	2011 £0
Swindon Borough Council	1,540	634
Thamesdown Transport Limited	202	194
Swindon Commercial Services Limited	0	3,916
Balance at 1 April	**1,742**	**4,744**
Swindon Borough Council	(906)	(13)
Thamesdown Transport Limited	(8)	6
Swindon Commercial Services Limited	3,916	92
Movement in year	**3,002**	**85**
Swindon Borough Council	634	621
Thamesdown Transport Limited	194	200
Swindon Commercial Services Limited	3,916	4,008
Balance at 31 March	**4,744**	**4,829**

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 2010/11, 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 2011.

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 Draft Accounts

I certify that the above responsibilities have been accounted for in the production of these statements and that they give a true and fair view of the financial position of the authority at 31 March 2011.

Signed: Date:

Stuart McKellar, 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: Date:

Cllr Michael Dickinson, Chair of Audit Committee

Independent Auditors Report

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

Opinion on the Authority and Group accounting statements

I have audited the Authority and Group accounting statements of Swindon Borough Council for the year ended 31 March 2011 under the Audit Commission Act 1998. The Authority and Group accounting statements comprise the Authority and Group Movement in Reserves Statement, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Balance Sheet, the Authority and Group Cash Flow Statement, the Housing Revenue Account, the Movement on the Housing Revenue Account Statement (incorporated into the Authority Movement in Reserves Statement and Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Swindon Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Director of Finance and Section 151 Officer and auditor

As explained more fully in the Statement of the Director of Finance and Section 151 Officer's Responsibilities, the Director of Finance and Section 151 Officer is responsible for the preparation of the Authority and Group's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practice's Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on accounting statements

In my opinion the accounting statements:

- give a true and fair view of the state of Swindon Borough Council's affairs as at 31 March 2011 and of its income and expenditure for the year then ended;
- give a true and fair view of the state of the Group's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters

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

Matters on which I report by exception

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

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

Authority's responsibilities

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

Auditor's responsibilities

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

I report if significant matters have come to my attention which prevent me from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Basis of conclusion

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2010, as to whether the Authority has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself 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 2011.

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

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, I am satisfied that, in all significant respects, Swindon Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

Certificate

I certify that I have completed the audit of the Authority and Group accounts of Swindon Borough Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

M Robinson

Martin Robinson (District Auditor and Engagement Lead)
Officer of the Audit Commission
Audit Commission
Westward House
Lime Kiln Close
Stoke Gifford
Bristol

Dated: 23rd September 2011

GLOSSARY

ACCRUALS

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

ACTUARIAL GAINS AND LOSSES

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

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

AMORTISATION

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

ASSET

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

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

BUDGET

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

CAPITAL EXPENDITURE

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

CAPITAL RECEIPTS

The proceeds from the disposal of land or other long-term assets.

CASH EQUIVALENTS

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

COMMUNITY ASSETS

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

CONSISTENCY

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

CONTINGENCY

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

CORPORATE AND DEMOCRATIC CORE

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

CREDITOR

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

CURRENT SERVICE COST (PENSIONS)

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

CURTAILMENT

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

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

DEBTOR

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

DEFERRED ASSETS AND LIABILITIES

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

DEFINED BENEFIT SCHEME

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

DEFINED CONTRIBUTION SCHEME

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

DEPRECIATION

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

DISCRETIONARY BENEFITS

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

EXPECTED RATE OF RETURN ON PENSIONS ASSETS

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

EXTRAORDINARY ITEMS

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

FAIR VALUE

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

FINANCE LEASE

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

FINANCIAL INSTRUMENTS

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

Financial asset

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

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

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

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

GOVERNMENT GRANTS

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

IMPAIRMENT OF ASSETS

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

INTANGIBLE NON-CURRENT ASSETS

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

INTEREST COST (PENSIONS)

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

INVENTORIES

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

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

INVESTMENTS (NON-PENSIONS FUND)

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

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

INVESTMENTS (PENSIONS FUND)

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

MAJOR REPAIRS ALLOWANCE (MRA)

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

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

MAJOR REPAIRS RESERVE (MRR)

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

NET BOOK VALUE

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

NET CURRENT REPLACEMENT COST

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

NET REALISABLE VALUE

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

NON-DISTRIBUTED COSTS

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

NON-OPERATIONAL ASSETS

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

OPERATING LEASES

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

OPERATIONAL ASSETS

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.

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 reflect the benefits that the employer is committed to provide for service up to the valuation date.

SECTION 106

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

TOTAL COST

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

USEFUL LIFE

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

VESTED RIGHTS

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

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

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

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