2011/12

Swindon Borough Council & Group Statement of Accounts

Swindon Borough Council

28/9/2012

Contents

Introduction by the Board Director – Finance, Revenues, Benefits & Property

These financial statements represent the second year of accounting under International Financial Reporting Standards (IFRS) as applied to the public sector. In comparison to the effect of the first year transition to IFRS, there is far less impact or restatement and adjustment to these statements of account.

The key change for 2011/12 is the introduction of a new class of asset. Heritage assets are now required to be identified and valued on balance sheet. This applies so long as any cost of obtaining a value for a heritage asset is not excessive when compared to the benefit of inclusion. The Council has included heritage assets that it is aware of at available valuations. Heritage assets that are operational in the provision of services are not reclassified, but remain as operational assets.

Stuart McKellar

Board Director - Finance, Revenues, Benefits & Property

June 2012

Explanatory Foreword

These accounts relate to the financial year ending 31 March 2012 and have been prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain (The Code). The Code is to be adopted by Local Authorities when publishing their accounts. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets. Any diversion from the Code is stated where applicable.

Updates to the Accounts Required Under Changes to Accounting Practice

This year has seen the requirement to include a new classification of heritage assets. Such assets should be held for their historical value or contribution to heritage. The Code allows for the inclusion of such assets only where there are readily available valuations. Heritage assets which are also operational assets are not required to be reclassified, e.g. Lydiard House is considered a heritage asset but as it is operational in the provision of service, does not have its classification changed. The significant change to the balance sheet for this updated accounting practice is to include the works of art and other collections held by Borough museums, as well as the Mayoral regalia. As there is only the addition of new assets, compensated by an adjustment to the capital adjustment account, there is no disclosure of amendments.

Other Adjustments

The non-current assets of the Authority have been restated for updates around schools that have transferred to academy status. As such schools no longer form part of the Council's asset base they have been written out of the property, plant and equipment balances. A number of such transfers occurred late in the last financial year that were not identified for accounting purposes at the time. These have therefore been adjusted for as prior period adjustments.

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 & 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 the year was set at £137.422m. This excludes funding for schools, which is provided via the Dedicated Schools Grant (DSG).

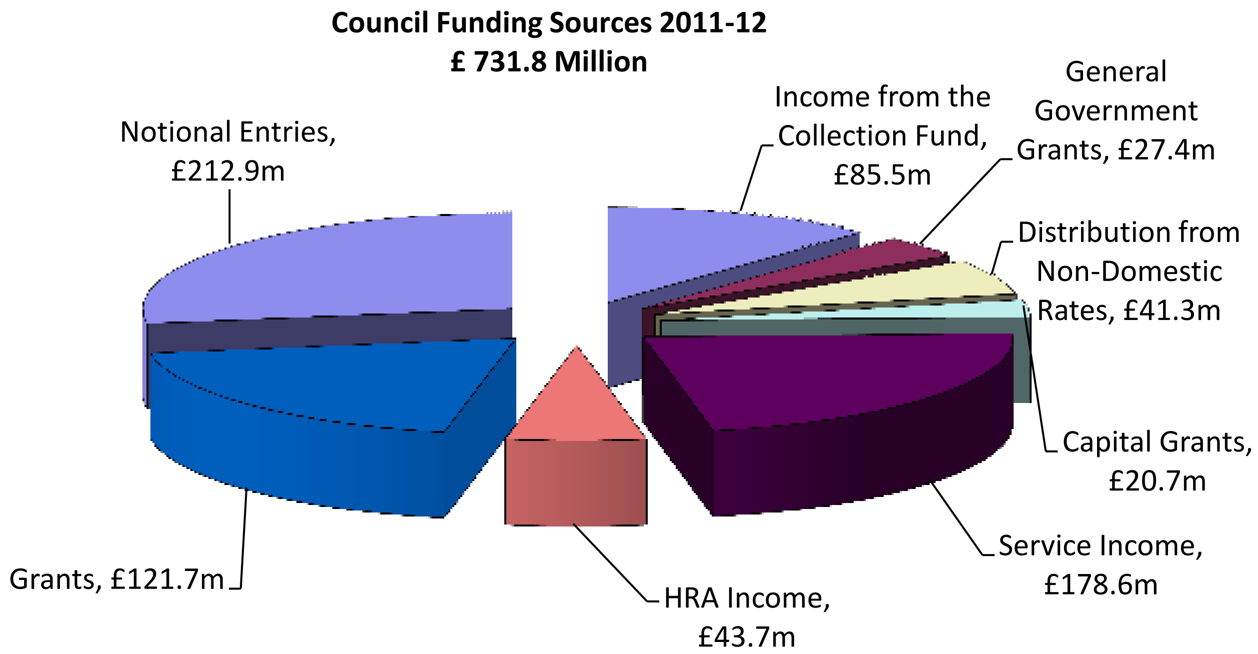
Although the overall budget was delivered and funds made available to transfer to reserves, there remain significant variations between Groups. As per the national position, the ageing population supported by Adult Social Care continues to place additional financial demands on the Council. However funding was able to be released from central contingencies that largely compensated.

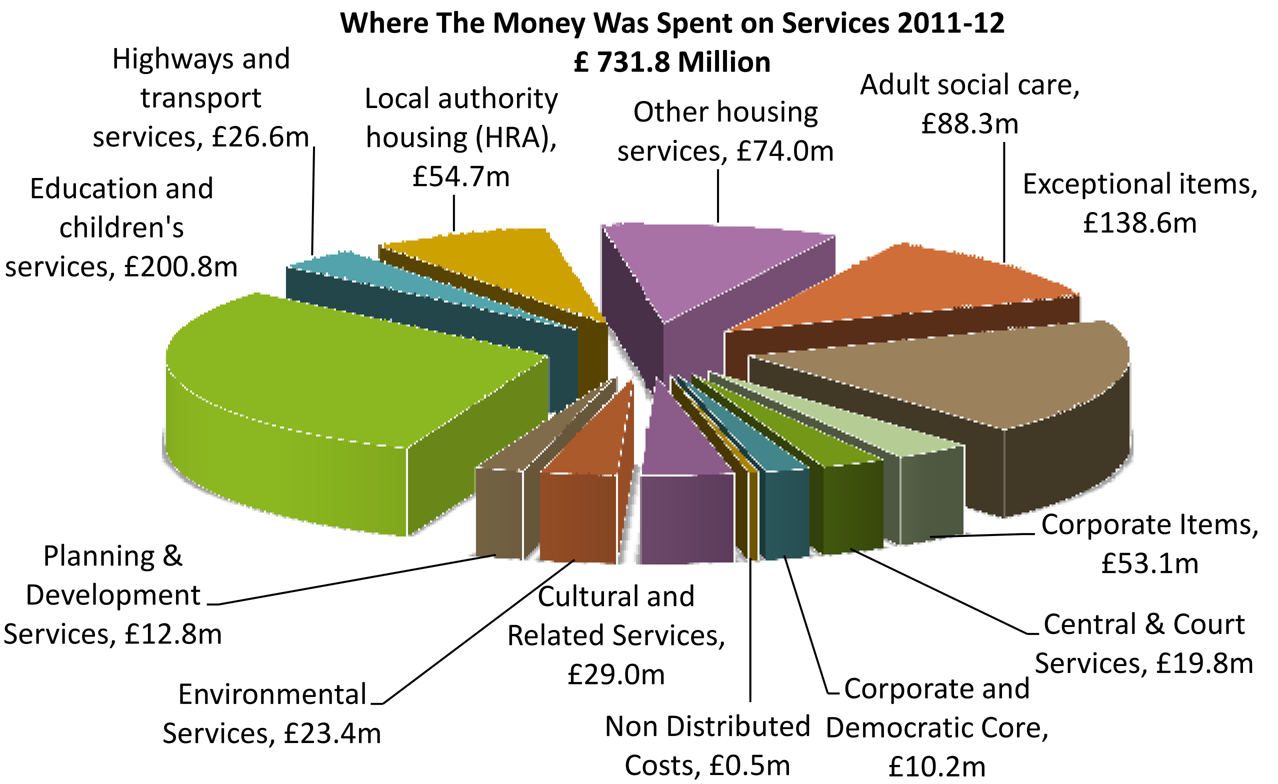
Other services ended the year under budget to negate these additional costs. In particular, a significant underspend was realised in Children Services. This arose largely as a result of spending being reduced in-year to match the lower level of specific grant available, which was not clear at the time the budget was set.

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	31,410	29,786	(1,624)
Housing, Leisure, Libraries and Culture	13,303	13,230	(73)
Adult Social Care	43,585	43,763	178
Environment, Regeneration and Communities	29,482	29,124	(358)
Business Transformation	18,241	16,426	(1,815)
Sub Total of Group Position	**136,021**	**132,329**	**(3,692)**
Chief Executive and Corporate	108	374	266
Sub Total	**136,129**	**132,703**	**(3,426)**
General Contingency Fund	1,293	1,163	(130)
Net Cost of General Fund Services (outturn)	**137,422**	**133,866**	**(3,556)**
Use of under spend taken to reserves		3,556	
Parish Precepts		1,939	
Net Corporate Income and Expenditure		51,272	
Net Capital, Reserves and other Appropriations in Net Cost of Services		197,119	
Surplus / Deficit on Provision of Services		**387,752**	
Taxation and Non-Specific Grant Income		(174,908)	
Net (Surplus)/Deficit For Year on the I&E		**212,844**	
Items Included In the Statement of Reserves		212,844	

The following charts analyse the main income sources to the Council in 2011/12, 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)

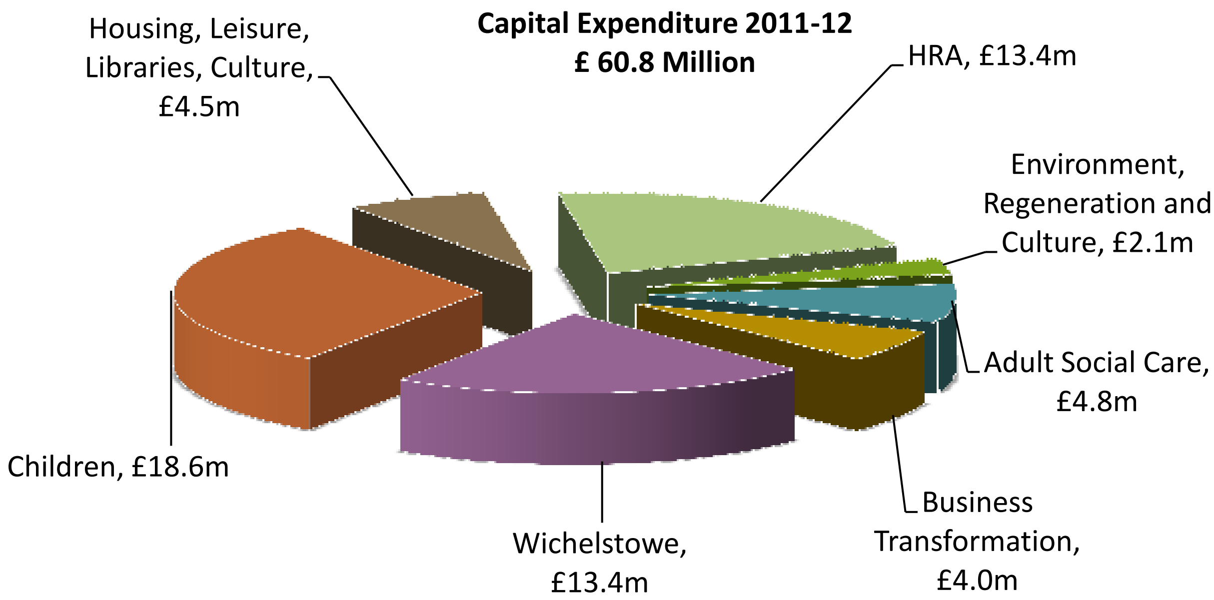
The HRA planned to balance its budget in year, however due to an underspend of £1.9m, the HRA finished the year with an increase in balances held at the 31st March 2012. The reserve movement resulted in the HRA delivering a balanced budget in 2011/12.

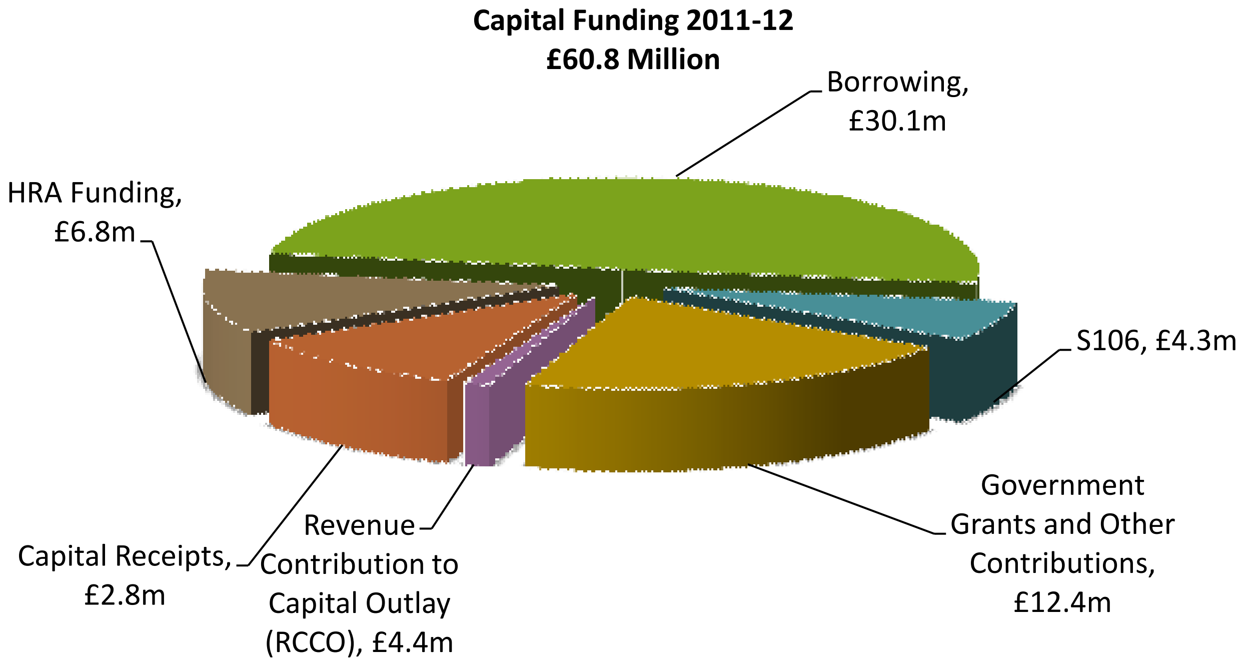
The underspend on the HRA arose from a combination of rental increases in the re-letting of void properties, occupation of new-build properties earlier than anticipated, savings on staff costs and lower than anticipated leasehold refunds.

HRA balances stood at £16.8m at the end of March 2012. Whilst a minor element of the balance is specific, the majority is not and therefore the level of balances that needs to be held (especially with the capacity to borrow under self-financing) is being reviewed as part of the HRA Medium Term Financial Plan.

Financial Overview – Capital Income & Expenditure

During the year, the Council incurred capital expenditure of £60.8m. This expenditure is analysed in the chart below into key service areas of the Council.





Significant areas of capital expenditure were, Education - £18.6m, Council Housing £13.4m, Wichelstowe £13.4m.

The Council incurred borrowing in of £30.1m towards capital expenditure of £60.8m. This contributes to total borrowing of £249m, inclusive of HRA debt, with a related capital finance requirement of £424.7m. 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 increased by £35.9m. The liability is reported as £187m (£151m for 2010/11). This increase reflects the poor performance of the underlying pension asset.

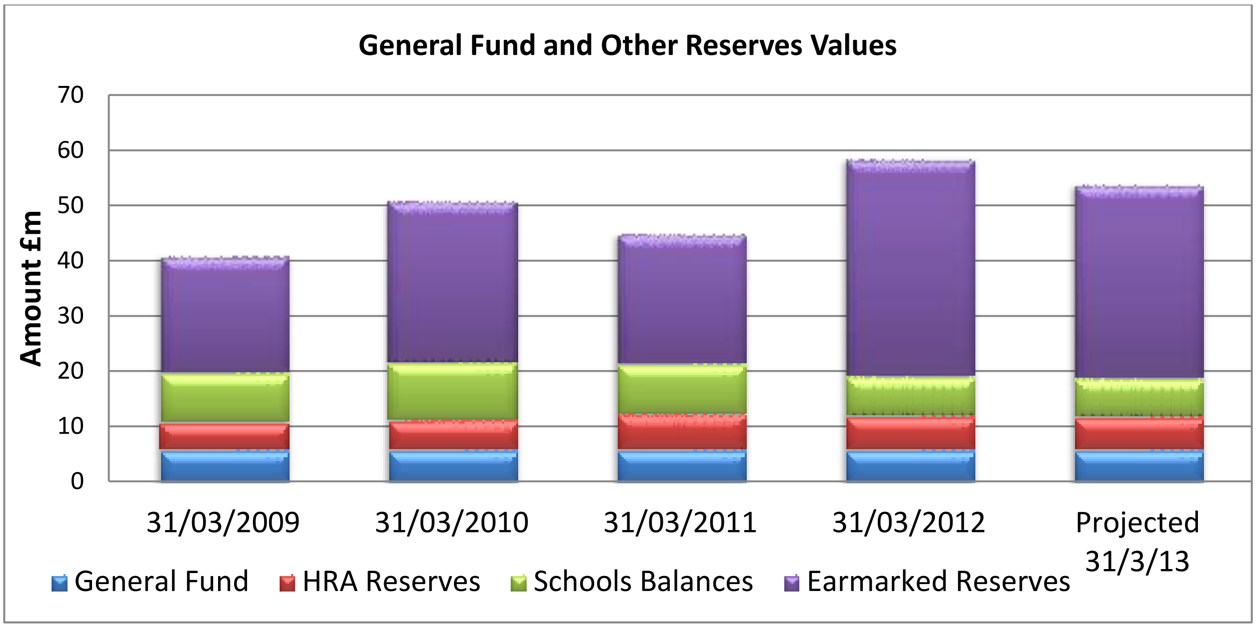
Additionally, the Council made a final payment to consolidate the pension position of its group companies, by way of a payment to reduce the Thamesdown Transport Limited liability. This will result in an improved cash position for the company and provide the footing for annual dividends to be paid, subject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

Social Enterprise
The Council assisted in the creation of a social enterprise for its social care service. This means that the Council will buy back services from the newly set up organisation rather than providing services directly. The organisation itself is structured in a way that the employees of the company are the shareholders

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 following chart. The level of General Fund earmarked reserves increased in 2011/12 due to one-off resources becoming available, but are expected to fall during 2012/13 as the Council pump primes investment in its Stronger Together programme and in promoting its other key objectives.



Cabinet and Council in February 2011 approved a 3 year capital programme covering the years 2011/12 to 2013/14, totalling £63m, which included Children's indicative grant funding for 2012/13 and 2013/14 as well as Highways indicative grant funding for 2013/14. During 2011/12, the Council was notified by the Government of significant cuts in indicative grant funding for 2012/13 as part of the Government's austerity measures and as a result there have been no further major amendments to the original 3 year programme.

Wichelstowe is currently undergoing a full master plan review given the extremely challenging economic conditions, and options are being reviewed to ensure this major site fulfils its full financial and sustainable development potential.

Audit Report

The draft accounts have to be approved before the 30 June by the Board Director - Finance, Revenues, Benefits and Property, the Council's designated Section 151 Officer, independently audited as required by the Audit Commission Act 1998 and published in their audited form by 30 September. 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, Board Director - Finance, Revenues, Benefits and Property, Civic Offices, Swindon SN1 2JH, or email smckellar@swindon.gov.uk

Main Statements

Comprehensive Income and Expenditure Statement

Note	2010/11 Restated Continuing Operations	2010/11 Gross Expenditure £000	2010/11 Gross Income £000	2010/11 Net Expenditure £000	2011/12 Gross Expenditure £000	2011/12 Gross Income £000	2011/12 Net Expenditure £000
	Central & Court Services	20,297	(16,649)	3,648	19,752	(16,408)	3,344
	Corporate and democratic core	10,442	(9,535)	907	10,165	(8,970)	1,195
	Non distributed costs	47	340	387	538	(18)	520
	Cultural and Related Services	33,531	(11,411)	22,120	29,017	(11,779)	17,238
	Environmental Services	23,317	(4,397)	18,920	23,360	(4,197)	19,163
	Planning & Development Services	16,155	(5,937)	10,218	12,753	(5,128)	7,625
	Education and children's services	271,700	(203,311)	68,389	200,717	(143,293)	57,424
	Highways and transport services	26,991	(11,039)	15,952	26,613	(8,956)	17,657
	Local authority housing (HRA)	138,784	(48,433)	90,351	54,708	(51,055)	3,653
	Other housing services	68,674	(61,535)	7,139	74,047	(66,044)	8,003
	Adult social care	74,971	(26,685)	48,286	88,305	(28,203)	60,102
5	Exceptional items	18,614	(53,646)	(35,032)	138,617	0	138,617
	(Surplus) / Deficit on Continuing Operations	**703,523**	**(452,238)**	**251,285**	**678,592**	**(344,051)**	**334,541**
7	Other operating expenditure			67,264			44,938
8	Financing & investment (income)/expenditure			11,497			8,273
9	Taxation and non-specific grant income			(184,091)			(174,908)
	(Surplus) / Deficit on Provision of Services			**145,955**			**212,844**
	(Surplus) / Deficit on revaluation of PPE assets			14,868			(15,309)
	(Surplus) / Deficit on revaluation of available for sale financial assets			(625)			0
50	Actuarial (gain) / loss on pension assets / liabilities			(104,826)			36,772
	Other Comprehensive Income and Expenditure			**(90,583)**			**21,463**
	Total Comprehensive Income and Expenditure			**55,372**			**234,307**

The previous 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 2011	**(6,000)**	**(32,683)**	**(2,000)**	**(6,520)**	**(12,274)**	**(6,198)**	**(18,997)**	**(84,672)**	**(738,255)**	**(822,927)**
(Surplus) / deficit on provision of services	71,913	0	140,931	0	0	0	0	**212,844**		**212,844**
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	**0**	21,463	**21,463**
Total Comprehensive Income and Expenditure	71,913	0	140,931	0	0	0	0	**212,844**	21,463	**234,307**
Adjustments between accounting basis & funding basis under regulations (note 10)	(85,776)	0	(142,488)	0	1,566	(468)	(4,056)	**(231,222)**	231,222	**0**
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(13,863)	0	(1,557)	0	1,566	(468)	(4,056)	**(18,378)**	252,685	**234,307**
Transfers to/from Earmarked Reserves	13,863	(13,863)	(391)	391	0	0		**0**		**0**
(Increase)/Decrease in 2011/12	0	(13,863)	(1,948)	391	1,566	(468)	(4,056)	**(18,378)**	250,503	**232,125**
Balance at 31 March 2012 carried forward	**(6,000)**	**(46,546)**	**(3,948)**	**(6,129)**	**(10,708)**	**(6,666)**	**(23,053)**	**(103,050)**	**(485,570)**	**(588,620)**

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

Statement of Financial Position

Note	Prior Years Restated	1st April 2010 £000	31st March 2011 £000	31st March 2012 £000
11	Property, Plant& Equipment (non-dwellings)	779,275	750,442	694,406
11	Council dwellings	461,900	320,238	317,183
15	Heritage	24,610	24,610	33,410
17	Investment property	47,763	50,866	49,085
69	Long term investments	1,489	1,489	1,489
	Long Term debtors	250	220	196
	Total Non-Current Assets	1,315,287	1,147,865	1,095,769
18	Short term investments	56,869	44,510	17,123
19	Inventories & Work in Progress	634	621	541
20	Short term debtors	35,890	26,742	15,839
21	Cash & Cash equivalents	26,945	17,410	18,934
22	Assets held for sale (current)	0	625	625
	Current Assets	120,338	89,908	53,062
18	Short term borrowing	(37,411)	(43,910)	(18,529)
23	Short term creditors	(46,560)	(51,000)	(38,581)
24	Provisions (short term)	(1,458)	(1,439)	(1,793)
	Current Liabilities	(85,429)	(96,349)	(58,903)
	Long term creditors	(48,277)	(47,662)	(47,002)
24	Provisions (long term)	(1,851)	(2,089)	(2,019)
18	Long term borrowing	(95,988)	(84,189)	(230,276)
50	Pension Asset/Liability	(300,050)	(151,374)	(187,273)
	Capital Grants receipts in advance	(25,731)	(33,183)	(34,738)
	Non-Current Liabilities	(471,897)	(318,497)	(501,308)
	Net Assets	**878,299**	**822,927**	**588,620**
	Usable Reserves	(69,945)	(84,672)	(103,050)
26	Unusable Reserves	(808,354)	(738,255)	(485,570)
	Total Reserves	**(878,299)**	**(822,927)**	**(588,620)**

The unaudited accounts were issued on 28/6/2012 and the audited accounts were authorised for issue in September.

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

Cash Flow Statement

Notes	Prior Year Restated	2010/11 £'000	2011/12 £'000
	Net surplus or (deficit) on the provision of services	(145,955)	(212,844)
	Adjustments to net surplus or deficit on the provision of services for non-cash movements	164,960	116,394
	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(5,027)	(22,575)
32	**Net cash flows from Operating Activities**	**13,978**	**(119,025)**
33	Investing Activities	(18,261)	(7,861)
34	Financing Activities	(5,252)	128,410
	Net increase or (decrease) in cash and cash equivalents	**(9,535)**	**1,524**
	Cash and cash equivalents at the beginning of the reporting period	26,945	17,410
	Cash and cash equivalents at the end of the reporting period	**17,410**	**18,934**

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

1. NOTES TO THE ACCOUNTS

ACCOUNTING POLICIES

a) General Principles

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

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

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

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

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

b) Accruals of Income and Expenditure

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

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

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

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

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

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

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

c) Acquisitions and Discontinued Operations

The Authority has neither acquired nor discontinued any material operation within these accounts. Its social care provision is no longer provided in-house but is commissioned from a social enterprise - SEQOL.

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). Associated costs of disposal are contained within the net cost of services analysis, as part of apportioned central support costs. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

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

Heritage Assets

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

t) Private Finance Initiative (PFI) and Similar Contracts

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

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

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

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

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

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

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

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

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

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

u) Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Landfill Allowance Trading Schemes (LATS)

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

v) Reserves

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

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

w) Revenue Expenditure Funded from Capital under Statute

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

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

x) VAT

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

y) Collection Fund / Agency Arrangements

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

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

The adoption of amendments to Financial Reporting Standard 7, "Financial Instruments: Disclosures" by the Code in 2012/13 is not a change of accounting policy. There are subsequently no known standards being implemented that will affect the 2012/13 accounts.

2. Critical Judgements in Applying Accounting Policies

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

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

The Authority contributes funding to Highworth Recreation. 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 conclusion of legal review into Mesopotamia cases has resulted in the Council, along with other authorities, becoming liable for potential future costs in relation to past claims. The Council has increased its level of self-insurance but the final value and timing of any payment remains unknown.

Accounting for Schools assets - In its role as a local education authority the Council oversees a range of Voluntary Aided and Voluntary Controlled schools. The different form of school affects the make-up of their governing body, the admissions policy, funding arrangements and the legal ownership of assets.

A review continues to be undertaken to assess whether the assets should be included on the Authority balance sheet. Inclusion will depend upon the extent to which the Authority controls and influences certain areas of each school's structure and policy.

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

3. The Impact of Prior Period Adjustments

The impact on the balance sheet for the removal of school assets that have transferred to Academy status resulted in a decrease to property, plant and equipment balances of £41m in restated 2010/11 comparatives. The introduction of heritage assets increased the balance sheet by £24.6m

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

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
Provisions	The Authority makes a provision to provide for self-insurance. This is calculated to cover the Council's costs should successful significant claims be made against the Authority. On past experience the value of claims paid requires less annual contribution to the provision. The level of provision which is classified as short-term (75%) is based upon the experience of claims of the insurance service.	An increase in the forthcoming year in the number of claims processed could see a need to increase the provision beyond that budgeted, which would impact on the general fund balance. The overall provision should provide the necessary cover for claims and there should be no impact to the general fund.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries provide the Authority, through the pension fund, with expert advice about the assumptions to be applied.	Changes to the pension liability can be complex with a variety of items that may cause impact on the either a positive or negative change.
Untaken Leave	Sampling has been used to estimate the historic value of untaken staff leave, coupled with an annual return sent to managers to complete for the latest financial year. The accounting judgement is based upon these estimates as a percentage of gross expenditure.	If future changes should be made to gross expenditure it may trigger the threshold for inclusion of accrual leave due to changes in materiality. This would result in higher cost of services but with compensating adjustments in the movement in reserves statement.

5. Material Items of Income and Expense

The Comprehensive Income and Expenditure Statement contains exceptional service costs of £138m in 2011/12 and £18m in 2010/11. These were funded by additional borrowing in 2011/12 and on a one-off basis in 2010/11, with £53m of notional income. This can be broken down as:

Items	Value	Explanation
2011/12		
HRA Debt	£138m	The Government changed the way in which HRA accounts are to be managed / finance and in March 2012 the Council was required to pay for the related HRA debt of its housing stock based on Government figures. This has been financed by additional PWLB borrowing.
Disposal of School Assets on Academy Transfers	£34m	The converting of a number of schools to Academy status has required the writing out of the assets for those sites. This has resulted in a high level of loss on disposal showing through Other Operating Expenditure.
2010/11		
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 on-going 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

There remain a number of schools that will transfer to Academy status in 2012/13. It is expected that disposals of £22m will be required in 2012/13 accounts for Academy transfers scheduled prior to authorisation of these accounts on 26th September. This disposal value will increase for additional transfers that occur before the end of the financial year.

7. Other Operating Expenditure

Breakdown of items included under Other Operating Expenditure.

	2010/11 £'000	2011/12 £'000
Parish council precepts	1,933	1,939
Payments to the Government Housing Capital Receipts Pool	289	647
(Gains)/losses on the disposal of non-current assets	65,042	42,352
Total Other Operating Expenditure	**67,264**	**44,938**

8. Financing and Investment Income and Expenditure

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

	2010/11 £'000	2011/12 £'000
Interest payable and similar charges	12,633	12,760
Net pensions interest cost and expected return on pensions assets	10,355	4,606
Interest receivable and similar income	(1,217)	(3,200)
Investment income	(6,113)	(6,025)
Movement on market value of investment property	(4,161)	132
Total Taxation and Non-specific Grant Incomes	**11,497**	**8,273**

9. Taxation and Non Specific Grant Incomes

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

	2010/11 £'000	2011/12 £'000
Council tax income	(83,919)	(85,481)
Non-domestic rates	(44,226)	(41,313)
Non-ring-fenced government grants	(19,297)	(27,378)
Capital grants and contributions	(36,649)	(20,736)
Total Taxation and Non-specific Grant Incomes	**(184,091)**	**(174,908)**

10. 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.

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

Statutory provision for the financing of capital investment	3,070	0	0	0	0	3,070	(3,070)	0
Voluntary provision for the financing of capital investment	595	0	0	0	0	595	(595)	
Capital expenditure charged against the General Fund and HRA balances	714	3,697	0	0	0	4,411	(4,411)	0
Adjustments primarily involving the Capital Adjustment Account:								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	9,817	0	0	0	(9,817)	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	5,761	5,761	(5,761)	0
Adjustments primarily involving the Capital Receipts Reserve:								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	704	1,151	(1,855)	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	2,755	0	0	2,755	(2,755)	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(647)	0	647	0	0	0	0	0
Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):								

Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(19)	0	19	0	0	0	0	0
Adjustment primarily involving the Major Repairs Reserve								
Reversal of Major Repairs Allowance credited to the HRA	0	7,273	0	(7,273)	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	6,805	0	6,805	(6,805)	0
Adjustment primarily involving the Financial Instruments Adjustment Account:								
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	56	119	0	0	0	175	(175)	0
Adjustments primarily involving the Pensions Reserve:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	1,072	(199)	0	0	0	873	(873)	0
Adjustments primarily involving the collection Fund Adjustment Account:								
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	204	0	0	0	0	204	(204)	0
Total Adjustments	**(85,776)**	**(142,488)**	**1,566**	**(468)**	**(4,056)**	**(231,222)**	**231,222**	**0**

2010/11 Restated	**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	(22,498)	(3,237)	0	0	0	(25,735)	25,735	0
Charges for impairment of non-current assets	(37,850)	(97,167)	0	0	0	(135,017)	135,017	0
Movement in the market value of investment properties	4,161	0	0	0	0	4,161	(4,161)	0
Capital grants and contributions applied	13,085	0	0	0	0	13,085	(13,085)	0
Revenue expenditure funded from capital under statute	(12,692)	0	0	0	0	(12,692)	12,692	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	(66,694)	(567)	0	0	0	(67,261)	67,261	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	0	0	0	1,832	(1,832)	0
Capital expenditure charged against the General Fund and HRA balances	151	1,680	0	0	0	1,831	(1,831)	0
Adjustments primarily involving the Capital Adjustment Account:								
Capital grants and contributions unapplied credited to the	18,998	0	0	0	(18,998)	0	0	0

Comprehensive Income and Expenditure Statement								
Application of grants to capital financing transferred to the Capital Adjustment Account	4,951	0	0	0	0	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	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	1,607	0	0	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	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)	0	0	0	0	(18)	18	0
Adjustment primarily involving the Major Repairs Reserve								
Reversal of Major Repairs Allowance credited to the HRA	0	6,952	0	(6,952)	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	6,997	0	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	0	0	0	317	(317)	0
Adjustments primarily involving the Pensions Reserve:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	44,437	(584)	0	0	0	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	0	0	0	1,407	(1,407)	0
Total Adjustments	**(49,286)**	**(92,102)**	**(341)**	**45**	**(18,998)**	**(160,682)**	**160,682**	**0**

11. Property, Plant and Equipment

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

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

2010/11 Restated	**Council Dwellings**	**Other Land and Buildings**	**Vehicles, Plant, & Equipment**	**Infra-structure Assets**	**Community Assets**	**Heritage Assets**	**Surplus Assets**	**Assets Under Construction**	**Total PPE**	**PFI Assets in PPE**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost or Valuation										
At 1 April 2010	**475,002**	**618,242**	**25,953**	**68,620**	**23,572**	**24,610**	**40,809**	**49,929**	**1,326,737**	**63,947**
Additions	9,034	19,072	1,471	14,852	1,540		80	25,387	71,436	366
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(49,779)	30,644	0	0	406	0	1,307	0	(17,422)	0
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(97,026)	(37,967)	0	0	0	0	0	(1,718)	(136,711)	0
Derecognition – disposals	(698)	(68,164)	0	0	0	0	0	(566)	(69,428)	0
Other movements in cost or valuation		5,645	84	0	0	0	0	(5,729)	0	0
At 31 March 2011	**336,533**	**567,472**	**27,508**	**83,472**	**25,518**	**24,610**	**42,196**	**67,303**	**1,174,612**	**64,313**
Accumulated Depreciation and Impairment										
At 1 April 2010	**(13,102)**	**(24,875)**	**(12,546)**	**(10,388)**	**0**	**0**	**(41)**	**0**	**(60,952)**	**(1,074)**
Depreciation charge	(3,214)	(13,455)	(4,041)	(4,999)	0	0	(26)	0	(25,735)	(1,080)
Depreciation written out to the Revaluation Reserve	21	2,553	0	0	0	0	0	0	2,574	0
Impairment losses / (reversals) recognised in the Revaluation Reserve	0	2,820	0	0	0	0	36	0	2,856	0
Derecognition – disposals	0	1,935	0	0	0	0	0	0	1,935	0
Derecognition – other	0	0	0	0	0	0	0	0	0	0
At 31 March 2011	**(16,295)**	**(31,022)**	**(16,587)**	**(15,387)**	**0**	**0**	**(31)**	**0**	**(79,322)**	**(2,154)**
Net Book Value										
At 31 March 2010	**461,900**	**593,367**	**13,407**	**58,232**	**23,572**	**24,610**	**40,768**	**49,929**	**1,265,785**	**62,873**
At 31 March 2011	**320,238**	**536,450**	**10,921**	**68,085**	**25,518**	**24,610**	**42,165**	**67,303**	**1,095,290**	**62,159**

12.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

13.Capital Commitment

At 31 March 2012, Council has approved a Capital Programme of £113m for the construction or enhancement of Property, Plant and Equipment in 2012/13 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 2011 were £116m.

14.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.

15.Heritage Assets

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

Valuation	**2010/11 £'000**	**2011/12 £'000**
1st April	**24,610**	**24,610**
Additions	0	0
Disposals	0	0
Revaluations	0	8,801
Impairment Losses/(reversals) recognised in the Revaluation Reserve	0	0
Impairment Losses/(reversals) recognised in Surplus or Deficit on the Provision of Services	0	0
Depreciation	0	0
31st March	**24,610**	**33,411**

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

	2010/11 £'000	2011/12 £'000
Bath Road Museum	3,050	7,000
Steam Railway Heritage Centre	19,000	24,000
Richard Jefferies Museum	100	120
Lydiard Park House	2,100	1,711
Agricultural Store Coate	100	120
Whitehall Farm Stores	50	60
Transport Depot Stores	20	60
Civic Regalia	190	340
Total Valuation	**24,610**	**33,411**

Further information on the Council's heritage strategy will be available on publication of the formal strategy document.

16.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 2011/12.

Restated	Balance 1/4/10 £'000	Transfers In £'000	Transfers Out £'000	Balance 31/3/11 £'000	Transfers In £'000	Transfers Out £'000	Balance 31/3/12 £'000
General Fund Reserves	(29,253)	(8,021)	13,807	(23,467)	(17,167)	1,339	(39,295)
Ring fenced Reserves:							
HRA	(5,407)	(1,207)	94	(6,520)	0	391	(6,129)
Schools	(10,409)	0	1,302	(9,107)	0	1,873	(7,234)
Statutory Mitigation*	(188)	0	79	(109)	0	92	(17)
Total Earmarked Reserves	**(45,257)**	**(9,228)**	**15,282**	**(39,203)**	**(17,167)**	**3,695**	**(52,675)**

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

17.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

	2010/11 £'000	2011/12 £'000
Rentals from investment property included in investment income	(3,089)	(2,887)

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:

	2010/11 £'000	2011/12 £'000
Balance at start of the year	**47,763**	**50,866**
Additions:		
Purchases	157	0
Construction	0	0
Subsequent expenditure	0	1,150
Disposals	(238)	(360)
Net gains/losses from fair value adjustments	3,184	228
Transfers:		
to/from Inventories	0	0
to/from Property, Plant and Equipment	0	(2,799)
Other changes	0	0
Balance at end of the year	**50,866**	**49,085**

18.Financial Instruments

Categories of Financial Instruments

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

	Long-term		Current	
Balance at 31 March	**2011 £'000**	**2012 £'000**	**2011 £'000**	**2012 £'000**
Assets:				
Cash & Cash Equivalents	0	0	17,410	18,934
Loans and receivables	0	0	27,400	17,100
Available-for-sale financial assets	0	0	17,110	23
Total assets	**0**	**0**	**61,920**	**36,057**
Borrowings:				
Financial liabilities PWLB	(54,189)	(195,276)	(11,798)	(12,529)
Financial liabilities LOBO	(30,000)	(30,000)	0	0
Financial liabilities Other Temporary Borrowing	0	(5,000)	(32,112)	(6,000)
Total borrowings	**(84,189)**	**(230,276)**	**(43,910)**	**(18,529)**
Other Current Financial Instruments:				
Debtors	0	0	480	926
Creditors	0	0	(17,305)	(16,090)
Other Long Term Liabilities	0	0	0	0
PFI	(47,662)	(47,002)	(626)	(657)
Total other financial instruments	**(47,662)**	**(47,002)**	**(17,451)**	**(15,821)**

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 2011		31 March 2012	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
	£'000	**£'000**	**£'000**	**£'000**
Long Term Creditors	(84,189)	(91,367)	(230,276)	(236,293)

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

	31 March 2011		31 March 2012	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
	£'000	**£'000**	**£'000**	**£'000**
Loans and Receivables	(43,910)	(44,107)	(18,529)	(26,335)

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

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

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

19.Inventories

The movement on inventory of stock is summarised below:

	Trading Stores		Leisure Stores		Other Stores		Total	
	10/11	**11/12**	**10/11**	**11/12**	**10/11**	**11/12**	**10/11**	**11/12**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance 1 April	**275**	**239**	**227**	**213**	**132**	**169**	**634**	**621**
In-year movement	(36)	(108)	(14)	0	37	28	(13)	(80)
Balance 31 March	**239**	**131**	**213**	**213**	**169**	**197**	**621**	**541**

20.Short-term Debtors

The balances of short-term debtors are summarised below:

Balance at 31 March	2010	2011	2012
	£'000	£'000	£'000
Central government bodies	12,538	12,944	4,127
Other local authorities	323	340	276
NHS bodies	2,869	1,009	1,140
Public corporations and trading funds	1	496	0
Collection Fund	6,173	6,360	8,364
Other entities and individuals	20,509	11,637	10,499
Payments in Advance	2,954	4,227	2,573
Sub-total	**45,367**	**37,013**	**26,979**
Provision for bad debts	(7,638)	(9,477)	(10,271)
Net Debtors	**47,593**	**35,890**	**26,742**

21.Cash and Cash Equivalents

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

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

Balance at 31 March	2010	2011	2012
	£'000	£'000	£'000
Cash	11,295	10,160	8,934
Short-term investments	15,650	7,250	10,000
Total	**26,945**	**17,410**	**18,934**

22. Assets Held for Sale

	Current		Non-Current	
	2010/11	2011/12	2010/11	2011/12
	£'000	£'000	£'000	£'000
Balance Outstanding at start of year	**0**	**625**	**0**	**0**
Assets newly classified as held for sale:				
Property, Plant and Equipment	625	0	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	**625**	**625**	**0**	**0**

23.Creditors

Balance at 31 March	2010	2011	2012
	£'000	£'000	£'000
Central government bodies	(284)	(3,705)	(4,056)
Other local authorities	(1,284)	(1,270)	(1,773)
NHS bodies	(2,114)	(1,270)	(796)
Public corporations	(56)	(16)	(103)
Bonds	(496)	(456)	(597)
Other entities and individuals	(33,120)	(34,454)	(24,324)
Receipts in advance	(9,206)	(9,829)	(6,932)
Total	**(46,560)**	**(51,000)**	**(38,581)**

24.Provisions

Insurance

The provision is in respect of employers and public liability claims where incidents have already taken place but the claims have yet to be settled. The provision is based on the total of the individual claim "reserves" estimated by the Council's loss adjusters.

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.

	Insurance	Aged NDR	Other	Total
	£'000	£'000	£'000	£'000
Balance Outstanding at start of year	**(1,919)**	**(973)**	**(636)**	**(3,528)**
Additional provisions made	(624)	0	(531)	(1,155)
Amounts used	754	0	117	871
Balance outstanding at year end	**(1,789)**	**(973)**	**(1,050)**	**(3,812)**
Relating to short-term	(1,342)	0	(451)	(1,793)
Relating to long-term	(447)	(973)	(599)	(2,019)

25.Useable Reserves

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

26.Unusable Reserves

Balance at 31 March	2010 £'000	2011 £'000	2012 £'000
Capital Adjustment Account	(992,157)	(790,340)	(558,111)
Revaluation Reserve	(115,665)	(96,996)	(112,076)
Financial Instruments Adjustment Account	836	518	343
Pensions Reserve	300,050	151,374	187,273
Collection Fund Adjustment Account	(727)	(2,134)	(2,338)
Other Unusable Reserves	(691)	(677)	(661)
Total	**(808,354)**	**(738,255)**	**(485,570)**

27. 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.

	2010/11 £'000	2011/12 £'000
Balance at 1 April	**(113,945)**	**(96,996)**
Revaluation of assets in asset table note	17,422	(13,588)
Revaluation of held for sale assets	(625)	0
Depreciation added back on revaluation	(3,901)	(1,722)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	**12,896**	**(15,310)**
Adjustments against historic cost	433	(150)
Accumulated gains on assets sold or scrapped	6,622	1,576
Adjustment to CAA on disposals	(3,002)	(1,196)
Amount written off to the Capital Adjustment Account	**4,053**	**230**
Balance at 31 March	**(96,996)**	**(112,076)**

28.Capital Adjustment Account

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

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure

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

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

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

	2010/11 £'000	2011/12 £'000
Balance at 1 April	**(993,877)**	**(790,340)**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation of noncurrent assets	25,922	20,227
Charges for impairment of noncurrent assets	135,017	59,002
HRA Depreciation w/b adjustment	0	(3,932)
Revenue expenditure funded from capital under statute	12,692	7,762
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	68,608	44,969
Application of the HRA debt	0	138,617
	242,238	266,645
Adjusting amounts written out of the Revaluation Reserve	(4,053)	(230)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(1,607)	(6,453)
Use of the Major Repairs Reserve to finance new capital expenditure	(6,997)	(6,805)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(13,085)	(10,919)
Application of grants to capital financing from the Capital Grants Unapplied Account	(4,950)	(5,762)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(1,288)	(2,452)
PFI Finance Lease Liability included in CIES MRP	(544)	(618)
Voluntary provision for financing of capital expenditure	0	(595)
Capital expenditure charged against the General Fund and HRA balances	(1,831)	(714)
Movement in the market value of investments	(4,346)	132
	(38,701)	(34,416)
Balance at 31 March	**(790,340)**	**(558,111)**

29.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.

	2010/11 £'000	2011/12 £'000
Balance at 1 April	**(727)**	**(2,134)**
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)	(204)
Balance at 31 March	**(2,134)**	**(2,338)**

30. 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.

	2010/11 £'000	2011/12 £'000
Balance at 1 April	**836**	**518**
Proportion of premiums incurred in previous financial years to be charged against the HRA	(194)	(119)
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance	(124)	(56)
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	(318)	(175)
Balance at 31 March	**518**	**343**

31.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.

	2010/11 £'000	2011/12 £'000
Balance at 1 April	**300,050**	**151,374**
Actuarial (gains) or losses on pensions assets and liabilities	(104,821)	36,771
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	(43,853)	(873)
Actuarial Roundings	(2)	1
Balance at 31 March	**151,374**	**187,273**

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.

32. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2010/11 £'000	2011/12 £'000
Interest received	1,217	3,199
Interest paid	(12,633)	(12,761)
Dividends received	3,024	3,662
Total	**(8,392)**	**(5,900)**

33. Cash Flow Statement – Investing Activities

	2010/11 £'000	2011/12 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(71,845)	(59,402)
Purchase of short-term and long-term investments	(50,000)	(85,630)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,238	1,855
Proceeds from shot-term and long-term investments	60,000	113,016
Other receipts from investing activities	41,346	22,300
Total	**(18,261)**	**(7,861)**

34. Cash Flow Statement – Financing Activities

	2010/11 £'000	2011/12 £'000
Cash receipts of short- and long-term borrowing	809,698	217,115
Other receipts from financing activities	6,028	8,362
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(544)	(659)
Repayments of short- and long-term borrowing	(818,857)	(96,408)
Other payments for financing activities	(1,577)	0
Total	**(5,252)**	**128,410**

35.Amounts Reported for Resource Allocation Decisions

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

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

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

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

* The analysis of government grants is based upon a system extracted figure of the main grant receiving codes and whilst expected to be materially correct, may not 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	137,422
Add amounts not reported to management (capital charges)	78,378
Remove amounts reported to management not included in Net Cost of Services of Comprehensive Income and Expenditure Statement (Corporate Items)	118,741
Net Cost of Services in Comprehensive Income and Expenditure Statement	**334,541**

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

36.Agency Services

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

	2010/11 £'000	2011/12 £'000
Primary Care Trust Section 28A arrangements	6,054	0
Other health services	1,874	1,799
Net non – social services arrangements	(52)	0
	7,876	**1,799**

37.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	2010/11 £'000	2011/12 £'000
Mental Health	23,327	22,946
Learning Disabilities	19,025	16,117
Community Services	23,767	37,383
ICES and Wheel Chair	1,203	1,343
Grants to Voluntary Organisations	809	0
Commissioning Teams	1,555	0
Other services	3,519	0
Gross Expenditure	**73,205**	**77,789**
Mental Health	(6,515)	(6,017)
Learning Disabilities	(14,941)	(15,856)
Community Services	(19,074)	(21,286)
ICES and Wheel Chair	(616)	(516)
Grants to Voluntary Organisations	(534)	0
Commissioning Teams	(167)	0
Swindon Borough Council's Contribution	**(41,847)**	**(43,675)**
Swindon PCT Contribution	**(31,358)**	**(34,114)**

Children Section 75 Commissioning	2010/11 £'000	2011/12 £'000
Net Expenditure	36,601	24,473
Net Income (including SBC contribution)	(36,601)	(24,473)
Swindon Borough Council's Contribution	**(27,586)**	**(19,138)**

38. Members Allowances

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

	2010/11 £'000	2011/12 £'000
Basic Allowances	447	454
Special Responsibility Allowances	180	178
Expenses	7	5
Total	**634**	**637**

39. Officers' Remuneration

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

Remuneration Band £		£	Number of employees 2010/11	2011/12
50,000	to	54,999	41	33
55,000	to	59,999	46	32
60,000	to	64,999	26	24
65,000	to	69,999	18	12
70,000	to	74,999	4	5
75,000	to	79,999	2	2
80,000	to	84,999	1	0
85,000	to	89,999	2	2
90,000	to	94,999	2	0
95,000	to	99,999	4	3
100,000	to	104,999	2	0
105,000	to	109,999	1	2
110,000	to	114,999	0	0

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

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

Position	Salary & Allowances	Expenses	Remun - eration	Employer Pension Contributions	Total Remuneration
	£	£	£	£	£
2011/12					
Chief Executive – Gavin Jones	165,982	378	166,360	25,561	191,921
Group Director Children	138,000	1010	139,010	21,252	160,262
Group Director Business Transformation	130,112	0	130,112	20,037	150,149
Deputy C.E. and Group Director Environment & Regeneration	121,265	108	121,373	18,675	140,048
Director of Housing & Leisure	113,924	0	113,924	22,215	136,140
Director of Finance	100,678	0	100,678	15,504	116,183
Director of Law & Democratic Services	96,567	140	96,707	14,871	111,578
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

40.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	Central Expenditure	Schools Budgets	Total
	2010/11	2011/12	2011/12	2011/12
	£'000	£'000	£'000	£'000
DSG receivable for the year	117,789	19,323	87,511	106,834
Actual expenditure for the year	117,144	18,815	87,511	106,326
(Over) / Under spend for the year	**645**	**508**	**0**	**508**
Supplementary Council Funding / Schools' Balances	0	0	0	0
(Over) / Under spend from prior year	**(596)**	**49**	**0**	**49**
(Over) / Under spend carried forward	**49**	**557**	**0**	**557**

41.Exit Packages

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

Exit Package Band			Number of employees	
£		£	2010/11	2011/12
0	to	19,999	14	80
20,000	to	39,999	1	13
40,000	to	59,999	1	3
60,000	to	79,999	0	2

42.External Audit Costs

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

	2010/11 £'000	2011/12 £'000
	£'000	£'000
Statutory Audit of the Accounts	315	261
Audit of Grant Claims	34	30
Total Fees Paid	**349**	**291**

43.Contingent Liability

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

44.Grant Income

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

Credited to Taxation and Non Specific Grant Income	2010/11 £'000	2011/12 £'000
Income from the Collection Fund	(83,919)	(85,481)
Distribution from Non-Domestic Rates	(44,226)	(41,313)
General Government Grants:		
Formulae Grant	(6,422)	(12,770)
General government grants	(12,875)	(14,608)
S106 Contributions Transferred to CAA*	(4,951)	(4,265)
General Capital Grants Transferred to CGUA**	(18,997)	(9,817)
General Capital Grants Used in Funding	(12,701)	(6,654)
	(184,091)	**(174,908)**

*Capital Adjustment Account

**Capital Grants Unapplied Account

Credited to Services

Funding Body	2010/11 £'000	2011/12 £'000
Big Lottery Fund	(118)	0
British Council	(2)	0
Children's Workforce Development Council	(105)	(286)
DEFRA	(4)	(69)
Department For Children, Schools & Families (DCSF)	(141,687)	(109,156)
Department for Work & Pensions (DWP)	(3,035)	(2,637)
Department of Communities & Local Government (DCLG)	(25,687)	(5,106)
Department of Health	(4,620)	(1,917)
Department of Transport	(1,142)	(259)
Department of Culture Media and Sport	(15)	0
Film Council	0	(13)
Government Office for the South West	(111)	0
Home Office	(457)	(342)
Learning Skills Council /Skills Funding Agency	(480)	(208)
National College for Leadership of Schools and Children's Services	(16)	0
NHS	(19)	0
South West Regional Development Agency	(2)	0
Training & Development Agency	(216)	(6)
Wiltshire Youth Offending Service	(24)	0
Young Persons Learning Agency	(10,931)	(1,398)
Youth Justice board	(217)	(347)
	(188,888)	**(121,745)**

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:

	2010/11 £'000	2011/12 £'000
Balance at 1 April	**(25,731)**	**(33,183)**
New funds received with conditions not met	(14,418)	(22,291)
Funds written out where conditions have been met	6,957	20,736
Funds written out for repayment	9	0
Balance at 31 March	**(33,183)**	**(34,738)**

45.Related Parties

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

Central Government

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

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid is shown in Note 38. Members have completed an annual declaration of any possible related party situation and transactions with them. There are no significant transactions identified.

Officers

Officers of the Council have also made an annual declaration involving related parties. There are no significant transactions identified, though the Director of Adult Social Care provided services for both the Authority and the local Primary Care Trust for part of the year. Payments to the Primary Care Trust totalled £2.3m in 2011/12.

Controlled Companies

The Council is parent company to Swindon Commercial Services, Thamesdown Transport Limited and Forward Swindon Ltd. Details on these companies is contained within the group section of these accounts.

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

The Authority had an aligned budget arrangement with Swindon Primary Care Trust for the provision of Children and Adult Social Care services. These represented Authority contributions of £19m into a £24m pool for Children and £43m into a £77m pool for adults.

Entities Controlled or Significantly Influenced by the Authority

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

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

46.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 01/04/11 was £259.6m; it has increased by £165.0m to £424.7m as at 31/03/12.

	2010/11 £'000	2011/12 £'000
Property, Plant & Equipment	62,391	38,498
HRA Dwellings & AUC	9,455	13,369
Investment Properties	157	1,150
Total Additions to Balance Sheet	**72,003**	**53,017**
Revenue Expenditure Funded from Capital Under Statute	12,282	7,762
Movement on creditors	5,539	0
Total Expenditure to be Financed	**89,824**	**60,779**
HRA Funding	(6,996)	(6,805)
Capital Receipts	(1,607)	(2,755)
Revenue Contribution to Capital Outlay (RCCO)	(1,803)	(4,411)
Government Grants and Other Contributions	(13,414)	(12,416)
S106	(4,950)	(4,265)
Borrowing	(61,054)	(30,127)
Total Financing	**(89,824)**	**(60,779)**

47.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:

Finance Lease Liabilities	2010/11 £'000	2011/12 £'000
- Current	(618)	(657)
- Non-current	(47,662)	(47,003)
Finance Cost Payable in Future Years	(180,448)	(170,345)
Minimum lease payments	**(228,728)**	**(218,005)**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	2010/11	2011/12	2010/11	2011/12
	£'000	£'000	£'000	£'000
Not later than one year	10,924	10,919	(618)	(658)
Later than 1 not later than 5	53,974	53,648	(3,585)	(3,788)
Later than 5	158,696	148,103	(44,077)	(43,214)
	223,594	**212,670**	**(48,280)**	**(47,660)**

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.

	2010/11	2011/12
	£'000	£'000
Not later than one year	796	595
Later than one year and not later than five	880	285
Total Payments Due	**1,676**	**880**
Sublease payments receivable	(1,676)	(880)

Authority as Lessor

Finance Leases

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

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

	2010/11	2011/12
	£'000	£'000
Finance lease debtor	108	16
Covered by minimum lease payments:		
Not later than one year	(92)	(16)
Later than one year and not later than five	(16)	0

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:

	2010/11 £'000	2011/12 £'000
Not later than one year	988	699
Later than one year and not later than five	1,068	1,122
Later than five years	1,632	1,593
Total Payments Due	**3,688**	**3,414**

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.

48.Private Finance Initiatives and Similar Contracts

Schools PFI Scheme

In 2004/05 the Council entered into a PFI contract with Equion plc to provide seven schools in the northern sector of Swindon. The Department for Education & Skills sponsored the project and has issued the Council with a Notional Credit Approval of £62.8m. The Council is committed to making payments estimated at £269.5m under the contract although the actual level of payments will depend on contract performance by the provider. This payment covers a range of on-going services in the management of the schools, with the expectation that the schools will be available for educational use throughout the school term and day. The contract expires in 2032.

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

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

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

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

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

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

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

	2010/11 £'000	2011/12 £'000
Opening Balance	(48,822)	(48,278)
Unitary Charge Paid	10,963	10,924
Expenditure / Financing Cost	(10,419)	(10,306)
Closing Balance	**(48,278)**	**(47,660)**

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

Balance at 31 March		**2012**	
	Service Charges £'000	**Interest £'000**	**Liability £'000**
Within 1 Year	(1,759)	(7,785)	(658)
Within 2 - 5 Years	(7,036)	(30,015)	(2,927)
Within 6 - 10 Years	(8,795)	(34,297)	(6,251)
Within 11 - 15 Years	(8,795)	(27,292)	(12,642)
Within 16 - 20 Years	(8,795)	(13,770)	(24,275)
Within 21 - 22 Years	(880)	(148)	(907)
	(36,060)	**(113,307)**	**(47,660)**

49.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 2011/12, the council paid £1.285m to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.1% of pensionable pay. The figures for 2010/11 were £2.572m 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.

50.Defined Benefit Pension Schemes

Participation in Pension Schemes

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

The authority participates in two post-employment schemes:

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

The Council paid an employer's contribution of £9.141m (£10.661m in 2010/11) into Wiltshire County Council's Pension Fund, which provides participants with defined benefits relating to pay and service. This represented 16.8% 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	**2010/11 £'000**	**2011/12 £'000**
Within Net Cost of Service:		
Current service cost	14,290	10,980
Non-Distributed cost	(53,288)	(3,116)
Within Net operating Expenditure:		
Interest cost	29,929	24,408
Expected return on scheme assets	(19,574)	(19,802)
Within Reserves Movement:		
Movement on Pensions Reserve	43,848	873
Actual Amount Charged Against Council tax for the Year:		
Employer's contributions payable to the scheme	(15,205)	(13,343)
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 2011/12 is a loss of £153.743m.

Assets and Liabilities in Relation to Post-employment Benefits

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

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

	2010/11 £'000	**2011/12 £'000**
Current Service Cost	14,290	10,980
Interest Cost	29,929	24,408
Expected Return on Employer Assets	(19,574)	(19,802)
Past Service Cost / (Gain)	(53,646)	81
Losses / (Gains) on Curtailments & Settlements	359	295
Total	**(28,642)**	**15,962**
Actual return on Plan Assets	26,370	6,943

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

Balance at 31 March	**2011 £'000**	**2012 £'000**
Opening Liability	**(578,588)**	**(458,984)**
Current Service Cost	(14,290)	(10,980)
Interest Cost	(29,929)	(24,408)
Contributions by Members	(4,386)	(3,910)
Actuarial (Losses) / Gains	98,030	(23,912)
Past Service (Costs) / Gains	53,646	(81)
(Losses) / Gains on Curtailments	(359)	(295)
Liabilities Extinguished on Settlements	0	24,559
Estimated Unfunded Benefits Paid	1,167	1,221
Estimated Benefits Paid	15,725	16,363
Closing liability	**(458,984)**	**(480,427)**
Opening Asset	**278,539**	**307,610**
Expected Return on Assets	19,574	19,802
Contributions by Members	4,386	3,910
Contributions by the Employer	14,038	12,122
Contributions in Respect of Unfunded Benefits	1,167	1,221
Actuarial (Losses) / Gains	6,798	(12,861)
Assets Distributed on Settlements	0	(21,066)
Unfunded Benefits Paid	(1,167)	(1,221)
Benefits Paid	(15,725)	(16,363)
Closing Asset	**307,610**	**293,154**
Net Opening Asset / (Liability)	**(300,049)**	**(151,374)**
Movement	148,675	(35,899)
Net Pension Asset / (Liability)	**(151,374)**	**(187,273)**

The liabilities show the underlying commitments that the authority has in the long run to pay post-employment (retirement) benefits. The total liability of £480.427 has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance of £187.273m. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.
- The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2013 is £11.934m.

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	2011	2012
Pension Increase Rate (CPI)	2.80%	2.50%
Salary Increase Rate	5.10%	4.80%
Expected Return on Assets	6.70%	5.50%
Discount Rate	5.50%	4.80%
Long Term Return on Scheme Assets as at 31 March	**2011**	**2012**
Equities	7.50%	6.20%
Bonds	4.90%	4.00%
Property	5.50%	4.40%
Cash	4.60%	3.50%
Longevity at 65 for Current Pensioners	**years**	**years**
Male	21.3	21.3
Female	23.6	23.6
Longevity at 65 for Future Pensioners	**years**	**years**
Male	23.3	23.3
Female	25.5	25.5
Take-up of option to convert annual pension into retirement lump sum	50.00%	50.00%

History of Experience Gains and Losses

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

History of Experience Gains & Losses		2011 £'000	2012 £'000
Fair Value of Employer Assets		307,608	293,153
Present Value of Liabilities		(458,982)	(480,426)
Net Pension Asset / Liability		**(151,374)**	**(187,273)**
Which is due in part to actuarial:			
Experience losses as % of Employer assets		2%	-4%
Experience Gains / (Losses) on Assets		6,796	(12,859)
Experience Gains / (Losses) on Liabilities		44,520	(7,294)
History of Experience Gains & Losses	**2008 £'000**	**2009 £'000**	**2010 £'000**
Fair Value of Employer Assets	315,176	241,977	278,539
Present Value of Liabilities	(399,984)	(387,006)	(578,588)
Net Pension Asset / Liability	**(84,808)**	**(145,029)**	**(300,049)**
Which is due in part to actuarial:			
Experience losses as % of Employer assets	-14%	-38%	20%
Experience Gains / (Losses) on Assets	(44,465)	(91,160)	55,949
Experience Gains / (Losses) on Liabilities	9,897	(2,359)	2,113

51.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

	2010/11	2011/12
	£'000	£'000
Less than three months	2,944	4,228
Three to six months	644	1,207
Six months to one year	1,477	439
More than one year	927	1,092
Total	**5,992**	**6,966**

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:

	2010/11	2011/12
	£'000	£'000
Less than one year	11,000	17,013
Between one and two years	11,000	10,015
Between two and five years	20,000	15,016
More than five years	53,877	206,761
Total	**95,877**	**248,805**

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

As At 31 March	**2011**	**2012**
	£'000	**£'000**
Increase in interest payable on variable rate borrowings	566	322
Increase in interest receivable on variable rate investments	(300)	(283)
Total	**266**	**39**

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

Foreign Exchange Risk

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

52.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 31/03/11 £'000**	**Income 2011/12 £'000**	**Expenditure 2011/12 £'000**	**Balance 31/03/12 £'000**
Langley Brooke	(31)	0	0	(31)
W G Little	(186)	(24)	31	(179)
Ethel May	(47)	0	0	(47)
Swindon Development Trust	(18)	(1)	0	(19)
George Game	(1)	0	0	(1)
Mary Ellen Boddington	(3)	0	0	(3)
F C Phelps	(12)	(1)	0	(13)
G A Gerring	(5)	0	0	(5)
F A Thompson	(16)	(1)	0	(17)
M E Cowley	(28)	0	0	(28)
McDermott Memorial	(60)	(1)	3	(58)
M E Packer	(2)	0	0	(2)
Timothy Griffiths	(1)	0	0	(1)
Powell Trust	(2)	0	0	(2)
	(412)	**(28)**	**34**	**(406)**

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.

53. The Collection Fund

	2010/11 £'000	2011/12 £'000
INCOME		
Income from Council Tax	(87,593)	(89,037)
Transfers from General Fund Council Tax Benefits	(13,077)	(13,072)
Non-Domestic Rates	(87,967)	(103,781)
Contributions (SBC, Wiltshire Police Authority and Wilts and Swindon Fire Authority)	(414)	0
	(189,051)	**(205,890)**
EXPENDITURE		
Precepts and Demands	98,407	100,092
Business Rates:		
Payment to National Pool	88,662	102,672
Cost of collection allowance	284	277
(Write-Ons) / Write-Offs	(841)	(1,004)
(Decrease) / Increase in Bad Debt provision	(137)	1,836
Council Tax Bad and Doubtful Debts:		
Net Write-Offs / (Ons)	220	58
(Decrease) / Increase in Bad Debt Provision	786	529
Transitional Relief	(1)	0
Contributions (SBC, Wiltshire Police Authority and Wilts and Swindon Fire Authority)	0	1,187
	187,380	**205,647**
Movement on the Fund – (Surplus) / Deficit	**(1,671)**	**(243)**
(Surplus) / Deficit brought forward	(863)	(2,534)
(Surplus) / Deficit as at 31 March	**(2,534)**	**(2,777)**
Reconciliation to Collection Fund Adjustment Account:		
Less Balance Attributable to Major Preceptors	400	439
Balance Remaining Attributable to Swindon Borough Council	(2,134)	(2,338)

Notes to the Collection Fund

54.Rateable Value

The total rateable value in the Local Rating List at 31 March 2012 was £259,576,671 (2011 was £254,788,991). The multiplier for 2011/12 was 43.3pence for the majority of properties and 42.6 pence for small businesses, (41.4pence and 40.7 pence respectively for 2010/11).

55.Council Tax Base

The Council Tax Base for 2011/12, 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	11,569.80	6/9	7,727.10
B	23,042.10	7/9	17,921.63
C	20,237.65	8/9	17,989.02
D	13,817.90	9/9	13,817.90
E	7,395.50	11/9	9,038.94
F	2,806.95	13/9	4,054.48
G	1,163.60	15/9	1,939.33
H	46.25	18/9	92.50
Total	**Band D equivalents**		**72,580.92**
Contributions in lieu	(MOD properties)		55.50
Add:	Anticipated changes in year		1,043.90
Less:	Provision for non-collection (2.5%)		(1,842.01)
	Tax Base		**71,838.31**

* After adjustment for discounts and relief.

56.Major Preceptors

Precept	2010/11 £'000	2011/12 £'000
Swindon Borough Council (including Parishes)	82,862	84,277
Wiltshire Police Authority	11,140	11,334
Wiltshire & Swindon Fire Authority	4,405	4,481
Total	**98,407**	**100,092**

57.The Housing Revenue Account (HRA)

HRA Income and Expenditure Statement	**2010/11 £'000**	**2011/12 £'000**
Expenditure		
Repairs and maintenance	11,492	9,535
Supervision and management	6,279	5,774
Special Services	3,914	4,347
Rents, rates, taxes and other charges	24	41
Negative HRA Subsidy payable	8,651	10,336
Depreciation and impairment of non-current assets	100,404	16,617
Debt management costs	48	96
Movement in the allowance for bad debts	330	330
Exceptional item	0	138,617
Total Expenditure	**131,142**	**185,695**
Income		
Dwelling rents	(34,600)	(37,302)
Non-dwelling rents	(1,348)	(1,456)
Charges for services and facilities	(4,087)	(4,071)
Contributions towards expenditure	(1,043)	(843)
Leaseholders' charges for services and facilities	(61)	(69)
Total Income	**(41,139)**	**(43,741)**
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	**90,003**	**141,954**
HRA services' share of Corporate and Democratic Core	282	282
HRA share of other amounts included in the whole authority Cost of Services but not allocated to specific services	61	34
Net (Income)/Expense for HRA Services	**90,346**	**142,270**
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
(Gain) / loss on sale of HRA non-current assets	(60)	(714)
Interest payable and similar charges	270	273
Interest and investment income	(164)	(165)
Net Pensions Interest Cost / Return on Asset	646	409
General grants and contributions	0	(1,142)
(Surplus) / deficit for the year on HRA services	**91,038**	**140,931**
Actuarial gains / losses on pension assets / liabilities	(584)	(199)
Other Comprehensive Income and Expenditure	**(584)**	**(199)**
Total Comprehensive Income and Expenditure	**90,454**	**140,732**

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

Notes to the HRA

58.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	137	19	404	1,176	1,736
2 Bedrooms	16	0	644	51	711
3 or more Bedrooms	1	1	8	1	11
Medium Rise Flats:					
1 Bedroom	15	0	282	597	894
2 Bedrooms	4	0	384	109	497
3 or more Bedrooms	0	0	52	1	53
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	71	35	805	503	1,414
3 Bedrooms	15	494	2,598	737	3,844
4 or more Bedrooms	3	20	85	93	201
Shared Dwellings:					
Multi-Occupied	0	0	0	0	0
Total	**363**	**692**	**5,681**	**3,771**	**10,507**

The previous stock is summarised as below.

	2010/11	2011/12
Houses and Bungalows	6,326	6,343
Flats	4,164	4,164
Shared Dwellings	0	0
Total Dwellings	**10,490**	**10,507**

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

Assets:	2010/11 £'000	2011/12 £'000
Dwellings	320,238	317,184
Land	556	226
Buildings	7,453	6,940
Total Balance Sheet Value	**328,247**	**324,350**

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.

59.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 2012 was £1,073,359,790.

60.Major Repairs Reserve

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

Balance at 31 March	**2011**	**2012**
	£'000	**£'000**
Capital expenditure for HRA purposes financed by MRA Resources:		
Houses	6,997	6,805
Land		
Other property		
Total Expenditure	**6,997**	**6,805**
Amount equivalent to total depreciation charges for all HRA assets	(3,237)	(4,041)
Transfer from HRA	(3,714)	(3,231)
Total Income	**(6,951)**	**(7,273)**
Deficit / (Surplus) for the Year	**46**	**(468)**
Deficit / (Surplus) brought forward	(6,244)	(6,198)
Deficit / (Surplus) Carried Forward	**(6,198)**	**(6,666)**

61.Housing Repairs Account

Balance at 31 March	**2011**	**2012**
	£'000	**£'000**
Repairs & Maintenance	11,575	8,255
Total Expenditure	**11,575**	**8,255**
Contribution from HRA	(11,290)	(8,086)
Service charges	(285)	(169)
Total Income	**(11,575)**	**(8,255)**
Deficit / (Surplus) for the Year	**0**	**0**
Deficit / (Surplus) brought forward	(1,550)	(1,550)
Deficit / (Surplus) Carried Forward	**(1,550)**	**(1,550)**

62.HRA Capital Expenditure

	2010/11 £'000	2011/12 £'000
Dwellings	7,476	9,212
Land	0	0
Buildings	1,979	4,157
Total to Finance	**9,455**	**13,369**
Usable Capital Receipts	49	1,725
Revenue Contributions	1,680	3,697
Major Repairs Reserve	6,997	6,805
HCA Grant for New Build	584	1,142
S106 contributions	145	0
Total Finance	**9,455**	**13,369**

63.HRA Capital Receipts

	2010/11 £'000	2011/12 £'000
Sale of Council Houses	287	219
Discount Repaid	110	9
Council Mortgage Repayments	15	16
Sale of Land	0	0
Sale of Other Assets	90	0
Total	**502**	**244**

In 2011/12, the Council paid £0.6m 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 (£0.3m in 2010/11).

64.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.

	2010/11 £'000	2011/12 £'000
Depreciation on dwellings	3,214	3,231
Depreciation on dwellings – adjustment written back	0	(3,932)
Depreciation on other property	0	22
Impairment of dwellings	138,615	17,124
Impairment of non-dwellings	141	172
Total	**141,970**	**16,617**

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).

65.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 2011/12 was £17.347. However, the Council receives a grant (MRA) from central Government to improve the condition of its Council stock. The MRA grant of £7.273m is netted off the negative subsidy amount leaving a balance of £10.336m to be paid over to the Secretary of State.

	2010/11 £'000	2011/12 £'000
Management & Maintenance Allowances	16,738	17,338
Charges for capital	1,703	1,158
Interest on Receipts	(4)	(4)
Guideline Rent Income	(34,189)	(35,839)
Total Negative Subsidy	**(15,752)**	**(17,347)**
Major Repairs Allowance	6,951	7,273
Adjustment relating to earlier years	0	(262)
Total Repaid to the Secretary of State	**(8,801)**	**(10,336)**

66.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.

67.HRA Arrears & Provisions for Bad Debt

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

	2010/11 £'000	2011/12 £'000
Current tenants	1,001	1,132
Former tenants	252	321
Total Arrears	**1,253**	**1,453**
Less: provision for bad debts	(672)	(944)
Total Arrears After Provisions	**581**	**509**

This represents 1.2% (2011/12) and 1.4% (2010/11) of rent income and service charges due to the Council.

68.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.

69.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 2011/12. 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. Of the net balance sheet asset, £1.17m relates to cash and equivalents.

	Thamesdown Transport		Swindon Commercial Services		Forward Swindon	
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12
	£'000	£'000	£'000	£'000	£'000	£'000
Profit / (Loss) before taxation	1,913	(184)	150	358	17	(18)
Tax Adjustment	(1,592)	(164)	(37)	(66)	7	5
Profit / (Loss) after taxation	**321**	**(348)**	**113**	**292**	**24**	**(13)**
As at 31 March	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Net Balance Sheet Asset	**5,008**	**4,311**	**115**	**407**	**1,443**	**1,284**

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.

70. Group Accounts

71. The Group Comprehensive Income and Expenditure Statement

Note	Restated 2010/11	2010/11 Gross Expenditure £000	2010/11 Gross Income £000	2010/11 Net Expenditure £000	2011/12 Gross Expenditure £000	2011/12 Gross Income £000	2011/12 Net Expenditure £000
	Central & Court Services	20,297	(16,649)	3,648	19,752	(16,408)	3,344
	Corporate and democratic core	10,442	(9,535)	907	9,230	(8,970)	260
	Non distributed costs	47	340	387	538	(18)	520
	Cultural and Related Services	33,531	(11,411)	22,120	29,015	(11,777)	17,238
	Environment and Regulatory Services	23,317	(4,397)	18,920	18,088	(2,147)	15,941
	Planning Services	11,562	(3,838)	7,724	12,598	(4,973)	7,625
	Education and children's services	270,868	(202,926)	67,942	200,646	(143,222)	57,424
	Highways and transport services	33,399	(20,236)	13,163	30,188	(12,489)	17,699
	Local authority housing (HRA)	131,297	(44,742)	86,555	49,755	(46,329)	3,426
	Other housing services	68,674	(61,535)	7,139	74,047	(66,044)	8,003
	Adult social care	74,950	(26,675)	48,275	88,224	(28,122)	60,102
	Exceptional items	14,614	(53,646)	(39,032)	138,617	0	138,617
	Surplus / Deficit on Continuing Operations	**692,998**	**(455,250)**	**237,748**	**670,698**	**(340,499)**	**330,199**
75	Other operating expenditure (group income tax)			73,089			44,808
76	Financing and investment income and expenditure			15,038			11,506
	Taxation and non-specific grant income			(184,091)			(174,908)
	(Surplus) or Deficit on Provision of Services			**141,784**			**211,605**
	Surplus or deficit on revaluation of Property, Plant and Equipment assets			14,868			(15,309)
	Surplus or deficit on revaluation of available for sale financial assets			(625)			0
	Group Tax on Other Comprehensive Income			773			0
77	Actuarial gains/losses on pension assets / liabilities			(107,366)			38,417
	Other Comprehensive Income and Expenditure			**(92,350)**			**23,108**
	Total Comprehensive Income and Expenditure			**49,434**			**234,713**

72.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 2011	**(84,672)**	**(738,255)**	**(5,464)**	**1,944**	**(115)**	**0**	**(90,251)**	**(736,311)**	**(826,562)**
(Surplus) / deficit on provision of services	127,727	0	2,328	0	81,550	0	211,605	0	211,605
Other Comprehensive Income and Expenditure	0	21,463	0	1,645	0	0	0	23,108	23,108
Total Comprehensive Income and Expenditure	**127,727**	**21,463**	**2,328**	**1,645**	**81,550**	**0**	**211,605**	**23,108**	**234,713**
Adjustments between accounting basis & funding basis under regulations	(231,222)	231,222	0	0	0	0	(231,222)	231,222	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**(103,495)**	**252,685**	**2,328**	**1,645**	**81,550**	**0**	**(19,617)**	**254,330**	**234,713**
Transfers to/from Earmarked Reserves	85,117	0	(2,144)	(1,131)	(81,842)	0	1,131	(1,131)	0
(Increase)/Decrease in 2011/12	**(18,378)**	**252,685**	**184**	**514**	**(292)**	**0**	**(18,486)**	**253,199**	**234,713**
Balance at 31 March 2012 carried forward	**(103,050)**	**(485,570)**	**(5,280)**	**2,458**	**(407)**	**0**	**(108,737)**	**(483,112)**	**(591,849)**

73. The Group Statement of Financial Position

Note		31st March £000	31st March £000	31st March £000
78	Property, Plant& Equipment (non-dwellings)	788,987	760,233	704,206
	Council dwellings	461,900	320,238	317,183
	Heritage Assets	24,610	24,610	33,410
	Investment property	47,763	50,866	49,085
	Intangible Assets	0	0	254
	Long term investments	1	1	1
	Long Term debtors	250	220	196
	Deferred Tax on Group Undertakings	2,809	525	615
	Total Non-Current Assets	**1,326,320**	**1,156,693**	**1,104,950**
	Short term investments	56,869	46,510	17,123
82	Inventories & Work in Progress	4,744	4,829	4,479
	Short term debtors	28,849	21,872	7,831
79	Cash & Cash equivalents	34,218	20,569	24,882
	Assets held for sale (current)	0	625	625
	Current Assets	**124,680**	**94,405**	**54,940**
	Short term borrowing	(38,293)	(44,868)	(19,474)
80	Short term creditors	(50,449)	(55,384)	(39,139)
	Provisions (short term)	(1,458)	(1,439)	(1,793)
	Current Liabilities	**(90,200)**	**(101,691)**	**(60,406)**
	Long term creditors	(49,134)	(48,451)	(49,810)
	Provisions (long term)	(1,851)	(2,089)	(2,019)
81	Long term borrowing	(98,005)	(85,804)	(231,337)
77	Pension Asset/Liability	(310,083)	(153,318)	(189,731)
	Capital Grants receipts in advance	(25,731)	(33,183)	(34,738)
	Non-Current Liabilities	**(484,804)**	**(322,845)**	**(507,635)**
	Net Assets	**875,996**	**826,562**	**591,849**
	Usable Reserves	(67,642)	(88,307)	(108,737)
	Unusable Reserves	(808,354)	(738,255)	(483,112)
	Total Reserves	**(875,996)**	**(826,562)**	**(591,849)**

74. The Group Cash flow Statement

	2010/11 £'000	2011/12 £'000
Net cash flows from Operating Activities	**10,323**	**(113,675)**
Investing Activities	(18,675)	(7,986)
Financing Activities	(5,297)	125,974
Net increase or decrease in cash and cash equivalents	**(13,649)**	**4,313**
Cash and cash equivalents at the beginning of the reporting period	34,218	20,569
Cash and cash equivalents at the end of the reporting period	**20,569**	**24,882**

75.Group Other Operating Expenditure

	2010/11 SBC £'000	2010/11 TTL £'000	2010/11 SCS £'000	2010/11 Group £'000	2011/12 SBC £'000	2011/12 TTL £'000	2011/12 SCS £'000	2011/12 Group £'000
Parish council precepts	1,933	0	0	**1,933**	1,939	0	0	**1,939**
Payments to the Government Housing Capital Receipts Pool	289	0	0	**289**	647	0	0	**647**
(Gains)/losses on the disposal of non-current assets	65,042	0	0	**65,042**	42,352	0	0	**42,352**
Group Taxation and Administration	0	1,592	4,233	**5,825**	0	(196)	66	**(130)**
Total Other Operating Expenditure	**67,264**	**1,592**	**4,233**	**73,089**	**44,938**	**(196)**	**66**	**44,808**

76.Group Financing and Investment Income and Expenditure

	2010/11 SBC £'000	2010/11 TTL £'000	2010/11 SCS £'000	2010/11 Group £'000	2011/12 SBC £'000	2011/12 TTL £'000	2011/12 SCS £'000	2011/12 Group £'000
Interest payable and similar charges	12,633	146	79	**12,858**	12,760	115	68	**12,943**
Net pensions interest cost and expected return on pensions assets	10,355	311	0	**10,666**	4,606	(81)	0	**4,525**
Interest receivable and similar income	(1,217)	(1)	(18)	**(1,236)**	(3,200)	(2)	(4)	**(3,206)**
Investment income	(3,089)	0	0	**(3,089)**	(2,888)	0	0	**(2,888)**
Movement on market value of investment property	(4,161)	0	0	**(4,161)**	132	0	0	**132**
Total Financing and Investment Income and Expenditure	**14,521**	**456**	**61**	**15,038**	**11,410**	**32**	**64**	**11,506**

77.Group Pension Asset / Liability

	2010/11 SBC £'000	2010/11 TTL £'000	2010/11 Group £'000	2011/12 SBC £'000	2011/12 TTL £'000	2011/12 Group £'000
Opening Liability	**(578,588)**	**(21,965)**	**(600,553)**	**(458,984)**	**(18,433)**	**(477,417)**
Current Service Cost	(14,290)	(148)	(14,438)	(10,980)	(129)	(11,109)
Interest Cost	(29,929)	(1,120)	(31,049)	(24,408)	(993)	(25,401)
Contributions by Members	(4,386)	(36)	(4,422)	(3,910)	(34)	(3,944)
Actuarial (Losses) / Gains	98,030	2,302	100,332	(23,912)	(951)	(24,863)
Past Service (Costs) / Gains	53,646	1,500	55,146	(81)	0	(81)
(Losses) / Gains on Curtailments	(359)	0	(359)	(295)	0	(295)
Liabilities Extinguished on Settlements	0	0	0	24,559	0	24,559
Estimated Unfunded Benefits Paid	1,167	0	1,167	1,221	0	1,221
Estimated Benefits Paid	15,725	1,034	16,759	16,363	878	17,241
Closing liability	**(458,984)**	**(18,433)**	**(477,417)**	**(480,427)**	**(19,662)**	**(500,089)**
Opening Asset	**278,539**	**11,932**	**290,471**	**307,610**	**16,489**	**324,099**
Expected Return on Assets	19,574	809	20,383	19,802	1,074	20,876
Contributions by Members	4,386	36	4,422	3,910	34	3,944
Contributions by the Employer	14,038	508	14,546	12,122	244	12,366
Contributions by Parent Company	0	4,000	4,000	0	935	935
Contributions in Respect of Unfunded Benefits	1,167	0	1,167	1,221	0	1,221
Actuarial (Losses) / Gains	6,798	238	7,036	(12,861)	(694)	(13,555)
Assets Distributed on Settlements	0	0	0	(21,066)	0	(21,066)
Unfunded Benefits Paid	(1,167)	0	(1,167)	(1,221)	0	(1,221)
Benefits Paid	(15,725)	(1,034)	(16,759)	(16,363)	(878)	(17,241)
Closing Asset	**307,610**	**16,489**	**324,099**	**293,154**	**17,204**	**310,358**
Net Opening Asset / (Liability)	**(300,049)**	**(10,033)**	**(310,082)**	**(151,374)**	**(1,944)**	**(153,318)**
Movement	148,675	8,089	156,764	(35,899)	(514)	(36,413)
Net Pension Asset / (Liability)	**(151,374)**	**(1,944)**	**(153,318)**	**(187,273)**	**(2,458)**	**(189,731)**

78.Group Property, Plant & Equipment

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

2010/11	SBC £'000	TTL £'000	SCS £'000	Group £'000
Cost or Valuation				
At 1 April 2010	**851,735**	**15,323**	**1,435**	**868,493**
Additions	62,402	1,244	206	63,852
Revaluation increases/(decreases) recognised in the Revaluation Reserve	32,357	0	0	32,357
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(39,685)	0	0	(39,685)
Derecognition – disposals	(68,730)	(1,298)	(22)	(70,050)
Other movements in cost or valuation	0	0	0	0
At 31 March 2011	**838,079**	**15,269**	**1,619**	**854,967**
Accumulated Depreciation and Impairment				
At 1 April 2010	**(47,850)**	**(6,051)**	**(995)**	**(54,896)**
Depreciation charge	(22,521)	(1,039)	(284)	(23,844)
Depreciation written out to the Revaluation Reserve	2,553	0	0	2,553
Impairment losses/(reversals) recognised in the Revaluation Reserve	2,856	0	0	2,856
Derecognition – disposals	1,935	1,257	15	3,207
Derecognition – other	0	0	0	0
At 31 March 2011	**(63,027)**	**(5,833)**	**(1,264)**	**(70,124)**
Net Book Value				
At 31 March 2010	**803,885**	**9,272**	**440**	**813,597**
At 31 March 2011	**775,052**	**9,436**	**355**	**784,843**

79.Group Cash & Cash Equivalents

	31-Mar-10	31-Mar-11	31-Mar-12
	£000	£000	£000
Swindon Borough Council	26,945	17,410	18,934
Thamesdown Transport Limited	1,235	942	331
Swindon Commercial Services Limited	6,038	2,217	5,617
Group Total	**34,218**	**20,569**	**24,882**

80.Group Short term Creditors

	31-Mar-10	31-Mar-11	31-Mar-12
	£000	£000	£000
Swindon Borough Council	(30,491)	(38,040)	(33,470)
Thamesdown Transport Limited	(1,132)	(1,406)	(1,147)
Swindon Commercial Services Limited	(18,826)	(15,938)	(4,522)
Group Total	**(50,449)**	**(55,384)**	**(39,139)**

81.Group Long term borrowing

	31-Mar-10	31-Mar-11	31-Mar-12
	£000	£000	£000
Swindon Borough Council	(95,988)	(84,189)	(230,276)
Thamesdown Transport Limited	(2,017)	(1,615)	(1,061)
Swindon Commercial Services Limited	0	0	0
Group Total	**(98,005)**	**(85,804)**	**(231,337)**

82.Group Inventories & Work in Progress

	2010/11	2011/12
	£000	£000
Swindon Borough Council	634	621
Thamesdown Transport Limited	194	200
Swindon Commercial Services Limited	3,916	4,008
Balance at 1 April	**4,744**	**4,829**
Swindon Borough Council	(13)	(80)
Thamesdown Transport Limited	6	(4)
Swindon Commercial Services Limited	92	(266)
Movement in year	**85**	**(350)**
Swindon Borough Council	621	541
Thamesdown Transport Limited	200	196
Swindon Commercial Services Limited	4,008	3,742
Balance at 31 March	**4,829**	**4,479**

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 2011/12, the designated officer was the Board Director: Finance, Revenues, Benefits & Property.

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

The Officer's Responsibilities

The Board Director: Finance, Revenues, Benefits & Property, 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 2012.

In preparing this Statement of Accounts, the Board Director:

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

The Board Director also:

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

Approval of the Draft Accounts

I certify that the above responsibilities have been accounted for in the production of these statements and that they give a true and fair view of the financial position of the authority at 31 March 2012.

Signed: Stuart McKellar Date: 28/9/12

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: Michael Dickinson Date: 28/9/12

Cllr Michael Dickinson, Chair of Audit Committee

Independent Auditors Report

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

Opinion on the financial statements

I have audited the financial statements of Swindon Borough Council for the year ended 31 March 2012 under the Audit Commission Act 1998. The financial statements comprise the Authority and Group Movement in Reserves Statement, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Balance Sheet, the Authority and Group Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

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 Chief Financial Officer and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the financial position of Swindon Borough Council as at 31 March 2012 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2012 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

Opinion on other matters

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

Matters on which I report by exception

I report to you if:

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

I have nothing to report in these respects

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

Respective responsibilities of the Authority and the auditor

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

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 2011, 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 2012.

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 2011, 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 ended 31 March 2012.

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

Signed Martin Robinson

Officer of the Audit Commission
Audit Commission
Westward House
Lime Kiln Close
Stoke Gifford
Bristol BS34 8SR
28 September 2012

Annual Governance Statement 2011/12

1. Scope of responsibility

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

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

The Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE *Framework for Delivering Good Governance in Local Government*. This statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2011 in relation to the publication of a statement on internal control.

2. The purpose of the governance framework

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

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised, and to manage them efficiently, effectively and economically.

The following section of the statement summarises Swindon Borough Council's governance framework that has been in place for the year ended 31st March 2012 and up to the date of approval of this Statement and the Statement of Accounts. The framework described reflects the arrangements in place to meet the six core principles of effective governance.

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

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

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

There was an extensive engagement programme working with partners / officers / members to build on One Swindon to reach a point where partners, Boards, Cabinet and Full Council could agree the principles, high level priorities. One Swindon was launched in January 2011 and set out the following priority areas:

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

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

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

- Benchmarking the cost and performance of our services. SBC took a national lead in setting up a Unitary Benchmarking club in partnership with PWC.
- Working increasingly with our partners, delivering services that meet the needs of the local community, and put in place processes to ensure that they operate effectively in practice.
- Through the use of data, determining local needs and targeting resources accordingly.
- Responding positively to the findings and recommendations of external auditors and statutory inspectors and putting in place arrangements for the implementation of agreed actions.
- Carrying out value for money benchmarking of our costs and performance against our family groupings to ensure best use is made of the resources available to the Council.
- Delivering specific projects within an effective, corporate programme management framework, as appropriate.

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

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

- Appointing a Leader of the Council who in turn appoints executive members (cabinet members), with defined executive responsibilities.

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

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

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

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

The Council has done this by establishing and keeping under review:

- The Council's Constitution
- A Members' Code of Conduct
- An Officer's Code of Conduct
- A protocol governing Member/Officer Relations
- A Members' Planning Code of Good Practice

- Monitoring Officer Protocol
- Media Guidelines
- Contract Standing Orders and Financial Regulations
- The Council has committed itself to "In Touch" a set of values and behaviours (determined through extensive consultation with staff and Members) that will set and embed the organisational tone and culture moving forward. Commitment to this will be achieved by embedding it in the recruitment, appraisal and development processes.

The Council takes fraud and corruption very seriously and has the following policies that aim to prevent or deal with such occurrences:

- An anti-fraud and bribery strategy
- A Whistleblowing policy
- A Fraud Response Plan

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

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

The Council has ensured that the decision-making process includes a rigorous risk assessment including:

- Financial, legal and staffing implications
- Sustainability implications
- Health Impact and Promotion implications
- Value for Money
- Implications for Partnerships
- Implications for Community Safety
- Impact on Rural Communities.
- Diversity and racial impact assessment
- Risks, mitigations and opportunities

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

- Ensured the Cabinet make decisions in an open and transparent way and that information relating to those decisions is made available to the public, unless statutory rules provide otherwise
- Ensured that all decisions of regulatory committees of the Council are made in public and that information relating to those decisions is made available to the public, unless statutory rules provide otherwise

- Ensured that legal and financial implications are recognised in all reports on which decisions are based
- Recorded all decisions that are made by committees and key decisions made by officers (where applicable).
- Rules and procedures, which govern how decisions are made.
- Developed and maintained an effective overview and scrutiny function which encourages constructive challenge
- Maintain an effective Standards Committee and Audit Committee

The Council has continued to develop its risk management strategy to enable the Council to manage and control risks in order to maximise the quality of its service provision and uphold its reputation, making a powerful contribution to continuous service improvement and the achievement of best value.

The Council has ensured that the risk management system:

- Formally identifies and manages risks
- Involves elected Members in the risk management process
- Includes the undertaking of a risk assessment of every key or strategic decision
- Maps risks to financial and other key internal controls
- Reflects business continuity planning; and
- Reviews and, if necessary, updates its risk management processes at least annually.

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

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

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

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

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

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

4. Review of effectiveness

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

All Board Directors have completed a detailed questionnaire reviewing the control environment within their 'pillars' and the results of the questionnaire have been used to inform our assessment of significant control issues for the Council.

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

In year review mechanisms include:

- The Executive is responsible for considering overall financial and performance management and receives comprehensive reports on a regular basis. It also receives reports relating to risk management and monitors the corporate risk register, as well as being responsible for key decisions and for initiating corrective action in relation to risk and internal control issues.
- The terms of reference for the Audit Committee reflect CIPFA guidance best practice. The Committee is a full committee of the Council emphasising the commitment to ensuring that there are high standards of internal control within the Council. The Committee is responsible for reviewing the financial performance, risk management and both Internal and External Audit performance and their findings and recommendations.
- Internal Audit is an independent and objective assurance service to the management of the Council who complete a programme of reviews throughout the year to provide an

opinion on the internal control environment in the areas examined. Their reviews include examination of the main financial systems, enabling them to provide the Section 151 Officer with an overall opinion on the main financial controls in place as well as risk management, internal control and governance arrangements across the authority. In addition the Section undertakes fraud investigation and proactive fraud detection work. Internal Audit report to each Audit Committee summarising audits finalised since the previous meeting. Audit Committee has called in relevant Directors to update them on the progress in implementing agreed audit recommendations. The Audit Committee also reviews the effectiveness of the Council's system of internal audit.

- Both Cabinet and the Audit Committee considered the External Auditor's Annual Audit letter in 2011/12. The Annual Audit letter gives an opinion on the Council's financial statements and provides a value for money conclusion. With the abolition of the Comprehensive Area Assessment much of the work previously covered by External Audit is no longer required.

  The External Auditor identified no material issues in their audit of the financial statements and issued an unqualified audit opinion on the Council's financial statements and on its arrangements for securing value for money in 2009/10.

- A Corporate Governance Working Group, consisting of both Members and officers, including the Monitoring Officer, reviews the effectiveness of the Council's corporate governance arrangements by reference to the CIPFA/SOLACE corporate governance standards and other best practice. The Group has streamlined the Council's decision-making process ensuring that agreed decisions could be implemented promptly. It has also looked at devolving some powers to localities and how this can be achieved.
- The Council has also adopted a Local Code of Corporate Governance against which Internal Audit assessed the Council's compliance.
- CIPFA have produced a statement on the role of the Chief Financial Officer in Local Government. The role of the Council's Director of Finance meets the key requirements of this statement.
- Risk Management – the Head of Performance and Risk Management leads the development of the corporate performance management and risk management strategies and frameworks including the Business Review framework. Champions lead on Risk and Performance within Group Directorates. Business Reviews are carried out quarterly at Corporate Board and these are used to review risks identified either through performance, Internal Audit or through the Corporate Risk Register.

A year-end review of governance arrangements and the control environment has also been completed which included:

- Obtaining assurances from all Board Directors that key elements of the control framework were in place during the year in their departments. They were also asked to identify areas where control weaknesses had resulted in a significant issue arising for the department.

- Reviewing the Head of Internal Audit's annual audit report presented to Audit Committee which stated that the Council's internal control arrangements were satisfactory resulting in moderate risk to the Council.
- Obtaining specific assurances from Directors with regard to the governance arrangements in place for key partnerships.

5. Governance: Key Areas of Focus

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

- ***Corporate Plan:*** although the Council had set out overarching priorities in the One Swindon and its Delivery Plan and reflected financial priorities/pressures in its Medium Term Resourcing Plan it did not have a detailed Corporate Plan setting out the objectives for 2011/12.

Cabinet have now approved the purpose and scope of the Council's Corporate Strategy (11th July 2012). The Council's complete Corporate Strategy will be presented to full Council for adoption in November.

- ***Health and Safety Governance:*** an Internal Audit review of health and safety raised the issue of governance across the organisation and the need to ensure transparent reporting and assessment of risks. This included the need to review the Health and Safety Policy to include the Corporate Manslaughter Act requirements. A follow up audit review found that little progress had been made in implementing agreed recommendations during 2011/12.

  The severity of the control weaknesses identified in the 2009/10 Corporate Manslaughter Audit was included in the Annual Governance Statement for 2009/10 and again in 2010/11 due to the lack of progress in implementing the following key actions:

  - Establish and embed robust governance structures to ensure scrutiny and effective management of Health and Safety and Wellbeing risks to the organisation.
  - Revise the Health and Safety Policy so that it is up to date in connection with legislation.
  - Providing support materials and guidance to managers to enable them to manage safety improve staff wellbeing and achieve reductions in sickness absence levels.
  - Revise and communicate Health Safety and Wellbeing policies to ensure that they are up to date.

  Significant progress has been made in implementing audit recommendations and thereby improving governance arrangements in relation to Health and Safety since the reorganisation of the Council's structure and responsibilities under Stronger Together.

- ***Information Governance:*** There is a need to refresh policies and guidance to ensure that they reflect legislation, best practice and current use of IT. Member and staff training in awareness of IT security issues are also still required.

- ***Project Commissioning, Sponsorship and Management:*** Further work is still required to ensure that projects are commissioned through proper arrangements and that their subsequent sponsorship ensures that project objectives are met.

  Going forward under Stronger Together it is important that:

  - The role and format of any high level portfolio, programme and project management support/capacity is properly defined
  - The Council should have a process to regularly review the portfolio of programmes/projects for priority and align to available resources. Although the Business Review process has enabled some challenge to projects to take place at a senior level in the organisation, this does not reflect a comprehensive portfolio approach.
  - Benefits mapping and realisation is developed. Key programme boards should review and report on benefits realisation corporately at the end of key phases. This will be an essential corporate discipline to ensure delivery against Stronger Together/ One Swindon outcomes. It will also be important for 'in-flight' benefits realisation to justify the continuation of projects or adjust/terminate those that are not on track.

- ***Adult Social Care Decoupling:*** during 2011/12 the preparation for implementation of the decoupling was both intensive and challenging in terms of joint governance with the PCT.

6. Certification

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

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

GLOSSARY

ACCRUALS

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

ACTUARIAL GAINS AND LOSSES

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

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

AMORTISATION

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

ASSET

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

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

A long-current asset provides benefits to the Authority and to the services that it provides for a period of greater than one year.

BUDGET

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

CAPITAL EXPENDITURE

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

CAPITAL RECEIPTS

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

CASH EQUIVALENTS

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

COMMUNITY ASSETS

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

CONSISTENCY

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

CONTINGENCY

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

CORPORATE AND DEMOCRATIC CORE

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

CREDITOR

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

CURRENT SERVICE COST (PENSIONS)

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

CURTAILMENT

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

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

DEBTOR

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

DEFERRED ASSETS AND LIABILITIES

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

DEFINED BENEFIT SCHEME

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

DEFINED CONTRIBUTION SCHEME

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

DEPRECIATION

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

DISCRETIONARY BENEFITS

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

EXPECTED RATE OF RETURN ON PENSIONS ASSETS

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

EXTRAORDINARY ITEMS

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

FAIR VALUE

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

FINANCE LEASE

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

FINANCIAL INSTRUMENTS

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

Financial asset

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

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

Financial liability

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

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

Equity instrument

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

GOVERNMENT GRANTS

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

IMPAIRMENT OF ASSETS

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

INTANGIBLE NON-CURRENT ASSETS

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

INTEREST COST (PENSIONS)

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

INVENTORIES

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

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

INVESTMENTS (NON-PENSIONS FUND)

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

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

INVESTMENTS (PENSIONS FUND)

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

MAJOR REPAIRS ALLOWANCE (MRA)

The MRA represents the 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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