Swindon Borough Council & Group

DRAFT Statement of Accounts

2018/19

Swindon BOROUGH COUNCIL

Introduction by the Director of Finance

The 2018/19 financial year continued to be challenging for the Council. As with all local authorities, Swindon needed to take some difficult decisions to balance the annual budget whilst looking to invest to deliver on its priorities. The budget was balanced by the end of the year despite significant pressures on the children's social care budget, largely due to the early delivery of savings across all other services.

There is considerable uncertainty about funding in the years ahead. We will continue to deliver major improvement programmes that will enable the Council to respond to the anticipated challenges. A key part of this will include actively promoting Swindon's economic growth to the benefit of local people and businesses and to support the most vulnerable residents in the borough.

Mick Bowden

Director of Finance

May 2019

Narrative Report

These accounts relate to the financial year ended 31 March 2019 and have been prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain (The Code). The Code is to be adopted by Local Authorities when publishing their accounts. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible property, plant and equipment (PPE) assets. Any diversion from the Code is stated where applicable.

Updates to the Accounts Required Under Changes to Accounting Practice

There have been no prior period updates to the accounts from changes to accounting practice, however, as required under the Code categorisation changes to financial instruments has seen opening balances restated.

The Statements

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

Financial Overview

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

- General Fund (GF) Revenue Account

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

- Housing Revenue Account (HRA)

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

- Capital

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

Financial Overview – The General Fund (GF)

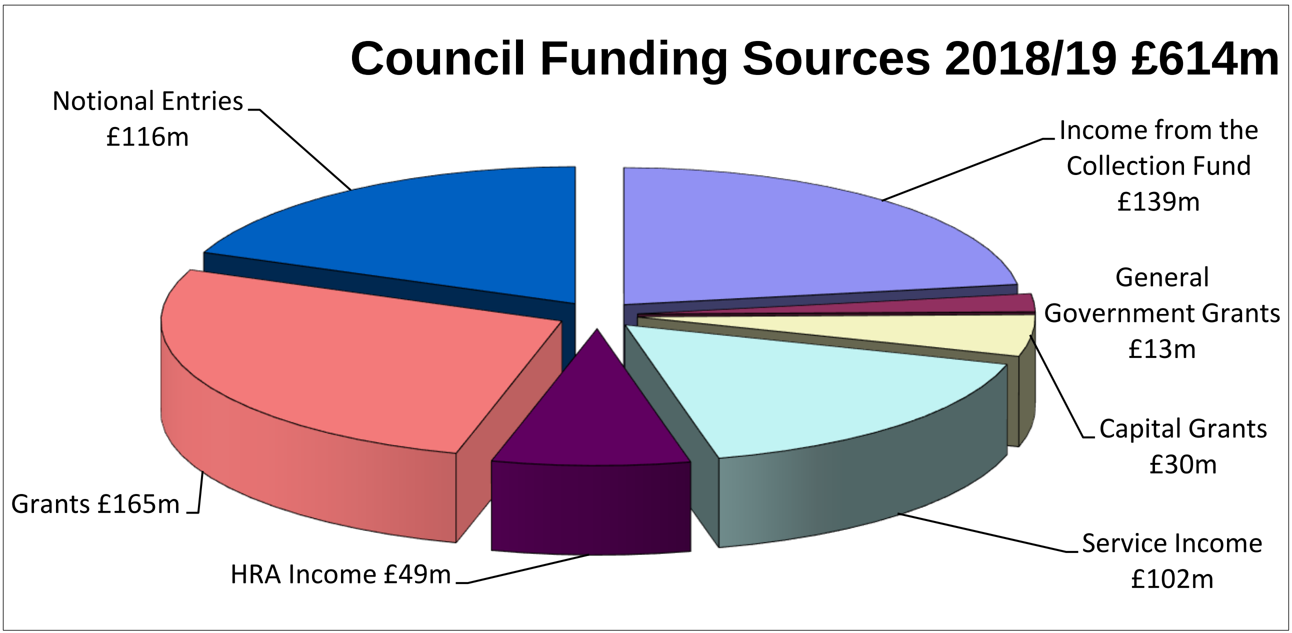
The net GF budget for the year was set at £140.2m. This excludes funding for schools, which is provided via the Dedicated Schools Grant (DSG).

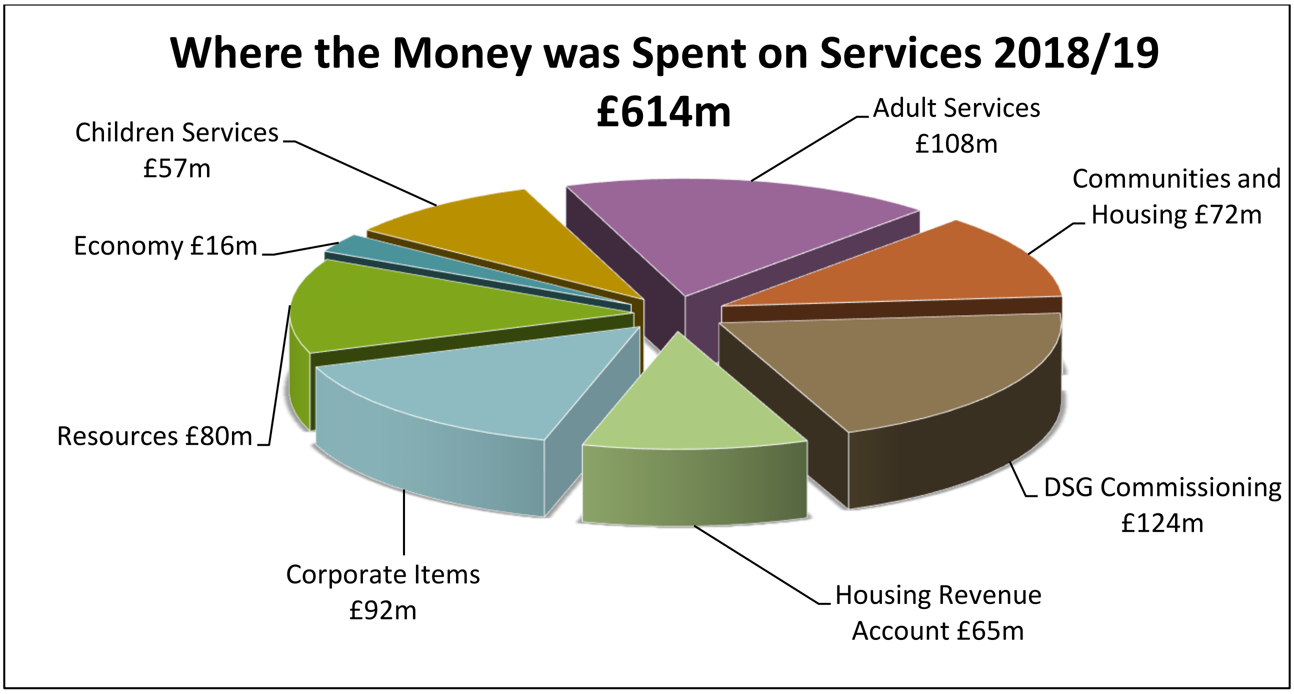
The overall budget was delivered with the balance on the general fund able to be increased but there remain variations within individual Service Areas. This includes significant pressures on Children Services which were offset by corporate decisions on use of contingency and other funding sources.

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

	Budget £000's	Actual £000's	Variance £000's
Resources	20,395	18,396	**(1,999)**
Corporate	(22,626)	(25,408)	**(2,782)**
Economy	(2,277)	(2,431)	**(154)**
Children Services	34,230	41,936	**7,706**
Adult Services	84,357	81,141	**(3,216)**
Communities and Housing	26,145	26,003	**(142)**
Net Cost of General Fund Services (outturn)	**140,224**	**139,637**	**(587)**
Reconciliation to Comprehensive Income & Expenditure Statement		7,560	
Parish Precepts		84,442	
Net Corporate Income and Expenditure		66,590	
Net HRA, Capital, Reserves and other Appropriations in Net Cost of Services		298,229	
Sub-total		**(182,275)**	
Taxation and Non-Specific Grant Income		115,954	
Net (Surplus)/Deficit For Year on Provision of services in CIES		**7,560**	

The following charts analyse the main income flows to the Council in 2018/19, and the gross expenditure on services. Income includes grants funding revenue expenditure, HRA income, service fees and charges, net corporate notional income streams and the transfer of capital grants.





Financial Overview – The Collection Fund

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

A Business Rates Collection Fund account is also held within the overarching Collection Fund. In general terms this operates in the same way as the Council Tax Collection Fund account. The Collection Fund as a whole has a net surplus of £2m at 31 March 2019.

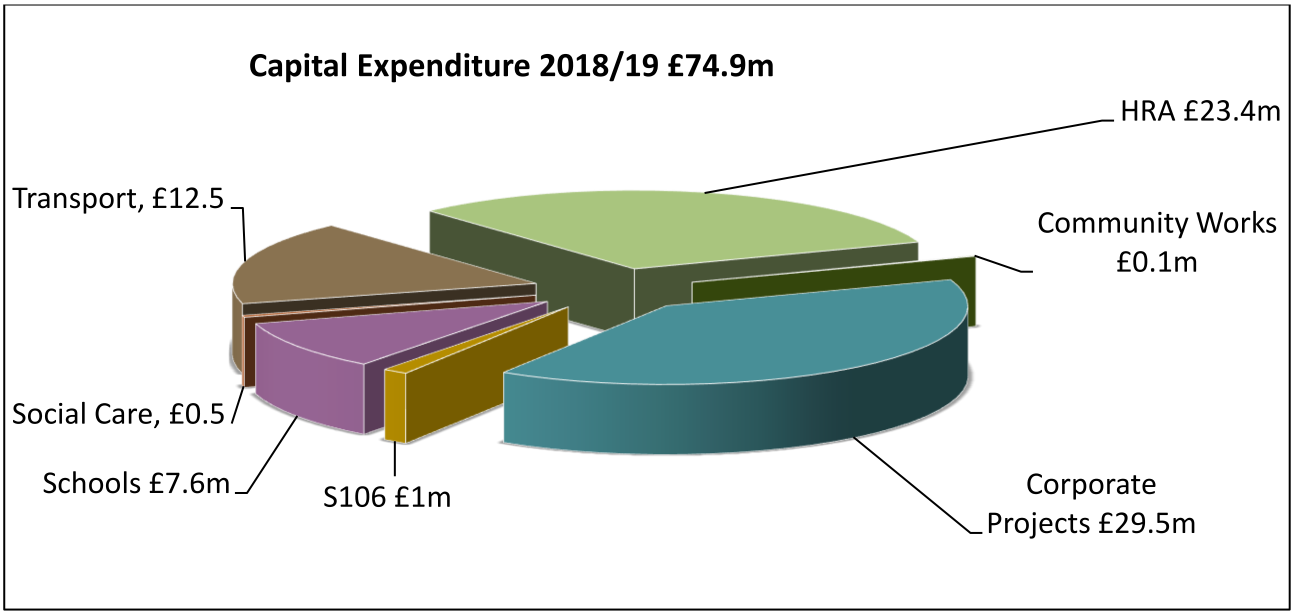
The accounting treatment for the Collection Fund means the Council shows only its own proportion of balances through the accounts on an agency basis. This does not change the Collection Fund itself, which is prescribed under statute, but does remove the overall Collection Fund balance from the Council's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

Financial Overview – The Housing Revenue Account (HRA)

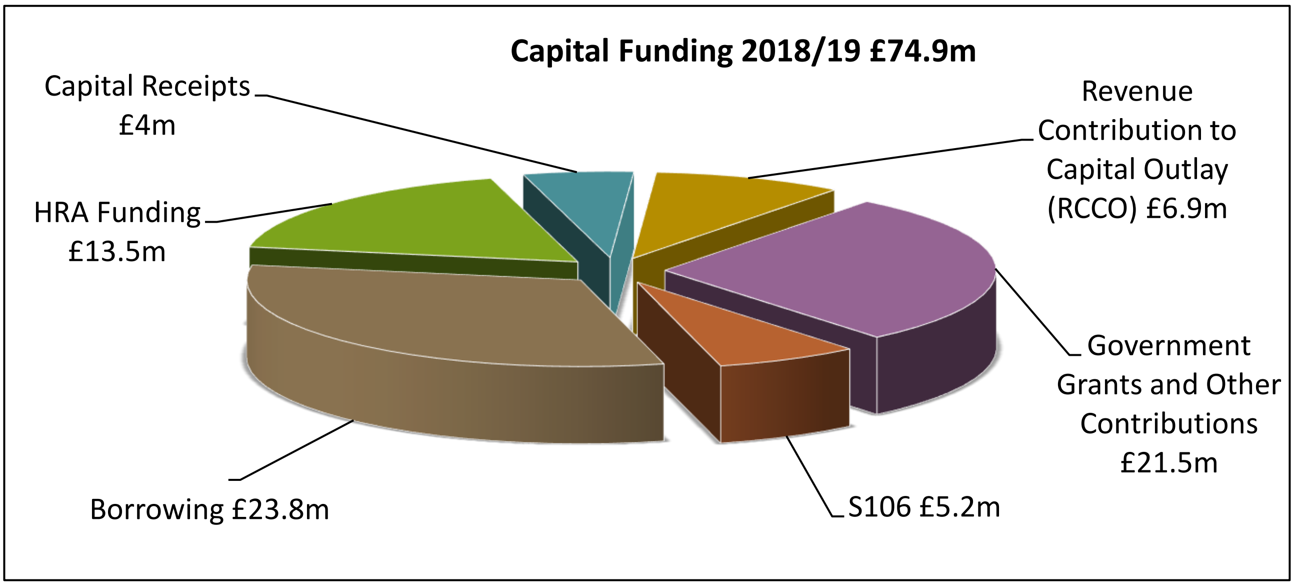
During the year the HRA came in on budget, with no surplus or deficit. The HRA reserve remains at £10.3m at 31 March 2019.

Financial Overview – Capital Income & Expenditure

During the year, the Council incurred additional borrowing of £23.7m towards capital expenditure of £75m. This expenditure is analysed in the following chart into key service areas of the Council.



In-year borrowing contributes to total borrowing of £341m, inclusive of HRA debt, with a related capital finance requirement of £479m. This should be seen in the context of a non-current asset base of £1,243m.



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 £31m. The liability is reported as £291m (£260m for 2017/18). This increase reflects the negative change within financial re-measurements.

Major Asset Transfers

The Council continues to see transfer of schools into Academy status. Once transferred to Academy status the underlying assets are not classed as Council property but disposed of under long-term finance leasing at nil value. There were seven such transfers in 2018/19 removing £58m from the balance sheet value of long term assets. There were none in 2017/18.

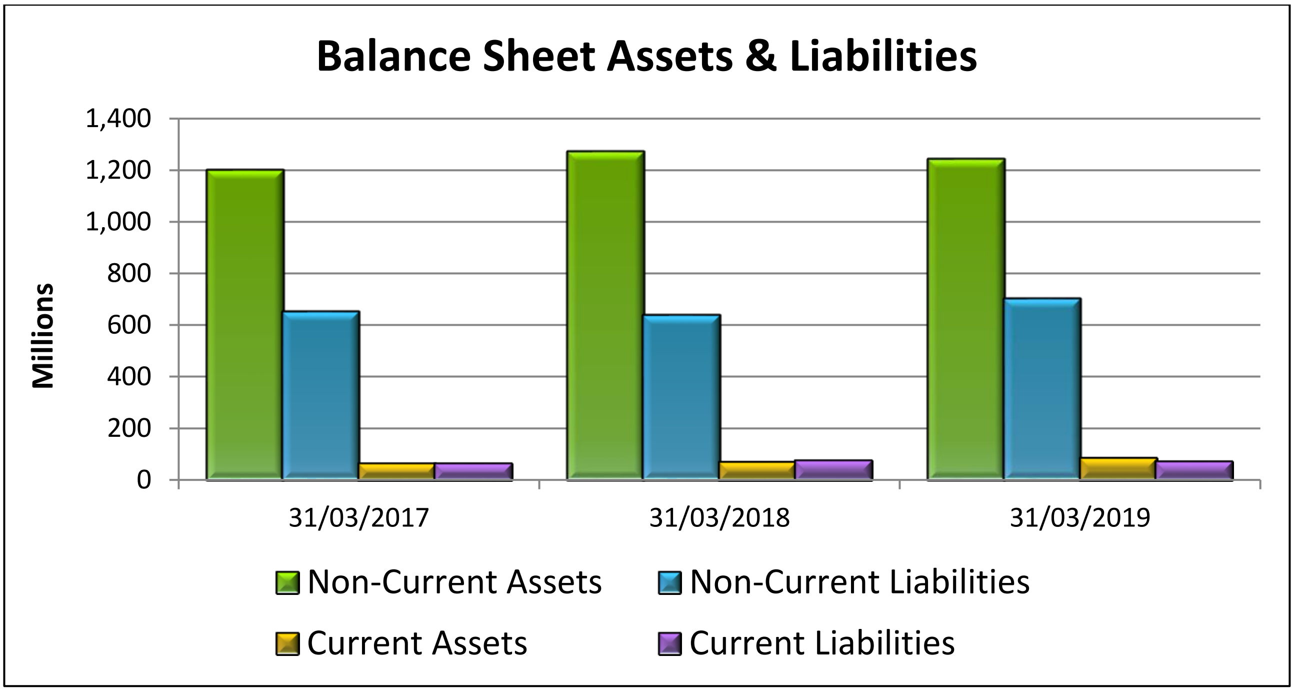
Business Combinations

The Authority is involved with three local developments which, although continuing to have immaterial impact on the accounts, will affect the Borough more over future years. The main development is the joint venture for the Wichelstowe southern development area. This has seen the creation of a joint venture company with a housing developer; the Authority contributing land and the developer funding the infrastructure and building the housing, which will then go for sale with split proceeds. This is expected to be combined as a joint venture in future accounts as there has been no material activity for consolidation in 2018/19. The second development is the ongoing activity from the two energy production solar farm companies. The third development relates to the establishment of a group of companies for the construction of dwellings for sale or rent.

Financial Overview – Financial Outlook

General Fund earmarked reserves have decreased during 2018/19. This was mainly due to funding of children services. Planned use of reserves will reduce in future years, recognising the need to ensure the long-term sustainability of the Council. The General Fund balance increased from £6m to £6.6m.

The non-current assets have decreased, mainly due to the disposal of schools to Academy status. The liabilities of the Council generally remain constant, with the pension liability being a specific and significant variable. The chart below shows the year-by-year values of main balance sheet categories.



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

Organisational Overview

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

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

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

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

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

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

Following a review in 2018, these priorities have been retained but the pledges which give them a practical expression have been updated to reflect completed work, changing priorities and the Council's current context. As previously, these pledges form the administrations manifesto.

Priority One

1. Set the ambition for Swindon to compete to at the forefront of digital innovation with a commitment to using technology for positive change.

2. Enhance Swindon's reputation as a sustainable energy exemplar, by exploring technology that converts energy from waste, facilitating the move to electrified transport, and delivering opportunities to invest in renewable energy to reduce carbon footprint.

3. Refresh and implement the Masterplan for Swindon Town Centre, supporting our vision that Swindon is a vibrant, modern place. We will do this through

a) Delivery of the Masterplan for Kimmerfields, in partnership with Homes England.
b) Delivery of the Bus Boulevard.
c) Delivering improvements to the strategic town centre transport network.
d) Further redevelopment of the Carriage Works.
e) Redevelopment of the former Aspen House Site.
f) Working with Seven Capital, to deliver the development of the new regional leisure destination at North Star.
g) Working with ambassadors and partners to promote Swindon effectively to improve the town's reputation, increase income from business rates and compete for the best business growth opportunities, inward investment and talent.

4. Support businesses by working in partnership to create conditions in which businesses succeed and grow.

5. Enhance Wellington Street as a prime thoroughfare for the town.

6.

a) Deliver infrastructure in a timely way to assist in phased housing & employment delivery for the New Eastern Villages including White Hart Junction & A420.
b) Working with Barratt Homes through the Joint Venture we will deliver the District Centre facilities including a public house, the next phases of housing, a retirement complex and education facilities – whilst also delivering new sections of canal.
c) Create the Southern access to Wichelstowe via a tunnel to be constructed under the M4 to link to Junction 16.
d) Through the Local Plan review identify brownfield and green field sites for housing to deliver homes and employment land on a range of sustainable sites whilst ensuring that urban extensions are of the highest quality.
e) Continue to work with the developers at Tadpole Garden Village to bring forward facilities to ensure a sustainable community can continue to thrive
f) Ensure that there is a range of good quality housing options in Swindon, including affordable opportunities to buy and rent.
g) Work with Nationwide Building Society to deliver homes at the former Oakfield campus.
h) Support final phases of additional housing at Badbury Park with community space and improvements to Day House Lane to link to Coate Water.

Priority Two

7. In addition to the two new free secondary schools, build one secondary and 13 primary schools to meet the needs of our increasing population.

8. Improve educational attainment, in particular at ages 16-19 so we are above the average in England by 2021.

9. Increase the number of people starting an apprenticeship in line with the targets in the Apprenticeship Strategy.

10. Secure a range of options to access Higher Education in Swindon to drive up attainment.

11. Work with partners to increase the level of skills of Swindon's workforce to support all our residents, including the most vulnerable, to access employment.

Priority Three

12. Work with partners to promote healthy lifestyles for the population of Swindon

13. Find new ways to engage communities and neighbourhoods to increase the cleanliness of their local areas.

14. Encourage Swindon residents to increase recycling and reduce their waste in line with the Council's Waste Strategy. Swindon Borough Council to reduce the use of single use plastics with the intention to stop using such plastics by 2019/20 and encourage local businesses to do the same.

15. Work to secure a viable and sustainable future for our key heritage assets.

16. Deliver a programme of work to ensure that residents, visitors and businesses feel that Swindon’s town centre is a safe place to live, work, visit and do business.

Priority Four

17. Provide early support so that Swindon residents are financially included and avoid getting into debt.

18. Deliver a borough-wide approach to increase the impact of volunteering, enabling more people to be active in supporting vulnerable people.

19. Ensure that more people and their carers are supported to live as independently as possible and reduce the length of time people need to spend in residential care. This will be achieved through work with the Clinical Commissioning Group and GP surgeries to help people with long term health and social care needs to manage their health effectively with support from community groups and multi-disciplinary teams.

20. Increase the number of foster carers in Swindon so that every ‘child looked after’ who should be, is placed in their home borough.

21. Ensure that there is a partnership approach to early prevention and intervention across Swindon so that more children and families are supported early, including through the Troubled Families Programme, to prevent escalation to statutory social care.

22. Ensure that Swindon’s vulnerable children and young people are safeguarded and protected

23. Ensure that Swindon’s vulnerable adults are safeguarded and protected.

24. Increase the number of organisations in Swindon working to achieve ‘Dementia Friendly’ Town Status for Swindon and ensure annual accreditation.

25. Work collaboratively with stakeholders to ensure the level of children in Swindon with excess weight is no higher than the England average.

26. To prevent homelessness where possible using additional measures including the temporary winter housing provision and enabling a day centre to prevent rough sleepers from returning to the streets.

Operational Model

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

In terms of adults:

By the end of March 2019, Swindon Borough Council was funding 571domiciliary care packages, which represents a reduction of 129 packages compared with the March 2018 figure, 317 residential care placements and 193 nursing placements. Both of these figures have held steady during the year and reflect the continued work to offer reablement, targeted where it will have most impact, thus supporting independence and helping manage demand. There continues to be very effective work to address delayed transfers of care with a figure of 1.46 bed days per 100K population against a target of 2.58.

The result of this work has been that the Council has exceeded its savings target of £1.8m in 2018/19.

In terms of children:

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

There has been some progress in reducing the number of children in need, looked after children and children on child protection plans though figures remain high. There are 206 fewer children in need in Swindon in March 2019 compared with March 2018. During the year 2017/18, the numbers of looked after children and children on child protection plans has decreased by 19 and 37 respectively. A significant challenge to the Council has been expenditure on residential and independent fostering placement for children and the reliance on expensive agency social workers. As at the end of March 2019, 63% of the Council's Children's social workers were agency staff.

In Communities and Housing, major areas of spend include Street Smart services such as waste collection, cleansing and grounds maintenance, Libraries and Highways and Transport. Savings have focussed on increasing productivity and a significant programme of work to digitise services.

Risks and Opportunities

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

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

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

The programme is looking at transformation across four main themes:

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

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

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

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

Performance

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

Current progress suggests that the Council is on track to deliver four of the six pledges that contribute the Priority One and on track to deliver most aspects of the other two.

Ultrafast Broadband coverage exceeds the national average and there is work underway to maximise the use of assistive technology within adult social care alongside work to attract more digital inward investment.

Significant work continues to develop green energy through waste to energy, solar power and promotion of electric vehicles

The Masterplan for the town centre has been reviewed and work and a strategic partnership with Homes England who are the joint landowners of the site is now in place. A robust joint programme plan is being developed. The principle of a Bus Boulevard has been agreed as part of the Town Centre Movement Strategy.

House building has been given a renewed focus. This has included ambitious new privately built developments, a Joint Venture with Barratt David Wilson to develop the Wichelstowe area, a partnership with Nationwide to develop the site of the former Oakfield School, the formation of a Swindon Housing Company to build homes for private rental and specialised housing for vulnerable adults and a programme of new council house building.

There has been good progress in the provision of leisure facilities at North Star. Seven Capital are engaged in the project and planning permission is in place.

Current progress suggests that the Council are on track in its pledges relating to the economy and investment. GVA and employment rates are above target (GVA- Swindon 62.68K GVA – comparator group 58.35K); (Employment rate for Swindon 79.2%, national rate 75.1%).There has also been an increase in the number of jobs (an increase of 1,200 between December 2018 and December 2019)

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

There are current challenges in the Pledges relating to education and skills. The Council is on track to deliver the required number of schools in line with its population and experiences good performance relating to early education. All of Swindon's Early Years Settings are graded good or outstanding. Performance at primary level is close to the national average. However, Swindon is underperforming in relation to secondary school and Higher Education attainment. The percentage of pupils achieving grades 5-9 in English and Maths at GCSE in Swindon is 39.9 % compared with an England average of 43.5%.The percentage of young people aged 19 who are qualified to level 3 in Swindon is currently at 49.8% , compared with and England score of 57.2%. The skill level of the adult population of Swindon also lags behind the national average. Swindon has 32.2% of its residents qualified to level 4 or above compared with a national figure of 39.0%. The Swindon Challenge and development of a Higher Education Strategy have been put in place to address these issues.

Council has maintained its success in increasing the percentage of adults with learning disabilities in employment. This has increased from 5.99% in May 2018 to 6.14 % in April

Work remains to be done relating to businesses employing apprentices within the borough. (Target 956, current performance 639)

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

Currently, the Council is on track to deliver three of the five pledges that make up Priority Three and is making progress in aspects of the other two

There has been significant work to promote healthy lifestyles, including work with schools through healthy schools and delivery of the Making Every Contact Count programme to enable frontline staff to address lifestyle issues. Reduction in smoking continues to be a challenge with a recent increase, although figures are still below the England average. Smoking in pregnancy at 11.7 % remains higher than the local goal of 11%. Excess weight is an issue for all age groups, where it is currently higher than the national average. (Year R Swindon 23.1%, National 22.4%: Year 6 Swindon 34.3%, England 34.0%: Adults Swindon 64.1%, England 61.3%).

Work with schools support for local clean ups to encourage improvements in the cleanliness of local areas has continued, although support for local clean ups has been less successful and has been refocussed following a change of direction from probation and has now been targeted at work experience leading to potential employment.

Recycling rates are below target, although volumes have increased as overall waste has increased. Work is planned to use a mixture of behaviour change and enforcement to address this.

Following the unsuccessful bid for a new museum to the Heritage and Lottery Fund, the Council is exploring feasible, practical and affordable solutions to rehousing the Swindon Museum and Art Gallery alongside its wider work to secure a viable future for Swindon's heritage assets.

There is significant work to improve perception of the town as a safe place including a three year extension to the town centre Public Space Protection Orders. The Council is applying for Purple Flag status, which will both scrutinise and validate the improvements made

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

There are challenges in delivering some of the pledges of Priority Four relating to children. Pledges relating to adults are showing better progress.

Swindon is performing above target in relation to its Troubled Families where the Council is working with 46 families more than the target; other successful work includes work with care leavers. The percentage of care leavers in suitable accommodation and the percentage of care leavers going into employment, education or training are both above the national average. The figures for these are 88.82% in suitable accommodation compared with a national average of 84% and 58.8% in employment, education or training compared with a national average of 50%.

There are issues relating to children in foster care, where performance continues to be lower than targeted. The number of foster carers has fallen by 15 since April 2018. This has had an impact on the number of children in care placed in the Borough with in house foster carers, or those placed for adoption, or placed with family/friend/connected persons (but not necessarily within the borough) which currently stands at less than half at 47.4%. As mentioned previously, the resulting dependence on expensive out of borough residential placements or use of independent foster carers has created a pressure on the Council's budget. A Service Improvement Plan is in place to increase fostering households.

Improvement work is also taking place across Children's Social Care and Early Help. Although there is some evidence on numbers of children in need, children who need to be looked after and children who require child protection plans, numbers continue to be high.

The close partnership with the CCG continues and there have been significant improvements in the performance of delayed bed days attributable to adult social care. The rate is now 1.46 days per 100K population, compared with a target figure of 2.58.

There has been significant work to address rough sleeping, with the opening of a new voluntary sector run day provision and winter housing provision which led to sustainable housing provision for the vast majority of the residents based on a Housing First model.

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

This can be accessed on the Council's website.

Audit Report

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

Further Information

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

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities
The Council is required:

To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs (Section 151 of the Local Government Act 1972). During the financial year 2018/19, the designated officer was the Director of Finance.

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

The Officer's Responsibilities
The Director of Finance had the responsibility to ensure that these final accounts were prepared in accordance with best practice. The Code of Practice on Local Authority Accounting in Great Britain ("the Code") requires the Statement to give a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31st March 2019.

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

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

The Director of Finance also:

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

Approval of the Accounts
I certify that the above responsibilities have been accounted for in the production of these statements and that they give a true and fair view of the financial position of the authority at 31 March 2019.

Signed: Date:

Director of Finance

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

Signed: Date:

Chair of Audit Committee

The Financial Statements

Comprehensive Income and Expenditure Statement (CIES)

This statement summarises the income and expenditure on all functions of the Authority and shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost.

Note	Continuing Operations:	2017/18 Gross Expenditure £000	2017/18 Gross Income £000	2017/18 Net Expenditure £000	2018/19 Gross Expenditure £000	2018/19 Gross Income £000	2018/19 Net Expenditure £000
	Resources	89,650	(71,989)	17,661	80,015	(74,499)	5,516
	Economy	6,989	(6,696)	293	16,342	(8,365)	7,977
	Children Services	41,866	(7,608)	34,258	56,578	(7,754)	48,824
	Adult Services	109,982	(39,463)	70,519	107,615	(39,630)	67,985
	Communities and Housing	67,393	(26,611)	40,782	72,406	(26,219)	46,187
6	DSG Commissioning	121,427	(113,348)	8,079	124,152	(109,870)	14,282
	Housing Revenue Account	52,752	(50,052)	2,700	64,883	(49,427)	15,456
	(Surplus) / Deficit on Continuing Operations	**490,059**	**(315,767)**	**174,292**	**521,991**	**(315,764)**	**206,227**
4	Other operating expenditure			19,762			72,564
5	Financing & investment (income)/expenditure			21,484			19,438
7	Taxation and non-specific grant income			(177,863)			(182,275)
	(Surplus) / Deficit on Provision of Services			**37,675**			**115,954**
15	(Surplus) / Deficit on revaluation of PPE assets			(66,467)			(58,586)
32	Re-measurements on pension assets / liabilities			(50,859)			16,678
	Other Comprehensive Income and Expenditure			**(117,326)**			**(41,908)**
	Total Comprehensive Income and Expenditure			**(79,651)**			**74,046**

Movement in Reserves Statement (MiRS)

This statement shows the movements between the CIES revenue account and balance sheet 'usable reserves' (i.e. revenue and capital reserves that can be applied to fund relevant expenditure or reduce local taxation) and other reserves. The (Surplus) / Deficit on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the CIES. The 'General Fund Balance' column shows that after accounting adjustments and reserve transfer the General Fund balance has increased by £567k.

	GF Balance £'000	HRA £'000	Earmarked GF Reserves £'000	Earmarked HRA Reserves £'000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves Restated £000	Total Authority Reserves £000
1 April 2018	**(6,000)**	**(10,300)**	**(49,420)**	**(1,141)**	**(9,617)**	**(6,373)**	**(22,204)**	**(105,055)**	**(522,734)**	**(627,789)**
(Surplus) / Deficit on Service provision	89,221	26,733	-	-	-	-	-	**115,954**	0	**115,954**
Other (Income) / Exp.	-	-	-	-	-	-	-	**0**	(41,908)	**(41,908)**
Total Comprehensive (Income) /Exp.	89,221	26,733	0	0	0	0	0	**115,954**	(41,908)	**74,046**
Adjusts between accounting & funding basis (note 13)	(80,833)	(26,875)	-	-	(6,225)	3,419	(3,603)	**(114,117)**	114,117	**0**
Net (Increase)/ Decrease before Reserves	8,388	(142)	0	0	(6,225)	3,419	(3,603)	**1,837**	72,209	**74,046**
Transfers to / (from) Other Reserves (note 14)	(8,975)	142	7,450	(141)	1,524	-	-	**0**	0	**0**
(Increase)/ Decrease in-year	(587)	0	7,450	(141)	(4,701)	3,419	(3,603)	**1,837**	72,209	**74,046**
31 March 2019	**(6,587)**	**(10,300)**	**(41,970)**	**(1,282)**	**(14,318)**	**(2,954)**	**(25,807)**	**(103,218)**	**(450,525)**	**(553,743)**

Movement in Reserves Statement continued

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

Balance Sheet

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

Note		31st March 2018 £000	31st March 2019 £000
15/49	Property, Plant & Equipment	1,202,792	1,172,120
16	Investment property	8,475	9,013
17	Heritage	29,000	29,200
44	Long term investments	29,884	31,075
20	Long Term debtors	1,415	1,412
	Total Non-Current Assets	**1,271,566**	**1,242,820**
	Cash & Cash equivalents	22,465	35,250
	Inventories & Work in Progress	1,094	1,174
21	Short term debtors	29,363	25,390
33	Short term investments	15,000	14,000
	Assets held for sale (current)	0	5,658
	Current Assets	**67,922**	**81,472**
22	Short term creditors	(54,382)	(51,598)
33	Short term borrowing	(19,501)	(16,501)
23	Provisions (short term)	(1,160)	(1,418)
	Current Liabilities	**(75,043)**	**(69,517)**
33	Long term borrowing	(296,254)	(324,753)
30	Long term creditors	(51,031)	(49,323)
23	Provisions (long term)	(10,307)	(12,537)
32	Pension Asset/Liability	(259,709)	(290,914)
7	Capital Grants receipts in advance	(19,355)	(23,505)
	Non-Current Liabilities	**(636,656)**	**(701,032)**
	Net Assets	**627,789**	**553,743**

Balance Sheet continued

Note		31st March 2018 £000	31st March 2019 £000
	General Fund Balance	(6,000)	(6,587)
	HRA Balance	(10,300)	(10,300)
	GF Earmarked Reserves	(49,420)	(41,970)
	HRA Earmarked Reserves	(1,141)	(1,282)
	Major Repairs Reserve	(6,373)	(2,954)
	Capital Receipts Reserve	(9,617)	(14,318)
	Capital Grants Unapplied	(22,204)	(25,807)
MiRS*	**Usable Reserves**	**(105,055)**	**(103,218)**
24	Capital Adjustment Account	(346,525)	(273,309)
25	Revaluation Reserve	(432,912)	(465,373)
26	Pension Reserve	259,709	290,914
27	Collection Fund Adjustment Account	(2,020)	(1,543)
	Available for Sale Reserve	261	0
	Pooled Investment Funds Adjustment Account	0	31
	Deferred Capital Receipts	(1,247)	(1,245)
	Unusable Reserves:	**(522,734)**	**(450,525)**
	Total Reserves	**(627,789)**	**(553,743)**

*MiRS – Movement in Reserves Statement

The unaudited accounts were issued on 24 May 2019

Mick Bowden

Mick Bowden

Director of Finance and S151 Officer

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. Investing activities represent the extent to which cash outflows have been made for resources, which are intended to contribute to the authority's future service delivery.

Note		2017/18 £'000	2018/19 £'000
	Net surplus or (deficit) on the provision of services	(37,675)	(115,954)
35	Adjustments to net surplus or deficit on the provision of services for non-cash movements	95,123	170,265
35	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(38,780)	(44,980)
	Net cash flows from Operating Activities	**18,668**	**9,331**
36	Investing Activities	(17,541)	(20,417)
37	Financing Activities	19,188	23,871
	Net increase or (decrease) in cash and cash equivalents	**20,315**	**12,785**
	Cash and cash equivalents at the beginning of the reporting period	2,150	22,465
	Cash and cash equivalents at the end of the reporting period	**22,465**	**35,250**

Notes to the Financial Statements

Disclosures Relating to the Comprehensive Income and Expenditure Statement

1. Expenditure and Funding Analysis

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

	2018/19 Net Exp. Report to Cabinet £000	2018/19 Remove Not Chargeable to the GF or HRA £000	2018/19 Net Exp. Chargeable to GF and HRA £000	2018/19 Changes Between Funding & Accounting Basis £000	2018/19 Net Expenditure In the CIES £000
Resources	(5,489)	2,169	(3,320)	8,836	5,516
Economy	(2,431)	280	(2,151)	10,128	7,977
Children Services	41,936	4,834	46,770	2,054	48,824
Adult Services	81,141	(66)	81,075	(13,090)	67,985
Communities and Housing	26,003	(595)	25,408	20,779	46,187
DSG Commissioning	0	1,004	1,004	13,278	14,282
Housing Revenue Account	0	(142)	(142)	15,598	15,456
(Surplus) / Deficit on Continuing Operations	**141,160**	**7,484**	**148,644**	**57,583**	**206,227**
Other income and expenditure	(141,748)	1,349	(140,399)	50,126	(90,273)
(Surplus) / Deficit on Provision of Services	**(588)**	**8,833**	**8,245**	**107,709**	**115,954**

Reconciliation of Movement to Balances	Total	GF	HRA
Opening GF and HRA balance at 1st April	(16,300)	(6,000)	(10,300)
(Surplus)/Deficit on Provision of Services	(587)	(587)	0
Closing GF and HRA Balance at 31st March	**(16,887)**	**(6,587)**	**(10,300)**

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

Movement Reason	Adjustment for earmarked reserves	Transfers to earmarked GF/HRA reserves	Transfers from UCR & CGUA	Net Reserve movement in MiRS
£000	(8,833)	1,524	7,309	0

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

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

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

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

2018/19	**Pensions £'000**	**Capital £'000**	**Treasury £'000**	**Other £'000**	**Total £'000**
Resources	(993)	(105)	(9,910)	19,844	8,836
Economy	84	9,546	0	498	10,128
Children Services	1,382	672	0	0	2,054
Adult Services	1,182	1,003	0	(15,275)	(13,090)
Communities and Housing	1,466	20,610	(1,297)	0	20,779
DSG Commissioning	3,575	9,703	0	0	13,278
Housing Revenue Account	990	23,087	(8,644)	165	15,598
Total Adjustments	**7,686**	**64,516**	**(19,851)**	**5,232**	**57,583**

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

2. Subjective Analysis of Service Expenditure

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

Expenditure and Income Type	2017/18 £'000	2018/19 £'000
Employee related expenses	176,471	160,524
Other service expenses	300,159	284,716
Depreciation, amortisation and impairment	20,816	76,893
Interest Payments	17,558	23,590
Precepts & Levies	7,098	7,560
Payments to Housing Capital Receipts Pool	2,838	3,536
Gain or Loss on Disposal of Fixed Assets	9,827	61,468
Total operating expenses	**534,767**	**618,287**
Fees, charges & other service income	(127,321)	(112,277)
Interest and investment income	(3,503)	(3,356)
Income from council tax	(130,797)	(139,117)
Government grants and contributions	(235,471)	(247,583)
Total Income	**(497,092)**	**(502,333)**
Surplus or deficit on the provision of services	**37,675**	**115,954**

3. Material Items of Income and Expense

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

Items	Explanation
2018/19	
VAT Refund	The Authority received a £3.060m refund before fees from prior year VAT contributions shown within Resources services of the CIES.
2017/18	
	There are considered to be no material items outside of typical service spend or capital recharges in 2017/18.

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

4. Other Operating Expenditure

Breakdown of items included under Other Operating Expenditure. The disposal of schools to academy status has resulted in the increase to gains/losses on disposal of non-current assets.

	2017/18 £'000	2018/19 £'000
(Gains)/losses on the disposal of non-current assets	9,826	61,468
Parish council precepts	7,098	7,560
Payments to the Government Housing Capital Receipts Pool	2,838	3,536
Total Other Operating Expenditure	**19,762**	**72,564**

5. Financing and Investment Income and Expenditure

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

	2017/18 £'000	2018/19 £'000
Interest payable and similar charges	17,558	16,749
Interest receivable and similar income	(3,096)	(2,589)
Investment income	(492)	(796)
Movement on market value of investment property	753	(538)
(Gains)/losses on assets held for sale	(668)	(229)
Net interest on the net defined benefit liability	7,429	6,841
Total Financing and Investment Income and Expenditure	**21,484**	**19,438**

6. Dedicated Schools Grant

Schools' funding is provided through the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget. The Schools Budget includes elements for a restricted range of services provided on an authority-wide basis and for the Individual School Budget, which is divided into a budget share for each school. Over- and under-spends on the two elements are required to be accounted for separately. The Council is able to supplement the School Budget from its own resources if it wishes.

	Central Expenditure 2018/19 £'000	Schools Budgets 2018/19 £'000	Total 2018/19 £'000
Final DSG before Academy Recoupment			172,825
Academy figure recouped for 17/18			(89,297)
DSG after Academy Recoupment for 17/18			**83,529**
Brought Forward from prior year			913
Carry Forward agreed in advance			(913)
Agreed initial budgeted distribution	30,458	53,070	83,529
In year adjustments	84		84
Final budgeted distribution for year	**30,542**	**53,070**	**83,613**
Less actual central expenditure	35,023		
Less actual ISB deployed to schools		48,546	
Carry forward to next year (including carry forward agreed in advance)	**(4,481)**	**4,524**	**956**

7. Grant Income

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

Credited to Taxation and Non-Specific Grant Income	2017/18 £'000	2018/19 £'000
Collection Fund Income - Council Tax	(98,591)	(103,955)
Collection Fund Adjustments – Council Tax	499	(1,459)
Collection Fund Income - Business Rates	(31,217)	(35,055)
Collection Fund Adjustments – Business Rates	(1,488)	1,352
Revenue Support Grant	(13,577)	(8,949)
Other non-ring-fenced government grants	(5,369)	(3,852)
S106 - used in funding	(3,222)	(5,224)
Capital grants and contributions - to CGUA*	(24,898)	(25,133)
Total	**(177,863)**	**(182,275)**

*Capital Grants Unapplied Account

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

Capital Receipts in Advance	2017/18 £'000	2018/19 £'000
Balance at 1 April	**(20,727)**	**(19,355)**
New funds received	(27,861)	(34,741)
Funds written out to fund capital schemes	28,120	30,591
Funds written out for repayment / to revenue / others	1,113	0
Balance at 31 March	**(19,355)**	**(23,505)**

The below amounts were credited to Net Cost Services.

Funding Body	2017/18 £'000	2018/19 £'000
Arts Council - South West	(312)	(159)
Department For Children, Schools & Families (DCSF)	(91,587)	(89,951)
Department for Work & Pensions (DWP)	(50,157)	(44,464)
Department of Communities & Local Government (DCLG)	(13,467)	(16,189)
Department of Digital, Culture, Media and Sport	0	(201)
Department of Health & Social Care	(15,649)	(11,262)
Department of Transport	(270)	(444)
Heritage Lottery	(41)	(22)
Home Office	(749)	(843)
Learning Skills Council /Skills Funding Agency	(445)	(524)
One public estate (LGA)	(132)	(101)
South West Regional Development Agency	(10)	(10)
Young Persons Learning Agency	(513)	(127)
Youth Justice board	(235)	(261)
Total	**(173,567)**	**(164,558)**

8. Members' Allowances

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

	2017/18 £'000	2018/19 £'000
Basic Allowances	465	478
Special Responsibility Allowances	198	218
Expenses	3	1
Total	**666**	**697**

9. Officers' Remuneration

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

Position	Salary, Allowances and Exit Costs	Expenses	Remuneration	Emp. Pension Contributions	Total Remuneration
	£	£	£	£	£
2018/19					
Chief Executive – John Gilbert – Left June 2018	31,623	0	31,623	0	31,623
Chief Executive – Susie Kemp – Started role July 2018	119,863	0	119,863	13,096	132,959
Corporate Director Resources & Growth – Role Vacated July 2018, duties moved to Chief Executive Role and post subsequently deleted	38,965	0	38,965	0	38,965
Director of Finance (S151 Officer)	99,764	0	99,764	20,352	120,116
Director of Law & Democratic Services – Left October 2018	212,906	0	212,906	19,898	232,804
Director of Public Health	104,592	0	104,592	14,219	118,811
Corporate Director of Communities & Housing	127,500	0	127,500	26,010	153,510
Director of Adult Services	124,440	0	124,440	25,386	149,826
Director of Children Services	127,500	0	127,500	26,010	153,510

The Monitoring Officer duties have previously been covered by the Director of Law and Democratic Services, once this position became vacant in November 2018 the duties have been performed by an interim at a cost of £56k.

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

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	
£		£	2017/18	2018/19
50,000	to	54,999	51	55
55,000	to	59,999	28	26
60,000	to	64,999	17	19
65,000	to	69,999	23	19
70,000	to	74,999	7	5
75,000	to	79,999	3	4
80,000	to	84,999	2	2
85,000	to	89,999	3	1
90,000	to	94,999	1	1
95,000	to	99,999	3	3

10.Exit Packages

The Council incurred costs of £1.375m (£1.758m in 17/18) for known compulsory redundancy and other departure reasons payments.

Exit Package Band			Number of Employees			
			2017/18		2018/19	
£		£	Compulsory	Other	Compulsory	Other
0	to	19,999	8	68	36	7
20,000	to	39,999	1	17	8	3
40,000	to	59,999	1	1	3	0
60,000	to	79,999	0	2	2	0
80,000	to	179,999	3*	1*	4*	0

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

11.External Audit Costs

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

	2017/18	2018/19
	£'000	£'000
Statutory Audit of the Accounts	128	99
Audit of Grant Claims	10	25
Other services	9	9
Total Fees Paid	**147**	**133**

12. Pooled/Aligned Budgets – Better Care Fund

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

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

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

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

			2017/18			**2018/19**
	SBC	**CCG**	**Total**	**SBC**	**CCG**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Adult Section 75	64,191	10,781	74,972	64,422	10,650	75,072
Public Health	10,373	0	10,373	10,106	0	10,106
Children - Commissioning & Service Delivery	30,355	3,655	34,010	37,854	3,281	41,135
Capital - DFG	857	0	857	1,141	0	1,141
Total	**105,776**	**14,436**	**120,212**	**113,523**	**13,931**	**127,454**
Memorandum - Better Care Fund						
SBC Commissioned activities	6,795	7,535	14,330	7,524	7,900	15,424
Capital - DFG	857	0	857	1,141	0	1,141
Total	**7,652**	**7,535**	**15,187**	**8,665**	**7,900**	**16,565**
Activities directly commissioned and recorded within Swindon CCG accounts.	0	7,358	7,358	0	7,389	7,389

13.Adjustments between Accounting Basis and Funding Basis under Regulations

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

2018/19	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation of non-current assets	(27,598)	(10,215)	-	-	-	(37,813)
Charges for impairment and revaluation losses of non-current assets	(9,177)	(29,903)	-	-	-	(39,080)
Movement in the market value of investment properties	776	(238)	-	-	-	538
Capital grants and contributions applied	5,224	-	-	-	-	5,224
Revenue expenditure funded from capital under statute	(4,655)	-	-	-	-	(4,655)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(63,940)	(12,151)	-	-	-	(76,091)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	693	-	-	-	-	693
Voluntary provision for the financing of capital investment	-	5,000	-	-	-	5,000
Capital expenditure charged against the GF and HRA balances	-	6,903	-	-	-	6,903
Adjustments primarily involving the Capital Adjustment Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	25,368	-	-	-	(25,368)	-
Repaid	(235)	-	-	-	235	
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	21,530	21,530
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	9,341	5,282	(14,623)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	4,058	-	-	4,058
Voluntary set aside of capital receipts	-	-	806	-	-	806

Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(3,536)	-	3,536	-	-	-
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	-	-	(2)	-	-	(2)
Adjustment primarily involving the Major Repairs Reserve						
HRA resources credited to the MRR	-	10,128	-	(10,128)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	13,547	-	13,547
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CIES	(12,846)	(1,681)	-	-	-	(14,527)
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	(477)	-	-	-	-	(477)
Adjustments primarily involving the Asset Held for Sale Account:						
Reversal of the Gains or Losses on AHFS	229	-	-	-	-	229
Total Adjustments	**(80,833)**	**(26,875)**	**(6,225)**	**3,419**	**(3,603)**	**(114,117)**

2017/18	**General Fund Balance £'000**	**Housing Revenue Account £'000**	**Capital Receipts Reserve £'000**	**Major Repairs Reserve £'000**	**Capital Grants Unapplied £'000**	**Total Usable Reserves £'000**
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation of non-current assets	(25,742)	(10,172)	-	-	-	(35,914)
Charges for impairment and revaluation losses of non-current assets	6,805	(17,514)	-	-	-	(10,709)
Movement in the market value of investment properties	(414)	(339)	-	-	-	(753)
Capital grants and contributions applied	3,222	-	-	-	-	3,222
Revenue expenditure funded from capital under statute	(1,879)	-	-	-	-	(1,879)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(12,468)	(8,019)	-	-	-	(20,487)

Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	562	-	-	-	-	562
Voluntary provision for the financing of capital investment	-	5,000	-	-	-	5,000
Capital expenditure charged against the GF and HRA balances	8	8,195	-	-	-	8,203
Adjustments primarily involving the Capital Adjustment Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	24,898	-	-	-	(24,898)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	22,600	22,600
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	7,580	3,081	(10,660)	-	-	1
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	3,605	-	-	3,605
Voluntary set aside of capital receipts	-	-	808			808
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(2,838)	-	2,838	-	-	-
Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	(10)	-	-	(10)
Adjustment primarily involving the Major Repairs Reserve						
HRA resources credited to the MRR	-	10,124	-	(10,124)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	22,755	-	22,755
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CIES	(17,013)	(1,687)	-	-	-	(18,700)
Adjustments primarily involving the collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	375	-	-	-	-	375
Adjustments primarily involving the Asset Held for Sale Account:						
Reversal of the Gains or Losses on AHFS	668	-	-	-	-	668
Total Adjustments	**(16,236)**	**(11,331)**	**(3,419)**	**12,631**	**(2,298)**	**(20,653)**

14.Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure. Transfers out are generally used to support specific projects, or budgeted contributions to the general fund.

	Balance 31/3/17 £'000	Transfers In £'000	Transfers Out £'000	Balance 31/3/18 £'000	Transfers In £'000	Transfers Out £'000	Balance 31/3/19 £'000
HRA Earmarked	(1,414)	(140)	413	(1,141)	(167)	26	(1,282)
Service Earmarked	(12,823)	(9,349)	3,034	(19,138)	(3,364)	7,608	(14,894)
Major Project Cashflowing	(4,820)	0	1,760	(3,060)	0	446	(2,614)
Schools	(5,546)	(1,067)	0	(6,613)	(43)	1,320	(5,336)
Infrastructure & Regeneration	(4,597)	0	1,126	(3,471)	(241)	460	(3,252)
Budget Delivery Cashflowing	(19,335)	0	2,197	(17,138)	(323)	1,587	(15,874)
General Fund Reserves per BS	(47,121)	(10,416)	8,117	(49,420)	(3,970)	11,421	(41,969)
Total Earmarked Reserves	**(48,535)**	**(10,556)**	**8,530**	**(50,561)**	**(4,137)**	**11,446**	**(43,252)**

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

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

Disclosures Relating to the Balance Sheet

15. Property, Plant and Equipment

In 2018/19 the Council made no material changes to its accounting estimates for Property, Plant and Equipment.
In a departures from the Code, analysis of revalued assets is not split over five years as the revaluation programme is such that the top twenty assets by value are revalued annually, whilst the majority of the remaining items of Other Land and Buildings are revalued bi-annually. This results in the majority of assets going no longer than a year without undergoing revalution review. Accumulated depreciation written back on revaluation of GF assets is also only written back to the extent of the brought forward balance, so depreciation charged in year is not written back prior to revalution date, which is estimated to be £5.8m in 18/19, and £7.5m in 17/18.

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Carried at historical cost	0	0	43,894	249,790	17,673	0	11,954	323,311
Value of assets revalued at fair value in year ending:								
31-Mar-19	477,103	323,212	-	-	-	33,969		834,284
31-Mar-18	-	155,313				13,287		168,600
Total Value of category on the balance sheet	**477,103**	**478,525**	**43,894**	**249,790**	**17,673**	**47,256**	**11,954**	**1,326,195**

The revaluation decreases recognised in the surplus/deficit on provision of services relates to a general fall in prices across the relevant asset categories for General Fund assets. HRA council dwellings are also subject to specific impairment where the value of new build property is affected by social housing valuations. The formal valuation date is the 31 December, though the effective date of revaluations is the 31 March as the Valuer confirms there is no material change to the valuations during that period. There has been an improvement in the housing market during the year which is reflected in the increase to HRA dwellings valuation, although such valuations are limited by application of a social housing discount factor.

2018/19	Council Dwellings	Other Land & Buildings	Vehicles, Plant, & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	PFI Assets in PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation									
At 1 April 2018	**472,285**	**509,031**	**42,404**	**224,322**	**17,572**	**41,615**	**32,531**	**1,339,760**	**55,972**
Additions	18,566	23,422	1,490	13,254	101	375	13,157	70,365	217
Revaluation + / (-) recognised in the Revaluation Reserve	8,355	28,340	-	-	-	5,772	-	42,467	5,376
Revaluation + / (-) recognised in the Surplus/Deficit on the Provision of Services	(29,903)	(10,324)	-	-	-	(59)	-	(40,286)	-
Derecognition – disposals	(12,921)	(65,766)	-	-	-	(985)	-	(79,672)	-
Reclassification	20,721	(6,178)	-	12,214	-	538	(33,734)	(6,439)	-
At 31 March 2019	**477,103**	**478,525**	**43,894**	**249,790**	**17,673**	**47,256**	**11,954**	**1,326,195**	**61,565**
Accumulated Depreciation and Impairment									
At 1 April 2018	**(2,531)**	**(14,263)**	**(36,322)**	**(83,655)**	**0**	**(197)**	**0**	**(136,968)**	**(1,055)**
Depreciation charge	(10,129)	(12,511)	(2,319)	(13,210)	-	(173)	-	(38,342)	(1,125)
Depreciation w/b on Revaluation	9,357	6,507	-	-	-	55	-	15,919	276
Depreciation written to/from the CIES	-	1,728	-	-	-	(522)	-	1,206	-
Depreciation written to/from the CIES - Reclassifications	-	503	-	-	-	26	-	529	-
Derecognition – disposals	771	2,808	-	-	-	2	-	3,581	-
At 31 March 2019	**(2,532)**	**(15,228)**	**(38,641)**	**(96,865)**	**0**	**(809)**	**0**	**(154,075)**	**(1,904)**
Net Book Value									
At 1 April 2018	**469,754**	**494,768**	**6,082**	**140,667**	**17,572**	**41,418**	**32,531**	**1,202,792**	**54,917**
At 31 March 2019	**474,571**	**463,297**	**5,253**	**152,925**	**17,673**	**46,447**	**11,954**	**1,172,120**	**59,661**

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

16. Investment Properties

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

	2017/18 £'000	2018/19 £'000
Balance at start of the year	**14,396**	**8,475**
Subsequent expenditure	7,887	-
Disposals	-	-
Net gains/losses from fair value adjustments	(753)	538
To/from Property, Plant and Equipment	(13,055)	-
Balance at end of the year	**8,475**	**9,013**

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

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and non-observable inputs	Key sensitivities
Investment property	Level 3	Valued at Fair Value as at 31 December 2018 using the investment method.	Estimated rental value. Capitalisation rate.	The inputs listed are exposed to future market changes. These are either at a macro level based on factors such as the performance of the economy, or micro level such as the local tenant demand for property or house prices.

Sensitivity of asset	Asset	Valuation Range	Value as at 31/3/18 £'000	Value on increase £'000
The Council owns one material investment property, Lysander House in Bristol, which it has considered the potential impact of valuation changes on. The valuation report states that there is a valuation tolerance of +/- 10%, and the impact of this range on the closing value of this investment at 31/3/18 is shown.	Lysander House	+/- 10%	8,250	9,075

17.Heritage Assets

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

Collections held on location at:	2017/18 £'000	2018/19 £'000
Steam Railway Heritage Centre	14,000	14,200
Bath Road Museum	11,800	11,800
Lydiard Park House	2,500	2,500
Richard Jefferies Museum	120	120
Agricultural Store Coate	120	120
Whitehall Farm Stores	60	60
Transport Depot Stores	60	60
Civic Regalia	340	340
Total Valuation	**29,000**	**29,200**

18.Capital Commitment

At 31 March 2019, Council has approved a Capital Programme of £275.3m for the construction or enhancement of Property, Plant and Equipment in 2019/20 and future years. Whilst not contractually committed, there is reasonable expectation that the work will be undertaken. External grants and borrowing will primarily fund this programme of works. Further expenditure depends on borrowing, grants and other contributions, some of which have already been received or promised. Similar commitments at 31 March 2018 were £256.1m.

19.Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR at the 01/04/18 was £462.2m it has increased by £16.5m to £478.7m as at 31/03/19.

	2017/18	2018/19
	£'000	£'000
Property, Plant & Equipment	29,032	47,029
HRA Dwellings & AUC	31,918	23,355
Investment Properties	7,887	0
Total Additions to Balance Sheet	**68,837**	70,384
Revenue Expenditure Funded from Capital Under Statute	1,879	4,655
Total Expenditure to be Financed	**70,716**	**75,039**
HRA Funding	(22,755)	(13,547)
Capital Receipts	(3,605)	(4,058)
Revenue Contribution to Capital Outlay (RCCO)	(8,203)	(6,903)
Government Grants and Other Contributions	(22,600)	(21,530)
S106	(3,222)	(5,224)
Borrowing	(10,331)	(23,777)
Total Financing	**(70,716)**	**(75,039)**

20. Long-term Debtors

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

Balance at 31 March	2018	2019
	£'000	£'000
Mortgage Advances	178	176
Finance Lease Asset	1,237	1,236
Total	**1,415**	**1,412**

21. Short-term Debtors

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

Balance at 31 March	2018	2019
	£'000	£'000
Central government bodies	6,342	12,177
Other local authorities	29	44
NHS bodies	1,045	170
Collection Fund	11,384	13,598
Other entities and individuals	16,239	8,394
Payments in Advance	9,147	6,769
Sub-total	**44,186**	**41,152**
Loss allowance / Debtor Impairment	(14,823)	(15,762)
Net Debtors	**29,363**	**25,390**

22. Short-Term Creditors

Balance at 31 March	2018	2019
	£'000	£'000
Central government bodies	(7,381)	(2,897)
Other local authorities	(1,134)	(635)
NHS bodies	(598)	(288)
Collection Fund	(9,285)	(11,615)
Other entities and individuals	(25,491)	(25,414)
Receipts in advance	(10,493)	(10,749)
Total	**(54,382)**	**(51,598)**

23.Provisions

Insurance

The provision is in respect of employers and public liability claims where incidents have already taken place but the claims have yet to be settled. The provision is based on the total of the individual claim "reserves" estimated by the Council's loss adjusters. It includes a provision for outstanding Municipal Mutual Insurance (MMI – relating to old Mesothelioma claims) claims that are now becoming certain that payment will be necessary in future.

Capitalised Landfill

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

Rates Appeals

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

Other

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

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

2018/19	**Insurance**	**Landfill**	**Rates Appeals**	**Other**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Balance Outstanding at start of year	**(2,154)**	**(2,925)**	**(6,265)**	**(123)**	**(11,467)**
Additional provisions made	(908)	0	(1,502)	(713)	(3,123)
Amounts used	568	67	0	0	635
Balance outstanding at year end	**(2,494)**	**(2,858)**	**(7,767)**	**(836)**	**(13,955)**
Relating to short-term	(1,418)	0	0	0	(1,418)
Relating to long-term	(1,076)	(2,858)	(7,767)	(836)	(12,537)

24.Capital Adjustment Account

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

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

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

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

	2017/18 £'000	2018/19 £'000
Balance at 1 April	**(341,113)**	**(346,524)**
Reversal of capital related items debited or credited to the CIES:		
Charges for depreciation of noncurrent assets	36,169	38,342
Charges for impairment of noncurrent assets	13,992	40,286
Depreciation written back On Reclassification	(255)	(529)
Depreciation written back on disposals	(1,339)	(3,582)
Depreciation written back on general gain/loss	(3,283)	(1,206)
Revenue expenditure funded from capital under statute	1,879	4,655
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	21,826	79,673
Application of the HRA debt	(5,000)	(5,000)
	63,989	**152,639**

CAA continued	2017/18 £'000	2018/19 £'000
Adjusting amounts written out of the Revaluation Reserve	(8,405)	(26,123)
Deferred Receipts	7	0
Use of the Capital Receipts Reserve to finance new capital expenditure	(3,605)	(4,058)
Use of the Major Repairs Reserve to finance new capital expenditure	(22,755)	(13,547)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(3,222)	(5,224)
Application of grants to capital financing from the Capital Grants Unapplied Account	(22,600)	(21,530)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(532)	(693)
PFI Finance Lease Liability MRP	(838)	(806)
Voluntary provision for financing of capital expenditure	0	0
Capital expenditure charged against the General Fund and HRA balances	(8,203)	(6,903)
Movement in the market value of investments	753	(538)
	(69,400)	**(79,422)**
Balance at 31 March	**(346,524)**	**(273,307)**

25. Revaluation Reserve

The Revaluation Reserve contains gains made by the Authority arising from increases in the value of its non-current assets. The balance is reduced when assets with accumulated gains are:

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

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

	2017/18 £'000	2018/19 £'000
Balance at 1 April	**(374,848)**	**(432,910)**
Revaluation of assets in asset table note	(33,944)	(42,667)
Revaluation of held for sale assets	(20)	0
Depreciation added back on revaluation	(32,503)	(15,919)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	**(66,467)**	**(58,586)**
Adjustments against historic cost	4,936	5,196
Accumulated gains on assets sold or scrapped	3,469	20,927
Balance at 31 March	**(432,910)**	**(465,373)**

26.Pensions Reserve

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

	2017/18 £'000	2018/19 £'000
Balance at 1 April	**291,868**	**259,709**
Remeasurement of the net defined benefit liability	(50,859)	16,678
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	18,700	14,527
Balance at 31 March	**259,709**	**290,914**

Statutory arrangements, however, require a benefit earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. Note 32 contains more detail on the pension fund.

27.Collection Fund Adjustment Account

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

	2017/18 £'000	2018/19 £'000
Balance at 1 April	**(1,646)**	**(2,021)**
Amount by which council tax income credited to the CIES is different from council tax income calculated under statute	1,057	(892)
Amount by which business rates income credited to the CIES is different from business rates income calculated under statute	(1,432)	1,368
Balance at 31 March	**(2,021)**	**(1,545)**

28.Balances of Other Unusable Reserves

	2017/18 £'000	2018/19 £'000
Deferred Capital Receipts	(1,247)	(1,245)
Assets Held For Sale Reserve	261	0
Pooled Investment Funds Adjustment Account	0	31
Sub Total	**(986)**	**(1,214)**

29.Leases

Authority as Lessee

Finance Leases

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

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

	2017/18	2018/19
Finance Lease Liabilities	**£'000**	**£'000**
- Current	(1,724)	(1,923)
- Non-current	(49,556)	(47,633)
Finance Cost Payable in Future Years	(114,597)	(105,511)
Minimum lease payments	**(165,877)**	**(155,067)**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	2017/18	**2018/19**	**2017/18**	**2018/19**
	£'000	**£'000**	**£'000**	**£'000**
Not later than one year	10,810		(1,724)	(1,923)
Later than 1 not later than 5	55,374		(12,112)	(13,420)
Later than 5	99,693		(37,444)	(34,213)
	165,877		**(51,280)**	**(49,556)**

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

Operating Leases

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

	2017/18	2018/19
	£'000	**£'000**
Not later than one year	2,108	1,668
Later than one year not later than five	2,153	1,099
Total	**4,261**	**2,767**
The charge to services is:		
Minimum lease payments (total above)	4,261	2,767
Sublease payments receivable	(3,971)	(2,653)
Charge to services	**290**	**114**

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

Authority as Lessor

Finance Leases

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

Operating Leases

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

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

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

	2017/18	2018/19
	£'000	**£'000**
Not later than one year	5,072	4,623
Later than one year and not later than five	18,065	16,331
Later than five years	4,620	3,548
Total Payments Due	**27,757**	**24,502**

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

30.Private Finance Initiatives and Similar Contracts

Schools PFI Scheme

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

As the Council is deemed to control the services that are provided under its PFI scheme and as ownership of the schools will pass to the council at the end of the contracts, the council carries the PPE used under the contracts on the Balance Sheet. Assets are transferred out if a PFI schools changes to academy status. There are no known implications to the accounting model, or impact of onerous contracts, from agreed academy transfers that have taken place.

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

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

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

PFI assets are accounted for on the Council's balance sheet at fair value with a related finance lease liability. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 15. The income and expenditure account now has the unitary charge payment split between service costs, interest, capital lease repayment and contingent rents. Revised MRP policy allows for PFI liability costs of the lease repayment to be funded from capital receipts, permissible under regulations.

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

	2017/18	2018/19
	£'000	£'000
Opening Balance	(52,810)	(51,280)
Unitary Charge Paid	11,324	11,377
Expenditure / Financing Cost	(9,794)	(9,653)
Closing Balance	**(51,280)**	**(49,556)**

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	2018			2019		
	Service Charges	Interest	Liability	Service Charges	Interest	Liability
	£'000	£'000	£'000	£'000	£'000	£'000
Within 1 Year	3,738	5,916	1,724	3,792	5,717	(1,923)
Within 2 - 5 Years	15,538	21,429	9,123	15,773	20,376	(10,189)
Within 6 - 10 Years	21,855	19,571	17,716	22,821	17,527	(19,179)
Within 11 - 15 Years	21,939	7,280	22,717	16,946	4,659	(18,265)
	63,070	**54,196**	**51,280**	**59,332**	**48,279**	**(49,556)**

31.Pensions Schemes Accounted for as Defined Contribution Schemes

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

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

In 2018/19, the council paid £678k to Teachers' Pensions in respect of teachers' retirement benefits, representing 16.5% of pensionable pay. The figures for 2017/18 were £613k and 16.5%.

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

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

The Authority is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

32.Defined Benefit Pension Schemes

Participation in Pension Schemes

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

The authority participates in two post-employment schemes:

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

The Council paid an employer's contribution of £12.8m (£11.9m in 2017/18) into Wiltshire Council's Pension Fund. Wiltshire Council manages the fund, which provides participants with defined benefits relating to pay and service. This represented 21% of employees' pensionable pay including some lump sum payments. The basic contribution rate to cover the cost of on-going pensions was 20.4% for General Fund staff, with the additional lump sum payments being paid to reduce the deficit on the Pension Fund.

The Fund's Actuary, based on triennial actuarial valuations, determines the contribution rate. The last review was as at 31 March 2016. Future contribution rates are set so that fund assets should be sufficient to meet 100% of the overall liabilities of the fund over time; however, the current position of the pension fund is that it is not fully funded. Though a significant liability, the Council can meet the proportion applicable.

Transactions Relating to Post-employment Benefits

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

IAS19 Summary Disclosures Through The CIES	**2017/18 £'000**	**2018/19 £'000**
Within Net Cost of Service:		
Current service cost	30,825	29,862
Non-Distributed cost/(benefit) (impact of past service costs and settlements and curtailments)	473	(2,124)
Within Net operating Expenditure:		
Interest cost	7,429	6,841
Within Reserves Movement:		
Movement on Pensions Reserve	(18,700)	(14,527)
Actual Amount Charged Against Council tax for the Year:		
Employer's contributions payable to the scheme	(20,027)	(20,052)
Net effect on Council Tax of IAS19 adjustments	0	0

The principal assumptions used by the actuary have been:

Assumptions as at 31 March	**2018**	**2019**
Pension Increase Rate (CPI)	2.4%	2.5%
Salary Increase Rate	2.7%	2.8%
Discount Rate	2.6%	2.4%

Change in Assumptions at 31 March	Approximate % Increase to Employer	Approximate Monetary Amount £
0.5% decrease in Real Discount Rate	10%	97,082
0.5% increase in the salary increase rate	1%	9,217
0.5% increase in the pension increase rate	9%	86,606
The average future life expectancies at age 65 , in years	**Male**	**Female**
Current Pensioners	22.5	24.9
Future Pensioners	24.1	26.7

Commutation Adjustment

An allowance is included for future retirements to elect to take a percentage of the maximum additional tax-free cash up to HMRC limits. There are different rates for pre- (50%) and post (75%) - April 2008 service.

Basis for Estimating Assets and Liabilities

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

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

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £969.8m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance of £290.9m. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due)
- Finance is only required to be raised to cover discretionary benefits when pensions are paid
- The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2020 is £18.5m.

Reconciliation of present value of the scheme liabilities:

	Asset £'000	Obligation £'000	2018 Net £'000	Asset £'000	Obligation £'000	2019 Net £'000
Fair Value of Employer Assets	584,980	(857,239)	**(272.259)**	631,475	(872,372)	**(240,897)**
Present Value of Liabilities	-	(19,609)	**(19,609)**	-	(18,812)	**(18,812)**
Opening Position 1 April	**584,980**	**(876,848)**	**(291,868)**	**631,475**	**(891,184)**	**(259,709)**
Current Service Cost	-	(30,825)	**(30,825)**	-	(29,862)	**(29,862)**
Past Service (Costs) / Gains	-	(634)	**(634)**	-	(170)	**(170)**
Effect of Settlements	(396)	557	**161**	(5,110)	7404	**2,294**
Total Service Cost	**(396)**	**(30,902)**	**(31,298)**	**(5,110)**	**(22,628)**	**(27,738)**
Interest Income on plan assets	14,578	-	**14,578**	16,319	-	**16,319**
Interest cost on obligation	-	(22,007)	**(22,007)**	-	(23,160)	**(23,160)**
Total Net Interest	**14,578**	**(22,007)**	**(7,429)**	**16,319**	**(23,160)**	**(6,841)**
Total Cost Recognised in Profit/(Loss)	**14,182**	**(52,909)**	**(38,727)**	**11,209**	**(45,788)**	**(34,579)**
Plan participant contributions	4,882	(4,882)	**0**	4,857	(4,857)	**0**
Employer contributions	18,875	-	**18,875**	18,891	-	**18,891**
Contributions for Unfunded Benefits	1,152	-	**1,152**	1,161	-	**1,161**
Benefits Paid	(25,761)	25,761	**0**	(24,337)	24,337	**0**
Unfunded Benefits Paid	(1,152)	1,152	**0**	(1,161)	1,161	**0**
Expected Closing Position	**597,158**	**(907,726)**	**(310,568)**	**642,095**	**(916,331)**	**(274,236)**
Change in demographic assumptions	-	-	**0**	-	-	**0**
Change in financial assumptions	-	16,513	**16,513**	-	(53,409)	**(53,409)**
Other experience	-	29	**29**	-	(62)	**(62)**
Return on assets excluding interest	34,317	-	**34,317**	36,793	-	**36,793**
Total Re-measurements in Other Income	**34,317**	**16,542**	**50,859**	**36,793**	**(53,471)**	**(16,678)**
Sub-Total	**631,475**	**(891,184)**	**(259,709)**	**678,888**	**(969,802)**	**(290,914)**
Fair Value of Employer Assets	631,475	-	**631,475**	678,888	-	**678,888**
Present Value of Funded Liabilities	-	(872,372)	**(872,372)**	-	951,372	**(951,372)**
Present Value of Unfunded Liabilities	-	(18,812)	**(18,812)**	-	18,430	**(18,430)**
Closing Position 31 March	**631,475**	**(891,184)**	**(259,709)**	**678,888**	**(969,802)**	**(290,914)**

Fair Value of Employer Assets

Asset Category	Quoted Prices	Non-Quoted Prices	Total 2018		Quoted Prices	Non-Quoted Prices	Total 2019	
Equity Securities:	**£'000**	**£'000**	**£'000**	**%**	**£'000**	**£'000**	**£'000**	**%**
Consumer	13,109	-	**13,109**	2%	14,093	-	**14,093**	2%
Manufacturing	9,761	-	**9,761**	2%	10,493	-	**10,493**	2%
Financial Institutions	1,785	-	**1,785**	0%	1,919	-	**1,919**	0%
Health Care	2,824	-	**2,824**	0%	3,036	-	**3,036**	0%
Information Technology	64,844	-	**64,844**	10%	69,712	-	**69,712**	10%
Other	5,278	-	**5,278**	1%	5,675	-	**5,675**	1%
Real estate:								
UK Property	-	66,229	**66,229**	11%	-	71,201	**71,201**	11%
Overseas Property	-	14,428	**14,428**	2%	-	15,512	**15,512**	2%
Investment Funds & Unit Trusts:								
Equities	-	332,242	**332,242**	53%	-	357,188	**357,188**	53%
Bonds	-	103,374	**103,374**	16%	-	111,136	**111,136**	16%
Hedge Funds	-	-	**-**	0%	-	-	**-**	0%
Commodities	-	-	**-**	0%	-	-	**-**	0%
Infrastructure	-	11,151	**11,151**	2%	-	11,988	**11,988**	2%
Other	-	1,759	**1,759**	0%	-	1,891	**1,891**	0%
Derivatives:								
Foreign Exchange	-	-	**-**	0%	-	-	**-**	0%
Other	-	-	**-**	0%	-	-	**-**	0%
Cash / Cash Equivalents	4,692	-	**4,692**	1%	5,044	-	**5,044**	1%
Total	**102,292**	**529,183**	**631,475**	**100%**	**109,972**	**568,916**	**678,888**	**100%**

33.Financial Instruments

Categories of Financial Instruments

The following table shows the reclassification of closing 31/3/18 balances of financial instruments to the new categories and then identifies component balances.

Previous classifications:	Carrying amount brought forward at 1 April £000s	Amortised cost £000s	Fair value through other comprehensive income £000s	Fair value through profit and loss £000s
Loans and receivables	46,158	46,158	0	0
Available for Sale	14,739	0	0	14,739
Fair value through profit and loss	(368,652)	(368,652)	0	0
Reclassified amounts at 1 April 2018	**(307,755)**	**(322,494)**	**0**	**14,739**
Remeasurement at 1 April 2018		0	0	0
Remeasured carrying amounts at 1 April 2018	**(307,755)**	**(322,494)**	**0**	**14,739**

	Amortised Cost £000s	Fair Value through Other Comprehensive Income £000s	Fair value through profit and Loss £000s	Total Balance Sheet carrying amount £000s
Remeasured carrying amounts at 1 April 2018	**(322,494)**	**0**	**14,739**	**(307,755)**
Non-current investments	0	0	14,739	**14,739**
Current investments	15,000	0	0	**15,000**
Current debtors	8,693	0	0	**8,693**
Cash & Cash Equivalent Investment	22,465	0	0	**22,465**
PWLB Borrowing	(287,755)	0	0	**(287,755)**
Other borrowing	(28,000)	0	0	**(28,000)**
PFI	(51,280)	0	0	**(51,280)**
Other liabilities	(1,617)	0	0	**(1,617)**
Classification at 1 April 2018	**(322,494)**	**0**	**14,739**	**(307,755)**

The Authority's Treasury strategy is mainly to borrow or invest in Government institutions or highly credit-rated financial organisations. The reclassification of Financial Instruments under the 2018/19 Code has had no impact on the balances sheet values of assets/liabilities. The majority of instruments were, and remain, carried at amortised cost, whilst the Property Fund is still carried at fair value (through profit and loss). The statutory override until 2024/25 requires any gain/loss on revaluation of the Property Fund to be cleared to a Pooled Investments Adjustment Account and therefore any revaluation currently has no general fund impact.

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

	Non-Current 31st March 2018 £'000	Non-Current 31st March 2019 £'000	Current 31st March 2018 £'000	Current 31st March 2019 £'000
Amortised Cost				
Investments	0	0	15,000	14,000
Debtors	0	0	8,693	8,267
Cash & Cash Equivalents	0	0	22,465	35,250
Fair value through profit and Loss				
Property Fund Investment	14,739	14,968	0	0
Total Financial Assets	**14,739**	**14,968**	**46,158**	**57,517**
Borrowings				
Financial liabilities PWLB	(266,254)	(294,753)	(1,501)	(1,501)
Financial liabilities Money Market	(20,000)	(30,000)	0	0
Financial liabilities Other Temporary Borrowing	(10,000)	0	(18,000)	(15,000)
Creditors	0	0	(142)	0
Other Long Term Liabilities	(1,475)	(1,690)	0	0
PFI	(49,556)	(47,633)	(1,724)	(1,923)
Total Financial Liabilities	**(347,285)**	**(374,076)**	**(21,367)**	**(18,424)**
Loans to group companies not included within loans and receivables asset section above needed to be included to reconcile to balance sheet total long term investments	15,145	16,106		

Income, Expense, Gains and Losses

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

Fair Values of Assets and Liabilities

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

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	Basis of valuation	As at 31/3/18	As at 31/3/19
Available for Sale				£'000	£'000
Property Fund Investment	Level 2	Observable inputs for the sales value of the asset	Evaluated prices provided by Fund management services.	14,739	14,968
Total				**14,739**	**14,968**

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

	2017/18 £'000	2018/19 £'000
Opening Balance	14,071	14,739
Transfer In	0	0
Gain/(Loss) to Other Operating Income (reversed to Asset Held for Sale Reserve)	668	229
Closing Balance	**14,739**	**14,968**

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

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

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

Balance at 31 March	2018		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
PWLB Long Term Creditors	(266,254)	(296,029)	(294,753)	(332,070)
PWLB Short Term Creditors	(1,501)	(5,530)	(1,501)	(3,915)
Non-PWLB Long Term Creditors	(10,000)	(12,898)	0	0
Non-PWLB Short Term Creditors	(18,000)	(18,000)	(15,000)	(15,000)
LOBO / Money Market	(20,000)	(30,735)	(30,000)	(44,446)
PFI Liability	(51,280)	(91,854)	(49,556)	(88,333)
Loans and Receivables	15,000	15,000	14,000	14,000

The fair value of Public Works Loan Board (PWLB) loans of £332.070m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date, which has been assumed as the new borrowing rates available from the PWLB. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates. However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, termed the PWLB Certainty interest rates.

A supplementary measure of the fair value as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the PWLB redemption interest rates. If a value is calculated on this basis, the carrying amount of £294.753m would be valued at £382.461m. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge, based on the redemption interest rates, for early redemption of £46.475m for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £428.936m.

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

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

34.Nature and Extent of Risks Arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks where there is the possibility that:

- Credit risk – other parties might fail to pay amounts due to the Authority
- Liquidity risk – the Authority might not have funds available to meet its commitments to make payments
- Market risk – 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 instruments carried by the Authority are such that they have no lifetime expected credit loss applied as they are either held with government institutions, are highly credit-rated with non-material risk or are consolidated under the group. Short-term debtors held at amortised cost are assessed and the balance of debtor impairment can be seen in note 21.

The Authority's maximum exposure to credit risk at 31 March, in relation to its investments in banks and building societies of £15m, cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of not being able to recover funds applies to all of the Authority's deposits, but there was no evidence at the 31 March that this was likely to crystallise.

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

	2017/18 - £'000	**2018/19 - £'000**
Less than three months	3,253	3,998
Three to six months	541	732
Six months to one year	1,183	950
More than one year	2,611	2,592
Total	**7,588**	**8,272**

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:

	2017/18	**2018/19**
	£'000	**£'000**
Less than one year	19,501	16,501
Between one and two years	1,501	11,501
Between two and five years	34,053	26,053
More than five years	66,982	84,182
Over ten years	193,718	203,017
Total	**315,755**	**341,254**

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

Market Risk

Interest Rate Risk

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

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

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

Disclosures Relating to the Cashflow Statement

35.Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:	2017/18 £'000	2018/19 £'000
Interest received	3,140	2,600
Interest paid	(16,858)	(16,985)
Total	**(13,718)**	**(14,385)**
The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:		
Depreciation	34,575	34,231
Impairment and downward valuations	10,709	39,080
Increase/(decrease) in creditors	10,006	(4,920)
(Increase)/decrease in debtors	(2,599)	4,806
Increase/(decrease) in inventories	98	(80)
Pension Liability Movement	18,700	14,527
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	21,826	80,472
Other non-cash items charged to the net surplus or deficit on the provision of services, mainly relating to pension adjustments	1,808	2,149
Total	**95,123**	**170,265**
The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:		
Proceeds from the sale of property, plant and equipment, intangible assets and investment assets	(10,660)	(14,623)
Any other items for which the cash effects are investing or financing cash flows, mainly relating to capital grants	(28,120)	(30,357)
Total	**(38,780)**	**(44,980)**

36. Cash Flow Statement – Investing Activities

	2017/18 £'000	2018/19 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(67,977)	(67,322)
Purchase of short-term and long-term investments	(33,922)	(33,309)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	11,963	14,625
Proceeds from short-term and long-term investments	46,421	33,118
Other payments / receipts from investing activities, mainly capital grants for funding capital	25,974	32,471
Net cash flow from Investing Activities	**(17,541)**	**(20,417)**

37.Cash Flow Statement – Financing Activities

	2017/18 £'000	2018/19 £'000
Cash receipts of short- and long-term borrowing	105,000	162,960
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(1,530)	(1,724)
Repayments of short- and long-term borrowing	(87,501)	(137,461)
Collection Fund & Other receipts / (payments) for financing activities	3,219	96
Net cash flow from Financing Activities	**19,188**	**23,871**

General Disclosures

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

The following accounting standards have been issued that will be applied in the Code in the following year: Amendments to IAS 40 Investment Property: Transfers of Investment Property, Annual Improvements to IFRS Standards 2014-2016 Cycle, IFRIC 22 Foreign Currency Transactions and Advance Consideration, IFRIC 23 Uncertainty over Income Tax Treatments, Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation. None of these standards are expected to impact on the 2019/20 statements.

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

39.Critical Judgements in Applying Accounting Policies

Despite the publication of a four year funding settlement for local government in December 2015, there remains uncertainty about future levels of funding for individual local authorities, which is heightened by the continued position around Brexit. The Authority has determined that this uncertainty is not sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision. The Authority continues to review service provision and whether all services currently provided should continue to be provided.

The Authority is deemed to control the services provided under the agreement for school provision in seven PFI schools and also to control the residual value of the buildings at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the schools are recognised as Property, Plant and Equipment on the Authority's Balance Sheet. However, with on-going transfers of schools to Academy status, the authority is left with no relevant asset, but still holds the long-term liability. Schools are charged each year for their own contribution to the PFI costs, both before and after Academy transfer where relevant. As the schools continue to contribute their share of funding, there is no indicator that this change results in an onerous contract.

In its role as a local education authority the Council oversees a range of Voluntary Aided (three schools) and Voluntary Controlled (one school) schools. The different form of school affects the make-up of their governing body, the admissions policy, funding arrangements and the legal ownership of assets. From consideration of the information available it has been concluded that the limited involvement of the Authority with the schools gives no control around school operations, and additionally its lack of ownership of the school assets results in the local position being that such school assets should be off balance sheet.

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

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

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

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

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

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

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

40.The Impact of Prior Period Adjustments

There have been no prior period adjustments to these accounts but Financial Instrument category opening balances have been restated as required by the Code.

41. Assumptions Made About the Future & Other Major Sources of Estimation Uncertainty

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

Item	Uncertainties	Effect if Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Assets are valued based on estimates and assumptions at a point in time but market conditions can fluctuate.	If useful lives of assets reduce, depreciation increases and the net book value falls. Assets may be under or over-valued but should be within valuation tolerances acceptable to valuers. If the value of the Council's operational land and building were to reduce by 10%, this would result in a charge to the CIES of approximately £85m.
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.
Loss Allowance (Debtor Impairment)	The amount that will be collected from debtors is based on a range of estimates and assumptions depending on the debtor type.	If collections are greater than assumptions then more income will be received, or returns on investments obtained, the reverse if less collected. If collection rates are over/under estimated then charges to the revenue account will also be over/understated.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements, advised by actuaries, relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on fund assets.	Changes to the pension liability can be complex with a variety of items that may cause impact on the balance sheet or revenue statement with either a positive or negative change. Sensitivity analysis on the liability assumptions is shown below.

	Est. % Liability increase	Est. value(£000)
0.5% decrease in Real Discount Rate	10%	97,082
0.5% increase in the Salary Increase Rate	1%	9,217
0.5% increase in the Pension Increase Rate	9%	86,606

42.Events after the Balance Sheet Date

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

43.Related Parties

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

Central Government

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

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid is shown in Note 8. Members have completed an annual declaration of any possible related party situation and transactions with them. There are no significant transactions identified.

Officers

Officers of the Council have also made an annual declaration involving related parties. There are no significant transactions identified.

Controlled Companies

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

Company	**PPSL**	**Common Farm**	**Chapel Farm**	**Housing Dev. Co.**
Payments	(5,846)	0	0	0
Receipts	712	177	420	420
Loan Balances	9,330	2,913	2,973	577

Entities Controlled or Significantly Influenced by the Authority

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

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

The Council is responsible as Trustee for a range of small charitable funds, totalling £735k over eighteen Funds. Internal interest is applied to the balances held by the Council's Treasury service, whilst the direction of Trust Fund support is agreed by Council.

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

There were 38 maintained Community schools within the Council's group included within the single entity accounts. Such schools account for expenditure of £69.1m, income of £74.0m and reserve balances of £4.3m. This includes income and expenditure of schools that have transferred to academy status up until the point of transfer. Academies are outside the Council's control.

The Swindon Borough Council Group Accounts

Information Relating to Group Accounts

44.Long Term Investments

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

The authority has considered its relationship with key partners and has produced Group Accounts for consolidation of Public Power Solutions Ltd (PPSL), Common Farm Community Interest Company Plc (Common Farm), Chapel Farm Solar Ltd, and Swindon Housing Development Company Ltd only. Forward Swindon, though a wholly owned company, is excluded from consolidation on consideration of materiality. As a joint venture (JV) Wichelstowe LLP is not consolidated on a line by line basis but requires the relevant share of the net assets to be accounted for. There have been limited transactions during 2018/19 resulting in immaterial balances, but £300k of asset is held on the Council balance sheet which is equivalent to 50% of the net assets of the JV.

Public Power Solutions Limited (PPSL)

The Council wholly owns the PPSL Company at a notional shareholding value of £10. The company was created on 1st January 2010 (as Swindon Commercial Services), however, services providing waste, highways, catering, grounds, cleaning and buildings services reintegrated back to the Council in 2013. The accounts and annual report of the company are held at Public Power Solutions Limited, Waterside, Darby Close, Cheney Manor, Swindon, Wiltshire, from which the figures below are extracted.

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

Forward Swindon Ltd (FSL)

The Council also incorporated a company on 17 March 2011 to help promote and develop the Swindon area, called Forward Swindon Ltd. This organisation is wholly owned by the Council but due to immateriality is not consolidated within the group statements that follow. It has been closed and has no balance sheet assets/liabilities as at 31/3/19.

Swindon Common Farm Solar Community Interest Company Plc

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

Swindon Chapel Farm Solar Ltd

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

Swindon Housing Development Company Limited

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

	PPSL		Forward Swindon	
	2017/18	2018/19	2017/18	2018/19
	£'000	£'000	£'000	£'000
Profit / (Loss) before taxation	(466)	(686)	177	743
Tax Adjustment	141	0	0	0
Profit / (Loss) after taxation	**(325)**	**(686)**	**177**	**743**
As at 31 March	**2018**	**2019**	**2018**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Net Balance Sheet Asset/(Liability)	**(3,274)**	**(3,960)**	**(743)**	**0**

	Common		Chapel		Housing Dev	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
	£'000	£'000	£'000	£'000	£'000	£'000
Profit / (Loss) before taxation	(98)	(70)	(127)	(52)	(151)	(139)
Tax Adjustment	3	(29)	24	(24)	29	32
Profit / (Loss) after taxation	**(95)**	**(99)**	**(103)**	**(76)**	**(122)**	**(107)**
As at 31 March	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Net Balance Sheet Asset/(Liability)	**(88)**	**(187)**	**(108)**	**(184)**	**(123)**	**(230)**

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

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

The Group Comprehensive Income and Expenditure Statement

Note	Continuing Operations	2017/18 Gross Expenditure £000	2017/18 Gross Income £000	2017/18 Net Expenditure £000	2018/19 Gross Expenditure £000	2018/19 Gross Income £000	2018/19 Net Expenditure £000
	Resources	88,943	(71,282)	17,661	79,353	(73,837)	5,516
	Economy	6,989	(6,696)	293	16,342	(8,365)	7,977
	Children Services	41,866	(7,608)	34,258	56,578	(7,754)	48,824
	Adult Services	109,982	(39,463)	70,519	107,615	(39,630)	67,985
	Communities and Place	70,188	(29,386)	40,802	79,530	(33,294)	46,236
	DSG Commissioning	121,427	(113,348)	8,079	124,152	(109,870)	14,282
	Housing Revenue Account	52,752	(50,052)	2,700	64,883	(49,427)	15,456
	Surplus / Deficit on All Services	**492,147**	**(317,835)**	**174,312**	**528,453**	**(322,177)**	**206,276**
	Other operating expenditure (group income tax)			19,762			72,564
49	Financing and investment income and expenditure			22,306			20,336
	Taxation and non-specific grant income			(177,863)			(182,275)
	Group taxation			(197)			21
	(Surplus) / Deficit on Provision of Services			**38,320**			**116,922**
	(Surplus) / deficit on revaluation of Property, Plant and Equipment			(66,467)			(58,586)
	Re-measurements on pension assets / liabilities			(50,859)			16,678
	Other Comprehensive Income and Expenditure			**(117,326)**			**(41,908)**
	Total Comprehensive Income and Expenditure			**(79,006)**			**75,014**

The Group Movement in Reserves Statement

2018/19	General Fund Balance	HRA	Earmarked GF Reserves	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Reserves of Group Entities	Group Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April	**(6,000)**	**(10,300)**	**(49,420)**	**(1,141)**	**(9,617)**	**(6,373)**	**(22,204)**	**(105,055)**	**(522,734)**	**(627,789)**	**3,593**	**(624,196)**
Surplus /deficit on provision of services	90,189	26,733	-	-	-	-	-	116,922	-	**116,922**		**116,922**
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(41,908)	**(41,908)**	-	**(41,908)**
Total Comprehensive Income and Expenditure	**90,189**	**26,733**	**0**	**0**	**0**	**0**	**0**	**116,922**	**(41,908)**	**75,014**	**0**	**75,014**
Adjustments between Group and Authority accounts	(968)	-	-	-	-	-	-	(968)	-	**(968)**	968	**0**
Net increase before transfers	**89,221**	**26,733**	**0**	**0**	**0**	**0**	**0**	**115,954**	**(41,908)**	**74,046**	**968**	**75,014**
Adjustments between accounting basis & funding basis under regulations	(80,833)	(26,875)	-	-	(6,225)	3,419	(3,603)	(114,117)	114,117	**0**	-	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	**8,388**	**(142)**	**0**	**0**	**(6,225)**	**3,419**	**(3,603)**	**1,837**	**72,209**	**74,046**	**968**	**75,014**
Transfers to/from Earmarked Reserves	(8,975)	142	7,450	(141)	1,524	-	-	-	-	**0**	-	**0**
Increase/Decrease in year	**(587)**	**0**	**7,450**	**(141)**	**(4,701)**	**3,419**	**(3,603)**	**1,837**	**72,209**	**74,046**	**968**	**75,014**
Balance at 31 March	**(6,587)**	**(10,300)**	**(41,970)**	**(1,282)**	**(14,318)**	**(2,954)**	**(25,807)**	**(103,218)**	**(450,525)**	**(553,743)**	**4,561**	**(549,182)**

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

The Group Balance Sheet

Note		31 March 2018 £000	31 March 2019 £000
47	Property, Plant & Equipment	1,218,184	1,186,907
	Investment property	8,475	9,013
	Heritage	29,000	29,200
	Intangible Assets	13	28
	Long term investments	14,741	15,282
	Long Term debtors	1,443	1,439
	Deferred Tax on Group Undertakings	0	0
	Total Non-Current Assets	**1,271,856**	**1,241,869**
	Short term investments	15,000	14,000
	Inventories & Work in Progress	2,697	1,730
	Short term debtors	30,294	26,471
	Cash & Cash equivalents	24,595	36,324
	Assets held for sale (current)	0	5,658
	Current Assets	**72,586**	**84,183**
	Short term borrowing	(19,738)	(16,643)
	Short term creditors	(58,931)	(54,485)
	Provisions (short term)	(1,160)	(1,418)
	Current Liabilities	**(79,829)**	**(72,546)**
	Long term borrowing	(296,254)	(324,753)
	Long term creditors	(54,792)	(52,615)
	Provisions (long term)	(10,307)	(12,537)
	Pension Asset/Liability	(259,709)	(290,914)
	Capital Grants receipts in advance	(19,355)	(23,505)
	Non-Current Liabilities	**(640,417)**	**(704,324)**
	Net Assets	**624,196**	**549,182**
	Usable Reserves of Group	(101,462)	(98,657)
	Unusable Reserves of authority only	(522,734)	(450,525)
	Total Reserves	**(624,196)**	**(549,182)**

The Group Cash flow Statement

Note		2017/18 £'000	2018/19 £'000
	Net surplus or (deficit) on the provision of services	(38,320)	(116,923)
	Adjustments to net surplus or deficit on the provision of services for non-cash movements	97,145	169,875
	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(37,958)	(44,061)
	Net cash flows from Operating Activities	**20,867**	**8,891**
	Investing Activities	(16,076)	(20,622)
	Financing Activities	15,541	23,469
	Net increase or decrease in cash and cash equivalents	**20,332**	**11,738**
	Cash and cash equivalents at the beginning of the reporting period	4,263	24,586
	Cash and cash equivalents at the end of the reporting period	**24,595**	**36,324**

45. Group Property, Plant & Equipment

2018/19	Council Dwellings	Other Land and Buildings	Vehicles, Plant, & Equipment	Infra-structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE
Cost or Valuation	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
1st April 2018	**472,285**	**509,031**	**62,587**	**224,322**	**17,572**	**41,615**	**32,531**	**1,359,943**
Additions	18,566	23,422	1,747	13,254	101	375	13,157	**70,622**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	8,355	28,340	-	-	-	5,772	-	**42,467**
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(29,903)	(10,324)	-	-	-	(59)	-	**(40,286)**
Derecognition – disposals	(12,921)	(65,766)	(86)	-	-	(985)	-	**(79,758)**
Reclassification	20,721	(6,178)	-	12,214	-	538	(33,734)	**(6,439)**
31st March 2019	**477,103**	**478,525**	**64,248**	**249,790**	**17,673**	**47,256**	**11,954**	**1,346,549**
Accumulated Depreciation and Impairment								
1st April 2018	**(2,531)**	**(14,263)**	**(41,113)**	**(83,655)**	**0**	**(197)**	**0**	**(141,759)**
Depreciation charge	(10,129)	(12,511)	(3,134)	(13,210)	-	(173)	-	**(39,157)**
Depreciation w/b on Revaluation	9,357	6,507	-	-	-	55	-	**15,919**
Depreciation written to/from the CIES	-	1,728	-	-	-	(522)	-	**1,206**
Depreciation written to/from the CIES - Reclassifications	-	503	-	-	-	26	-	**529**
Derecognition – disposals	771	2,808	39	-	-	2	-	**3,620**
31st March 2019	**(2,532)**	**(15,228)**	**(44,208)**	**(96,865)**	**0**	**(809)**	**0**	**(159,642)**
Net Book Value								
1st April 2018	**469,754**	**494,768**	**21,474**	**140,667**	**17,572**	**41,418**	**32,531**	**1,218,184**
31st March 2019	**474,571**	**463,297**	**20,040**	**152,925**	**17,673**	**46,447**	**11,954**	**1,186,907**

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

ACCOUNTING POLICIES

a) General Principles

The Statement of Accounts for Swindon Borough Council are prepared and published in accordance with the Accounts and Audit Regulations 2015 and the latest Code of Practice on Local Authority Accounting in the United Kingdom (“the Code”) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). Any divergence form the Code is noted where applicable. The Code is based on International Financial Reporting Standards, as adapted for the UK public sector. The Accounts are prepared under a going concern and modified historical cost basis.

b) Revenue recognition and Accruals of Income and Expenditure

Transactions are accrued into the period that rights and obligations are transferred, or performance obligations are met, except for immaterial items or where cyclical payments include twelve months’ worth of charges, but not necessarily Apr-Mar.

d) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable within24 hours. Cash equivalents are readily convertible investments that mature within one month of acquisition.

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

Unless changes from the Code require otherwise, when a prior period adjustment is made due to a change in accounting policy, or from correcting material errors, it is applied retrospectively by adjusting opening balances and comparatives.

f) Charges to Revenue for Non-Current Assets

Services making use of long term assets will be charged with an amount for the assets' depreciation, and revaluation and impairment losses where no accumulated gains exists.

These transactions are not charged against council tax, but reversed out to the capital adjustment account through the movement in reserves statement. The minimum revenue provision charge represents the Council's payment to reduce its borrowing.

g) Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages, salaries, and paid annual leave for current employees.

Post-Employment Benefits

Employees of the Authority are members of The Teachers' Pension Scheme or the Local Government Pension Scheme. The schemes provide defined benefits earned as employees work for the Authority.

Arrangements for the teachers’ scheme, administered by the Teachers' Pensions Agency, mean that these liabilities cannot ordinarily be identified specifically to the Authority and is accounted for as if it was a defined contribution scheme, with no balance sheet liability.

The Local Government Pension Scheme

The Authority's liabilities of the Local Government scheme, administered by Wiltshire pension fund, are included in the Balance Sheet on an actuarial basis.

The change in the net pension liability is analysed into seven components of past service cost, interest cost, net interest on the defined benefit liability, gains or losses on settlements or curtailments, remeasurement and contributions paid to the pension fund.

Statutory provisions require the General Fund balance to be charged with the amount of retirement benefits payable by the Authority to the pension fund or directly to pensioners in the year. The movements on accounting entries for pensions are therefore reversed through the MiRS to/from the Pension Reserve.

Discretionary Benefits

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

h) Events after the Balance Sheet Date

Events after the Balance Sheet date are events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. They may provide evidence of conditions that existed at the balance sheet date which require the Statements to be adjusted, or indicate conditions that arose after the balance sheet date, where only disclosure is made if material.

i) Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the balances sheet when the authority becomes party to contractual provisions of a financial instrument. They are measured at fair value and carried at amortised cost, meaning the balance sheet typically contains balance for the outstanding principle repayable. Interest is charged to the CIES as per loan agreements.

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

The authority’s business model is to hold investments to collect contractual cash flows, i.e. there is no speculation on the capital appreciation of an investment to sell for a profit. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are initially measured at fair value and are subsequently measured at their amortised cost. Interest receivable is charged annually based on the asset carrying amount and effective interest rate. For the authority this means the balance sheet records the outstanding principal receivable and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The authority recognises expected credit losses on its financial assets either on a 12-month or lifetime basis. The authority uses the simplified approach for trade and lease receivables where a collective assessment is undertaken based upon an historic and professional understanding of the risk involved with different customers.

Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not significantly changed, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit of Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the quoted market price where instruments have a one, or where none exists the most advantage market or other cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

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

Level 3 inputs – unobservable inputs for the asset.

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

j) Government Grants and Contributions

Grants, contributions and donations are recognised as due to the Authority when there is reasonable assurance that any conditions will be complied with and the grants will be received.

Where monies are advanced but conditions have not been satisfied a creditor or receipt in advance is carried on the balance sheet, released to services in the CIES when conditions are met.

Capital grants credited to the CIES are reversed out of the General Fund to the Capital Grants Unapplied Reserve. When used in funding it is transferred to the Capital Adjustment Account.

l) Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

m) Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value. Such properties are not depreciated but revalued according to market conditions at the year-end. Gains and losses are transferred in and out of the CIES to the capital adjustment account or capital receipts reserve, if receipts are over £10,000.

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

n) Leases

Leases are either classified as finance leases, where the risks and rewards incidental to ownership substantially transfer from the lessor to the lessee, or as operating leases if not. Arrangements that may include the right to use an asset for a payment are accounted for under this policy where non-substitutable specific assets are involved.

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), plus or minus initial costs and premiums. Once on balance sheet it is accounted for under relevant polices for long term assets.

Lease payments are apportioned between an interest charge and a writing down of the lease liability.

Operating Leases

An operating lease is any lease other than a finance lease and rentals paid are charged 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, matched by the creation of a lease (long-term debtor) asset.

Lease rentals receivable are subsequently apportioned between writing down the lease asset and an interest receipt.

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 and rental income credited to the CIES.

p) Property, Plant and Equipment (PPE)

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 PPE is capitalised on an accruals basis, where probable that the associated future economic benefits or service potential 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 and any attributable costs of bringing the asset into use intended.

The measurement of cost for assets acquired other than by purchase is deemed to be its fair value.

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

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

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end. Valuations are carried out by internal valuers. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are initially accounted for by charging against any previously accumulated revaluation gains, or charging to services in the CIES if there are none.

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

The Authority carries out a rolling programme that ensures that all operational property is revalued at least every five years, with more frequent reviews for market valued assets. The valuers consider the impact of market changes to valuations and will revalue assets annually where evidence suggests carrying value is materially misstated. The de minimis level applied for balance sheet addition is £10,000. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. All valuations have been carried out by the Council's internal valuers, who are RICS qualified.

Impairment

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

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

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

Where an impairment loss is subsequently reversed, 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 its PPE, with the exception of non-depreciable land, community assets, investment properties and assets under construction.

Depreciation is charged for a full year, in the year of addition or revaluation, no depreciation is charged in the year of disposal.

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

Deprecation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property, 20 years for dwellings, or 20-70 years as estimated by the valuer for other operational assets
- Vehicles, plant, furniture and equipment – generally straight-line over five years (dependent on the assessed expected useful life)
- Infrastructure – straight-line allocation over twenty years.

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

Components

Each asset on the balance sheet is made up of possible components, some of which may have different life spans to others and which might be accounted for distinctly for depreciation purposes. Componentisation is applied to HRA Dwellings. Other assets that are valued over £5m and undergone activity in year would also be considered for componentisation where a components would form material elements of the asset.

Disposals and Non-current Assets Held for Sale

When it is probable an asset will be sold and is being actively marketed it is reclassified as an asset held for sale. Depreciation is not charged on this category of asset. If an asset no longer meets the criteria to be classed as held for sale they are transferred back to non-current assets and revalued accordingly.

When an asset is disposed of or decommissioned the carrying amount of the asset is written off to the CIES as part of the gain or loss on disposal. Receipts from disposals are credited to the same line (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 associated revaluation gains held 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 other assets) is payable to the Government. The balance of receipts received is credited to the Capital Receipts Reserve through the MiRS, and unless a statutory override exist, can only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow.

The carrying value of disposals written off to the CIES is not a charge against council tax but is reversed to the Capital Adjustment Account from the General Fund Balance in the MiRS.

Assets under Construction

These assets are in the process of being built, are not operational for use and do not have depreciation applied.

Heritage Assets

The Authority's Heritage Assets are mainly held in the Authority's Museums. The Museums contain a range of artistic, porcelain, locomotive and archaeological collections which are held for local knowledge, details of which can be found on the Council's related websites.

Heritage Assets follow the Authority's accounting policies on property, plant and equipment, however, rules for their measurement are relaxed and have been taken by reference to insurance valuations.

q) Private Finance Initiative (PFI) and Similar Contracts

As the Authority is deemed to control the services that are provided under its PFI scheme, 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 and accounts for them under relevant policies.

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.

The amounts payable to the PFI operators each year are analysed into elements for service charges, finance/interest costs and asset lifecycle replacement.

r) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires a payment to settle, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date.

Related payments are charged against the provision carried in the Balance Sheet. Where it becomes less than probable that an existing provision is needed at the current carrying value, the provision is reversed and credited back to the relevant service.

Contingent Liabilities

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

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 future events.

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

s) Reserves

The Authority sets aside specific amounts as useable reserves for future policy purposes or to cover contingencies. Reserves are created on the balance sheet by appropriating amounts out of the General Fund via the MiRS. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service and the reserve is then appropriated back into the General Fund.

t) Revenue Expenditure Funded from Capital under Statute

This represents expenditure incurred which ordinarily would be capitalised, but which does not result in the creation of a non-current asset for the Authority. It is charged as expenditure to the relevant service in the CIES but reversed to the capital adjustment account via the MiRS to be funded from capital resources.

v) Collection Fund / Agency Arrangements

The Collection Fund is a separate account that presents the amounts collected as income and the amounts paid out as precepts to precepting authorities. Within the balance sheet the Authority records on an agency basis the amounts that relate only to its own balances.

w) Interests in Companies and Other Entities

In the Authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost.

In the group accounts consolidation of Public Power Solutions Limited, Swindon Housing Development Company and Common & Chapel Solar Farms figures is by the acquisition method, on a line-by-line basis, using the companies' final accounts as the base detail for consolidation, using the accounting policies of the Authority, disclosing only material differences.

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

The Authority includes maintained schools within its single entity accounts as per the Code. For such schools their material assets are contained on the single entity balance sheet, and their income and expenditure transferred onto the Council general ledger at end of year for inclusion in the CIES.

Supplementary Statements

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

The Collection Fund

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

INCOME	2017/18 Business Rates £000	Council Tax £000	Total £000	2018/19 Business Rates £000	Council Tax £000	Total £000
Council Tax Receivable	-	(116,672)	(116,672)	-	(124,364)	(124,364)
Business Rates Receivable	(103,896)	-	(103,896)	(107,505)	-	(107,505)
	(103,896)	**(116,672)**	**(220,568)**	**(107,505)**	**(124,364)**	**(231,869)**
EXPENDITURE						
Apportionment of Previous Year Surplus						
Billing Authority	-	1,962	1,962	-	-	-
Fire Authority	-	112	112	-	626	626
Police Authority	-	269	269	-	33	33
	0	**2,343**	**2,343**	**-**	**79**	**79**
Precepts, Demands and Shares						
Central Government	48,329	-	48,329	52,739	-	52,739
Billing Authority	47,452	96,629	144,081	51,720	103,329	155,049
Fire Authority	967	5,051	6,018	1,055	5,300	6,355
Police Authority	-	12,183	12,183	-	13,287	13,287
	96,748	**113,863**	**210,611**	**105,514**	**121,916**	**227,430**
Charges to Collection Fund						
Less write offs of uncollectable amounts	955	363	1,318	818	100	918
Less : Increase / (Decrease) in Bad Debt Provision	(183)	1,378	1,195	73	559	632
Less : Increase / (Decrease) in Provision for Appeals	2,606	-	2,606	3,065	-	3,065
Less : Renewables	523	-	523	548	-	548
Less : Cost of Collection	266	-	266	263	-	263
	4,167	**1,741**	**5,908**	**4,767**	**659**	**5,426**
(Surplus) / Deficit arising during the year	(2,981)	1,275	(1,706)	2,776	(1,051)	1,725
(Surplus) / deficit brought forward 1st April	(332)	(1,723)	(2,055)	(3,313)	(447)	(3,760)
(Surplus) / deficit carried forward 31st March	**(3,313)**	**(448)**	**(3,761)**	**(537)**	**(1,498)**	**(2,035)**
Reconciliation to Collection Fund Adjustment Account:						
Less Balance Attributable to Major Preceptors	1,672	67	1,739	263	227	490
Balance Remaining Attributable to SBC	**(1,641)**	**(381)**	**(2,022)**	**(274)**	**(1,271)**	**(1,545)**

Notes to the Collection Fund

46.Rateable Value

The total rateable value in the Local Rating List at 31 March 2019 was £253,902,956 (£253,012,911 at 31 March 2018). The multiplier for 2018/19 was 49.3 pence for the majority of properties and 48.0 pence for small businesses, (47.9 pence and 46.6 pence respectively for 2017/18).

47.Council Tax Base

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

Band	No of Taxable Properties *	Ratio to Band D	Band D Equivalents
A	12,539.34	6/9	8,356.11
B	24,621.14	7/9	19,149.77
C	21,822.47	8/9	19,397.75
D	15,666.52	9/9	15,666.52
E	8,099.51	11/9	9,899.40
F	3,243.76	13/9	4,685.43
G	1,256.61	15/9	2,094.35
H	55.27	18/9	110.54
Total	**Band D equivalents**		**79,359.87**
Contributions in lieu	(MOD properties)		94.11
Add:	Anticipated changes in year		(5,445.08)
Less:	Provision for non-collection (2.0%)		(1,110.30)
	Tax Base		**72,898.60**

* After adjustment for discounts and relief.

The Housing Revenue Account (HRA)

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

HRA Income and Expenditure Statement	2017/18 £'000	2018/19 £'000
Expenditure		
Repairs and maintenance	11,561	11,330
Supervision and management	6,864	6,696
Special Services	5,990	5,885
Rents, rates, taxes and other charges	291	264
Depreciation and impairment of non-current assets	27,686	40,118
Debt management costs	60	60
Movement in the allowance for bad debts	300	530
Total Expenditure	**52,752**	**64,883**
Income		
Dwelling rents	(42,076)	(42,136)
Non-dwelling rents	(103)	(83)
Charges for services and facilities	(5,190)	(5,311)
Contributions towards expenditure	(2,414)	(1,613)
Leaseholders' charges for services and facilities	(269)	(284)
Total Income	**(50,052)**	**(49,427)**
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	**2,700**	**15,456**
HRA services’ share of Corporate and Democratic Core	122	124
HRA share of other amounts included in the whole authority Cost of Services but not allocated to specific services	8	9
Net (Income)/Expense for HRA Services	**2,830**	**15,589**
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	4,938	6,869
Interest payable and similar charges	3,949	3,785
Interest and investment income	(157)	(141)
Investment Properties Income	(239)	(298)
Revaluation on investments	339	238
Net Pensions Interest Cost / Return on Asset	687	691
(Surplus) / deficit for the year on HRA services	**12,347**	**26,733**

Statement of Movement in the Housing Revenue Account

	2017/18 £000	2018/19 £000
1 April	**(11,043)**	**(10,300)**
(Surplus) / Deficit on Service provision	12,347	26,733
Adjustments between accounting & funding basis	(11,331)	(26,875)
Transfers to / (from) Earmarked Reserves	(273)	142
(Increase)/Decrease in-year	**743**	0
31 March	**(10,300)**	**(10,300)**

HRA Movement in Reserves Adjustments	**2017/18 £'000**	**2018/19 £'000**
Adjustments between accounting & funding basis in reconciling the HRA balance for the year		
Charges for depreciation of non-current assets	(10,172)	(10,215)
Charges for impairment of non-current assets	(17,514)	(29,903)
Movement in the market value of investment properties	(339)	(238)
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	(8,019)	(12,151)
Voluntary provision for the financing of capital investment	5,000	5,000
Capital expenditure charged against the General Fund and HRA balances	8,195	6,903
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	3,081	5,282
HRA resources credited to the MRR	10,124	10,128
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,687)	(1,681)
Total Adjustments	**(11,331)**	**(26,875)**

Notes to the HRA

48.Housing Stock

The stock of Council dwellings at 31st March was:

Type	31st March 18	Movement	31st March 19
Low Rise Flats:			
1 Bedroom	1,742	24	1,766
2 Bedrooms	714	0	714
3 or more Bedrooms	10	0	10
Medium Rise Flats:			
1 Bedroom	875	(46)	829
2 Bedrooms	481	4	485
3 or more Bedrooms	51	(1)	50
High Rise Flats:			
1 Bedroom	26	0	26
2 Bedrooms	236	2	238
Houses and Bungalows:			
1 Bedroom	895	23	918
2 Bedrooms	1,404	12	1,416
3 Bedrooms	3,667	(17)	3,650
4 or more Bedrooms	198	0	198
Total	**10,299**	**1**	**10,300**

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

Assets:	2017/18 £'000	2018/19 £'000
Dwellings	439,651	474,571
Land	0	0
Plant and Equipment	126	233
Investment properties	1,002	763
Total Balance Sheet Value	**440,779**	**475,567**

There is a statutory requirement for the Council's assets to be revalued at least every 5 years. The tenanted dwellings were revalued as at 31st December 2018.

49.Vacant Possession Valuation

In addition to the balance sheet valuation it is a requirement of the HRA (Accounting Practices) Direction 2007 that the vacant possession value of dwellings as at 1st April is disclosed as a note to the accounts. The inclusion of both the balance sheet valuation and the vacant possession valuation ensures that the economic cost to the Government of providing council housing at less than open market rents is shown in the accounts. The vacant possession valuation as at 31 March 2019 was £1,373.3m. It was £1,349.4m, at 31st March 2018.

50.Major Repairs Reserve

Balance at 31 March	2018 £'000	2019 £'000
Capital expenditure for HRA purposes financed by MRR Resources:		
Houses	22,755	13,547
Total Expenditure	**22,755**	**13,547**
Amount equivalent to total depreciation charges for all HRA assets	(10,124)	(10,128)
Transfer from HRA	-	-
Total Income	**(10,124)**	**(10,128)**
Deficit / (Surplus) for the Year	**12,631**	**3,419**
Deficit / (Surplus) brought forward	(19,004)	(6,373)
Deficit / (Surplus) Carried Forward	**(6,373)**	**(2,954)**

51.HRA Capital Expenditure

The capital expenditure on the HRA was:

	2017/18 £'000	2018/19 £'000
Dwellings	16,978	13,557
Buildings	14,939	9,798
Total to Finance	**31,917**	**23,355**

This expenditure was financed by:

	2017/18 £'000	2018/19 £'000
Major Repairs Reserve	22,755	13,547
Usable Capital Receipts	249	1,748
Revenue Contributions	8,195	6,903
Other contributions	0	0
HCA Grant for New Build	718	1,157
Total Finance	**31,917**	**23,355**

52.Housing Repairs Account

Balance at 31 March	2018 £'000	2019 £'000
Repairs & Maintenance	10,346	10,134
Total Expenditure	**10,346**	**10,134**
Contribution from HRA	(10,201)	(10,034)
Service charges	(95)	(100)
Total Income	**(10,296)**	**(10,134)**
Deficit / (Surplus) for the Year	**50**	**0**
Deficit / (Surplus) brought forward	(50)	0
Deficit / (Surplus) Carried Forward	**0**	**0**

53.HRA Capital Receipts

In 2018/19, the Council paid £3.536m to the Secretary of State for pooling of capital receipts arising from the disposal of housing assets as required in the Local Government Act 2003

(£2.838m in 2017/18). A notional £2.8m was also payable under Pooling Payment requirement (£2.1m in 2017/18); however, under relevant conditions is allowed to be kept as a receipt in advance.

	2017/18 £'000	2018/19 £'000
Sale of Council Houses	4,381	5,282
Sales of Non-Dwelling Assets	0	0
Council Mortgage Repayments	7	1
Capital receipt retained for new property acquisitions	(2,111)	(2,808)
Total	**2,277**	**2,475**

54.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.

	2017/18 £'000	2018/19 £'000
Depreciation on dwellings	10,124	10,129
Depreciation on plant & equipment	48	86
Impairment and revaluation losses of dwellings	17,514	29,903
Total	**27,686**	**40,118**

55.HRA Arrears & Provisions for Bad Debt

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

	2017/18 £'000	2018/19 £'000
Current tenants	2,091	2,362
Former tenants	455	557
Total Arrears	**2,546**	**2,919**
Less: provision for bad debts	(2,546)	(2,919)
Total Arrears After Provisions	**0**	**0**

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

Annual Governance Statement 2018/19

Introduction

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

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

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

Corporate Governance

The purpose of a governance framework

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

The Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE *Framework for Delivering Good Governance in Local Government (2016)*.

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

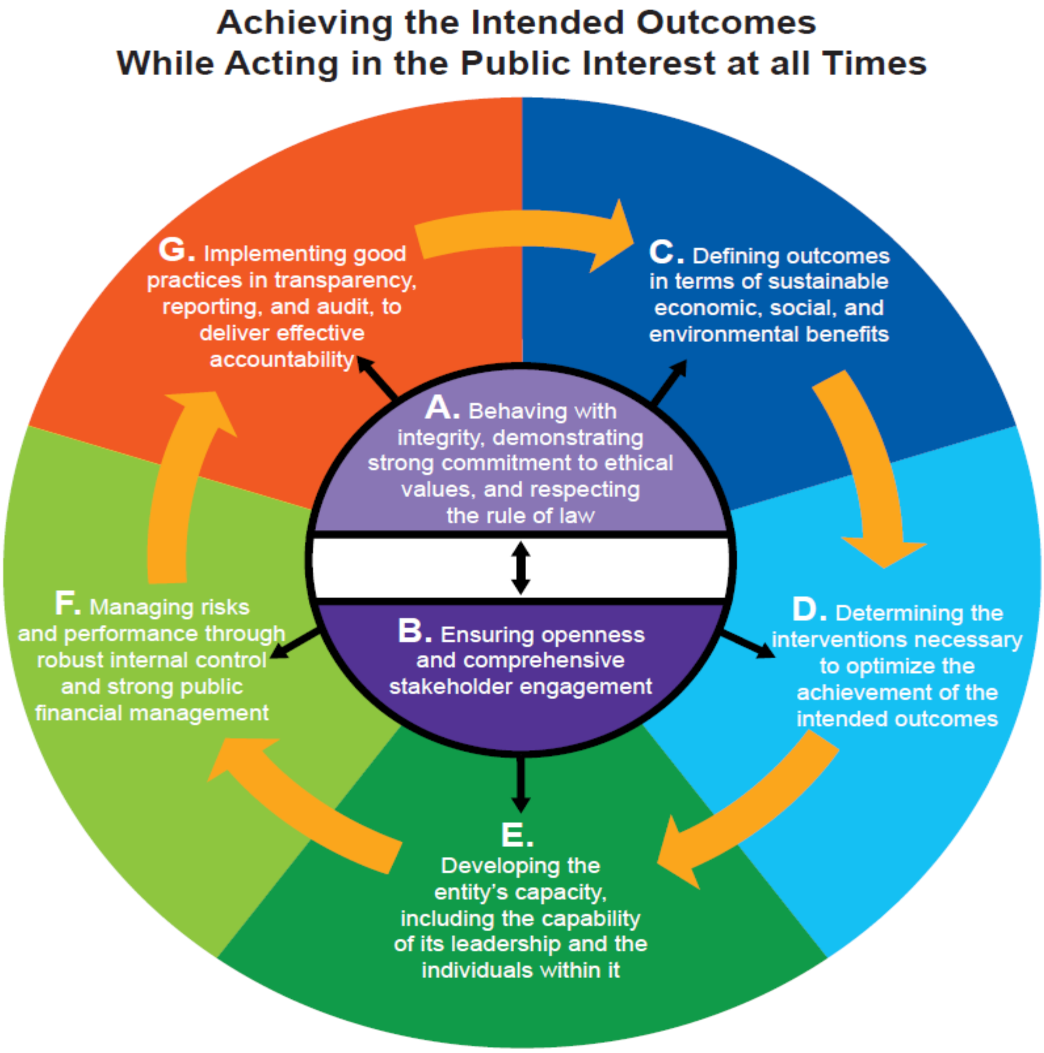
The governance framework comprises the systems, processes, culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with, and leads the community. It enables the authority to monitor the achievement of its strategic objectives and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

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

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

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

CIPFA International framework: Good Governance in the Public Sector



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

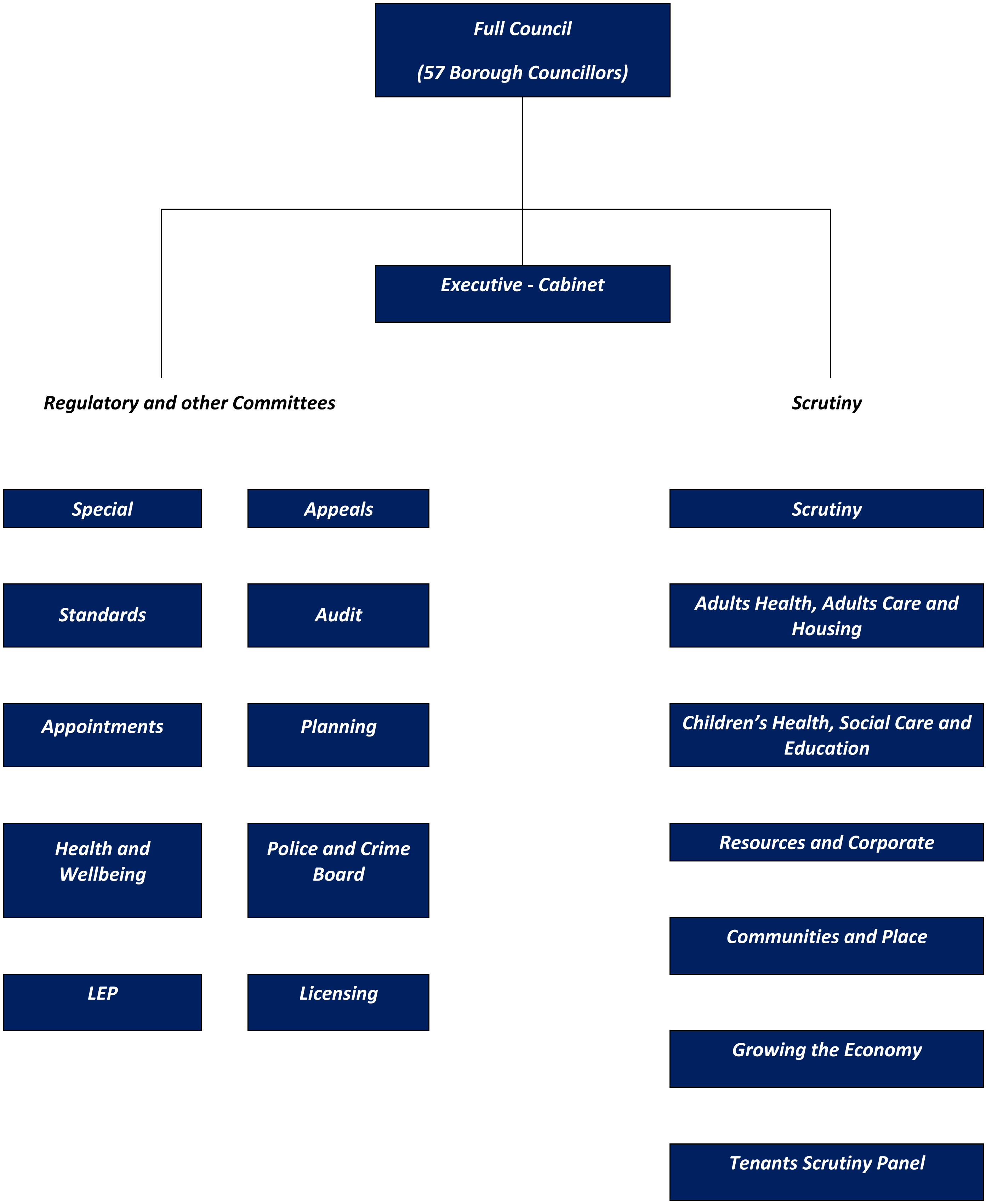
http://ww5.swindon.gov.uk/moderngov/ecSDDisplay.aspx?NAME=SD6032&ID=6032&RPID=5603053

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

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

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

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



Outcomes

The Council's vision, priorities and pledges:

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

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

The Corporate Plan sets out a clear set of priorities and pledges, which will enable Councillors and officers to prioritise their work and ensure that the Council is using its increasingly limited resources to best effect in pursuit of delivering the vision for Swindon.

The Vision for Swindon 2030 was originally adopted in September 2015. This set out how the Council will shape the borough and deliver growth that allows communities to prosper, families to live healthy and happy lives, and children to fulfil their potential. The vision set out four priorities and 30 pledges.

In September 2018, the Council's Cabinet agreed a renewed set of 26 pledges (some of which have been split into sub-pledges this now totals 39 pledges). This took into account the pledges that had now been delivered, and new issues and opportunities that had emerged since the original set of pledges was developed.

Pledges that have been delivered include:

- Deliver the Government standard Superfast Broadband coverage to all commercial and domestic premises in the Borough by 2017. (Complete)
- Construct solar arrays on Council-owned land at Common Farm, Chapel Farm and a solar noise barrier along roads including the M4 at Wichelstowe. (Part complete - solar arrays complete)
- Replace the current Health Centre in the town centre with a new and improved facility (Complete)
- Complete the redevelopment of Sussex Square (Complete)
- As part of the town's regeneration: Re-develop the former Aspen House site / Granville Street area, to extend on the successful Regent Circus development. (Granville Street complete)

You can find out how the Council is performing against each of its priorities and pledges by selecting the priority or pledge links below:

Priority One: Improve infrastructure and housing to support a growing, low-carbon economy
https://www.swindon.gov.uk/info/20028/open_data_and_transparency/952/our_vision_priorities_and_pledges/2

Priority Two: Offer education opportunities that lead to the right skills and right jobs in the right places
https://www.swindon.gov.uk/info/20028/open_data_and_transparency/952/our_priorities_and_pledges/3

Priority Three: Ensure clean and safe streets and improve public spaces and local culture
https://www.swindon.gov.uk/info/20028/open_data_and_transparency/952/our_priorities_and_pledges/4

Priority Four: Help people to help themselves while always protecting the most vulnerable children and adults
https://www.swindon.gov.uk/info/20028/open_data_and_transparency/952/our_priorities_and_pledges/5

As at 31st March 2019, the Council's Performance Dashboard shows that the following progress has been made:

Priority	No. of Pledges	On Track	Need Improvement
One	19	13	6
Two	5	4	1
Three	5	3	2
Four	10	6	4
Total	39	26	13

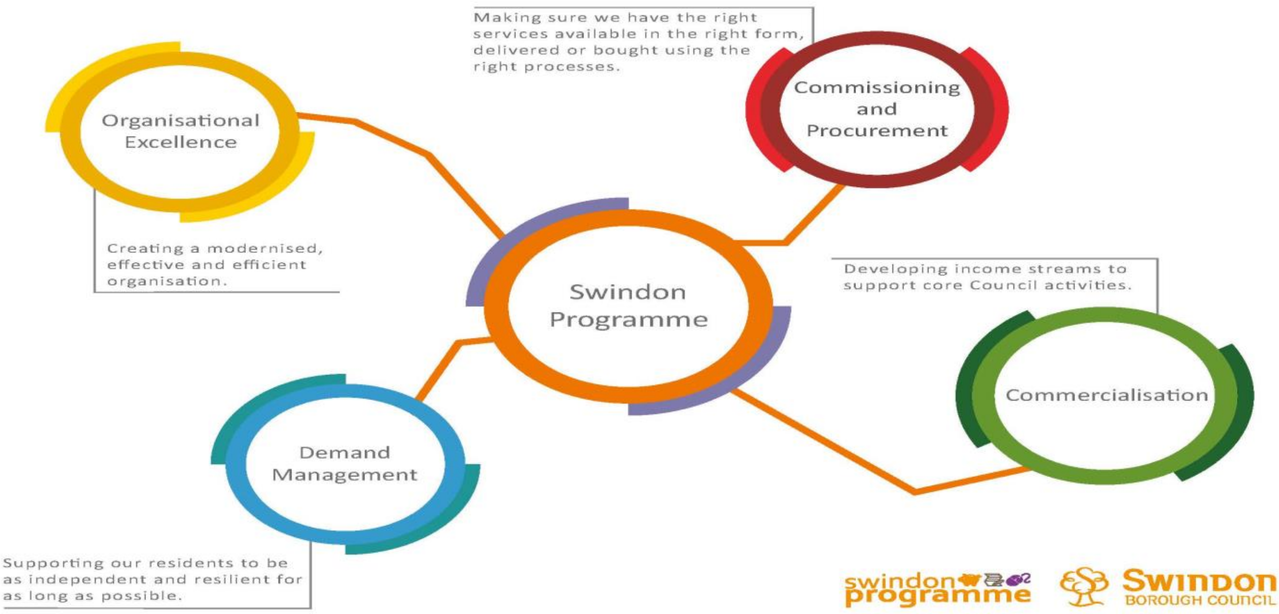
The Council has recognised the need to improve the way the pledges are tracked. Corporate Management Team are working to be clearer on the deliverables. There will be tighter rigour around the Council's pledges in future with performance incorporated in Cabinet reports.

Swindon Programme

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

There were four initial strands to the Swindon Programme:

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



These strands were used to identify improvement, efficiencies and saving opportunities. Star Chambers were used to split these into three areas: business as usual; restructures requiring Human Resources support; and larger projects needing support from the Council's Corporate Programme and Innovation team. Progress is reviewed through individual directorates that act as improvement boards that feed in to the monthly meetings of the Swindon Programme Board.

During 2019/20 the Council will be developing its updated medium term financial plan, extending the timeframe to March 2024 and reflecting the outcome of the 2019 Spending Review, Fair Funding Review and changes to Business Rates Retention

Value for Money

Grant Thornton, the Council's External Auditor, was satisfied that in all significant respects, the Council had proper arrangements in place to secure economy, efficiency and effectiveness in the use of its resources. In reaching this conclusion, the External Auditor completed an overall assessment of arrangements and risks for the year of audit (2017/18) and looked in detail at how the Council built up savings plans and included them in to budgets.

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

The role of Elected Members

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

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

The executive (Cabinet) is responsible for:

- Proposing the policy framework and key strategies
- Proposing the budget
- Implementing the policy framework and key strategies.

The role of management

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

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

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

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

Risk Management

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

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

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

Key risks identified in the Corporate Risk Register and their associated level of risk after mitigations are:

Risk area	Risk rating	Risk area	Risk rating
Financial sustainability	**High**	**Safeguarding children**	**High**
Empowering communities	**Medium**	**Safeguarding adults**	**High**
Growing the economy	**High**	**Governance**	**Low**
Managing the environment	**Medium**	**Realising potential**	**Medium**
The local, national and international context	**Medium**	**Effective prevention**	**Medium**
IT: Business critical systems	**Medium**	**Business continuity**	**Medium**

Review of the effectiveness of our governance arrangements

Swindon Borough Council annually reviews the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and by comments made by the external auditors and other review agencies and inspectorates. The Head of Internal Audit's report stated that the Council's framework of governance, risk management and control during 2018/19 are considered satisfactory, resulting in a 'moderate' level of risk. The Council's External Auditor has been very positive regarding the content and nature of the Internal Audit reports presented to Audit Committee stating that where issues are found they are reported upon and relevant senior managers attend Audit Committee to respond to queries raised by Members

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

Details of the review were presented to Audit Committee at their June 2019 meeting. Details can be found at:

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

Opinion on the Council's governance arrangements

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

Areas of focus – looking forward

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

Governance issue	Lead Officer
Children Services	**Corporate Director: Children**
Information Governance and Security	**Director: Digital Services and Corporate Programmes**
GCSE attainment	**Head of Education**

- ***Children Services:*** The Council had recognised that Children Services were inadequate and in need of significant improvement. A comprehensive improvement plan is in place across Children's Services focusing on six pillars or priorities in place to monitor and drive improvements. The plan has a robust governance structure, including an External Improvement Board chaired by the Chief Executive, a monthly Internal Performance and Improvement Board chaired by the Director of Childrens Services and regular monitoring by the Council's Cabinet. The April 2018 Ofsted inspection that focussed on the children's services 'front door' confirmed these concerns and identified two areas that required priority action from the Council. The 'front door' refers to the service provided to professionals and members of the public with advice, information and support about services for children and young people who are potentially vulnerable or at risk and undertakes assessments for children with potential safeguarding risks and vulnerabilities. The priorities include improving the identification of risk so that there is no delay in decision making when children are at risk of harm and the quality of management oversight in relation to safeguarding practice.

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

During the last 12 months progress has been made in relation to practice standards and the recruitment and retention offer. A permanent senior management team has been recruited providing further foundations for sustainable practice improvements. We have been proactive in seeking support from other Local Authorities and The Local Government Association's regional Children's Services Adviser has brokered support to help us on our journey of improvement.

A subsequent OFSTED inspection of care leavers recognised that improvements have been implemented since the April 2018 inspection, but that further progress and pace of improvement was required to achieve the objectives and timescales committed to as part of the overall Children's Social Care Service Improvement Plan.

- ***Information Governance and Security:*** Following the refresh of its information technology and governance policies in 2016/17, the Council also invested in MetaCompliance, a policy delivery, management awareness and compliance tool. Our compliance records show that more than 97% of our current computer users have read, been tested and agreed to abide by the Council's IT Acceptable Use Policy.

  PSN and NHS DSP Toolkit compliance accreditation have been met and formal accreditation has now been applied for.

  In order to exchange some specific Pubic Health data we are required to gain Cyber Essentials Plus accreditation to meet the needs of the NHS IG Toolkit and Cyber toolkit. Work to achieve this will follow PSN compliance approval.

  There has been a focus on Information Governance at Corporate Management Team with the Information Governance Board now reporting directly in on a regular basis.

  The proposal is to restructure the IT department/function to be more aligned with ITIL principles, to provide staff with updated job descriptions that better reflect the role they undertake. Many staff involved in the change were Tupe'd from Capita ITES in February 2016, there was not a job description for every role provided as part of the move and the job descriptions that were provided have not been evaluated through the Council process.

- ***GCSE Attainment:*** Action was taken during 2018/19 to develop a Governance structure that enables and challenges performance concerning school improvement in Swindon. This has included the continuation of the Swindon Challenge Board (established in March 2017) which has funded a number of improvement initiatives within schools and updated the Schools Causing Concern Strategy as well as the School Improvement strategy. This is now showing impact with an improvement in mathematics and English GCSE progress and outcomes in a number of schools. Pupil progress in mathematics was in line with the national average and the overall Progress 8 measure saw considerable improvement. However, GCSE results are currently still below the national average and overall pupil progress measures are still not good enough.

  An on-going challenge for the Council to ensure the involvement of academies in contributing to the improvement agenda. This has improved considerably over the past twelve months with much closer working with the Regional Schools Commissioner's office. School Performance Reviews have been introduced to support and challenge individual schools where there is a cause for concern. Head Teachers and Governors are responding well to School Performance Review meetings. The Council and the academy schools now work with national organisations (PIXL, Rossendale National Research School, and DfE Behaviour Tsar) and external Academy trusts to provide challenge and support for improvement.

It is also recognised by the Council's Corporate Management Team that there is a need for an increased focus in the area of Communities and Housing. This is being led by the new Corporate Director.

Looking back to 2017/18

The review also identified that the following areas included in last year's statement have either progressed sufficiently for them not to be included in this year's statement:

- ***Financial Stability and the Swindon Programme - Financial Sustainability:*** As part of a follow up to the 2016 peer review undertaken by the Local Government Association, three finance related recommendations were produced. Two of these (relating to 2018/19 and 2019/20 revenue budgets) have already been completed. During 2019/20 the Council will be developing its updated medium term financial plan, extending the timeframe to March 2024 and reflecting the outcome of the 2019 Spending Review, Fair Funding Review and changes to Business Rates Retention. . This will build on the existing Swindon Programme and include the longer term approach to supporting vulnerable residents whilst ensuring the Council is modern, efficient and effective.
- ***Premises Management:*** an Internal Audit review of the premises management arrangements within the Council was undertaken during 2017/18. The audit found a number of significant weaknesses including:
    - A lack of clarity regarding roles and responsibilities as the Council's Health and Safety Policies for Fire Risk Assessments and Legionella Management (in hot and cold water systems) are not sufficiently detailed
    - No overall performance process in place to ascertain the extent and status of any fire risk assessment actions or legionella risk assessment actions for corporate buildings as there is no corporate management and monitoring conducted of parties' assigned responsibility under the current process
    - Formal risk criteria is not in place to determine the frequency of risk assessments for buildings and to provide a standard and consistent approach.

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

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

Certification

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

Signed:	Signed:
Councillor David Renard	Susie Kemp
Leader of the Council	Chief Executive

Independent Auditor's Report

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

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

Report on the Audit of the Financial Statements

To follow.

GLOSSARY

ACCRUALS

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

AMORTISATION

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

ASSET

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

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

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

BUDGET

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

CAPITAL EXPENDITURE

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

CAPITAL RECEIPTS

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

CASH EQUIVALENTS

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

COMMUNITY ASSETS

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

CONSISTENCY

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

CONTINGENCY

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

CREDITOR

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

CURRENT SERVICE COST (PENSIONS)

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

CURTAILMENT

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

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

DEBTOR

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

DEFERRED ASSETS AND LIABILITIES

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

DEFINED BENEFIT SCHEME

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

DEFINED CONTRIBUTION SCHEME

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

DEPRECIATION

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

DISCRETIONARY BENEFITS

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

Payments and Injury Benefits)(Scotland) Regulations 1998, or The Local Government (Discretionary Payments) Regulations (Northern Ireland) 2001.

EXPECTED RATE OF RETURN ON PENSIONS ASSETS

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

EXTRAORDINARY ITEMS

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

FAIR VALUE

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

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of PPE to the lessee.

FINANCIAL INSTRUMENTS

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

Financial asset

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

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

Financial liability

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

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

Equity instrument

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

GOVERNMENT GRANTS

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

GRANT CONDITIONS

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.

IMPAIRMENT OF ASSETS

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

INTANGIBLE NON-CURRENT ASSETS

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

INTEREST COST (PENSIONS)

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

INVENTORIES

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

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

INVESTMENTS (NON-PENSIONS FUND)

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

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

INVESTMENTS (PENSIONS FUND)

The investments of the Pensions Fund will be accounted for in the statements of that Fund. However authorities (other than town parish and community councils and district councils in

Northern Ireland) are also required to disclose the relevant share of pension scheme assets associated with their underlying obligations.

MAJOR REPAIRS RESERVE (MRR)

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

NET BOOK VALUE

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

NET CURRENT REPLACEMENT COST

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

NET REALISABLE VALUE

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

NON-DISTRIBUTED COSTS

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

NON-OPERATIONAL ASSETS

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

OPERATING LEASES

A lease where the ownership of PPE remains with the lessor.

OPERATIONAL ASSETS

Non-current assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

PENSIONS / IAS 19

The requirements of the International Accounting Standard on retirement benefits is based on a simple principle – that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future. The important accounting distinction for pension schemes is whether they are “defined contribution” or “defined benefit”.

PFI (PRIVATE FINANCE INITIATIVE)

PFI allows the public sector to contract with the private sector to provide quality services on a long-term basis, typically 25-30 years, so as to take advantage of private sector infrastructure delivery and service management skills, incentivised by having private finance at risk.

The private sector takes on the responsibility for providing a public service against an agreed specification of required outputs prepared by the public sector.

The private sector carries the responsibility and risks for designing, financing, enhancing or constructing, maintaining and operating the infrastructure assets to deliver the public service in accordance with the public sector's output specification.

The public sector typically pays for the project through a series of performance or throughput related payments, which cover service delivery and return on investment. Central Government may provide payment support to the public sector through grants and other financial mechanisms.

POST BALANCE SHEET EVENTS

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the Chair of the Audit Committee.

PRIOR PERIOD ADJUSTMENT

A prior period adjustment is the material adjustment applicable to prior year figures arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring correction or adjustments to accounting estimates made in prior years.

PROJECTED UNIT METHOD

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and
- the accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

PROPERT, PLANT & EQUIPMENT

The overarching classification for operational non-current assets.

PRUDENCE

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate cash realisation of which can be assessed with reasonable certainty.

RELATED PARTIES

Two or more parties are related parties when at any time during the financial period:

- One party has direct or indirect control of the other party; or
- The parties are subject to common control from the same sources; or

- One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interest; or
- The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Examples of related parties of an authority include:

- Central Government;
- Local authorities and other bodies precepting or levying demands on the Council Tax;
- Its subsidiary and associated companies;
- Its joint ventures and joint venture partners;
- Its members;
- Its chief officers; and
- Its pension fund.

Examples of related parties of a pension fund include its:

- Administering authority and its related parties;
- Scheduled bodies and their related parties; and
- Trustees and advisers.

These lists are not intended to be comprehensive.

For individuals identified as related parties, the following are also presumed to be related parties:

- Members of the close family, or the same household; and
- Partnerships, companies, trusts or other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

RELATED PARTY TRANSACTION

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Examples of related party transactions include:

- The purchase, sale, lease, rental or hire of assets between related parties;
- The provision by a pension fund to a related party of assets of loans, irrespective of any direct economic benefit to the pension fund;
- The provision of a guarantee to a third party in relation to a liability or obligation or a related party;
- The provision of services to a related party, including the provision of pension fund administration services;
- Transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund, such as Council Tax, rents and payments of benefits.

This list is not intended to be comprehensive.

The materiality of related party transactions should be judged not only in terms of their significance to the authority, but also in relation to its related party.

REMEASUREMENT OF THE NET DEFINED BENEFIT LIABILITY

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

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

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

REVENUE EXENDITURE FUNDED FROM CAPITAL UNDER STAUTUE

Expenditure which may properly be capitalised, but which does not result in, or remain matched with, tangible assets and is written out to revenue in the year it is incurred.

SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.

SECTION 106

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

TOTAL COST

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

USEFUL LIFE

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

VESTED RIGHTS

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

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

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

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