2019/20

Swindon Borough Council & Group Statement of Accounts

Introduction by the Corporate Director of Finance and Assets

The 2019/20 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 across Streetsmart and Highways Services budgets.

There is considerable uncertainty about funding in the years ahead. We will continue to deliver major improvements 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

Corporate Director of Finance and Assets

May 2020

Narrative Report

These accounts relate to the financial year ended 31 March 2020 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.

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)

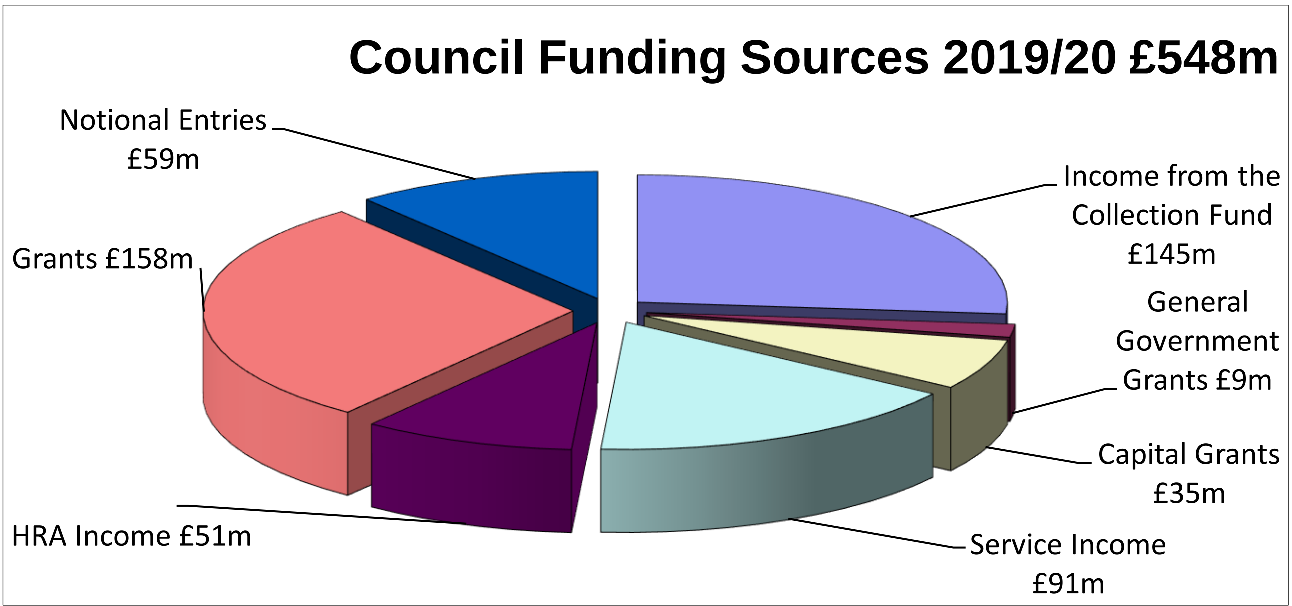
The net GF budget for the year was set at £142.5m. This excludes funding for schools, which is provided via the Dedicated Schools Grant (DSG).

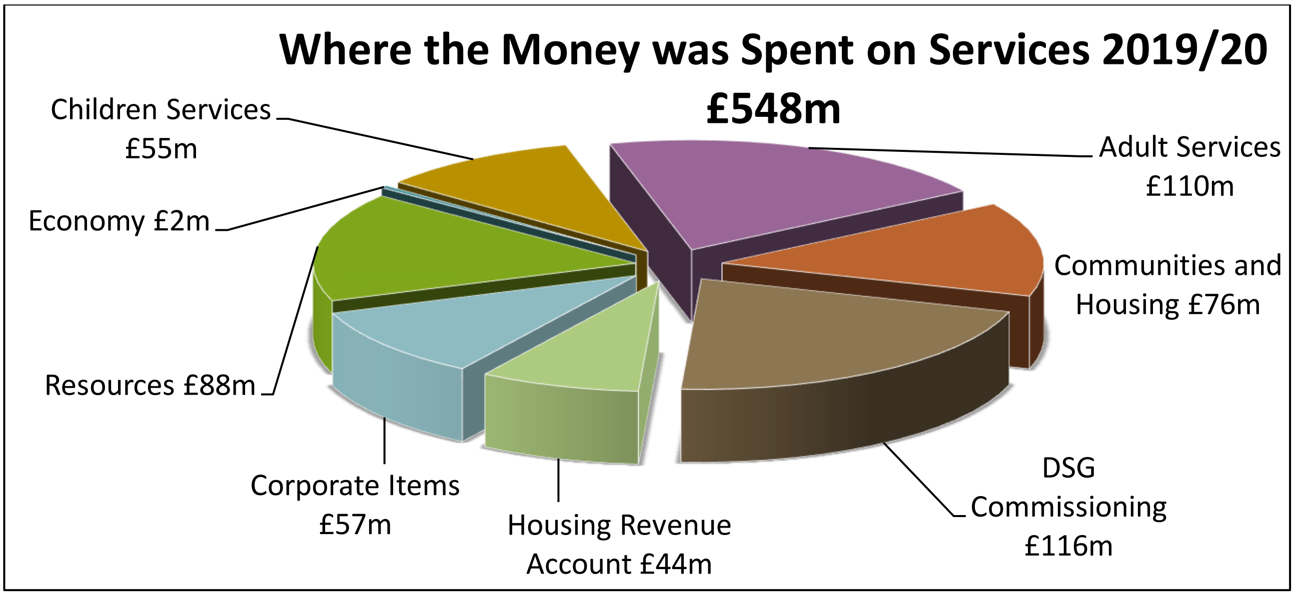
The overall budget was delivered with the balance on the general fund able to be increased but there remain variations within individual Service Areas. This includes significant pressures on Streetsmart and Highways Services, within Communities and Housing Directorate, which were partially offset by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

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

	Budget £000	Actual £000	Variance £000
Resources	11,812	8,790	(3,022)
Economy	1,240	1,137	(103)
Children Services	42,760	43,198	438
Adult Services	61,105	61,631	526
Communities and Housing	25,580	27,128	1,548
Net Cost of General Fund Services (outturn)	**142,497**	**141,884**	**(613)**
Reconciliation to Comprehensive Income & Expenditure Statement			
Parish Precepts		8,038	
Net Corporate Income and Expenditure		47,771	
Net HRA, Capital, Reserves and other Appropriations in Net Cost of Services		50,699	
Sub-total		**248,392**	
Taxation and Non-Specific Grant Income		(189,363)	
Net (Surplus)/Deficit For Year on Provision of services in CIES		**59,029**	

The following charts analyse the main income flows to the Council in 2019/20, 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 £0.6m at 31 March 2020.

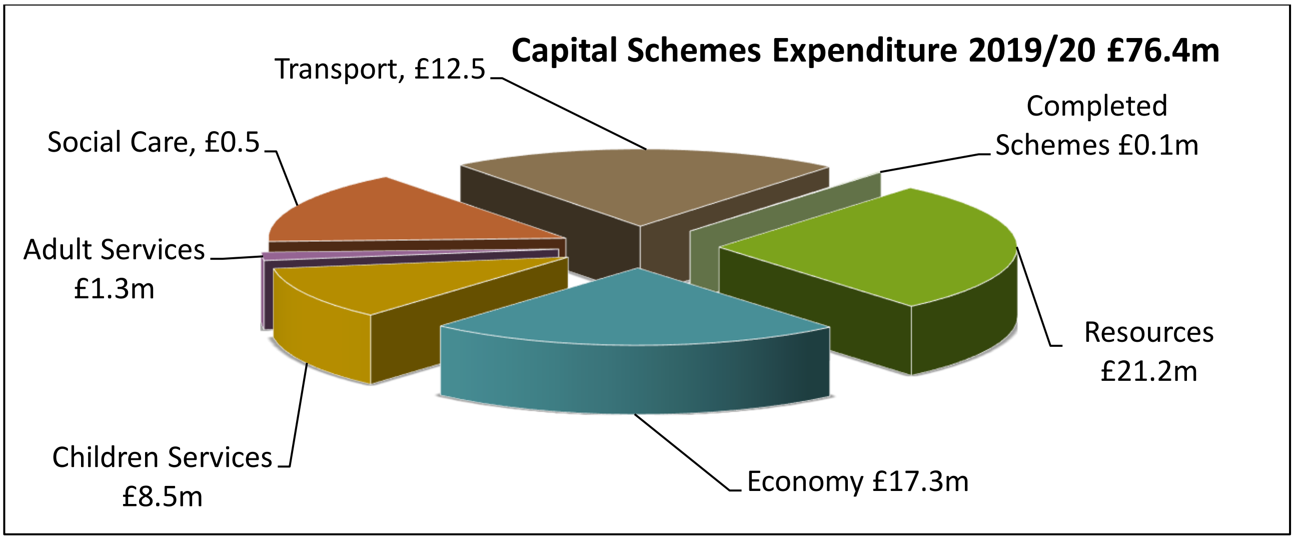
The accounting treatment for the Collection Fund means the Council shows only its own proportion of balances through the accounts on an agency basis. This does not change the Collection Fund itself, which is prescribed under statute, but does remove the overall Collection Fund balance from the Council's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

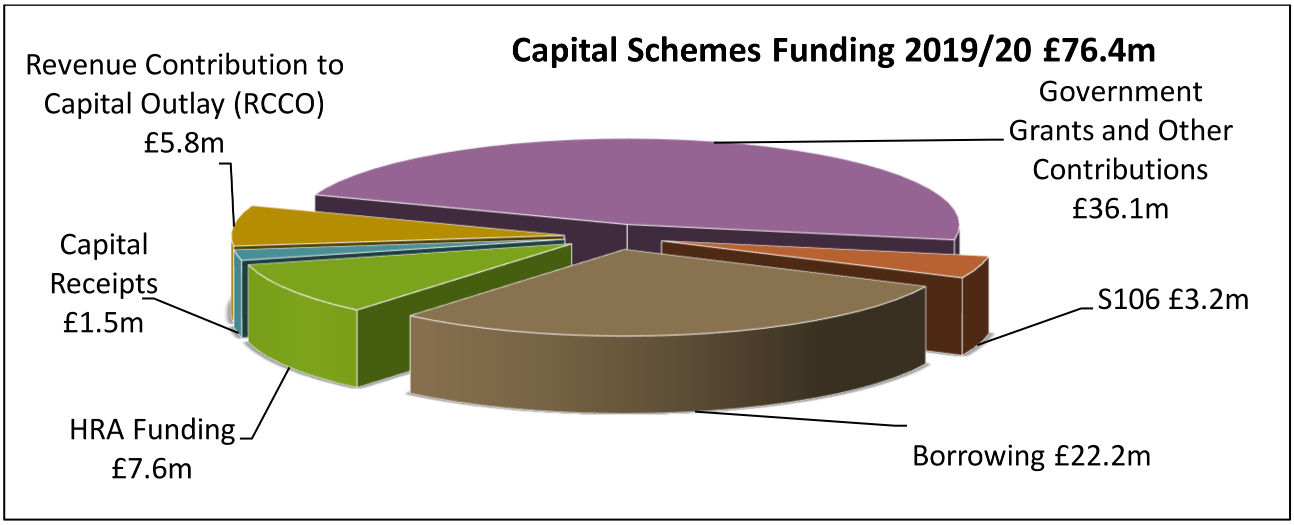
During the year the HRA came in underspent by £1.4m. This has seen the HRA reserve increase to £11.7m at 31 March 2020.

Financial Overview – Capital Income & Expenditure

During the year, the Council incurred additional borrowing of £22.2m towards capital expenditure of £76.4m. This expenditure is analysed in the following chart into key service areas of the Council.



In-year borrowing contributes to total borrowing of £380m, inclusive of HRA debt, with a related capital finance requirement of £494m. This should be seen in the context of a non-current asset base of £1,319m.



Financial Overview – Covid-19

The impact of Covid-19 has had an unprecedented affect across all industries whilst the Public Sector has helped in providing essential services to local residents but at the same time has seen reductions in income streams and changes to service delivery. The following highlights key areas where Covid-19 has impacted:

Service provision – Schools have been closed and care delivery has required changes to operations.

Workforce – employees have provided a variety of essential services, which may have involved front-line delivery or changes to enable homeworking. Staff have been redeployed into essential service provision where possible.

Finances – As explained in the earlier narrative the Authority has been able to increase its general fund balance in closing 2019/20. Although specific reserves have reduced overall, this is from planned drawing down of balances and not an impact of Covid-19. The full extent of effect from the virus on Council finances will only be known in greater detail as 2020/21 progresses, but parking income streams will be lower and demand on care services my increase as the year evolves.

Recovery – The Authority is developing a response to the impact on services from the pandemic and the related financial affect. This will also involve how the workforce operates and how social distancing can be maintained in offices and other service delivery points.

Financial Overview – Other Key Disclosures

Pension Liability

The net pension liability as disclosed in the balance sheet, under International Accounting Standard 19 (IAS19) requirements, has decreased by £66m. The liability is reported as £225m (£291m for 2018/19). This increase reflects the positive change within financial re-measurements. The impact of the judgement around McCloud has been estimated as an adjustment to the liabilities from the 2019 valuation data to ensure this is captured in the 31 March 2020 balance sheet figures and the impact is recorded as Past Service Cost through revenue.

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 three such transfer sin 2019/20 removing £19m from the balance sheet value of long term assets. There were seven transfers in 2018/19 removing £58m. The value of gross assets and accumulated depreciation for vehicles, plant and equipment have also been reviewed and reduced in year, via disposal removal, where gross carrying values were deemed to be too high. This updates for fully depreciated aged assets and the net affect has no material impact to the balance sheet.

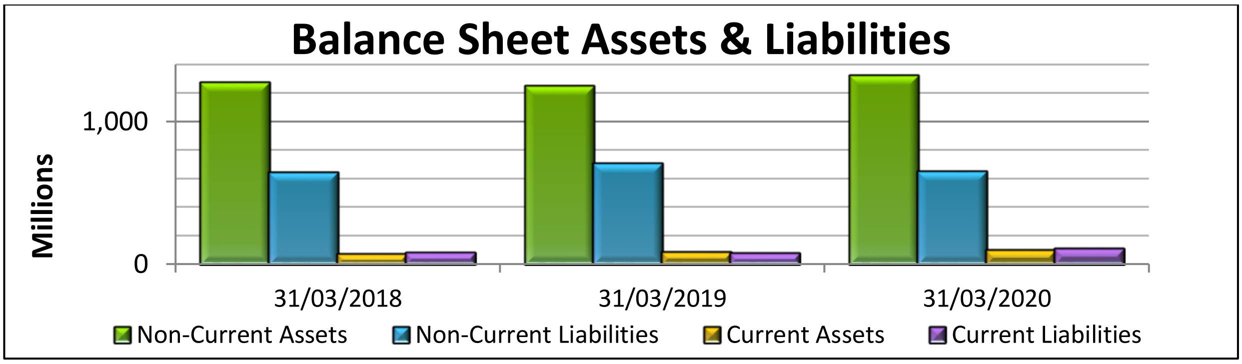
Business Combinations

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. 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 2019/20. This was mainly due to funding of children services and the DSG reserve becoming deficit. 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 £6.6m to £7.2m.

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



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

Organisational Overview

The following will give an overview of the Council's vision, priorities and pledges and summarises achievements during the financial year 19/20 up to the end of February 2020, prior to the Covid-19 pandemic. As a result of Covid-19, the Council will be working with the Cabinet to understand the impact, what it means for pledge delivery and how the Council will prioritise its response moving forward.

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.

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

15. b) Every Child will be encouraged to visit the Council's museums including the Swindon Museum and Art Gallery as a learning opportunity while they are at school

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 Services, Children's Services, Communities and Housing Services.

In terms of adults:

By the end of February 2020, Swindon Borough Council was funding 507 care home placements, which represents a reduction of 3 placements compared with the February 2019 figure. This was made up of 318 residential care placements and 189 nursing care placements. Both of these figures have held steady during the year and reflect the continued work to offer reablement, targeted where it will have the 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 2.45 bed days per 100K population against a target of 8.74.

In terms of children:

Swindon has had a history of educational underachievement at secondary school age and aims to be above the national average by 2021. The summer 2019 outcomes showed that Swindon was closing the gap to national with Attainment 8 outcomes.

There has been a big improvement in reducing the number of children in need, looked after children and children on child protection plans. The number in children in need has fallen by 442 from February 2019 to February 2020, the number of looked after children has fallen by 52 and the number of children subject to a children protection plans has fallen by 186. This reflects the improvements that have been made in Children's Services and led to being given a rating of 'Good' by Ofsted. There is still a reliance upon expensive agency social workers, as at the end of February 2020, 50% of the Council's Children's social workers were agency however this has improved from the 58% in February 2019.

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

Risks and Opportunities

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

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

The programme was successful in delivering £30 million savings by the end of 2019/20 and achieved this through a focus on 4 main areas:

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.

Following on from the successful Swindon Programme, the Council aims to continue to the principles behind the programme and continuously improve to become a modern, efficient and effective organisations. The words ‘At Our Best’ puts a name to an organisational ethos that will be established over the coming months and years. Three main aims are to be a Council which:

- Uses best practice and appropriate use of technology.
- Uses its money and people wisely in delivering services quickly and accurately.
- Delivers quality services to the expected standard and which makes a difference to the people of Swindon.

Performance

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

Progress as at February 2020 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 work underway towards Swindon becoming a “Smart City”.

Significant work continues to develop green energy through waste to energy, solar power and promotion of electric vehicles. Work is underway to assess Swindon’s route to net zero carbon by 2030.

The Masterplan for the town centre has developed with Zurich due to start for their offices as part of the Kimmerfields development. The delivery of the Bus Boulevard is on track and has been agreed as part of the Town Centre Movement Strategy which has been agreed by Cabinet, work is ongoing to secure successful funding. The Carriage Works has seen a number of occupations. The North Star development continues to progress with planning and legal work and is awaiting funding confirmation. The Council also successfully delivered the enhancements to Wellington Street as a prime thoroughfare from the Train Station into Town.

Housebuilding continues to be a focus with higher than targeted occupations at Tadpole Garden Village and Badbury Park. The joint venture with Barratt David Wilson to develop the Wichelstowe area has led to successful house sales and delivery of district centre infrastructure including the canal and public house. The former Oakfield School site has been successfully sold to Nationwide and ongoing work plans to deliver the ambitious New Eastern Villages.

Swindon continues to experience a higher employment rate and Gross Value Added (GVA) than the national average however a focus for the coming year will be to mitigate the impacts of Honda closing, Brexit and the Covid-19 recovery.

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

The Council is on track to deliver the required number of schools in line with its population. In terms of outcomes for assessments, Swindon is closing the gap to meet national average at Early Years and Key Stage 4. At Key Stage 1, Swindon experiences better outcomes than the National Average. At Key Stage 2 and Key Stage 5, there is work to do to bring outcomes up to National level. The Council is currently developing an Education Strategy 2020-2025 to work with schools to improve outcomes for Swindon pupils.

Apprenticeship starts in Swindon is below the target set however the same has been seen nationally and Swindon is closer to its target than the national average.

Work is ongoing to raise attainment and progression to higher education. Swindon was successful in a £21 million bid for an Institute of Technology (IoT) that will be delivered at Swindon College. The Royal Agricultural University will also be delivering a postgraduate and professional training hub at the Carriage Works.

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

The Council works to promote health lifestyles through a number of programmes such as promoting Beat the Streets, a smoking in pregnancy midwife, Library Reading Well Books, a healthy families weight management programme and a falls prevention initiative plus more. Smoking levels in Swindon are above targets with prevalence at 17.7% against a target of 16.3% and smoking at pregnancy at 11.1% against a target of 10%. There has been an improvement in excess weight of children in Reception and Year 6, both of which have reduced to below the England average however in adults it is 65.1% against a target of 62.3%.

The Council continues to work with schools to deliver education programmes around cleanliness of local areas and has engaged with a much higher number of pupils than initially targeted. In terms of waste and recycling, recycling rates are below target. The amount of recycled waste collected per household has increased and is above target, however, the amount of non-recycled waste has also increased meaning the overall recycled rate has not been achieved. A big development this year was the introduction of a food waste trial for ~11,000 households to reduce the amount of food waste going into non-recycled waste. The trial was deemed a success and resulted in more than 450 tonnes of waste being collected that would usually have gone into non-recycled waste. The trial has been extended until the end of August 2020 before a final Cabinet decision is made on whether it will be rolled out across the borough.

Following the unsuccessful bid for a new museum to the Heritage and Lottery Fund, the Council is exploring additional options for the Swindon Museum and Art Gallery alongside wider work to secure a viable future for Swindon's heritage assets including Lydiard Park and STEAM museum.

The Council aims to deliver work in the town centre to improve its perception, some of the key aspects delivered is the enforcement of the Public Space Protection Order, regular cleaning on multi-story car parks and the implementation of a pilot focused on enforcement activity. A draft plan is in place for Purple Flag status.

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

A big development in relation to this priority was the result of the Ofsted inspection for Children's services for which it obtained 'Good'. This reflects the improvement work that has been undertaken in Children's services.

Improvements have been made in the % of looked after children who live within 20 miles of Swindon however the number of in house foster carers has reduced. The Council has implemented a fostering recruitment campaign to address this.

There has been a reduction in the number of children in need, looked after children and children subject to a child protection plan and safeguarding continues to be a focus to carry on the improvement journey from the 'Good' Ofsted outcome.

Early prevention and early intervention continues to be a focus with the implementation of the new Family Intervention and Support Service (FISS). Swindon is performing above target in relation to its Troubled Families. The service has successfully implemented an Early Years Outcomes bid and made good progress with the Innovation Fund Programme.

The close partnership with the CCG continues and the significant improvements in relation to delayed bed days attributable to adult social care continues, the rate is now 2.45 days per 100K populations against a target of 8.74 days.

There has been significant work to address rough sleeping with the opening of the temporary winter housing provision and on track with successful Housing First tenancies.

Audit Report

The draft accounts are normally required to be approved by the 31 May by the Corporate Director of Finance and Assets, the Council's designated Section 151 Officer, and independently audited and published in their audited form by 31 July. Due to the impact of Covid-19 these dates were changed for 2019/20 financial year to 31 July for draft and 30 November for audited. The Council's auditors are Grant Thornton UK LLP and their audit report is at the end of this document.

Further Information

If readers would like to know more about the accounts of the Council, please write to Mick Bowden, Corporate Director of Finance and Assets, 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 2019/20, the designated officer was the Corporate Director of Finance and Assets.

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

The Officer's Responsibilities
The Corporate Director of Finance and Assets 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 2020.

In preparing this Statement of Accounts, the Corporate Director Finance and Assets:
- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code.

The Corporate Director Finance and Assets 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 2020.

Signed: Date: 27 November 2020
Mick Bowden
Corporate Director of Finance and Assets

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: 27 November 2020

Cllr Steve Weisinger
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	**2018/19 Service Balances Restated** (note 40) Continuing Operations:	**2018/19 Gross Expenditure £000**	**2018/19 Gross Income £000**	**2018/19 Net Expenditure £000**	**2019/20 Gross Expenditure £000**	**2019/20 Gross Income £000**	**2019/20 Net Expenditure £000**
	Resources	93,790	(83,031)	10,759	88,173	(69,214)	18,959
	Economy	2,185	(9)	2,176	1,684	182	1,866
	Children Services	56,375	(7,609)	48,766	54,874	(7,614)	47,260
	Adult Services	105,736	(39,319)	66,417	109,743	(46,291)	63,452
	Communities and Housing	74,870	(26,500)	48,371	78,223	(26,761)	51,462
6	DSG Commissioning	124,152	(109,870)	14,282	115,810	(99,262)	16,548
	Housing Revenue Account	64,883	(49,427)	15,456	43,691	(50,655)	(6,964)
	(Surplus) / Deficit on Continuing Operations	**521,991**	**(315,764)**	**206,227**	**492,198**	**(299,615)**	**192,583**
4	Other operating expenditure			72,564			34,217
5	Financing & investment (income)/expenditure			19,438			21,592
7	Taxation and non-specific grant income			(182,275)			(189,363)
	(Surplus) / Deficit on Provision of Services			**115,954**			**59,029**
15	(Surplus) / Deficit on revaluation of PPE assets			(58,586)			(60,062)
32	Re-measurements on pension assets / liabilities			16,678			(85,479)
	Other Comprehensive Income and Expenditure			**(41,908)**			**(145,541)**
	Total Comprehensive Income and Expenditure			**74,046**			**(86,512)**

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 £613k. Earmarked GF reserves are a part of the statutory General Fund balance, whilst HRA balances are a statutory ring-fenced section for housing.

	GF Balance	HRA	Earmarked GF Reserves	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves Restated	Total Authority Reserves
	£'000	£'000	£'000	£'000	£000	£000	£000	£000	£000	£000
1 April 2019	**(6,587)**	**(10,300)**	**(41,970)**	**(1,282)**	**(14,318)**	**(2,954)**	**(25,807)**	**(103,218)**	**(450,525)**	**(553,743)**
(Surplus) / Deficit on Service provision	58,108	921	-	-	-	-	-	59,029	0	59,029
Other (Income) / Exp.	0	-	-	-	-	-	-	0	(145,541)	(145,541)
Total Comprehensive (Income) /Exp.	**58,108**	**921**	**0**	**0**	**0**	**0**	**0**	**59,029**	**(145,541)**	**(86,512)**
Adjusts between accounting & funding basis (note 13)	(49,165)	(2,568)	-	-	(4,777)	(3,359)	4,596	(55,273)	55,273	0
Net (Increase)/ Decrease before Reserves	**8,943**	**(1,647)**	**0**	**0**	**(4,777)**	**(3,359)**	**4,596**	**3,756**	**(90,268)**	**(86,512)**
Transfers to / (from) Other Reserves (note 14)	(9,556)	209	7,871	(209)	1,685	-	-	0	0	0
(Increase)/ Decrease in-year	**(613)**	**(1,438)**	**7,871**	**(209)**	**(3,092)**	**(3,359)**	**4,596**	**3,756**	**(90,268)**	**(86,512)**
31 March 2020	**(7,200)**	**(11,738)**	**(34,099)**	**(1,491)**	**(17,410)**	**(6,313)**	**(21,211)**	**(99,462)**	**(540,793)**	**(640,255)**

Movement in Reserves Statement continued

	GF Balance £'000	HRA £'000	Earmarked GF Reserves £'000	Earmarked HRA Reserves £'000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves Restated £000	Total Authority Reserves £000
1 April 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)**

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 2019 £000	31st March 2020 £000
15/49	Property, Plant & Equipment	1,172,120	1,218,273
16	Investment property	9,013	8,484
17	Heritage	29,200	29,200
44	Long term investments	31,075	39,489
20	Long Term debtors	1,412	1,411
	Total Non-Current Assets	**1,242,820**	**1,296,857**
	Cash & Cash equivalents	31,290	29,501
	Inventories & Work in Progress	1,174	1,287
21	Short term debtors	29,350	43,741
33	Short term investments	14,000	22,078
	Assets held for sale (current)	5,658	1,525
	Current Assets	**81,472**	**98,132**
22	Short term creditors	(51,598)	(65,217)
33	Short term borrowing	(16,501)	(41,350)
23	Provisions (short term)	(1,418)	(1,491)
	Current Liabilities	**(69,517)**	**(108,058)**
33	Long term borrowing	(324,753)	(338,904)
30/33	Long term creditors	(49,323)	(47,157)
23	Provisions (long term)	(12,537)	(13,314)
32	Pension Asset/Liability	(290,914)	(224,783)
7	Capital Grants receipts in advance	(23,505)	(22,518)
	Non-Current Liabilities	**(701,032)**	**(646,676)**
	Net Assets	**553,743**	**640,255**

Balance Sheet continued

Note		31st March 2019 £000	31st March 2020 £000
	General Fund Balance	(6,587)	(7,200)
	HRA Balance	(10,300)	(11,738)
	GF Earmarked Reserves	(41,970)	(34,099)
	HRA Earmarked Reserves	(1,282)	(1,491)
	Major Repairs Reserve	(2,954)	(6,313)
	Capital Receipts Reserve	(14,318)	(17,410)
	Capital Grants Unapplied	(25,807)	(21,211)
MiRS*	**Usable Reserves**	**(103,218)**	**(99,462)**
24	Capital Adjustment Account	(273,305)	(261,332)
25	Revaluation Reserve	(465,373)	(503,416)
26	Pension Reserve	290,914	224,783
27	Collection Fund Adjustment Account	(1,545)	(151)
	Pooled Investment Funds Adjustment Account	29	567
	Deferred Capital Receipts	(1,245)	(1,244)
	Unusable Reserves:	**(450,525)**	**(540,793)**
	Total Reserves	**(553,743)**	**(640,255)**

*MiRS – Movement in Reserves Statement

The unaudited accounts were issued on 29 May 2020 and the audited final issued on 27 November.

Mick Bowden

Corporate Director of Finance and Assets

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		2018/19 £'000	2018/19 £'000
	Net surplus or (deficit) on the provision of services	(115,954)	(59,029)
35	Adjustments to net surplus or deficit on the provision of services for non-cash movements	166,305	113,062
35	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(44,980)	(44,499)
	Net cash flows from Operating Activities	**5,371**	**9,534**
36	Investing Activities	(20,417)	(49,424)
37	Financing Activities	23,871	38,101
	Net increase or (decrease) in cash and cash equivalents	**8,825**	**(1,789)**
	Cash and cash equivalents at the beginning of the reporting period	22,465	31,290
	Cash and cash equivalents at the end of the reporting period	**31,290**	**29,501**

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.

	2019/20 Net Exp. Report to Cabinet £000	2019/20 Remove Not Chargeable to the GF or HRA £000	2019/20 Net Exp. Chargeable to GF and HRA £000	2019/20 Changes Between Funding & Accounting Basis £000	2019/20 Net Expenditure In the CIES £000
Resources	8,790	4,300	13,090	5,869	18,959
Economy	1,137	160	1,297	569	1,866
Children Services	43,198	2,630	45,828	1,432	47,260
Adult Services	61,631	71	61,702	1,750	63,452
Communities and Housing	27,128	(701)	26,427	25,035	51,462
DSG Commissioning	0	3,101	3,101	13,447	16,548
Housing Revenue Account	(1,437)	(209)	(1,646)	(5,318)	(6,964)
(Surplus) / Deficit on Continuing Operations	**140,447**	**9,352**	**149,799**	**42,784**	**192,583**
Other Income & Expenditure	8,039	0	8,039	26,178	34,217
Financing and Investment Income and Expenditure	0	0	0	21,592	21,592
Taxation and Non-Specific Grant Income	(150,536)	(6)	(150,542)	(38,821)	(189,363)
(Surplus) / Deficit on Provision of Services	**(2,050)**	**9,346**	**7,296**	**51,733**	**59,029**

Reconciliation of Movement to Balances	**Opening**	**(Surplus) or Deficit on Provision of Services**	**Closing**
General Fund	(6,587)	(613)	(7,200)
HRA	(10,300)	(1,437)	(11,737)
Net Exp. Chargeable to the GF and HRA Balances		**(2,050)**	
Earmarked reserves	(43,252)	7,660	(35,592)
Direct BS reserve transfer		1,686	
Remove Not Chargeable to the GF or HRA		**9,346**	
(Surplus) / Deficit on Provision of Services		**7,296**	

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

Movement Reason	**Net Reserve movement in EFA**	**Direct BS reserve transfer to GF balance**	**Net Transfers from earmarked reserves**	**Net Adjustment for reserves**
£000	9,346	(1,686)	(7,660)	0

The 2018/19 EFA has been restated for the same internal management restructuring changes that the 2018/19 CIES underwent.

Restated	**2018/19**	**2018/19**	**2018/19**	**2018/19**	**2018/19**
	Net Exp. Report to Cabinet	**Remove Not Chargeable to the GF or HRA**	**Net Exp. Chargeable to GF and HRA**	**Changes Between Funding & Accounting Basis**	**Net Expenditure In the CIES**
	£000	**£000**	**£000**	**£000**	**£000**
Resources	(10,246)	2,015	(8,231)	18,990	10,759
Economy	1,451	434	1,885	291	2,176
Children Services	41,879	4,834	46,713	2,053	48,766
Adult Services	79,947	(66)	79,881	(13,464)	66,417
Communities and Housing	28,129	(595)	27,534	20,837	48,371
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 & Expenditure	7,560	0	7,560	65,004	72,564
Financing and Investment Income and Expenditure	0	0	0	19,438	19,438
Taxation and Non-Specific Grant Income	(149,308)	1,350	(147,958)	(34,317)	(182,275)
(Surplus) / Deficit on Provision of Services	**(588)**	**8,834**	**8,246**	**107,708**	**115,954**

Reconciliation of Movement to Balances	Opening	(Surplus) or Deficit on Provision of Services	Closing
General Fund	(6,000)	(588)	(6,587)
HRA	(10,300)	0	(10,300)
Net Exp. Chargeable to the GF and HRA Balances		**(588)**	
Earmarked reserves	(50,561)	7,309	(43,252)
Direct BS reserve transfer		1,525	
Remove Not Chargeable to the GF or HRA		**8,834**	
(Surplus) / Deficit on Provision of Services		**8,246**	

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

Movement Reason	Net Reserve movement in EFA	Direct BS reserve transfer to GF balance	Net Transfers from earmarked reserves	Net Adjustment for reserves
£000	8,834	(1,525)	(7,309)	0

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.

2019/20	Pensions £'000	Capital £'000	Treasury £'000	Other £'000	Total £'000
Resources	1,762	9,076	(10,619)	5,650	5,869
Economy	71	0	0	498	569
Children Services	1,732	(300)	0	0	1,432
Adult Services	1,381	369	0	0	1,750
Communities and Housing	1,871	24,306	(1,142)	0	25,035
DSG Commissioning	4,123	9,324	0	0	13,447
Housing Revenue Account	1,279	1,708	(8,507)	202	(5,318)
Total Adjustments	**12,219**	**44,483**	**(20,268)**	**6,350**	**42,784**

Other Income & Expenditure	0	26,178	0	0	26,178
Financing and Investment Income and Expenditure	7,130	1,065	13,397	0	21,592
Taxation and Non-Specific Grant Income	0	(34,701)	0	(4,120)	(38,821)
(Surplus) or Deficit on Provision of Services	**19,349**	**37,025**	**(6,871)**	**2,230**	**51,733**

Restated 2018/19	**Pensions £'000**	**Capital £'000**	**Treasury £'000**	**Other £'000**	**Total £'000**
Resources	(1,184)	9,742	(9,910)	20,342	18,990
Economy	292	(1)	0	0	291
Children Services	1,381	672	0	0	2,053
Adult Services	1,165	646	0	(15,275)	(13,464)
Communities and Housing	1,467	20,667	(1,297)	0	20,837
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**
Other Income & Expenditure	0	65,004	0	0	65,004
Financing and Investment Income and Expenditure	6,841	(1,563)	14,160	0	19,438
Taxation and Non-Specific Grant Income	0	(30,357)	0	(3,960)	(34,317)
(Surplus) or Deficit on Provision of Services	**14,527**	**97,600**	**(5,691)**	**1,272**	**107,708**

2. Subjective Analysis of Service Expenditure

This disclosure shows the type of expenditure and income incurred through the CIES:

Expenditure and Income Type	2018/19 £'000	2019/20 £'000
Employee related expenses	160,524	164,224
Other service expenses	284,716	276,157
Depreciation, amortisation and impairment	76,893	52,042
Interest Payments	23,590	25,661
Precepts & Levies	7,560	8,039
Payments to Housing Capital Receipts Pool	3,536	2,754
Gain or Loss on Disposal of Fixed Assets	61,468	23,424
Total operating expenses	**618,287**	**552,301**
Fees, charges & other service income	(112,277)	(103,086)
Interest and investment income	(3,356)	(3,235)
Income from council tax	(139,117)	(145,470)
Government grants and contributions	(247,583)	(241,481)
Total Income	**(502,333)**	**(493,272)**
Surplus or deficit on the provision of services	**115,954**	**59,029**

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
2019/20	
	There are considered to be no material items outside of typical service spend or capital recharges in 2019/20.
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.

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 continues to see the high balances on disposal of non-current assets.

	2018/19 £'000	2019/20 £'000
(Gains)/losses on the disposal of non-current assets	61,468	23,425
Parish council precepts	7,560	8,038
Payments to the Government Housing Capital Receipts Pool	3,536	2,754
Total Other Operating Expenditure	**72,564**	**34,217**

5. Financing and Investment Income and Expenditure

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

	2018/19 £'000	2019/20 £'000
Interest payable and similar charges	16,749	17,467
Interest receivable and similar income	(2,589)	(3,235)
Investment income	(796)	(834)
Movement on market value of investment property	(538)	529
(Gains)/losses on assets held for sale	(229)	535
Net interest on the net defined benefit liability	6,841	7,130
Total Financing and Investment Income and Expenditure	**19,438**	**21,592**

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. Recent changes to legislation require a deficit recovery plan for any deficit value. Previously this was required when deficits exceeded 1%. Due to the postponement of schools forum due to the Covid-19 pandemic, a recovery plan for the below deficit has not yet been agreed. The deficit is shown as a specific reserve with a debit balance within schools' reserve balances.

	Central Expenditure 2019/20 £'000	Schools Budgets 2019/20 £'000	Total 2019/20 £'000
Final DSG before Academy Recoupment			185,035
Academy figure recouped for the year			(109,129)
DSG after Academy Recoupment			**75,906**
Brought Forward from prior year			956
Carry Forward agreed in advance			(956)
Agreed initial budgeted distribution	**31,491**	**44,415**	**75,906**
In year adjustments	(401)		(401)
Final budgeted distribution for year	**31,090**	**44,415**	**75,505**

DSG continued	Central Expenditure 2019/20 £'000	Schools Budgets 2019/20 £'000	Total 2019/20 £'000
Less actual central expenditure	38,154		
Less actual ISB deployed to schools		40,293	
Carry forward to next year (including carry forward agreed in advance)	**(7,064)**	**4,122**	**(1,986)**

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	2018/19 £'000	2019/20 £'000
Collection Fund Income - Council Tax	(103,955)	(111,254)
Collection Fund Adjustments – Council Tax	(1,459)	1,035
Collection Fund Income - Business Rates	(35,055)	(35,015)
Collection Fund Adjustments – Business Rates	1,352	(236)
Revenue Support Grant	(8,949)	(4,268)
Other non-ring-fenced government grants	(3,852)	(4,923)
S106 - used in funding	(5,224)	(3,152)
Capital grants and contributions - to CGUA*	(25,133)	(31,550)
Total	**(182,275)**	**(189,363)**

*Capital Grants Unapplied Account

The below amounts were credited to Net Cost Services.

Funding Body	2018/19 £'000	2019/20 £'000
Arts Council - South West	(159)	0
Department For Children, Schools & Families (DCSF)	(89,951)	(83,740)
Department for Work & Pensions (DWP)	(44,464)	(42,386)
Department of Housing, Communities & Local Government (DHCLG)	(16,189)	(19,586)
Department of Digital, Culture, Media and Sport	(201)	0
Department of Health & Social Care	(11,262)	(10,302)
Department of Transport	(444)	(219)
Heritage Lottery	(22)	(223)
Home Office	(843)	(1,110)
Learning Skills Council / Skills Funding Agency	(524)	(598)
One public estate (LGA)	(101)	0
South West Regional Development Agency	(10)	0
Young Persons Learning Agency	(127)	0
Youth Justice board	(261)	(263)
Total	**(164,558)**	**(158,427)**

The Authority has received a number of capital contributions 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 Grants Receipts in Advance	2018/19 £'000	2019/20 £'000
Balance at 1 April	**(19,355)**	**(23,505)**
New funds received	(34,741)	(33,715)
Funds written out to fund capital schemes	30,591	34,702
Balance at 31 March	**(23,505)**	**(22,518)**

8. Members' Allowances

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

	2018/19 £'000	2019/20 £'000
Basic Allowances	478	477
Special Responsibility Allowances	218	215
Expenses	1	3
Total	**697**	**695**

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. In both years the Chief Executive was not in the pension scheme except for a limited period at the start of 2018/19 employment. The Corporate Director Resources & Growth was also not in the pension scheme during their employment period in 2018/19.

Position	Salary, Allowances and Exit Costs	Expenses	Remuneration	Emp. Pension Contributions	Total Remuneration
	£	£	£	£	£
2019/20					
Chief Executive – Susie Kemp	170,340	0	170,340	0	170,340
Corporate Director of Finance and Assets (S151 Officer) – started November 2019	44,150	0	44,150	9,448	53,598
Director of Finance (S151 Officer) – role changed to post above November 2019	65,012	0	65,012	13,913	78,925
Director of Public Health – left May 2019	20,565	0	20,565	2,438	23,003
Interim Director of Public Health – started May 2019	81,307	0	81,307	11,320	92,627
Corporate Director of Communities & Housing – left March 2020	124,456	0	124,456	26,634	151,090
Corporate Director of Adult Social Services	128,417	0	128,417	26,956	155,373
Corporate Director of Children Services	130,050	0	130,050	27,831	157,881
Chief Operating Officer – started Feb 2020	18,678	0	18,678	3,997	22,675

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 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	
£		£	2018/19	2019/20
50,000	to	54,999	55	48
55,000	to	59,999	26	35
60,000	to	64,999	19	22
65,000	to	69,999	19	13
70,000	to	74,999	5	22
75,000	to	79,999	4	3
80,000	to	84,999	2	5
85,000	to	89,999	1	1
90,000	to	94,999	1	0
95,000	to	99,999	3	0
100,000	to	104,999	0	1
105,000	to	109,999	0	1

10.Exit Packages

The Council incurred costs of £0.752m (£1.375m in 18/19) for known compulsory redundancy and other departure reasons payments.

Exit Package Band			Number of Employees			
			2018/19		2019/20	
£		£	Compulsory	Other	Compulsory	Other
0	to	19,999	36	7	15	4
20,000	to	39,999	8	3	3	1
40,000	to	59,999	3	0	3	0
60,000	to	79,999	2	0	0	0
80,000	to	179,999	4*	0	3*	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:

	2018/19	2019/20
	£'000	£'000
Statutory Audit of the Accounts	99	124
Review of Grant Claims	25	25
Other services	9	6
Total Fees Paid	**133**	**155**

12. 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 a range of 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 not being a true pooled budget 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, but does not control CCG commissioning activities and expenditure. The following table is for information only and provides a memorandum of the split between parties. The amounts shown against the Council as Better Care Fund are included within the Adults Section 75 arrangement balances. Costs from activities directly commissioned by the CCG are shown at the foot of the table.

			2018/19			2019/20
	SBC	CCG	Total	SBC	CCG	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Adult Section 75	64,422	10,650	75,072	68,270	11,603	79,873
Public Health	10,106	0	10,106	9,839	0	9,839
Children - Commissioning & Service Delivery	37,854	3,281	41,135	38,718	3,968	42,686
Capital - DFG	1,141	0	1,141	724	0	724
Total	**113,523**	**13,931**	**127,454**	**117,551**	**15,571**	**133,122**
Better Care Fund						
SBC Commissioned activities	7,524	7,900	15,424	25,598	8,674	34,271
Capital - DFG	1,141	0	1,141	724	0	724
Total	**8,665**	**7,900**	**16,565**	**26,322**	**8,674**	**34,995**
Activities directly commissioned and recorded within Swindon CCG accounts.	0	7,389	7,389	0	20,861	20,861

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:

2019/20	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	(28,270)	(11,198)	-	-	-	(39,468)
Charges for impairment and revaluation losses of non-current assets	(5,311)	(7,263)	-	-	-	(12,574)
Movement in the market value of investment properties	(550)	21	-	-	-	(529)
Capital grants and contributions applied	3,152	-	-	-	-	3,152
Revenue expenditure funded from capital under statute	(9,195)	-	-	-	-	(9,195)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(25,177)	(8,045)	-	-	-	(33,222)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	1,038	-	-	-	-	1,038
Voluntary provision for the financing of capital investment	-	5,000	-	-	-	5,000
Capital expenditure charged against the GF and HRA balances	-	5,813	-	-	-	5,813
Adjustments for capital grants:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	31,550	-	-	-	(31,550)	0
Application of grants to capital financing transferred to the CAA	-	-	-	-	36,146	36,146
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	5,585	4,212	(9,797)	-	-	0
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	1,459	-	-	1,459
Voluntary set aside of capital receipts	-	-	808	-	-	808
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(2,754)	-	2,754	-	-	0

Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	(1)	-	-	(1)
Adjustment primarily involving the Major Repairs Reserve						
HRA resources credited to the MRR	-	10,940	-	(10,940)	-	0
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	7,581	-	7,581
Adjustments primarily involving the Pensions Reserve:						
Net reversal from CIES of items relating to IAS19 retirement benefits	(17,300)	(2,048)	-	-	-	(19,348)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax / business rate income credited to the CIES is different from that calculated for the year in accordance with statutory requirements	(1,393)	-	-	-	-	(1,393)
Adjustments primarily involving the Pooled Investment Funds Adjustment Account:						
Reversal of the Gains or Losses on AHFS	(540)	-	-	-	-	(540)
Total Adjustments	**(49,165)**	**(2,568)**	**(4,777)**	**(3,359)**	**4,596**	**(55,273)**

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 for capital grants:						
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 CAA	-	-	-	-	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:						
Net reversal from CIES of items relating to IAS19 retirement benefits	(12,846)	(1,681)	-	-	-	(14,527)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax / business rate income credited to the CIES is different from that calculated for the year in accordance with statutory requirements	(477)	-	-	-	-	(477)
Adjustments primarily involving the Pooled Investment Funds Adjustment 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)**

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. As at 31/3/20 the schools' reserves includes a £1.7m dedicated schools grant reserve deficit.

	Balance 31/3/18 £'000	Transfers In £'000	Transfers Out £'000	Balance 31/3/19 £'000	Transfers In £'000	Transfers Out £'000	Balance 31/3/20 £'000
HRA Earmarked	**(1,141)**	**(167)**	**26**	**(1,282)**	**(547)**	**338**	**(1,491)**
Service Earmarked	(19,138)	(3,364)	7,608	(14,894)	(716)	5,427	(10,183)
Major Project Cashflowing	(3,060)	0	446	(2,614)	0	225	(2,389)
Schools	(6,613)	(43)	1,320	(5,336)	0	3,030	(2,306)
Infrastructure & Regeneration	(3,471)	(241)	460	(3,252)	(9)	1,728	(1,533)
Budget Delivery Cashflowing	(17,138)	(323)	1,587	(15,874)	(2,481)	667	(17,688)
General Fund Reserves per BS	**(49,420)**	**(3,971)**	**11,421**	**(41,970)**	**(3,206)**	**11,077**	**(34,099)**
Total Earmarked Reserves	**(50,561)**	**(4,138)**	**11,447**	**(43,252)**	**(3,753)**	**11,415**	**(35,590)**

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 2019/20 the Council made no material changes to its accounting estimates methods for Property, Plant and Equipment.
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 revaluation review. Accumulated depreciation written back on revaluation of GF assets in 2018/19 was only written back to the extent of the brought forward balance, so depreciation charged in year was not written back at revaluation date, which was estimated to be £5.8m. In 2019/20 depreciation is written back to revaluation date.

	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	18,010	274,462	17,904	0	14,569	324,945
Value of assets revalued in year ending:								
31-Mar-20	486,945	395,881	-	-	-	40,587	-	923,413
31-Mar-19	-	101,279	-	-	-	4,570	-	105,849
Total Value of category on the balance sheet	**486,945**	**497,160**	**18,010**	**274,462**	**17,904**	**45,157**	**14,569**	**1,353,841**

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 certified valuation date is the 31 December, but the Valuer confirms there is no material change to the valuations at the end of the year. There is increased uncertainty in 2019/20 due to the potential Covid-19 impact on the property market. 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. Review undertaken during 2019/20 resulted in the disposal of a number fully depreciated asset balances, mainly within VPE, where inclusion was no longer considered appropriate. The impact to the balance sheet of the net movement has been negligible.

2019/20	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant, & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total PPE £'000	PFI Assets in PPE £'000
Cost or Valuation									
At 1 April 2019	**477,103**	**478,525**	**43,894**	**249,790**	**17,673**	**47,256**	**11,954**	**1,326,195**	**22,423**
Additions	14,379	22,368	2,678	13,090	231	122	14,305	67,173	49
Revaluation + / (-) recognised in the Revaluation Reserve	11,037	22,273	-	-	-	1,557	-	34,867	310
Revaluation + / (-) recognised in the Surplus/Deficit on the Provision of Services	(7,263)	(4,702)	-	-	(366)	(3,492)	-	(15,823)	-
Derecognition – disposals	(8,380)	(21,304)	(28,562)	(39)	-	(286)	-	(58,571)	(11,951)
Reclassification	69	-	-	11,621	-	-	(11,690)	0	-
At 31 March 2020	**486,945**	**497,160**	**18,010**	**274,462**	**17,538**	**45,157**	**14,569**	**1,353,841**	**10,831**
Accumulated Depreciation and Impairment									
At 1 April 2019	**(2,532)**	**(15,228)**	**(38,641)**	**(96,865)**	**0**	**(809)**	**0**	**(154,075)**	**(342)**
Depreciation charge	(10,941)	(11,827)	(2,392)	(14,159)	-	(149)	-	(39,468)	(149)
Depreciation w/b on Revaluation	9,073	15,924	-	-	-	30	-	25,027	252
Depreciation written to/from the CIES	-	2,745	-	-	-	504	-	3,249	-
Depreciation written to/from the CIES - Reclassifications	-	-	-	-	-		-	0	-
Derecognition – disposals	335	710	28,594	42	-	18	-	29,699	201
At 31 March 2020	**(4,065)**	**(7,676)**	**(12,439)**	**(110,982)**	**0**	**(406)**	**0**	**(135,568)**	**(38)**
Net Book Value									
At 1 April 2019	**474,571**	**463,297**	**5,253**	**152,925**	**17,673**	**46,447**	**11,954**	**1,172,120**	**22,081**
At 31 March 2020	**482,880**	**489,484**	**5,571**	**163,480**	**17,538**	**44,751**	**14,569**	**1,218,273**	**10,793**

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**

In valuing surplus assets the valuers have used a desktop valuation with physical inspections. There has been no change in the valuation techniques used during the year for surplus assets. The material proportion of surplus assets (93%) relates to land available for development, which is considered the highest and best use of the asset.

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and non-observable inputs	Key sensitivities
Surplus assets	Level 2	Valued at Fair Value as at 31 December 2019 using the market approach.	Review of similar markets for development land.	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 demand for development, however, a material value of the surplus assets is for known future development.

Sensitivity of asset	Asset	Valuation Range	Value as at 31/3/20	Valuation Variation
			£'000	£'000
The valuation report states that there is a valuation tolerance of +/- 10%, and the impact of this range on the closing value of surplus assets at 31/3/20 is shown.	Surplus assets	+/- 10%	44,751	4,475

16. Investment Properties

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

	2018/19 £'000	2019/20 £'000
Balance at start of the year	**8,475**	**9,013**
Subsequent expenditure	-	-
Disposals	-	-
Net gains/losses from fair value adjustments	538	(529)
To/from Property, Plant and Equipment	-	-
Balance at end of the year	**9,013**	**8,484**

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. 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 2019 using the income 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 31/3/20 £'000	Valuation Variation £'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 31/3/20 is shown.	Lysander House	+/- 10%	7,700	770

17.Heritage Assets

The valuation rules are relaxed in relation to heritage assets and values for collections have been taken by reference to accepted valuations by external insurers. The nature of heritage assets means they are expected to 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:	2018/19 £'000	2019/20 £'000
Steam Railway Heritage Centre	14,200	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	**29,200**	**29,200**

18.Capital Commitment

At 31 March 2020, Council has approved a Capital Programme of £297.3m for the construction or enhancement of Property, Plant and Equipment in 2020/21 and future years. Whilst a departure from the Code and 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 2019 were £275.3m.

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 01/04/19 was £478.7m it has increased by £15.4m to £494.1m as at 31/03/20.

	2018/19	2019/20
	£'000	£'000
Property, Plant & Equipment	47,029	50,835
HRA Dwellings & AUC	23,355	16,385
Investment Properties	0	0
Total Additions to Balance Sheet	**70,384**	**67,220**
Revenue Expenditure Funded from Capital Under Statute	4,655	9,195
Total Expenditure to be Financed	**75,039**	**76,415**
HRA Funding	(13,547)	(7,581)
Capital Receipts	(4,058)	(1,459)
Revenue Contribution to Capital Outlay (RCCO)	(6,903)	(5,813)
Government Grants and Other Contributions	(21,530)	(36,146)
S106	(5,224)	(3,152)
Borrowing	(23,777)	(22,264)
Total Financing	**(75,039)**	**(76,415)**

20. Long-term Debtors

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

Balance at 31 March	2019	2020
	£'000	£'000
Mortgage Advances	176	176
Finance Lease Asset	1,236	1,235
Total	**1,412**	**1,411**

21. Short-term Debtors

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

Balance at 31 March	2019	2020
	£'000	£'000
Central government bodies	12,177	19,878
Other local authorities	44	947
NHS bodies	170	3,484
Collection Fund	13,598	16,107
Sundry organisations and individuals	12,351	13,585
Payments in Advance	6,769	7,666
Sub-total	**45,112**	**61,667**
Impairment of debtors	(6,654)	(6,515)
Collection Fund loss allowance	(9,108)	(11,412)
Net Debtors	**29,350**	**43,741**

22. Short-Term Creditors

Balance at 31 March	2019	2020
	£'000	£'000
Central government bodies	(2,897)	(4,146)
Other local authorities	(635)	(985)
NHS bodies	(288)	(568)
Collection Fund	(11,615)	(11,365)
Sundry organisations and individuals	(25,414)	(26,827)
Receipts in advance	(10,749)	(21,326)
Total	**(51,598)**	**(65,217)**

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.

2019/20	Insurance	Landfill	Rates Appeals	Other	Total
	£'000	£'000	£'000	£'000	£'000
Balance Outstanding at start of year	**(2,494)**	**(2,858)**	**(7,767)**	**(836)**	**(13,955)**
Additional provisions made	(1,407)	0	(501)	0	(1,908)
Amounts used	348	97	0	613	1,058
Balance outstanding at year end	**(3,553)**	**(2,761)**	**(8,268)**	**(223)**	**(14,805)**
Relating to short-term	(1,491)	0	0	0	(1,491)
Relating to long-term	(2,062)	(2,761)	(8,268)	(223)	(13,314)

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.

	2018/19 £'000	2019/20 £'000
Balance at 1 April	**(346,524)**	**(273,305)**
Reversal of capital related items debited or credited to the CIES:		
Charges for depreciation of noncurrent assets	38,342	39,468
Charges for impairment of noncurrent assets	40,286	15,823
Depreciation written back On Reclassification	(529)	0
Depreciation written back on disposals	(3,582)	(855)
Depreciation written back on general gain/loss	(1,206)	(3,249)
Revenue expenditure funded from capital under statute	4,655	9,195
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	79,673	34,077
Application of the HRA debt	(5,000)	(5,000)
	152,639	**89,459**

CAA continued	**2018/19 £'000**	**2019/20 £'000**
Adjusting amounts written out of the Revaluation Reserve	(26,123)	(22,019)
Deferred Receipts	2	1
Use of the Capital Receipts Reserve to finance new capital expenditure	(4,058)	(1,459)
Use of the Major Repairs Reserve to finance new capital expenditure	(13,547)	(7,581)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(5,224)	(3,152)
Application of grants to capital financing from the Capital Grants Unapplied Account	(21,530)	(36,146)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(693)	(1,038)
PFI Finance Lease Liability MRP	(806)	(808)
Voluntary provision for financing of capital expenditure	0	0
Capital expenditure charged against the General Fund and HRA balances	(6,903)	(5,813)
Movement in the market value of investments	(538)	529
	(79,420)	**(77,486)**
Balance at 31 March	**(273,305)**	**(261,332)**

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.

	2018/19 £'000	2019/20 £'000
Balance at 1 April	**(432,910)**	**(465,373)**
Revaluation of assets in asset table note	(42,667)	(34,867)
Revaluation of held for sale assets	0	(168)
Depreciation added back on revaluation	(15,919)	(25,027)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	**(58,586)**	**(60,062)**
Adjustments to Capital Adjustment Account	0	221
Adjustments against historic cost	5,196	6,434
Accumulated gains on assets sold or scrapped	20,927	15,364
Balance at 31 March	**(465,373)**	**(503,416)**

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.

	2018/19 £'000	2019/20 £'000
Balance at 1 April	**259,709**	**290,914**
Remeasurement of the net defined benefit liability	16,678	(85,479)
Net reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	14,527	19,348
Balance at 31 March	**290,914**	**224,783**

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.

	2018/19 £'000	2019/20 £'000
Balance at 1 April	**(2,021)**	**(1,545)**
Amount by which council tax income credited to the CIES is different from council tax income calculated under statute	(892)	1,391
Amount by which business rates income credited to the CIES is different from business rates income calculated under statute	1,368	3
Balance at 31 March	**(1,545)**	**(151)**

28.Balances of Other Unusable Reserves

	2018/19 £'000	2019/20 £'000
Deferred Capital Receipts	(1,245)	(1,244)
Pooled Investment Funds Adjustment Account	29	567
Sub Total	**(1,216)**	**(677)**

29.Leases

Authority as Lessee

Under reporting standards the Council has finance lease arrangements for its PFI scheme, shown in note 30. The Council has no other known finance lease arrangements, either as a direct leasing process or from service arrangements.

Operating Leases

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

	2018/19	2019/20
	£'000	**£'000**
Not later than one year	1,668	1,263
Later than one year not later than five	1,099	784
Total	**2,767**	**2,047**
The charge to services is:		
Minimum lease payments (total above)	2,767	2,047
Sublease payments receivable	(2,653)	(1,894)
Charge to services	**114**	**153**

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 operating leases in future years are:

	2018/19	2019/20
	£'000	£'000
Not later than one year	4,623	6,007
Later than one year and not later than five	16,331	19,694
Later than five years	3,548	3,894
Total Payments Due	**24,502**	**29,595**

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 expensed in the CIES.

PFI assets are accounted for on the Council's balance sheet at current 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. 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.

	2018/19	**2019/20**
	£'000	**£'000**
Opening Balance	(51,280)	(49,556)
Unitary Charge Paid	11,377	11,433
Expenditure / Financing Cost	(9,653)	(9,510)
Closing Balance	**(49,556)**	**(47,633)**

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	**2019**			**2020**		
	Service Charges	**Interest**	**Liability**	**Service Charges**	**Interest**	**Liability**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Within 1 Year	3,792	5,717	1,923	3,868	5,495	2,128
Within 2 - 5 Years	15,773	20,376	10,189	16,106	19,201	11,293
Within 6 - 10 Years	22,821	17,527	19,179	23,589	15,314	21,024
Within 11 - 15 Years	16,946	4,659	18,265	11,977	2,552	13,188
	59,332	**48,279**	**49,556**	**55,540**	**42,562**	**47,633**

The Authority is committed to making minimum payments under the PFI lease liability 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:

	2018/19	2019/20
Finance Lease Liabilities	**£'000**	**£'000**
- Current	(1,923)	(2,128)
- Non-current	(47,633)	(45,505)
Finance Cost Payable in Future Years	(105,511)	(96,552)
Minimum lease payments	**(155,067)**	**(144,185)**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	2018/19	**2019/20**	**2018/19**	**2019/20**
	£'000	**£'000**	**£'000**	**£'000**
Not later than one year	10,882	10,956	(1,923)	(2,128)
Later than 1 not later than 5	55,850	56,340	(13,420)	(14,852)
Later than 5	88,335	76,889	(34,213)	(30,653)
	155,067	**144,185**	**(49,556)**	**(47,633)**

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

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 2019/20, the council paid £934k to Teachers' Pensions in respect of teachers' retirement benefits, representing 20.7% of pensionable pay. The figures for 2018/19 were £678k 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 £14.1m (£12.8m in 2018/19) into Wiltshire Council's Pension Fund. Wiltshire Council manages the fund, which provides participants with defined benefits relating to pay and service. This represented 22% of employees' pensionable pay including some lump sum payments. The basic contribution rate to cover the cost of on-going pensions was 21.4% 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 2019. 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	**2018/19 £'000**	**2019/20 £'000**
Within Net Cost of Service:		
Current service cost	29,862	32,946
Non-Distributed cost/(benefit) (impact of past service costs and settlements and curtailments)	(2,124)	361
Within Net operating Expenditure:		
Interest cost	6,841	7,130
Within Reserves Movement:		
Movement on Pensions Reserve	(14,527)	(19,348)
Actual Amount Charged Against Council tax for the Year:		
All employer's contributions payable to the scheme	(20,052)	(21,089)
Net effect on Council Tax of IAS19 adjustments	0	0

The principal assumptions used by the actuary have been:

Assumptions as at 31 March	**2019**	**2020**
Pension Increase Rate (CPI)	2.5%	1.9%
Salary Increase Rate	2.8%	2.3%
Discount Rate	2.4%	2.3%

Change in Assumptions at 31 March	**Approximate % Increase to Employer**	**Approximate Monetary Amount £**
0.5% decrease in Real Discount Rate	9%	78,195
0.5% increase in the salary increase rate	1%	4,482
0.5% increase in the pension increase rate	8%	73,300

The average future life expectancies at age 65 , in years	Male	Female
Current Pensioners	21.7	24.0
Future Pensioners	22.5	25.5

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 £868.4m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance of £224.8m. 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 2021 is £18.4m.

Reconciliation of present value of the scheme liabilities:

			2019			2020
	Asset £'000	Obligation £'000	Net £'000	Asset £'000	Obligation £'000	Net £'000
Fair Value of Employer Assets	631,475	-	**631,475**	678,888	-	**678,888**
Present Value of Liabilities	-	(891,184)	**(891,184)**	-	(969,802)	**(969,802)**
Opening Position 1 April	**631,475**	**(891,184)**	**(259,709)**	**678,888**	**(969,802)**	**(290,914)**
Current Service Cost	-	(29,862)	**(29,862)**	-	(32,946)	**(32,946)**
Past Service (Costs) / Gains	-	(170)	**(170)**	-	(1,381)	**(1,381)**
Effect of Settlements	(5,110)	7404	**2,294**	(2,079)	3,099	**1,020**
Total Service Cost	**(5,110)**	**(22,628)**	**(27,738)**	**(2,079)**	**(31,228)**	**(33,307)**
Interest Income on plan assets	16,319	-	**16,319**	16,282	-	**16,282**
Interest cost on obligation	-	(23,160)	**(23,160)**	-	(23,412)	**(23,412)**
Total Net Interest	**16,319**	**(23,160)**	**(6,841)**	**16,282**	**(23,412)**	**(7,130)**
Total Cost Recognised in Profit/(Loss)	**11,209**	**(45,788)**	**(34,579)**	**14,203**	**(54,640)**	**(40,437)**
Plan participant contributions	4,857	(4,857)	**0**	4,856	(4,856)	**0**
Employer contributions	18,891	-	**18,891**	19,927	-	**19,927**
Contributions for Unfunded Benefits	1,161	-	**1,161**	1,162	-	**1,162**
Benefits Paid	(24,337)	24,337	**0**	(26,468)	26,468	**0**
Unfunded Benefits Paid	(1,161)	1,161	**0**	(1,162)	1,162	**0**
Expected Closing Position	**642,095**	**(916,331)**	**(274,236)**	**691,406**	**(1,001,668)**	**(310,262)**
Change in demographic assumptions	-	-	**0**	-	24,248	**24,248**
Change in financial assumptions	-	(53,409)	**(53,409)**	-	77,362	**77,362**
Other experience	-	(62)	**(62)**	-	31,617	**31,617**
Return on assets excluding interest	36,793	-	**36,793**	(47,748)	-	**(47,748)**
Total Re-measurements in Other Income	**36,793**	**(53,471)**	**(16,678)**	**(47,748)**	**133,227**	**85,479**
Sub-Total	**678,888**	**(969,802)**	**(290,914)**	**643,658**	**(868,441)**	**(224,783)**
Fair Value of Employer Assets	678,888	-	**678,888**	643,658	-	**643,658**
Present Value of Funded Liabilities	-	(951,372)	**(951,372)**	-	(852,351)	**(852,351)**
Present Value of Unfunded Liabilities	-	(18,430)	**(18,430)**	-	(16,090)	**(16,090)**
Closing Position 31 March	**678,888**	**(969,802)**	**(290,914)**	**643,658**	**(868,441)**	**(224,783)**

Fair Value of Employer Assets

Asset Category	Quoted Prices	Non-Quoted Prices	Total 2019		Quoted Prices	Non-Quoted Prices	Total 2020	
Equity Securities:	**£'000**	**£'000**	**£'000**	**%**	**£'000**	**£'000**	**£'000**	**%**
Consumer	14,093	-	**14,093**	2%	-	-	**0**	0%
Manufacturing	10,493	-	**10,493**	2%	-	-	**0**	0%
Financial Institutions	1,919	-	**1,919**	0%	-	-	**0**	0%
Health Care	3,036	-	**3,036**	0%	-	-	**0**	0%
Information Technology	69,712	-	**69,712**	10%	-	-	**0**	0%
Other	5,675	-	**5,675**	1%	-	-	**0**	0%
Real estate:								
UK Property	-	71,201	**71,201**	11%	0	53,839	**53,839**	8%
Overseas Property	-	15,512	**15,512**	2%	0	24,324	**24,324**	4%
Investment Funds & Unit Trusts:								
Equities	-	357,188	**357,188**	53%	0	347,062	**347,062**	54%
Bonds	-	111,136	**111,136**	16%	0	165,572	**165,572**	26%
Hedge Funds	-	-	**0**	0%	0	0	**0**	0%
Commodities	-	-	**0**	0%	0	0	**0**	0%
Infrastructure	-	11,988	**11,988**	2%	0	49,837	**49,837**	8%
Other	-	1,891	**1,891**	0%	0	135	**135**	0%
Derivatives:								
Foreign Exchange	-	-	**0**	0%	-	-	**0**	0%
Other	-	-	**0**	0%	-	-	**0**	0%
Cash / Cash Equivalents	5,044	-	**5,044**	1%	2,890	0	**2,890**	0%
Total	**109,972**	**568,916**	**678,888**	**100%**	**2,890**	**640,768**	**643,658**	**100%**

33.Financial Instruments

Categories of Financial Instruments

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 had no impact on the balance sheet values of assets/liabilities. The majority of instruments were, and remain, carried at amortised cost, whilst the Property Fund is carried at fair value (through profit and loss). The statutory override until 2022/23 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. Non-current investments carried at amortised cost relate to group undertakings where interest income is received on a routine basis, whilst current investments relate to deposits made with other institutions.

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

	Non-Current 31st March 2019 £'000	Non-Current 31st March 2020 £'000	Current 31st March 2019 £'000	Current 31st March 2020 £'000
Amortised Cost				
Investments	16,106	25,056	14,000	22,078
Debtors	0	0	8,267	7,774
Cash & Cash Equivalents	0	0	31,290	29,501
Fair value through profit and Loss				
Property Fund Investment	14,968	14,428	0	0
Total Financial Assets	**31,074**	**39,484**	**53,557**	**59,353**
Borrowings				
Financial liabilities PWLB	(294,753)	(308,252)	(1,501)	(11,850)
Financial liabilities Money Market	(30,000)	(30,000)	0	0
Financial liabilities Other Temporary Borrowing	0	(651)	(15,000)	(29,500)
Creditors	0	0	0	(1,078)
Other Long Term Liabilities	(1,690)	(1,652)	0	0
PFI	(47,633)	(45,506)	(1,923)	(2,128)
Total Financial Liabilities	**(374,076)**	**(386,061)**	**(18,424)**	**(44,556)**

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 31/3/19**	**As at 31/3/20**
Fair value through profit and Loss				**£'000**	**£'000**
Property Fund Investment	Level 2	Observable inputs for the sales value of the asset	Evaluated prices provided by Fund management services.	14,968	14,428
Total				**14,968**	**14,428**

Gains and losses included in fair value through profit and loss for the current year relate to the Property Fund Investment and are taken to the Pooled Investment Funds Adjustment Account.

	2018/19 £'000	**2019/20 £'000**
Opening Balance	14,739	14,968
Transfer In	0	0
Gain/(Loss) to Other Operating Income (reversed to Pooled Investment Funds Adjustment Account)	229	(540)
Closing Balance	**14,968**	**14,428**

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	**2019**		**2020**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
	£'000	**£'000**	**£'000**	**£'000**
PWLB long term liabilities	(294,753)	(332,070)	(308,253)	(332,782)
PWLB short term liabilities	(1,501)	(3,915)	(11,850)	(12,429)
Non-PWLB long term liabilities	0	0	(651)	(651)
Non-PWLB short term liabilities	(15,000)	(15,000)	(29,500)	(29,500)
LOBO / Money Market	(30,000)	(44,446)	(30,000)	(44,337)
PFI liability	(49,556)	(88,333)	(47,633)	(80,376)
Investments	14,000	14,000	22,078	22,078

The fair value of Public Works Loan Board (PWLB) loans of £342.889m 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 £308.253m would be valued at £345.211m. 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 £98.163m for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £443.374m.

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 and includes the penalty charge that would be expected by the market in ending the term early.

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 £10m, 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

	2018/19 - £'000	2019/20 - £'000
Less than three months	3,998	3,881
Three to six months	732	424
Six months to one year	950	674
More than one year	2,592	3,091
Total	**8,272**	**8,070**

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:

	2018/19	**2019/20**
	£'000	**£'000**
Less than one year	16,501	41,350
Between one and two years	11,501	11,402
Between two and five years	26,053	39,503
More than five years	84,182	81,681
Over ten years	203,017	206,318
Total	**341,254**	**380,254**

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:	**2018/19 £'000**	**2019/20 £'000**
Interest received	2,600	3,394
Interest paid	(16,985)	(17,399)
Total	**(14,385)**	**(14,005)**
The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:		
Depreciation	34,231	39,031
Impairment and downward valuations	39,080	12,574
Increase/(decrease) in creditors	(4,920)	14,677
(Increase)/decrease in debtors	846	(7,866)
Increase/(decrease) in inventories	(80)	(113)
Pension Liability Movement	14,527	19,348
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	80,472	33,659
Other non-cash items charged to the net surplus or deficit on the provision of services, mainly relating to pension adjustments	2,149	1,752
Total	**166,305**	**113,062**
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	(14,623)	(9,797)
Any other items for which the cash effects are investing or financing cash flows, mainly relating to capital grants	(30,357)	(34,702)
Total	**(44,980)**	**(44,499)**

36. Cash Flow Statement – Investing Activities

	2018/19 £'000	2019/20 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(67,322)	(69,385)
Purchase of short-term and long-term investments	(33,309)	(73,307)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	14,625	9,798
Proceeds from short-term and long-term investments	33,118	56,280
Other payments / receipts from investing activities, mainly capital grants for funding capital	32,471	27,190
Net cash flow from Investing Activities	**(20,417)**	**(49,424)**

37.Cash Flow Statement – Financing Activities

	2018/19 £'000	2019/20 £'000
Cash receipts of short- and long-term borrowing	162,960	152,872
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(1,724)	(1,848)
Repayments of short- and long-term borrowing	(137,461)	(113,872)
Collection Fund & Other receipts / (payments) for financing activities	96	949
Net cash flow from Financing Activities	**23,871**	**38,101**

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 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures, Annual Improvements to IFRS Standards 2015–2017 Cycle, Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement. None of these standards are known to impact on the 2020/21 statements.

IFRS16 Leases adoption by the Code has been delayed due to the Covid-19 pandemic, 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

There remains uncertainty about future levels of funding for individual local authorities, which is heightened by the unknown position post-Brexit and the risk of significant recession following Covid-19.

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.

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 Authority is party to an arrangement with the Swindon Clinical Commissioning Group (CCG). The agreement between the two bodies was reviewed and discussion had with stakeholders in agreeing that the Council does not control the commissioning activities of the CCG as each party retains responsibility for services provided within its own areas of social care/health.

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 Restatement

The following table indicates the restatements necessary to the 2018/19 CIES classification to adjust for the internal re-alignment of services within reported Directorates.

	2018/19	2018/19	2018/19	Amounts Removed			Amounts Reclassified			2018/19 Restated	2018/19 Restated	2018/19 Restated
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
Continuing Operations	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Resources	80,015	(74,499)	5,516	0	0	0	13,775	(8,532)	5,243	93,790	(83,031)	10,759
Economy	16,342	(8,365)	7,977	(14,522)	8,408	(6,114)	365	(51)	314	2,185	(9)	2,176
Children Services	56,578	(7,754)	48,824	(203)	145	(58)	0	0	0	56,375	(7,609)	48,766
Adult Services	107,615	(39,630)	67,985	(2,082)	456	(1,626)	203	(145)	58	105,736	(39,319)	66,417
Communities and Housing	72,406	(26,219)	46,187	0	0	0	2,464	(281)	2,184	74,870	(26,500)	48,371
DSG Commissioning	124,152	(109,870)	14,282	0	0	0	0	0	0	124,152	(109,870)	14,282
Housing Revenue Account	64,883	(49,427)	15,456	0	0	0	0	0	0	64,883	(49,427)	15,456
Surplus / Deficit on Continuing Operations	**521,991**	**(315,764)**	**206,227**	**(16,807)**	**9,009**	**(7,799)**	**16,807**	**(9,009)**	**7,799**	**521,991**	**(315,764)**	**206,227**

The EFA was also restated for the changes to services that impacted the CIES. The relevant adjustments were:

EFA Restatement Movements relating to:				
	Original	**Transfer out services**	**Re-align**	**Restated EFA**
Net Exp. Chargeable to the GF and HRA Balances	**£'000**	**£'000**	**£'000**	**£'000**
Resources	(5,489)	0	(4,757)	(10,246)
Economy	(2,431)	3,882	0	1,451
Children Services	41,936	(57)	0	41,879
Adult Services	81,141	(1,194)	0	79,947
Communities and Place	26,003	0	2,126	28,129
	141,160	**2,631**	**(2,631)**	**141,160**
Remove Not Chargeable to the GF or HRA				
Resources	2,169	0	(154)	2,015
Economy	280	154	0	434
	2,449	**154**	**(154)**	**2,449**
Changes Between Funding & Accounting Basis				
Resources	8,836	0	10,154	18,990
Economy	10,128	(9,837)	0	291
Children Services	2,054	(1)	0	2,053
Adult Services	(13,090)	(374)	0	(13,464)
Communities and Place	20,779	0	58	20,837
	28,707	**(10,212)**	**10,212**	**28,707**

The material element of the re-alignment of changes between funding and accounting basis relates to depreciation and impairment charges, where £9.8m were moved into Resources, £9.5m of which came from Economy. Other changes in this section related to realignment of pension charges.

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 valuation of property assets (e.g. operational land and buildings, and HRA dwellings) are reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuations than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market valuation will be subject to more frequent future review. In this regard it is not seen likely that market evidence will be available before October 2020 at the earliest because of a reduction in property transactions during lockdown to help inform the revaluation exercise. The impact on valuations may only be fully seen in subsequent accounts.

The below show the potential impact of some key assumptions:

<table>
<tr><th>Item</th><th>Uncertainties</th><th colspan="2">Effect if Results Differ from Assumptions</th></tr>
<tr><td>Property, Plant and Equipment</td><td>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, the effect of which may be increased by the Covid-19 pandemic.</td><td colspan="2">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.</td></tr>
<tr><td colspan="2"></td><td>Change</td><td>Est. value</td></tr>
<tr><td colspan="2">Revaluation charge through the CIES from reduction in operational land and building valuation</td><td>10% reduction</td><td>£97m</td></tr>
<tr><td colspan="2">Depreciation charge through the CIES from reduction in life of operational land and building</td><td>2 year reduction</td><td>£3.6m</td></tr>
<tr><td>Net Pensions Liability / Asset</td><td>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.

As with the Authority's own property valuations, the impact of COVID-19</td><td colspan="2">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.</td></tr>
</table>

	also has similar uncertainty in the valuation of pension fund assets.		
		Est. % Liability increase	Est. value(£000)
0.5% decrease in Real Discount Rate		9%	78,195
0.5% increase in the Salary Increase Rate		1%	4,482
0.5% increase in the Pension Increase Rate		8%	73,300

42.Events after the Balance Sheet Date / Contingent Liability

There are no known events that would have material impact on the Council's position as at 31 March 2020, however, the understanding of how the Covid-19 pandemic has affected services and valuations will continue during 2020/21 and may see significant changes to balances in accounts for that year. This impact could see revaluation changes for PPE and investment property, with provision of some services reducing and corresponding reductions to income.

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), Common and Chapel Solar Farms and Housing companies. Forward Swindon Ltd (FSL) was closed at the end of 2018/19. Further details on these companies are contained within the group section of these accounts.

Company	PPSL	Common Farm	Chapel Farm	Housing Dev. Co.
Payments	(6,637)	0	0	0
Receipts	591	223	143	143
Loan Balances	9,671	2,788	2,943	5,501

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 £732k 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 30 maintained Community schools within the Council's group included within the single entity accounts. Such schools account for expenditure of £53.1m, income of £56.4m 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.

44.Long Term Investments

The Council has a number of group companies which represent the significant balance of the Council's long-term investments. These investments include deposits made to the companies and the Council shareholdings. They are removed as part of the consolidation process in the following group accounts section.

	2018/19	2019/20
	£'000	£'000
Property Fund	14,969	14,433
Subsidiary Companies	15,856	21,391
Joint Venture	250	3,665
Total	**31,075**	**39,489**

The Swindon Borough Council Group Accounts

The Group Comprehensive Income and Expenditure Statement

Note	2018/19 Service Balances Restated Continuing Operations	2018/19 Gross Expenditure £000	2018/19 Gross Income £000	2018/19 Net Expenditure £000	2019/20 Gross Expenditure £000	2019/20 Gross Income £000	2019/20 Net Expenditure £000
	Resources	93,128	(82,369)	10,759	87,788	(68,829)	18,959
	Economy	2,185	(9)	2,176	1,684	182	1,866
	Children Services	56,375	(7,609)	48,766	54,874	(7,614)	47,260
	Adult Services	105,736	(39,319)	66,417	109,743	(46,291)	63,452
	Communities and Place	81,988	(33,574)	48,414	83,942	(32,152)	51,790
	DSG Commissioning	124,152	(109,870)	14,282	115,810	(99,262)	16,548
	Housing Revenue Account	64,883	(49,427)	15,456	43,691	(50,655)	(6,964)
	Group Surplus / Deficit on All Services	**528,447**	**(322,177)**	**206,270**	**497,532**	**(304,621)**	**192,911**
	Group taxation			(165)			5
	Other operating expenditure			72,564			34,217
	Financing and investment income and expenditure			20,336			22,496
	Taxation and non-specific grant income			(182,275)			(189,363)
	Group (Surplus) / Deficit on Provision of Services			**116,730**			**60,266**
	(Surplus) / deficit on revaluation of Property, Plant and Equipment			(58,586)			(60,062)
	Re-measurements on pension assets / liabilities			16,678			(85,479)
	Other Comprehensive Income and Expenditure			**(41,908)**			**(145,541)**
	Total Comprehensive Income and Expenditure			**74,822**			**(85,275)**

The Group Movement in Reserves Statement

2019/20	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	Authority's Share of Group Reserves	Group Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April	**(6,587)**	**(10,300)**	**(41,970)**	**(1,282)**	**(14,318)**	**(2,954)**	**(25,807)**	**(103,218)**	**(450,525)**	**(553,743)**	**4,369**	**(549,374)**
Surplus /deficit on provision of services	59,345	921	-	-	-	-	-	**60,266**	-	**60,266**	-	**60,266**
Other Comprehensive Income and Expenditure	-	-	-	-	-	-		**0**	(145,541)	**(145,541)**	0	**(145,541)**
Total Comprehensive Income and Expenditure	**59,345**	**921**	**0**	**0**	**0**	**0**	**0**	**60,266**	**(145,541)**	**(85,275)**	**0**	**(85,275)**
Adjustments between Group and Authority accounts	(1,237)	-	-	-	-	-	-	**(1,237)**	-	**(1,237)**	1,237	**0**
Net increase before transfers	**58,108**	**921**	**0**	**0**	**0**	**0**	**0**	**59,029**	**(145,541)**	**(86,512)**	**1,237**	**(85,275)**
Adjustments between accounting basis & funding basis under regulations	(49,165)	(2,568)	-	-	(4,777)	(3,359)	4,596	**(55,273)**	55,273	**0**	-	**0**
Net Increase/Decrease before Transfers to Reserves	**8,943**	**(1,647)**	**0**	**0**	**(4,777)**	**(3,359)**	**4,596**	**3,756**	**(90,268)**	**(86,512)**	**1,237**	**(85,275)**
Transfers to/from Earmarked Reserves	(9,556)	209	7,871	(209)	1,685	-	-	**0**	-	**0**	-	**0**
Increase/Decrease in year	**(613)**	**(1,438)**	**7,871**	**(209)**	**(3,092)**	**(3,359)**	**4,596**	**3,756**	**(90,268)**	**(86,512)**	**1,237**	**(85,275)**
Balance at 31 March	**(7,200)**	**(11,738)**	**(34,099)**	**(1,491)**	**(17,410)**	**(6,313)**	**(21,211)**	**(99,462)**	**(540,793)**	**(640,255)**	**5,606**	**(634,649)**

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	Authority's Share of Group Reserves	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	89,997	26,733	-	-	-	-	-	116,730	-	**116,730**	0	**116,730**
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(41,908)	**(41,908)**	0	**(41,908)**
Total Comprehensive Income and Expenditure	**89,997**	**26,733**	**0**	**0**	**0**	**0**	**0**	**116,730**	**(41,908)**	**74,822**	**0**	**74,822**
Adjustments between Group and Authority accounts	(776)	-	-	-	-	-	-	(776)	-	**(776)**	776	**0**
Net increase before transfers	**89,221**	**26,733**	**0**	**0**	**0**	**0**	**0**	**115,954**	**(41,908)**	**74,046**	**776**	**74,822**
Adjustments between accounting basis & funding basis under regulations	(80,833)	(26,875)	-	-	(6,225)	3,419	(3,603)	(114,117)	114,117	**0**	0	**0**
Net Increase/Decrease before Transfers to Reserves	**8,388**	**(142)**	**0**	**0**	**(6,225)**	**3,419**	**(3,603)**	**1,837**	**72,209**	**74,046**	**776**	**74,822**
Transfers to/from Earmarked Reserves	(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**	**776**	**74,822**
Balance at 31 March	**(6,587)**	**(10,300)**	**(41,970)**	**(1,282)**	**(14,318)**	**(2,954)**	**(25,807)**	**(103,218)**	**(450,525)**	**(553,743)**	**4,369**	**(549,374)**

The Group Balance Sheet

Note		31 March 2019 £000	31 March 2020 £000
46	Property, Plant & Equipment	1,186,904	1,233,695
	Investment property	9,013	8,484
	Heritage	29,200	29,200
	Intangible Assets	28	29
	Long term investments	15,282	18,464
	Long Term debtors	1,439	1,436
	Total Non-Current Assets	**1,241,866**	**1,291,308**
	Short term investments	14,000	22,078
	Inventories & Work in Progress	1,730	5,596
	Short term debtors	30,614	45,698
	Cash & Cash equivalents	32,364	31,453
	Assets held for sale (current)	5,658	1,525
	Current Assets	**84,366**	**106,350**
	Short term borrowing	(16,643)	(41,529)
	Short term creditors	(54,473)	(69,752)
	Provisions (short term)	(1,418)	(1,491)
	Current Liabilities	**(72,534)**	**(112,772)**
	Long term borrowing	(324,753)	(338,904)
	Long term creditors	(52,615)	(50,718)
	Provisions (long term)	(12,537)	(13,314)
	Pension Asset/Liability	(290,914)	(224,783)
	Capital Grants receipts in advance	(23,505)	(22,518)
	Non-Current Liabilities	**(704,324)**	**(650,237)**
	Net Assets	**549,374**	**634,649**
	Usable Reserves of Group	(98,849)	(93,856)
	Unusable Reserves of authority only	(450,525)	(540,793)
	Total Reserves	**(549,374)**	**(634,649)**

The Group Cash flow Statement

Note		2018/19 £'000	2019/20 £'000
	Net surplus or (deficit) on the provision of services	(116,731)	(60,145)
	Adjustments to net surplus or deficit on the provision of services for non-cash movements	165,909	111,290
	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(44,247)	(43,712)
	Net cash flows from Operating Activities	**4,931**	**7,433**
	Investing Activities	(20,622)	(50,763)
	Financing Activities	23,460	42,419
	Net increase or decrease in cash and cash equivalents	**7,769**	**(911)**
	Cash and cash equivalents at the beginning of the reporting period	24,595	32,364
	Cash and cash equivalents at the end of the reporting period	**32,364**	**31,453**

45. Long Term Investments – Group Consolidation

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), Swindon Common Farm Solar Community Interest Plc (Common Farm), Chapel Farm Solar Ltd, and Swindon Housing Development Company Ltd only. Forward Swindon, though it was a wholly owned company, was excluded from consolidation on consideration of materiality in previous years and was closed in 2018/19. 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 to date, resulting in immaterial balances, but £123k loss, representing the Council's 50% interest, is adjusted for against the long term investment on the Council group balance sheet as at 31 March 2020.

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.

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.

Swindon Chapel Farm Solar Ltd

The Council became owner of the above company at the end of 2016/17. 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.

The following tables summarise the performance of the group companies prior to their consolidation:

	PPSL		Forward Swindon
	2018/19	**2019/20**	**2018/19**
	£'000	**£'000**	**£'000**
Profit / (Loss) before taxation	(680)	(917)	743
Tax Adjustment	186	(273)	0
Profit / (Loss) after taxation	**(494)**	**(1,190)**	**743**
As at 31 March	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**
Net Balance Sheet Asset/(Liability)	**(3,768)**	**(4,958)**	**0**

	Common		Chapel		Housing Dev	
	2018/19	**2019/20**	**2018/19**	**2019/20**	**2018/19**	**2019/20**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Profit / (Loss) before taxation	(70)	111	(52)	(91)	(139)	(335)
Tax Adjustment	(29)	(11)	(24)	70	32	75
Profit / (Loss) after taxation	**(99)**	**99**	**(76)**	**(21)**	**(107)**	**(260)**
As at 31 March	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Net Balance Sheet Asset/(Liability)	**(187)**	**51**	**(184)**	**(82)**	**(230)**	**(495)**

These group statements contain the accounts for Swindon Borough Council, Public Power Solutions Limited, Swindon Common Farm Solar Community Interest Plc, Swindon Chapel Farm Solar Ltd, and Swindon Housing Development Company Limited. They have been adjusted 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, or the removal of long term investments from the parent and long term creditors from 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.

46. Group Property, Plant & Equipment

2019/20	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 2019	**477,103**	**478,525**	**64,245**	**249,790**	**17,673**	**47,256**	**11,954**	**1,346,546**
Additions	14,379	23,083	3,651	13,090	231	122	14,305	**68,861**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	11,037	22,273	-	-	-	1,557	-	**34,867**
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(7,263)	(4,702)	-	-	(366)	(3,492)	-	**(15,823)**
Derecognition – disposals	(8,380)	(21,304)	(28,850)	(39)	-	(286)	-	**(58,859)**
Reclassification	69	-	(10)	11,621	-	-	(11,690)	**(10)**
31st March 2020	**486,945**	**497,875**	**39,036**	**274,462**	**17,538**	**45,157**	**14,569**	**1,375,582**
Accumulated Depreciation and Impairment								
1st April 2019	**(2,532)**	**(15,228)**	**(44,208)**	**(96,865)**	**0**	**(809)**	**0**	**(159,642)**
Depreciation charge	(10,941)	(11,827)	(3,284)	(14,159)	-	(149)	-	**(40,360)**
Depreciation w/b on Revaluation	9,073	15,924	-	-	-	30	-	**25,027**
Depreciation written to/from the CIES	-	2,745	-	-	-	504	-	**3,249**
Depreciation written to/from the CIES - Reclassifications	-	-	-	-	-	-	-	**0**
Derecognition – disposals	335	710	28,734	42	-	18	-	**29,839**
31st March 2020	**(4,065)**	**(7,676)**	**(18,758)**	**(110,982)**	**0**	**(406)**	**0**	**(141,887)**
Net Book Value								
1st April 2019	**474,571**	**463,297**	**20,037**	**152,925**	**17,673**	**46,447**	**11,954**	**1,186,904**
31st March 2020	**482,880**	**511,503**	**20,278**	**163,480**	**17,538**	**44,751**	**14,569**	**1,233,695**

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	1,744	13,254	101	375	13,157	**70,619**
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**	**64,245**	**249,790**	**17,673**	**47,256**	**11,954**	**1,346,546**
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**	**20,037**	**152,925**	**17,673**	**46,447**	**11,954**	**1,186,904**

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

This accounting policy was amended for 2018/19 statements due to the introduction of IFRS15 Revenues from Contracts with Customers. The introduction has not had material impact on the statements or ongoing policy, as most revenue is received from sources outside the scope of the standard, or from point of service charges.

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

This accounting policy was amended for 2018/19 statements due to the introduction of IFRS9 Financial Instruments. The introduction has not had material impact on the statements or ongoing policy, as the material financial instruments of the Authority are with other Government institutions and recorded at cost.

Financial Liabilities

Financial liabilities are recognised on the balances sheet when the authority becomes party to contractual provisions of a financial instrument. They are initially 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 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 one, or where none exists the relevant market or analysis of cash flows.

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.
- Surplus assets - fair value, estimated at highest and best use to reflect their likely rather than last use.
- 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.

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, and up to 70 years as estimated by the valuer for other assets
- Vehicles, plant, furniture and equipment – generally straight-line over five years (dependent on the assessed expected useful life)
- Infrastructure – generally straight-line allocation over twenty years unless specific longer timeframes up to 70 years are appropriate.

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 could be revenue, or 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 under statutory provision 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	2018/19 Business Rates £000	Council Tax £000	Total £000	2019/20 Business Rates £000	Council Tax £000	Total £000
Council Tax Receivable	-	(124,364)	(124,364)	-	(133,029)	(133,029)
Business Rates Receivable	(107,505)	-	(107,505)	(110,157)	-	(110,157)
	(107,505)	**(124,364)**	**(231,869)**	**(110,157)**	**(133,029)**	**(243,186)**
EXPENDITURE						
Apportionment of Previous Year Surplus						
Billing Authority	-	626	626	-	1,393	1,393
Fire Authority	-	33	33	-	71	71
Police Authority	-	79	79	-	179	179
	0	**738**	**738**	**0**	**1,643**	**1,643**
Precepts, Demands and Shares						
Central Government	52,739	-	52,739	53,087	-	53,087
Billing Authority	51,720	103,329	155,049	52,045	109,861	161,906
Fire Authority	1,055	5,300	6,355	1,062	5,580	6,642
Police Authority	-	13,287	13,287		15,374	15,374
	105,514	**121,916**	**227,430**	**106,194**	**130,815**	**237,009**
Charges to Collection Fund						
Less write offs of uncollectable amounts	818	100	918	924	15	939
Less : Increase / (Decrease) in Bad Debt Provision	73	559	632	937	2,195	3,132
Less : Increase / (Decrease) in Provision for Appeals	3,065	-	3,065	1,023	-	1,023
Less : Renewables	548	-	548	575	-	575
Less : Cost of Collection	263	-	263	261	-	261
	4,767	**659**	**5,426**	**3,720**	**2,210**	**5,930**
(Surplus) / Deficit arising during the year	2,776	(1,051)	1,725	(243)	1,639	1,396
(Surplus) / deficit brought forward 1st April	(3,313)	(447)	(3,760)	(537)	(1,498)	(2,035)
(Surplus) / deficit carried forward 31st March	**(537)**	**(1,498)**	**(2,035)**	**(780)**	**141**	**(639)**
Reconciliation to Collection Fund Adjustment Account:						
Less Balance Attributable to Major Preceptors	263	227	490	510	(22)	488
Balance Remaining Attributable to SBC	**(274)**	**(1,271)**	**(1,545)**	**(270)**	**119**	**(151)**

Notes to the Collection Fund

47.Rateable Value

The total rateable value in the Local Rating List at 31 March 2020 was £258,498,251 (£253,902,956 at 31 March 2019). The multiplier for 2019/20 was 50.4 pence for the majority of properties and 49.1 pence for small businesses, (49.3 pence and 48.0 pence respectively for 2018/19).

48.Council Tax Base

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

Band	No of Taxable Properties *	Ratio to Band D	Band D Equivalents
A	12,606	6/9	8,432
B	24,865	7/9	19,339
C	21,984	8/9	19,542
D	15,871	9/9	15,871
E	8,365	11/9	10,224
F	3,353	13/9	4,844
G	1,290	15/9	2,150
H	57	18/9	114
Total	**Band D equivalents**		**80,516**
Contributions in lieu	(MOD properties)		94
Add:	Anticipated changes in year		(5,173)
Less:	Provision for non-collection (2.0%)		(905)
	Tax Base		**74,532**

* 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	**2018/19 £'000**	**2019/20 £'000**
Expenditure		
Repairs and maintenance	11,330	12,585
Supervision and management	6,696	6,585
Special Services	5,885	5,895
Rents, rates, taxes and other charges	264	249
Depreciation and impairment of non-current assets	40,118	18,461
Debt management costs	60	60
Movement in the allowance for bad debts	530	(144)
Total Expenditure	**64,883**	**43,691**
Income		
Dwelling rents	(42,136)	(43,371)
Non-dwelling rents	(83)	(78)
Charges for services and facilities	(5,311)	(5,466)
Contributions towards expenditure	(1,613)	(1,403)
Leaseholders' charges for services and facilities	(284)	(337)
Total Income	**(49,427)**	**(50,655)**
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	**15,456**	**(6,964)**
HRA services' share of Corporate and Democratic Core	124	124
HRA share of other amounts included in the whole authority Cost of Services but not allocated to specific services	9	9
Net (Income)/Expense for HRA Services	**15,589**	**(6,831)**
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
(Gain) / loss on sale of HRA non-current assets	6,869	3,833
Interest payable and similar charges	3,785	3,617
Interest and investment income	(141)	(110)
Investment Properties Income	(298)	(336)
Revaluation on investments	238	(21)
Net Pensions Interest Cost / Return on Asset	691	769
(Surplus) / deficit for the year on HRA services	**26,733**	**921**

Statement of Movement in the Housing Revenue Account

	2018/19 £000	2019/20 £000
1 April	**(10,300)**	**(10,300)**
(Surplus) / Deficit on Service provision	26,733	921
Adjustments between accounting & funding basis	(26,875)	(2,567)
Transfers to / (from) Earmarked Reserves	142	208
(Increase)/Decrease in-year	**0**	**(1,438)**
31 March	**(10,300)**	**(11,738)**

HRA Movement in Reserves Adjustments	**2018/19 £'000**	**2019/20 £'000**
Adjustments between accounting & funding basis in reconciling the HRA balance for the year		
Charges for depreciation of non-current assets	(10,215)	(11,198)
Charges for impairment of non-current assets	(29,903)	(7,263)
Movement in the market value of investment properties	(238)	21
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	(12,151)	(8,045)
Voluntary provision for the financing of capital investment	5,000	5,000
Capital expenditure charged against the General Fund and HRA balances	6,903	5,813
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	5,282	4,212
HRA resources credited to the MRR	10,128	10,941
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,681)	(2,048)
Total Adjustments	**(26,875)**	**(2,567)**

Notes to the HRA

49.Housing Stock

The stock of Council dwellings at 31st March was:

Type	31st March 19	Movement	31st March 20
Low Rise Flats:			
1 Bedroom	1,766	2	1,768
2 Bedrooms	714	4	718
3 or more Bedrooms	10	0	10
Medium Rise Flats:			
1 Bedroom	829	(1)	828
2 Bedrooms	485	3	488
3 or more Bedrooms	50	0	50
High Rise Flats:			
1 Bedroom	26	0	26
2 Bedrooms	238	1	239
Houses and Bungalows:			
1 Bedroom	918	2	920
2 Bedrooms	1,416	(7)	1,409
3 Bedrooms	3,650	(32)	3,618
4 or more Bedrooms	198	9	207
Total	**10,300**	**(19)**	**10,281**

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

Assets:	2018/19 £'000	2019/20 £'000
Dwellings	474,571	482,880
Plant and Equipment	233	871
Investment properties	763	784
Total Balance Sheet Value	**475,567**	**484,535**

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 2019.

50.Vacant Possession Valuation

In addition to the balance sheet valuation it is a requirement of the HRA (Accounting Practices) Direction 2007 that the vacant possession value of dwellings as at 1st April is disclosed as a note to the accounts. The inclusion of both the balance sheet valuation and the vacant possession valuation ensures that the economic cost to the Government of providing council housing at less than open market rents is shown in the accounts. The vacant possession valuation as at 31 March 2020 was £1,391.3m. It was £1,376.2m, at 31st March 2019.

51.Major Repairs Reserve

Balance at 31 March	2019 £'000	2020 £'000
Capital expenditure for HRA purposes financed by MRR Resources:		
Houses	13,547	7,581
Total Expenditure	**13,547**	**7,581**
Amount equivalent to total depreciation charges for all HRA assets	(10,128)	(10,941)
Transfer from HRA	0	0
Total Income	**(10,128)**	**(10,941)**
Deficit / (Surplus) for the Year	**3,419**	**(3,360)**
Deficit / (Surplus) brought forward	(6,373)	(2,954)
Deficit / (Surplus) Carried Forward	**(2,954)**	**(6,314)**

52.HRA Capital Expenditure

The capital expenditure and financing for the HRA was:

	2018/19 £'000	2019/20 £'000
Dwellings	13,557	9,803
Buildings	9,798	6,582
Total to Finance	**23,355**	**16,385**
Major Repairs Reserve	13,547	7,581
Usable Capital Receipts	1,748	1,459
Revenue Contributions	6,903	5,812
Other contributions	0	40
HCA Grant for New Build	1,157	1,493
Total Finance	**23,355**	**16,385**

53.Housing Repairs Account

Balance at 31 March	2019 £'000	2020 £'000
Repairs & Maintenance	10,134	10,838
Total Expenditure	**10,134**	**10,838**
Contribution from HRA	(10,034)	(10,668)
Service charges	(100)	(170)
Total Income	**(10,134)**	**(10,838)**
Deficit / (Surplus) for the Year	**0**	**0**
Deficit / (Surplus) brought forward	0	0
Deficit / (Surplus) Carried Forward	**0**	**0**

54.HRA Capital Receipts

In 2019/20, the Council paid £2.754m to the Secretary of State for pooling of capital receipts arising from the disposal of housing assets as required in the Local Government Act 2003 (£3.536m in 2018/19). A notional £2.0m was also payable under Pooling Payment requirement

(£2.8m in 2018/19); however, under relevant conditions is allowed to be retained as a receipt in advance.

	2018/19 £'000	2019/20 £'000
Sale of Council Houses	5,282	4,212
Sales of Non-Dwelling Assets	0	0
Council Mortgage Repayments	1	0
Capital receipt retained for new property acquisitions	(2,808)	(2,027)
Total	**2,475**	**2,185**

55.HRA Cost of Capital Charge

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

	2018/19 £'000	2019/20 £'000
Depreciation on dwellings	10,129	10,941
Depreciation on plant & equipment	86	257
Impairment and revaluation losses of dwellings	29,903	7,263
Total	**40,118**	**18,461**

56.HRA Arrears & Provisions for Bad Debt

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

	2018/19 £'000	2019/20 £'000
Current tenants	2,362	2,362
Former tenants	557	557
Total Arrears	**2,919**	**2,919**
Less: provision for bad debts	(2,919)	(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 2019/20

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:

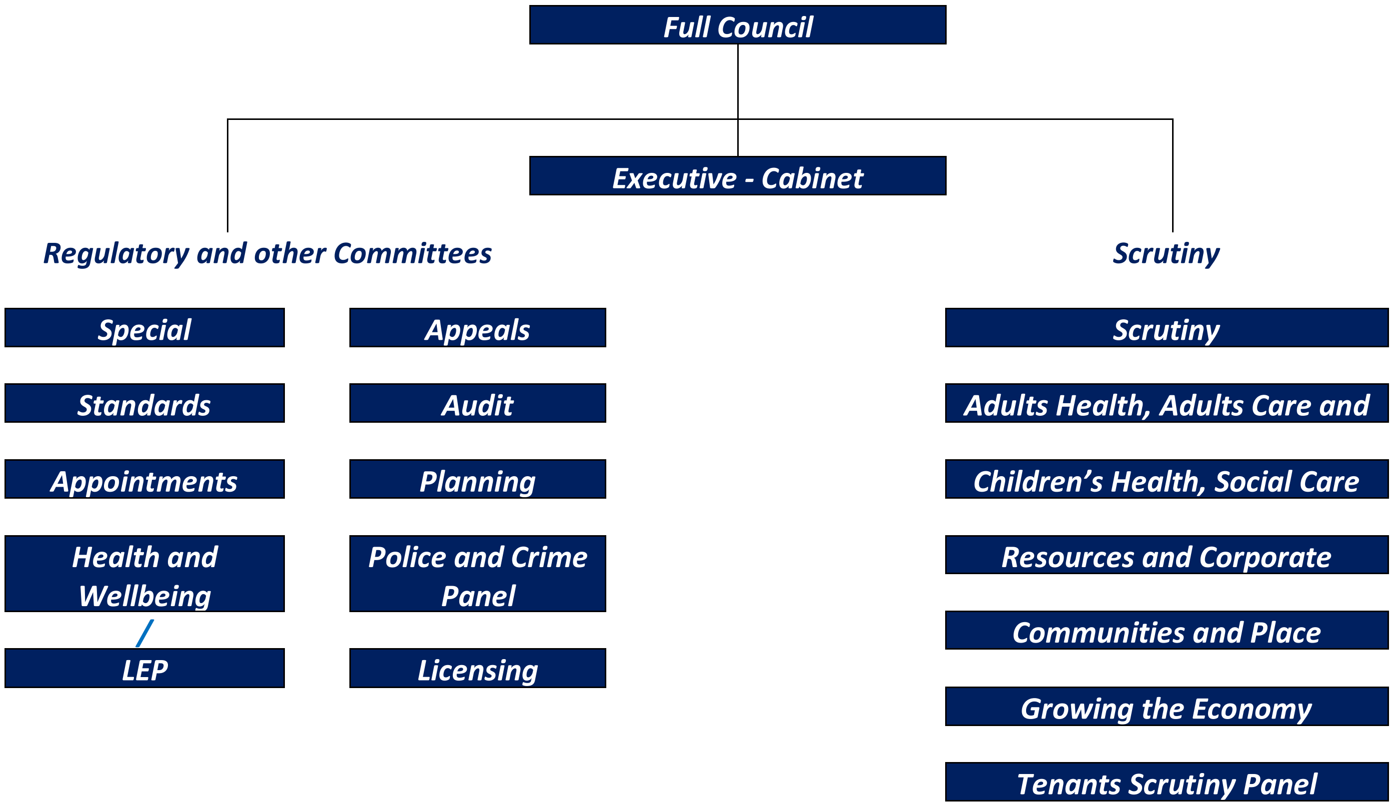
http://ww5.swindon.gov.uk/moderngov/ecSDDisplay.aspx?NAME=SD6032&ID=6032&RPID=5603053

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 40 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 during 2019/20 include:

- Enhance Wellington Street as a prime thoroughfare for the town
- Work with Nationwide Building Society to deliver homes at the former Oakfield campus

You can view the Vision, Priorities and Pledges by selecting the priority links below:

Our Vision, Priorities and Pledges:
https://www.swindon.gov.uk/info/20028/open_data_and_transparency/952/our_vision_priorities_and_pledges

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 29th February 2020 (Pre Covid-19), the Council's Performance Dashboard shows that the following progress has been made in terms of the set deliverables for the pledges:

Priority	No. of Pledges	Completed	On Track	Need Improvement
One	19	2	15	2
Two	5	0	3	2
Three	6	0	6	0
Four	10	0	9	1
Total	40	2	33	5

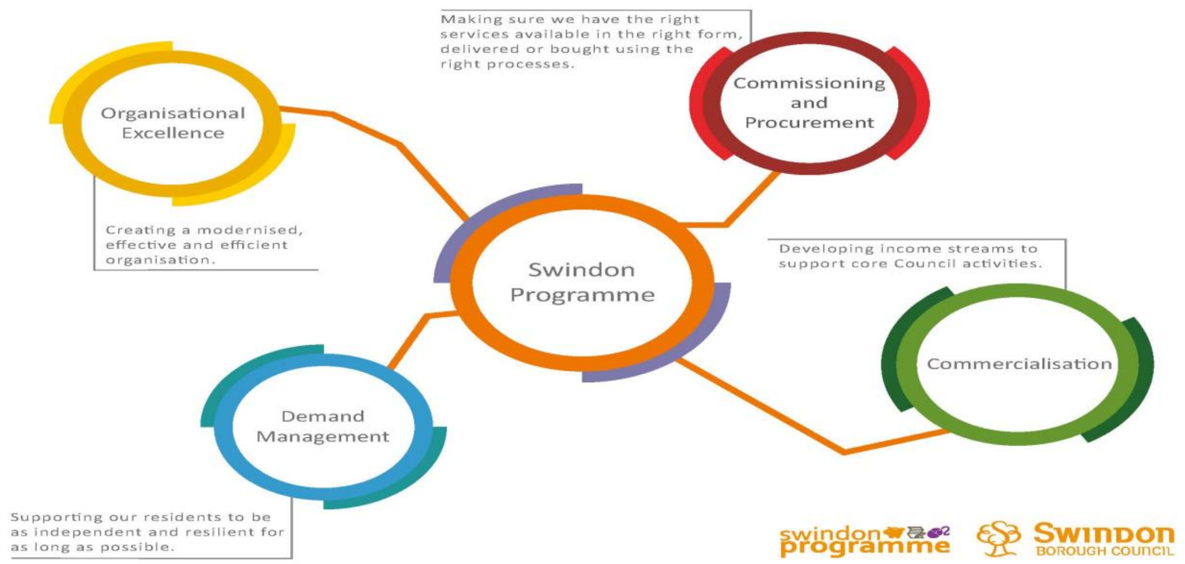
The Council has improved upon the way that it tracks progress with pledges. Each pledge has set deliverables that it has set out to achieve each month and progress is reported on. Some pledges also have outcomes that are tracked, e.g. numerical values/ targets. The aim of introducing the deliverables is so that there is a clear set of monthly actions to be completed that either work towards completing the pledge or meeting the associated outcomes. This is regularly reported to the Corporate Management Team and to the Portfolio Holder within Cabinet. The Council will be working with Cabinet to understand the impact of Covid-19 on the pledges and if affected, what may be required to bring them back on track.

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.

The programme was successful in delivering £30 million savings by the end of 2019/20. Following on from the successful Swindon Programme, the Council aims to continue the principles behind the programme and continuously improve to become a modern, efficient and effective organisations. The words 'At Our Best' puts a name to an organisational ethos that will be established over the coming months and years. Three main aims are to be a Council which:

- Uses best practice and appropriate use of technology.
- Uses its money and people wisely in delivering services quickly and accurately.
- Delivers quality services to the expected standard and which makes a difference to the people of Swindon.

During 2019/20 the Council developed its updated medium term financial plan, extending the timeframe to March 2024. The anticipated Spending Review, Fair Funding Review and changes to Business Rates Retention have now been deferred with implementation expected to be April 2022 at the earliest.

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 (2019/20) 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 Corporate Director: Finance and Assets, 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 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	**Very High**	**Safeguarding children**	**Medium**
Empowering communities	**Medium**	**Safeguarding adults**	**Medium**
Growing the economy	**High**	**Governance**	**Medium**
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**
Quality of Service: Communities	**Medium**		

Impact of Covid-19 on the Council's Review of the effectiveness of our governance arrangements

The Covid 19 pandemic has placed significant additional responsibilities on the Council which have been well managed with a strong emergency governance structure in place as per the requirements of a major incident. This takes the form of a number of bronze (tactical) groups, a Silver Coordinating Group (operational) comprised of senior officers from across the Council and a (strategic) gold group which consists of members of the Council's Corporate Management Team, senior officers from major Council partners and the Director of Public Health.

The Council declared a major incident in relation to Covid-19 on 16 March 2020 with lockdown being announced by the Prime Minister the following week. In the first eight weeks of the pandemic, seven bronze response groups stood up to address particular key challenges for the Council and escalated any issues to the Silver Coordinating Group for decision or ratification. This meant an unrelenting organisational focus on the key priorities for the Council at this time. As time has passed some of these groups have now stood down although the Council remains (at time of writing) in response phase. We are also now running a Recovery process using the same governance structures which worked so well at the height of the Council's response to Covid.

- *Decision making*

  To ensure that the Council continues to apply the principles of good governance, Members adopted the following:

  - Introduction of virtual meetings as soon as possible after the secondary legislation to permit this was approved.
  - The adoption of a change to the Council's constitution in line with prior legislation to permit the delegation of key or strategic decisions to the Chief Executive, but only with the consent of the Leader and Deputy Leader of the Council and with the requirement to report such decisions to Council.
  - The wider use of delegated decision-making as permitted by prior legislation but again in full consultation with the relevant Cabinet Member(s).
  - Agreed to change the Constitution to permit the use of electronic signatures so that Cabinet Members could continue to exercise democratically elected and accountable control of the local authority.

- *Business as usual and new areas of activity*

  A range of actions are being taken to try and mitigate the impact of Covid-19 on the delivery of the Council's critical services. This will be kept under constant monitoring and review. The following chart demonstrates so of the work undertaken during the Covid-19 crisis.

- *Longer term impacts/ Lessons learned*

  An assessment of the long-term disruption and consequences arising from the coronavirus pandemic will be carried out, which will result in the development of an action plan and an update of the relevant risk registers.

  A review will also be undertaken around the lessons to be learned from our response to the Covid-19 pandemic, including the identification of any improvement actions.

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 2019/20 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 July 2020 meeting. Details can be found at:

https://ww5.swindon.gov.uk/moderngov/ieListDocuments.aspx?CId=687&MId=10198&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
Covid-19	Chief Operating Officer
Information Governance and Security	Head of IT

GCSE attainment	**Head of Education**
Youth Offending Team	**Corporate Director: Children Services**
SEND	**Corporate Director: Children Services**
Car Park income	**Head of Highways and Transport**
Communities and Housing	**Chief Operating Officer**
State of Data	**Chief Operating Officer**

- ***Covid-19:*** Responding to the challenges brought about as a result of a prolonged pandemic will undoubtedly be a major area of focus for the Council in the coming year. Those challenges are broad in their scope – supporting the Swindon economy, improving the health of the Swindon population and supporting those with increasing personal vulnerabilities as a result of the pandemic - will be key areas of focus. The Council is also significantly financially impacted by its increased responsibilities during this time as well as a significant loss of income and ensuring this is mitigated will be a key area of focus for the Council in the coming year.

- ***Information Governance and Security:*** A new Senior Information Risk Owner (SIRO) was appointed in October 2019 and there are plans (the pace of which has been impacted by the Covid-19 pandemic) to deliver specific SIRO and Information Asset Owner training to support the improvement of information ownership, risk management and governance through delivery of the wider Information Governance Framework.

  Work on PSN and cyber security standards continues at pace, with this year's PSN assessments due to take place before year end. A further consideration on Cyber Essentials Plus will then follow.
  We have been successful in securing £20,800 funding from the Local Government Association to bolster our Cyber Security stance. This will be used to increase awareness of cyber security for all staff and members, including use of tools like email phish testing.
  We have begun key work to move our data to SharePoint online, enabling a more secure, efficient and compliant way to manage, share and use our information and data.

- ***GCSE Attainment:*** Action was taken during 2019/20 to develop a Governance structure and school improvement processes that support and challenge school performance and improvement in Swindon. This has included working with education providers across the Borough to re-set the Educational and School Improvement Strategy and establish a system led Governance model to replace the Swindon Challenge Board that was established in March 2017. The 2019 GCSE results showed 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.

- ***Youth Offending Team:*** Audit and review work undertaken in Swindon's Youth Offending Team (YOT) during 2019/20 demonstrate areas of strength and areas in need of improvement. The YOT Board has undertaken a detailed self-evaluation against the Youth Justice Board (YJB) framework and is working to deliver a service improvement plan to address improvement priorities.

The YOT team has experienced significant staffing instability and staff changes and at times has been working with reduced staffing levels. Despite this the staff have worked with real commitment and dedication to maintain strong relationships with young people and provide them with good support and this is evidenced in case audit outcomes. It has sometimes been a challenge to identify the right educational opportunities for young people over a sustained period and this is an improvement priority. More support for young people and families is being provided through the Early Help Service and this is strengthening the offer from the YOT. A Youth Restorative Intervention Panel (YRIP) has been established to provide young people with restorative and diversionary opportunities. The panel is gaining commitment from Partners and is a positive initiative for young people in Swindon.

- ***SEND:*** In November 2018 Ofsted undertook a Joint Local Area Special Education needs and Disabilities (SEND) Inspection in Swindon. The report identified eight significant weaknesses and required the Local Authority and the CCG to produce a Written Statement of Action (WSOA) to explain how the weaknesses will be addressed. A WSOA was submitted to Ofsted within the required timescale and was approved without amendment. The Local Authority and CCG are working closely together and with other key partners to address the weaknesses and deliver the improved outcomes that have been set out in the WSOA.

  The pace of progress has been impacted by a full re-structure and significant staffing changes within the Local Authority SEND team and reliance over a long period on agency staff. The Governance arrangements have been strengthened and a Strategic Partnership Board is in place to monitor, scrutinise and challenge pace and progress of delivery of the WSOA. A Quality Assurance and Performance Board is also in place that monitors demand, performance and quality of work.

- ***Car Park income:*** An Internal Audit review of car parking income identified significant control and health and safety issues. These have been reported to management and relevant actions agreed for implementation.

  The secure management of car parking income remains a key priority for the Council in 2020-21 especially given the significant drop in income the Council has experienced as a result of the Covid 19 pandemic. Finding appropriate and consumer friendly ways to manage car parks and car parking income is subject to a significant review and the implementation of the results of that review will be taken forward in the coming year.

- ***Communities and Housing:*** A key area of focus for the Council in the coming year will be the performance of the Council's operations department. This contains the following functions: Waste Operations, Highways Operations and Assets, Public Realm Operations and Enforcement, Parking Operations and Enforcement, Housing Operations, Compliance, Fleet and Stores Management. In disbanding the Communities and Housing directorate, the Council will focus in 2020-21 on improving operational performance, compliance and delivery through the implementation of a wide-ranging improvement plan.

- ***State of the Council's data:*** Over the last couple of years it has become evident that the Council's ability to become modern, efficient and effective and to manage the demand for its services is being impeded by the lack of joined up data across the Council, and the inability to match data sets together to give a complete picture of an individual, a community or service need. In order to deliver a step-change in our data management and quality, prolonged focus and investment is required. The development of a Data Strategy this year will outline the steps the Council needs to take in this area and the appointment of a new Head of Data, Performance and Insight will help to drive this strategy forward. It is likely that significant investment will be required in this area in the coming years.

Looking back to 2018/19

The review also identified that the following area included in last year's statement is considered to have progressed sufficiently for it not to be included in this year's statement:

- ***Children Services*** - Swindon Children's Social Care Services were inspected by Ofsted in July 2019 and achieved a Good judgement. The inspection report demonstrates and evidences the progress that has been made in addressing the key issues of the previous focused inspection visit in April 2018 and within the service's own self-evaluation.

  The service has robust service delivery and improvement plans in place to ensure that improvements continue and are sustained and embedded in practice. This is monitored by a comprehensive and systematic performance management and quality assurance process which includes weekly performance management reports at individual and team level and monthly team performance clinics that feed into a monthly Quality Assurance Performance and Improvement Board (QAPIB) chaired by the DCS. There has been a focus to continue to improve practice and provision for Swindon's Children in Care and Care Leavers and this has received over-sight and scrutiny from the Council's Corporate Parenting Board.

This area will continue to be reviewed and relevant risks will be included and managed through the Council's Corporate Risk register.

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

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Swindon Borough Council (the 'Authority') and its subsidiaries and joint venture (the 'group') for the year ended 31 March 2020 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement, the Collection Fund, the Housing Revenue Account (HRA) Income and Expenditure Statement, and the Statement of Movement in the Housing Revenue Account, and notes to the financial statements, including a summary of significant accounting policies. The notes to the financial statements include the Notes to the Financial Statements, Notes to the Group Accounts, Accounting Policies, Notes to the Collection Fund Statement, and Notes to the HRA. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2020 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Corporate Director of Finance and Assets and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's and Authority's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the group's and Authority's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an authority associated with these particular events.

Conclusions relating to going concern

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

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

In our evaluation of the Corporate Director of Finance and Assets conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20 that the Authority's financial statements shall be prepared on a going concern basis, we considered the risks associated with the group's and Authority's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the group's and Authority's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Authority or group will continue in operation.

Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings and property investments

We draw attention to Note 41 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Authority's and group's land and buildings and the Authority's share of the pension fund's property investments as at 31 March 2020. As disclosed in Note 41 to the financial statements, the valuation of property assets (e.g. operational land and buildings, and HRA dwellings) are reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuations than would normally be the case. As with the Authority's own property valuations, the impact of COVID-19 also has similar uncertainty in the valuation of pension fund assets. A material valuation uncertainty was therefore disclosed in both the Authority's property valuer's report and the pension fund's property valuation reports. Our opinion is not modified in respect of this matter.

Other information

The Corporate Director of Finance and Assets is responsible for the other information. The other information comprises the information included in the Statement of Accounts other than the Authority and group financial statements and, our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the group and Authority obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual

Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

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

Matters on which we are required to report by exception

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

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

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

Responsibilities of the Authority, the Corporate Director of Finance and Assets and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 17, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Corporate Director of Finance and Assets. The Corporate Director of Finance and Assets is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Corporate Director of Finance and Assets determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporate Director of Finance and Assets is responsible for assessing the group's and the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Responsibilities of the Authority

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

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2020. We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Barrie Morris, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

27 November 2020

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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