2021/22

Swindon Borough Council & Group Statement of Accounts

Introduction by the Corporate Director of Finance and Assets

The 2021/22 financial year was marked by the work of the Council in continuing to support residents and businesses in dealing with the ongoing effects of COVID-19. As with all local authorities, Swindon continued to face additional costs in responding to the pandemic and shortfalls in its usual sources of income. Additional financial support from central government, mainly during the first quarter of the year, assisted the Council in ensuring that in-year budget pressures were contained within available resources.

There is still considerable uncertainty about funding in the years ahead along with longer-term financial implications of the sharp increases in inflation. We will continue to deliver 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 for the benefit of local people and businesses and to support its residents.

Mick Bowden

Corporate Director of Finance and Assets

May 2022

Narrative Report

These accounts relate to the financial year ended 31 March 2022 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)

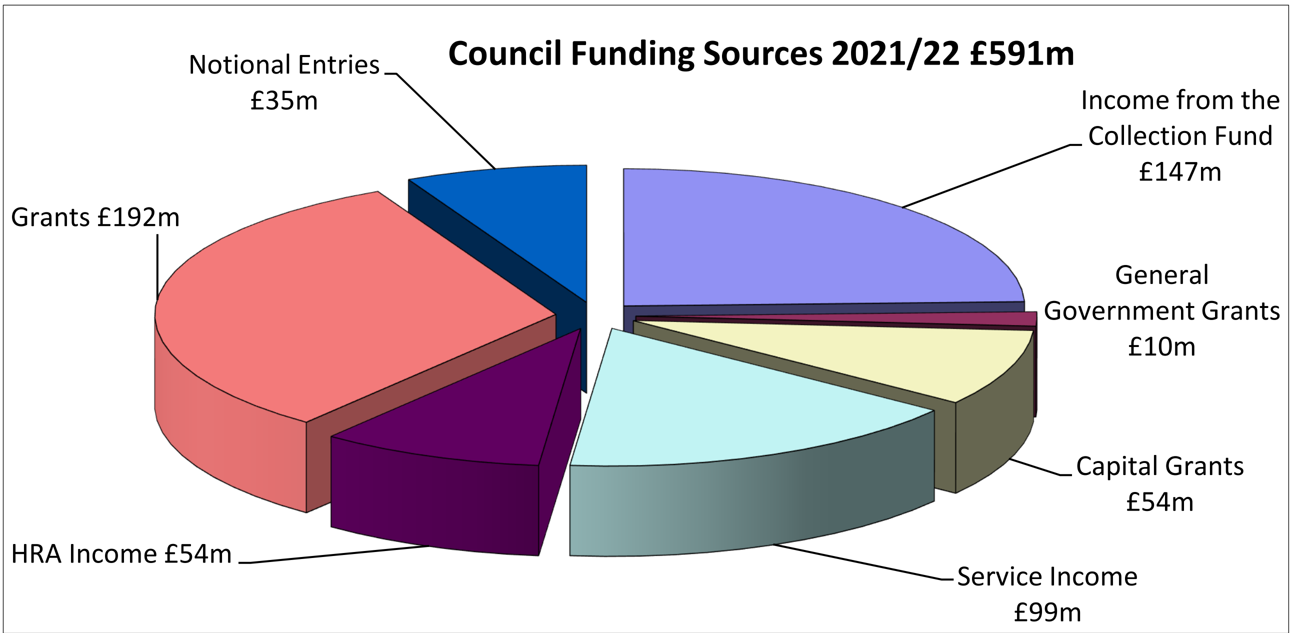
The net GF budget for the year was set at £153.3m. This excludes funding for schools, which is provided via the Dedicated Schools Grant (DSG).

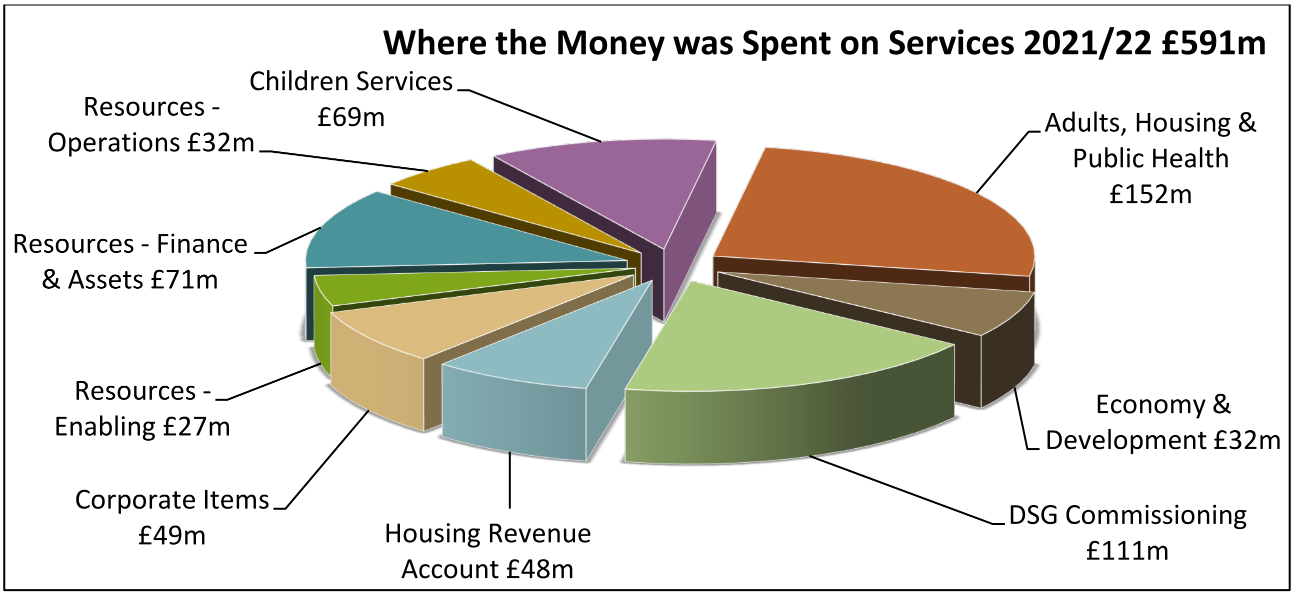
The overall budget was delivered with the balance on the general fund able to be increased but there remain variations within individual Service Areas. This includes significant pressures on Waste and recycling Services and Highways, within Resources - Operations, from one-off transformation costs and parking income reductions. Most services continued to be impacted from Covid-19 in some form, whether from higher costs to implement new practices, or from lower incomes due to services being reduced or shut. Additional grant funding and service savings have offset overspends.

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 - Enabling	16,599	16,751	**152**
Resources - Finance & Assets	(6,835)	(14,498)	**(7,663)**
Resources - Operations	16,155	19,163	**3,008**
Children Services	51,774	55,329	**3,555**
Adults, Housing & Public Health	71,348	71,574	**226**
Economy & Development	4,237	4,559	**322**
Net Cost of General Fund Services (outturn)	**153,278**	**152,878**	**(400)**
Reconciliation to Comprehensive Income & Expenditure Statement			
Parish Precepts		9,236	
Net Corporate Income and Expenditure		39,230	
Net HRA, Capital, Reserves and other Appropriations in Net Cost of Services		44,800	
Sub-total		**246,144**	
Taxation and Non-Specific Grant Income		(211,111)	
Net (Surplus)/Deficit For Year on Provision of services in CIES		**35,033**	

The following charts analyse the main income flows to the Council in 2021/22, and the gross expenditure on services. Income includes grants funding revenue expenditure, HRA income, service fees and charges, net corporate notional income streams representing the surplus/deficit on provision of services 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 deficit of £27.7m at 31 March 2022. Reducing the deficit is being spread over a number of years and has reduced since 31 March 2021 when it was £53.4m.

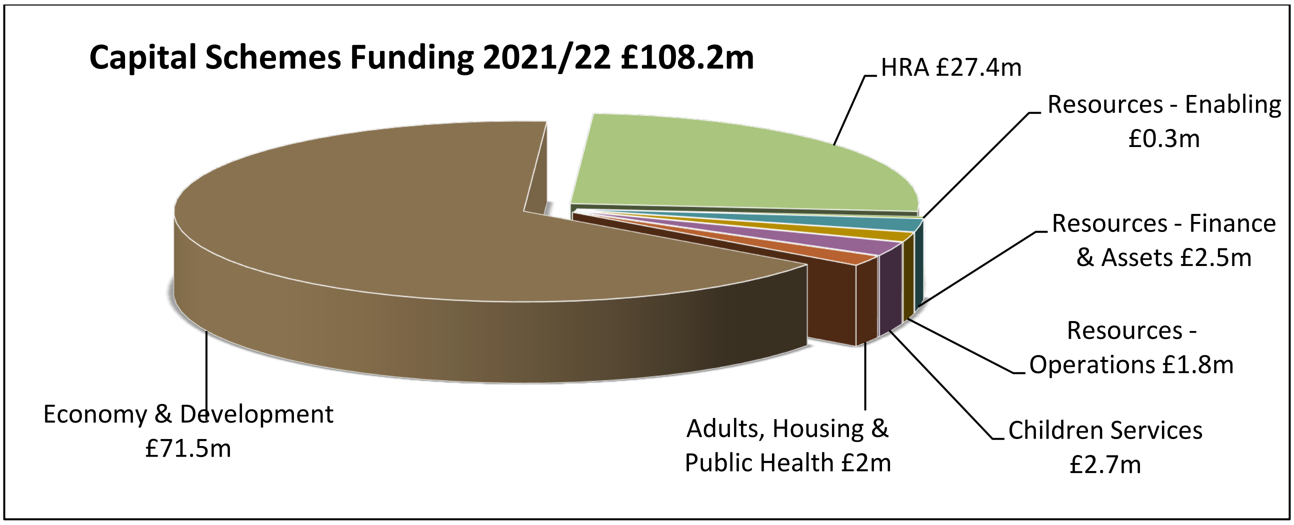
The accounting treatment for the Collection Fund means the Council shows only its own proportion of balances through the accounts on an agency basis. This does not change the Collection Fund itself, which is prescribed under statute, but does remove the overall Collection Fund balance from the Council's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

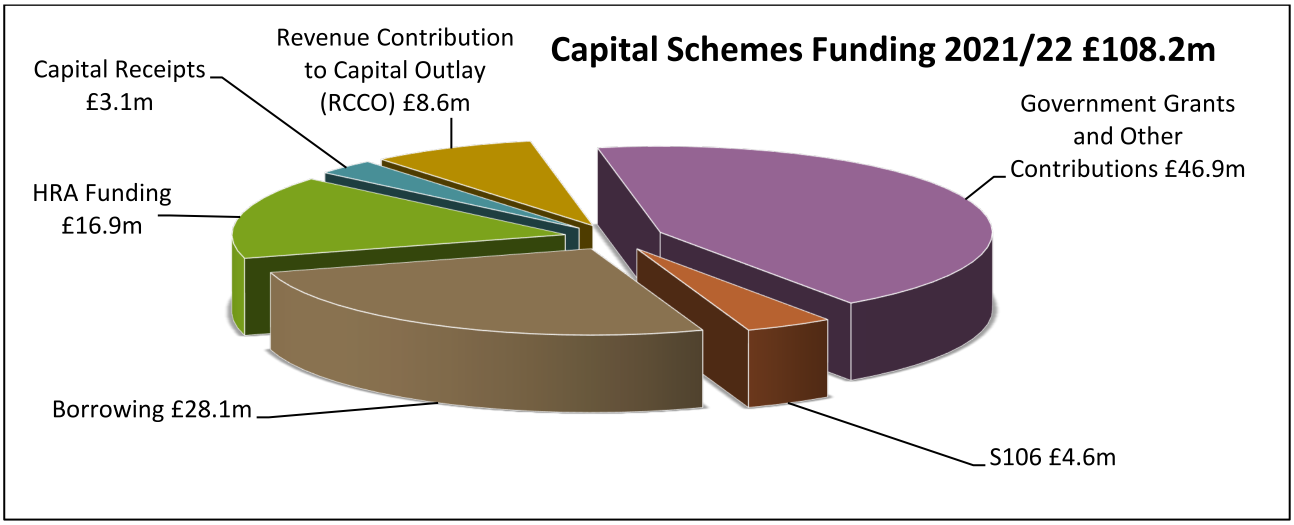
During the year the HRA came in underspent by £0.15m. This has seen the HRA reserve increase to £12.2m at 31 March 2022.

Financial Overview – Capital Income & Expenditure

During the year, the Council incurred additional borrowing of £28.3m towards capital expenditure of £116.8m. This expenditure is analysed in the following chart into key service areas of the Council.



In-year borrowing contributes to total borrowing of £354m, inclusive of HRA debt, with a related capital finance requirement of £535m. This should be seen in the context of a non-current asset base of £1,386m.



Financial Overview – Covid-19

A review was undertaken of grants received as part of Covid-19 support and recovery activity and where the conclusion was that the Authority was acting as an agent of central government, the related grant award was removed from expenditure and income and any unspent grant shown as a central government creditor.

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 £94m. The liability is reported as £270m (£364m for 2020/21). This decrease reflects changes to the financial assumptions, significantly from inflationary changes.

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 transfers in 2021/22 removing £10m from the balance sheet value of non-current assets. There were three transfers in 2020/21 removing £22m.

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 (JV) 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. In addition the Authority is parent company to Public Power Solutions, which operates waste and recycling services in the Borough.

The Authority has a joint 50% ownership in the JV, which has the relevant share of net equity consolidated in the group statements, and is the controlling shareholder for the remaining companies and fully consolidates these in the group accounts.

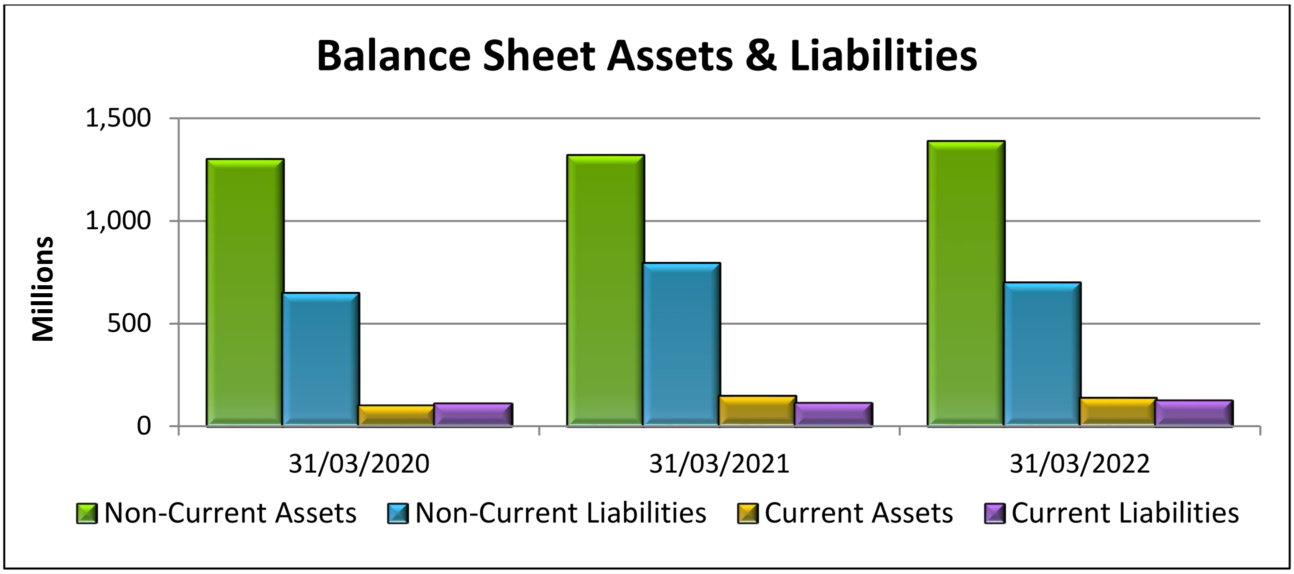
Impact of Materiality

Materiality impacts the accounting statements by either reducing the number of disclosures or the amount of detail within them, for example by combining several balances together which has no impact on understanding of the statements. It also acts as an aid when assessing the impact of events or transactions and whether they change the understanding of the statements if not corrected or highlighted. The general threshold for either individual or combined balances materially affecting the accounts is c£7m, though items identified below this level by the auditor may be presented to Audit Committee for review if not adjusted for.

Financial Overview – Financial Outlook

General Fund earmarked reserves have decreased during 2021/22. This was mainly due to receipt of grants to support the COVID-19 response in 2020/21 which have been drawn upon. Planned use of reserves will see continued reduction in future years, recognising the need to ensure the long-term sustainability of the Council. The General Fund balance increased from £7.8m to £8.2m.

Non-current assets have increased by £68m, 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 cash flow changes Treasury Management will continue to be important in ensuring that cash is available when needed.

Financial Overview – Medium Term Financial Strategy

The Council's Medium Term Financial Strategy was agreed by Full Council in February 2022 and set out the financial context for the Council up to 2024/25. This reflected the latest known funding position and the Council's approach for addressing the financial challenge over the next few years.

A national spending review took place during 2021 and provided a new three-year funding settlement for central government departments. The Government has decided to undertake a review of the funding formula for local authorities in 2022. As a result, the Government announced a single year provisional funding settlement on 16th December 2021. This means that the future funding arrangements for the Council are uncertain beyond 2022/23 and will be determined by the outcome of the planned review.

In the absence of any further information, the central planning assumption is that the underlying funding levels for the Council will remain at the same level as 2022/23. This incorporates the current funding streams of Revenue Support Grant, Better Care Fund, Social Care Grant and the baseline level of retained business rates. The exceptions to this being the one-off 2022/23 Services Grant and New Homes Bonus as the Government has indicated that this will continue to reduce as part of a wider review of how to incentivise and reward growth in future years.

The Government has announced that the limit of core council tax increases, without requiring a referendum, is 1.99% over the next three years. There is also the opportunity to raise an Adult Social Care precept of up to 1% in each year. The planning assumption used in the medium term projections is that increases of 2.99% (including a 1% adult social care precept) will be applied annually.

Allowance has been made for growth in the council tax base and business rates, reflecting increases returning towards pre-pandemic levels over the medium term.

Following the experience of recent years, the key expenditure pressures are anticipated to be related to demand pressures in children and adults social care. More generally, the council will face pressures relating to population growth - particularly waste collection and disposal costs.

Inflation poses a greater risk to the Council than has been the case in recent years. Spikes in energy prices and supply chain pressures have been a feature of the economic recovery from the pandemic. The Bank of England's most recent projections are based on current inflationary pressures to ease over the medium term. This will need to be carefully monitored over time as the medium term financial strategy is refreshed.

During the 2021/22 financial year the Council's financial position continued to be significantly affected by Covid-19. The time-limited support from central government for council-wide COVID pressures came to an end and the sales, fees and charges compensation only covered the period up to June 2021. The medium term financial plan has therefore been prepared on the basis that the ongoing COVID-related financial pressures form part of the Council's base budget and funded from the permanent resources available to the Council.

The scale of the increased pressures on the base budget following the pandemic exceeds that which can be accommodated within single financial year. The budget is therefore based on a three-year approach, applying the balance of COVID funding received during 2020/21 and developing a multi-year savings plan at a more detailed level than has previously been the case.

The Council Plan 2022-2025 was approved in November 2021 and sets out the vision for Swindon and the priorities the Council is trying to achieve for its residents and the Borough. The medium term financial strategy incorporates the delivery of the pledges underpinning the six priorities:

- Build an economy that works for you
- Protect and enhance our heritage, culture and leisure facilities
- Deliver sustainable growth
- Equip all young people with the education and skills they need
- Make Swindon greener and more sustainable
- Make Swindon safer, fairer and healthier

Building on its existing approach to continuous improvement the Council will continue its focus on developing the Council to be a modern, efficient and effective organisation. The performance of the Council's companies, both wholly owned and the joint venture, will continue to be a priority.

The overriding purpose of these themes is to give residents greater opportunities to live safe, fulfilling and independent lives and to ensure that the Council's limited resources can be targeted effectively to manage the demand pressures it faces.

Financial Projections from 2022/23

Budget Changes Summary	2022/23 £m	2023/24 £m	2024/25 £m
Base Budget	153.3	156.7	162.4
Funding Changes	(8.7)	4.7	4.8
Inflation	7.0	4.8	5.0
Cost Pressures	16.4	6.2	3.1
Identified Savings	(11.3)	(10.0)	(6.6)
Proposed Budget	**156.7**	**162.4**	**168.7**
Funded By:			
Revenue Support Grant	4.5	4.5	4.5
Business Rates	34.2	35.2	36.2
Council Tax	118.0	122.7	128.0
Total Funding	**156.7**	**162.4**	**168.7**

Organisational Overview

The following will give an overview of the Council's vision, priorities and pledges and summarises achievements.

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.

In November 2021, the Council Plan 2022-2025 was approved by Council with new Priorities and Pledges to reflect the focus over the next four years and how the Council will deliver the priorities for the residents of Swindon. This follows on from the previous Council Plan 2019-2020.

<u>Performance against the current Council Plan 2022-2025</u>

The Council Plan 2022-2025 is made up of six priorities and formally began in January 2022. Performance against the priorities and pledges is performance managed through progress made against quarterly deliverables and the outcomes of key performance indicators.

Pledges are rated as either 'Pledge Completed', 'On Track', 'Needs Improvement' or 'Of Concern'.

Some pledges do not have Outcomes Ratings, for example capital projects do not have supporting key performance indicators and are assessed against progress with deliverables.

Priority One – Build an economy that works for you

Pledges in Priority One focus on creating more well-paid jobs, attracting further investment in the town and make Swindon a great place to start and grow businesses. Out of the eight pledges in Priority One, seven of them are rated as 'On Track' based on the quarterly deliverables.

High Speed Broadband – Good progress has been made in extending the roll-out of gigabit speed internet coverage.

Kimmerfields – a business case has been submitted to the government to enable the drawdown of the Towns Fund money to fund delivery of enabling infrastructure and make the brownfield site more attractive to developers. Work with Zurich continues on track.

Bus Boulevard – The tender has been awarded for the principal works.

Carriage Works – Phase 2 works continue on major structural works. Leases approved for two units.

Health Hydro – a business case has been submitted to the government to enable the drawdown of the Towns Fund money to deliver the first phase of the refurbishment of the Health Hydro

Heritage Action Zone - a business case has been submitted to the government to enable the drawdown of the Towns Fund money to fund delivery of the HAZ Streets and Spaces Project

Local Plan – A planning application has been submitted for the redevelopment of South Marston Airfield (former Honda site). An England Economic Heartland Connectivity Study has commenced.

Pledge 02 e) Town centre leisure facility which has been rated 'Of Concern'. The pledge has been given this rating as ongoing work with SevenCapital on the refurbishment of the Oasis has established that the effect of the building being listed and the number of features that need to be retained is far more extensive than initially thought. This makes it more challenging to identify a viable and sustainable refurbishment scheme. The Council continues to work positively with SevenCapital on options.

In terms of the outcome ratings, Pledge 3 (Through the delivery of the Local Plan, we will support and influence business and housing growth, availability of employment land and infrastructure investment in Swindon's economy) has been rated as 'Needs Improvement'.

The pledge outcomes have been rated as 'Needs Improvement' due to not meeting the target for the number of new houses completed. This is due to the period 2020-2021 where there was a reported 11% drop in housing delivery nationwide. The reasons are not unique to Swindon. Uncertainty in the market and economic conditions, the significant increase in the cost of materials and labour shortages during the pandemic (32% of construction staff in existing businesses were furloughed) are cited as reasons why housing delivery has slowed.

In terms of positive outcomes for Pledge 3, the Council has met the target for the percentage of planning appeals against refusal of planning permission dismissed as well as the number of business referrals to the LEP.

Priority Two – Protect and enhance our heritage, cultural and leisure facilities

Pledges in Priority Two focus on delivering improvements to Swindon's heritage, cultural and leisure facilities now, while also securing their long-term future. In terms of the quarterly deliverable ratings and outcome ratings, all pledges has been rated as 'On Track'.

Parks Strategy – The Coate Water diving board and the new play park continue to make good progress.

Heritage Assets – The Council has agreed to the joint marketing of the Corn Exchange site with the building's owner and valuation work is ongoing.

Cultural Quarter – Work ongoing to produce an investment appraisal for the Cultural Quarter which will feed into a Strategic Outline Business Case. Ongoing work continues to promote visits to museums and Art on Tour as part of the Council's education, learning and outreach programme.

Priority Three – Deliver sustainable growth

Pledges in Priority Three focus on the delivery of high-quality affordable homes and by investing in infrastructure to support our growing town. In terms of quarterly deliverable ratings, all pledges have been rated 'On Track'.

Junction 15 – This pledge has been completed. The M4 Junction 15 improvement scheme was completed in October 2021 and is fully open to traffic. The circa £17M improvement scheme included carriageway widening on approaches, a dedicated on-slip onto the motorway, footway improvements and the closure of Day House Lane to vehicular traffic.

New Eastern Villages – The White Hart Junction's new northbound slip road opened at the end of March 2022. Surfacing work for the Piccadilly roundabout was completed in April 2022. Surfacing work to the A420 began in April 2022.

Wichelstowe Southern Access – The new junction at Wharf Road is open and additional work including the attenuation pond, final surfacing and landscaping has been completed.

Local Transport Fund – Multiple schemes have been completed or are progressing including the White Hart Junction, Gablecross Junction, Nythe Road and Piccadilly Roundabout, Southern Connector Road, Wanborough traffic calming, Wichelstowe bus corridor and Moonrakers and Junction 15.

Potholes – A capital bid was approved to enable additional technically advanced equipment to be bought to support improvements in productivity and quality. The Council has implemented a new software system, recruited a new highways manager and is working on producing performance reports to monitor progress with pothole repairs.

Housing Development – Number of homes with planning consent granted is on track at key sites including New Eastern Villages, Wichelstowe, Tadpole Garden Village and Badbury Park.

Swindon Housing Company – a three year business plan has been agreed by Cabinet

Affordable Homes - The first of the 49 homes in Phase 1A at Queens Drive were completed in April 2022.

In terms of outcome ratings, one pledge has been rated as 'Needs Improvement'. This is Pledge 9 c) (Delivery of affordable homes) and is due to not meeting targets set for delivery of affordable homes.

The delivery for Affordable Housing is lower than projected for several reasons. In relation to Council Affordable Homes, the Queens Drive scheme has been significantly delayed due to the capacity of utility companies to deliver connections as a result of the pandemic. The first of the 49 homes in Phase 1A were completed in April 2022, they were originally expected to be completed in Q4 21/22. In terms of Registered Providers, delivery projections have also been affected by delays across the construction industry for materials and increasing costs that have stalled some sites.

Priority Four – Equip all our young people with the education and skills they need

Pledges in Priority Four focus on the provision of additional and enhanced skills and higher education opportunities. In terms of quarterly deliverable ratings, all pledges have been rated 'On Track'.

Good settings and placements – A partnership Governance model has now been agreed and this will form the basis for monitoring progress against identified priorities. A schools quality assurance policy has been agreed, which sets out the way of working with schools to identify individual school support/improvement needs. An Education Capital Strategic is being co-produced, which will set out the need for new school places across the Borough

Access to Learning – Schools and Swindon Borough Council have agreed a focus on children attending school this year and a campaign to support this will be launched in August 2022. A post-16 position statement is in development and this will set out actions to support children to attend post-16 education, training or employment.

Lifelong Learning – The Council is working with partners to develop a 5-year plan to increase the number of Higher Education opportunities and an increase in Apprenticeship, internship and traineeship opportunities. A range of new courses are in place for adult residents include digital boot camps, numeracy and literacy.

Access to Activities – A Childcare Sufficiency Assessment is being undertaken and this will support enough places across the Borough. Food vouchers are issued during holiday periods through the Household Support Grant.

In terms of outcome ratings, three pledges have been rated as 'Needs Improvement.'

Pledge 10 (We will ensure that every child and young person in Swindon has a place at a good or better early years provider, school and/or education placement or apprenticeship provision) outcomes have been rated as 'Needs Improvement'.

Swindon remains below the national average of good or better schools across each phase (Primary and Secondary) and type of school (Special). The percentage of schools are calculated against the number in each phase. Swindon currently has 28 schools with no formal Ofsted rating, this occurs where a maintained school has converted to an Academy or where a new Free school has been opened. Ofsted published its new strategic plan which sets out that every school will be inspected by 2025. Secondary admissions are lower than National average. This was caused by three main factors all driven by parental choice: preference for In- Borough schools, preference not within catchment and preference made for only one school.

Thirteen per cent of parents have previously expressed preferences for Out-of-Borough schools, this year saw a four per cent reduction in the number of parents choosing Out-of-Borough secondary schools for their children, equating to 135 children. It is possible that the impact of COVID-19 on families' income and their ability to fund travel has influenced choice, it may also be the case that parents are reflecting higher levels of confidence in some local Swindon schools. The higher number of application has direct impact on the number of parents receiving their first school preference. There are currently no national comparisons for parent's preferences for special schools.

The number of people starting apprenticeships was impacted during COVID-19, with many employers unable to offer apprenticeships due to the fact their businesses were closed or were working reduced hours. A work force strategy is in development to improve the number of apprentices that the Council directly employs.

Pledge 11 (Together with Early Years, schools and education partners we will ensure every child and young person is able to access their learning every day) outcomes have been rated as 'Needs Improvement'.

The Department for Education has noted that the 20/21 data should not directly be compared to previous years data due to the change in exam arrangements during the pandemic, when the national figures increased more than an average year. Exam arrangements will be returning in 21/22 and this will support comparisons to the national average and will be reported in the December Cabinet report, following validation.

Swindon remains above the national average for suspensions (previously known as Fixed term exclusions). The Council is working towards a borough wide strategy to improve attendance across schools and this includes reducing suspensions.

Pledge 12 (We will continue to work in partnership to provide opportunities which support our children and young people to have the skills for life and our citizens have access to lifelong learning) outcomes have been rated as 'Needs Improvement'.

Swindon continues to have above national levels of young people in employment, however, the town remains below national averages for Level 2 and Level 3 qualifications. The development of a strategic post 16 plan will focus on progression pathways at Level 2 and Level 3 and into employment. A recent restructure of the skills service provides a dedicated team to continue to ensure pathways into employment and to track those who are at risk of being 'not in education, employment or training' (NEET).

Priority Five – Make Swindon greener and more sustainable

Priority Five focuses on helping residents and organisations across the Borough to reach net zero greenhouse gas emissions by 2050, and, as a council, achieve this by 2030. In terms of the quarterly deliverable ratings and outcome ratings, all pledges have been rated as 'On Track'.

Green Travel – A draft Electric Vehicle Charging Point Strategy is in progress. Twenty-two charging points have been installed in the Town Centre. Twenty-eight new electric vehicles have been delivered as replacement for diesel vehicles.

Biodiversity – 23 hectares of new tree planting has been completed at 17 sites. The Forest Meadows project is delivering wildlife friendly land practices at Rivermead and Mouldon Hill. Biodiversity net gain is being secured on nearly all the major projects the Council ecologist is involved with.

Waste Strategy – The residual waste contract is in place. The Household Waste and Recycling Centre review is on track to assess how the Council improves recycling rates.

Fly tipping – The Council has six mobile fly tipping cameras. The emerging technology team are supporting the trial of cameras in rural areas.

Priority Six – Make Swindon safer, fairer and healthier

Pledges in Priority Six focus on helping people to help themselves while always protecting the children and adults who need most support, increasing health and wellbeing facilities and tacking crime and anti-social behaviour. In terms of quarterly deliverable ratings, 9 out of 10 pledges have been rated 'On Track'

Safer Swindon – Multi-agency safeguarding and Community Safety Partnership arrangements continue to be embedded. The Force Partnership Strategic Assessment and Control Strategy has been received by the CSP Board and is informing the priorities for partnership working during 2022/23

Domestic Abuse – Swindon's multi-agency DA strategy and Needs Analysis have been approved by both the CSP Exec Board and the Health and Wellbeing Board

Rough Sleepers – Rough sleeping numbers remain very low. There was another successful seasonal programme at the Winter Provision with all guests rehoused with appropriate support in place. A bid has been submitted for the next tranche of Government funding to support the Rough Sleeping programme.

Armed Forces Covenant – External funding was successfully obtained for a community partner worker hosted by Voluntary Action Swindon. Partners contacted regarding their views on a future Forum.

Financial Inclusion – £1.5million of assistance given to low income households under the Household Support fund from October 21 to March 22 (food £1.1 million and help with bills Energy £400,000). A new Household support scheme for April 22 until September 22 offering similar assistance will be put in place.

Independent Living - The Strength Base ways of working in the generic Adult Services continues. Individual support plans are showing an increased use of community assets and informal support, resulting in cost reductions per package and improved outcomes for individuals.

Obesity – Delivered Beat the Street programme. The School Nutrition and Activity Project will be piloted at five primary schools. The 5-11 year old face-to-face Healthy Families child and family weight management programme started in January and has been completed.

Smoking - Smoking Cessation Service delivery continues via GPs and Pharmacies as well as the Council's smoking advisor service.

Volunteering – The Council provides a number of volunteering opportunities for Swindon residents to get involved with. The volunteering webpage on our website has recently been updated to promote all opportunities available, including with Swindon Libraries, Swindon Rangers, Live Well Swindon, Adult Community Learning, Aiming High, Youth Justice Service, Parent Champion Scheme and Housing. Volunteer Managers regularly meet to share learning, good practice and ideas.

Pledge 23 (Where children cannot live with their parents or wider family we will make every effort for children to be placed in their home borough) has been rated as 'Needs Improvement' based on quarterly deliverables. Quarterly targets have not been met for increasing the number of in-house foster carers or reducing the number of children placed with independent foster care agencies. In terms of positive progress with deliverables, a targeted recruitment campaign was completed for sibling groups. A foster carer celebration event is planned for both carers and children. The service is also reviewing the approach to placements for children and identified a new opportunity for local placements that was previously used by Adults. A placement sufficiency and fostering workshop has taken place which has generated a number of ideas to support the sufficiency strategy.

In terms of outcome ratings, two pledges have been rated as 'Needs Improvement'.

Pledge 23 (Where children cannot live with their parents or wider family we will make every effort for children to be placed in their home borough) outcomes have been rated as 'Needs Improvement'. This is due to not meeting targets for the percentage of children placed within connected persons, the percentage of looked after children living within 20 miles of Swindon and the number of in house foster carers.

There is a national shortage of placements for children including both foster care and specialist residential placements. This coupled with a reduction in our in-house foster carers during the pandemic is placing increased pressure in securing placements within 20 miles.

Pledge 25 (We will work with partners to promote healthy lifestyles for the population of Swindon to reduce obesity among children and adults) outcomes have been rated as 'Needs Improvement'. This is due to being above England rates for excess weight in adults and children.

Data is still shown for 19/20 due to the difficulties in measuring weight in schools and surveying adults during the pandemic. National Child Measurement Programme data was gained via a sample across the country rather than comprehensive coverage per school and hence is only available at England level.

The Council recognises that there is still work to do to improve healthy weight and physical activity rates in Swindon. Nationally, obesity is recognised as a complex and challenging problem and there are many factors which contribute to why people may be overweight or inactive. The Council is focusing on an approach that targets population level intervention such as Beat the Streets, together with recognising the complexity through the whole system approach to obesity. This follows the evidence base developed by academia and Public Health England and the local authority has had its first stakeholder workshop to map the drivers of obesity in Swindon. Addressing inequalities is also important and working with schools to target those at risk as well as with specific communities will contribute to the existing programmes and infrastructure Swindon has to encourage people to eat well and move more.

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. The Corporate Risk Register is regularly updated with key risks, mitigating actions and progress. The Corporate Risk Register is signed off through the Audit Committee.

In common with other Local Authorities, Swindon Borough Council has had to deliver its commitments against a backdrop of increasing financial pressure. This financial pressure has been further affected by additional Covid-19 related demands and decreases in normal income streams. The Council has received Covid Emergency Funding to offset these pressures.

Following on from the successful Swindon Programme, the Council aims to continue to the principles behind the programme and continuously develop our status as a modern, efficient and effective organisation. 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.

Audit Report

The draft accounts have 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. These dates have changed for 2021/22 to 31 July for the draft and 30 November for the 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 2021/22, 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 2022.

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 2022.

Signed: *Mick Bowden* Date: 31st March 2023

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: *Steve Weisinger* Date: 31st March 2023

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. Negative figures denote income.

Note	2020/21 restated Continuing Operations:	2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net Expenditure £000	2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net Expenditure £000
	Resources - Enabling	21,519	(3,113)	18,406	26,636	(3,816)	22,820
	Resources - Finance & Assets	64,591	(100,624)	(36,033)	70,781	(86,515)	(15,734)
	Resources - Operations	35,425	(6,405)	29,020	31,762	(8,497)	23,265
	Children Services	57,930	(6,807)	51,123	69,232	(9,353)	59,879
	Adults, Housing & Public Health	134,314	(75,883)	58,431	152,304	(74,854)	77,450
	Economy & Development	41,252	(5,963)	35,289	32,442	(10,774)	21,668
6	DSG Commissioning	104,842	(97,368)	7,474	111,318	(97,443)	13,875
	HRA - Housing	30,204	(50,865)	(20,661)	35,985	(53,317)	(17,332)
	HRA - Operations	11,477	(88)	11,389	12,060	(273)	11,787
	Surplus / Deficit on Continuing Operations	**501,554**	**(347,116)**	**154,438**	**542,520**	**(344,842)**	**197,678**
4	Other operating expenditure			37,270			32,205
5	Financing & investment (income)/expenditure			19,309			16,261
7	Taxation and non-specific grant income			(217,846)			(211,111)
	(Surplus) / Deficit on Provision of Services			**(6,829)**			**35,033**
15	(Surplus) / Deficit on revaluation of PPE assets			(40,124)			(69,310)
31	Re-measurements on pension assets / liabilities			127,644			(123,116)
	Other Comprehensive Income and Expenditure			**87,520**			**(192,426)**
	Total Comprehensive Income and Expenditure			**80,691**			**(157,393)**

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 £400k. 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 £'000	HRA £'000	Earmarked GF Reserves £'000	Earmarked HRA Reserves £'000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
1 April 2021	**(7,820)**	**(12,035)**	**(90,678)**	**(1,697)**	**(16,609)**	**(7,686)**	**(29,593)**	**(166,118)**	**(393,446)**	**(559,564)**
(Surplus) / Deficit on Service provision	29,367	5,666	0	0	0	0	0	35,033	0	35,033
Other (Income) / Exp.	0	0	0	0	0	0	0	0	(192,426)	(192,426)
Total Comprehensive (Income) /Exp.	**29,367**	**5,666**	**0**	**0**	**0**	**0**	**0**	**35,033**	**(192,426)**	**(157,393)**
Adjusts between accounting & funding basis (note 13)	(17,242	(5,689)	0	0	9,414	6,652	(2,644)	(9,509)	9,509	0
Transfer of DSG deficit	(1,097)	0	0	0	0	0	0	(1,097)	1,097	0
Net (Increase)/ Decrease before Reserves	**11,028**	**(23)**	**0**	**0**	**9,414**	**6,652**	**(2,644)**	**24,427**	**(181,820)**	**(157,393)**
Transfers to / (from) Other Reserves (note 14)	(11,428)	(128)	11,428	128	0	0	0	0	0	0
(Increase)/ Decrease in-year	**(400)**	**(151)**	**11,428**	**128**	**9,414**	**6,652**	**(2,644)**	**24,427**	**(181,820)**	**(157,393)**
31 March 2022	**(8,220)**	**(12,186)**	**(79,250)**	**(1,569)**	**(7,195)**	**(1,034)**	**(32,237)**	**(141,691)**	**(575,266)**	**(716,957)**

Movement in Reserves Statement continued

	GF Balance £'000	HRA £'000	Earmarked GF Reserves £'000	Earmarked HRA Reserves £'000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
1 April 2020	**(7,200)**	**(11,738)**	**(34,099)**	**(1,491)**	**(17,410)**	**(6,313)**	**(21,211)**	**(99,462)**	**(540,793)**	**(640,255)**
(Surplus) / Deficit on Service provision	(5,671)	(1,158)	0	0	0	0	0	(6,829)	0	(6,829)
Other (Income) / Exp.	0	0	0	0	0	0	0	0	87,520	87,520
Total Comprehensive (Income) /Exp.	**(5,671)**	**(1,158)**	**0**	**0**	**0**	**0**	**0**	**(6,829)**	**87,520**	**80,691**
Adjusts between accounting & funding basis (note 13)	(48,255)	655	0	0	801	(1,373)	(8,382)	(56,554)	56,554	0
Transfer of DSG deficit	(3,273)	0	0	0	0	0	0	(3,273)	3,273	0
Net (Increase)/ Decrease before Reserves	**(57,199)**	**(503)**	**0**	**0**	**801**	**(1,373)**	**(8,382)**	**(66,656)**	**147,347**	**80,691**
Transfers to / (from) Other Reserves (note 14)	56,579	206	(56,579)	(206)	0	0	0	0	0	0
(Increase)/ Decrease in-year	**(620)**	**(297)**	**(56,579)**	**(206)**	**801**	**(1,373)**	**(8,382)**	**(66,656)**	**147,347**	**80,691**
31 March 2021	**(7,820)**	**(12,035)**	**(90,678)**	**(1,697)**	**(16,609)**	**(7,686)**	**(29,593)**	**(166,118)**	**(393,446)**	**(559,564)**

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 2021 £000	31st March 2022 £000
15/48	Property, Plant & Equipment	1,244,868	1,336,749
16	Investment property	7,887	7,362
17	Heritage	29,200	29,200
42	Long term investments	20,202	20,637
20	Long term debtors	16,216	7,092
	Total Non-Current Assets	**1,318,373**	**1,401,040**
	Cash & Cash equivalents	38,144	44,901
	Inventories & Work in Progress	829	819
21	Short term debtors	94,026	59,542
32	Short term investments	6,524	26,536
	Assets held for sale (current)	3,909	5,959
	Current Assets	**143,432**	**137,757**
22	Short term creditors	(88,815)	(108,779)
32	Short term borrowing	(21,125)	(13,259)
23	Provisions (short term)	(1,275)	(1,212)
	Current Liabilities	**(111,215)**	**(123,250)**
32	Long term borrowing	(340,550)	(341,157)
29/32	Long term creditors	(44,786)	(42,302)
23	Provisions (long term)	(13,210)	(14,658)
31	Pension Asset/Liability	(363,982)	(270,210)
7	Capital Grants receipts in advance	(28,498)	(30,263)
	Non-Current Liabilities	**(791,026)**	**(698,590)**
	Net Assets	**559,564**	**716,957**

Balance Sheet continued

Note		31st March 2021 £000	31st March 2022 £000
	General Fund Balance	(7,820)	(8,220)
	HRA Balance	(12,035)	(12,186)
14	GF Earmarked Reserves	(90,678)	(79,250)
14	HRA Earmarked Reserves	(1,697)	(1,569)
	Major Repairs Reserve	(7,686)	(1,034)
	Capital Receipts Reserve	(16,609)	(7,195)
	Capital Grants Unapplied	(29,593)	(32,237)
MiRS*	**Usable Reserves**	**(166,118)**	**(141,691)**
24	Capital Adjustment Account	(260,643)	(276,696)
25	Revaluation Reserve	(526,690)	(584,175)
26	Pension Reserve	363,982	270,210
27	Collection Fund Adjustment Account	27,196	14,104
	Pooled Investment Funds Adjustment Account	669	(1,846)
6	DSG Deficit	3,273	4,370
	Deferred Capital Receipts	(1,233)	(1,233)
	Unusable Reserves:	**(393,446)**	**(575,266)**
	Total Reserves	**(559,564)**	**(716,957)**

*MiRS – Movement in Reserves Statement

The unaudited accounts were issued on 1 June 2022 and the audited on 31st March 2023

Mick Bowden

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. Negative figures denote losses or reductions.

Note		2020/21 £'000	2021/22 £'000
	Net surplus or (deficit) on the provision of services	6,829	(35,033)
34	Adjustments to net surplus or deficit on the provision of services for non-cash movements	107,572	123,814
34	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(62,982)	(57,227)
	Net cash flows from Operating Activities	**51,419**	**31,554**
35	Investing Activities	4,607	(29,533)
36	Financing Activities	(47,383)	4,736
	Net increase or (decrease) in cash and cash equivalents	**8,643**	**6,757**
	Cash and cash equivalents at the beginning of the reporting period	29,501	38,144
	Cash and cash equivalents at the end of the reporting period	**38,144**	**44,901**

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.

	2021/22 Net Exp. Report to Cabinet £000	2021/22 Remove Not Chargeable to the GF or HRA £000	2021/22 Net Exp. Chargeable to GF and HRA £000	2021/22 Changes Between Funding & Accounting Basis £000	2021/22 Net Expenditure In the CIES £000
Resources - Enabling	16,751	926	17,677	5,143	22,820
Resources - Finance & Assets	(14,498)	(10,989)	(25,487)	9,753	(15,734)
Resources - Operations	19,163	(130)	19,033	4,232	23,265
Children Services	55,329	(762)	54,567	5,312	59,879
Adults, Housing & Public Health	71,574	(268)	71,306	6,144	77,450
Economy & Development	4,559	(2,341)	2,218	19,450	21,668
DSG Commissioning	1,097	(575)	522	13,353	13,875
HRA - Housing	(10,686)	127	(10,559)	(6,773)	(17,332)
HRA - Operations	10,535	0	10,535	1,252	11,787
(Surplus)/Deficit on Continuing Operations	**153,824**	**(14,012)**	**139,812**	**57,866**	**197,678**

Other Income & Expenditure	9,235	0	9,235	22,970	32,205
Financing and Investment Income and	0	0	0	16,261	16,261
Taxation and Non-Specific Grant Income	(138,042)	0	(138,042)	(73,069)	(211,111)
(Surplus) / Deficit on Provision of Services	**24,740**	**(14,012)**	**11,005**	**24,028**	**35,033**

Reconciliation of Movement to Balances	**Opening**	**(Surplus) or Deficit on Provision of Services**	**Closing**
General Fund	(7,820)	(400)	(8,220)
HRA	(12,034)	(151)	(12,185)
Net Exp. Chargeable to the GF and HRA Balances		**(551)**	
Earmarked reserves	(92,376)	11,556	(80,820)
Remove Not Chargeable to the GF or HRA	**(92,376)**	**11,556**	**(80,820)**
(Surplus) / Deficit on Provision of Services		**11,005**	

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	(14,012)	25,568	(11,556)	0

	2020/21 **Net Exp. Report to Cabinet** **£000**	**2020/21** **Remove Not Chargeable to the GF or HRA** **£000**	**2020/21** **Net Exp. Chargeable to GF and HRA** **£000**	**2020/21** **Changes Between Funding & Accounting Basis** **£000**	**2020/21** **Net Expenditure In the CIES** **£000**
Resources - Enabling	16,154	(12)	16,142	2,264	18,406
Resources - Finance & Assets	(13,000)	(44,273)	(57,273)	21,240	(36,033)
Resources - Operations	24,569	53	24,622	4,398	29,020
Children Services	50,106	(78)	50,028	1,095	51,123
Adults, Housing & Public Health	66,269	(10,360)	55,909	2,522	58,431
Economy & Development	4,355	460	4,815	30,474	35,289
DSG Commissioning	0	(2,370)	(2,370)	9,844	7,474
HRA - Housing	(10,955)	(503)	(11,458)	(9,203)	(20,661)
HRA - Operations	10,955	0	10,955	434	11,389
(Surplus)/Deficit on Continuing Operations	**148,453**	**(57,083)**	**91,370**	**63,068**	**154,438**

Other Income & Expenditure	8,703	0	8,703	28,568	37,270
Financing and Investment Income and	0	0	0	19,309	19,309
Taxation and Non-Specific Grant Income	(157,777)	0	(157,777)	(60,069)	(217,846)
(Surplus) / Deficit on Provision of Services	**(621)**	**(57,083)**	**(57,704)**	**50,875**	**(6,829)**

Reconciliation of Movement to Balances	**Opening**	**(Surplus) or Deficit on Provision of Services**	**Closing**
General Fund	(7,199)	(621)	(7,820)
HRA	(11,737)	(297)	(12,034)
Net Exp. Chargeable to the GF and HRA Balances		**(918)**	
Earmarked reserves	(35,592)	(56,786)	(92,378)
Remove Not Chargeable to the GF or HRA	**(35,592)**	**(56,786)**	**(92,378)**
(Surplus) / Deficit on Provision of Services		**(57,704)**	

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	(57,083)	0	57,083	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.

2021/22	Pensions £'000	Capital £'000	Treasury £'000	Other £'000	Total £'000
Resources - Enabling	2,244	2,138	(116)	877	5,143
Resources - Finance & Assets	171	13,036	(10,232)	6,778	9,753
Resources - Operations	1,378	4,075	(1,221)	0	4,232
Children Services	4,080	1,232	0	0	5,312
Adults, Housing & Public Health	3,254	2,890	0	0	6,144
Economy & Development	1,157	18,293	0	0	19,450
DSG Commissioning	7,099	5,157	0	1,097	13,353
HRA - Housing	1,213	52	(8,263)	225	(6,776)
HRA - Operations	1,252	0	0	0	1,252
Total Adjustments	**21,848**	**46,873**	**(19,832)**	**8,977**	**57,866**
Other Income & Expenditure	0	22,970	0	0	22,970
Financing and Investment Income and Expenditure	7,496	(1,990)	10,755	0	16,261
Taxation and Non-Specific Grant Income	0	(54,092)	0	(18,977)	(73,069)
(Surplus) or Deficit on Provision of Services	**29,344**	**13,761**	**(9,077)**	**(10,000)**	**24,028**

2020/21	Pensions £'000	Capital £'000	Treasury £'000	Other £'000	Total £'000
Resources - Enabling	651	859	(108)	862	2,264
Resources - Finance & Assets	(422)	5,369	(10,951)	27,244	21,240
Resources - Operations	490	5,180	(1,272)	0	4,398
Children Services	1,130	(35)	0	0	1,095
Adults, Housing & Public Health	928	1,594	0	0	2,522
Economy & Development	441	30,033	0	0	30,474
DSG Commissioning	2,331	4,240	0	3,273	9,844
HRA - Housing	336	(1,340)	(8,409)	210	(9,203)
HRA - Operations	434	0	0	0	434
Total Adjustments	**6,319**	**45,900**	**(20,740)**	**31,589**	**63,068**
Other Income & Expenditure	0	28,567	0	0	28,567
Financing and Investment Income and Expenditure	5,238	702	13,369	0	19,309
Taxation and Non-Specific Grant Income	0	(60,804)	0	735	(60,069)
(Surplus) or Deficit on Provision of Services	**11,557**	**14,365**	**(7,371)**	**32,324**	**50,875**

2. Subjective Analysis of Service Expenditure

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

Expenditure and Income Type	2020/21 £'000	2021/22 £'000
Employee related expenses	154,579	174,642
Other service expenses	298,895	321,311
Depreciation, amortisation and impairment	48,514	46,301
Interest Payments	23,375	22,086
Precepts & Levies	8,703	9,235
Payments to Housing Capital Receipts Pool	2,120	1,851
Gain or Loss on Disposal of Fixed Assets	26,447	21,119
Total operating expenses	**562,633**	**596,545**
Fees, charges & other service income	(93,286)	(103,058)
Interest and investment income	(3,224)	(5,817)
Income from Council Tax and Business Rates	(126,467)	(147,363)
Government grants and contributions	(346,485)	(305,274)
Total Income	**(569,462)**	**(561,512)**
Surplus or deficit on the provision of services	**(6,829)**	**35,033**

Description	2020/21 £'000	2021/22 £'000
Non-grant contributions to service provision Contributions from social care clients	(8,468)	(9,009)
Income from fees & licenses Includes parking, planning, permit and professional services income	(13,237)	(21,311)
Income from rentals and hires Includes income from rentals/hires, including HRA rents	(54,761)	(54,961)
Income from sales of goods & services Includes service charges, waste management and sales of goods	(11,115)	(12,120)
Other Miscellaneous Income	(5,705)	(5,657)
Total Fees, charges & other service income	**(93,286)**	**(103,058)**

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
2021/22	
COVID-19 Funding	The Council received grant for support towards sales, fees and charges shortfalls is estimated to be £1.7m

Group Loan	A write-down of £8.7m from capital loan balances has been processed following a change in waste provider. It has been reversed to the capital adjustment account and funded from capital receipts.
2020/21	
COVID-19 Funding	The Council received £16.7m of emergency COVID-19 grant funding during the year and the support for sales, fees and charges shortfalls is estimated to be £4.3m

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.

	2020/21 £'000	2021/22 £'000
(Gains)/losses on the disposal of non-current assets	26,447	21,118
Parish council precepts	8,703	9,236
Payments to the Government Housing Capital Receipts Pool	2,120	1,851
Total Other Operating Expenditure	**37,270**	**32,205**

5. Financing and Investment Income and Expenditure

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

	2020/21 £'000	2021/22 £'000
Interest payable and similar charges	17,440	16,572
Interest receivable and similar income	(3,224)	(4,962)
Investment income	(845)	(855)
Movement on market value of investment property	597	525
(Gains)/losses on assets held for sale	103	(2,515)
Net interest on the net defined benefit liability	5,238	7,496
Total Financing and Investment Income and Expenditure	**19,309**	**16,261**

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. Due to the Covid-19 pandemic the recovery plan for the below deficit has not yet been agreed, engagement with Schools and stakeholders is well underway and the principals have been agreed through Schools

Forum. The deficit is shown as a specific unusable reserve on the balance sheet with a debit balance.

	Central Expenditure 2021/22 £'000	Schools Budgets 2021/22 £'000	Total 2021/22 £'000
Final DSG before Academy Recoupment			215,885
Academy figure recouped for the year			137,215
DSG after Academy Recoupment			**78,670**
Brought Forward from prior year			0
Carry Forward agreed in advance			0
Agreed initial budgeted distribution	**39,882**	**38,788**	**78,670**
In year adjustments	(17)		(17)
Final budgeted distribution for year	**39,865**	**38,788**	**78,653**
Less actual central expenditure	43,700		43,700
Less actual ISB deployed to schools		36,050	36,050
Carry forward to next year (including carry forward agreed in advance)	**(3,835)**	**2,738**	**(1,097)**
DSG unusable reserves at the end of 2020/21			(3,273)
Addition to DSG unusable reserves at end of 2021/22			(1,097)
Total of DSG unusable reserves at the end of 2021/22			**(4,370)**

7. Grant Income

The Authority credited the following grant related income to the Comprehensive Income and Expenditure Statement which includes increases in 20/21 for specific funding from DLUHC in response to the Covid pandemic.

Funding Body	**2020/21 £'000**	**2021/22 £'000**
Arts Council - South West	(2)	(1)
Heritage Lottery Fund	(236)	(156)
Department for Education (DfE)	(84,220)	(85,881)
Department for Work & Pensions (DWP)	(40,402)	(40,594)
Department for Levelling Up, Housing & Communities (DLUHC)	(50,619)	(41,534)
Department of Health	(21,476)	(17,553)
Department of Transport	(515)	(482)
Environment Agency / DEFRA	(228)	(166)
Home Office	(959)	(2,153)
Learning Skills Council / Skills Funding Agency	(379)	(434)
Youth Justice board	(238)	(333)
Sport England	(8)	(557)
Department for Business Energy & Industrial Strategy (BEIS)	(7,201)	(2,202)
Historic England	0	(110)
Total	**(206,483)**	**(192,156)**

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.

Credited to Taxation and Non-Specific Grant Income	2020/21 £'000	2021/22 £'000
Collection Fund Income - Council Tax	(117,492)	(122,203)
Collection Fund Adjustments – Council Tax	1,743	(1,721)
Collection Fund Income - Business Rates	(35,948)	(11,478)
Collection Fund Adjustments – Business Rates	25,230	(11,962)
Revenue Support Grant	(4,337)	(4,361)
Other non-ring-fenced government grants	(26,238)	(5,294)
S106 - used in funding	(4,021)	(4,562)
Capital grants and contributions - to CGUA*	(56,783)	(49,530)
Total	**(217,846)**	**(211,111)**

*Capital Grants Unapplied Account

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	2020/21 £'000	2021/22 £'000
Balance at 1 April	**(22,518)**	**(28,498)**
New funds received	(66,783)	(55,856)
Funds written out to fund capital schemes	60,803	54,091
Balance at 31 March	**(28,498)**	**(30,263)**

8. Members' Allowances

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

	2020/21 £'000	2021/22 £'000
Basic Allowances	487	497
Special Responsibility Allowances	234	244
Expenses	0	0
Total	**721**	**741**

9. Officers' Remuneration

The below shows estimates of remuneration to senior officers of the Corporate Management Team. The annual pay award for 21/22 was paid in 22/23 with actual payments made in 21/22 increased to include the impact of the pay award. In both years the Chief Executive was not in the pension scheme.

Position	Remuneration	Emp. Pension Contributions	Total Remuneration
	£	£	£
2021/22			
Chief Executive Officer – Susie Kemp	177,649	0	177,649
Corporate Director of Finance and Assets (S151 Officer)	127,509	27,287	154,796
Corporate Director of Adults, Housing & Public Health *	67,090	14,298	81,388
Corporate Director for Adults, Health and Housing **	62,251	13,322	75,573
Corporate Director of Children Services	144,130	30,844	174,974
Chief Operating Officer	137,025	29,205	166,230
2020/21			
Chief Executive Officer – Susie Kemp	175,024	0	175,024
Corporate Director of Finance and Assets (S151 Officer)	125,625	26,884	152,509
Corporate Director of Adults, Housing & Public Health	133,626	29,122	162,748
Corporate Director of Children Services	133,626	28,596	162,222
Chief Operating Officer	128,438	27,486	155,924

* left 30th September 2021
** started 18th October 2021

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

Remuneration Band			Number of Employees	
£		£	2020/21	2021/22
50,000	to	54,999	53	54
55,000	to	59,999	56	40
60,000	to	64,999	18	21
65,000	to	69,999	20	15
70,000	to	74,999	15	12
75,000	to	79,999	11	3
80,000	to	84,999	2	3
85,000	to	89,999	8	3
90,000	to	94,999	0	0
95,000	to	99,999	2	2
100,000	to	104,999	1	2
105,000	to	109,999	0	2
115,000	To	119,999	1	0

10.Exit Packages

The Council incurred costs of £0.728m (£0.656m in 20/21) for known compulsory redundancy and other departure reasons payments.

Exit Package Band			Number of Employees			
			2020/21		2021/22	
£		£	Compulsory	Other	Compulsory	Other
0	to	19,999	3	18	8	10
20,000	to	39,999	1	1	7	1
40,000	to	59,999	1	0	0	2
60,000	to	79,999	3	0	0	0
80,000	to	179,999	2*	0	2	0

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

11.External Audit Costs

The Authority has the following scale fees in relation to the audit of the Statement of Accounts and certification of grant claims provided by the Authority's external auditors. Additional fees of £71k were billed as part of 2020/21 audit and additional fees of £70k for the 2021-22 audit are to be agreed.

	2020/21	2021/22
	£'000	£'000
Statutory Audit of the Accounts	99	105
Review of Grant Claims	14	19
Other services	9	14
Scale Fees Due	**122**	**138**
Total Fees including additional	**193**	**208**

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 Section 75 (“S75”) agreement covers a range of budgets as well as the Better Care Fund and runs for 5 years. Each year a Deed of Variation to the S75 is drawn up and agreed by both partners, this variation document provides up to date budget allocations for the financial year.

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 following table is for information only and provides a memorandum of the split between parties. 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. It operates on an agency basis with amounts shown against the Council as Better Care Fund included within the Adults Section 75 arrangement balances. Costs from activities directly commissioned by the CCG are shown at the foot of the table.

			2020/21			**2021/22**
	SBC	**CCG**	**Total**	**SBC**	**CCG**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Adult Section 75	71,117	11,970	83,087	76,514	12,386	88,900
Public Health	10,176	0	10,176	10,862	0	10,862
Children - Commissioning & Service Delivery	40,835	4,114	44,949	44,647	4,400	49,047
Capital - DFG	746	0	746	652	0	652
Total	**122,874**	**16,084**	**138,958**	**132,675**	**16,786**	**149,461**
Better Care Fund						
SBC Commissioned activities	26,402	8,991	35,394	29,075	9,488	38,564
Capital - DFG	746	0	746	652	0	652
Total	**27,148**	**8,991**	**36,140**	**29,727**	**9,488**	**39,216**
Activities directly commissioned and recorded within Swindon CCG accounts.	0	30,545	30,545	0	30,033	30,033

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:

2021/22	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	(23,622)	(10,240)	0	0	0	(33,862)
Charges for impairment and revaluation losses of non-current assets	(4,873)	(8,654)	0	0	0	(13,527)
Movement in the market value of investment properties	(525)	0	0	0	0	(525)
Capital grants and contributions applied	4,562	0	0	0	0	4,562
Revenue expenditure funded from capital under statute	(18,324)	0	0	0	0	(18,324)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(16,205)	(10,324)	0	0	0	(26,529)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	3,213	0	0	0	0	3,213
Voluntary provision for the financing of capital investment	0	5,000	0	0	0	5,000
Capital expenditure charged against the GF and HRA balances	0	8,603	0	0	0	8,603
Adjustments for capital grants:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	49,530	0	0	0	(49,530)	0
Application of grants to capital financing transferred to the CAA	0	0	0	0	46,886	46,886
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,436	2,975	(5,411)	0	0	0
Flexible use of UCR to finance transformational projects	(1,142)	0	1,142	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	11,633	0	0	11,633
Use of the Capital Receipts Reserve Voluntary debt funding	0	0	200	0	0	200
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(1,851)	0	1,851	0	0	0

Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0	(1)	0
Adjustment primarily involving the Major Repairs Reserve						
HRA resources credited to the MRR	0	10,239	0	(10,239)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	16,891	0	16,891
Adjustments primarily involving the Pensions Reserve:						
Net reversal from CIES of items relating to IAS19 retirement benefits	(26,056)	(3,288)	0	0	0	(29,344)
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	13,100	0	0	0	0	13,100
Adjustments primarily involving the Pooled Investment Funds Adjustment Account:						
Reversal of the Gains or Losses on AHFS	2,515	0	0	0	0	2,515
Total Adjustments	**(25,601)**	**(5689)**	**9,414**	**6,652**	**(2,644)**	**(9,509)**

2020/21	**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	(31,262)	(9,969)	0	0	0	(41,232)
Charges for impairment and revaluation losses of non-current assets	(1,299)	(5,984)	0	0	0	(7,283)
Movement in the market value of investment properties	(525)	(72)	0	0	0	(597)
Capital grants and contributions applied	4,021	0	0	0	0	4,021
Revenue expenditure funded from capital under statute	(14,681)	0	0	0	0	(14,681)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(24,169)	(7,566)	0	0	0	(31,735)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	1,527	0	0	0	0	1,527
Voluntary provision for the financing of capital investment	0	5,000	0	0	0	5,000
Capital expenditure charged against the GF and HRA balances	0	7,593	0	0	0	7,593

Adjustments for capital grants:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	56,783	0	0	0	(56,783)	0
Application of grants to capital financing transferred to the CAA	0	0	0	0	48,401	48,401
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,990	3,298	(5,288)	0	0	0
Flexible use of UCR to finance transformational projects	(861)	0	861	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	2,310	0	0	2,310
Voluntary set aside of capital receipts	0	0	808	0	0	808
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(2,120)	0	2,120	0	0	0
Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	(10)	0	0	(10)
Adjustment primarily involving the Major Repairs Reserve						
HRA resources credited to the MRR	0	9,701	0	(9,701)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	8,328	0	8,328
Adjustments primarily involving the Pensions Reserve:						
Net reversal from CIES of items relating to IAS19 retirement benefits	(10,209)	(1,346)	0	0	0	(11,555)
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	(27,347)	0	0	0	0	(27,347)
Adjustments primarily involving the Pooled Investment Funds Adjustment Account:						
Reversal of the Gains or Losses on AHFS	(103)	0	0	0	0	(103)
Total Adjustments	**(48,255)**	**655**	**801**	**(1,373)**	**(8,382)**	**(56,554)**

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 included a £1.7m dedicated schools grant reserve deficit, which following updated guidance is now shown within the unusable reserves balances. Budget Delivery Cashflowing included £29m of Collection Fund deficit support in 20/21 which has partially been drawn down in 21/22.

	Balance 31/3/20 £'000	Transfers In £'000	Transfers Out £'000	Balance 31/3/21 £'000	Transfers In £'000	Transfers Out £'000	Balance 31/3/22 £'000
HRA Earmarked	**(1,491)**	**(335)**	**129**	**(1,697)**	**(391)**	**519**	**(1,569)**
Service Earmarked	(10,183)	(16,775)	765	(26,193)	(4,554)	5,274	(25,473)
Major Project Cashflowing	(2,389)	0	279	(2,110)	(768)	0	(2,878)
Schools	(2,306)	(2,359)	0	(4,665)	(35)	0	(4,700)
Infrastructure & Regeneration	(1,533)	0	546	(987)	(200)	158	(1,029)
Budget Delivery Cashflowing	(17,688)	(39,459)	424	(56,723)	(3,848)	15,401	(45,170)
General Fund Reserves per BS	**(34,099)**	**(58,593)**	**2,014**	**(90,678)**	**(9,405)**	**20,833**	**(79,250)**
Total Earmarked Reserves	**(35,590)**	**(58,928)**	**2,143**	**(92,375)**	**(9,796)**	**21,352**	**(80,819)**

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	Collection Fund deficit support; implementing future year's savings, such as service redevelopment and IT reshaping.

Disclosures Relating to the Balance Sheet

15. Property, Plant and Equipment

In 2021/22 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 is written back at the revaluation date.

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Carried at historical cost	0	0	21,273	12,453	0	71,751	105,477
Value of assets revalued in year ending:							
31-Mar-22	530,713	349,160	0	0	45,615	0	925,488
31-Mar-21	0	126,066	0	0	5,278	0	131,344
Total Value of category on the balance sheet	**530,713**	**475,226**	**21,273**	**12,453**	**50,893**	**71,751**	**1,162,309**

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 any material change to the valuations at the end of the year. 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. By the end of 20/21 all PFI schools have transferred to Academies with no related asset value remaining on balance sheet.

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

2021/22	**Council Dwellings**	**Other Land & Buildings**	**Vehicles, Plant, & Equipment**	**Infrastructure Assets**	**Community Assets**	**Surplus Assets**	**Assets Under Construction**	**Total PPE**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost or Valuation								
At 1 April 2021	**492,584**	**481,640**	**19,137**		**17,623**	**51,175**	**35,413**	**1,097,572**
Additions	18,378	7,214	2,136		515	98	36,338	64,679
Revaluation + / (-) recognised in the Revaluation Reserve	39,773	5,563	0		0	150	0	45,486
Revaluation + / (-) recognised in the Surplus/Deficit on the Provision of Services	(8,654)	(6,757)	0		0	(55)	0	(15,466)
Derecognition – disposals	(11,368)	(10,461)	0		(5,685)	(298)	0	(27,812)
Reclassification	0	(1,973)	0		0	(177)	0	(2,150)
At 31 March 2022	**530,713**	**475,226**	**21,273**		**12,453**	**50,893**	**71,751**	**1,162,309**
Accumulated Depreciation and Impairment								
At 1 April 2021	**(5,722)**	**(6,743)**	**(14,801)**		**0**	**(208)**	**0**	**(27,474)**
Depreciation charge	(9,962)	(13,939)	(1,792)		0	(188)	0	(25,881)
Depreciation w/b on Revaluation	12,149	11,888	0		0	203	0	24,240
Depreciation written to/from the CIES	0	1,609	0		0	13	0	1,622
Depreciation written to/from the CIES - Reclassifications	0	386	0		0	4	0	390
Derecognition – disposals	1,043	229	0		0	11	0	1,283
At 31 March 2022	**(2,492)**	**(6,570)**	**(16,593)**		**0**	**(165)**	**0**	**(25,820)**
Net Book Value as per the Balance Sheet								
At 1 April 2021	**486,862**	**474,897**	**4,336**	**174,770**	**17,623**	**50,967**	**35,413**	**1,244,758**
At 31 March 2022	**528,221**	**468,656**	**4,680**	**200,260**	**12,453**	**50,728**	**71,751**	**1,328,390**

2020/21	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 2020	**486,945**	**497,160**	**18,010**		**17,538**	**45,157**	**14,569**	**1,079,379**	**10,831**
Additions	12,862	4,597	1,211		85	400	22,546	41,701	9
Revaluation + / (-) recognised in the Revaluation Reserve	6,774	5,093	0		0	9,256	0	21,123	0
Revaluation + / (-) recognised in the Surplus/Deficit on the Provision of Services	(5,984)	(3,191)	0		0	17	0	(9,158)	0
Derecognition – disposals	(8,225)	(23,496)	0		0	(1,372)	0	(33,093)	(10,840)
Reclassification	212	1,477	(84)		0	(2,283)	(1,702)	(2,380)	0
At 31 March 2021	**492,584**	**481,640**	**19,137**		**17,623**	**51,175**	**35,413**	**1,097,572**	**0**
Accumulated Depreciation and Impairment									
At 1 April 2020	**(4,065)**	**(7,676)**	**(12,439)**		**0**	**(406)**	**0**	**(24,586)**	**(38)**
Depreciation charge	(9,701)	(12,804)	(2,370)		0	(247)	0	(25,122)	0
Depreciation w/b on Revaluation	7,385	11,591	0		0	25	0	19,001	0
Depreciation written to/from the CIES	0	1,866	0		0	9	0	1,875	0
Depreciation written to/from the CIES - Reclassifications	0	(8)	8		0	0	0	0	0
Derecognition – disposals	659	288	0		0	411	0	1,358	38
At 31 March 2021	**(5,722)**	**(6,743)**	**(14,801)**		**0**	**(208)**	**0**	**(27,474)**	**0**
Net Book Value as per the Balance Sheet									
At 1 April 2020	**482,880**	**489,484**	**5,571**	**163,480**	**17,538**	**44,751**	**14,569**	**1,218,273**	**10,793**
At 31 March 2021	**486,862**	**474,897**	**4,336**	**174,770**	**17,623**	**50,857**	**35,413**	**1,244,758**	**0**

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

Net movement in Infrastructure Assets	2020/21 £'000	2021/22 £'000
Net Book Value (modified historical cost) at 1 April	**163,480**	**174,770**
Additions	27,399	33,861
Depreciation	(16,109)	(8,371)
Net book value at 31 March	**174,770**	**200,260**

The authority has determined in accordance with Regulation 30M England of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

The accounting policy for Swindon Borough Council in respect of Infrastructure assets has been to depreciate over 20 years on a straight line basis but this estimate has been revised to reflect component parts of the network and changes in the useful lives following review. Carriageway/Path/Lighting components are now depreciated over 30 years, structures 100 and street furniture 15. The following table shows the revised estimated useful lives, the recorded net book value of the relevant component element of the network and their relative proportion of the overall net book value.

Infrastructure Components	Useful Life	In-year Depreciation	31/3/22 NBV £000	Percentage
Carriageways	30	(7,788)	178,748	89%
Footways/ Cycle Tracks	30	(1)	10	0%
Structures (bridges, tunnels, underpasses)	100	(87)	8,082	4%
Street Lighting	30	(395)	11,030	6%
Street Furniture	15	(10)	2,390	1%
NBV per the Balance Sheet		**(8,371)**	**200,260**	**100%**

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 (90%) 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 2021 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 31/3/21	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 31/3/22 is shown.	Surplus assets	+/- 10%	50,727	5,072

16. Investment Properties

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

	2020/21 £'000	2021/22 £'000
Balance at start of the year	**8,484**	**7,887**
Net gains/losses from fair value adjustments	(597)	(525)
Balance at end of the year	**7,887**	**7,362**

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 2021 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 31/3/21 £'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 31/3/22 is shown.	Lysander House	+/- 10%	6,650	665

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:	2020/21 £'000	2021/22 £'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 2022, Council has approved a Capital Programme of £592m with £334m remaining budgeted to be spent on the construction or enhancement of Property, Plant and Equipment in 2022/23 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, which includes the major New Eastern Villages and Kimmerfields developments. Further expenditure depends on borrowing, grants and other contributions, some of which have already been received or promised. Similar budgeted commitments at 31 March 2021 were £393.7m.

19.Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR was £514.7m as at 31/03/21 and has increased by £10.7m to £525.4 as at 31/03/22.

	2020/21 £'000	2021/22 £'000
Property, Plant & Equipment	51,940	71,092
HRA Dwellings & AUC	17,164	27,448
Total Additions to Balance Sheet	**69,104**	**98,540**
Revenue Expenditure Funded from Capital Under Statute	14,681	18,324
Total Expenditure to be Financed	**83,785**	**116,864**
HRA Funding	(8,328)	(16,891)
Capital Receipts	(2,310)	(11,633)
Revenue Contribution to Capital Outlay (RCCO)	(7,593)	(8,603)
Government Grants and Other Contributions	(48,401)	(46,886)
S106	(4,021)	(4,562)
Sources of non-borrowing finance	**(70,653)**	**(88,575)**
Opening CFR	**508,774**	**514,746**
Balance of capital expenditure financed from borrowing	13,132	28,289
Reduction from MRP	(2,335)	(3,213)
Reduction from Voluntary HRA repayments	(5,000)	(5,000)
Other movements (loan/debtor adjustments)	175	(9,324)
Movement in CFR	**5,972**	**10,752**
Closing CFR	**514,746**	**525,498**

20. Long-term Debtors

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

Balance at 31 March	2021	2022
	£'000	**£'000**
Mortgage Advances	241	237
Finance Lease Asset	1,235	1,234
Long term loans	14,740	5,621
Total	**16,216**	**7,092**

21. Short-term Debtors

The balances of short-term debtors are summarised in the following table. Balances as at 31/3/21 increased due to committed grant funding.

Balance at 31 March	2021	2022
	£'000	**£'000**
Central government bodies	29,142	15,201
Other local authorities	1,310	1,434
NHS bodies	4,668	2,962
Collection Fund	19,943	22,032
Sundry organisations and individuals	47,569	28,030
Payments in Advance	10,851	9,588
Sub-total	**113,483**	**79,247**
Impairment of debtors	(6,854)	(7,174)
Collection Fund loss allowance	(12,603)	(12,531)
Net Debtors	**94,026**	**59,542**

22. Short-Term Creditors

Balance at 31 March	2021	2022
	£'000	£'000
Central government bodies	(41,356)	(41,207)
Other local authorities	(2,912)	(1,151)
NHS bodies	(2,566)	(2,039)
Collection Fund	(4,588)	(5,302)
Sundry organisations and individuals	(24,117)	(37,299)
Receipts in advance	(13,276)	(21,781)
Total	**(88,815)**	**(108,779)**

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.

2021/22	Insurance	Landfill	Rates Appeals	Other	Total
	£'000	£'000	£'000	£'000	£'000
Balance Outstanding at start of year	(3,257)	(2,607)	(8,497)	(124)	(14,485)
Additional provisions made	(499)	0	(1,597)	0	(2,096)
Amounts used	574	137	0	0	711
Balance outstanding at year end	**(3,182)**	**(2,470)**	**(10,094)**	**(124)**	**(15,870)**
Relating to short-term	(1,212)	0	0	0	(1,212)
Relating to long-term	(1,970)	(2,470)	(10,094)	(124)	(14,658)

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.

	2020/21 £'000	2021/22 £'000
Balance at 1 April	**(261,332)**	**(260,643)**
Reversal of capital related items debited or credited to the CIES:		
Adjusting balance for rounding	0	(6)
Charges for depreciation of noncurrent assets	41,231	34,252
Charges for impairment of noncurrent assets	9,158	15,149
Depreciation written back on reclassifications	0	(390)
Depreciation written back on disposals	(1,350)	(1,284)
Depreciation written back on general gain/loss	(1,875)	(1,622)
Revenue expenditure funded from capital under statute	14,681	18,324
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	33,085	27,813
Application of the HRA debt	(5,000)	(5,000)
	89,930	**87,236**
Adjusting amounts written out of the Revaluation Reserve	(16,850)	(11,825)
Deferred Receipts	(9)	(1)
Use of the Capital Receipts Reserve to finance new capital expenditure	(2,301)	(11,633)
Use of the Major Repairs Reserve to finance new capital expenditure	(8,328)	(16,891)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(4,021)	(4,562)
Application of grants to capital financing from the Capital Grants Unapplied Account	(48,401)	(46,886)
Statutory provision for the financing of capital investment charged against the General Fund	(1,527)	(3,213)
PFI Finance Lease Liability MRP	(808)	0
Voluntary provision for financing of capital expenditure	0	(200)
Capital expenditure charged against the General Fund and HRA balances	(7,593)	(8,603)
Movement in the market value of investments	597	525
	(89,241)	**(103,289)**
Balance at 31 March	**(260,643)**	**(276,696)**

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.

	2020/21 £'000	2021/22 £'000
Balance at 1 April	**(503,416)**	**(526,690)**
Revaluation of assets in asset table note	(21,123)	(45,070)
Revaluation of held for sale assets	0	0
Depreciation added back on revaluation	(19,001)	(24,240)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	**(40,124)**	**(69,310)**
Adjustments against historic cost	7,577	8,650
Accumulated gains on assets sold or scrapped	9,273	3,175
Balance at 31 March	**(526,690)**	**(584,175)**

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.

	2020/21	2021/22
	£'000	**£'000**
Balance at 1 April	**224,783**	**363,982**
Remeasurement of the net defined benefit liability	127,644	(123,116)
Net reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	11,555	29,344
Balance at 31 March	**363,982**	**270,210**

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 31 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.

	2020/21	2021/22
	£'000	**£'000**
Balance at 1 April	**(151)**	**27,196**
Amount by which council tax income credited to the CIES is different from council tax income calculated under statute	2,338	(1,123)
Amount by which business rates income credited to the CIES is different from business rates income calculated under statute	25,009	(11,969)
Balance at 31 March	**27,196**	**14,104**

28.Leases

Authority as Lessee

Under reporting standards the Council has finance lease arrangements for its PFI scheme, shown in note 29. 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.

	2020/21 £'000	2021/22 £'000
Not later than one year	1,177	2,206
Later than one year not later than five	1,242	690
Total	**2,419**	**2,896**
The charge to services is:		
Minimum lease payments (total above)	2,419	2,897
Sublease payments receivable	(2,334)	(2,554)
Charge to services	**85**	**343**

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:

	2020/21	2021/22
	£'000	£'000
Not later than one year	6,061	5,870
Later than one year and not later than five	19,072	19,982
Later than five years	3,853	3,759
Total Payments Due	**28,986**	**29,611**

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.

29.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.

	2020/21 £'000	2021/22 £'000
Opening Balance	(47,633)	(45,505)
Unitary Charge Paid	11,491	11,552
Expenditure / Financing Cost	(9,363)	(9,099)
Closing Balance	**(45,505)**	**(43,052)**

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	2021			2022		
	Service Charges £'000	Interest £'000	Liability £'000	Service Charges £'000	Interest £'000	Liability £'000
Within 1 Year	3,849	5,250	2,453	4,029	4,967	2,619
Within 2 - 5 Years	16,576	17,898	12,399	17,159	16,468	13,534
Within 6 - 10 Years	24,437	12,889	23,021	24,952	10,233	25,600
Within 11 - 15 Years	6,810	1,030	7,632	1,684	150	1,299
	51,672	**37,067**	**45,505**	**47,824**	**31,818**	**43,052**

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:

Finance Lease Liabilities	2020/21 £'000	2021/22 £'000
- Current	(2,453)	(2,619)
- Non-current	(43,052)	(40,433)
Finance Cost Payable in Future Years	(87,724)	(79,123)
Minimum lease payments	**(133,229)**	**(122,175)**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000
Not later than one year	11,071	11,192	(2,453)	(2,619)
Later than 1 not later than 5	56,853	57,389	(16,153)	(17,716)
Later than 5	65,305	53,594	(26,899)	(22,717)
	133,229	**122,175**	**(45,505)**	**(43,052)**

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

30.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 2021/22, the council paid £1.209m to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.7% of pensionable pay. The figures for 2020/21 were £1.072m and 23.7%.

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.

31.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 £20.3m (£14.9m in 2020/21) 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	**2020/21 £'000**	**2021/22 £'000**
Within Net Cost of Service:		
Current service cost	28,061	44,235
Non-Distributed cost/(benefit) (impact of past service costs and settlements and curtailments)	(677)	(597)
Within Net operating Expenditure:		
Interest cost	5,238	7,496
Within Reserves Movement:		
Movement on Pensions Reserve	(11,555)	(29,344)
Actual Amount Charged Against Council tax for the Year:		
All employer's contributions payable to the scheme	(21,067)	(21,790)
Net effect on Council Tax of IAS19 adjustments	0	0

The principal assumptions used by the actuary have been:

Assumptions as at 31 March	**2021**	**2022**
Pension Increase Rate (CPI)	2.9%	3.2%
Salary Increase Rate	3.3%	3.6%
Discount Rate	2.0%	2.7%
The average future life expectancies at age 65 , in years	**Male**	**Female**
Current Pensioners	21.70	24.20
Future Pensioners	22.60	26.00

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 £1,071m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance of £270m. 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 2023 is £20.4m.

Reconciliation of present value of the scheme liabilities:

			2021			2022
	Asset £'000	Obligation £'000	Net £'000	Asset £'000	Obligation £'000	Net £'000
Fair Value of Employer Assets	643,658	0	**643,658**	744,469	0	**744,469**
Present Value of Liabilities	0	(868,441)	**(868,441)**	0	(1,108,451)	**(1,108,451)**
Opening Position 1 April	**643,658**	**(868,441)**	**(224,783)**	**744,469**	**(1,108,451)**	**(363,982)**
Current Service Cost	0	(28,061)	**(28,061)**	0	(44,235)	**(44,235)**
Past Service (Costs) / Gains	0	(45)	**(45)**	0	(155)	**(155)**
Effect of Settlements	(3,798)	4,555	**757**	(1,301)	2,063	**762**
Total Service Cost	**(3,798)**	**(23,551)**	**(27,349)**	**(1,301)**	**(42,327)**	**(43,628)**
Interest Income on plan assets	14,700	0	**14,700**	14,843	0	**14,843**
Interest cost on obligation	0	(19,938)	**(19,938)**	0	(22,339)	**(22,339)**
Total Net Interest	**14,700**	**(19,938)**	**(5,238)**	**14,843**	**(22,339)**	**(7,496)**
Total Cost Recognised in Profit/(Loss)	**10,902**	**(43,489)**	**(32,587)**	**13,542**	**(64,666)**	**(51,124)**
Plan participant contributions	5,057	(5,057)	**0**	5,234	(5,234)	**0**
Employer contributions	19,936	0	**19,936**	20,694	0	**20,694**
Contributions for Unfunded Benefits	1,131	0	**1,131**	1,096		**1,096**
Benefits Paid	(29,625)	29,625	**0**	(28,984)	28,984	**0**
Unfunded Benefits Paid	(1,131)	1,131	**0**	(1,096)	1,096	**0**
Effect of business combinations and disposals	136	(171)	**(35)**	12	(22)	**(10)**
Expected Closing Position	**650,064**	**(886,402)**	**(236,338)**	**754,967**	**(1,148,293)**	**(393,326)**
Change in demographic assumptions	0	(13,407)	**(13,407)**	0	73,146	**73,146**
Change in financial assumptions	0	(218,249)	**(218,249)**	0	5,882	**5,882**
Other experience	0	9,607	**9,607**	0	(1,919)	**(1,919)**
Return on assets excluding interest	94,405	0	**94,405**	46,007	0	**46,007**
Total Re-measurements in Other Income	**94,405**	**(222,049)**	**(127,644)**	**46,007**	**77,109**	**123,116**
Sub-Total	**744,469**	**(1,108,451)**	**(363,982)**	**800,974**	**(1,071,184)**	**(270,210)**
Fair Value of Employer Assets	744,469	0	**744,469**	800,974	0	800,974
Present Value of Funded Liabilities	0	(1,091,545)	**(1,091,545)**	0	(1,055,765)	(1,055,765)
Present Value of Unfunded Liabilities	0	(16,906)	**(16,906)**	0	(15,419)	(15,419)
Closing Position 31 March	**744,469**	**(1,108,451)**	**(363,982)**	**800,974**	**(1,071,184)**	**(270,210)**

Fair Value of Employer Assets

Asset Category	Quoted Prices £'000	Non-Quoted Prices £'000	Total 2021 £'000	%	Quoted Prices £'000	Non-Quoted Prices £'000	Total 2022 £'000	%
Real estate:								
UK Property	0	50,644	**50,644**	7%	0	55,828	**55,828**	7.0%
Overseas Property	0	25,516	**25,516**	3%	0	33,617	**33,617**	4.0%
Investment Funds & Unit Trusts:								
Equities	0	322,080	**322,080**	43%	0	320,969	**320,969**	40.0%
Bonds	0	231,464	**231,464**	31%	0	219,383	**219,383**	27.0%
Infrastructure	0	49,180	**49,180**	7%	0	60,969	**60,969**	8.0%
Other	0	56,969	**56,969**	8%	0	106,595	**106,595**	13.0%
Derivatives:								
Cash / Cash Equivalents	0	8,616	**8,616**	1%	0	3,610	**3,610**	1.0%
Total	**0**	**744,469**	**744,469**	**100%**	0	**800,971**	**800,971**	**100.0%**

32.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 majority of instruments are 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. Current and non-current investments relate to deposits made with both group and 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 2021 £'000	Non-Current 31st March 2022 £'000	Current 31st March 2021 £'000	Current 31st March 2022 £'000
Amortised Cost				
Investments	5,871	3,791	6,524	26,536
Debtors	14,740	5,621	12,376	12,886
Cash & Cash Equivalents	0	0	38,144	44,901
Fair value through profit and Loss				
Property Fund Investment	14,325	16,845	0	0
Total Financial Assets	**34,936**	**26,257**	**57,044**	**84,323**
Borrowings				
Financial liabilities PWLB	(297,501)	(295,700)	(11,125)	(11,800)
Financial liabilities Money Market	(40,000)	(30,000)	0	0
Financial liabilities Other Temporary Borrowing	(3,048)	(15,457)	(10,000)	(1,459)
Creditors	0	0	(478)	(1,617)
Other Long Term Liabilities	(1,734)	(1,869)	0	0
PFI	(43,053)	(40,433)	(2,453)	(2,619)
Total Financial Liabilities	**(385,336)**	**(383,459)**	**(24,056)**	**(17,495)**

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 31/3/21	As at 31/3/22
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.	14,325	16,845
Total				**14,325**	**16,845**

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.

	2020/21 £'000	2021/22 £'000
Opening Balance	14,428	14,325
Adjusting Transfer In	0	5
Gain/(Loss) to Other Operating Income (reversed to Pooled Investment Funds Adjustment Account)	(103)	2,515
Closing Balance	**14,325**	**16,845**

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	2021		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
PWLB long term liabilities	(297,502)	(340,241)	(295,700)	(311,011)
PWLB short term liabilities	(11,125)	(11,049)	(11,800)	(12,066)
Non-PWLB long term liabilities	(13,048)	(13,048)	(5,457)	(5,457)
Non-PWLB short term liabilities	(10,000)	(10,000)	(1,459)	(1,459)
Money Market	(30,000)	(55,508)	(40,000)	(51,498)
PFI liability	(45,505)	(77,159)	(43,052)	(66,728)
Investments	6,524	6,524	26,536	26,536

The fair value of Public Works Loan Board (PWLB) loans of £323.077m 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 £307.509m would be valued at £366.960m. 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 £43.883m for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £351.384m.

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.

33.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, available via the Council website, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. This Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- Credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

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 via the simplified approach and the balance of debtor impairment for the year was £7.2m.

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:

	2020/21 £'000	2021/22 £'000
Less than three months	11,679	7,125
Three to six months	511	1,203
Six months to one year	1,127	991
More than one year	3,529	3,811
Total	**16,846**	**13,130**

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:

	2020/21 £'000	2021/22 £'000
Less than one year	21,125	13,259
Between one and two years	11,801	13,500
Between two and five years	52,229	44,535
More than five years	88,025	93,628
Over ten years	188,495	189,494
Total	**361,675**	**354,416**

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

Market Interest Rate & Price 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 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

The impact of a 1% increase in interest rates on the fair values of the below liabilities would be:

Balance at 31 March	**2022 Fair Value £'000**	**Impact of 1% Rise £'000**	**2022 Revised Fair Value £'000**	**Impact of 1% increase on:**	**2022 £'000**
PWLB liabilities	(323,077)	36,848	(286,228)	Interest payable	166
Non-PWLB liabilities	(6,916)	0	(6,916)	Interest receivable	(50)
Money Market	(51,498)	7,044	(44,454)	Surplus or Deficit on the Provision of Services	460
PFI liability	(66,728)	3,366	(63,362)		
Total	**(448,219)**	**47,258**	**(400,960)**		

Balance at 31 March	**2021 Fair Value £'000**	**Impact of 1% Rise £'000**	**2021 Revised Fair Value £'000**	**Impact of 1% increase on:**	**2021 £'000**
PWLB liabilities	(351,290)	41,146	(310,144)	Interest payable	174
Non-PWLB liabilities	(23,048)	0	(23,048)	Interest receivable	(32)
Money Market	(55,508)	8,139	(47,369)	Surplus or Deficit on the Provision of Services	142
PFI liability	(77,159)	4,313	(72,846)		
Total	**(507,005)**	**53,598**	**(453,407)**		

The Authority holds £14m in property/multi-asset fund, and the interest / price varies, however, any movements in price will not currently impact on the General Fund Balance as regulations are in force to ameliorate the impact of fair value movements.

Disclosures Relating to the Cashflow Statement

34.Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:	2020/21 £'000	2021/22 £'000
Interest received	2,793	4,028
Interest paid	(16,976)	(17,002)
Total	**(14,183)**	**(12,974)**
The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:		
Depreciation	39,881	32,578
Impairment and downward valuations	7,283	12,450
Increase/(decrease) in creditors	32,033	14,678
(Increase)/decrease in debtors	(17,179)	(1,128)
Increase/(decrease) in inventories	458	10
Pension Liability Movement	11,555	29,344
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	33,085	27,813
Other non-cash items charged to the net surplus or deficit on the provision of services, mainly relating to pension adjustments	456	8,069
Total	**107,572**	**123,814**
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	(5,288)	(3,136)
Any other items for which the cash effects are investing or financing cash flows, mainly relating to capital grants	(57,694)	(54,091)
Total	**(62,982)**	**(57,227)**

35. Cash Flow Statement – Investing Activities

	2020/21 £'000	2021/22 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(69,339)	(92,343)
Purchase of short-term and long-term investments	(62,307)	(76,347)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	5,299	5,411
Proceeds from short-term and long-term investments	79,306	56,335
Other payments / receipts from investing activities, mainly capital grants for funding capital	51,648	77,411
Net cash flow from Investing Activities	**4,607**	**(29,533)**

36.Cash Flow Statement – Financing Activities

	2020/21 £'000	2021/22 £'000
Cash receipts of short- and long-term borrowing	57,396	27,124
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(2,127)	(2,291)
Repayments of short- and long-term borrowing	(75,975)	(34,383)
Collection Fund & Other receipts / (payments) for financing activities	(26,677)	14,286
Net cash flow from Financing Activities	**(47,383)**	**4,736**

General Disclosures

37.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: IFRS 1 (First-time adoption), IAS 37 (Onerous contracts), IFRS 16 (Leases) and IAS 41 (Agriculture). None of these standards are known to impact on the 2022/23 statements.

38.Critical Judgements in Applying Accounting Policies

There remains uncertainty about future levels of funding for individual local authorities, which is heightened by the post-Brexit and Covid-19 economic environment.

The Council received significant amounts of funding for distribution or use to support the Covid-19 lockdown and recovery. The terms of such grants meant some could be considered service or general funding with wider judgement required on whether the Authority was acting as agent or principle.

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. By holding the leisure centres on balance sheet the revenue account is exposed to annual depreciation charges and any valuation changes that would affect surplus or deficit on provision of services. Capital expenditure will also be added to the balance sheet asset rather than adjusted for through revenue expenditure funded by capital under statute.

The Authority is party to an arrangement with the Swindon Clinical Commissioning Group (CCG). The agreement between the two bodies has previously been 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.

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

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

The below show the potential impact of some key assumptions:

Item	Uncertainties	Effect if Results Differ from Assumptions	
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Assets are valued based on estimates and assumptions at a point in time but market conditions can fluctuate, the effect of which may be increased by the ongoing recovery from the Covid-19 pandemic.	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.	
		Change	Est. value
Revaluation charge through the CIES from reduction in operational land and building valuation		10% reduction	£98m
Depreciation charge through the CIES from reduction in life of operational land and building		2 year reduction	£2.5m
Net Pensions Liability / Asset	Estimation of the net liability to pay pensions depends on a number of complex judgements, advised by actuaries, relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on fund assets.	Changes to the pension liability can be complex with a variety of items that may cause impact on the balance sheet or revenue statement with either a positive or negative change. Sensitivity analysis on the liability assumptions is shown below.	
		Est. % Liability increase	Est. value
0.1% decrease in Real Discount Rate		2%	£20.0m
0.1% increase in the Salary Increase Rate		0%	£1.1m
0.1% increase in the Pension Increase Rate		2%	£18.8m

40.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 2022.

41.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. Further details on these companies are contained within the group section of these accounts.

Company	**PPSL**	**Common Farm**	**Chapel Farm**	**Housing Dev. Co.**	**JV**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Payments	9,162	0	0	0	0
Receipts	814	35	26	203	0
Loan Balances	0	0	0	1,252	2,190
Capital Loan Balances	200	2,338	2,793	0	290

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.

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 £736k 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 25 maintained Community schools within the Council's group included within the single entity accounts. Such schools account for expenditure of £54m, income of £60m and reserve balances of £6m. 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.

42.Long Term Investments

The Council has a number of group companies which form part of the 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.

	2020/21	**2021/22**
	£'000	**£'000**
Property Fund	14,331	16,846
Subsidiary Companies	3,916	1,601
Joint Venture	3,400	2,190
Total	**21,647**	**20,637**

The Swindon Borough Council Group Accounts

The Group Comprehensive Income and Expenditure Statement

20/21 Restated Continuing Operations	2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net Expenditure £000	2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net Expenditure £000
Resources - Enabling	21,519	(3,113)	18,406	26,636	(3,816)	22,820
Resources - Finance & Assets	64,238	(100,271)	(36,033)	61,886	(86,320)	(24,434)
Resources - Operations	35,425	(6,405)	29,020	31,762	(8,497)	23,265
Children Services	57,930	(6,807)	51,123	69,232	(9,353)	59,879
Adults, Housing & Public Health	140,266	(82,156)	58,110	156,408	(79,351)	77,057
Economy & Development	41,252	(5,963)	35,289	32,442	(10,774)	21,668
DSG Commissioning	104,842	(97,368)	7,474	111,318	(97,443)	13,875
HRA - Housing	30,204	(50,865)	(20,661)	35,985	(53,317)	(17,332)
HRA - Operations	11,477	(88)	11,389	12,060	(273)	11,787
Surplus / Deficit on All Services	**507,153**	**(353,036)**	**154,117**	**537,729**	**(349,144)**	**188,585**
Group taxation & share of joint venture			(1,507)			(3,398)
Other operating expenditure			37,270			32,205
Financing and investment income and expenditure			20,266			20,572
Taxation and non-specific grant income			(217,846)			(211,111)
Group (Surplus) / Deficit on Provision of Services			**(7,700)**			**26,853**
(Surplus) / deficit on revaluation of Property, Plant and Equipment			(40,124)			(69,310)
Re-measurements on pension assets / liabilities			127,644			(123,116)
Other Comprehensive Income and Expenditure			**87,520**			**(192,426)**
Total Comprehensive Income and Expenditure			**79,820**			**(165,573)**

The Group Movement in Reserves Statement

2021/22	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	**(7,820)**	**(12,035)**	**(90,678)**	**(1,697)**	**(16,609)**	**(7,686)**	**(29,593)**	**(166,118)**	**(393,446)**	**(559,564)**	**4,735**	**(554,829)**
Surplus /deficit on provision of services	21,065	5,666	0	0	0	0	0	35,090		26,731	122	26,853
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(192,426)	(192,426)	0	(192,426)
Total Comprehensive Income and Expenditure	**21,065**	**5,666**	**0**	**0**	**0**	**0**	**0**	**35,090**	**(192,426)**	**(165,695)**	**122**	**(165,573)**
Adjustments between Group and Authority accounts	8,302	0	0	0	0	0	0	8,302	0	8,302	(8,302)	0
Net increase before transfers	**29,367**	**5,666**	**0**	**0**	**0**	**0**	**0**	**43,392**	**(192,426)**	**(157,393)**	**(8,180)**	**(165,573)**
Adjustments between accounting basis & funding basis under regulations	(17,242)	(5,689)	0	0	9,414	6,652	(2,644)	(9,509)	9,509	0	0	0
Transfer of DSG deficit	(1,097)	0	0	0	0	0	0	(1,097)	1,097	0	0	0
Net Increase/Decrease before Transfers to Reserves	**11,028**	**(23)**	**0**	**0**	**9,414**	**6,652**	**(2,644)**	**24,427**	**(181,820)**	**(157,393)**	**(8,180)**	**(165,573)**
Transfers to/from Earmarked Reserves	(11,428)	(128)	11,428	128	0	0	0	0	0	0		0
Increase/Decrease in year	**(400)**	**(151)**	**11,428**	**128**	**9,414**	**6,652**	**(2,644)**	**24,427**	**(181,820)**	**(157,393)**	**(8,180)**	**(165,573)**
Balance at 31 March	**(8,220)**	**(12,186)**	**(79,250)**	**(1,569)**	**(7,195)**	**(1,034)**	**(32,237)**	**(141,691)**	**(575,266)**	**(716,957)**	**(3,445)**	**(720,402)**

2020/21	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	**(7,200)**	**(11,738)**	**(34,099)**	**(1,491)**	**(17,410)**	**(6,313)**	**(21,211)**	**(99,462)**	**(540,793)**	**(640,255)**	**5,606**	**(634,649)**
Surplus /deficit on provision of services	(6,542)	(1,158)	0	0	0	0	0	(7,700)	0	(7,700)	0	(7,700)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	87,520	87,520	0	87,520
Total Comprehensive Income and Expenditure	**(6,542)**	**(1,158)**	**0**	**0**	**0**	**0**	**0**	**(7,700)**	**87,520**	**79,820**	**0**	**79,820**
Adjustments between Group and Authority accounts	871	0	0	0	0	0	0	871	0	871	(871)	0
Net increase before transfers	**(5,671)**	**(1,158)**	**0**	**0**	**0**	**0**	**0**	**(6,829)**	**87,520**	**80,691**	**(871)**	**79,820**
Adjustments between accounting basis & funding basis under regulations	(48,255)	655	0	0	801	(1,373)	(8,382)	(56,554)	56,554	0	0	0
Transfer of DSG deficit	(3,273)	0	0	0	0	0	0	(3,273)	3,273	0	0	0
Net Increase/Decrease before Transfers to Reserves	**(57,199)**	**(503)**	**0**	**0**	**801**	**(1,373)**	**(8,382)**	**(66,656)**	**147,347**	**80,691**	**(871)**	**79,820**
Transfers to/from Earmarked Reserves	56,579	206	(56,579)	(206)	0	0	0	0	0	0	0	0
Increase/Decrease in year	**(620)**	**(297)**	**(56,579)**	**(206)**	**801**	**(1,373)**	**(8,382)**	**(66,656)**	**147,347**	**80,691**	**(871)**	**79,820**
Balance at 31 March	**(7,820)**	**(12,035)**	**(90,678)**	**(1,697)**	**(16,609)**	**(7,686)**	**(29,593)**	**(166,118)**	**(393,446)**	**(559,564)**	**4,735**	**(554,829)**

The Group Balance Sheet

Note		31 March 2021 £000	31 March 2022 £000
44	Property, Plant & Equipment	1,259,769	1,346,065
	Investment property	7,887	7,362
	Heritage	29,200	29,200
	Intangible Assets	19	11
	Long term investments	19,681	24,596
	Long Term debtors	1,983	1,783
	Total Non-Current Assets	**1,318,539**	**1,409,017**
	Short term investments	5,274	26,536
	Inventories & Work in Progress	1,835	1,040
	Short term debtors	93,331	61,877
	Cash & Cash equivalents	41,268	45,951
	Assets held for sale (current)	3,909	5,959
	Current Assets	**145,617**	**141,363**
	Short term borrowing	(21,124)	(13,307)
	Short term creditors	(92,111)	(113,232)
	Provisions (short term)	(1,275)	(1,212)
	Current Liabilities	**(114,510)**	**(127,751)**
	Long term borrowing	(340,550)	(341,157)
	Long term creditors	(48,577)	(45,939)
	Provisions (long term)	(13,210)	(14,658)
	Pension Asset/Liability	(363,982)	(270,210)
	Capital Grants receipts in advance	(28,498)	(30,263)
	Non-Current Liabilities	**(794,817)**	**(702,227)**
	Net Assets	**554,829**	**720,402**
	Usable Reserves of Group	(161,383)	(145,136)
	Unusable Reserves of authority only	(393,446)	(575,266)
	Total Reserves	**(554,829)**	**(720,402)**

The Group Cash flow Statement

Note		2020/21 £'000	2021/22 £'000
	Net surplus or (deficit) on the provision of services	5,842	(26,853)
	Adjustments to net surplus or deficit on the provision of services for non-cash movements	112,529	128,449
	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(61,674)	(69,500)
	Net cash flows from Operating Activities	**56,697**	**32,096**
	Investing Activities	4,082	(30,723)
	Financing Activities	(50,964)	3,310
	Net increase or decrease in cash and cash equivalents	**9,815**	**4,683**
	Cash and cash equivalents at the beginning of the reporting period	31,453	41,268
	Cash and cash equivalents at the end of the reporting period	**41,268**	**45,951**

43.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. 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, with the Council's investment being adjusted to represent the gain/loss of the Council's 50% interest.

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.

Changes from Single Entity

In consolidating the group accounts transactions with the group entities are removed. As the single entity statements show the write down of a loan to PPS this is ignored on consolidation, where the loan has not existed. Long term debtors on the balance sheet are also different between the single entity and group accounts, where other group loans within the single entity accounts do not exist on consolidation.

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

	PPSL		Housing Dev. Co.	
	2020/21	2021/22	2020/21	2021/22
	£'000	£'000	£'000	£'000
Profit / (Loss) before taxation	(622)	(3,526)	352	(69)
Tax Adjustment	0	0	(78)	13
Profit / (Loss) after taxation	**(622)**	**(3,526)**	**274**	**(56)**
As at 31 March	**2021**	**2022**	**2021**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Net Balance Sheet Asset/(Liability)	(5,580)	(411)	(221)	(276)

	Common Farm Solar		Chapel Farm Solar	
	2020/21	2021/22	2020/21	2021/22
	£'000	£'000	£'000	£'000
Profit / (Loss) before taxation	(14)	(85)	(351)	(238)
Tax Adjustment	(117)	11	(156)	(0)
Profit / (Loss) after taxation	**(131)**	**(74)**	**(507)**	**(239)**
As at 31 March	**2021**	**2022**	**2021**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Net Balance Sheet Asset/(Liability)	(81)	(154)	(589)	(828)

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.

44. Group Property, Plant & Equipment

2021/22 Cost or Valuation	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total PPE £'000
1st April 2021	**492,584**	**482,355**	**40,539**		**17,623**	**51,175**	**35,413**	**1,119,689**
Additions	18,378	7,214	2,188		515	98	36,338	64,731
Revaluation increases / (decreases) recognised in the Revaluation Reserve	39,773	5,563	0		0	150	0	45,486
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(8,654)	(6,757)	(4,485)		0	(55)	0	(19,951)
Derecognition – disposals	(11,368)	(10,461)	(191)		(5,685)	(298)	0	(28,003)
Reclassification	0	(1,973)	0		0	(177)	0	(2,150)
31st March 2022	**530,713**	**475,941**	**38,051**		**12,453**	**50,893**	**71,751**	**1,179,802**
Accumulated Depreciation and Impairment								
1st April 2021	**(5,722)**	**(6,743)**	**(22,017)**		**0**	**(208)**	**0**	**(34,690)**
Depreciation charge	(9,962)	(13,939)	(2,762)		0	(188)	0	(26,851)
Depreciation w/b on Revaluation	12,149	11,888	0		0	203	0	24,240
Depreciation written to/from the CIES	0	1,609	0		0	13	0	1,622
Depreciation written to/from the CIES - Reclassifications	0	386	0		0	4	0	390
Derecognition – disposals	1,043	229	9		0	11	0	1,292
31st March 2022	**(2,492)**	**(6,570)**	**(24,770)**		**0**	**(165)**	**0**	**(33,997)**
Net Book Value								
1st April 2021	**486,862**	**475,612**	**18,522**	**174,770**	**17,623**	**50,967**	**35,413**	**1,259,769**
31st March 2022	**528,221**	**469,371**	**13,281**	**200,260**	**12,453**	**50,728**	**71,751**	**1,346,065**

2020/21 Cost or Valuation	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total PPE £'000
1st April 2020	**486,945**	**497,875**	**39,036**		**17,538**	**45,157**	**14,569**	**1,101,120**
Additions	12,862	4,597	1,758		85	400	22,546	42,248
Revaluation increases / (decreases) recognised in the Revaluation Reserve	6,774	5,093	0		0	9,256	0	21,123
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(5,984)	(3,191)	0		0	17	0	(9,158)
Derecognition – disposals	(8,225)	(23,496)	(171)		0	(1,372)	0	(33,264)
Reclassification	212	1,477	(84)		0	(2,283)	(1,702)	(2,380)
31st March 2021	**492,584**	**482,355**	**40,539**		**17,623**	**51,175**	**35,413**	**1,119,689**
Accumulated Depreciation and Impairment								
1st April 2020	**(4,065)**	**(7,676)**	**(18,758)**		**0**	**(406)**	**0**	**(30,905)**
Depreciation charge	(9,701)	(12,804)	(3,320)		0	(247)	0	(26,072)
Depreciation w/b on Revaluation	7,385	11,591	0		0	25	0	19,001
Depreciation written to/from the CIES	0	1,866	0		0	9	0	1,875
Depreciation written to/from the CIES - Reclassifications	0	(8)	8		0	0	0	0
Derecognition – disposals	659	288	53		0	411	0	1,411
31st March 2021	**(5,722)**	**(6,743)**	**(22,017)**		**0**	**(208)**	**0**	**(34,690)**
Net Book Value								
1st April 2020	**482,880**	**490,199**	**20,278**	**163,480**	**17,538**	**44,751**	**14,569**	**1,233,695**
31st March 2021	**486,862**	**475,612**	**18,522**	**174,770**	**17,623**	**50,967**	**35,413**	**1,259,769**

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 and also apply to the group accounts consolidation.

b) Revenue recognition and Accruals of Income and Expenditure

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

c) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable within 24 hours. Cash equivalents are readily convertible investments that mature within one month of acquisition.

d) 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. Balances are rounded separately for the main statements and disclosure notes which may cause minor inconsistency between table balances but are not material errors.

e) 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.

f) 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.

g) 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.

h) 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.

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.

i) 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.

j) Inventories

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

k) 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.

l) 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.

m) 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.

Highways infrastructure assets include carriageways, footways and cycle tracks, structures, street lighting, street furniture, traffic management systems and land which together form a single integrated network.

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

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994 which was deemed at that time to be historical cost.

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 revaluation additions 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 provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives.

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 thirty years for carriageway/path/lighting, fifteen for street furniture and 100 for structures unless other specific timeframes are appropriate as advised by Highways engineers.

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.

n) 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.

o) 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.

p) 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.

q) 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.

r) Agency Arrangements - Collection Fund / BCF

Following principle and agent standards, whereby only those costs/incomes that the Authority is responsible for and is not just acting as an agent of a third party, the Better Care Fund (see note) and Collection Fund are accounted for under 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.

s) Group Accounts- 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	2020/21 Business Rates £000	Council Tax £000	Total £000	2021/22 Business Rates £000	Council Tax £000	Total £000
Council Tax Receivable	0	(138,457)	(138,457)	0	(147,967)	(147,967)
Business Rates Receivable	(59,939)	0	(59,939)	(87,521)	0	(87,521)
	(59,939)	**(138,457)**	**(198,396)**	**(87,521)**	**(147,967)**	**(235,488)**
EXPENDITURE						
Apportionment of Previous Year Surplus						
Billing Authority	0	991	991	0	0	0
Fire Authority	0	50	50	0	0	0
Police Authority	0	139	139	0	0	0
	0	**1,180**	**1,180**	**0**	**0**	**0**
Precepts, Demands and Shares						
Central Government	54,323	0	54,323	29,354	0	29,354
Billing Authority	53,015	116,501	169,516	28,765	122,203	150,967
Fire Authority	1,086	5,794	6,880	587	5,900	6,487
Police Authority	0	16,410	16,410	0	17,527	17,527
	108,424	**138,705**	**247,129**	**58,706**	**145,630**	**204,336**
Charges to Collection Fund						
Less write offs of uncollectable amounts	221	649	870	853	740	1,593
Less : Increase / (Decrease) in Bad Debt Provision	1,238	708	1,946	(567)	260	(307)
Less : Increase / (Decrease) in Provision for Appeals	468	0	468	3,260	0	3,260
Less : Renewables	595	0	595	591	0	591
Less : Cost of Collection	262	0	262	259	0	259
	2,784	**1,357**	**4,141**	**4,396**	**1,000**	**5,396**
(Surplus) / Deficit arising during the year	51,269	2,785	54,054	(24,419)	(1,337)	(25,756)
(Surplus) / deficit brought forward 1st April	(780)	141	(639)	50,489	2,926	53,415
(Surplus) / deficit carried forward 31st March	**50,489**	**2,926**	**53,415**	**26,070**	**1,589**	**27,659**
Reconciliation to Collection Fund Adjustment Account:						
Less Balance Attributable to Major Preceptors	(25,749)	(470)	(26,219)	(13.299)	(256)	(13,555)
Balance Remaining Attributable to SBC	**24,740**	**2,456**	**27,196**	**12,771**	**1,333**	**14,104**

Notes to the Collection Fund

45.Rateable Value

The total rateable value in the Local Rating List at 31 March 2022 was £256,618,837 (£257,431,891 at 31 March 2021). The multiplier for 2021/22 was 51.2 pence for the majority of properties and 49.9 pence for small businesses, (51.2 pence and 49.9 pence respectively for 2020/21).

46.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	12,794	6/9	8,552
B	24,947	7/9	19,403
C	22,211	8/9	19,743
D	16,248	9/9	16,248
E	8,651	11/9	10,574
F	3,577	13/9	5,166
G	1,326	15/9	2,209
H	61	18/9	123
Total	**Band D equivalents**		**82,018**
Contributions in lieu	(MOD properties)		94
Add:	Anticipated changes in year		(4,927)
Less:	Provision for non-collection (1.20%)		(925)
	Tax Base		**76,260**

* 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	**2020/21 £'000**	**2021/22 £'000**
Expenditure		
Repairs and maintenance	13,466	15,370
Supervision and management	6,559	7,150
Special Services	5,463	6,336
Rents, rates, taxes and other charges	197	255
Depreciation and impairment of non-current assets	15,953	18,894
Debt management costs	60	60
Movement in the allowance for bad debts	(17)	(20)
Total Expenditure	**41,681**	**48,045**
Income		
Dwelling rents	(43,383)	(44,269)
Non-dwelling rents	(59)	(34)
Charges for services and facilities	(5,501)	(6,041)
Contributions towards expenditure	(1,765)	(2,825)
Leaseholders' charges for services and facilities	(245)	(421)
Total Income	**(50,953)**	**(53,590)**
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	**(9,272)**	**(5,545)**
HRA services' share of Corporate and Democratic Core	127	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	**(9,136)**	**(5,412)**
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
(Gain) / loss on sale of HRA non-current assets	4,268	7,349
Interest payable and similar charges	3,453	3,263
Interest and investment income	(44)	0
Investment Properties Income	(347)	(357)
Revaluation on investments	72	0
Net Pensions Interest Cost / Return on Asset	576	823
(Surplus) / deficit for the year on HRA services	**(1,158)**	**5,666**

Statement of Movement in the Housing Revenue Account

	2020/21 £000	2021/22 £000
1 April	**(11,738)**	**(12,035)**
(Surplus) / Deficit on Service provision	(1,158)	5,666
Adjustments between accounting & funding basis	655	(5,689)
Transfers to / (from) Earmarked Reserves	206	(128)
(Increase)/Decrease in-year	**(297)**	**(151)**
31 March	**(12,035)**	**(12,186)**

HRA Movement in Reserves Adjustments	**2020/21 £'000**	**2021/22 £'000**
Adjustments between accounting & funding basis in reconciling the HRA balance for the year		
Charges for depreciation of non-current assets	(9,969)	(10,240)
Charges for impairment of non-current assets	(5,984)	(8,654)
Movement in the market value of investment properties	(72)	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(7,566)	(10,324)
Voluntary provision for the financing of capital investment	5,000	5,000
Capital expenditure charged against the General Fund and HRA balances	7,593	8,603
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	3,298	2,975
HRA resources credited to the MRR	9,701	10,239
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,346)	(3,288)
Total Adjustments	**655**	**(5,689)**

Notes to the HRA

47.Housing Stock

The stock of Council dwellings at 31st March was:

Type	31st March 21	Movement	31st March 22
Low Rise Flats:			
1 Bedroom	1,774	15	1,789
2 Bedrooms	719	1	720
3 or more Bedrooms	10	(1)	9
Medium Rise Flats:			
1 Bedroom	827	(8)	819
2 Bedrooms	491	(28)	463
3 or more Bedrooms	50	(1)	49
High Rise Flats:			
1 Bedroom	26	0	26
2 Bedrooms	240	1	241
Houses and Bungalows:			
1 Bedroom	920	2	922
2 Bedrooms	1,403	(5)	1,398
3 Bedrooms	3,597	(12)	3,585
4 or more Bedrooms	207	0	207
Total	**10,264**	**(36)**	**10,228**

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

Assets:	2020/21 £'000	2021/22 £'000
Dwellings	486,862	528,221
Plant and Equipment	670	609
Investment properties	712	712
Total Balance Sheet Value	**488,244**	**529,542**

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 2021.

48.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 2022 was £1,516.3m. It was £1,407.4m, at 31st March 2021.

49.Major Repairs Reserve

Balance at 31 March	2021 £'000	2022 £'000
Capital expenditure for HRA purposes financed by MRR Resources:		
Houses	8,328	16,891
Total Expenditure	**8,328**	**16,891**
Amount equivalent to total depreciation charges for all HRA assets	(9,701)	(10,239)
Transfer from HRA	0	0
Total Income	**(9,701)**	**(10,239)**
Deficit / (Surplus) for the Year	**(1,373)**	**6,652**
Deficit / (Surplus) brought forward	(6,313)	(7,686)
Deficit / (Surplus) Carried Forward	**(7,686)**	**(1,034)**

50.HRA Capital Expenditure

The capital expenditure and financing for the HRA was:

	2020/21 £'000	2021/22 £'000
Dwellings	9,038	13,600
Buildings	8,126	13,848
Total to Finance	**17,164**	**27,448**
Major Repairs Reserve	8,328	16,891
Usable Capital Receipts	1,187	1,093
Revenue Contributions	7,593	8,603
Other contributions	56	52
HCA Grant for New Build	0	809
Total Finance	**17,164**	**27,448**

51.Housing Repairs Account

Balance at 31 March	2021 £'000	2022 £'000
Repairs & Maintenance	11,882	12,587
Total Expenditure	**11,882**	**12,587**
Contribution from HRA	(11,795)	(12,315)
Service charges	(87)	(272)
Total Income	**(11,882)**	**(12,587)**
Deficit / (Surplus) for the Year	**0**	**0**
Deficit / (Surplus) brought forward	0	0
Deficit / (Surplus) Carried Forward	**0**	**0**

52.HRA Capital Receipts

In 2021/22 the Council paid £1.8m to the Secretary of State for pooling of capital receipts arising from the disposal of housing assets as required in the Local Government Act 2003 (£2.1m in 2020/21). A notional £1.1m was also payable under Pooling Payment requirement (£1.4m in 2020/21); however, under relevant conditions is allowed to be retained as a receipt in advance.

	2020/21 £'000	2021/22 £'000
Sale of Council Houses	3,298	2,944
Sales of Non-Dwelling Assets	0	0
Council Mortgage Repayments	0	0
Capital receipt retained for new property acquisitions	(1,404)	(1,115)
Total	**1,894**	**1,829**

53.HRA Cost of Capital Charge

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

	2020/21 £'000	2021/22 £'000
Depreciation on dwellings	9,701	9,962
Depreciation on plant & equipment	268	278
Impairment and revaluation losses of dwellings	5,984	8,654
Total	**15,953**	**18,894**

54.HRA Arrears & Provisions for Bad Debt

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

	2020/21 £'000	2021/22 £'000
Current tenants	1,933	1,767
Former tenants	261	243
Total Arrears	**2,194**	**2,010**
Less: provision for bad debts	(2,194)	(2,010)
Total Arrears After Provisions	**0**	**0**

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

Annual Governance Statement 2021/22

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.

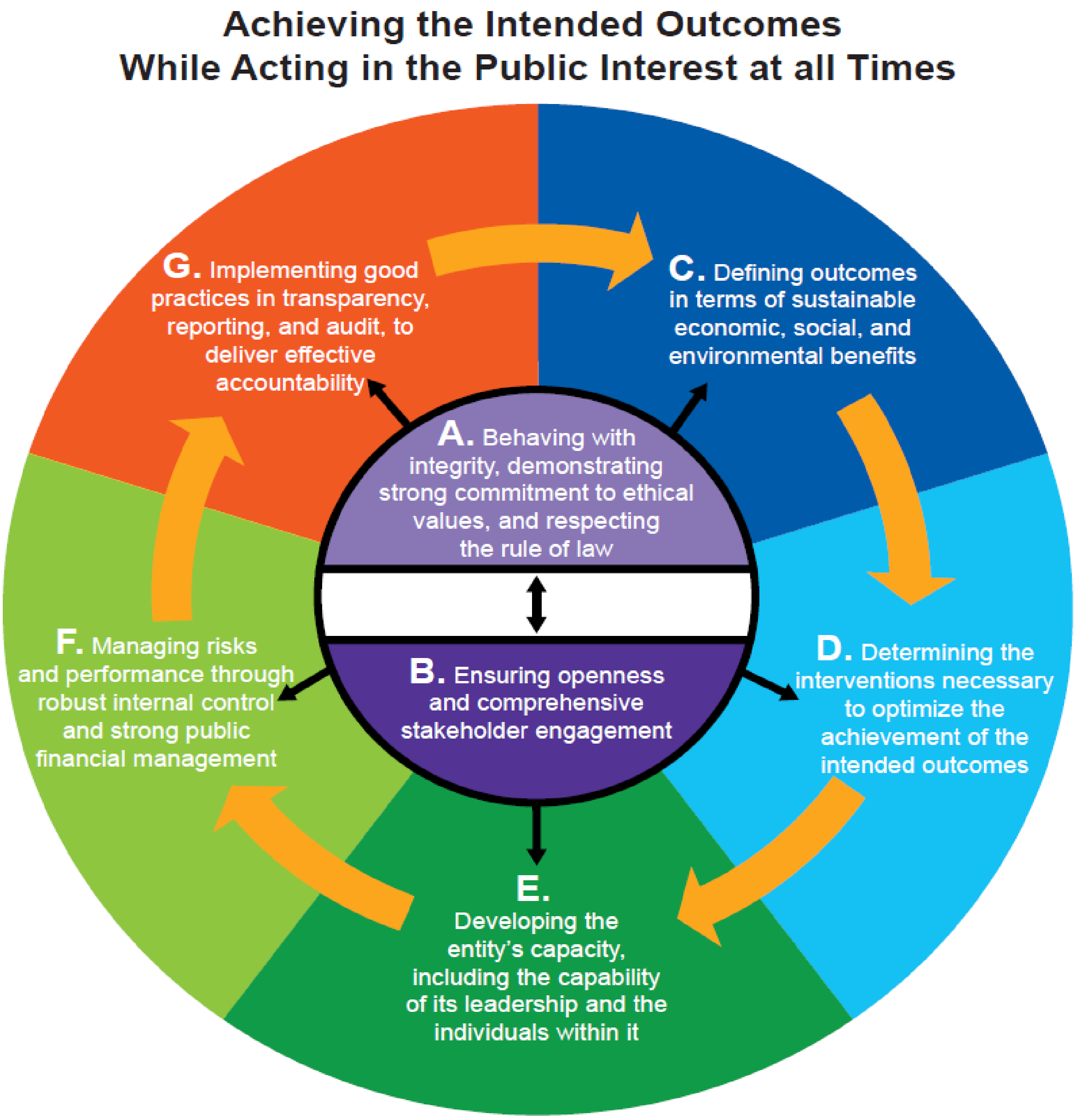
The governance framework comprises the systems, processes, culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with, and leads the community. It enables the authority to monitor the achievement of its strategic objectives and 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



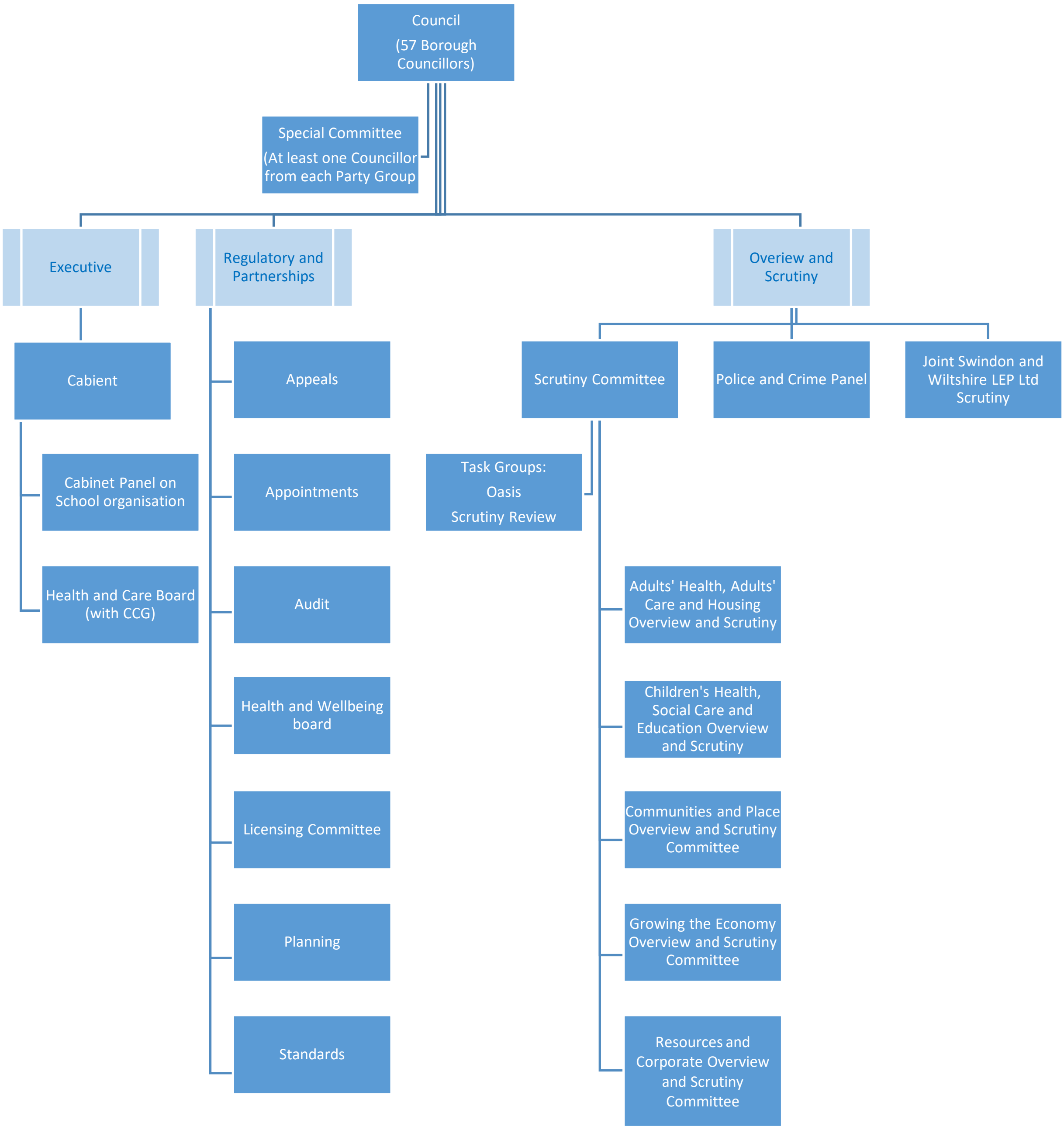
The Local Code of Corporate Governance forms part of the Council's Constitution and the full version can be found at (page 349 of the Constitution): [Constitution - Local Code of Corporate Governance]

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:

In 2015, the council adopted its Vision for Swindon: 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 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.

In October 2021, the Council Plan 2022-2025 was approved by Cabinet with new Priorities and Pledges to reflect the focus over the next four years and how the Council will deliver the priorities for the residents of Swindon. This follows on from the previous Council Plan 2019-2020.

In March 2022, Cabinet approved that progress towards the progress on the Council's Vision, Priorities and Pledges will be reviewed bi-annually.

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

<u>**Our Vision, Priorities and Pledges**</u>

Priority one: Build an economy that works for you: creating more well-paid jobs, attracting further investment in our town and making Swindon a great place to start and grow businesses: Priority one

Priority two: Protect and enhance our heritage, cultural and leisure facilities: delivering improvements now and securing long-term investment: Priority two

Priority three: Deliver sustainable growth: through high quality affordable homes alongside infrastructure to support our growing town: Priority three

Priority four: Equip all our young people with the education and skills they need: through additional and enhanced skills and higher education opportunities: Priority four

Priority five: Make Swindon greener and more sustainable: we will help residents reduce their environmental impact and, as a council, we will aim to achieve net zero emissions by 2030: Priority five

Priority six: We will make Swindon safer, fairer and healthier: by helping people to help themselves while always protecting our children and adults, increasing health and wellbeing facilities and tackling crime and anti-social behaviour: Priority six

Based upon the Council Performance Report for June 2022 Cabinet, the pledges have been given the following ratings based upon their deliverables:

Priority	No. of Pledges	Completed	On Track	Need Improvement	Of Concern
One	8	0	7	0	1
Two	3	0	3	0	0
Three	8	1	7	0	0
Four	4	0	4	0	0
Five	4	0	4	0	0
Six	10	0	9	1	0
Total	37	1	34	1	1

Progress against the Council's Priorities and Pledges is regularly monitored through the Corporate Management Team and bi-annually through Cabinet.

The Council tracks progress with pledges by setting deliverables for each pledge that it has set out to achieve each quarter 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 actions to be completed that either work towards completing the pledge or meeting the associated outcomes.

Modern, efficient and effective

Following on from the successful Swindon Programme, the Council continued with its approach to improve to become a modern, efficient and effective organisation. 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 2021/22 the Council developed its updated medium term financial plan, extending the timeframe to March 2026.

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 (2020/21).

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). The Council has carried out a self-assessment against the requirements of the CIPFA Financial Management Code and reported the outcome to the Corporate Management Team.

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.

As a result of both Internal and External Audit recommendations, the Council is currently working on a refreshed Corporate Risk Register to take to Audit Committee in July 2022. The refreshed register will be more aligned to the Priorities in Pledges in the Council Plan 2022-2025 as well as the supporting strategies. For this reason, the last update on Corporate Risk was in October 2021.

Based upon the position presented at Audit Committee in October 2021, the 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
Finance	**High**	**Effective Prevention**	**Medium**
Growing the Economy	**High**	**Business Continuity**	**Medium**
Delivering Quality – Safeguarding Adults	**Medium**	**The Local, National and International Context**	**Medium**
Health & Safety	**Medium**	**Climate Change Mitigation**	**Medium**
IT System	**Medium**	**Empowering Communities**	**Medium**
Delivering Quality – Safeguarding Children	**Medium**	**Delivering Quality: Governance**	**Medium**
Delivering Quality: Communities	**Medium**	**Realising Potential**	**Medium**

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

The Covid 19 pandemic 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.

2021/22 was a year of continued uncertainty resulting from the pandemic. Whilst many of the lockdowns were lifted and focus shifted to returning to the new normal ways of working, demand for services, finances and performance have been impacted by the continuing situation. In many ways, working practices stabilised with a blend of home and office-based working.

Committee meetings in person have been resumed and gradually staff are returning to the office where that is the best place to deliver objectives.

The Council continued working with its partners to address the challenges brought by the Covid-19 pandemic as well as considering the needs of recovery and renewal.

COVID 19 has led to some improvements to the way the Council engages with residents and staff and these continued to be embedded during 2021/22. Changes to how staff work, the use of technology to support residents to engage with the Council and use of our facilities are all improvements to be proud of and in line with our Modern, Efficient and Effective programme.

Throughout the year the financial impact on the Council caused by Covid-19 resulted in additional expenditure being incurred, disruption to the delivery of planned efficiencies and reduced income.

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 2021/22 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 2022 meeting. Details can be found at: <u>Audit Committee - July 2022</u>

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 the Council's governance arrangements generally work well the review identified a number of significant issues that need to be addressed:

Governance issue	Lead Officer
Information Governance and Security	Head of IT
GCSE attainment	Head of Education
Payroll	Chief Operating Officer
SEND	Corporate Director: Children Services
State of the Council's Data	Chief Operating Officer
Highways	Director Strategic Development and Growth
Recruitment and retention	Chief Operating Officer
Housing repairs	Director of Housing

- ***Information Governance and Security:*** An IT and Digital strategy is now in its final year of the delivery plan. Delivery of the strategy has already helped adapt to a new way of working during and after the pandemic. Post-pandemic Cyber Security has become more prominent. The war in Ukraine has increased Cyber risks and in response the Council has completed a cyber-incident response plan, attended joint-planning response sessions with other public sector bodies, conducted exercise-in-a-box operations from the National Cyber Security Centre and continued with our ongoing and increasing programme of staff awareness and education. 2022 will continue to see an increased focus on Cyber Security and capital spending has been allocated to further strengthen our defences.

  The Council has had a new Information Governance Manager this year, and increased focus has gone into ensuring we meet our statutory obligations around Freedom of Information and Subject Access requests as well as preventative work with the Council's Wider Management Team to increase the awareness of data breaches and running a communications campaign entitled 'Think. Check. Share' to reduce the prevalence of breaches.

- ***GCSE Attainment:*** The School Improvement Strategy (now known as "Swindon Borough Council's School Quality Assurance and Inclusion Index Policy") has been agreed and was approved by the Strategic Inclusion Forum Executive in March 2022. This is now effective and being used to drive improvements across all Swindon Schools as from April 2022 and includes the establishment of system wide Strategic Education Governance and risk assessments of all schools, which is to be embedded from September 2022.

  Relationships continue to improve with the Regional Schools Commissioner Office, the Advisory Board and CEO's, through regular monthly meetings.

  Absence from school for the last full academic year (2020 to 2021) was at 4.7% and this has been exacerbated during the pandemic. This will form the strategic direction of the Council over the next 12 months, with an Attendance Policy being prepared in consultation with schools for the next academic year; to be in place and effective as from September 2022.

Key Performance Indicators for 2020 to 2021 at Key Stage 4 were measured for Attainment 8 at 44.8, for progress 8 at -0.07 and for English and Mathematics at Level 5 or greater at 43.8%

- There has been a slight improvement in English and Maths at level 9-4 and 9-5, but this is below National
- The gap between Swindon and National has reduced in relation to Progress 8 measures, being slightly below National but not significantly
- The proportion of students taking EBacc qualifications is significantly below National
- The gap between disadvantaged and non-disadvantaged is slight better for Swindon (13.1 percentage points) than the national gap(14.7 percentage points)
- Attainment 8 has continued to improve, however this is below National, with the exception of FSM students where it is above National.

This is providing the strategic direction within Academies over the next 12 months and formulating the work to be undertaken through the Teaching School Hubs, in particular with the Mobius Hub for mathematics within the secondary phase.

- ***State of the Council's data:*** A detailed and comprehensive Data Discovery exercise covering the whole Council has been undertaken, in conjunction with Methods Analytics. Our current and future state in relation to data and insight has been identified from this exercise, reflecting current and future needs of the Council.

  This has allowed the Council to produce comprehensive plans to address the low level of data maturity across the organisation that the review identified. These plans are being translated into a formal Strategy, due for approval by Cabinet in October 2022.

  Plans are fully costed and sufficient funding for a 5 year transformation programme has been proposed to CMT. As part of the Council budget setting process in February 2022, the Council included full Data Strategy funding in the MTFS. Funding for the strategy was scheduled to start in April 2023. However, we are currently investigating options to fund the Strategy in this financial year.

  Now fully costed plans are in place and funding to deliver these plans has been included in the Council's MTFS, the Council is now able to start to deliver the improvements needed to increase the Council's data and insight maturity. This is a challenging, long-term piece of work that requires significant investment. As such data and insight remains an area that requires significant attention and change to unlock the Council's capability to deliver on its Priorities and Pledges.

- ***Payroll:*** The Council's payroll service was previously provided by Midland HR as part of the wider HR Information System offer. This system was due for re-procurement prior to Covid in 2019 having being extended to the life of the approved procurement term. It had been the intention to carry out a full procurement exercise in 2020. However, that exercise was not carried out as the Council would have wanted in terms of timeliness, owing to the pressures on all involved in delivering the Covid response through 2020 and 2021.

  The Council did carry out a procurement which was won by Civica HR in September 2021. Unfortunately the delay in completing the procurement necessitated a truncated implementation timetable.

The Council did explore other options during this time as it recognised that the window for implementation was sub-optimal. However, the existing supplier was unwilling to continue supplying payroll only services for a cost that was acceptable to an organisation using public funds for such an endeavour.

The implementation of payroll in the Civica system was prioritised over other modules in the HRIS and additional capacity was brought in to try to facilitate a successful initial and interim move onto the Civica payroll bureau in the first instance. This move took place in January 2022.

The transition period while the Council's payroll was hosted in the Civica payroll bureau was beset with issues for a number of reasons; and significant and numerous errors occurred on the payroll runs between January and July 2022.

This was exacerbated by the fact that an under resourced team had to run day to day payroll, deal with the backlog of errors as well as continuing to work on the new payroll system to be hosted by SBC which would enable us to have greater visibility of our payroll processes and outcomes. They also have a high volume of other activity that they have to undertake such as audits, statutory data returns including pensions and statutory responsibility for schools pensions. This was further exacerbated in April 2022 when a host of one off payroll changes became necessary – the backdated implementation of the 21-22 pay award, the uploading of new pay scales as a result and the changes to National Insurance contributions introduced by the Government.

We tried very hard between January and July 2022 (and indeed continue to do so) to appoint new, temporary and permanent, staff to help us to tackle these problems but this has not been very successful. There is a dearth of available payroll professionals in the Swindon area and we were repeatedly told the work we were offering was high pressure and high complexity. This has been borne out by regular sporadic periods of stress related absence in the team during this period.

In August 2022 we moved the Council's payroll system to its permanent home on our own Civic payroll system. Since that date the number of errors we have seen have reduced to a more acceptable levels, predominantly caused as a result of management tardiness or as a result of operative error. While neither of these situations are ideal, there is now greater confidence that we are minimising system derived pay errors.

At time of writing (November 2022) there is still considerable concern relating to the payroll system, warranting its inclusion in the Annual Governance Statement. There remain a number of pay issues still to be resolved, most relating to overpayments and the progress on retrieving those monies is slow due to capacity and the complexity of the cases. The 2022-23 pay award is due to be implemented in December which has been the focus of a depleted team and they continue to work to roll out any glitches which naturally occur following an implementation of this nature.

- ***SEND:*** Partnership with Swindon SEND Families Voices (SSFV) parent/carer forum are strong and were recognised as such by the OFSTED Re-inspection in October 2021.

  Timeliness of EHCP remains a challenge and this area of work is subject to an accelerated progress plan. Performance last year was above national average but there has been a recent performance dip for a number of factors, including continued high demand for assessments.

Investment has been made in two quality assurance tools (Invision 360) and we continue to see a good improvement in the quality of plans being issued, the next area of focus will be the quality of advice being received from professional advice givers.

A framework for quality assurance of the graduated response is being developed and will be launched in summer 2022 (session on this at the SEND Leaders Conference on 21/06/22.

The Schools Inclusion Forum (SIF) has been established with an Executive Board overseeing this area of work.

A DSG Recovery Plan has been developed and this is aligned to the priorities in the SEND and Inclusion (SENDi) Delivery Plan. Swindon has received confirmation from the DFE that it is in the third tranch of LAs in the Delivering Better Value (DBV) programme

There is a strong focus on children with SEND, exclusions and the use of Part-Time Tables.

We are currently working on the Local Area's response to the Governments Green Paper on SEND and Alternative Provision (AP) which is due for submission on 21/07/22.

See also comments above regarding the positive Ofsted and the Care Quality Commission (CQC) local area SEND inspection in the review of the effectiveness of our governance arrangements (an appendix to this report).

- ***Highways:*** Swindon's strategic highway infrastructure programme incurs significant additional costs that are likely to place additional unplanned financial pressure on the Council.

  Post Covid, third party contractors, utilities and statutory undertakers whose input into strategic highway infrastructure schemes is on the critical path, are unable to resource their work, which is holding up scheme progress and completion. This is particularly the case where utility companies are not able to complete their works on a scheme to time, or where statutory consultees are unable to resource their technical input into discharging planning conditions.

  This leads to prolongation of schemes and compensation claims made to the Council by contractors. The responsibility lies with the Council to defend and fund these compensation events regardless of their cause. This places the Council at financial risk if third parties delay our schemes.

  Aligned to this is the Council's own ability to recruit and retain appropriately qualified technical project management resource.

  An Internal Audit into two schemes had been undertaken and measures put in place to ensure that appropriate services are sighted on risk and that an escalation process is in place. External resource has been secured to undertake regular Quantitative Risk Assessments on outstanding schemes and a Consultant Director for Capital Projects has been appointed. Conversations are ongoing with funding agencies around grant flexibilities and additional work is being undertaken to determine flexibilities around S106 funds. New contracts are worded to de-risk future schemes as much as is possible and new strategic schemes are only considered once full life costs are taken into account. No significant new infrastructure projects are to be authorised at the present time.

- ***Delivery of planned Housing capital repairs:*** An Internal Audit review identified that the following key findings:

  The delivery function responsible for procuring and contract managing the Housing Capital programme of works has not succeeded in significantly delivering the agreed programme of works approved by Cabinet, since the service came back in-house in November 2013. Inadequate service capacity and capability within the delivery function has, and continues to be a fundamental contributory cause of under delivery. However at the time of audit, options to resolve this situation are being developed between the Commissioner and the recently appointed Head of Contracts, Assets and Finance, responsible for the delivery function within the new Operations Directorate.

  Due to the significant under delivery of works during the first four years of the current 2017 – 2026 Housing Asset Management Strategy, it is unlikely that the overall objectives can be achieved during the remainder of its life. The Strategy will likely have to be reset to ensure it provides for the requirements of the impending new Decent Homes Standard and a stock condition survey to determine priorities and objectives for the Council's housing stock.

  Governance, programme, project and financial management arrangements in place and operating for the Capital Programme of Works have weaknesses due to their low level of maturity, development and fit with the reset of functions following the service restructure. It is acknowledged that the Director of Operations, Director of Housing and Head of Contracts, Assets and Finance recognise this position and are collaborating to 'Build Back Better' including the development of a new service improvement plan to take this forward. Audit recommendations raised during this review have been proactively adopted including actions to enhance the drafted Housing Capital

  Programme Board terms of reference, which has since been formally agreed and adopted by the Board. An agreed action plan has been agreed with management who have already implemented or are in the process of implementing agreed recommendations.

- ***Recruitment and retention:*** During 2021/2022 there were significant challenges in the recruitment, retention and maintenance of the wider Adult Social Services workforce; this included the social work workforce and that across wider commissioned providers.

  The Covid pandemic contributed to this in respect of the workforce needing to self-isolate and through the direct effect of Covid, however was not solely the reason for the challenges. The pay and terms of conditions for the workforce in the provider market was also a major contributor to the challenges in both recruitment and retention. At points during the year the home care market for example had in the region of 12% of their workforce absent and were not able to recruit to the backfill of the absent posts. There had been an ongoing challenge, not only in Swindon but also nationally, in attracting both permanent and locum social workers.

  The mitigation actions that were taken forward during this period were to work closely with providers to closely monitor and manage the impact whilst also pass-porting various government grants speedily to providers to support absence payments. Maintained contact and close working with providers on developing opportunities to attract people into the workforce were maintained and further developed. In addition government workforce grants were passed to a provider to support Swindon wide recruitment and retention whilst also maintaining the profile of the sector in the job market. The continuous recruitment of social workers rather than in response to specific vacancies was put in place.

An action plan will accompany the final version of the Annual Governance Statement setting out actions to be taken to address the above issues.

Looking back to 2020/21

The review has identified that the following area included in last year's statement has progressed sufficiently for them not to be included in this year's statement:

- ***Youth Justice Service*** **–** An overall refresh of the Youth Justice Strategy has taken place with the identification of new Youth Justice priorities. The Youth Offending Team has been rebranded as the Youth Justice Service (YJS), placing the child first and offence second.

  Senior managers have increased integration between Inclusion and Achievement and Youth Offending. The YJS and Positive Futures Care Leavers Team have implemented a joint panel to review and progress individual young people and their education, employment and training. Further work is in place to strengthen the Education Welfare role in supporting both pre and post 16 year olds to enable expertise in accessing a wide range of education and learning.

  A full staff skills audit has been completed and this has informed the development of the Annual Learning and Development Plan.

  The YJ Strategic Partnership Board (YOT Board) has been strengthened by increased membership – YJS staff members now attend the Board to share their work and participate. Board members have actively engaged in work with YJS staff e.g. Serious Violence Toolkit, reviewing Parenting Orders.

  The YJS now has a quality assurance framework in place with a schedule that includes monthly management auditing and multi-agency thematic audits e.g. remand young people, reoffenders and YRI panel. There is also an annual full external audit of all case work currently taking place – this will inform the improvement plan/self-assessment. There is also a monthly Quality Assurance and Improvement Board (QAPIB) that takes place.

  An Internal Audit completed in June 2019 reported that significant improvements were required. A follow-up review undertaken in March 2022 found a much improved position. The report stated that the Corporate Director: Children's Services demonstrates strong oversight, leadership and engagement with the service in his capacity of Chair for the YJS Strategic Partnership Board and in attending the operational service level Quality Assurance Improvement Board.

  Since the last audit the YJS Team management structure has been temporarily strengthened to develop and embed best practice. A dedicated YJS Service Manager post has been created with an experienced practitioner appointed to support the service improvement journey. They are assisting in shaping service practice to respond to and support achievement of strategic objectives.

Compliance in accordance with a selection of National Standards requirements was found to be good. There was also a good standard of case supervision and management by the YJS management team. This work together with the continuing professional development of YJS staff (as set out in the Swindon YJS workforce development strategy) is progressing well and embedding well informed and joined up 'Strength Based Planning and Child First decisions, to support children and achieve focused approaches to desistance.

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

Auditor's Report

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 on financial statements

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 2022, 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, , 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 2021/22.

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 2022 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 2021/22; 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, as required by the Code of Audit Practice (2020) (“the Code of Audit Practice”) approved by the Comptroller and Auditor General. 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Corporate Director of Finance and Assets’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority or group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor’s opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority or the group to cease to continue as a going concern.

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 2021/22 that the Authority and group’s financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Authority and the group and Authority's disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Corporate Director of Finance and Assets' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Corporate Director of Finance and Assets with respect to going concern are described in the 'Responsibilities of the Authority, the Corporate Director of Finance and Assets and Those Charged with Governance for the financial statements' section of this report.

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 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 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 the 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 in April 2020 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 '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 matters 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, 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 in the Statement of Responsibilities for the Statement of Accounts, 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 2021/22, 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 Authority's and the group'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 and the group 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Authority and determined that the most significant ,which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, The Local Government Act 1972 The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, The Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) and the Local

Government Finance Act 2012 and the Local Government Act 2003 and the Local Government and Housing Act 1989.

- We enquired of senior officers and the Audit Committee, concerning the group and Authority's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority and group's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and revenue recognition. We determined that the principal risks were in relation to the following transactions of the Council:
  - journal entries posted by senior officers; and
  - the significant accounting estimates in the financial statements, including those related to the valuation of property, plant and equipment, the net pension liability and the year-end accruals.
  - the occurrence and accuracy of Fees, Charges, and Other Service Income.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a focus on large and unusual journals and those posted by senior officers;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of valuation of property, plant and equipment, the net pension liability and the year-end accruals.
  - we have evaluated the group's accounting policy for recognition Fees, Charges and Other Service Income; gained an understanding of the authority's system for accounting for this income and evaluated the design of the associated controls. We have agreed, on a sample basis, amounts recognised as income from fees, charges and other service income in the financial statements to supporting documents.
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- Assessment of the appropriateness of the collective competence and capabilities of the group and Authority's engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the local government sector
  - understanding of the legal and regulatory requirements specific to the Authority and group including:

- the provisions of the applicable legislation
- guidance issued by CIPFA, LASAAC and SOLACE
- the applicable statutory provisions.

- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Authority and group’s operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - The Authority and group's control environment, including the policies and procedures implemented by the Authority and group to ensure compliance with the requirements of the financial reporting framework.

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

Matter on which we are required to report by exception – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

Our work on the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Authority’s arrangements in our Auditor’s Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor’s report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2022.

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 issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of ‘proper arrangements’. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor’s Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

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 for Swindon Borough Council for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed our work on the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources and issued our Auditor’s Annual Report,

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2022.

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.

Signature:

Barrie Morris

Barrie Morris, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

Date: 31 March 2023

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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