

AGENDA

Meeting: Cabinet
Place: Alamein Suite - City Hall, Malthouse Lane, Salisbury, SP2 7TU
Date: Tuesday 12 June 2018
Time: 9.30 am

Please direct any enquiries on this Agenda to Will Oulton, of Democratic Services, County Hall, Trowbridge, direct line 01225 713935 or email william.oulton@wiltshire.gov.uk

Press enquiries to Communications on direct lines (01225)713114/713115.

All public reports referred to on this agenda are available on the Council's website at www.wiltshire.gov.uk

Membership:

Cllr Baroness Scott of Bybrook OBE	Leader of Council
Cllr John Thomson	Deputy Leader, and Cabinet Member for Communications, Communities, Leisure and Libraries
Cllr Pauline Church	Cabinet Member for Economic Development and Salisbury Recovery
Cllr Richard Clewer	Cabinet Member for Housing, Corporate Services, Arts, Heritage and Tourism
Cllr Laura Mayes	Cabinet Member for Children, Education and Skills
Cllr Toby Sturgis	Cabinet Member for Spatial Planning, Development Management and Property
Cllr Bridget Wayman	Cabinet Member for Highways, Transport and Waste
Cllr Philip Whitehead	Cabinet Member for Finance, Procurement, ICT and Operational Assets
Cllr Jerry Wickham	Cabinet Member for Adult Social Care, Public Health and Public Protection

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Please see the agenda list on following pages for details of deadlines for submission of questions and statements for this meeting.

The full constitution can be found at [this link](#). Cabinet Procedure rules are found at Part 6.

For assistance on these and other matters please contact the officer named above for details

Part I

Items to be considered while the meeting is open to the public

Key Decisions Matters defined as 'Key' Decisions and included in the Council's Forward Work Plan are shown as 

1 **Apologies**

To receive any apologies for the meeting.

2 **Minutes of the previous meeting** (*Pages 7 - 14*)

To confirm and sign the minutes of the Cabinet meeting held on 15 May 2018, previously circulated.

3 **Declarations of Interest**

To receive any declarations of disclosable interests or dispensations granted by the Standards Committee.

4 **Leader's announcements**

To receive any announcements.

5 **Public participation and Questions from Councillors**

The Council welcomes contributions from members of the public. This meeting is open to the public, who may ask a question or make a statement. Questions may also be asked by members of the Council. Written notice of questions or statements should be given to Will Oulton of Democratic Services by 12.00 noon on Wednesday 6 June 2018. Anyone wishing to ask a question or make a statement should contact the officer named above.

6 **Draft Statement of Accounts and Revenue Outturn 2017/2018** (*Pages 15 - 140*)

Report by Dr Carlton Brand, Corporate Director.


7 **Annual Reports on Treasury Management 2017/2018** (*Pages 141 - 156*)

Report by Dr Carlton Brand, Corporate Director

8 **Delivery of the Digital Strategy - Outline Business Case** (Pages 157 - 192)

 Report from Dr Carlton Brand, Corporate Director.

9 **Outdoor Education Update** (Pages 193 - 202)

 Report by Alistair Cunningham and Terence Herbert, Corporate Directors.

10 **Approval to Dispose of the Freehold Interest** (Pages 203 - 212)

 Report by Alistair Cunningham, Corporate Director

11 **Future of Wiltshire Council's Freehold Assets in Rudloe** (Pages 213 - 228)

 Report by Alistair Cunningham, Corporate Director

12 **Urgent Items**

Any other items of business, which the Leader agrees to consider as a matter of urgency.

13 **Exclusion of the Press and Public**

This is to give further notice in accordance with paragraph 5 (4) and 5 (5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 of the intention to take the following item in private.

To consider passing the following resolution:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Number 14 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

Reason for taking item in private:

Paragraph 3 - information relating to the financial or business affairs of any particular person (including the authority holding that information).

Part II

Items during consideration of which it is recommended that the public should be excluded because of the likelihood that exempt information would be disclosed

- 14 **Future of Wiltshire Council's Freehold Assets in Rudloe (Part II)** (*Pages 229 - 232*)

A confidential appendix to Item 11 is attached.

Our vision is to create stronger and more resilient communities. Our priorities are: To protect those who are most vulnerable; to boost the local economy - creating and safeguarding jobs; and to support and empower communities to do more themselves.

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CABINET

MINUTES OF THE CABINET MEETING HELD ON 15 MAY 2018 AT COUNCIL CHAMBER - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

Cllr Baroness Scott of Bybrook OBE (Chairman), Cllr John Thomson (Vice-Chairman), Cllr Richard Clewer, Cllr Laura Mayes, Cllr Toby Sturgis, Cllr Bridget Wayman, Cllr Philip Whitehead and Cllr Jerry Wickham

Also Present:

Cllr Clare Cape, Cllr Pauline Church, Cllr Jane Davies, Cllr Matthew Dean, Cllr Richard Gamble, Cllr Gavin Grant, Cllr Deborah Halik, Cllr Darren Henry, Cllr Mike Hewitt, Cllr Alan Hill, Cllr Ruth Hopkinson, Cllr Jon Hubbard, Cllr Tony Jackson, Cllr David Jenkins, Cllr Johnny Kidney, Cllr Gordon King, Cllr Edward Kirk, Cllr Steve Oldrieve, Cllr Stewart Palmen, Cllr Graham Payne, Cllr Horace Prickett, Cllr Jonathon Seed, Cllr James Sheppard, Cllr Philip Whalley, Cllr Graham Wright, Cllr Atiquil Hoque and Cllr Christopher Newbury

227 Apologies

Apologies were received from Ian Thorn represented by Ruth Hopkinson

228 Minutes of the previous meeting

The minutes of the meeting held on 24 April 2018 were presented.

Resolved

To approve as a correct record and sign the minutes of the meeting held on 24 April 2018

229 Declarations of Interest

There were no declarations of interest.

230 Leader's announcements

The Leader made the following announcements:

231 Public participation and Questions from Councillors

The Leader outlined the approach taken to public participation encouraging representations to be made under the item for debate. There were no representations made from members of the public regarding items not on the agenda.

Councillor Jerry Wickham stated, in response to a question from Councillor Gordon King regarding the recent ombudsman report, his regret and that the council had apologised. He also noted that a report would be coming to the Cabinet in July and that this would be available to the public.

232 **Special School Provision in Wiltshire**

Councillor Laura Mayes presented the report which: provided an update on the work done, and being undertaken to secure the future of special school provision in Wiltshire; sought to confirm the next steps in relation to setting out parameters for development, securing capital funding and progressing change; and sought to confirm authority for preliminary consultation on the future pattern of Wiltshire special schools in the context of its 2015-18 Special Educational Needs (SEN/SEND) Strategy.

In making her presentation, Councillor Mayes emphasised that no decision had yet been made regarding a preferred options or options, and that the results of the consultation would be reported to Cabinet in September.

At the invitation of the Leader, Councillor Jon Hubbard, in his capacity as Chair of the Children's Select Committee presented the interim report of the task group. He outlined the extensive work undertaken the group, drawing particular attention to recommendation one and the need for a strategy for SEND across the whole county. He also thanked officer, stakeholders and councillors for their contribution and engagement in the review, and specifically praised the contribution from the two co-opted members John Hawkins and Jen Jones.

Further matters highlighted in the course of the presentation and debate included: the progress made in the review since the meeting in November; the vision in Wiltshire for Special Education and the focus on providing the most equitable and best outcome; the additional places required to meet demand; the imbalance between the north and the south of the county; the decisions already made to amend provision and the further options to require continued consultation; the good engagement from schools and parents in the review.

Representations were received from the following members of the public.

Stuart Hall, from the Wiltshire Parent Carers Council, stated that: thanked the council for their commitment and for the work undertaken to address the shortage; recognised that feedback from parents had been taken into account and welcomed the collaborative approach being developed; expressed concern over the lack of places for those with needs; stated that specialist provision, within a mainstream setting, is sometimes preferred so that children stay closer to their families and communities; expressed the desire to see more integrated therapies; that investment in the right staff and equipment was important; the desire to involve families in the design of new facilities; expressed disappointed that progress has not been as swift as desired, but welcomed the opportunity to meet the aspirations for the education.

Mike Loveridge, Headteacher Rowdeford School stated that: he was pleased with the progress that has been made and encouraged by many of the proposals; that some recommendations would enable special schools to share best practice with mainstream schools; expressed concern that Rowdeford had been marginalised in the proposed solutions; emphasised the work undertaken to extend the provision and develop its approach for providing an enhanced environment; the importance of good environments on mental health; and emphasised that barriers for development could be overcome.

Phil Cook, Headteacher Larkrise School stated: the importance of engaging with the wider community to engage pupils meaningfully with their peers; expressed concern that some of the proposed solutions may not best meet the needs of children; and emphasised the importance of transport issues.

Ros Way, Headteacher St Nicholas School, stated: that she was pleased with the amount of evidence that had been collated to develop both the Cabinet and the Scrutiny report; welcome the investment being proposed; emphasised the importance of taking account of social inclusion of children with special needs; the importance to the collaborative approach taken to working with mainstream schools; the importance of continued development of the approach to assessing need; expressed concerns as to the future of post-16 provision and specific facilities such as the hydro-pool.

Sarah Busby, Executive Headteacher Magna Learning Partnership, expressed concern that issues in the south of the county had not been adequately considered.

Councillor Steve Oldrieve stated that: he was pleased to see progress and that some concerns have been addressed; expressed concern that having too centralised a provision may mean children would not be a full part of their local communities.

Councillor Graham Payne praised the quality of the provision in the county's schools and emphasised the importance on building upon these foundations to meet the needs of growing towns such as Trowbridge.

Councillor Mayes stated, in response to a question from Councillor Payne, that best practice was shared with neighbouring authorities such as Swindon but that there were legal and financial barriers that made more extensive collaboration difficult.

Councillor Ruth Hopkinson stated that: she recognised the commitment from the Leader and the cabinet Member; endorsed many of the comments made in the debate; shared some concerns that not all children with additional needs are being assessed quickly enough; emphasised concern that an over-centralisation of facilities including the impact on the cost of transport and the negative impact on children having to undertake excessive travel; and the long-term impact of lack of social inclusion for children schooled far from their home.

Councillor Mayes stated, in response to a question from Councillor Hopkinson, that funding was allocated by central government and not a decision made locally; and that state school provision was almost always preferable for the child and a better use of budget. She also emphasised that no decisions have been made and will listen carefully to alternate views made in the consultation.

Councillor Mayes stated, in response to a question from Shelley Whitehead - Lockhouse consultancy, that she was aware of the formal complaints raised about the operational decision made, and that officers were responding to this. The Leader asked that the Cabinet Member and officers meet, as appropriate, with representatives to address the issues raised in the complaint.

In his personal capacity, Jon Hubbard encouraged all involved in the review to be mindful that some decisions made will inevitably upset some people, and that all should welcome an honest debate about the realistic solutions, emphasising the need to balance the needs of the children and young people and what can be afforded and delivered.

Leader thanked Mr Hubbard for his comments. She went on to state that as a mother of a daughter with special needs she recognised this this was a highly emotive issue. She emphasised the need for a collaborative approach to develop the change required.

At the end of the debate, the Cabinet;

Resolved

- a) To thank special schools and stakeholders for their contributions to development work noted in the report.**
- b) To recognise the achievements noted in the report for the future pattern of Wiltshire special schools in the context of its 2015-18 Special Educational Needs Strategy: namely, what is being developed in the south of the county and what is working well in the north.**
- c) With a focus on the need to build capacity for cognitive needs in the north, to enter into a pre-statutory consultation phase on the options in the report:**
 - i) to develop a single school for cognitive needs at Chippenham, Trowbridge or Rowde**
 - ii) to develop/continue schools in two of those locations, or**
 - iii) to develop/continue three schools in Chippenham, Trowbridge and Rowdeford with provision moving from the current St Nicholas, Larkrise and Rowdeford sites or not, according to the particular case, and only when new provision is operational;**

- d) That the results of that consultation be brought back to cabinet to determine any further action, including the possibility of publishing statutory notices for formal consultation on any specific proposal arising from the pre-statutory consultation.**

Reason for Decision:

It is appropriate to recognise successful developments and practice in the whole arena of Wiltshire's special education and special schools Action is needed to make appropriate provision for pupils with special educational needs and to avoid a long-term budget problem. To ensure due process and transparent consideration of next steps. To secure the right pattern of special schools for the long-term future.

233 Wiltshire Housing Site Allocations Development Plan Document - Proposed Submission Materials

Councillor Toby Sturgis presented the report which: provided an update on the outcome of the formal consultation on the 'Wiltshire Housing Site Allocations Plan - Pre-submission draft plan (June 2017)'; sought Cabinet's recommendation to Council that the Plan, together with the schedule of Proposed Changes, should be approved for the purposes of submission to the Secretary of State and commencement of the independent Examination process; and sought delegated authority to make appropriate arrangements for submitting the prescribed documents and supporting materials to the Secretary of State; and respond to any consequential actions as directed by the Inspector relating to the Examination.

Matters highlighted in the course of the presentation and debate included: how the plans fit with the core strategy; the need to submit evidence of a five year housing land supply; the national policy context and the drive from central government to encourage more housebuilding; the formal and informal consultations already undertaken and the decision of Cabinet already made; the need to submit the plan to the Secretary of State to commence the independent examination by an inspector (with examination in public in the autumn), and that a final decision would be made by Council following recommendations of the inspector examining the plan; the changes that have been made as a result of consultation and assessments; how changes in national policy on issues such as density had been taken into account; the comprehensive nature of the evidence; that some settlements had not been included as they had already met their housing allocation; that around 3000 comments had been taken into account; the difficulty in balancing the needs of national policy and housing demand and neighbourhood plans, and the respective weight that can be given in decisions; the assistance the council can give to supporting those plans in their development; that every objection and representation will be sent to the Secretary of State that will be considered by the inspector; and that the secretary of state can take action if a sound plan is not in place.

The Leader drew attention to the questions and statements responded to in the supplement, and gave those in attendance an opportunity to present further questions and statements.

The Leader stated, in response to specific concerns raised by Graham Hill, that she would ask officers to meet with him to seek to address the issues he had raised in his complaint.

The Leader stated, in response to a supplementary question from Geoff Whiffen, that the Cabinet represented the county as a whole and that it was not practical to have representatives from every community on there, but emphasised that views from all communities are listened to; and that a written response would be given as to the breakdown of support and objection to the specific site mentioned.

Councillor Sturgis, in response to a question from David Goodship, that a distinction had to be made between matters to be dealt with as a matter of policy/strategy and those which would be dealt with regarding a specific development control planning application.

Councillor Sturgis, in response to a question from Mr Williams, that whilst the development of brownfield sites is welcomed, it is sometimes the case that they are not viewed as being deliverable in the time period required. With regard to greenfield sites, larger sites can include sufficient landscaping and open space that can provide mitigation against the loss of greenfields and avoid coalescence between settlements.

Councillor Sturgis, in response to a question from Carol Part, stated that he was aware that the Market Lavington Neighbourhood Plan was in development and that officers had been supporting its development.

Councillor Sturgis, in response to a question from Mr Slater – Reynolds, stated that he would respond to the specific issues raised regarding his site if he would send him a copy of his statement.

Councillor Sturgis, in response to a question from Councillor Richard Gamble, that the case law was clear that Neighbourhood Plans have to be sufficiently progressed to be able to be given due weight, and that the council had a duty to present a sound plan to the inspector.

Councillor Sturgis, in response to a question from Lance Allen of Trowbridge Town Council, reiterated the position with regard to the deliverability of brownfield sites, but stated that he would be happy to work further with the Town Council to further assess sites emphasising the need to propose a sound, deliverable plan.

Councillor Sturgis, in response to a question from Cllr Roger Evans of North Bradley Parish Council, that he recognised that neighbourhood plans formed an important part of the process and that he believed that, with sufficient landscaping, the development of greenfield sites need not be at the expense of the protection of rural communities from coalescence with urban communities.

The Leader asked that officers work with North Bradley and Market Lavington communities to help progress their Neighbourhood Plans as far as was practicable ahead of the next stage.

Councillor Sturgis, in response to a question from Roger Bunting, stated that the example given by Mr Bunting was in relation to a small number of changes made to one small policy area, and the table of changes included in an appendix to the report detailed the much more extensive areas of amendment made in response to the consultation.

Councillor Sturgis, in response to issues raised by Councillor Horace Prickett, stated that neighbourhood plan groups would continue to receive support.

The Leader stated, in response to issues raised by Councillor Graham Payne, that Cabinet will consider carefully how to address the concerns raised about how best to protect the community interests in playing fields.

Councillor Sturgis, in response to a question raised by Councillor Graham Wright, stated that an additional site had been included in Salisbury following its reassessment.

The Leader stated, in response to issues raised by Councillor Steve Oldrieve, that the plan was intended to protect against speculative development.

At the conclusion of the debate, the Leader proposed that consideration of the plan be deferred, with a view to making a recommendation to the July meeting of Council rather than to May.

In making her proposal to defer consideration of the matter, the Leader asked officers to circulate a briefing note stating that the decision had been deferred to provide councillors with more time to fully consider the documents prepared by officers, and specifically, the Schedule of Proposed Changes to the plan. Cabinet considered that this should also be made available to Parish and Town Councils.

Resolved

To defer consideration of the draft Wiltshire Housing Site Allocations Plan to the July meeting of Cabinet.

Reason for Decision:

To provide councillors with more time to fully consider the documents prepared by officers, and specifically, the Schedule of Proposed Changes to the plan.

234 Exemption Request – Extra Care Housing and Housing Related Support

Councillor Jerry Wickham presented the report which requested approval to award the following contracts, under an exemption, to the incumbent providers, Mears Care, Somerset Care at Home, Salisbury City Almshouse, Knightstone, Habinteg Housing, Stonewater Housing, as outlined in the report; and requested that Cabinet delegates authority to the Corporate Director with responsibility for Adult Care to approve the award of contracts within the approved budget.

Councillor Wickham stated, in response to Brian Warwick, that the extensions would be for 12-18 months to provide continuity and to allow more time to undertake proper consultation with users to come back with further recommendations.

Councillor Graham Wright and Councillor Gavin Grant stated that the Health Select Committee had been informed of the proposals, which had received broad support, and that further input from the Select Committee would be welcome once further proposals had been developed.

Resolved

- 1) **To award the following contracts, under an exemption, to the incumbent providers, Mears Care, Somerset Care at Home, Salisbury City Almshouse, Knightstone, Habinteg Housing, Stonewater Housing:**
 - **Extra Care Housing: care and support contracts for 4 existing ECH schemes**
 - **Housing Related Support: 8 contracts for sheltered housing schemes across Wiltshire (covered by the Help to Live at Home (HTLAH) providers)**
 - **Housing Related Support: 4 additional schemes with individual agreements (outside of HTLAH)**

- 2) **To delegate authority to the Corporate Director with responsibility for Adult Care to approve the award of contracts within the approved budget**

Reason for Decisions:

As part of the Adult Social Care Transformation programme the Council is changing the way it commissions domiciliary care. Notice has been given on the current HTLAH block contracts with a new type of contract being tendered in May 2018.

The HTLAH block contracts also cover the following service provisions:

- *Care and Support for 4 Extra Care Housing Schemes*
- *Housing Related Support*

These services are distinct from the domiciliary care services and there is potential to reshape them to provide better outcomes for customers and better value for the Council. This will need to be undertaken as a separate piece of work to the domiciliary care tender and it is important that during this time the current service is maintained to give customers consistent support.

235 **Urgent Items**

There were no urgent items.

(Duration of meeting: 9.30 am - 12.55 pm)

These decisions were published, earlier, on the 21 May 2018 and will come into force on 30 May 2018

The Officer who has produced these minutes is Will Oulton of Democratic Services, direct line 01225 713935, e-mail william.oulton@wiltshire.gov.uk
Press enquiries to Communications, direct lines (01225) 713114/713115

Wiltshire Council

Cabinet

12 June 2018

Subject: Revenue and Capital Outturn 2017/18 and Statement of Accounts

Cabinet Member: Cllr Philip Whitehead - Cabinet Member for Finance, Procurement, ICT and Operational Assets

Key Decision: No

Executive Summary

This report is to advise Cabinet of the final (unaudited) General Revenue Fund (GRF), Housing Revenue Account (HRA), and Capital outturn positions as at 31 March 2018 for the financial year 2017/18 together with the resulting reserves position.

The General Fund is reporting an unaudited expenditure of £310.941 million against budget of £311.351 million, which results in an underspend of £0.410 million; this is after transfers to earmarked reserves (paragraph 43 of this report). This is an improvement from the forecast position at period 9, although is in line with the projections of the Section 151 Officer. Overall this outturn means that reserves are in line with requirements.

The Housing Revenue Account was originally projected to return £0.592 million to HRA reserves. The final unaudited outturn position is an underspend of £0.951 million. Additionally, there was a planned draw of £6.762 million from reserves to help support the HRA new build programme. This results in an overall draw from reserves of £5.219 million.

The current Capital programme budget for 2017/18 is £144.097 million. Actual spend on schemes as at 31 March 2018 was £109.098 million. This represents a net variance of £34.999 million

The Council is required to produce an Annual Statement of Accounts. The national reporting requirements set out that the Accounts are prepared in accordance with a single set of standards for public and private sector bodies. As local authorities are funded from local and national taxation there are a number of technical adjustments made to the Comprehensive Income and Expenditure Account to ensure that consistency. These adjustments mean there is a different reporting position from the outturn. A reconciliation statement, the Expenditure Funding Analysis (EFA) ties this to the Outturn report.

Proposal

Cabinet are asked to note:

- a) the outturn for the General Revenue Fund and HRA, subject to external audit, of a General Fund underspend of £0.410 million and an HRA underspend of £0.951 million and planned draw from reserve of £6.762 million. This gives an overall draw from HRA reserves of £5.811 million.
- b) transfers to the General Revenue Fund and Earmarked reserves, as set out in Sections 38-43 of the report, and return to HRA reserves.
- c) the unaudited Statement of Accounts for 2017/18.

Cabinet are asked to approve:

- d) The position of the 2017/18 capital programme at Outturn (31 March 2018) including highlighted budget changes.

Reasons for Proposals

As part of its role in ensuring sound financial management and financial soundness, Cabinet are required to assess and note the final revenue outturns for 2017/18 and assess any impact on the longer term financial standing of the Council.

Ian Duncan
Interim Director, Finance / Chief Finance Officer

Wiltshire Council

Cabinet

12 June 2018

Subject: Revenue and Capital Outturns 2017/18 and Statement of Accounts

Cabinet Member: Councillor Philip Whitehead, Cabinet Member for Finance, Procurement, ICT and Operational Assets

Key Decision: No

PURPOSE OF REPORT

1. To advise Cabinet of the (unaudited) General Revenue Fund and Housing Revenue Account outturn positions for financial year 2017/18, as well as the position for the Collection Fund and Reserves.
2. To provide Cabinet with oversight of the unaudited Statement of Accounts, including the narrative report.

SUMMARY

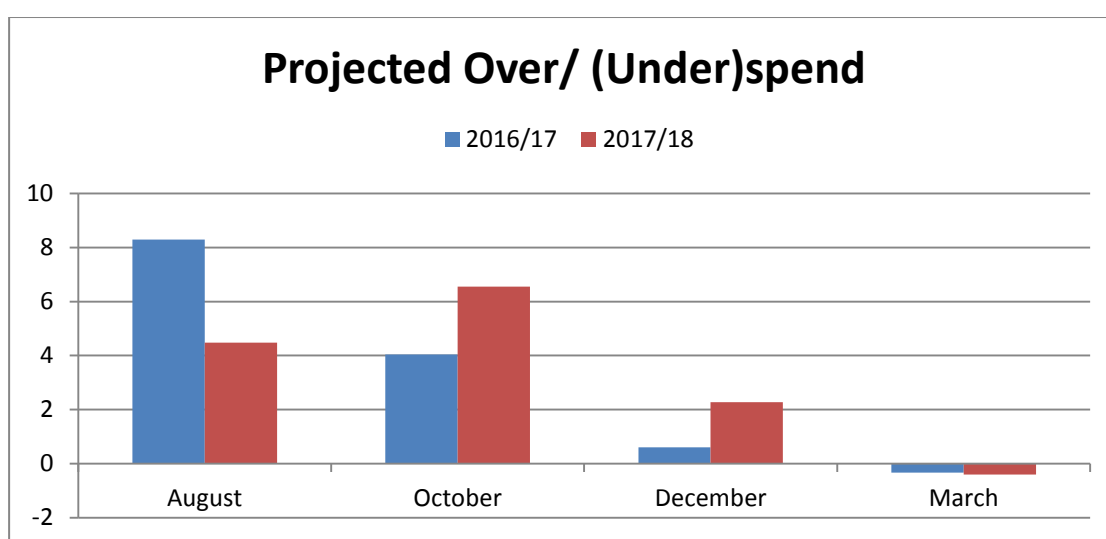
3. The final outturn position is as follows:

	Revised Budget £ million	Outturn Position for Year £ million	Overspend/ (Underspend) for Year £ million	Overspend/ (Underspend) reported at period 9 £ million	Movement since period 9 £ million
General Fund Total	311.351	310.941	(0.410)	2.276	(2.686)
Housing Revenue Account (before capital drawdown)	(0.592)	(1.543)	(0.951)	0.000	(0.951)

4. The final unaudited outturn position on the general revenue fund is an underspend of £0.410 million, this is after the various contributions to reserves as set out below. This represents an improvement of £2.686 million on the budget monitoring position reported to Members for period 9, although is in line with the forecast reported by the Section 151 Officer to Council in February 2018. The reasons for the changes are set out in the following section of this report.
5. The HRA was originally projected to return £0.592 million to HRA reserves. The final unaudited outturn position on the HRA is an underspend of £0.951 million. Additionally, there was a planned draw of £6.762 million from reserves to support

the HRA new build programme. This results in an overall draw from reserves of £5.219 million.

6. The outturn is summarised by service area in Appendix C. Commentary on the larger variances are given in the following sections.
7. The graph below shows how the forecast outturn position has changed between budget monitoring reports to Cabinet during the year, compared to last year. The graph shows a clear improvement in the position towards the end of the financial year. This trend is similar to previous years, where potential overspends have been flagged in monitoring reports, and managerial action has been taken to bring figures back in line by the end of the year.



8. The outturn shows an improvement on figures in the medium term financial plan, which will be updated to reflect this during the budget setting process for 2019/20. The General Fund Reserve stands at £12.944 million; after allowing for planned withdrawal in 2019/20 this is in line with the minimum requirement set by the Council in February.
9. The Statement of Accounts is also appended to this report as appendix I.

Statement of Accounts (unaudited)

10. The Council is required to prepare an annual Statement of Accounts and to arrange for them to be audited and reported in accordance with the Accounts and Audit Regulations 2015 and the 2017/18 Code of Practice on Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Statement of Accounts present the overall financial position of the Council reflecting the outturn position above.

11. The following table shows the technical adjustments between the Management Accounts, which are reported to members quarterly and Technical Accounts, which comply to a single set of standards for public and private sector bodies. As local authorities are funded from local and national taxation there are a number of technical adjustments which do not impact on the General Fund balance. This identifies £86.495 million of technical adjustments:

	Net Expenditure Chargeable to the General Fund & HRA Balances £000	Adjustments between Funding and Accounting Basis (see note 13) £000	Net Expenditure in the Comprehensive Income & Expensive Statement £000
General Fund Services			
ASC Operations - Access & Reablement	52,024	1,664	53,688
Learning Disability & Mental Health	65,189	868	66,057
Public Health & Protection	1,739	1,557	3,296
Commissioning	20,497	230	20,727
Family & Children Services	57,759	2,835	60,594
Education & Skills	714	17,122	17,836
Economic Development & Planning	2,542	12,075	14,617
Highways & Transport	29,469	9,678	39,147
Waste & Environment	36,599	1,441	38,040
Housing & Commercial Development	15,370	13,567	28,937
Communities & Communications	6,720	6,757	13,477
Corporate Services & Digital	14,823	2,002	16,825
Finance	5,290	800	6,090
Legal & Democratic	5,144	478	5,622
Human Resources & Org Development	3,483	405	3,888
Corporate Directors	3,049	66	3,115
Corporate	(9,470)	14,453	4,983
Net Cost of Service General Fund	310,941	85,998	396,939

12. The Technical adjustments are then examined further in note 13 to the Statement of Accounts and reflect changes for pensions, depreciation and other factors such as PFI transactions that do not impact on council tax funding:

General Fund Services	Adjustments for Capital Purposes (Note 13a) £000	Net change for the Pension Adjustments (Note 13b) £000	Other Differences (Note 13c) £000	Total Adjustments £000
ASC Operations - Access & Reablement	646	1,016	2	1,664
Learning Disability & Mental Health	203	654	11	868
Public Health & Protection	1,029	516	12	1,557
Commissioning	0	232	(2)	230
Family & Children Services	233	2,601	1	2,835
Education & Skills	16,084	1,966	(928)	17,122
Economic Development & Planning	11,284	788	3	12,075
Highways & Transport	8,996	677	5	9,678
Waste & Environment	804	644	(7)	1,441
Housing & Commercial Development	14,825	436	(1,694)	13,567
Communities & Communications	5,622	1,156	(21)	6,757
Corporate Services & Digital	991	985	26	2,002
Finance	0	803	(3)	800
Legal & Democratic	5	487	(14)	478
Human Resources & Org Development	35	372	(2)	405
Corporate Directors	0	65	1	66
Corporate	3	376	14,074	14,453
Net Cost of Service	60,760	13,774	11,464	85,998

13. The draft accounts were signed by the Chief Finance Officer on 31 May 2018, in line with the statutory deadline.
14. The draft Statement of Accounts is then subject to audit by the Council's appointed auditors (KPMG) before the final set is brought to the Audit Committee for final approval. This adoption process ensures that there is external independent scrutiny of the figures in the Statement of Accounts before they are brought to the Audit Committee. Under the constitution, in Wiltshire the Statement of Accounts are adopted by the Audit Committee.
15. The Statement of Accounts will be taken to the Audit Committee on 24 July 2018. This is ahead of the revised Statutory Deadline of 31 July.
16. The draft Statement of Accounts is attached as appendix I.

GENERAL FUND MONITORING DETAILS

17. The overall outturn position by service areas is set out in Appendix C.
18. A summary of the Service Area movements from period 9 monitoring are set out in Appendix D. As with reports during the year, this report focuses on service areas with large variances at year end.

Adult Social Care Operations and Commissioning - net £0.261 million overspend; 0.2% of revised net budget

19. The overall service level outturn for Adult Care Services (older people, learning disabilities, mental health and commissioning) shows a balance of under and overspends. Overall the total net budget for these services is reporting a small overspend of £0.261 million or 0.2%. This is an increase of the overspend (£0.133 million) forecast previously. A full budget re-alignment has been undertaken for the start of the financial year 2018/19 to rebase and realign the budget to projected activity so that services have the correct budget to run their service.

Children's Commissioning £0.604 million underspend; (11.9%) of revised net budget

20. The main reason for the underspend is a one off adjustment from the previous year in relation to Children's Centres (£0.350 million) and an increase in the payment by results element of Troubled Families Grant over the budgeted amount (£0.098 million), both of these are one off items.

Children's Social Care £1.038 million underspend; (2.7%) of revised net budget

21. There have been vacancies in the new Support & Safeguarding Service amounting to £0.682 million. Non-social work vacancies were held in the early part of the financial year prior to the implementation of the new structure. Since October recruitment to all new posts and the continual social worker recruitment and this level of underspend is not expected to continue into 2018/19. Use of agency staff, which has been a pressure in previous years, has been significantly reduced in 2017/18 and attempts to recruit agency staff to cover social work vacancies has been a regional challenge.

0-25 Service: Disabled Children & Adults £1.600 million overspend; 8.8% of revised net budget

22. This is consistent with the position that has been reported throughout the year. Pressures arise from increased cost of packages of care for children and young people with disabilities and from the cost of home to school transport for pupils with special educational needs. These pressures have been recognised in the 2018/19 budget.

Environmental Services £0.812 million overspend; 20.7% of revised net budget

23. Income from Markets was previously forecast to be £0.100 million under, which has been addressed as part of 2018/19 budget setting process. Outturn did not meet this projection and was £0.168 million underachieved as market traders struggle to compete. We continue to monitor income closely in 2018/19. Ultimately, we would seek to transfer markets to Town Councils.
24. Fleet outturn was £0.734 million over budget and is put down to the cost of maintaining ageing waste collection vehicles and other fleet vehicles. A total of 75 new vehicles have been purchased under the new waste collection contract so the fleet service should benefit from reducing maintenance costs as a consequence. A review of this budget will be undertaken during the year.

Libraries, Arts, Heritage & Culture £1.098 million net overspend; 26.4% of revised net budget

25. Arts, Heritage & Culture is overspent due to a combination of historic savings targets, the most significant being:
- £0.240 million relates to Salisbury City Hall, an historic savings target that relates to additional income. Plans are in development to improve income generation, including redecorating the atrium space; the provision of new bleacher seating (health and safety requirement); review of potential ancillary sales; review of third party advertising and; room hire opportunities. This should enable the service to deliver this in 2018/19.
 - £0.075 million relates to 2017/18 saving proposal to review the provision of the Melksham Lunch Club. This has been undertaken and will be achieved as part of the delivery of the final phase of the campus programme.
 - £0.300 million relates to corporate saving on establishment and a change in capitalisation. A restructure has been costed and proposed that delivers the full year's savings but due to timings this could not be delivered 2017/18. This saving will be delivered for future years.
 - £0.200 million relates to historic communities savings, which has been addressed as part of 2018/19 budget setting process.

Corporate £2.983 million net underspend; (46.0%) of revised net budget

26. Corporate as a whole is reporting a underspend of £2.616 million. This is a change of £0.788 million reported at Period 9. The main reasons for the variance are:
- Final spend on financing capital expenditure in 2017/18 was £17.655 million against a budget of £23.999 million; an underspend of £6.344 million, of which £3.275 million has been used to create an earmarked capital financing reserve. This leaves an underspend of £3.069 million on Capital Financing. This underspend is due to the review of the Minimum Revenue Provision (MRP)

(money set aside for the repayment of debt) in 2017/18, as approved in February 2018.

- Restructure & Contingency shows an “overspend” of £4.077 million. The main areas of year end variance relates to three transfers to earmarked reserves: £1.4 million to the enabling fund; £1.3 million waste; and £0.5 million for development of the Local Plan. The remaining overspend is sundry corporate costs.
- General Government Grants shows an underspend of £1.645 million, This is due to additional government grant received in year, partially offset by an additional contribution to the Enabling Fund earmarked reserve.
- Corporate levies at outturn show an underspend of £2.353 million. This is mainly due to additional £2.054 million solar farm income which was received through business rates at the end of the year, including back dating. Under the Business Rates Retention Scheme, the Council is able to retain all business rates received in respect of renewal energy schemes.

HOUSING REVENUE ACCOUNT

27. The HRA is underspent by £0.951 million before the revenue contribution of £6.762 million to capital for the Council’s new build programme. This gives an overall draw from reserves of £5.811 million.
28. This improved position is a result of efficiencies identified during the year in relation to structures, removing duplication and improving processes.
29. There was also a significant decrease in the volume of responsive repairs as a result of the investment undertaken in last two years in planned cyclical repairs and maintenance.

CAPITAL OUTTURN

30. The original budget for 2017/18 was presented to the Council as part of the budget meeting on 21 February 2017. Since that date there have been a number of changes to the budget for 2017/18, largely due to reprogramming of budget to 2018/19 and also to reflect additional funding being available. The changes to the budget since it was last amended in the Period 9 monitoring report are summarised in the table that follows, a fuller breakdown of the changes made at a scheme by scheme level is attached as Appendix E.

Summary of Budget Amendments from Period 9 Budget to outturn Budget (as at 31 March 2018)

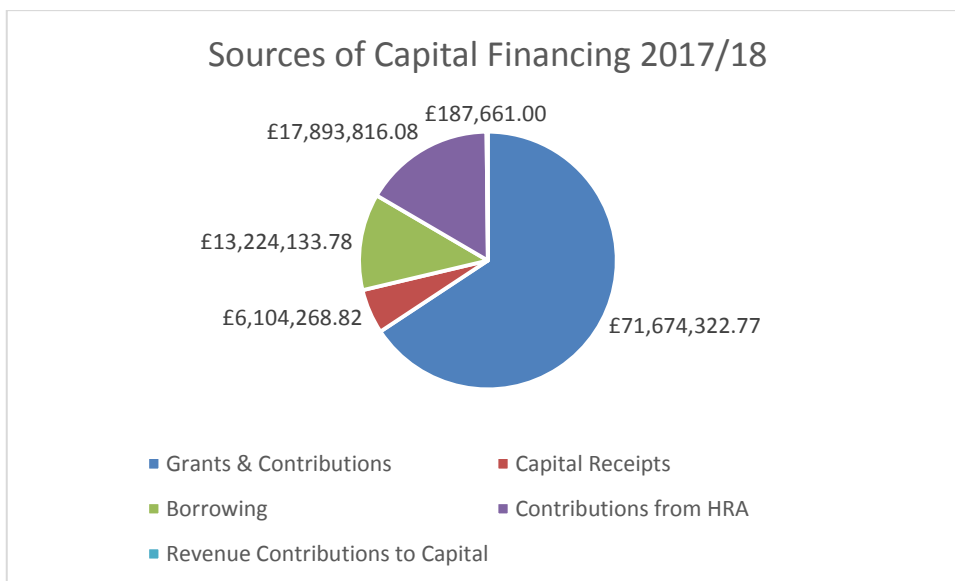
Capital Budget Movements	£m	Further information
Budget Period 9 2017/18	136.941	Appendix E

Additional Budgets added to Programme	7.816	Appendix E
Budgets Reprogrammed from 2017/18 to 2018/19	(0.660)	Appendix E & F
Final Budget 2017/18	144.097	

31. The budget additions shown above largely reflect increases in funding being available and brought into the programme under the Chief Financial Officer delegated authority. They largely comprise additional grants from Central Government, Section 106 contributions and other contributions used to finance capital spend within the capital programme. Further information on the budget movements at an individual scheme level is shown in Appendix E and in further detail in Appendix F.
32. The budgets that have been reprogrammed into 2018/19 are shown in further detail in Appendices E and F, with the higher value amounts also explained in the narrative for schemes in Appendix G.

Summary of Capital Position as at 31 March 2018

33. The current budget for the year 2017/18 is £144.097 million. Actual spend on schemes as at 31 March 2018 was £109.098 million. A full breakdown of these figures is attached in Appendix E. This represents a net underspend for the 2017/18 financial year of £34.999 million.
34. The final position of the capital programme includes £0.131 million of overspent schemes and £0.084 million of underspent schemes.
35. A total of £0.660 million has been reprogrammed from 2017/18 into 2018/19 as part of this report to match planned expenditure.
36. The reprogramming of capital budgets is reflected in the outturn position of the revenue budget for capital financing
37. The Council has financed £109.084 million of capital expenditure in 2017/18. When financing, the Council prioritises utilisation of capital grants, contributions and capital receipts in order to minimise the need for borrowing. Where there is a requirement for borrowing, the Council will internally borrow in the first instance in order to avoid external interest payments. The following chart summarises the sources of capital financing in 2017/18. Further information on the financing of the capital programme along with updates on the capital receipts received during 2017/18 are summarised in Appendix G.



Reserves

38. The tables below shows the year end outturn position on the general revenue fund balance and estimated earmarked reserves held by the Council.
39. As there is an overall improvement in the outturn position from that reported at period 9, subject to audit, this means that the year end balance on the General Revenue Fund reserves is slightly improved against the forecast to Council in February 2018.
40. The movements on the general revenue fund reserve has been reflected in the figures in this report.

General Fund Reserve	£ million
Balance as at 1 April 2017	(12.534)
Underspend for year 2017/2018	(0.410)
General Fund Balance 31 March 2018	(12.944)

41. There is a planned draw of £0.9 million draw on general fund reserves as approved at 2018/19 budget setting. This would leave general fund reserves at a forecast of £12 million at 31 March 2019.
42. In addition to General Revenue Fund Reserves, the Council also has a number of ringfenced earmarked reserves. These are held for specific reasons. Earmarked Reserves are reviewed regularly as part of closedown process.
43. A full listing of earmarked reserve movements during the year including the carried forward balances is included as Appendix H. These movements are all included in the outturn figures and associated appendices.

Safeguarding Implications

44. None have been identified as arising directly from this report.

Public Health Implications

45. None have been identified as arising directly from this report. A return has been submitted to Government confirming that the Public Health grant was fully discharged on expenditure relating to Public Health.

Corporate Procurement Implications

46. None have been identified as arising directly from this report.

Equalities Impact of the Proposal

47. No equality and diversity issues have been identified or arising from this report.

Environmental and Climate Change Considerations

48. Wiltshire Council is now included in the Carbon Reduction Commitment (CRC); the UK's mandatory climate change and energy saving scheme. The objectives of the scheme are to improve energy efficiency and reduce carbon dioxide emissions. It is calculated that 79% of the Council's carbon footprint comes from energy use in buildings. Capital schemes therefore have the potential to greatly increase or decrease carbon emissions, for example schemes making council buildings more energy efficient will reduce the Council's carbon footprint. There are no direct impacts of this report, however there are a number of schemes in the capital programme that are planned to enable energy efficiency benefits for the council.

Legal Implications

49. None have been identified as arising directly from this report.

Risk Assessment

50. During the year, the Council has faced significant service financial pressures. Actions to manage these pressures have been agreed previously and work has been undertaken to manage the financial position.

51. The Council has identified in its corporate risk register various elements which have been covered in previous monitoring reports, most notably the impact the current economic climate has on the Council's finances.

52. The capital budget for 2017/18, as detailed in this report, has been revised to £144.097 million. Within any capital programme there are a number of potential risks such as from cost overruns or lower than expected levels of capital receipts. Such issues will be highlighted as soon as they establish themselves through the quarterly reporting process. Members may wish to bear in mind that the capital

programme has been set for four years and therefore risks will be appraised over the whole period.

Financial Implications

53. These have been examined and are implicit throughout the report.

Proposals

54. Cabinet are asked to note:

- a) the outturn for the General Revenue Fund and HRA, subject to external audit, of a General Fund underspend of £0.410 million and an HRA underspend of £0.951 million and planned draw from reserve of £6.762 million. This gives an overall draw from HRA reserves of £5.811 million.
- b) transfers to the General Revenue Fund and Earmarked reserves, as set out in Sections 38-43 of the report, and return to HRA reserves.
- c) the unaudited Statement of Accounts for 2017/18.

Cabinet area asked to approve:

- d) The position of the 2017/18 capital programme as at Outturn (31 March 2018), including highlighting budget changes.

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Report author: Matthew Tiller, Chief Accountant

Appendices:

Appendix A: Revenue Budget Movements 2017/18
Appendix B: Service Area Movements 2017/18
Appendix C: Detailed Service Area Budget Statements
Appendix D: Outturn Variance Movements
Appendix E: 2017/18 Capital Programme Budget Movements and final spend
Appendix F: Delegated authority for budget movements
Appendix G: Funding of the capital programme
Appendix H: Movement on Earmarked Reserves 2017/18
Appendix I: Statement of Accounts 2017/18 (unaudited)

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Appendix A: Revenue Budget Movements 2017/18

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Service	Original Budget	Structural Changes	Revised Original Budget	In Year Virements to Period 4	Revised Budget Period 4	In Year Virements to Period 7	Revised Budget Period 7	In Year Virements and structural changes to Period 9	Revised Budget Period 9	In Year Virements and structural changes to Period 13	Revised Budget Outturn	Major Virements See Appendix B
	£m		£m	£m	£m	£m	£m	£m	£m	£m	£m	
ASC Operations - Access & Reablement												
Adults 18+	61.774	0.000	61.774	(0.600)	61.174	0.490	61.664	(9.487)	52.177	(0.030)	52.147	
ASC Operations - Continued Support												
Mental Health	22.590	0.000	22.590	0.000	22.590	0.671	23.261	(4.827)	18.434	(0.258)	18.176	*
Learning Disabilities	42.188	0.000	42.188	0.118	42.306	1.918	44.224	0.708	44.932	(0.587)	44.345	*
Public Health & Protection												
Public Health Grant	0.000	0.000	0.000	(0.750)	(0.750)	0.000	(0.750)	0.000	(0.750)	0.019	(0.731)	
Other Public Health & Public Protection	2.314	0.000	2.314	0.000	2.314	0.000	2.314	0.055	2.369	0.000	2.369	
Commissioning												
Adults Commissioning	10.118	0.000	10.118	(0.038)	10.080	(3.066)	7.014	13.673	20.687	(2.368)	18.319	*
Childrens Commissioning	6.882	0.002	6.884	(0.856)	6.028	0.118	6.146	(0.676)	5.470	(0.404)	5.066	*
Family & Children Services												
Children's Social Care	36.063	1.398	37.461	0.010	37.471	0.944	38.415	0.844	39.259	(0.866)	38.393	*
0-25 Service: Disabled Children & Adults	16.707	0.000	16.707	(0.123)	16.584	0.129	16.713	(0.030)	16.683	1.541	18.224	*
Early Help	1.734	0.000	1.734	(0.149)	1.585	(1.191)	0.394	0.049	0.443	0.031	0.474	
Education & Skills												
School Effectiveness	1.650	0.001	1.651	(0.231)	1.420	0.052	1.472	0.490	1.962	(0.759)	1.203	*
Funding Schools	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(0.199)	(0.199)	
Safeguarding (now closed)	1.398	(1.400)	(0.002)	0.002	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Economic Development & Planning												
Economic Development & Planning	3.810	0.000	3.810	(0.247)	3.563	0.046	3.609	(0.499)	3.110	(0.883)	2.227	*
Highways & Transport												
Highways	17.511	0.000	17.511	(0.312)	17.199	0.797	17.996	0.000	17.996	(0.080)	17.916	
Transport	17.612	0.000	17.612	(0.057)	17.555	(0.240)	17.315	0.000	17.315	0.000	17.315	
Car Parking	(6.259)	0.000	(6.259)	0.012	(6.247)	(0.100)	(6.347)	0.000	(6.347)	0.009	(6.338)	
Waste & Environment												
Waste	32.055	0.000	32.055	(0.120)	31.935	0.317	32.252	0.000	32.252	0.000	32.252	
Environment Services	3.963	0.000	3.963	(0.070)	3.893	0.000	3.893	(0.009)	3.884	0.047	3.931	
Housing & Commercial Development												
Housing Services	4.201	0.000	4.201	(0.090)	4.111	0.051	4.162	0.000	4.162	(0.389)	3.773	*
Strategic Asset & Facilities Management	11.533	0.000	11.533	(0.075)	11.458	0.440	11.898	0.062	11.960	0.000	11.960	
Communities & Communication												
Communications	1.175	0.000	1.175	0.013	1.188	(0.025)	1.163	(0.024)	1.139	(0.007)	1.132	
Libraries, Heritage & Arts	4.498	0.000	4.498	(0.298)	4.200	0.138	4.338	0.024	4.362	(0.208)	4.154	
Leisure	0.130	0.000	0.130	(0.005)	0.125	0.000	0.125	0.031	0.156	(0.068)	0.088	
Corporate Services & Digital												
Corporate Services	6.969	0.000	6.969	(0.361)	6.608	0.393	7.001	(1.889)	5.112	0.422	5.534	*
Information Services	9.563	0.000	9.563	(0.022)	9.541	0.147	9.688	0.109	9.797	(0.228)	9.569	
Finance & Procurement												
Finance & Procurement	3.175	0.000	3.175	(0.115)	3.060	(0.024)	3.036	2.986	6.022	0.697	6.719	*
Revenues & Benefits - Subsidy	(0.500)	0.000	(0.500)	0.000	(0.500)	0.000	(0.500)	0.000	(0.500)	(0.962)	(1.462)	*
Legal & Democratic												
Legal & Democratic	2.835	0.000	2.835	0.557	3.392	0.180	3.572	0.508	4.080	0.586	4.666	*
Human Resources & Org Development												
Human Resources & Organisational Development	3.469	(0.001)	3.468	0.027	3.495	0.171	3.666	0.197	3.863	0.043	3.906	
Business Services (now closed)	1.637	0.000	1.637	(0.043)	1.594	0.000	1.594	(1.594)	0.000	0.000	0.000	
Corporate Directors												
Corporate Directors	0.834	0.000	0.834	0.000	0.834	(0.116)	0.718	0.000	0.718	0.000	0.718	
Members	1.992	0.000	1.992	(0.001)	1.991	0.001	1.992	0.000	1.992	0.000	1.992	
Corporate												
Movement on Reserves	0.000	0.000	0.000	(0.796)	(0.796)	(6.148)	(6.944)	(0.191)	(7.135)	16.779	9.644	*
Capital Financing	23.999	0.000	23.999	0.000	23.999	0.025	24.024	0.000	24.024	(3.300)	20.724	*
Restructure & Contingency	(10.424)	0.000	(10.424)	3.666	(6.758)	3.882	(2.876)	(0.510)	(3.386)	(2.153)	(5.539)	*
General Government Grants	(34.690)	0.000	(34.690)	0.954	(33.736)	0.000	(33.736)	0.000	(33.736)	(5.855)	(39.591)	*
Corporate Levies	8.845	0.000	8.845	0.000	8.845	0.000	8.845	0.000	8.845	(0.570)	8.275	*
2017/2018 Budget Requirement	311.351	(0.000)	311.351	(0.000)	311.351	0.000	311.351	0.000	311.351	(0.000)	311.351	
HRA Budget	(0.592)	0.000	(0.592)	0.000	(0.592)	0.000	(0.592)	0.000	(0.592)	0.000	(0.592)	
	310.759	(0.000)	310.759	(0.000)	310.759	0.000	310.759	0.000	310.759	(0.000)	310.759	

More details are given of major virements in Appendix B. These areas are marked above with *

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Appendix B: Service Area Movements 2017/18

APPENDIX B

Net virements over £250,000

Adults 18+

Partnership Funding Budget Realignment between services (A)
 ASC Salary realignment (C)
 ASC Savings realignment (D)
 Adults Year End Realignment (E)
 Redundancies
 Other miscellaneous virements

£m

(1.213)
 0.390
 (0.555)
 1.029
 0.265
 0.054

In Year Virements period 10 - Outturn

(0.030)

Mental Health

Partnership Funding Budget Realignment between services (B)
 Other miscellaneous virements

(0.215)
 (0.043)

In Year Virements period 10 - Outturn

(0.258)

Learning Disabilities

Partnership Funding Budget Realignment between services (A)
 Partnership Funding Budget Realignment between services (B)
 ASC Salary realignment (C)
 Other miscellaneous virements

(0.400)
 0.215
 (0.390)
 (0.012)

In Year Virements period 10 - Outturn

(0.587)

Adults Commissioning

Partnership Funding Budget Realignment between services (A)
 Year end recharges
 ASC Savings realignment (D)
 Adults Year End Realignment (E)
 Other miscellaneous virements
 EMR Deposits 2017/18, including iBCF and ICES carry forward

1.613
 (0.750)
 0.555
 (1.029)
 (0.067)
 (2.690)

In Year Virements period 10 - Outturn

(2.368)

Childrens Commissioning

Realign DSG Savings 2017/18
 Other miscellaneous virements
 DSG Variances 2017/18
 EMR Deposits 2017/18

0.250
 0.036
 (0.584)
 (0.106)

In Year Virements period 10 - Outturn

(0.404)

Childrens Social Care

Movements on EMRs
 Salary Realignment
 Realign DSG Savings 2017/18
 Other miscellaneous virements
 DSG Variances 2017/18
 EMR Deposits 2017/18

(0.200)
 (0.121)
 (0.141)
 0.091
 (0.058)
 (0.437)

In Year Virements period 10 - Outturn

(0.866)

0-25 Service: Disabled Children & Adults	
Other miscellaneous virements	0.030
DSG Variances 2017/18	1.511
In Year Virements period 10 - Outturn	1.541
School Effectiveness	
Realign DSG Savings 2017/18	(0.109)
DSG Variances 2017/18	(0.600)
EMR Deposits 2017/18	(0.050)
In Year Virements period 10 - Outturn	(0.759)
Economic Development & Planning	
Structural Change Land charges from Legal	(0.786)
EMR Deposits 2017/18	(0.097)
In Year Virements period 10 - Outturn	(0.883)
Housing Services	
Other miscellaneous virements	0.023
Movements on EMRs	0.065
EMR Deposits 2017/18	(0.477)
In Year Virements period 10 - Outturn	(0.389)
Corporate Services	
Savings Realignment	0.160
Movements on EMRs	0.082
Other miscellaneous virements	0.090
EMR Withdrawals 2017/18	0.183
EMR Deposits 2017/18	(0.093)
In Year Virements period 10 - Outturn	0.422
Finance & Procurement	
Movements on EMRs	0.697
In Year Virements period 10 - Outturn	0.697
Revenues & Benefits - Subsidy	
HB contribution to bad debt provision	(0.962)
In Year Virements period 10 - Outturn	(0.962)
Legal & Democratic	
Structural Change Land Charges to Economic Development	0.786
EMR Deposits 2017/18	(0.200)
In Year Virements period 10 - Outturn	0.586
Movement on Reserves	
School EMR movements	(0.334)
Other miscellaneous virements	0.056
Movements on EMRs	(0.643)
DSG Variances 2017/18	0.263
EMR Withdrawals 2017/18	(0.191)
EMR Deposits 2017/18	17.901
EMR Adjustment	(0.273)
In Year Virements period 10 - Outturn	16.779

Capital Financing	
EMR Deposits 2017/18	(3.300)
In Year Virements period 10 - Outturn	(3.300)
Restructure & Contingency	
Redundancies P13	(0.377)
Other miscellaneous virements	(0.158)
Corporate Realignment moving budget from Corporate Levies	0.570
HB contribution to bad debt provision	0.962
EMR Deposits 2017/18	(3.150)
In Year Virements period 10 - Outturn	(2.153)
General Government Grants	
EMR Deposits 2017/18	(6.128)
EMR Adjustment	0.273
In Year Virements period 10 - Outturn	(5.855)
Corporate Levies	
Corporate Realignment moving budget to contingency	(0.570)
In Year Virements period 10 - Outturn	(0.570)

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Appendix C: Detailed Service Area Budget Statements

31-Mar-18

		<i>Original Budget</i>	<i>Revised Budget Period 12</i>	<i>Actual to date</i>	<i>Projected Variation for Year: Overspend /(Underspend)</i>	<i>Variation as % of Revised Budget: Overspend / (Underspend)</i>
		<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	
<u>ASC Operations - Access & Reablement</u>						
Adults 18+	Gross Costs	79.648	66.805	69.614	2.809	4.2%
	Income	(17.874)	(14.658)	(17.590)	(2.932)	20.0%
	Net	61.774	52.147	52.024	(0.123)	(0.2%)
<u>Learning Disabilities & Mental Health</u>						
Mental Health	Gross Costs	26.007	21.016	21.150	0.134	0.6%
	Income	(3.417)	(2.840)	(3.641)	(0.801)	28.2%
	Net	22.590	18.176	17.509	(0.667)	(3.7%)
Learning Disabilities	Gross Costs	45.500	49.205	53.098	3.893	7.9%
	Income	(3.312)	(4.860)	(5.418)	(0.558)	11.5%
	Net	42.188	44.345	47.680	3.335	7.5%
<u>Public Health & Protection</u>						
Public Health Grant	Gross Costs	17.819	15.477	15.113	(0.364)	(2.4%)
	Income	(17.819)	(16.208)	(15.844)	0.364	(2.2%)
	Net	-	(0.731)	(0.731)	-	-
Other Public Health & Public Protection	Gross Costs	3.221	3.592	3.805	0.213	5.9%
	Income	(0.907)	(1.223)	(1.335)	(0.112)	9.2%
	Net	2.314	2.369	2.470	0.101	4.3%
<u>Commissioning</u>						
Adults Commissioning	Gross Costs	11.656	34.137	37.540	3.403	10.0%
	Income	(1.538)	(15.818)	(21.505)	(5.687)	36.0%
	Net	10.118	18.319	16.035	(2.284)	(12.5%)
Childrens Commissioning	Gross Costs	31.995	33.039	32.908	(0.131)	(0.4%)
	Income	(25.113)	(27.973)	(28.446)	(0.473)	1.7%
	Net	6.882	5.066	4.462	(0.604)	(11.9%)

Family & Children Services

Children's Social Care

Gross Costs	38.467	41.995	41.589	(0.406)	(1.0%)
Income	(2.404)	(3.602)	(4.234)	(0.632)	17.5%
Net	36.063	38.393	37.355	(1.038)	(2.7%)

0-25 Service: Disabled Children & Adults

Gross Costs	42.213	48.698	51.714	3.016	6.2%
Income	(25.506)	(30.474)	(31.890)	(1.416)	4.6%
Net	16.707	18.224	19.824	1.600	8.8%

Early Help

Gross Costs	6.928	1.795	1.818	0.023	1.3%
Income	(5.194)	(1.321)	(1.238)	0.083	(6.3%)
Net	1.734	0.474	0.580	0.106	22.4%

Education & Skills

School Effectiveness

Gross Costs	3.833	8.593	8.039	(0.554)	(6.4%)
Income	(2.183)	(7.390)	(7.126)	0.264	(3.6%)
Net	1.650	1.203	0.913	(0.290)	(24.1%)

Funding Schools

Gross Costs	10.905	127.107	166.175	39.068	30.7%
Income	(10.905)	(127.306)	(166.374)	(39.068)	30.7%
Net	-	(0.199)	(0.199)	-	-

Safeguarding (now closed)

Gross Costs	1.684	-	-	-	
Income	(0.286)	-	-	-	
Net	1.398	-	-	-	

Economic Development & Planning

Economic Development & Planning

Gross Costs	10.600	10.303	10.283	(0.020)	(0.2%)
Income	(6.790)	(8.076)	(7.741)	0.335	(4.1%)
Net	3.810	2.227	2.542	0.315	14.1%

Highways & Transport

Highways

Gross Costs	19.254	30.957	33.664	2.707	8.7%
Income	(1.743)	(13.041)	(15.482)	(2.441)	18.7%
Net	17.511	17.916	18.182	0.266	1.5%

Transport

Gross Costs	19.235	18.938	19.153	0.215	1.1%
Income	(1.623)	(1.623)	(1.839)	(0.216)	13.3%
Net	17.612	17.315	17.314	(0.001)	(0.0%)

Car Parking

Gross Costs	1.572	1.493	1.517	0.024	1.6%
Income	(7.831)	(7.831)	(7.544)	0.287	(3.7%)
Net	(6.259)	(6.338)	(6.027)	0.311	(4.9%)

Waste & Environment

Waste	Gross Costs	38.772	38.678	38.290	(0.388)	(1.0%)
	Income	(6.717)	(6.426)	(6.434)	(0.008)	0.1%
	Net	32.055	32.252	31.856	(0.396)	(1.2%)

Environment Services	Gross Costs	5.554	5.533	6.013	0.480	8.7%
	Income	(1.591)	(1.602)	(1.270)	0.332	(20.7%)
	Net	3.963	3.931	4.743	0.812	20.7%

Housing & Commercial Development

Housing Services	Gross Costs	8.662	8.665	8.616	(0.049)	(0.6%)
	Income	(4.461)	(4.892)	(4.957)	(0.065)	1.3%
	Net	4.201	3.773	3.659	(0.114)	(3.0%)

Strategic Asset & Facilities Management	Gross Costs	16.235	16.938	17.306	0.368	2.2%
	Income	(4.702)	(4.978)	(5.595)	(0.617)	12.4%
	Net	11.533	11.960	11.711	(0.249)	(2.1%)

Communities & Communications

Communications	Gross Costs	1.255	1.259	1.688	0.429	34.1%
	Income	(0.080)	(0.127)	(0.286)	(0.159)	125.2%
	Net	1.175	1.132	1.402	0.270	23.9%

Libraries, Heritage & Arts	Gross Costs	5.943	5.674	6.676	1.002	17.7%
	Income	(1.445)	(1.520)	(1.424)	0.096	(6.3%)
	Net	4.498	4.154	5.252	1.098	26.4%

Leisure	Gross Costs	8.024	8.030	7.783	(0.247)	(3.1%)
	Income	(7.894)	(7.942)	(7.717)	0.225	(2.8%)
	Net	0.130	0.088	0.066	(0.022)	(25.0%)

Corporate Services & Digital

Corporate Services	Gross Costs	9.010	6.813	6.836	0.023	0.3%
	Income	(2.041)	(1.279)	(1.524)	(0.245)	19.2%
	Net	6.969	5.534	5.312	(0.222)	(4.0%)

Information Services	Gross Costs	11.630	11.635	11.783	0.148	1.3%
	Income	(2.067)	(2.066)	(2.272)	(0.206)	10.0%
	Net	9.563	9.569	9.511	(0.058)	(0.6%)

Finance & Procurement

Finance & Procurement

Gross Costs	15.582	20.587	20.328	(0.259)	(1.3%)
Income	(12.407)	(13.868)	(13.576)	0.292	(2.1%)
Net	3.175	6.719	6.752	0.033	0.5%

Revenues & Benefits - Subsidy

Gross Costs	111.386	110.424	101.353	(9.071)	(8.2%)
Income	(111.886)	(111.886)	(102.815)	9.071	(8.1%)
Net	(0.500)	(1.462)	(1.462)	-	-

Legal & Democratic

Legal & Democratic

Gross Costs	5.167	6.610	8.125	1.515	22.9%
Income	(2.332)	(1.944)	(2.981)	(1.037)	53.3%
Net	2.835	4.666	5.144	0.478	10.2%

Human Resources & Organisational Development

Human Resources & Organisational Development

Gross Costs	5.661	5.514	5.059	(0.455)	(8.3%)
Income	(2.192)	(1.608)	(1.576)	0.032	(2.0%)
Net	3.469	3.906	3.483	(0.423)	(10.8%)

Business Services (Closed)

Gross Costs	3.759	-	-	-	
Income	(2.122)	-	-	-	
Net	1.637	-	-	-	

Corporate Directors

Corporate Directors & Membs

Gross Costs	0.861	0.732	0.967	0.235	32.1%
Income	(0.027)	(0.014)	(0.014)	-	-
Net	0.834	0.718	0.953	0.235	32.7%

Members

Gross Costs	1.992	1.992	2.096	0.104	5.2%
Income	-	-	-	-	
Net	1.992	1.992	2.096	0.104	5.2%

Corporate

Movement on Reserves

	-	9.644	9.645	0.001	0.0%
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Capital Financing

	23.999	20.724	17.655	(3.069)	(14.8%)
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Restructure & Contingency

	(10.424)	(5.539)	(1.456)	4.083	(73.7%)
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General Government Grants

	(34.690)	(39.591)	(41.236)	(1.645)	4.2%
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Corporate Levies

	8.845	8.275	5.922	(2.353)	(28.4%)
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Net	(12.270)	(6.487)	(9.470)	(2.983)	46.0%
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Wiltshire Council General Fund Total	Gross Costs	607.760	755.747	800.629	44.882	5.9%
	Income	(296.409)	(444.396)	(489.688)	(45.292)	10.2%
	Net	311.351	311.351	310.941	(0.410)	(0.1%)
Housing Revenue Account (HRA)	Gross Costs	24.772	24.939	31.033	6.094	24.4%
	Income	(25.364)	(25.531)	(25.814)	(0.283)	1.1%
	Net	(0.592)	(0.592)	5.219	5.811	(981.6%)
Total Including HRA	Gross Costs	632.532	780.686	831.662	50.976	6.5%
	Income	(321.773)	(469.927)	(515.502)	(45.575)	9.7%
	Net	310.759	310.759	316.160	5.401	1.7%

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Appendix D: Outturn Variance Movements

	Variance Reported for Period 4	Movement in Period	Variance Reported for Period 7	Movement in Period	Variance Reported for Period 9	Movement in Period	Variance Reported for Outturn
	£m						
ASC Operations - Access & Reablement							
Adults 18+	0.000	0.000	0.000	1.159	1.159	(1.282)	(0.123)
Learning Disabilities & Mental Health							
Mental Health	0.000	0.000	0.000	(1.097)	(1.097)	0.430	(0.667)
Learning Disabilities	0.000	0.850	0.850	(0.083)	0.767	2.568	3.335
Public Health & Protection							
Public Health Grant	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Public Health & Public Protection	0.000	0.000	0.000	0.000	0.000	0.101	0.101
Commissioning							
Adults Commissioning	0.000	0.000	0.000	(0.696)	(0.696)	(1.588)	(2.284)
Childrens Commissioning	0.000	0.000	0.000	0.000	0.000	(0.604)	(0.604)
Family & Children Services							
Childrens Social Care	0.000	0.000	0.000	0.000	0.000	(1.038)	(1.038)
0-25 Service: Disabled Children & Adults	1.796	0.260	2.056	(0.370)	1.686	(0.086)	1.600
Early Help	0.000	0.000	0.000	0.025	0.025	0.081	0.106
Education & Skills							
School Effectiveness	0.000	0.000	0.000	0.000	0.000	(0.290)	(0.290)
Funding Schools	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Economic Development & Planning							
Economic Development & Planning	0.000	0.200	0.200	0.000	0.200	0.115	0.315
Highways & Transport							
Highways	0.000	0.000	0.000	0.000	0.000	0.266	0.266
Transport	0.000	0.000	0.000	0.000	0.000	(0.001)	(0.001)
Car Parking	0.250	0.000	0.250	0.000	0.250	0.061	0.311
Waste & Environment							
Waste	0.000	0.000	0.000	0.000	0.000	(0.396)	(0.396)
Environment Services	0.000	0.400	0.400	0.000	0.400	0.412	0.812
Housing & Commercial Development							
Housing Services	0.000	0.000	0.000	0.000	0.000	(0.114)	(0.114)
Strategic Asset & Facilities Management	0.000	0.000	0.000	0.000	0.000	(0.249)	(0.249)
Communities & Communication							
Communications	0.000	0.210	0.210	0.000	0.210	0.060	0.270
Libraries, Heritage & Arts	0.400	0.215	0.615	0.000	0.615	0.483	1.098
Leisure	0.000	0.000	0.000	0.000	0.000	(0.022)	(0.022)
Corporate Services & Digital							
Corporate Services (includes Business Services)	0.160	0.210	0.370	(0.160)	0.210	(0.432)	(0.222)
Information Services	0.000	(0.160)	(0.160)	0.160	0.000	(0.058)	(0.058)
Finance & Procurement							
Finance & Procurement	0.000	0.025	0.025	0.000	0.025	0.008	0.033
Revenues & Benefits - Subsidy	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Legal & Democratic							
Legal & Democratic	0.000	0.200	0.200	0.150	0.350	0.128	0.478
Human Resources & Organisational Development							
Human Resources & Organisational Development	0.000	0.000	0.000	0.000	0.000	(0.423)	(0.423)
Corporate Directors							
Corporate Directors & Members	0.000	0.000	0.000	0.000	0.000	0.235	0.235
Members	0.000	0.000	0.000	0.000	0.000	0.104	0.104
Corporate							
Movement on Reserves	0.000	0.000	0.000	0.000	0.000	0.001	0.001
Capital Financing	0.000	0.000	0.000	(3.000)	(3.000)	(0.069)	(3.069)
Restructure & Contingency	1.878	0.063	1.941	1.631	3.572	0.511	4.083
General Government Grants	0.000	0.000	0.000	(2.000)	(2.000)	0.355	(1.645)
Corporate Levies	0.000	(0.400)	(0.400)	0.000	(0.400)	(1.953)	(2.353)
TOTAL FORECAST VARIANCE MOVEMENT	4.484	2.073	6.557	(4.281)	2.276	(2.686)	(0.410)
HRA Budget	0.000	0.000	0.000	0.000	0.000	5.811	5.811

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Appendix E: Capital Programme Budget Movements and Final Spend 2017/2018

Scheme Name	2017/2018 Budget Breakdown										
	Period 9 Budget	Budget Movements between Schemes	Additional Budgets added to Programme (Section 1 Appendix B)	Reduced Budgets	Budgets reprogrammed from 2017/2018 into 2018/2019 (Section 2 Appendix B)	Final Budget 2017/2018	Total Spend 2017/2018	Total Spend 2017/2018	Underspend (Budget Removed)	Overspend	Budget Transfer to 2018/2019
	£m	£m	£m	£m	£m	£m	£m	%	£m	£m	£m
Economy											
Carbon Reduction Schemes	0.000					0.000	(0.048)	0.00%	0.048		0.000
Oil to Biomass Schemes	0.319					0.319	0.000	0.00%			0.319
Other Economic Development Schemes	0.000		0.214			0.214	0.214	100.00%			0.000
Strategic Economic Plan	0.000					0.000	0.000	0.00%			0.000
Corsham Mansion House	0.874					0.874	0.366	41.88%			0.507
A350 West Ashton/Yarnbrook Junction Improvements	0.000					0.000	0.000	0.00%			0.000
Chippenham Station HUB	2.160		0.016			2.176	0.179	8.23%			1.997
LTB Scheme A350 North of Chippenham Bypass Improvements	0.000		0.003			0.003	0.003	100.00%			0.000
A350 Dualling Chippenham Bypass	4.051					4.051	2.694	66.50%			1.357
M4 Junction 17	1.332					1.332	1.148	86.19%			0.185
Porton Science Park	6.507		0.036			6.543	6.617	101.13%			(0.073)
Wiltshire Ultrafast Broadband	0.059					0.059	0.059	100.00%			0.000
Boscombe Down	0.000		2.000			2.000	0.235	11.75%			0.095
Salisbury Central Car Park & Maltings	0.240				0.090	0.330	0.104	31.52%			1.896
Integrated Transport	2.466	0.007	0.355			2.828	3.059	108.17%			(0.231)
Structural Maintenance (Grant & Council Funded)	17.923	0.001				17.924	16.425	91.64%			1.515
National Productivity Investment Schemes	2.946					2.946	2.648	89.88%			0.298
Pothole Spotter 16/17	0.330					0.330	0.276	83.64%			0.054
Pothole Fund Grant	1.300		0.910			2.210	1.216	55.02%			0.995
A350 Chippenham (Pinch Point)	0.000					0.000	(0.016)	0.00%			0.000
Wiltshire Online	5.453					5.453	2.947	54.04%			2.507
Farmers Roundabout	0.430					0.430	0.297	69.07%			0.133
Total Economy	46.390	0.008	3.534	0.000	0.090	50.022	38.423	76.81%	0.048	0.000	11.554
Community											
Health and Wellbeing Centres - Live Schemes	7.780		0.061			7.841	4.734	60.37%			3.108
Health and Wellbeing Centres - In Development	0.000					0.000	0.000	0.00%			0.000
Area Boards and LPSA PRG Reward Grants	0.908	(0.008)				0.900	0.759	84.33%			0.141
Fitness Equipment for Leisure Centres	0.000					0.000	(0.002)	0.00%	0.002		0.000
Churchyards & Cemeteries	0.000					0.000	0.012	0.00%		(0.012)	0.000
Start up units in Market Hall Dezives	0.000					0.000	0.000	0.00%			0.000
Upgrade Facilities at City Hall	0.000					0.000	0.000	0.00%			0.000
Highway flooding prevention and Land Drainage schemes	0.493		0.642			1.135	1.031	90.84%			0.104
Aldbourne Flood Alleviation Scheme	0.000					0.000	0.000	0.00%			0.000
Bridges	3.087					3.087	2.479	80.30%			0.607
Salisbury Marketplace Highways Works	0.000					0.000	0.001	0.00%			0.000
Passenger Transport Capital	0.000					0.000	0.000	0.00%			0.000
Waste Services	0.525					0.525	0.345	65.71%			0.182
Fleet Vehicles	15.000					15.000	11.945	79.63%			3.055
Basic Need	12.409				0.202	12.611	10.748	85.23%			1.863
Schools Maintenance & Modernisation	3.164		0.002		(0.970)	2.196	1.570	71.49%			0.625
Devolved Formula Capital	0.719					0.719	0.719	100.00%			0.000
Access and Inclusion	0.101					0.101	0.098	97.03%			0.003
New Schools	1.096					1.096	0.378	34.49%			0.720
School Expansions & Replacements	1.357		0.444			1.801	1.572	87.28%			0.230
Early Years & Childcare	1.492		0.009		(0.009)	1.492	0.714	47.86%			0.779
Army Rebasing	2.859		1.824			4.683	4.682	99.98%			0.000
Healthy Pupils Capital Fund	0.000					0.000	0.000	0.00%			0.000
Salisbury CCTV	0.411					0.411	0.174	42.34%			0.237
Total Community	51.401	(0.008)	2.982	0.000	(0.777)	53.598	41.959	78.28%	0.002	(0.012)	11.654

Appendix E: Capital Programme Budget Movements and Final Spend 2017/2018

Scheme Name	2017/2018 Budget Breakdown										
	Period 9 Budget	Budget Movements between Schemes	Additional Budgets added to Programme (Section 1 Appendix B)	Reduced Budgets	Budgets reprogrammed from 2017/2018 into 2018/2019 (Section 2 Appendix B)	Final Budget 2017/2018	Total Spend 2017/2018	Total Spend 2017/2018	Underspend (Budget Removed)	Overspend	Budget Transfer to 2018/2019
	£m	£m	£m	£m	£m	£m	£m	%	£m	£m	£m
Supporting People											
Disabled Facilities Grants	3.061		0.004		(0.011)	3.054	2.271	74.36%			0.783
Gypsies and Travellers Projects	0.000					0.000	0.119	0.00%		(0.119)	0.000
Council House Build Programme	12.799					12.799	11.221	87.67%			1.579
Extra Care Programme	0.000					0.000	(0.032)	0.00%	0.032		0.000
Affordable Housing including Commuted Sums	1.112					1.112	1.111	99.91%			0.000
Social Care Infrastructure & Strategy	0.000					0.000	0.000	0.00%			0.000
HRA - Refurbishment of Council Stock	9.837					9.837	8.625	87.68%			1.212
Sensory Stimulation & Development Play Equipment	0.434					0.434	0.079	18.20%			0.354
Public Health Schemes	0.098		0.005			0.103	0.103	100.00%			0.000
Virgincare Scanning Project	0.000		1.015			1.015	1.015	100.00%			0.000
Total Supporting People	27.341	0.000	1.024	0.000	(0.011)	28.354	24.512	86.45%	0.032	(0.119)	3.928
Changing The Way We Do Business											
Facilities Management Works	3.798		0.070		(0.029)	3.839	2.607	67.91%			1.233
Whole Life Building & Equipment Refresh	0.500					0.500	0.176	35.20%			0.324
Rural Estates	0.266					0.266	0.000	0.00%			0.266
Leisure Centres & Libraries - Capital Works Requirement	0.000					0.000	0.000	0.00%			0.000
Hub Programme Office Rationalisation	0.000					0.000	0.000	0.00%			0.000
Operational Estate	0.460					0.460	0.003	0.65%			0.458
Depot & Office Strategy	0.000					0.000	0.000	0.00%			0.000
ICT Schemes	5.434				0.067	5.501	1.085	19.72%			4.416
Other Schemes including cross cutting systems	0.115		0.206			0.321	0.316	98.44%	0.002	0.000	0.004
Learning Management System	0.008					0.008	0.008	100.00%			0.000
Organisational Change	0.500					0.500	0.000	0.00%			0.500
Digitisation	0.728					0.728	0.000	0.00%			0.728
Total Changing The Way We Do Business	11.809	0.000	0.276	0.000	0.038	12.123	4.195	34.60%	0.002	0.000	7.929
Total 2017/2018 Programme	136.941	0.000	7.816	0.000	(0.660)	144.097	109.089	75.71%	0.084	(0.131)	35.065

Appendix F: Delegated Authority for Budget Movements

CHIEF FINANCE OFFICER (CFO) - EXERCISE OF DELEGATED POWERS & REQUESTS FOR ADDITIONAL RESOURCES WITHIN THE CAPITAL PROGRAMME
--

Cabinet Meeting
Financial Year:

12 June 2018

2017/2018

SECTION 1 - DELEGATED CFO POWERS

"Adjustment/addition of scheme in the capital programme which has no effect on the net funding position of the programme
i.e. Additional resources available in the form of Grant, Section 106 contributions etc which fund the addition, "

Project Name: Other Economic Development Schemes

Budget Change: 2017/2018 2018/2019 2019/2020 2020/2021 2021/2022

213,575

Funding Source: Contribution from Contractor

Project Name: Chippenham Station HUB

Budget Change: 2017/2018 2018/2019 2019/2020 2020/2021 2021/2022

15,500

Funding Source: Highways Section 106 Deposits

Project Name: Porton Science Park

Budget Change: 2017/2018 2018/2019 2019/2020 2020/2021 2021/2022

35,754

Funding Source: Contributions from Fluorogenics Ltd & Immunotec Ltd

Project Name: Integrated Transport

Budget Change: 2017/2018 2018/2019 2019/2020 2020/2021 2021/2022

355,225

Funding Source: Contributions from Town & Parish Council, TransWiltshire, and Developer Deposits

Project Name: Pothole Fund Grant

Budget Change: 2017/2018 2018/2019 2019/2020 2020/2021 2021/2022

910,236

Funding Source: Grant from the DFT

Project Name: Health and Wellbeing Centres - Live Schemes

Budget Change: 2017/2018 2018/2019 2019/2020 2020/2021 2021/2022

61,062

Funding Source: Grant from the Football Foundation & Contribution from Melksham Town Council

Project Name: Highway flooding prevention and Land Drainage schemes

Budget Change: 2017/2018 2018/2019 2019/2020 2020/2021 2021/2022

641,664

Funding Source: Grant from the Environment Agency & Contribution from Farm Owner

Project Name: Schools Maintenance & Modernisation

Budget Change: 2017/2018 2018/2019 2019/2020 2020/2021 2021/2022

1,697

Funding Source: Contribution from Primary School

Project Name: School Expansions & Replacements

Budget Change: 2017/2018 2018/2019 2019/2020 2020/2021 2021/2022

444,499

Funding Source: Section 106 Developer Contributions

Project Name: Early Years & Childcare

Budget Change: 2017/2018 2018/2019 2019/2020 2020/2021 2021/2022

9,000

Funding Source: Delivery Support Fund Grant from Department of Education

Project Name: Army Rebasing

Budget Change: 2017/2018 2018/2019 2019/2020 2020/2021 2021/2022

1,823,717

Funding Source: Section 106 contributions from the Ministry of Defence

CHIEF FINANCE OFFICER (CFO) - EXERCISE OF DELEGATED POWERS & REQUESTS FOR ADDITIONAL RESOURCES WITHIN THE CAPITAL PROGRAMME

Cabinet Meeting 12 June 2018
 Financial Year: 2017/2018

Project Name:	Disabled Facilities Grants				
Budget Change:	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	4,354				
Funding Source:	Additional grant announced from DCLG				
Project Name:	Virgincare Scanning Project				
Budget Change:	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	497,350				
Funding Source:	Contribution from the Clinical Commissioning Group				
Project Name:	Other Schemes including cross cutting systems				
Budget Change:	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	205,922				
Funding Source:	Income received from schools to cover leasing of equipment				

5,219,555	Total Delegated Changes Approved by Section 151 Officer
------------------	--

SECTION 2 - DELEGATED CFO POWERS

"Schemes within the capital programme which require the reprogramming of expenditure between years due to scheme not progressing as originally anticipated or other circumstances"

Project Name:	Salisbury Central Car Park & Maltings				
Budget Change:	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	90,000		(90,000)		
Funding Source:	Local Growth Fund Grant from the LEP				
Project Name:	Basic Need				
Budget Change:	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	201,809		(201,809)		
Funding Source:	Grant from Department of Education				
Project Name:	Schools Maintenance & Modernisation				
Budget Change:	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	(970,000)		970,000		
Funding Source:	Grant from Department of Education				
Project Name:	Early Years & Childcare				
Budget Change:	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	(9,000)		9,000		
Funding Source:	Delivery Support Fund Grant from Department of Education				
Project Name:	Disabled Facilities Grants				
Budget Change:	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	(11,094)		11,094		
Funding Source:	Returned Housing Grants				
Project Name:	Facilities Management Works				
Budget Change:	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	(28,872)		28,872		
Funding Source:	Revenue contribution to Capital				

CHIEF FINANCE OFFICER (CFO) - EXERCISE OF DELEGATED POWERS & REQUESTS FOR ADDITIONAL RESOURCES WITHIN THE CAPITAL PROGRAMME

Cabinet Meeting: 12 June 2018
 Financial Year: 2017/2018

Project Name:	ICT Schemes										
Budget Change:	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022						
	66,831	66,831									
Funding Source:	Wiltshire Council Resources (Borrowing & Receipts)										
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; border-bottom: 1px solid black;">660,326</td> <td colspan="5" style="border-bottom: 1px solid black;">Total Re-programming between years</td> </tr> </table>						660,326	Total Re-programming between years				
660,326	Total Re-programming between years										

SECTION 3 - REQUESTS TO CABINET FOR ADDITIONAL RESOURCES

"Adjustment/addition of scheme to the capital programme which places an additional funding requirement on the programme"

Project Name:	LTB Scheme A350 North of Chippenham Bypass Improvements										
Budget Change:	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022						
	3,010										
Funding Source:	Wiltshire Council Resources (Borrowing & Receipts)										
Project Name:	Boscombe Down										
Budget Change:	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022						
	2,000,000										
Funding Source:	Wiltshire Council Resources (Borrowing & Receipts)										
Project Name:	Facilities Management Works										
Budget Change:	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022						
	70,347										
Funding Source:	Revenue Contribution to Capital										
Project Name:	Public Health Schemes										
Budget Change:	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022						
	4,661										
Funding Source:	Revenue Contribution to Capital										
Project Name:	Virgincare Scanning Project										
Budget Change:	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022						
	517,650										
Funding Source:	Wiltshire Council Resources (Borrowing & Receipts)										
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; border-bottom: 1px solid black;">2,595,668</td> <td colspan="5" style="border-bottom: 1px solid black;">Total requests for additional resources</td> </tr> </table>						2,595,668	Total requests for additional resources				
2,595,668	Total requests for additional resources										

In the exercise of my delegated powers (Section 1 and 2), I hereby authorise the amendments to the Capital Programme summarised above.

CHIEF FINANCE OFFICER: Ian Duncan

DATE: June 2018

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Appendix G: Funding of the Capital Programme as at Outturn (31 March 2018)

1. The capital programme is funded by 3 principal sources; grants & contributions, capital receipts and borrowing.
2. Grants and Contributions fund the largest proportion of the programme, the total received in these areas in 2017/18 was £90.882 million with the majority for Highways and Education schemes as in previous years. A total of £71.674 million of grants and contributions were used to finance the capital programme in 2017/18.
3. As at the end of the 2017/18 financial year £10.260 million of income has been received from Capital Receipts from the proceeds of fixed asset sales. These include general asset disposals such as the sale of Anzac House, Woolmore Farm, Shurnhold, and St Peter's School. 36 sales under the Council Housing Right to Buy (RTB) scheme have also been received. A total of £6.104 million of capital receipts were used in 2017/18 to finance capital expenditure.
4. A total of £13.224 million in capital expenditure was financed through borrowing as at Outturn 2017/18. Borrowing has reduced to this level due to schemes slipping into later years and larger amounts of other financing sources such as grants and contributions and receipts being available. Underspending on borrowing has a positive impact on the general fund revenue account as shown by the underspend in 2017/18 on the capital financing budget.

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Appendix H: Movement on Earmarked Reserves 2017/18

Code	Reserve	Balance as at 1 April 2017	Withdrawals during 2017/18
987001	Locally Managed Schools Balances	(6,264)	2,922
987002	Insurance Reserve	(3,554)	315
987003	PFI Reserve	(4,255)	382
987013	Elections Reserve	(825)	825
987014	Revenue Grants Reserve	(2,523)	609
987015	Area Board Reserve	(22)	0
987021	Digital Inclusion	(183)	183
987023	PFI Housing Scheme EMR	(2,916)	65
987028	Wiltshire Foundation Trust	(14)	0
987032	Single View of the Customer	(911)	82
987033	Play Area Asset Transfer	(78)	78
987034	Enabling fund	(2,000)	0
987035	Business Rates Equalisation Fund	(800)	0
987036	HB Subsidy Clawback	(500)	0
987037	Transitional Fund	(6,000)	6,000
987038	CMS Earmarked Reserve	0	0
987039	Disabled Facilities Grant	0	0
987040	Adoption West	0	0
987041	Waste Transformation	0	0
987042	Area Board Pavements	0	0
987043	Leisure EMR	0	0
987044	Capital Financing Reserve	0	0
987045	Development of Local Plan	0	0
987046	Building Control Aspire MOD	0	0
987047	Development Control Cyclical Fund	0	0
		(30,845)	11,459

Deposits during 2017/18	Balance as at 31 March 2018
(2,588)	(5,930)
0	(3,239)
0	(3,873)
(200)	(200)
(4,799)	(6,714)
(12)	(34)
0	0
0	(2,851)
(7)	(21)
0	(829)
(80)	(80)
(3,227)	(5,227)
(4,028)	(4,828)
0	(500)
0	0
(325)	(325)
(273)	(273)
(200)	(200)
(1,250)	(1,250)
(150)	(150)
(67)	(67)
(3,300)	(3,300)
(500)	(500)
(30)	(30)
(66)	(66)
(21,102)	(40,487)

Wiltshire Council

DRAFT UNAUDITED
Annual Report and Statement of Accounts

2017/2018

Draft

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Leader’s introduction and Corporate Directors introduction

To be inserted

Draft

Director of Finance's Narrative Report

Wiltshire is a County with a proud heritage.

The Council, like its peers and public sector partners has had to deal with a significant reduction in government funding. In total Government funding has fallen by nearly £130 million since 2009. Yet despite this, and through good financial management and capabilities the Council has every year set and delivered a balanced budget. Whilst at the same time improving its performance in key areas.

The Statement of Accounts that follow show just how difficult a challenge it has been, but also show how we have risen and delivered on this challenge.

Looking back on 2017/2018, the Council has had another successful year financially. In setting the 2017/2018 budget the Council planned to deliver £13 million of savings. The outturn shows that we have delivered a small underspend of £0.410 million and thus delivered again on the saving goals.

Service Area	2017/18 £m	2016/17 £m
Adults	139.449	138.620
Children	58.473	61.177
Place & Environment	83.980	82.741
Central Support	38.509	37.050
Corporate	(9.470)	(6.3310)
Net position	310.941	313.257
Net Budget	(311.351)	(313.585)
Surplus	(0.410)	(0.328)

At the same time we have seen continued good performance in other key financial target:

- 97.9% Council Tax collected in year
- £12m decrease in short term debt

Accountancy staff have continued to improve controls and have again closed down and produced the attached set of Accounts quicker, and I express my thanks to their hard work.

As the financial pressures facing councils increases, we will continue to put financial strength and competence at the heart of all decision making to continue delivering an innovative, strong, resilient and sustainable financial environment.

I recognise that to the ordinary reader the set of accounts can appear complicated, so the remainder of this narrative highlights simply some of the key outcomes contained in the 2017/18 Statement of Accounts.



Ian Duncan, CPFA
Interim Director of Finance
Wiltshire Council

2017/2018 Financial and Performance Review

Overall Financial Outturn

The Accounts report a small underspend for 2017/2018. This has been achieved after a challenging year where we again saw more reductions in government funding but an increase in demand for local services.

During the year we took regular monitoring forecast reports to senior management and Cabinet. These reports identified the need to take action in year to deliver a balanced budget, and as a result of those actions spending has been managed prudently to enable that position to be achieved.

There are some areas of service delivery though that continue to face financial pressures, and other areas underspends have enabled the overall position to be balanced:

	2017/2018 £000	2016/2017 £000
Adults	139,449	138,620
Childrens	58,473	61,177
Place & Environment	83,980	82,741
Central Support	38,509	37,050
Corporate	(9,470)	(6,331)
Budget Requirement	310,941	313,257
Funding	(311,351)	(313,585)
Surplus in year	(410)	(328)

The following pages set out how this financial outturn links to performance and demand. In addition, in setting the 2018/2019 Budget Council took account of these forecast and its Business Plan to

reprioritise funding to some of the areas facing £26 million of pressures

Impact on the Council's Assets and Liabilities

The Council's Balance Sheet shows a generally stable position, the largest change is due to an increase in the Council's pension liabilities and the way these are measured. The Pension Fund has a plan agreed with its actuaries to return the fund to balanced by 2036 and will keep this under review. The key elements of the balance sheet are as follows:

	31 March 2018 £000	31 March 2017 £000
Long Term Assets	1,176,412	1,119,294
Current Assets	119,918	130,730
Current liabilities	(105,668)	(117,805)
Net Pension Liability	(550,836)	(612,791)
Other long term liabilities	(422,050)	(440,364)
Net Assets	217,776	79,064
Financed by		
Usable Reserves	(139,975)	(112,243)
Unusable Reserves	(77,801)	33,179
Total Reserves	(217,776)	(79,064)

Delivery of the Capital Programme

The Council's 2017/2018 programme saw £109 million spent to deliver a wide range of capital works. Plans sought to fund large elements of this programme from £72 million in grants, £6 million from receipts, £18 million HRA contribution and £13 million from borrowing.

2017/18 Financial and Performance Review, continued

Over £60 million of capital spend has been on improvements, including £18 million on council house build programme and refurbishment of council stock.

Note 25 on Assets Held for Sale identifies that we expect £10 million of receipts shortly for sale of Council property. These sales will continue the Council's strive to build more homes.

Impact on Treasury Management and cash flow:

The Council has an internal Treasury Management team that manages its cash within the strategy approved by Full Council. The Treasury Strategy was adhered to in 2017/2018; the average long term borrowing rate was 3.77%; and the return on short term investments was 0.38%

At the end of 2017/18 the Council has £327.9 million of outstanding borrowing. That is £10 million less than 31st March 2017, and reflects the Council's prudent approach to managing long term debt.

Pension Fund

The deficit on pensions relates to the current actuarial valuation, and whilst it does not need to be paid in year, it will need to be found in future years.

As such the reduced in the pension deficit to £551 million reflects an ongoing risk to the Council. This risk is being mitigated through a recover plan agreed with Wiltshire Pension Fund's actuary that will see the employer's contribution fall by £62 million.

Financial Risks

The Council seeks to manage its financial risk through prudent controls, with business case assessments, always assessing the value of its assets and investments. Overall risks are well managed and set out in Note 43 to the accounts. There is £4.017 million set aside in provisions, mainly relating to insurance claims and NNDR appeals. More details are set out at Note 29 to the Accounts.

General Fund & Earmarked Reserves

Overall the outturn has meant that the Council's General Fund Reserve is £12.9 million. Over the last five years this has remained relatively constant, although the level of general fund reserves remains still one of the lowest in the Country it is still within the level recommended by the CFO. Other earmarked reserves have slightly increased due to ring fenced grants:

2017/18 Financial and Performance Review, continued

Financial & activity / performance

In setting the 2017/2018 budget the Council faced a 47% reduction in its revenue support grant funding (£16 million). This meant in 2017/2018 an additional £5.8 million was needed to be raised from Council Tax, and £6.8 million from a new Social Care Levy to fund adult care pressures. Overall there was a net change of £2.2 million in our net funding position. This shift to less government grant also means over 94% of our funds now come from local residents and business, up from 77% in 2016/2017

However, the Council continues to face demand and inflationary pressures of circa £15 million p.a. To manage this challenge the Business Plan has had a clear prioritised focus that has helped shape both the areas of financial investment and

drive for continual improvement in performance.

In Adult and Children's Care we saw £11.4 million invested taking the net budget to £201 million. The outturn identifies that both broadly broke even.

A focus on preventative measures has also meant we have managed demand effectively, and stay within budget.

In Family & Childrens Services in particular we have experienced additional demand. This has resulted in spend above budget by £0.7 million. This area continues to be a key focus and the 2018/19 budget has been increased by £4.3 million to respond to this.

Annual Governance Statement

The Annual Governance Statement will be added upon its completion and approval at Audit Committee

Draft

Statements to the Accounts

Draft

The Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

- Arrange for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the management of those affairs. In this Council, that officer is the Chief Finance Officer;
- Secure economic, efficient and effective use of its resources and to safeguard its assets;
- Approve the Statement of Accounts.

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts. This has, under the CIPFA Code of Practice on Local Authority Accounting in Great Britain (the Code of Practice), to present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year to 31 March 2018.

In preparing this Statement of Accounts, the Chief Finance Officer has:

- selected appropriate accounting policies and applied them consistently;
- made reasonable and prudent judgements and estimates;
- complied with the Code of Practice.

The Chief Financial Officer has also:

- kept proper, up to date accounting records;
- taken reasonable steps to prevent and detect fraud and other irregularities.

The Statement of the Chief Finance Officer

The required financial statements have been prepared in accordance with the accounting policies.

I certify that the Statement of Accounts presents a true and fair view of the financial position of Wiltshire Council at 31 March 2018 and the income and expenditure for the year ended 31 March 2018.

Ian Duncan

Interim Director, Finance & Procurement (Chief Finance Officer/Section 151 Officer)
Wiltshire Council

2018

Independent Auditor's Report to the Members of Wiltshire Council

To be added following completion of the annual audit.

Jonathan Brown
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE
2018

Draft

KEY FINANCIAL STATEMENTS

Draft

Comprehensive Income and Expenditure Statement

This account shows expenditure on and income from the Council's day to day activities. Expenditure includes salaries, wages, service and depreciation charges. It gives the cost of the main services provided by the Council. This statement is shown in a statutory format. Details about how this ties back to the Council's regular budget monitoring reporting is shown in the Expenditure and Funding Analysis Statement.

	2017/2018		2016/2017 (RESTATED)			
	Expenditure £000	Income £000	Net Expenditure £000	Expenditure £000	Income £000	Net Expenditure £000
General Fund Services						
ASC Operations - Access & Reablement	71,278	(17,590)	53,688	77,379	(15,509)	61,870
Learning Disability & Mental Health	75,113	(9,056)	66,057	69,130	(7,988)	61,142
Public Health & Protection	20,473	(17,177)	3,296	19,990	(17,584)	2,406
Commissioning	66,086	(45,359)	20,727	62,821	(49,135)	13,686
Family & Children Services	99,012	(38,418)	60,594	96,377	(35,651)	60,726
Education & Skills	189,773	(171,937)	17,836	199,185	(181,405)	17,780
Economic Development & Planning	22,353	(7,736)	14,617	10,334	(7,437)	2,897
Highways & Transport	51,569	(12,422)	39,147	54,208	(13,852)	40,356
Waste & Environment	45,743	(7,703)	38,040	45,048	(7,350)	37,698
Housing & Commercial Development	39,453	(10,516)	28,937	31,499	(9,685)	21,814
Communities & Communications	22,865	(9,388)	13,477	30,653	(9,834)	20,819
Corporate Services & Digital	20,619	(3,794)	16,825	19,472	(4,889)	14,583
Finance	122,088	(115,998)	6,090	133,539	(127,899)	5,640
Legal & Democratic	8,588	(2,966)	5,622	8,102	(3,190)	4,912
Human Resources & Org Development	5,458	(1,570)	3,888	5,382	(2,088)	3,294
Corporate Directors	3,128	(13)	3,115	3,001	(126)	2,875
Corporate	13,847	(8,864)	4,983	9,192	(1,725)	7,467
Housing Revenue Account (HRA)	20,856	(25,675)	(4,819)	23,925	(25,799)	(1,874)
Net Cost of Service	898,302	(506,182)	392,120	899,237	(521,146)	378,091
Other operating Expenditure		Note 3	30,200			23,892
Financing and Investment Income and Expenditure		Note 4	27,091			30,550
Taxation and non-specific grant income		Note 5	(457,232)			(428,971)
(Surplus)/ Deficit on Provision of Services			(7,821)			3,562
(Surplus) or deficit on revaluation of Property, Plant and Equipment Assets			(39,406)			(66,469)
Actuarial (gains)/losses on pension assets / liabilities			(91,485)			53,805
Other Comprehensive Income and Expenditure			(130,891)			(12,664)
Total Comprehensive Income and Expenditure			(138,712)			(9,102)

The Council has restated its 2016/2017 Comprehensive Income and Expenditure Statement to reflect the Council's structural changes during 2017/2018. Further details are included in note 53.

Movement in Reserves Statement

The Council maintains a number of reserves that are recorded on the balance sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves (Restated) £000	Total Authority Reserves £000
Balance at 1 April 2016	(38,583)	(20,479)	(13,865)	(9,115)	(26,617)	(108,659)	38,697	(69,962)
Movement in reserves during 2016/2017								
Total Comprehensive Income and Expenditure	(1,800)	5,362	0	0	0	3,562	(12,664)	(9,102)
Adjustments between accounting basis & funding basis under regulations	(2,996)	(8,053)	4,143	7,933	(8,173)	(7,146)	7,146	0
Net (Increase)/Decrease before Transfers	(4,796)	(2,691)	4,143	7,933	(8,173)	(3,584)	(5,518)	(9,102)
Balance at 31 March 2017 carried forward	(43,379)	(23,170)	(9,722)	(1,182)	(34,790)	(112,243)	33,179	(79,064)
Movement in reserves during 2017/2018								
Total Comprehensive Income and Expenditure	(11,648)	3,827	0	0	0	(7,821)	(130,891)	(138,712)
Adjustments between accounting basis & funding basis under regulations	1,596	1,392	(3,275)	(417)	(19,207)	(19,911)	19,911	0
Net (Increase)/Decrease before Transfers	(10,052)	5,219	(3,275)	(417)	(19,207)	(27,732)	(110,980)	(138,712)
Balance at 31 March 2018 carried forward	(53,431)	(17,951)	(12,997)	(1,599)	(53,997)	(139,975)	(77,801)	(217,776)

Balance Sheet

This statement summarises the Council's assets and liabilities at 31 March for the years 2018 and 2017.

	NOTES	31 March 2018		31 March 2017
		£000	£000	£000
Property, Plant and Equipment	15			
Council Dwellings & Garages		270,823		256,922
Other Land and Buildings		354,635		359,027
Vehicles, Plant, Furniture and Equipment		74,993		57,127
Infrastructure		357,494		357,060
Community Assets		6,160		7,944
Assets Under Construction		62,806		39,204
Surplus Assets Not Held for Sale		9,890		6,490
			1,136,801	1,083,774
Investment Properties	23	23,244		22,952
Intangible Assets	24	564		988
Assets Held for Sale	25	10,165		8,750
Long Term Debtors		5,638		2,830
			39,611	
Long Term Assets			1,176,412	1,119,294
Current Assets				
Short Term Investments		63,805		56,791
Inventories		737		1,255
Short Term Debtors	26	46,682		58,680
Cash and Cash Equivalents	27	8,694		14,004
Current Assets			119,918	130,730
Current Liabilities				
Short Term Creditors	28	(82,147)		(96,216)
Short Term Borrowing	30	(16,951)		(14,683)
Short Term PFI Creditors	22	(2,553)		(2,411)
Provisions	29	(4,017)		(4,495)
Current Liabilities			(105,668)	(117,805)
Long Term Liabilities				
Long Term PFI Creditors	22	(48,367)		(51,343)
Long Term Borrowing	30	(313,037)		(327,859)
Other Long Term Liabilities		(7,376)		(3,742)
Pension Fund Liability	38	(550,836)		(612,791)
Planning Deposits		(53,270)		(57,420)
Long Term Liabilities			(972,886)	(1,053,155)
Net Assets			217,776	79,064
Financed by				
Usable Reserves	31		(139,975)	(112,243)
Unusable Reserves	35		(77,801)	33,179
Total Reserves			(217,776)	(79,064)

Ian DuncanInterim Director, Finance & Procurement (Section 151 Officer)
31 May 2018

Cashflow Statement

This consolidated statement summarises the movement of cash between the Council and third parties for both capital and revenue purposes.

	NOTES	2017/2018 £000	2016/2017 £000
Net (surplus) or deficit on the provision of services		(7,821)	3,562
Adjustments to net surplus or deficit on the provision of services for non-cash movements		13,750	(49,586)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	39	(12,162)	(12,361)
Net cash flows from Operating Activities		(6,233)	(58,385)
Investing Activities	40	(1,011)	31,875
Financing Activities	41	12,554	31,991
Net decrease or (increase) in cash and cash equivalents		5,310	5,481
Cash and cash equivalents at the beginning of the reporting period		14,004	19,485
Cash and cash equivalents at the end of the reporting period		8,694	14,004

Expenditure & Funding Analysis Statement

This analysis shows how annual expenditure is used and funded from annual resources (government grants, rents, council tax and business rates) by the Council in comparison with the economic resources consumed or earned by the Council in accordance with generally accepted accounting practice. It shows how the expenditure is allocated for decision making purposes between the Council's services. Income and expenditure is shown more fully in the Comprehensive Income & Expenditure statement.

	2017/2018			2016/2017 (RESTATED)		
	Net Expenditure Chargeable to the General Fund & HRA Balances £000	Adjustments between Funding and Accounting Basis (see note 13) £000	Net Expenditure in the Comprehensive Income & Expensive Statement £000	Net Expenditure Chargeable to the General Fund & HRA Balances £000	Adjustments between Funding and Accounting Basis (see note 13) £000	Net Expenditure in the Comprehensive Income & Expensive Statement £000
General Fund Services						
ASC Operations - Access & Reablement	52,024	1,664	53,688	61,385	485	61,870
Learning Disability & Mental Health	65,189	868	66,057	60,918	224	61,142
Public Health & Protection	1,739	1,557	3,296	2,555	(149)	2,406
Commissioning	20,497	230	20,727	13,762	(76)	13,686
Family & Children Services	57,759	2,835	60,594	59,612	1,114	60,726
Education & Skills	714	17,122	17,836	1,565	16,215	17,780
Economic Development & Planning	2,542	12,075	14,617	3,161	(264)	2,897
Highways & Transport	29,469	9,678	39,147	28,061	12,295	40,356
Waste & Environment	36,599	1,441	38,040	35,637	2,061	37,698
Housing & Commercial Development	15,370	13,567	28,937	15,882	5,932	21,814
Communities & Communications	6,720	6,757	13,477	6,913	13,906	20,819
Corporate Services & Digital	14,823	2,002	16,825	12,903	1,680	14,583
Finance	5,290	800	6,090	5,911	(271)	5,640
Legal & Democratic	5,144	478	5,622	5,015	(103)	4,912
Human Resources & Org Development	3,483	405	3,888	3,411	(117)	3,294
Corporate Directors	3,049	66	3,115	2,897	(22)	2,875
Corporate	(9,470)	14,453	4,983	(6,331)	13,798	7,467
Net Cost of Service General Fund	310,941	85,998	396,939	313,257	66,708	379,965
Housing Revenue Account (HRA)	5,219	(10,038)	(4,819)	(2,691)	817	(1,874)
Transfer to Earmarked Reserves	(9,642)	9,642	0	(4,468)	4,468	0
Net Cost of Service	306,518	85,602	392,120	306,098	71,993	378,091
Other operating Expenditure	0	30,200	30,200	0	23,892	23,892
Financing and Investment Income and Expenditure	0	27,091	27,091	0	30,550	30,550
Taxation and non-specific grant income	(311,351)	(145,881)	(457,232)	(313,585)	(115,386)	(428,971)
(Surplus)/ Deficit	(4,833)	(2,988)	(7,821)	(7,487)	11,049	3,562
Balance Summary						
Opening General Fund & HRA Balance at 31 March	(66,549)			(59,062)		
Add (Surplus) on General Fund & HRA Balances in Year	(4,833)			(7,487)		
Closing General Fund and HRA Balance at 31 March	(71,382)			(66,549)		

Analysed between type of balance	General Fund	Earmarked Reserves	HRA	Total Balances
Opening Balance at 1 April 2016	(12,206)	(26,377)	(20,479)	(59,062)
Add (Surplus)/ Deficit in year 2016/2017	(328)	(4,468)	(2,691)	(7,487)
Closing Balance at 31 March 2017	(12,534)	(30,845)	(23,170)	(66,549)
Add (Surplus) in year 2017/2018	(410)	(9,642)	5,219	(4,833)
Closing balances at 31 March 2018	(12,944)	(40,487)	(17,951)	(71,382)

Notes to the Core Financial Statements

Introduction to the Explanatory Notes

The Statement of Accounts summarises the Council's transactions for the 2017/2018 financial year and its position at the year-end of 31 March 2018. The Statement of Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/2018 and the accounting policies are set out in the Notes to the Accounts Annex 1. For ease of reference, the notes to the core financial statement are grouped in functional areas. In order to streamline the Statement of Accounts and make them more user friendly, a number of notes have been removed this year from previous years, as allowed by the code of practice. These are all non-material notes so do not affect the information presented.

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Note 1 Revenue outturn

In respect of net revenue outturn, the Council's 2017/2018 General Fund revised budget and actual spending figures were as below:

	Original Budget £m	Revised Budget £m	Actual £m	Difference £m
Total General Fund (a)	311.351	311.351	310.941	(0.410)
Funded by:				
Draw from General Fund reserves				
Formula Grant	(18.290)	(18.288)	(18.288)	0.000
Business Rates Retained	(54.211)	(50.161)	(50.161)	0.000
Council Tax	(226.202)	(226.202)	(226.202)	0.000
Social Care Levy	(11.102)	(11.102)	(11.102)	0.000
Collection Fund (Surplus)/Deficit Council Tax	0.000	(2.530)	(2.530)	0.000
Collection Fund (Surplus)/Deficit NNDR	(1.546)	(3.068)	(3.068)	0.000
Total Funding (b)	(311.351)	(311.351)	(311.351)	0.000
Movement on General Fund (a) + (b)	0.000	0.000	(0.410)	(0.410)

The overall underspend against the revised 2017/2018 budget was £0.410 million. More details about the Council's revenue spending on services are given, with notes, in the Comprehensive Income & Expenditure Statement and subsequent notes. The overall movement on the General Fund is a £0.410 million return to reserves.

Note 1b Expenditure and Income Analysed by Nature

	2017/2018 £000	2016/2017 £000
Expenditure		
Services expenses	853,750	846,182
Depreciation, amortisation and impairment	60,760	72,737
Interest payments	12,590	12,869
Precept and levies	16,954	15,416
Loss on disposal of assets	12,491	7,727
Total Expenditure	956,545	954,931
Income		
Fees, charges and other service income	(506,182)	(521,146)
Interest and investment income	(428)	(508)
Movements in the market value of Investment Properties	(524)	(744)
Income from Council Tax and Business Rates	(306,826)	(298,178)
Government Grants and contributions	(59,524)	(75,118)
Other grants and contributions	(90,882)	(55,675)
Total Income	(964,366)	(951,369)
Deficit on the Provision of Services	(7,821)	3,562

Note 2 Exceptional items

There are no exceptional items in the accounts for either 2017/2018 or 2016/2017.

Note 3 Other Operating Expenditure

	2017/2018 £000	2016/2017 £000
Parish council precepts	16,954	15,416
Payments to the Government Housing Capital Receipts Pool	755	749
(Gains)/losses on the disposal of non-current assets	12,491	7,727
Total	30,200	23,892

Note 4 Financing and Investment Income and Expenditure

	2017/2018 £000	2016/2017 £000
Interest payable and similar charges	12,590	12,869
Interest and investment income	(428)	(508)
Pension Interest Costs and expected return on pension assets	15,453	18,933
Movements in the market value of Investment Properties	(524)	(744)
Total	27,091	30,550

Note 5 Taxation and Non Specific Grant Income

The Council raises the following income in respect of Council Tax, Non Domestic Rate (NDR) and General Government Grants which are not attributable to specific services.

	2017/2018	2016/2017
	£000	£000
Council Tax Transfer	(237,304)	(224,723)
Collection Fund Surplus	(2,530)	(5,054)
Parish Council Precepts	(16,954)	(15,416)
Adjustment for statutory requirements	3,191	(3,903)
Council Tax Income	(253,597)	(249,096)
General Government Grants	(41,236)	(40,392)
Formula Grant	(18,288)	(34,726)
Business Rates Retention Scheme	(53,229)	(49,082)
Capital grants and contributions	(90,882)	(55,675)
Total	(457,232)	(428,971)

Note 6 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2017/2018:

	2017/2018 £000	2016/2017 £000
Credited to Taxation and Non Specific Grant Income		
General Government Grants	(41,236)	(40,392)
Formula Grant	(18,288)	(34,726)
Business Rates Retention Scheme	(53,229)	(49,082)
Total	(112,753)	(124,200)
Credited to Services		
Dedicated Schools Grant	(177,679)	(178,448)
Public Health Grant	(17,819)	(18,269)
Pupil Premium Grant	(7,788)	(8,325)
Learning & Skills Council	(1,512)	(1,651)
Universal Infant Free School Meals	(4,350)	(4,592)
PFI	(7,541)	(7,541)
Housing Benefit & Council Tax Admin Grant	(1,597)	(1,789)
Other Grants	(40,591)	(22,013)
Other Contributions	(7,637)	(1,411)
Donations	(871)	(912)
Total	(267,385)	(244,951)
Total Grants, Contributions & Donations	(380,138)	(369,151)

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies to be repaid. The balances at the year end are as follows:

	2017/2018 £000	2016/2017 £000
Revenue Grants to be returned (Creditor)		
Other Grants	76	0
Total	76	0

The Council received the following grants in relation to future years:

	2017/2018 £000	2016/2017 £000
Revenue Grants Receipts in Advance		
SEND Reform Grant 2018/2019	(245)	0
Other Grants	(76)	(11)
Total	(245)	0

Note 7 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the Council's area. DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2013. The Schools Budget includes elements for a range of educational services provided on a Council-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2017/2018 are as follows:

	Central Expenditure £000	Individual Schools Budget (ISB) £000	2017/2018 Total £000	2016/2017 Total £000
Final DSG for year before academy recoupment			(330,349)	(317,290)
Academy figure recouped			152,675	138,842
Total DSG after academy recoupment			(177,674)	(178,448)
Brought forward from previous year			(583)	(591)
Agreed initial budget distribution	(64,108)	(114,149)	(178,257)	(179,039)
In Year Adjustments	246	0	246	38
Final budgeted distribution	(63,862)	(114,149)	(178,011)	(179,001)
Less actual central expenditure	63,016	0	63,016	56,555
Less actual ISB deployed to schools	0	114,149	114,149	121,863
Carry forward	(846)	0	(846)	(583)

Note 8 Pooled Budgets

Partnerships Schemes under S31 Health Act

Better Care Fund

The Better Care Fund (BCF) is a programme spanning both the NHS and local government. It was created to improve the lives of some of the most vulnerable people in our society, placing them at the centre of their care and support, and providing them with 'wraparound' fully integrated health and social care, resulting in an improved experience and better quality of life.

Wiltshire Council and Wiltshire CCG have entered into a formal arrangement from 1 April 2015 to deliver services via the Better Care Fund. The expenditure via the Better Care Fund was as follows:

	2017/2018 £000	2016/2017 £000
Self Care, Self Support	1,569	1,614
Intermediate Care	13,503	12,215
Access, rapid response 7 day working	3,777	3,751
Care Bill	2,500	2,500
Protecting Social Care	12,577	9,183
Invest in Engagement with Heathwatch	100	100
Scheme Management	248	328
Social Care Capital	2,275	2,551
Workforce and bought forward schemes	0	26
Integrated Community Equipment	4,971	0
Total Expenditure before return to partners	41,520	32,268
Return to Partners CCG	0	320
Return to Partners Wiltshire Council	3,435	320
Total Schemes	44,955	32,908

This was funded from income and grants as follows:

	2017/2018	2016/2017
	£000	£000
Wiltshire CCG BCF Contribution	(31,551)	(27,948)
Wiltshire Council BCF Contribution	(4,524)	(2,409)
Disabled Facilities Grant	(3,070)	(2,551)
Improved Better Care Fund	(5,810)	0
Total Income and Grants	(44,955)	(32,908)

The Integrated Community Equipment spend was not included in the pool in 2016/2017. The comparable figure for 2016/2017 was 5.018 million

Note 9 Members' Allowances

The Council paid the following amounts to Members of the Council during the year.

	2017/2018	2016/2017
	£000	£000
Allowances	1,860	1,837
Expenses	78	73
Total	1,938	1,910

Note 10 Officers' Remuneration

The Council is required to disclose the number of employees who received taxable remuneration from Wiltshire Council in excess of £50,000 for the year. These figures include Wiltshire Council employees as well as teaching and non-teaching employees employed directly by Wiltshire Council Schools. This table is based on full remuneration and not just salary.

Remuneration Band £	2017/2018	2016/2017
	No. Employees	No. Employees
50,000-54,999	95	103
55,000-59,999	84	84
60,000-64,999	48	57
65,000-69,999	18	17
70,000-74,999	18	15
75,000-79,999	4	4
80,000-84,999	3	3
85,000-89,999	3	3
90,000-94,999	3	1
95,000-99,999	3	5
100,000-104,999	2	8
105,000-109,999	1	1
110,000-114,999	0	0
115,000-119,999	0	0
120,000-124,999	0	0
125,000-129,999	1	1
130,000-134,999	1	0
135,000-139,999	0	0
140,000-144,999	1	0
145,000-149,999	0	1
150,000-154,999	1	1
155,000-159,999	1	0
160,000-164,999	1	0
165,000-169,999	0	0
170,000-174,999	1	0
175,000-179,999	1	1
TOTAL	290	305

Notes:

Officers' remuneration includes compensation for loss of office (redundancy).

2017/2018 Remuneration for Senior Employees - Salary is £150,000 or more per year
(Included in Officer's Remuneration Bandings)

Post Holder	Salary (including fees and allowances) £	Bonuses £	Expense Allowances £	Compensation for loss of Office £	Benefits in Kind £	Total Remuneration excluding pension contributions 2017/2018 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2015/2016 £
Corporate Director, Communities, Resources & Digital - Carlton Brand (Subnote F)	151,265	0	179	0	0	151,444	28,740	180,184
	151,265	0	179	0	0	151,444	28,740	180,184

2016/2017 Remuneration for Senior Employees - Salary is £150,000 or more per year
(Included in Officer's Remuneration Bandings)

No officers had a salary in excess of £150,000 during 2016/2017.

Remuneration for Senior Employees - Salary is less than £150,000 but equal to or more than £50,000 per year (Included in Officer's Remuneration Bandings)

2017/2018	Post Holder	Salary (including fees and allowances) £	Bonuses £	Expense Allowances £	Compensation £	Benefits in Kind £	Total Remuneration excluding pension contributions 2016/2017 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2016/2017 £
	Corporate Director, Growth, Investment & Place (Subnote A & F)	124,437	0	1,448	0	0	125,885	23,643	149,528
	Corporate Director, Children & Education (Subnote B & F)	133,215	0	986	0	0	134,201	25,311	159,512
	Corporate Director C (Subnote C & F)	88,238	0	0	0	0	88,238	16,765	105,003
	Associate Director, People & Business (Subnote D & F)	96,919	0	228	81,169	0	178,316	13,402	191,718
	Director, Human Resources & Organisational Development (Subnote E & F)	82,750	0	0	0	0	82,750	15,723	98,473
	Director, Finance & Procurement - s151 Officer	105,810	0	318	0	0	106,128	20,104	126,232
	Director Legal & Democratic - Monitoring Officer	102,528	0	0	0	0	102,528	19,480	122,008
		733,897	0	2,980	81,169	0	818,046	134,428	952,474

Subnote A:

Corporate Director, Growth, Investment & Place was appointed on 14 August 2017. The annualised salary for the post is £137,210. Prior to 14 August 2017, the post holder was previously the Associate Director, Economy & Planning. The annualised salary was £101,513.

Subnote B:

Corporate Director, Children & Education was appointed on 14 August 2017 and is designated as the Director of Children's Services (which is a required statutory role) from this date. The annualised salary for the post is £137,210. Prior to 14 August 2017, the post holder was previously the Associate Director, Operational Children's Services. The annualised salary was £104,761.

Subnote C:

Corporate Director C is designated as the Director of Adult Social Services which is a required statutory role, and was designated as the Director of Children's Services (which is a required statutory role) until 13 August 2017. Corporate Director C left the employment of the Council on 31 October 2017. The annualised salary was £149,767.

Subnote D:

Associate Director, People & Business left the employment of the Council on 30 November 2017. The annualised salary was £104,761.

Subnote E:

Director, Human Resources & Organisational Development was appointed on 6 November 2017 and is designated as the Head of Paid Service (which is a statutory role) from this date. The annualised salary for the post is £95,978. Prior to 6 November 2017, the post holder was previously the Head of Human Resources & Organisational Development. The annualised salary was £73,097.

Subnote F:

As of November 2013, the statutory role of Head of Paid service is discharged between the Corporate Directors on a rotational basis. Following a report to Cabinet on 20 June 2017, this designation was transferred to the Associate Director role with responsibility for HR, which at the time was the Associate Director, People & Business. Per Subnote E, this designation transferred to the Director, Human Resources & Organisational Development on 6 November 2017.

2016/2017 Remuneration for Senior Employees - Salary is less than £150,000 but equal to or more than £50,000 per year
(Included in Officer's Remuneration Bandings)

2016/2017	Post Holder	Salary (including fees and allowances) £	Bonuses £	Expense Allowances £	Compensation £	Benefits in Kind £	Total Remuneration excluding pension contributions 2015/2016 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2015/2016 £
	Corporate Director A (subnote G)	149,767	0	1,068	0	0	150,835	26,958	177,793
	Corporate Director B (subnote G and H)	141,129	0	710	37,067	0	178,906	10,601	189,507
	Corporate Director C (subnote G and I)	149,767	0	0	0	0	149,767	26,958	176,725
	Associate Director Finance - s151 Officer	104,761	0	86	0	0	104,847	18,857	123,704
	Associate Director Legal and Governance - Monitoring Officer	101,513	0	0	0	0	101,513	18,272	119,785
		646,937	0	1,864	37,067	0	685,868	101,646	787,514

Subnote G:

As of November 2013, the statutory role of Head of Paid service is discharged between the Corporate Directors on a rotational basis.

Subnote H:

Corporate Director B is designated as the Director of Public Health and the Director of Adult Social Services for Wiltshire Council (both of which are required statutory roles). Corporate Director B left employment of the council on 30 September 2016. The annualised salary for the post was £148,271.

Subnote I:

Corporate Director C is designated as the Director of Children's Services (which is a required statutory role).

Exit Packages

Exit packages include all benefits provide in relation to the termination of employment. These include redundancy payments, pay in lieu of notice and pension strain. The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit Package Cost Band (including special payments) £	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017 £	2017/2018 £
0-20,000	4	3	167	90	171	93	1,396,159	794,469
20,001-40,000	0	0	45	7	45	7	1,243,028	196,692
40,001-60,000	0	0	5	1	5	1	253,825	58,989
60,001-80,000	0	0	0	2	0	2	0	152,270
80,001-100,000	0	0	0	1	0	1	0	81,169
Total	4	3	217	101	221	104	2,893,012	1,283,589

In 2017/2018 there were 32 exit package relating to schools, with a value of £197,972.

Note 11 External Audit Fees

Wiltshire Council incurred the following fees in respect of external audit and statutory inspection with KPMG, in accordance with the Local Audit & Accountability Act 2014.

	2017/2018 £000	2016/2017 £000
Fees payable for external audit services carried out by the appointed auditor	167	167
Fees payable for the certification of grant claims and returns	23	32
Fees payable in respect of other services provided by external auditors during the year	13	0
Total	203	199

Note 12 Related Parties

The Council is required to disclose material transactions with related parties. Related parties are persons or entities that are related to Wiltshire Council. A related party transaction is a transfer of resources or obligations between a reporting entity (Wiltshire Council) and a related party, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the authority or the government of which it forms part.

UK Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Details of Grant receipts are shown in Note 6.

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2017/2018 is shown in note 9. If a Member declares an interest in a transaction which involves the Council, these transactions are recorded in the Register of Members' Interests, open to public inspection at County Hall, Trowbridge. The register has been reviewed and Members have not disclosed any material transactions with related parties.

Officers – under the requirements of the Local Government Act 2000, the Council has developed a Code of Conduct for officers and established a Register of Officers interests. This Register of interests has been reviewed and no material transactions have been discovered.

Wiltshire Pension fund – In 2016/2017 the Council charged the fund £1.472 million (£1.430 million in 2016/2017) for expenses incurred in administering the fund.

Note 13 Note to the Funding Analysis

Adjustments to General Fund to add Expenditure or Income not Chargeable to taxations or rents and remove items which are only chargeable under statute

	2016/2017 (RESTATED)			Total Adjustments
	Adjustments for Capital Purposes (Note 13a)	Net change for the Pension Adjustments (Note 13b)	Other Differences (Note 13c)	
	£000	£000	£000	£000
General Fund Services				
ASC Operations - Access & Reablement	740	(281)	26	485
Learning Disability & Mental Health	434	(184)	(26)	224
Public Health & Protection	14	(156)	(7)	(149)
Commissioning	0	(69)	(7)	(76)
Family & Children Services	1,861	(753)	6	1,114
Education & Skills	16,531	(588)	272	16,215
Economic Development & Planning	(17)	(238)	(9)	(264)
Highways & Transport	12,492	(194)	(3)	12,295
Waste & Environment	2,251	(188)	(2)	2,061
Housing & Commercial Development	7,632	(120)	(1,580)	5,932
Communities & Communications	14,239	(337)	4	13,906
Corporate Services & Digital	1,923	(251)	8	1,680
Finance	0	(258)	(13)	(271)
Legal & Democratic	65	(160)	(8)	(103)
Human Resources & Org Development	0	(113)	(4)	(117)
Corporate Directors	0	(18)	(4)	(22)
Corporate	0	616	17,650	18,266
Housing Revenue Account (HRA)	14,572	(74)	(13,681)	817
Net Cost of Service	72,737	(3,366)	2,622	71,993
Other operating Expenditure	7,727	0	16,165	23,892
Financing and Investment Income and Expenditure	(744)	18,933	12,361	30,550
Taxation and non-specific grant income	0	0	(115,386)	(115,386)
(Surplus)/ Deficit	79,720	15,567	(84,238)	11,049

	2017/2018			Total Adjustments
	Adjustments for Capital Purposes (Note 13a)	Net change for the Pension Adjustments (Note 13b)	Other Differences (Note 13c)	
	£000	£000	£000	£000
General Fund Services				
ASC Operations - Access & Reablement	646	1,016	2	1,664
Learning Disability & Mental Health	203	654	11	868
Public Health & Protection	1,029	516	12	1,557
Commissioning	0	232	(2)	230
Family & Children Services	233	2,601	1	2,835
Education & Skills	16,084	1,966	(928)	17,122
Economic Development & Planning	11,284	788	3	12,075
Highways & Transport	8,996	677	5	9,678
Waste & Environment	804	644	(7)	1,441
Housing & Commercial Development	14,825	436	(1,694)	13,567
Communities & Communications	5,622	1,156	(21)	6,757
Corporate Services & Digital	991	985	26	2,002
Finance	0	803	(3)	800
Legal & Democratic	5	487	(14)	478
Human Resources & Org Development	35	372	(2)	405
Corporate Directors	0	65	1	66
Corporate	3	376	23,716	24,095
Housing Revenue Account (HRA)	0	263	(10,301)	(10,038)
Net Cost of Service	60,760	14,037	10,805	85,602
Other operating Expenditure	12,491		17,709	30,200
Financing and Investment Income and Expenditure		14,929	12,162	27,091
Taxation and non-specific grant income			(145,881)	(145,881)
(Surplus)/ Deficit	73,251	28,966	(105,205)	(2,988)

Note 13a Adjustments for Capital Funding and Expenditure Purposes

These adjustments are made to the General Fund Balances to meet the requirements of generally accepted accounting practises. For services, this column includes adjustments for depreciation, impairment and revenue funded by capital. In other operating expenditure this adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Note 13b Net changes for the removal of pension contributions and the addition of pension (IAS19) related expenditure and income

Net changes for the removal of pension contribution and the addition of IAS 19 Employee Benefits pension related expenditure and income. For services this represents the removal of the employer pension contributions made by the authority as permitted by statute and the replacement with current services costs and past service costs.

Note 13c Other Differences

Other differences between the amounts debits/ credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute. These include adjustment for accumulated absences, PFI service charges and items reported to members but not included in statutory net cost of service (e.g. general government grants, movement on reserves and interest).

Note 14 Adjustments between accounting basis and funding basis under regulations

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

Reserves 2017/2018	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation of non-current assets	(20,837)			(11,548)		32,385
Charges for impairment/ revaluations of plant, property and equipment	(20,357)					20,357
Movements in the market value of Investment Properties	524					(524)
Amortisation of intangible assets	(446)					446
Revenue expenditure funded from capital under statute	(19,119)					19,119
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	(7,383)	(5,108)	(9,905)			22,396
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	11,472					(11,472)
Capital expenditure charged against the General Fund and HRA balances	0	6,762				(6,762)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement and Expenditure Statement	90,882				(90,882)	0
Application of grants to capital financing transferred to the Capital Adjustment Account					71,675	(71,675)
Adjustments primarily involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure			6,104			(6,104)
Reserve to finance the payments to the Government capital receipts pool	(755)		755			0
Adjustments primarily involving the Deferred Capital Receipts Reserve						
Transfer of deferred sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	130		(229)			99
Adjustment primarily involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA						0
Use of the Major Repairs Reserve to finance new capital expenditure and depreciation				11,131		(11,131)
Adjustment primarily involving the Financial Instruments Adjustments Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	2					(2)
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 61)	(29,267)	(263)				29,530
Employer's pensions contributions and direct payments to pensioners payable in the year						0
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	3,206					(3,206)
Amount by which non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	(6,397)					6,397
Adjustment primarily involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(59)	1				58
Total Adjustments	1,596	1,392	(3,275)	(417)	(19,207)	19,911

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Unusable Reserves
Reserves 2016/2017	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation of non-current assets	(25,436)	(14,572)				40,008
Charges for impairment/ revaluations of plant, property and equipment	(10,306)					10,306
Movements in the market value of Investment Properties	744					(744)
Amortisation of intangible assets	(2,288)					2,288
Revenue expenditure funded from capital under statute	(20,136)					20,136
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	(4,016)	(3,711)	(9,105)			16,832
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	16,006					(16,006)
Capital expenditure charged against the General Fund and HRA balances		3,975				(3,975)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement and Expenditure Statement	55,676				(55,676)	0
Application of grants to capital financing transferred to the Capital Adjustment Account					47,503	(47,503)
Adjustments primarily involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure			12,684			(12,684)
Reserve to finance the payments to the Government capital receipts pool	(749)		749			0
Adjustments primarily involving the Deferred Capital Receipts Reserve						
Transfer of deferred sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	353		(185)			(168)
Adjustment primarily involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA		6,187		8,385		(14,572)
Use of the Major Repairs Reserve to finance new capital expenditure and depreciation				(452)		452
Adjustment primarily involving the Financial Instruments Adjustments Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	1					(1)
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 61)	(19,548)					19,548
Employer's pensions contributions and direct payments to pensioners payable in the year	3,934	74				(4,008)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(2,431)					2,431
Amount by which non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	6,334					(6,334)
Adjustment primarily involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,134)	(6)				1,140
Total Adjustments	(2,996)	(8,053)	4,143	7,933	(8,173)	7,146

BALANCE SHEET NOTES RELATING TO CAPITAL**Note 15 Property, Plant and Equipment (PPE)**

	Council Dwellings & Garages inc land £000	Other Land & Buildings £000	Vehicles, Plant and Equipment £000	Infra-structure £000	Community Assets £000	Assets under Construction £000	Surplus Assets £000	Total Property, and Plant & Equipment £000	PFI included in PPE £000
Cost or Valuation									
Opening Balance 1 April 2017	365,339	691,630	199,802	428,537	8,882	53,920	8,361	1,756,471	90,608
Additions	10,574	15,414	13,205	2,470		47,867	7	89,537	52
Derecognition - Disposals	(3,233)	(1,629)		(4,000)	(113)		(513)	(9,488)	
Derecognition - Other		(10,158)	(814)	(7)				(10,979)	
Revaluation increases recognised in the Revaluation Reserve	8,928	23,146	8,977		114		5,903	47,068	1,539
Revaluation decreases recognised in the Revaluation Reserve		(6,404)	(105)		(1,785)		(205)	(8,499)	
Category Adjustments	3,062	3,971	7,194	9,525		(24,265)	(1,565)	(2,078)	85
At 31 March 2018	384,670	715,970	228,259	436,525	7,098	77,522	11,988	1,862,032	92,284
Depreciation and Impairments									
Opening Balance 1 April 2017	(108,417)	(332,603)	(142,675)	(71,477)	(938)	(14,716)	(1,871)	(672,697)	(26,241)
Depreciation	(5,430)	(8,943)	(10,033)	(7,554)			(218)	(32,178)	(1,967)
Accumulated depreciation written back on derecognition of assets								0	
Revaluation losses/impairment recognised in the surplus/deficit on provision of services		(19,789)	(558)				(9)	(20,356)	
At 31 March 2018	(113,847)	(361,335)	(153,266)	(79,031)	(938)	(14,716)	(2,098)	(725,231)	(28,208)
Net Book Value at 31 March 2018	270,823	354,635	74,993	357,494	6,160	62,806	9,890	1,136,801	64,076
Net Book Value at 31 March 2017	256,922	359,027	57,127	357,060	7,944	39,204	6,490	1,083,774	64,367

Note 16 Information about Depreciation Methodologies

All depreciation applied is on a straight line basis using the following standard useful lives, unless the useful economic life is reviewed downwards by the external valuer;

- Council Dwellings. These are depreciated over a useful life of 30 years;
- Other Land and Buildings, Garages and Buildings are depreciated over a useful life of 50 years with the remaining useful life given by the valuers. Land is not depreciated;
- Vehicles, Plant etc. These are depreciated over a standard period of 5 years. The only exception being services of buildings which are depreciated on the remaining useful life given by the valuers;
- Community Assets, Assets under Construction and Non Operational Assets. These are not depreciated.
- Infrastructure. These are depreciated over a useful life of 60 years.

The total depreciation charged to tangible Property Plant and Equipment fixed assets for 2017/2018 is £32,176,741. (£39,866,601 in 2016/2017)

Note 17 Capital Expenditure and Capital Financing

Below is the financing of the year's capital expenditure on fixed assets and revenue expenditure funded from capital under statute. This shows the Council's overall capital financing requirement for General Fund and HRA – the underlying amount of borrowing the Council has incurred on its capital investment.

	31 March 2018		31 March 2017
	£000	£000	£000
Opening Capital Financing Requirement (see below)		537,296	551,625
Capital Investment			
Plant Property & equipment Assets	89,485		59,659
Plant Property & equipment PFI Assets	52		29
Investment Properties	405		94
Intangible assets	22		109
Revenue Expenditure Funded from Capital under Statute	19,119		20,136
		109,083	80,027
Sources of Finance			
Government Grants	(71,675)		(47,503)
Major Repairs Reserve	(11,131)		(14,120)
Capital Receipts	(6,104)		(12,685)
Assets purchased through Revenue (inc HRA)	(6,762)		(3,975)
Repayment of capital long term assets	93		(67)
Minimum Revenue Provision	(8,542)		(13,278)
Voluntary Revenue Provision	(261)		(247)
Minimum Revenue Provision - PFI Schemes	(2,669)		(2,481)
		(107,051)	(94,356)
Closing Capital Financing Requirement		539,328	537,296
Explanation of Movements in the Year			
Increase / (decrease) in underlying need to borrow		2,032	(14,329)
Increase / (decrease) in Capital Financing Requirement		2,032	(14,329)

Note 18 Fixed Asset Valuation

Assets classified as Land & Buildings, excluding County Farms, are revalued as part of the Council's rolling programme for the revaluation of fixed assets. The valuations are carried out by an external valuer, GVA Grimley, Chartered Surveyors.

County Farms were most recently revalued in 2013/2014 by a qualified internal valuer.

The basis for valuation is set out in the statement of accounting policies.

The assets revalued during 2017/2018 include Offices, Stores, Depots, Leisure Centres, Libraries, Youth Centres, Foundation Schools as well as the Investment Estate, Surplus Assets Not Held for Sale and any new assets acquired during 2017/2018 or significantly altered. All other assets will be revalued over the coming years as part of the rolling programme but have been revalued within the maximum 5 year rolling programme as dictated in the code of practice. The Council is not aware of any material change in the value of the remaining assets that were not revalued in 2017/2018.

The following table shows the split of the certified valuations for Property plant and equipment across the financial years:

	Council Dwellings & Garages inc land £000	Other Land & Buildings £000	Vehicles, Plant and Equipment £000	Infra-structure £000	Community Assets £000	Assets under Construction £000	Surplus Assets £000	Total Property, and Plant & Equipment £000
Valued at historical cost		6,713	18,487	357,494	1,000	62,806		446,500
Valued at current value in:								
2017/2018	270,823	105,845	18,263		114		9,890	404,935
2016/2017		158,244	30,599		5,037			193,880
2015/2016		66,013	7,644		9			73,666
2014/2015		3,061						3,061
2013/2014		14,759						14,759
Book Value at 31 March 2018	270,823	354,635	74,993	357,494	6,160	62,806	9,890	1,136,801

Schools Assets

During the 2017/2018 financial year a total of 9 schools became Academy schools so their assets have been removed from the balance sheet. This is shown as a derecognition in the note for Property plant and equipment above. The Council does not recognise Academy, Voluntary Controlled and Voluntary Aided schools in its accounts.

Components and effect on depreciation

The Council complies with the IFRS requirement to componentise its property assets. Components have been applied to material items in PPE in accordance with the IFRS Code of practice.

All assets with a value over £2 million de-minimis value have been split into the following components and disclosed in the balance sheet and fixed assets notes;

- Structure – the fabric of the building
- Services – e.g. Lifts and other electrical or other services
- Fittings – internal fittings, Kitchens, doors etc
- Externals – landscaping, car parking etc

In addition all the remaining useful lives are reassessed by the external valuers. This means that services are shown separately from the structure within the plant and equipment, and services typically have a considerably shorter remaining useful life than the structure of the building.

Note 19 Revaluation and Impairment Losses

As part of the valuation process, reductions in the value of our assets (where there have previously not been upward valuations) are charged as downwards revaluation losses charged to Property, Plant and Equipment. These are detailed by asset class in note 15.

Note 20 Heritage Assets

Heritage assets are assets that are held by the Council principally for their contribution to knowledge and/ culture. Typical examples of Heritage assets would include works of art, statues, archaeological sites, military or scientific equipment. Wiltshire Council does not have extensive museum collections as most of the museums in the county are owned by other bodies. Therefore the Council does not have a significant collection of art or other antiquities that need to be disclosed on the balance sheet with a value. These assets can be disclosed in a note to the accounts if the cost of obtaining a valuation exceeds the benefit to the users of the accounts.

These principal items that have been identified as heritage assets by Wiltshire Council are:

White horse near Westbury

- The White Horse in Westbury, a chalk cutting in the hill above Westbury has been in existence for over three hundred years and is owned and maintained by the Council and is kept for historical purposes. As it is not possible to remove or sell the asset a value has not been obtained. As it is such a specialised asset it would not be possible or relevant to put a value on this asset. Therefore this asset has been disclosed in this note only.

East Grafton Wilton Windmill

- This windmill, built in 1821, is held for historic purposes being managed by the Wilton Windmill Society. As a specialised grade II listed building with a major need for ongoing repairs it is felt that it would have minimal value and the cost of obtaining the valuation would far exceed the benefit to the users. Therefore this asset has been disclosed in this note only.

Village Lock ups

- Village lock-ups are historic buildings that were used for the temporary detention of people in England and Wales. A typical village lock-up is a small structure with a single door and a narrow slit window or opening. A number of these lock ups remain in various towns across Wiltshire. Many of these are owned and maintained by Wiltshire Council and so remain part of the Heritage Assets of the County. No formal valuation has been obtained for these sites as the costs of obtaining one would outweigh the benefits of doing so, and it is felt that they would not have any material value due to their size, condition and specialisation.

County Hall Members Rooms Art

- There is a small collection of items formally held in the Members' rooms at County Hall. These include various portraits and landscapes, as well as a stuffed Bustard in a stand. These are not on public display but are kept for artistic reasons. These have been valued for insurance purposes in the past with values individually not exceeding £1,500 per item. The total value of these items is not material, nor is there a benefit to the user of the accounts in obtaining updated valuations. Therefore these items have been disclosed in this note only.

Other items of Historical Interest

- There are a small number of other art works in the Council including; a modern art piece (the Leaf) in Bourne Hill Salisbury, a newly commissioned giant painted Bustard held outside the Library in Trowbridge; various statues in parks and open spaces across the county. In addition there are various collections such as the Local Collections at Salisbury, the Savernake Collection, Arundell of Wardour collection amongst others. These items have been investigated and it is felt the cost of obtaining valuations far exceeds the benefit to the users in all these cases. Therefore these items are disclosed in this note only.

Note 21 Leases**Finance leases**

A finance lease is a lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee. The Council had no finance leases in 2017/2018.

Operating leases

An operating lease is a lease that is not a finance lease (see above) and includes vehicles and other equipment particularly in schools. Rentals paid in respect of operating leases and future obligations for operating leases are listed below:

Operating Lease payments in 2017/2018

	2017/2018 £000
Plant, vehicles and equipment	27

Operating lease payments due in future years

	2017/2018 £000
Amount due in 2018/2019	16
Amounts due in between 2019/2020 and 2023/2024	10
Amounts due after 2024/2025	0
	26
Asset Class	
Plant, vehicles and equipment	26

Leases held as investments

The Council does not receive income from finance leases or hire purchase contracts and has not acquired any assets for the purpose of letting under finance leases.

Note 22 Private Financing Initiatives (PFI) and similar Contracts

The total amount held in Private Financing Initiative and similar contracts is as follows:

	North Wilts Schools PFI £000	Monkton Park Modified PFI £000	Housing PFI £000	Total Long term contracts £000
Balance outstanding at 1 April 2017	(26,473)	(6,069)	(21,213)	(53,755)
Payments during the year to reduce capital liability	946	605	1,284	2,835
Liability outstanding 31 March 2018	(25,527)	(5,464)	(19,929)	(50,920)
Split				
Due within 1 year	(1,050)	(467)	(1,036)	(2,553)
Due in over 1 year	(24,477)	(4,997)	(18,893)	(48,367)
Liability outstanding 31 March 2018	(25,527)	(5,464)	(19,929)	(50,920)

This year, the PFI contracts have been split between due within one year and due in over one year.

North Wiltshire Schools PFI & Additional 6th Form Units.

Wiltshire Council has a Private Finance Initiative (PFI) for three secondary schools with White Horse Education Partnership (WHEP). WHEP are responsible for maintaining and operating the facilities for 30 years from when the first school became operational (March 2002). These are included in the non-current assets in the balance sheet with an associated liability.

The funding for the annual PFI payment comes from the Council's own resources and a special government grant called a PFI credit which is credited to the revenue account in the year that they are received.

The future estimated payments the Council will make under the contract are as follows:

Period	Liability	Interest	Service charges	2017/2018 Total	2016/2017 Total
	£000	£000	£000	£000	£000
Within 1 years	(1,050)	(1,504)	(3,393)	(5,947)	(5,934)
Within 2-5 years	(5,109)	(5,094)	(14,441)	(24,644)	(24,590)
Within 6-10 years	(9,049)	(3,674)	(20,177)	(32,900)	(32,826)
Within 11-15 years	(10,319)	(365)	(17,079)	(27,763)	(35,083)
Within 16-20 years	0	0	0	0	0
Total	(25,527)	(10,637)	(55,090)	(91,254)	(98,433)

Monkton Park Offices Modified PFI Scheme

North Wiltshire District Council entered into a long-term contract for the provision and management of Monkton Park offices. This contract is for a period of 25 years from the year 2000. The full PFI contract was modified in January 2011. Therefore only the loan associated with the capital and interest cost of building Monkton Park still has to be repaid. This is repaid directly to the Bank rather than to the former PFI joint vehicle.

The expenditure payable from 12 January 2011 onwards is the amount required for capital and interest only.

The availability charge payments required for the remaining years for the contract are set out below: the figures are significantly lower compared to the previous year because, as explained above, the extent of the PFI contract is now more limited as the Facilities management elements of the contract have been terminated.

Period	Liability	Interest	2017/2018 Total	2016/2017 Total
	£000	£000	£000	£000
Within 1 years	(467)	(1,035)	(1,502)	(1,456)
Within 2-5 years	(2,193)	(4,362)	(6,555)	(6,351)
Within 6-10 years	(2,804)	(4,719)	(7,523)	(9,271)
Within 11-15 years	0	0	0	0
Main Scheme Total	(5,464)	(10,116)	(15,580)	(17,078)
Equalisation Fund	0	0	0	(165)
Total	(5,464)	(10,116)	(15,580)	(17,243)

Housing PFI Scheme

A total of 242 units have been built since 2012/2013 under a housing PFI scheme at sites across the county. These are included in the non-current assets in the balance sheet with an associated liability.

Payments are made to the PFI contractors as monthly unitary payments. These payments are commitments and can vary subject to indexation, reductions for performance and availability failures. The funding of the unitary payment will come from a government grant (the PFI credits referred to above), as well as a Council contribution.

The future estimated payments the Council will make under the contract are as follows:

Period	Liability	Interest	2017/2018 Total	2016/2017 Total
	£000	£000	£000	£000
Within 1 years	(1,036)	(1,154)	(2,190)	(2,242)
Within 2-5 years	(4,308)	(3,963)	(8,271)	(8,465)
Within 6-10 years	(6,145)	(3,181)	(9,326)	(9,541)
Within 11-15 years	(7,219)	(1,103)	(8,322)	(8,512)
Within 16-20 years	(1,221)	0	(1,221)	(3,096)
Total	(19,929)	(9,401)	(29,330)	(31,856)

Note 23 Investment Property

Investment Properties are assets that are held solely to earn rentals or for capital appreciation. The following items of income and expense have been accounted for in relation to running the investment property estate. These items are shown in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2017/2018 £000	2016/2017 £000
Rental income from investment property	(2,761)	(2,722)
Direct operating expenses arising from investment properties	592	392
Net (Gain)/ Loss	<u>(2,169)</u>	<u>(2,330)</u>

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

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

	2017/2018 £000	2016/2017 £000
Balance at start of the year	22,952	25,143
Additions: Subsequent expenditure	405	94
Disposals	(819)	(1,482)
Gains from fair value adjustments	1,021	2,362
Losses from fair value adjustments	0	(347)
Impairments losses	(497)	(1,271)
Transfers (to)/from Property, Plant and Equipment	182	(1,547)
Balance at end of the year	<u>23,244</u>	<u>22,952</u>

Note 24 Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. Intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council along with the carrying amounts are:

	Carrying amount		Remaining Amortisation Period
	31 March 2018 £000	31 March 2017 £000	
Planning System	193	410	1 year
Other items of software	367	578	1 - 5 years
Total	<u>560</u>	<u>988</u>	

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.477 million charged to revenue in 2017/2018 was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

All amortisation applied to Intangible assets is on a straight line basis over 5 years.

	2017/2018 Purchased Software Licences £000	2016/2017 Purchased Software Licences £000
Gross carrying amounts	21,753	21,644
Accumulated amortisation	(20,765)	(18,477)
Net Carrying amount	<u>988</u>	<u>3,167</u>
Additions:		
Purchases	22	109
Amortisation for the period	(446)	(2,288)
Category Adjustments	0	0
Net carrying amount at end of year	<u>564</u>	<u>988</u>
Comprising:		
Gross carrying amounts	21,775	21,753
Accumulated amortisation	(21,211)	(20,765)
	<u>564</u>	<u>988</u>

Note 25 Assets Held for Sale

The Council held the following amounts as assets held for sale as at 31 March 2018. The definition of an asset held for sale is one that is readily available for sale, the planned sale will occur within 12 months and that the property is being actively marketed.

	2017/2018 £000	2016/2017 £000
Balance at start of the year	8,750	1,567
Assets newly classified as held for sale	1,896	5,015
Depreciation	(207)	(142)
Assets Sold	(1,110)	(949)
Revaluations	836	3,259
Balance at end of the year	<u>10,165</u>	<u>8,750</u>

OTHER NOTES TO BALANCE SHEET

Note 26 Short Term Debtors

These represent sums owed to the Council for supplies and services provided before 31 March 2018 but not received at that date.

	2017/2018	2016/2017
	£000	£000
Other Local Authorities	1,795	1,827
Government Departments	11,143	9,362
NHS Bodies	3,063	2,529
Business Rates and Local Taxation	12,510	12,492
Tenants	1,497	1,221
Sundry Debtors	28,269	35,800
Payments in Advance	4,647	6,202
Total Debtors	62,924	69,433
Less: provision for bad debts		
General Fund debtors	(12,002)	(6,846)
Housing Rent arrears	(1,349)	(1,084)
Council Tax arrears	(2,540)	(2,505)
Business Rates Arrears	(351)	(318)
Total Bad Debt provisions	(16,242)	(10,753)
Net Debtors	46,682	58,680

Note 27 Cash and Cash Equivalent

This consists of the bank accounts of locally managed schools and the rest of the council's cash and bank accounts.

	2017/2018	2016/2017
	£000	£000
Cash & Bank	(5,740)	(309)
Schools' bank accounts	14,434	14,313
	8,694	14,004

Note 28 Short Term Creditors

These represent sums owed by the Council for supplies and services received before 31 March 2018 but not paid for at that date, or provisions created in accordance with the accounting policies.

	2017/2018	2016/2017
	£000	£000
Other Local Authorities	(3,453)	(3,437)
Government Departments	(6,186)	(8,459)
NHS Bodies	(3,878)	(3,001)
Business Rates and Local Taxation	0	0
Sundry Creditors	(51,898)	(62,504)
Receipts in Advance	(10,383)	(12,525)
Accumulated Absences	(6,349)	(6,290)
	(82,147)	(96,216)

Note 29 Provisions

Provisions are required for any liabilities of uncertain timing or amount that have been incurred. These should be recognised where the council has a present obligation as a result of a past event, that it is probable (i.e. the event is more likely than not to occur) a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made. If these conditions are not met no provision should be recognised. Amounts set aside for purposes falling outside the definition of provisions should be considered as earmarked reserves.

	Legal Claims	Insurance Claims	Business Rate Retention Scheme Appeals	Termination Benefits	Other	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2017	(482)	(1,061)	(1,882)	(56)	(1,014)	(4,495)
Additional provisions made in year	0	(1,083)	(1,804)	(329)	(144)	(3,360)
Amounts Used in year	0	357	1,882	56	643	2,938
Unused amounts reversed in year	8	521	0	0	371	900
Balance at 31 March 2018	(474)	(1,266)	(1,804)	(329)	(144)	(4,017)

Legal Claims

The Council has made provisions in respect of legal claims which may become payable by the Council depending on the outcome of a small number of individual cases totalling £0.474 million. In order not to prejudice seriously the Council's position in these cases any further information has been withheld from this publication. It is currently expected that all of these claims will be settled during the 2018/2019 financial year.

Insurance Claims

An insurance provision is accounted for when it is probable that a cost will be incurred and a reliable estimate of the cost can be made. The insurance provision for 2017/2018 is made up of 24 claims totalling £1.266 million. The 24 claims consisted of a mixture of Public and Employers Liability claims and own Property claims.

The Council self insures, with the Council meeting the first £0.100 million of each employers and public liability claim and between £0.100 million and £0.250 million for own property claims. It is currently expected that all of these claims will be settled during 2018/2019.

Insurance claims where liability has yet to be established are detailed in the Contingent Liability note 47.

Termination Benefits

As at 31 March 2018 the Council made a total provision of £0.329 million in respect of termination benefits, relating to redundancy costs for 10 employees. It is expected that all cases will be resolved during the first half of the 2018/2019 financial year.

Business Rate Retention Scheme Appeals

The Council is required to make provision for the costs associated with refunding business ratepayers with regard to current and prior year appeals against the rateable values of their properties on the rating list. The Council has estimated the total value of this provision to be £3.681 million as at 31 March 2018. This liability however, is shared between Wiltshire Council (49%), Central Government (50%) and Wiltshire and Swindon Fire Authority (1%). The Council's share of this provision is therefore £1.804 million.

Other Provisions

All other provisions are expected to be used during 2018/2019.

Note 30 Borrowing

An analysis of loans by maturity is as follows:

	2017/2018 £000	2016/2017 £000
Short Term Borrowing		
Maturing within 1 year Temporary Loans	0	(2,535)
Maturing within 1 year Long Term Borrowing	(16,951)	(12,148)
	<u>(16,951)</u>	<u>(14,683)</u>
Long Term Borrowing		
Maturing in 1 to 2 years	(8,000)	(14,810)
Maturing in 2 to 5 years	(22,000)	(22,000)
Maturing in 5 to 10 years	(50,123)	(48,123)
Maturing in more than 10 years	(232,914)	(242,926)
Total Maturing after 1 year	<u>(313,037)</u>	<u>(327,859)</u>
Total Borrowing	<u><u>(329,988)</u></u>	<u><u>(342,542)</u></u>

The total borrowing can be further analysed by lender category:

	2017/2018 £000	2016/2017 £000
Temporary Loans	0	(2,535)
Long Term Loans:		
Public Works Loans Board	(267,995)	(278,002)
Money Market	(61,993)	(62,005)
	<u>(329,988)</u>	<u>(342,542)</u>

NOTES RELATING TO RESERVES**Note 31 Usable Reserves**

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

Reserve	Note	2017/2018 £000	2016/2017 £000
General Fund		(12,943)	(12,534)
Earmarked Reserves	32	(40,488)	(30,845)
General Fund balance per Movement in Reserves Statement		<u>(53,431)</u>	<u>(43,379)</u>
Housing Revenue Account Balance		(17,951)	(23,170)
Closing General fund and HRA balance per Expenditure & Funding Statement		<u>(71,382)</u>	<u>(66,549)</u>
Other Usable Reserves			
Major Repairs Reserve	33	(1,599)	(1,182)
Usable Capital Receipts Reserve	34	(12,997)	(9,722)
Capital Grants and Contributions		(53,997)	(34,790)
Unapplied Account			
Total Usable Reserves		<u><u>(139,975)</u></u>	<u><u>(112,243)</u></u>

Note 32 Transfers to/ from Earmarked reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2017/2018.

Earmarked Reserves	2016/2017	Movement	2017/2018
	£000	in 2017/2018 £000	£000
PFI Reserve	(4,255)	382	(3,873)
Insurance Reserve	(3,554)	315	(3,239)
Locally Managed Schools' Balances	(6,264)	334	(5,930)
Elections Reserve	(825)	625	(200)
Area Board Reserve	(22)	(12)	(34)
Revenue Grants Earmarked Reserve	(2,523)	(4,191)	(6,714)
Digital Inclusion	(183)	183	0
PFI Housing Scheme Earmarked Reserve	(2,916)	65	(2,851)
Economic Development & Planning Reserve	(14)	(7)	(21)
Single View of the Customer Reserve	(911)	82	(829)
Play Area Asset Transfers	(78)	(2)	(80)
Enabling Fund	(2,000)	(3,227)	(5,227)
Business Rates Equalisation Fund	(800)	(4,028)	(4,828)
Housing Benefit Subsidy Clawback	(500)	0	(500)
Transitional Fund	(6,000)	6,000	0
Childrens Management System	0	(325)	(325)
Disabled Facilities Grant	0	(273)	(273)
Adoption West	0	(200)	(200)
Waste Transformation	0	(1,250)	(1,250)
Area Board Pavements	0	(150)	(150)
Leisure	0	(67)	(67)
Capital Financing	0	(3,300)	(3,300)
Development of Local Plan	0	(500)	(500)
Building control	0	(30)	(30)
Development control cyclical fund	0	(66)	(66)
Total	(30,845)	(9,642)	(40,487)

Note 33 Major Repairs Reserve

The Major Repairs reserve was a requirement under the Accounts and Audit Regulations to transfer into it a sum not less than the Major Repairs Allowance, which was an element of the former HRA subsidy. Now that the HRA is self financing, the reserve is no longer a formal requirement but can be used as previously to earmark funds to be spent for capital expenditure on Housing Revenue Account assets.

	2017/2018 £000	2016/2017 £000
Transfer to Capital	11,131	14,120
HRA Depreciation	(11,548)	(14,568)
Transfer to HRA		8,381
Movement in Year	(417)	7,933
Balance at 1 April	(1,182)	(9,115)
Balance at 31 March	(1,599)	(1,182)

Note 34 Usable Capital Receipts Reserve

	2016/2017		2016/2017
	£000	£000	£000
Amounts Receivable in year			
- disposal of land and buildings	(8,798)		(8,107)
- Other capital receipts - mortgages	(229)		(185)
- Other capital receipts	(352)		(249)
- Housing Pooled Capital Receipt	(755)		(749)
		(10,134)	(9,290)
Amounts applied to finance new capital investment in year			
- capital receipts utilised	6,104		12,684
- transfer to I&E equal to contribution to Housing Pooled Capital receipt	755		749
		6,859	13,433
Movement in Year		(3,275)	4,143
Balance at 1 April		(9,722)	(13,865)
Balance at 31 March		(12,997)	(9,722)

Note 35 Unusable Reserves

Reserve	Note	2017/2018	2016/2017
		£000	£000
Revaluation Reserve	36	(250,631)	(229,778)
Capital Adjustment Account	37	(381,111)	(349,593)
Financial Instruments Adjustment Account		953	955
Deferred capital receipts		(1,806)	(1,906)
Pensions Reserve	38	550,836	612,791
Collection Fund Adjustment Account		(2,391)	(5,581)
Accumulated Absences Account		6,349	6,291
Total Unusable Reserves		(77,801)	33,179

Note 36 Revaluation Reserve

The balance of this account represents the revaluation gains (as certified by the Council's external valuer - GVA Grimley) made by the Council arising from increases in the value of its Property, Plant and Equipment assets. The reserve only contains revaluation gains accumulated since 1 April 2007, the date the reserve was created. Accumulated gains prior to this have been consolidated into the balance on the Capital Adjustment account.

Revaluation Reserve	2017/2018	2016/2017
	£000	£000
Balance at 1 April	(229,778)	(180,457)
Upward revaluation of assets	(47,905)	(77,720)
Downward revaluations not charged to surplus/ deficit on the provision of services	8,499	11,251
Surplus or deficit on revaluation of non-current assets not posted to surplus/ deficit on the provision of services	(269,184)	(246,926)
Difference between fair value depreciation and historic cost depreciation	9,323	9,618
Accumulated gains on assets sold or scrapped	9,230	9,525
Other Adjustments to Capital Adjustment Account	0	(1,995)
Balance at 31 March	(250,631)	(229,778)

Note 37 Capital Adjustment Account

The Capital Adjustment Account reflects the timing differences arising from the different arrangements for accounting for the financing of the acquisition of assets and the consumption of those assets.

This account shows the reversal of amounts relating to Capital that are charged to the Comprehensive Income and Expenditure Statement. It also shows the financing of capital expenditure and the reversal of sums charged to the Comprehensive Income and Expenditure Statement that have been set aside to repay debt.

	2017/2018 £000	2016/2017 £000
Opening balance at 1 April	(349,593)	(326,983)
Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure account		
- charges for depreciation of non-current assets	32,385	40,008
- charges for impairment/ revaluations of plant, property and equipment	20,357	10,306
- gains in fair value on Investment properties	(524)	(744)
- amortisation of intangible assets	446	2,288
- revenue expenditure funded from capital under statute	19,119	20,136
- disposals	22,396	16,833
	94,179	
Adjusting amounts written out of Revaluation Reserve	(18,553)	(19,144)
Other Adjustment to Revaluation Reserve		1,995
Net written out amount of the cost of non-current assets consumed in the year	(273,967)	(255,305)
Capital financing applied in the year		
-Use of capital receipts reserve to finance new capital expenditure	(6,104)	(12,684)
-Use of major repairs reserve to finance new capital expenditure	(11,131)	(14,120)
-application of capital grants	(71,675)	(47,503)
-statutory provision for the financing of capital investment charged against the general fund and HRA balances	(11,472)	(16,006)
-capital expenditure charged against the general fund and HRA balances	(6,762)	(3,975)
Balance at 31 March	(381,111)	(349,593)

Note 38 Pension Fund Liability

The movement in the liabilities in the Pension Fund are as follows:

	Period ended 31 March 2018			Period ended 31 March 2017		
	Assets		Net (liability)/	Assets		Net (liability)/
	Obligations	Liabilities	asset	Obligations	Liabilities	asset
	£000	£000	£000	£000	£000	£000
Fair value of employer assets	971,217	0	971,217	805,620	0	805,620
Present value of funded liabilities	0	(1,525,509)	(1,525,509)	0	(1,293,695)	(1,293,695)
Present value of unfunded liabilities	0	(58,499)	(58,499)	0	(55,371)	(55,371)
Opening Position	971,217	(1,584,008)	(612,791)	805,620	(1,349,066)	(543,446)
Service cost						
Current service cost*	0	(50,252)	(50,252)	0	(30,630)	(30,630)
Past service cost (including curtailments)	0	(376)	(376)	0	(615)	(615)
Effect of settlements	(4,440)	7,377	2,937	(2,157)	3,578	1,421
Total service cost	(4,440)	(43,251)	(47,691)	(2,157)	(27,667)	(29,824)
Net interest						
Interest income on plan assets	24,064	0	24,064	28,016	0	28,016
Interest cost on defined benefit obligation	0	(39,519)	(39,519)	0	(46,949)	(46,949)
Impact of asset ceiling on net interest	0	0	0	0	0	0
Total net interest	24,064	(39,519)	(15,455)	28,016	(46,949)	(18,933)
Total defined benefit cost recognised in Profit or (Loss)	19,624	(82,770)	(63,146)	25,859	(74,616)	(48,757)
Cashflows						
Plan participants' contributions	7,577	(7,577)	0	7,693	(7,693)	0
Employer contributions	30,134	0	30,134	29,634	0	29,634
Contributions in respect of unfunded benefits	3,480	0	3,480	3,583	0	3,583
Benefits paid	(45,849)	45,849	0	(43,150)	43,150	0
Unfunded benefits paid	(3,480)	3,480	0	(3,583)	3,583	0
Expected closing position	982,703	(1,625,026)	(642,323)	825,656	(1,384,642)	(558,986)
Remeasurements						
Change in demographic assumptions	0	0	0	0	16,143	16,143
Change in financial assumptions	0	29,294	29,294	0	(246,443)	(246,443)
Other experience	0	(92)	(92)	0	30,934	30,934
Return on assets excluding amounts included in net interest	62,283	0	62,283	145,561	0	145,561
Total remeasurements recognised in Other Comprehensive Income (OCI)	62,283	29,202	91,485	145,561	(199,366)	(53,805)
Effect of business combination and disposals	0	0	0	0	0	0
Fair value of employer assets	1,044,986	0	1,044,986	971,217	0	971,217
Present value of funded liabilities	0	(1,539,538)	(1,539,538)	0	(1,525,509)	(1,525,509)
Present value of unfunded liabilities	0	(56,284)	(56,284)	0	(58,499)	(58,499)
Closing position	1,044,986	(1,595,822)	(550,836)	971,217	(1,584,008)	(612,791)

* The current service cost includes an allowance for administration expenses of 0.5% of payroll.

NOTES TO THE CASHFLOW STATEMENT

Note 39 Cash Flow Operating Activities

The cash flows for operating activities include the following items:

	2017/2018 £000	2016/2017 £000
Interest Received	(428)	(508)
Interest Payable	12,590	12,869

Note 40 Cash Flow Investing Activities

	2017/2018 £000	2016/2017 £000
Purchase of Property, plant and equipment, investment property and intangible assets	92,798	62,639
Investments - Purchase of and deposits made	752,872	610,491
Investments - Sale of and returning of deposits made	(745,858)	(576,238)
Proceeds from sale of property, plant and equipment, investment property and intangible assets	(9,941)	(9,273)
Other receipts from investing activities	(90,882)	(55,744)
Net Cash flows from investing activities	(1,011)	31,875

Note 41 Cash Flow Financing Activities

	2017/2018 £000	2016/2017 £000
Cash Receipts of short and long term borrowing	12,554	31,991
Net cash flows from financing activities	12,554	31,991

NOTES RELATING TO ACCOUNTING DECISION MAKING

Note 42 Accounting Standards that have been issued but have not yet been adopted

For 2017/2018, there are a number of accounting policy changes that have been issued but not yet adopted. The standards introduced in the 2018/2019 Code of Practice that have not yet been adopted are:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15 Clarifications to IFRS 15 Revenue from Contracts with Customers
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The code of practice requires the Council to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. It is considered that these standards will not have a material impact on the financial statements of Wiltshire Council, so no further disclosure is required in these accounts in this year.

Note 43 Critical Judgements in applying accounting policies

In applying the Accounting Policies set out in the Notes to the Accounts Annex 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The main critical judgement made in the Statement of Accounts is that there remains a degree of uncertainty about future levels of funding for local government for both Revenue and Capital funding. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision. These assumptions are included in the Council's Business Plan.

Note 44 Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council 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 materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. The total depreciation charge made in 2017/2018 on PPE assets was £32 million so if the assumptions were to change this could have an effect on the amount of depreciation charged in future years. This would be mitigated by the fact that depreciation is reversed out so has no impact on the level of Council Tax.

Provisions

The Council has made a number of provisions in the accounts, totalling £4.017 million. These are based on current information and current likely settlement value. Provisions will need to be reviewed on a regular basis to ensure they are kept up to date. Further information is found in note 29.

An increase or decrease over the forthcoming year in either the total number of claims, appeals or the estimated average settlement would have the effect of changing the level of provision needed.

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

The effects on the net pension liability of changes in individual assumptions can be measured and further details of the assumptions are in note 49.

Arrears

At 31 March 2018, the Council had a balance of debtors of £62.9 million. A bad debt provision of £16.2 million or around 26% of the debt has been made. In the current economic climate it is difficult to access the accuracy of this provision, but this will be continually.

An increase or decrease in collection rates would have the effect of changing the level of provision needed. See note 26 for further details.

Fair measurements value

When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in note 52 below.

The Council uses the discounted cash flow (DCF) model to measure the fair value of some of its investment properties and financial assets.

The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets).

Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

Note 45 Authorisation of Accounts for Issue

These accounts were considered and authorised by the Chief Financial Officer of Wiltshire Council on 31 May 2018. The final audited version of these accounts will be considered for approval by the Audit Committee at its meeting on 24 July 2018.

Note 46 Events after the Balance Sheet Date

The Statement of Accounts were authorised by the Chief Financial Officer on 31 May 2018. Events taking place after this date are not reflected in the financial statements or notes.

Where events take place or further information is obtained before this date, the figures in the financial statements and notes will be adjusted in all material respects to reflect the impact of this information.

There are no adjusting events after the balance sheet date for 2017/2018.

Note 47 Contingent Liabilities

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Council is required to disclose an estimate in respect of future costs that may occur that are not currently reflected in the accounts. The Council has identified one contingent liability as at 31 March 2018:

Insurance Claims

As at 31 March 2018 there are 25 insurance claims where liability has yet to be established. The estimated value of these claims should the Council be found liable in every instance is £0.931 million

Note 48 Pension Schemes Accounted for as defined contribution Schemes**Teachers pension scheme**

In 2017/2018 the Council paid £9.81 million (£10.57 million in 2016/2017) to the Department for Education and Skills in respect of teachers' pension costs which represent 16.48% of teachers' pensionable pay. In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2017/2018 these amounted to £2.37 million (£2.38 million in 2016/2017).

Note 49 Defined benefit Pension Schemes**Participation in Pensions Schemes**

As part of the terms and conditions of employment for officers and other employees, the Council offers retirement benefits. Although these will not actually be payable until employees retire, the Council has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in two pension schemes:

- The Local Government Pension Scheme for civilian employees, administered by Wiltshire Council – this is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets.
- The Teachers' Pension Scheme – this is an unfunded scheme, meaning that there are no investments assets built up to meet the provisions liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. The liability for this scheme falls upon central government.

Liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, on an actuarial basis using the projected unit method based on the full actuarial valuation of the fund carried at 31 March 2016.

Pension costs have been charged to the Comprehensive Income and Expenditure Statement on the basis required by IAS 19, contributions payable to the Wiltshire Council pension scheme are based on a 2016 actuarial valuation report dated 31 March 2018. These IAS 19 amounts are then reversed out by a contribution to/from the Pensions reserve, so that they have no impact on the Council Tax.

Assets and liabilities in relation to Retirement Benefits

The underlying assets and liabilities for the retirement benefits attributable to the Council as at 31 March 2018 are as follows:

Local Government Pension Scheme	31 March 2018 £000	31 March 2017 £000
Fair Value of Employer Assets	1,044,986	971,217
Present Value of Funded Liabilities	(1,539,538)	(1,525,509)
Net (Under)/Overfunding in Funded Plans	(494,552)	(554,292)
Present value of Unfunded Liabilities	(56,284)	(58,499)
Net Asset/(Liability)	(550,836)	(612,791)
Amount on balance sheet		
Asset	1,044,986	971,217
Liability	(1,595,822)	(1,584,008)
Liability Amount in Balance Sheet	(550,836)	(612,791)

A more detailed breakdown is included in note 38

Information about the defined benefit obligation

	Liability split £000	%	Duration years
Active members	561,200	36.5	23.8
Deferred members	392,316	25.5	21.6
Pensioner members	586,022	38.1	10.1
Total	1,539,538	100.0	16.5

The obligation shows the underlying commitments that the Council has in the long run to pay retirement benefits. Statutory arrangements for the funding of the deficit mean that the financial position of the Council remains healthy. The deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Pension Assumptions

Financial Assumptions

The estimates of pensions payable in future years are dependent on certain assumptions. The main assumptions used in the calculations are:

Assumptions as at Year Ended:	31 March 2018 % per annum	31 March 2017 % per annum
Pension Increase Rate	2.4%	2.4%
Salary Increase Rate	2.7%	2.7%
Discount Rate	2.6%	2.5%

Assumptions on Mortality Rates

Life expectancies are based on the Fund's Vita Curves with improvements. Based on this, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.5 years	24.9 years
Future Pensioners	24.1 years	26.7 years

Life expectancies for the prior period end are based on the Fund's analysis. The allowance for future life expectancies is shown below:

Year Ended	Prospective Pensioners	Pensioners
31 March 2016	CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.	CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25%

Pension Assets

Fair value of employer assets

Assets in the Wiltshire County Council Pension Fund are valued at a fair value, principally market value for investment and consist of the following categories, by proportion:

Asset Category	31 March 2018				31 March 2017			
	Quoted Prices in Active Markets £000	Prices not quoted in Active Markets £000	Total £000	%	Quoted Prices in Active Markets £000	Prices not quoted in Active Markets £000	Total £000	%
Equity Securities:								
Consumer	21,693	0	21,693	2%	20,162	0	20,162	2%
Manufacturing	16,152	0	16,152	2%	15,012	0	15,012	2%
Financial Institutions	2,954	0	2,954	0%	2,745	0	2,745	0%
Health & Care	4,673	0	4,673	0%	4,343	0	4,343	0%
Information Technol	107,305	0	107,305	10%	99,730	0	99,730	10%
Other	8,735	0	8,735	1%	8,118	0	8,118	1%
Debt Securities:								
Corporate Bonds (investment grade)	0	0	0	0%	0	0	0	0%
Corporate Bonds (non investment grade)	0	0	0	0%	0	0	0	0%
UK Government	0	0	0	0%	0	0	0	0%
Other	0	0	0	0%	0	0	0	0%
Real Estate:								
UK Property	0	109,598	109,598	11%	0	101,861	101,861	11%
Overseas Property	0	23,876	23,876	2%	0	22,191	22,191	2%
Investment Funds & Unit Trusts:								
Equities	0	549,806	549,806	53%	0	510,993	510,993	53%
Bonds	0	171,067	171,067	16%	0	158,991	158,991	16%
Hedge Funds	0	0	0	0%	0	0	0	0%
Commodities	0	0	0	0%	0	0	0	0%
Infrastructure	0	18,453	18,453	2%	0	17,150	17,150	2%
Other	0	2,910	2,910	0%	0	2,705	2,705	0%
Derivatives:								
Foreign Exchange	0	0	0	0%	0	0	0	0%
Other	0	0	0	0%	0	0	0	0%
Cash & Cash Equivalents								
All	7,764	0	7,764	1%	7,216	0	7,216	1%
Total	169,276	875,710	1,044,986	100%	157,326	813,891	971,217	100%

Projected defined benefit costs for the period to 31 March 2019

The estimated employer contributions for the year to 31 March 2019 will be approximately £27.821 million.

The amounts determined by the actuary to be charged to the revenue account under IAS 19 were as follows:

Period Ended 31 March 2019	Assets	Obligations	Net (Liability)/Asset	
	£000	£000	£000	% of Payroll
Projected Current Service Cost	0	48,530	(48,530)	(40.8%)
Total Service Costs	0	48,530	(48,530)	(40.8%)
Interest Income on Plan Assets	27,649	0	27,649	23.2%
Interest Cost on Defined Benefit Obligation	0	42,170	(42,170)	(35.4%)
Total Net Interest Cost	27,649	42,170	(14,521)	(12.2%)
Total included in Profit or Loss	27,649	90,700	(63,051)	(53.0%)

Sensitivity Analysis

The sensitivity regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in Assumptions as at 31 March 2018	Approximate % increase to Employer	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	10%	152,620
0.5% increase in the Salary Increase Rate	1%	17,656
0.5% increase in the Pension Increase Rate	8%	133,228

Further information can be found in the Wiltshire Pension Fund annual report 2017/2018 which is available on request. Requests for this report, or any other queries arising from the Wiltshire Pension Fund Accounts, should be addressed to the Director, Finance & Procurement, Wiltshire Council, County Hall, Bythesea Road, Trowbridge, BA14 8JN.

Note 50 Nature and Extent of risks arising from Financial Instruments

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.

The Council's activities expose it to a variety of financial risks. The key risks are:

- **Credit risk** - the possibility that other parties might fail to pay amounts due to the Council;
- **Liquidity risk** - the possibility that the Council might not have funds available to meet its commitments to make payments;
- **Refinancing risk** - the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms; and
- **Market risk** - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates or stock market movements.

The Council'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.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The credit criteria in respect of financial assets held by the Council are detailed below:

The Council uses the creditworthiness service provided by Capita Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as 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 full Investment Strategy for 2017/2018 was approved by Full Council on 21 February 2017 and is available on the Council's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £63.8m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2018 that this was likely to crystallise.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not generally allow credit for its customers.

During 2017/2018 the council held no collateral as security

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

All sums owing are due to be paid in less than one year.

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (as approved in the Treasury Management Strategy 2016/2017):

Maturity Analysis of Financial Liabilities

	Approved Minimum Limits	Approved Maximum Limits	Actual 31 March 2018 £000s	2018 %	Actual 31 March 2017 £000s	2017 %
Less than 1 Year	0%	25%	16,951	5.1%	12,148	3.6%
Between 1 and 2 Years	0%	25%	8,000	2.4%	14,810	4.3%
Between 2 and 5 Years	0%	45%	22,000	6.7%	22,000	6.5%
Between 5 and 10 Years	0%	75%	50,123	15.2%	48,123	14.2%
More than 10 Years	0%	100%	232,914	70.6%	242,926	71.4%
			329,988	100.0%	340,007	100.0%

Market Risk – Interest Rates Risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

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

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

According to this assessment strategy, at 31 March 2018, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

Effects of a 1% Increase in Interest Rates

	2016/2017 £000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	0
Increase in Government grant receivable for financing costs*	0
Impact on Surplus or Deficit on the Provision of Services	0
Share of overall impact debited to the HRA	0
Decrease in fair value of fixed rate investment assets	(158)
Impact on Other Comprehensive Income and Expenditure	0
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	53,170

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in Note 51 – Fair Value.

Market Risk - Price Risk

The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds.

Market Risk - Foreign Exchange Risk

The Council has no material financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

Note 51 Fair Value

All financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost. Their 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 loans from the PWLB payable, borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment, highlighting the impact of the alternative valuation;
- For non-PWLB loans payable, prevailing market rates have been applied to provide the fair value;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- 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 amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The following table shows the fair values, based on new borrowing rates:

Financial Liabilities	31 March 2018		31 March 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Long Term Debt:				
Non-PWLB (Market) Debt	(61,993)	(91,725)	(62,005)	(93,920)
PWLB Debt	(267,995)	(323,216)	(278,002)	(338,605)
Total Long Term Debt	(329,988)	(414,941)	(340,007)	(432,525)
Temporary Debt	0	0	0	0
Short Term Debt	0	0	(2,535)	(2,186)
Total Debt Value	(329,988)	(414,941)	(342,542)	(434,711)
Short Term Creditors	(82,147)	(82,147)	(96,216)	(96,216)
Long Term Creditors	(7,676)	(7,376)	(3,742)	(3,742)
Total Financial Liabilities	(419,811)	(504,464)	(442,500)	(534,669)

The following table shows the fair values, based on the alternative premature repayment borrowing rates:

Financial Liabilities	31 March 2018		31 March 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Long Term Debt:				
Non-PWLB (Market) Debt	(61,993)	(113,966)	(62,005)	(114,389)
PWLB Debt	(267,995)	(363,610)	(278,002)	(381,995)
Total Long Term Loans	(329,988)	(477,576)	(340,007)	(496,384)
Temporary Debt	0	0	0	0
Short Term Debt	0	0	(2,535)	(2,342)
Total Loans Value	(329,988)	(477,576)	(342,542)	(498,726)
Short Term Creditors	(82,147)	(82,147)	(96,216)	(96,216)
Long Term Creditors	(7,676)	(7,376)	(3,742)	(3,742)
Total Financial Liabilities	(419,811)	(567,099)	(442,500)	(598,684)

The Council has used a transfer value for the fair value of financial liabilities. We have also calculated an exit price fair value of £477.576 million which is calculated using early repayment discount rates. The Council has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss (based on economic conditions at 31 March 2018) arising from a commitment to pay interest to lenders above current market rates.

The Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the Council will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £267.995 million would be valued at £323.216 million. But, if the Council were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £363.610 million.

Financial Assets	31 March 2018		31 March 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Loans and Receivables:	£000	£000	£000	£000
Cash and Cash Equivalents	0	0	900	900
Money markets Loans < 1 Year	13,700	13,700	11,689	11,689
Short Term investment	50,106	50,106	45,101	45,121
Total Loans and Receivables	63,806	63,806	57,690	57,710
Short Term Debtors	46,682	37,063	58,680	49,011
Long Term Debtors	5,638	5,638	2,830	2,830
Total Financial Assets	116,126	106,507	119,200	109,551

The fair value of the assets is equal to the carrying amount - because the Council's portfolio of loans only includes short term loans (less than one year to maturity), even with a fluctuation in shorter term rates, the difference between the carrying amount and the fair value will be immaterial.

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

Note 52 Fair Value Measurement of Investment Properties

Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2018 and 2017 are as follows:

Recurring fair value measurements using:	Quoted prices in active market for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2018
	£000	£000	£000	£000
Main Portfolio	0	0	23,244	23,244
Nurseries & Community Leases	0	0	0	0
Other	0	0	0	0
Total	0	0	23,244	23,244

Recurring fair value measurements using:	Quoted prices in active market for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2017
	£000	£000	£000	£000
Main Portfolio	0	0	22,952	22,952
Nurseries & Community Leases	0	0	0	0
Other	0	0	292	292
Total	0	0	23,244	23,244

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Significant Unobservable Inputs Level 3

The Council's Main Portfolio and Nurseries & Community Leases are measured using the income approach, by means of the discounted cash flow method, where the expected cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. The approach has been developed using the Council's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs, etc.

The whole of the Council's Investment Estate is therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

Highest and Best Use of Investment Properties

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs – Level 3

	As at 31 March 2018	Valuation technique used to measure fair value	Unobservable inputs	Sensitivity
Main Portfolio	£000 23,244,257	Income Market Rentals Yields	Comparables Databases (Public & GVA Internal) Rents, yields, capital costs	Medium
Nurseries & Community Leases	0	Income Market Rentals Yields	Comparables Databases (Public & GVA Internal) Rents, yields, capital costs	Medium

Valuation Process for Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out externally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's Finance Officers work closely with the external valuer's and the Council's internal Strategic Property service reporting directly to the Chief Financial Officer on a regular basis regarding all valuation matters.

Note 53 Prior Year Adjustments

The Council has restated its 2016/2017 Comprehensive Income and Expenditure Statement to reflect the Council's structural changes during 2017/2018. The table below shows the comparative movements between the old and new Council reporting structures.

Net Expenditure as reported 2016/2017 Accounts Net Movement	As reported 2016/2017 Accounts £000	Adjustments due to Council Restructure £000	As restated 2016/2017 Net Expenditure by Directorate £000
Adult Social Care Operations	124,174	(62,304)	61,870
Adult Care Commissioning & Housing	12,950	48,192	61,142
Public Health & Public Protection	14,964	(3,983)	10,981
Commissioning, Performance & School Effectiveness	25,967	(4,929)	21,038
Operational Children's Services	58,760	1,966	60,726
	0	10,426	10,426
Economy & Planning	3,735	(838)	2,897
Highways & Transport	40,356	0	40,356
Waste & Environment	37,698	0	37,698
	0	29,165	29,165
Communities & Communications	8,193	4,051	12,244
Corporate Function, Procurement & Programme Office	6,379	8,204	14,583
Finance	2,675	2,965	5,640
Legal & Governance	3,105	1,808	4,913
People & Business Services	30,667	(34,723)	(4,056)
Corporate Directors	2,875	0	2,875
Corporate	7,467	0	7,467
Housing Revenue Account (HRA)	(1,874)	0	(1,874)
Net Cost of Service	378,091	0	378,091

Notes to Accounts Annex 1 Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2017/2018 financial year and its position at the year-end of 31 March 2018. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2017/2018 supported by International Financial Reporting Standards (IFRS).

ii. Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

Landfill Allowance Schemes

Landfill allowances, whether allocated by DEFRA or purchased from another Waste Disposal Council (WDA) are recognised as current assets and are initially measured at fair value.

Landfill allowances allocated by DEFRA are accounted for as a government grant. After initial recognition, allowances are measured at the lower of cost and net realisable value. As landfill is used, a liability and an expense are recognised. The liability is discharged either by surrendering allowances or by payment of a cash penalty to DEFRA (or by a combination).

The liability is measured at the best estimate of the expenditure required to meet the obligation, normally the market price of the number of allowances required to meet the liability at the reporting date. However, where some of the obligation will be met by paying a cash penalty to DEFRA, that part of its liability is measured at the cost of the penalty.

Contingent Liabilities

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

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

Contingent Assets

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

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.

iv. Reserves

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

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

v. Government Grants and Contributions

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

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

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

vi. 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 and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post Employment Benefits

Employees of the Council are eligible to join the following separate pension schemes:

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

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

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

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme.

The liabilities of the Wiltshire pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 4.3% (based on the gross redemption yield on the Iboxx Sterling Corporates Index, AA over 15 years), at the IAS19 valuation date (subject to the removal of recently re-rated bonds from the index).

The assets of Wiltshire pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.

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

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

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

Discretionary Benefits

The Council 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.

vii. VAT

All transactions are recorded excluding VAT, except where it is irrecoverable.

viii. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2014/2015. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of Corporate and Democratic Core (costs relating to the Council's status as a multifunctional, democratic organisation) and Non Distributed Costs (the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale). These two cost categories are defined in the Code of Practice and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

ix. Intangible Fixed Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Amortisation, impairment losses and disposal gains and losses can be charged to the Comprehensive Income and Expenditure Statement. However, they are not permitted to have an impact on the General Fund Balance, so the gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement.

x. Property, Plant and Equipment

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

Recognition: Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. The Council does not have a fixed de-minimis level for the recognition of capital expenditure, but recognises expenditure as capital where appropriate.

Measurement: Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets are carried in the Balance Sheet using the following measurement bases:

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

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

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

Where decreases in value are identified, they are accounted for as follows:

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

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

Impairment: Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired.

Where impairment losses are identified, they are accounted for as follows:

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the remaining useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – Straight line allocation over a useful life of 5 years or in the case of services within buildings remaining useful life of the services as estimated by the valuer
- Infrastructure – straight-line allocation over 60 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Full details on componentisation are included in note 17.

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.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing.

xi. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated. Gains and losses on revaluation are posted to the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance.

xii. Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance of a Minimum Revenue Provision (MRP).

Housing Revenue Account capital charges are calculated in accordance with the prescribed statutory determination.

xiii. Revenue Expenditure Funded From Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

xiv. Leases

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

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

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The Council as Lessee**Finance Leases**

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor.

Lease payments are apportioned between:

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

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment.

The Council as Lessor**Finance Leases**

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as a gain or loss on disposal.

Lease rentals receivable are apportioned between:

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

Operating Leases

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

xv. Financial Instruments**Financial Liabilities**

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

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

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

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

Loans and receivables

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

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

When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the

Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

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, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

xvi. Inventories and Long Term Contracts

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

xvii. Interest in companies and other entities

The council has no material interest in any companies or other entities.

xviii. Private Finance Initiative (PFI)

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment. The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

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

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

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

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

xix. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

xx. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

xxi. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

xxii. Events after the Balance Sheet Date

Events after the Balance Sheet date are those events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

Two types of events can be identified:

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

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

xxiii. Non-Compliance with Code of Practice

For operational reasons, the accounts do not fully comply with the Code of Practice on minor points. The main non-compliance is in relation to debtors and creditors. Whilst the accounts are maintained on an accruals basis i.e. all sums due to or from the Council are included whether or not the cash has actually been received or paid in the year, exceptions are made for quarterly utilities payments based on meter reading dates. Since these policies are applied consistently year on year, they have no material effect on any one year's accounts.

xxiv. Foreign Currency

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date of the transaction. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

xxv. Heritage Assets

The Council's Heritage Assets are assets that are kept to increase the knowledge, understanding and appreciation of the Council's history and local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below.

If items are of a material nature a separate external revaluation exercise would be commissioned and the assets carried at market value in the balance sheet, alternatively insurance valuations would be used to establish value. If this was the case these assets would be reviewed for impairment on a regular basis and the figures in the balance sheet updated accordingly. Any disposals would be treated in the same way as other assets. If the values of the assets are of limited or no value then they will be disclosed in a note to the accounts only and not brought into the balance sheet with a value. This decision is made based on whether the cost of obtaining a valuation exceeds the benefits to the users of the accounts.

For Wiltshire Council, which does not hold museum or art collections, the costs of commissioning external valuations exceeds the benefit to the users of the accounts therefore the assets are disclosed in a note to the accounts only. The assets disclosed in note 34 include a property (the East Grafton Windmill), the White Horse in Westbury, and a small collection of art held across the county.

xxvi. Carbon Reduction Commitment scheme

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. Phase 2 of this scheme began from 1 April 2014. The Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the costs of the Council's services and is apportioned to services on the basis of energy consumption.

xxvii. Fair value measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

Housing Revenue Account

This account records the transactions relating to the Council's housing stock. The Local Government and Housing Act 1989 requires its separation to give a clear picture of the cost of providing homes for council tenants. Housing Revenue Account income and expenditure does not affect the amount of Council Tax levied.

	NOTE	2017/2018		2016/2017	
		£000	£000	£000	£000
Income					
Rents (gross):					
- dwellings		(24,334)		(24,582)	
- garages		(359)		(353)	
- other		(349)	(25,042)	(221)	(25,156)
Charges for services and facilities			(633)		(643)
Total Income			<u>(25,675)</u>		<u>(25,799)</u>
Expenditure					
Repairs and Maintenance			5,219		5,430
Supervision and Management:					
- general		2,554		2,564	
- special services		844	3,398	967	3,531
Increased provision for bad debts			370		71
Depreciation & Impairments of Fixed Assets					
- On dwellings	3	11,348		14,372	
- On garages	3	148		148	
- On other Assets	3	52		52	
			11,548		14,572
Total Expenditure			<u>20,535</u>		<u>23,604</u>
Net Cost Of Services per Income & Expenditure Account			<u>(5,140)</u>		<u>(2,195)</u>
HRA Services share of Corporate and Democratic Core			321		321
Net Cost Of HRA Services			<u>(4,819)</u>		<u>(1,874)</u>
(Gain)/Loss on sale of HRA fixed assets			5,108		3,711
Interest Payable			3,673		3,673
Interest:					
- on mortgages		(75)		(58)	
- on balances		(60)	(135)	(90)	(148)
(Surplus)/Deficit for the Year on HRA services			<u>3,827</u>		<u>5,362</u>

Statement of Movement on the HRA Balances

	2017/2018 £000	2016/2017 £000
Balance on HRA at the end of previous year	(23,170)	(20,479)
(Surplus)/ Deficit for year on HRA Income and Expenditure Account	3,827	5,362
Adjustments between accounting basis and funding basis under statute	1,392	(8,053)
Net (increase)/decrease before transfers to/ from reserves	5,219	(2,691)
Transfer to/ from reserves	0	0
Net (increase)/decrease in year on HRA	5,219	(2,691)
Balance on HRA at the end of current year	(17,951)	(23,170)

Note to Statement of Movement on the HRA Balances

	2017/2018 £000	2016/2017 £000
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA balance for the year		
Gain/(Loss) on sale of HRA fixed assets	(5,108)	(3,711)
Items not included in the HRA Income and Expenditure Account but included from the movement on HRA balance for the year		
Transfer to/from Major Repairs Reserve note 5	0	(8,385)
Transfer to/from Pension Reserve note 6	(263)	74
Transfer to/from accumulated absences	1	(6)
Revenue Contributions to Capital Expenditure	6,762	3,975
Net Additional amount required by statute to be credited to the HRA balance for the year	1,392	(8,053)

Housing Revenue Account Notes

1 Housing Stock

	31 March 2018	31 March 2017
Houses and Bungalows		
- 1 bedroom	278	278
- 2 bedrooms	1,417	1,421
- 3 bedrooms	1,727	1,747
- 4+ bedrooms	135	141
Flats		
- 1 bedroom	915	916
- 2 bedrooms	683	689
- 3+ bedrooms	66	66
Total dwellings as at 31 March	5,221	5,258

The council sold 37 houses during 2017/2018, of which 37 were sold under the right to buy scheme (RTB). The Council received a total before pooling of £3.950 million as capital receipts.

The figures above do not include the PFI housing units recently brought on stream, these are classified as general fund funding, and so are not part of the HRA. Further information on these PFI dwellings is found in the PFI note.

2 Arrears

The year end position regarding arrears owed to the HRA was:

	31 March 2018 £000	31 March 2017 £000
Rent arrears	1,420	1,141
less rent payments in advance	(535)	(544)
less bad debt provision	(1,349)	(1,084)
Net arrears position	(464)	(487)

3 Movement of Housing Revenue Account Assets

	Council Dwellings (Structures) £000	Council Dwellings (Services) £000	Council Dwellings (Land) £000	Other Property (Garages) £000	Other Equipment £000	Total £000
Net Book Value 1 April 2017	157,320	30,520	96,673	3,268	95	287,876
Additions in Year	8,319		2,255			10,574
Disposals	(2,280)					(2,280)
Revaluations	5,999	1,511	2,929			10,439
Depreciation	(5,245)	(6,104)		(148)	(51)	(11,548)
Category Adjustments	2,537	6,323	524			9,384
Balance at 31 March 2018	166,650	32,250	102,381	3,120	44	304,445

The Balance Sheet value of Council Dwellings (structures, services and land) as at 31 March 2018 was £301,283,100. This represents the valuation at existing use for social housing which is the value of the properties with a secured tenant continuing to live in the property paying social rents rather than market rents.

The Vacant Possession value (open market) of the properties at 31 March 2018 was £860,808,857. This represents the value of the houses if the property were sold without a secured tenant continuing in the property. Therefore it could be rented out at market rent so has a higher value. This figure has been discounted by a factor of 35% to get the Existing use value - social housing.

The difference between the Vacant Possession value and the Balance Sheet value of dwellings within the HRA shows the Economic Cost of providing Council Housing at less than open market rents. The Economic Cost of the properties at 31 March 2018 was £559,525,757.

The value of land valued in the HRA which is included in the balance sheet value of the council dwellings is £102,379,841.

4 Financing of HRA capital expenditure

	2017/2018 £000
Revenue and Reserves	6,762
Other receipts (MRR)	11,131
	17,893
Council Dwellings (Structures and Services)	8,625
Plant & Equipment	0
Asset under Construction	9,268
	17,893

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5 Major Repairs Reserve

	2017/2018 £000	2016/2017 £000
Brought forward at 1 April	(1,182)	(9,115)
Transfer to Capital	11,131	14,120
HRA Depreciation	(11,548)	(14,568)
Transfer to HRA	0	8,381
Carried forward at 31 March	<u>(1,599)</u>	<u>(1,182)</u>

6 Contribution to Pension Reserve

The HRA bears a share of the pension contribution due to the IAS 19 adjustment in proportion to the payments made during the year. See note 61 to the Core Financial Statements for more information on accounting for retirement benefits.

Collection Fund

The Collection Fund is a statutory fund. It covers Council Tax and Non-Domestic Rate collection and the precepts of Wiltshire Council, the Office of the Police and Crime Commissioner for Wiltshire and Swindon (Police), Wiltshire Fire and Rescue Service (Fire) and Parish Councils.

	NOTE	Non-Domestic			Non-Domestic		
		Rates 2017/2018	Council Tax 2017/2018	Total 2017/2018 £000	Rates 2016/2017	Council Tax 2016/2017	Total 2016/2017 £000
Income							
Council Tax	1		(304,709)	(304,709)		(285,782)	(285,782)
Non-Domestic Rates		(147,257)		(147,257)	(153,602)		(153,602)
Transferred from General Fund							
Transitional Relief		314		314	211		211
		<u>(146,943)</u>	<u>(304,709)</u>	<u>(451,652)</u>	<u>(153,391)</u>	<u>(285,782)</u>	<u>(439,173)</u>
Disbursement							
Precepts and Demands							
- Wiltshire Council		68,665	237,304		70,882	224,723	
- Police			30,275			29,540	
- Fire		1,401	12,551		1,446	12,235	
- Town/ and Parish Councils			16,954			15,416	
- Central Government		70,066			72,328		
				437,216			426,570
Share of surplus/(deficit) on Collection Fund							
- Wiltshire Council		3,068	2,530		(3,598)	5,054	
- Police			332			678	
- Fire		63	138		(73)	268	
- Central Government		3,130			(3,672)		
				9,261			(1,343)
Cost of collection allowance							
Provision for Bad Debts	2	622	41		626	(192)	
Write offs		988	828		769	940	
Appeals		(159)			272		
Other transfers to general fund		2,372			1,561		
Interest on overpayments		0			4		
				4,759			3,899
Fund surplus/(deficit) for the year		<u>(13,054)</u>	<u>3,755</u>	<u>(9,299)</u>	<u>12,927</u>	<u>(2,879)</u>	<u>10,048</u>
		<u>137,229</u>	<u>304,708</u>	<u>441,937</u>	<u>153,391</u>	<u>285,783</u>	<u>439,174</u>
Fund balance b/f							
(Surplus)/deficit for year		(4,834)	(3,821)	(8,655)	8,093	(6,700)	1,393
Fund balance c/f	3	13,054	(3,755)	9,299	(12,927)	2,879	(10,048)
		<u>8,220</u>	<u>(7,576)</u>	<u>644</u>	<u>(4,834)</u>	<u>(3,821)</u>	<u>(8,655)</u>

Notes to the Collection Fund

1 Council Tax

Council Tax is charged according to the Government's valuation of residential properties as at 1 April 1991. Valuations are stratified into eight bands for charging purposes. Individual charges are calculated by estimating the total amount of income required by the Collection Fund's preceptors and dividing this by the Council Tax base. The tax base is the total number of chargeable properties in all valuation bands converted to an equivalent number of band D dwellings, with an allowance made for discounts and exemptions.

The average amount of Council Tax required from a property in any tax band is the band D charge, average for Wiltshire Council was £1,670.84 for 2017/2018 multiplied by the ratio specified for that band. Ratios specified for the bands A to H are as follows:

Band	Ratio	Estimated No. of Taxable Properties after discounts	2017/2018 Band D Equivalent Dwellings	2016/2017 Band D Equivalent Dwellings
Band A Disabled	5/9	27	15	16
Band A	6/9	14,836	9,890	9,307
		14,863	9,905	9,323
Band B	7/9	29,297	22,786	21,975
Band C	8/9	42,437	37,722	36,623
Band D	9/9	32,217	32,217	31,421
Band E	11/9	25,344	30,976	30,204
Band F	13/9	15,615	22,556	22,006
Band G	15/9	9,971	16,619	16,321
Band H	18/9	1,140	2,280	2,244
			175,061	170,117
Adjustment for MOD contribution in lieu, new properties, & collection rate			2,744	6,663
Council Tax Base 2017/2018			177,805	176,780

2 National Non-Domestic Rates

The total non-domestic rateable value at 31 March 2018 was £384,427,006 (£370,100,104 at 31 March 2017). The national non domestic multiplier for the year was 47.9p (49.7p in 2016/2017) and the small business rates relief multiplier was 46.6p (48.4p in 2016/2017).

3 Collection Fund Balance

The Council has to record transactions for Council Tax and Non-Domestic Rates in the Collection Fund Account. The balance, as usable income, will be paid to the Council and its major preceptors in future years.

	Non-domestic Rates 31/03/2018 £000	Council Tax 31/03/2018 £000	Total 31/03/2018 £000	Non-domestic Rates 31/03/2017 £000	Council Tax 31/03/2017 £000	Total 31/03/2017 £000
Wiltshire Council	4,028	(6,418)	(2,390)	(2,369)	(3,222)	(5,591)
Police	0	(824)	(824)	0	(424)	(424)
Fire	82	(334)	(252)	(48)	(175)	(223)
Central Government	4,110	0	4,110	(2,417)	0	(2,417)
	8,220	(7,576)	644	(4,834)	(3,821)	(8,655)

Glossary

For the purposes of compiling the Statement of Accounts, the following definitions have been adopted and may be useful to the reader in understanding terminology used in the statement.

Accruals

The recognition of income and expenditure as it falls due, not when cash is received or paid.

Amortisation

The writing down of the value of intangible fixed assets in line with its programmed useful life.

Assets

These can be either:

- **Intangible assets** – assets which are non-physical in form, that is, which cannot be seen. Examples are patents, goodwill, trademarks and copyrights;
- **Property plant and Equipment (PPE) assets** – tangible assets that give benefits to the Council for more than one year;
- **Community assets** – assets without determinate life that the Council intends to hold in perpetuity. They may have restrictions on their disposal. Examples include parks and historic buildings;
- **Infrastructure assets** – inalienable fixed assets such as highways and footways;
- **Non-operational assets** – fixed assets not directly used for service provision. Examples include surplus land and buildings awaiting sale or further development.
- **Heritage assets** – Assets held solely for historical, artistic, scientific, technological, geophysical or environmental qualities.

Balance Sheet

A summary of all the assets, liabilities, funds, reserves etc.

Best Value

The Council duty to provide effective and efficient services based on community need and desire.

Budget

The Council's financial plans for the year. Both capital and revenue budgets are prepared and, amongst other things, used as performance measures.

Capital Expenditure

Substantial expenditure producing benefit to the Council for more than one year.

Capital Receipts

The proceeds of the disposal of assets, non-approved investments and the repayment of grants made by the Council.

Cashflow Statement

A summary of the inflows and outflows of cash with third parties for revenue and capital purposes.

CIPFA

The Chartered Institute of Public Finance and Accountancy. This is the institute of professional local government accountants and produces standards and codes of practice followed in the production of a Council's accounts.

Code of Practice

Issued by CIPFA, this is a code of proper accounting practice with which Local Authorities in England and Wales must comply in preparing their financial statements.

Comprehensive Income and Expenditure Statement (CI&ES)

This account shows expenditure on and income from the Council's day to day activities. Expenditure includes salaries, wages, service and depreciation charges. It gives the cost of the main services provided by the Council.

Creditors

Money owed by the Council to others.

Debtors

Money owed to the Council by others.

Dedicated Schools Grant (DSG)

A central government grant paid to the council for the use for expenditure on schools.

Depreciation

The writing down of the value of tangible fixed assets in line with its programmed useful life.

Employee Costs

Pay and associated costs such as national insurance, pension contributions etc.

Exceptional Items

Items that, although usual to the activities of the Council, by their nature need separate disclosure because of their unusual size or incidence.

Extraordinary Items

Material items needing separate disclosure because they are unusual to the activities of the Council by their nature.

General Fund

The main revenue fund of the Council which shows income from and expenditure on the Council's day to day activities. It excludes the provision of housing which must be charged to a separate Housing Revenue Account.

Government Grants

The amounts of money the Council receives from the Government and inter-government agencies to help fund both general and specific activities.

Government Grants Deferred

Capital grants which are credited to the balance sheet and amortised to revenue over the life of the relevant asset to offset provisions made for depreciation.

Gross Expenditure

Expenditure before deducting any related income.

Housing Revenue Account (HRA)

The account which sets out the expenditure and income on the provision of housing. Other services are charged to the General Fund.

Impairment

A reduction in the value of a fixed asset below its carrying amount on the Balance Sheet.

IFRSs

International Financial Reporting Standards issued by the Accounting Standards Board requiring information to be shown in accounts.

Leases

These may be finance leases that transfer the risks and rewards of ownership of an asset to the Council. Alternatively, they may be operating leases that are more akin to a hire agreement.

Liabilities

Amounts the Council either owes or anticipates owing to others, whether they are due for immediate payment or not.

Long Term Contracts

A contract that, once entered into, will take longer than the current period of account to complete.

Minimum Revenue Provision (MRP)

Statute requires revenue accounts to be charged with a Prudent Minimum Revenue Provision as a notional redemption cost of all external loans.

Major Repairs Allowance (MRA)

Funded by Central Government. It represents the long term average amount of capital spending required to maintain a Council's housing stock in its current condition.

Net Expenditure

Gross expenditure less directly related income.

Non-Domestic Rates (NDR)

Wiltshire Council collects Non-Domestic Rates from local businesses and organisations. The income is then distributed between Wiltshire Council, Central Government and Wiltshire & Swindon Fire Authority in line with the relevant statutory and accounting guidelines.

Precept

The amount of income demanded of the Collection Fund by an authority entitled to that income.

Preceptor

An authority entitled to demand money of the Collection Fund. The preceptors on Wiltshire Council's Collection Fund are the Council itself, the Office of the Police and Crime Commissioner for Wiltshire and Swindon, Wiltshire Fire and Rescue Service and Parish and Town Councils.

Private Financing Initiative (PFI)

A long-term contractual public private partnership under which the private sector takes on the risks associated with the delivery of public services in exchange for payments tied to standards of performance.

Provision for Credit Liabilities (PCL)

Statute requires the Council to set aside provision to repay external loans and other credit transactions. Debt-free authorities do not have to apply the whole of the balance shown within the Capital Financing Reserve.

Provisions

Amounts held in reserve against specific potential liabilities or losses where there is uncertainty as to amounts and/or due dates. Payment to a provision is counted as service expenditure.

Rateable Value

Assessment by the Inland Revenue of a property's value from which rates payable are calculated.

Reserves

Amounts prudently held to cover potential liabilities. Payments to reserves are not counted as service expenditure.

Revaluation Reserve

A capital reserve where changes in the value of fixed assets are disclosed when they are revalued. This reserve replaces the Fixed Asset Restatement Account (FARA) which was previously required.

Revenue Expenditure

Day to day running costs of services.

Revenue Income

Day to day income received for services.

Revenue Support Grant

A Government grant paid towards the cost of General Fund services.

Running Expenses

The cost of running a service less employee expenses and capital charges.

Usable Capital Receipts Reserve

This reserve holds the amounts of capital receipts derived from the disposal of fixed assets until such a time that they are used to finance capital expenditure.

Useful Life

The anticipated period that an asset will continue to be of benefit.

Value Added Tax (VAT)

An indirect tax levied on vatable goods and services.

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Wiltshire Council

Cabinet

12 June 2018

Subject: Treasury Management Outturn Report 2017/18

Cabinet member: Councillor Philip Whitehead, Cabinet Member for Finance, Procurement, IT and Operational Assets

Key Decision: No

Executive Summary

The Council has adopted a Treasury Management Strategy and an Annual Investment Strategy for 2017/18 at its meeting on 7 February 2017.

The Treasury Management Strategy requires an Annual Outturn Report reviewing the Treasury Management activities for the year. This report covers the period from 1 April 2017 to 31 March 2018.

The Council maintained its policy of not taking out any new external borrowing (loans) during 2017/18. Instead, the Council used internal funds to finance its capital expenditure. Overall, the Council is under borrowed by £211.4 million. This has avoided the council having to pay out external interest costs in the order of £4.3 million. This under borrowed position is factored into the revenue budget.

Against budget, there is a net underspend in respect of interest receivable/payable of £0.244 million.

The Council did not breach any of its performance indicators during 2017/18.

Proposals

Cabinet is requested to:

- a) Note that the contents of this report are in line with the Treasury Management Strategy 2017/18.
- b) Approve an amendment to the Treasury Management Strategy 2018/19, to include a new class of alternative investments to the available list of non-specified investments (as explained in paragraph 27 of this report).
- c) Approve an amendment to the Minimum Revenue Provision Policy 2017/18, to allow for an alternative method of calculation, where appropriate (as explained in paragraph 28 of this report).

Reasons for Proposals

To give members an opportunity to consider the performance of the Council against the parameters set out in the approved Treasury Management Strategy for 2017/18.

To agree to a revision to the Treasury Management Strategy 2018/19 and the Minimum Revenue Provision Policy 2017/18 in order to continue to comply with statutory guidance and reflect best practice.

Ian Duncan
Interim Director of Finance and Procurement

Subject: Treasury Management Outturn Report 2017/18

Cabinet member: Councillor Philip Whitehead, Cabinet Member for Finance, Procurement, IT and Operational Assets

Key Decision: No

PURPOSE OF REPORT

1. The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2017/18. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).
2. During 2017/18 the minimum reporting requirements were that the Council should receive the following reports,
 - an annual treasury strategy in advance of the year (07/02/2017)
 - a mid-year treasury update report (12/12/2017)
 - an annual review following the end of the year describing the activity compared to the strategy (this report)
3. The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.
4. This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports before they were reported to full Council.

Economic Background and Interest Rate Forecast

5. During the calendar year of 2017, there was a major shift in expectations in financial markets in terms of how soon Bank Rate would start on a rising trend. In November 2017 the Monetary Policy Committee (MPC) raised the bank rate, for the first time in ten years, from 0.25% to 0.50%.
6. In February 2018, the MPC gave forward guidance that they are likely to increase Bank Rate at a slightly faster rate than had previously been expected. Bank rate is likely to rise only twice more in the next three years to reach 1.00% by 2020.

Overall Treasury Position

7. At the beginning and the end of 2017/18 the Council's treasury position was as follows,

	01/04/2017			31/03/2018		
	Principal £m	Rate/ Return %	Average Life Years	Principal £m	Rate/ Return %	Average Life Years
Total Debt	337.9	3.77	29.83	327.9	3.77	30.52
Capital Financing Requirement (General Fund)	414.0			416.0		
Capital Financing Requirement (Housing Revenue Account)	123.3			123.3		
Total Capital Financing Requirement	537.3			539.3		
Over/(under) borrowing	(199.4)			(211.4)		
Total Investments	57.6	0.40	0.32	63.7	0.54	0.39
Net Debt	280.3			264.2		

Treasury Management Strategy 2017/18

8. Continued uncertainty in the economy promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.
9. During 2017/18 longer term PWLB borrowing rates were volatile but with little overall direction, whereas shorter term PWLB rates were on a rising trend during the second half of the year
10. The treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.
11. The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement) has not been fully funded with external loan debt. This internal borrowing is funded by the Council's own funds, such as reserves, balances and working capital. This strategy is prudent, as investment returns are low, and external borrowing rates are comparatively high, thus creating a high cost of carry for any borrowing taken up. Internal borrowing means there is less cash to invest, so counterparty risk is also reduced.
12. The movement in the Council's under borrowing position is summarised in the following table:

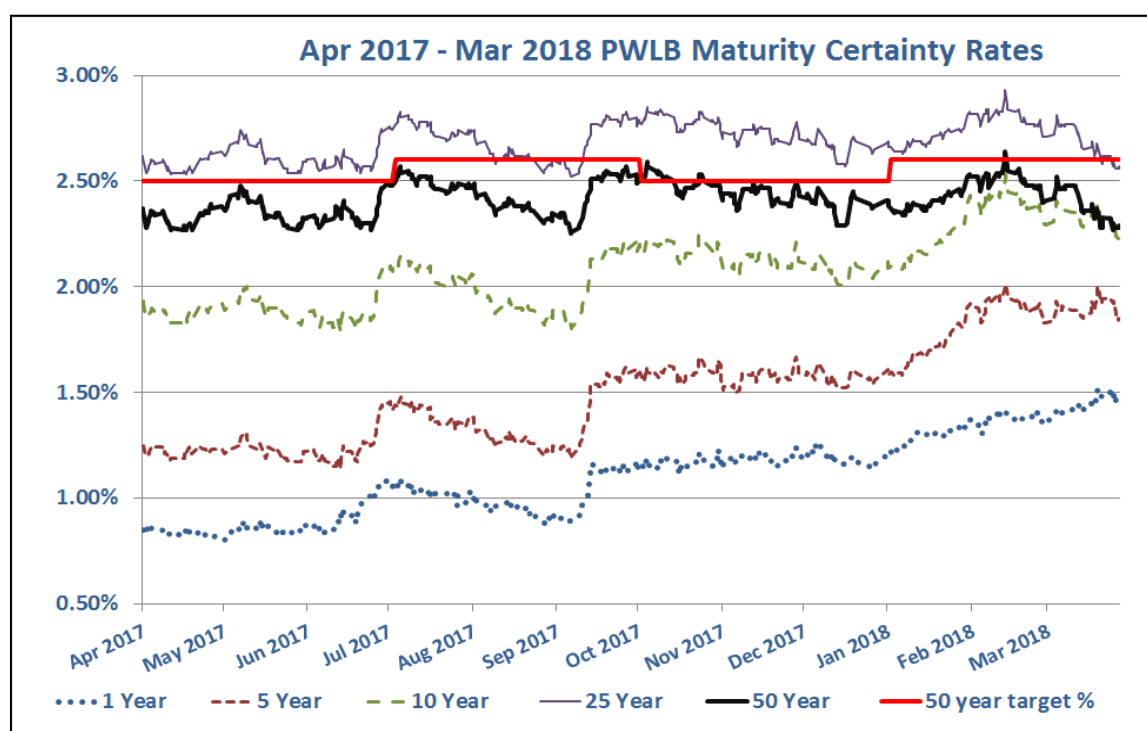
Borrowing Position 2017/18	£m
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Capital expenditure in year funded by borrowing	13.4
Contribution from revenue account (MRP)	(11.4)
Loans repaid during the year	10.0
New loans undertaken in the year	0.0
Sub-total: Change in borrowing position in year	12.0
Under borrowed position 01/04/2017	199.4
Under borrowed position 31/03/2018	211.4

13. To illustrate the benefit of having an under borrowed position: if the Council was to externally borrow £211.4 million (over 25 years at current PWLB rate of 2.56%), this would result in external annual interest costs in the order of £5.4 million. The interest foregone on the use of internal funds would be £1.1 million (based on current average interest rate of 0.54% as at 31/03/18. This produces a benefit of £4.3 million
14. Internal borrowing will continue to be monitored, and projections carried out to indicate where any adverse movements are expected that could jeopardise the Council's cashflow position. It may be necessary to replace internal borrowing with external borrowing, but this would be undertaken at the most advantageous time possible.

Borrowing Rates

15. As depicted in the graph below, PWLB 25 and 50 year rates have been volatile during the year with little consistent trend. However, shorter rates were on a rising trend during the second half of the year and reached peaks in February/March.
16. The graph for PWLB rates shows a selection of maturity periods, the average borrowing rates, the high and low points in rates, spreads and individual rates at the start and the end of the financial year.

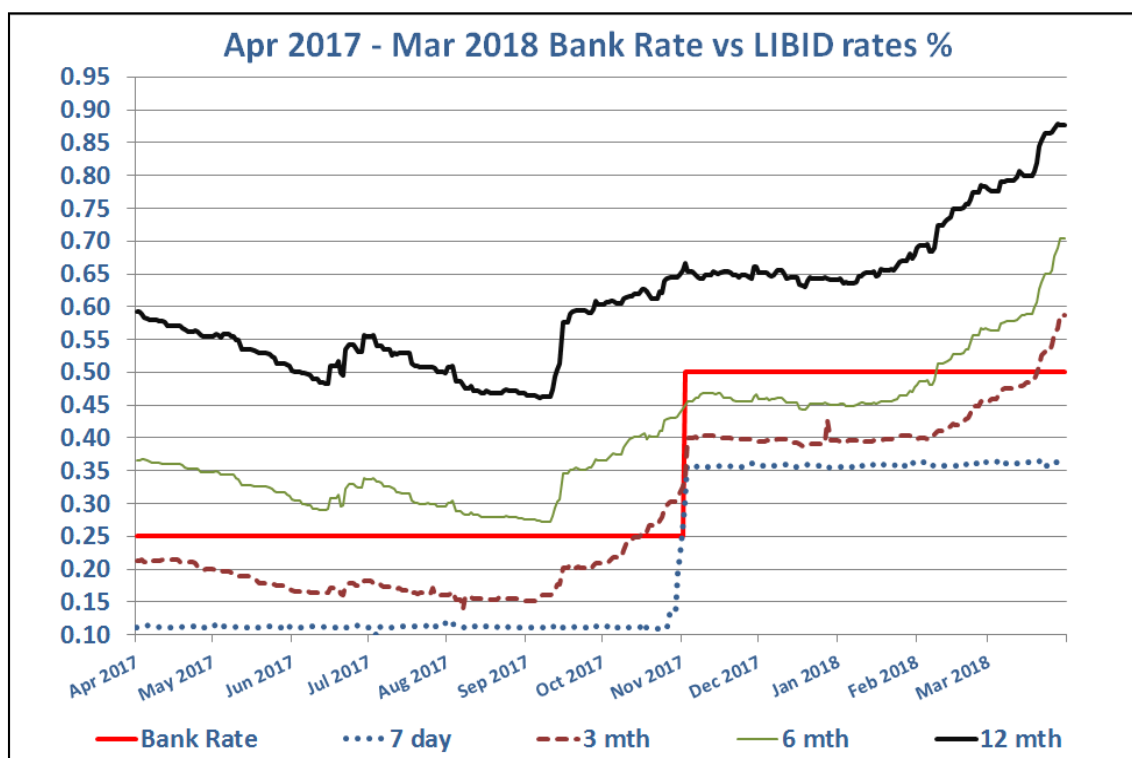


Borrowing Outturn

17. Due to investment concerns, both counterparty risk and low investment returns, no new borrowing was undertaken during the quarter.
18. No debt rescheduling was undertaken during the quarter, as the differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.
19. On 21/03/2018 the Council repaid a PWLB loan for £10 million (interest rate of 4.02%).
20. A summary of the Council's borrowing position is detailed at Appendix 2.

Investment Rates

21. Investment Rates for three months and longer have been on a rising trend during the second half of the year, in the expectation of Bank Rate increasing, and reached a peak at the end of March 2018.



Investment Outturn

22. The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.
23. The Council maintained an average balance of £113.40 million of internally managed funds. The internally managed funds earned an average rate of 0.38%. The comparable performance indicator is the average 3 month LIBID rate, which was 0.29%.
24. The Council's total interest received from investments for 2017/18 was £0.368 million. The Council's budgeted investment return for 2017/18 was £0.948 million, therefore forecast investment income (interest) for the year to date is £0.580 million

underachieved against budget. This is a historical budget and will be fully reviewed in the update of the Medium Term Financial Strategy.

25. The position on interest income must be compared with external interest costs payable. The Council paid external interest costs of £12.720 million against a budget of £13.544 million. This is £0.824 million underspent against budget. The net underspend on interest receivable/payable is £0.244 million.
26. A summary of the Council's investment position as at 31 March 2018 is detailed at Appendix 3.

Treasury Management Strategy Statement 2018/19

27. The Treasury Management Strategy Statement 2018/19 was approved by the Council in February 2018. However, since that date, it is proposed that a new class of 'alternative investments' is added to the available list of non-specified investment instruments. These instruments offer increased returns in the current low interest rate environment whilst still meeting the DCLG requirements for security, liquidity and yield. This would include asset backed securities and asset backed pooled investment funds, which are secured against real assets such as green energy, timber or property. Any proposed investment of this nature would be the subject of a further report.

Minimum Revenue Provision (MRP) Policy 2017/18 and onwards

28. The Minimum Revenue Provision Policy 2017/18 was approved by the Council in February 2018. It was recommended and agreed that MRP will be provided for in accordance with existing practice on a 2% straight line basis, i.e. provision for the full repayment of debt over 50 years.
29. However, for certain investment projects it may be deemed more prudent to use the asset life annuity method in order to calculate MRP. In this case the MRP calculation will be based on the prevailing PWLB interest rate for a loan with a term equal to the estimated life of the asset.

Other Issues – Revised CIPFA Codes

30. In December 2017, CIPFA issued a revised Treasury Management Code and Cross Sectoral Guidance Notes, and a revised Prudential Code. A particular focus of these revised codes was how to deal with local authority investments which are not treasury type investments, e.g. potential property investments. One recommendation was that local authorities should produce a new report to members, giving a high-level summary of the overall capital strategy, enabling members to see how the cash resources of the Council have been apportioned between treasury and non-treasury investments. Officers will report to members when the implications and impact of these new codes have been assessed.

Other Issues – Markets in Financial Instruments Directive II (MiFID II)

31. The EU set a deadline of 3 January 2018 for the introduction of regulations under MIFID (Markets in Financial Instruments Directive) II. These regulations govern the relationship that financial institutions conducting lending and borrowing transactions will have with local authorities. This has had very little effect on Wiltshire Council, apart from completing documentation for every institution used for each investment instrument, to confirm Wiltshire Council status as a 'professional' client.

Overview & Scrutiny Engagement

32. Regular reports are taken to Overview & Scrutiny relating to the Council's financial position

Safeguarding Implications

33. None have been identified as arising directly from this report.

Public Health Implications

34. None have been identified as arising directly from this report.

Procurement Implications

35. None have been identified as arising directly from this report.

Equalities Impact of the Proposal

36. None have been identified as arising directly from this report.

Environmental and Climate Change Considerations

37. None have been identified as arising directly from this report.

Risks Assessment

38. All investments have been at fixed rates during the period. The Council's current average interest rate on long term debt is 3.77%, which compares favourably with similar rates of other UK local authorities.

39. The primary management risks to which the Council is exposed are adverse movements in interest rates and the credit risk of counterparties.

40. Investment counterparty risk is controlled by assessing and monitoring the credit risk of borrowers as authorised by the Annual Investment Strategy.

Financial Implications

41. These have been examined and are implicit throughout the report.

Legal Implications

42. None have been identified as arising directly from this report.

Proposals

43. Cabinet is requested to:

- a) Note that the contents of this report are in line with the Treasury Management Strategy 2017/18.
- b) Approve an amendment to the Treasury Management Strategy 2018/19, to include a new class of alternative investments to the available list of non-specified investments (as explained in paragraph 27 of this report).
- c) Approve an amendment to the Minimum Revenue Provision Policy 2017/18 to allow for an alternative method for calculation, where appropriate (as explained in paragraph 28 of this report).

Contact Name:

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31 May 2018

Appendices

- Appendix 1 Prudential and Treasury Indicators 2017/18
- Appendix 2 Borrowing Portfolio
- Appendix 3 Investment Portfolio

Prudential and Treasury Indicators 2017/18

During 2017/18, the Council complied with its legislative and regulatory requirements.

The key prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

	2016/17 Actual £m	2017/18 Budget £m	2017/18 Actual £m
Capital Expenditure			
General Fund	61.1	94.5	89.3
HRA	18.9	37.0	19.8
Total	80.0	131.5	109.1
Capital Financing Requirement			
General Fund	414.0		416.0
HRA	123.3		123.3
Total	537.3		539.3
Gross Borrowing	337.9		327.9
External Debt	338.1		328.1
Investments			
Longer than 1 year	0.00		0.00
Under 1 year	57.6		63.7
Total	57.6		63.7
Net Borrowing	280.3		264.2

Gross Borrowing and the CFR

To ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2017/18) plus the estimates of any additional capital financing requirement for the current (2018/19) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2017/18.

	2017/18
Authorised Limit	£558.3m
Maximum Gross Borrowing Position	£337.9m
Operational Boundary	£547.7m
Average Gross Borrowing Position	£337.6m
Financing Costs as a Proportion of Net Revenue Stream – GF	5.52%
Financing Costs as a Proportion of Net Revenue Stream - HRA	14.88%

Authorised Limit

The authorised limit is the 'affordable borrowing limit' required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table above demonstrates that during 2017/18 the Council has maintained gross borrowing within its authorised limit.

Operational Boundary

The operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

Actual Financing Costs as a Proportion of Net Revenue Stream

This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream.

	31 March 2017			31 March 2018		
	Principal £m	Rate/ Return %	Average Life Years	Principal £m	Rate/ Return %	Average Life Years
Fixed Rate Funding						
PWLB	276.9	3.64	16.73	266.9	3.62	16.32
Market	61.0	4.37	51.67	61.0	4.37	51.67
Variable Rate Funding						
PWLB	0.0			0.0		
Market	0.0			0.0		
Total Debt	337.9	3.77	29.83	327.9	3.77	30.52
Total Capital Financing Requirement	537.3			539.3		
Over/(Under) Borrowing	(199.4)			(211.4)		
Total Investments	57.6	0.40	0.32	63.7	0.54	0.39
Net Debt	280.3			264.2		

The maturity structure of the debt portfolio was as follows,

Maturity structure of fixed rate borrowing	2017/18 Authorised Limits (%)		2017/18 Actual (%)	
	Upper Limit	Lower Limit	Next Call Date	Contractual Maturity
Under 12 months	25	0	10	0
12 months to 2 years	25	0	4	4
2 years to 5 years	45	0	9	7
5 years to 10 years	75	0	16	16
10 years and above	100	0	61	73

	31 March 2017	31 March 2018
Fixed rate based on net debt	100%	100%
Variable rate based on net debt	0%	0%

Borrowing Portfolio as at 31 March 2018

Lender	Start Date	Maturity Date	Amount £m	Rate	Annual Interest £m
Public Works Loan Board (PWLB)					
PWLB	18/03/2016	18/03/2019	10.00	1.38	0.14
PWLB	28/03/2012	28/03/2019	4.81	1.76	0.08
PWLB	28/03/2012	28/03/2020	8.00	1.99	0.16
PWLB	28/03/2012	28/03/2021	4.00	2.21	0.09
PWLB	15/02/2010	01/06/2021	2.00	4.33	0.09
PWLB	28/03/2012	28/03/2022	8.00	2.4	0.19
PWLB	28/03/2012	28/03/2023	8.00	2.56	0.20
PWLB	15/02/2010	01/06/2023	2.00	4.45	0.09
PWLB	28/03/2012	28/03/2024	8.00	2.7	0.22
PWLB	15/02/2010	01/06/2024	2.00	4.49	0.09
PWLB	28/03/2012	28/03/2025	8.00	2.82	0.23
PWLB	14/08/2001	01/12/2025	0.12	4.875	0.01
PWLB	28/03/2012	28/03/2026	10.00	2.92	0.23
PWLB	15/02/2010	01/06/2026	2.00	4.54	0.09
PWLB	28/03/2012	28/03/2027	8.00	3.01	0.24
PWLB	21/08/2002	01/06/2027	4.00	4.75	0.19
PWLB	28/03/2012	28/03/2028	6.00	3.08	0.18
PWLB	29/07/1999	01/06/2028	1.00	4.75	0.05
PWLB	15/02/2010	01/06/2028	2.00	4.56	0.09
PWLB	28/03/2012	28/03/2029	7.00	3.15	0.22
PWLB	29/07/1999	01/06/2029	1.00	4.75	0.05
PWLB	28/03/2012	28/03/2030	8.00	3.21	0.26
PWLB	29/07/1999	01/06/2030	1.00	4.75	0.05
PWLB	20/05/2005	01/06/2030	2.00	4.45	0.09
PWLB	05/12/2005	18/03/2031	5.00	4.25	0.21
PWLB	28/03/2012	28/03/2031	2.00	3.26	0.07
PWLB	29/07/1999	01/06/2031	1.00	4.75	0.05
PWLB	20/05/2005	01/06/2031	2.00	4.45	0.09
PWLB	21/11/2005	18/09/2031	2.00	4.25	0.09
PWLB	28/03/2012	28/03/2032	5.00	3.3	0.17
PWLB	20/05/2005	01/06/2032	2.00	4.45	0.09
PWLB	04/11/1999	01/12/2032	1.50	4.625	0.07
PWLB	28/03/2012	28/03/2033	6.00	3.34	0.20
PWLB	20/05/2005	01/06/2033	2.00	4.45	0.09
PWLB	15/11/1999	19/09/2033	1.00	4.25	0.04
PWLB	28/03/2012	28/03/2034	7.00	3.37	0.24
PWLB	20/05/2005	01/06/2034	2.00	4.45	0.09
PWLB	15/11/1999	18/09/2034	1.00	4.25	0.04
PWLB	21/11/2005	18/09/2034	5.00	4.25	0.21
PWLB	28/03/2012	28/03/2035	2.00	3.4	0.07

PWLB	14/06/2005	14/06/2035	5.00	4.35	0.22
PWLB	15/11/1999	18/09/2035	1.00	4.25	0.04
PWLB	21/11/2005	18/09/2035	5.00	4.25	0.21
PWLB	15/11/1999	18/09/2036	0.50	4.25	0.02
PWLB	15/11/1999	18/09/2036	0.50	4.25	0.02
PWLB	28/03/2012	28/03/2037	9.00	3.44	0.31
PWLB	11/01/2006	01/12/2037	4.00	4	0.16
PWLB	11/01/2006	01/12/2038	4.00	4	0.16
PWLB	15/02/2010	01/06/2041	2.00	4.57	0.09
PWLB	11/08/2006	01/12/2041	3.00	4.35	0.13
PWLB	15/02/2010	01/06/2042	2.00	4.57	0.09
PWLB	11/08/2006	01/12/2042	2.00	4.35	0.09
PWLB	11/08/2006	01/12/2043	2.00	4.35	0.09
PWLB	06/09/2006	01/12/2044	3.00	4.25	0.13
PWLB	06/09/2006	01/12/2045	3.00	4.25	0.13
PWLB	29/06/2006	18/09/2046	4.00	4.45	0.18
PWLB	30/08/2006	01/12/2046	2.00	4.25	0.09
PWLB	29/06/2006	18/09/2047	4.00	4.45	0.18
PWLB	30/08/2006	01/12/2047	2.00	4.25	0.09
PWLB	09/10/1998	18/09/2048	1.00	4.5	0.05
PWLB	29/06/2006	18/09/2048	3.50	4.45	0.16
PWLB	30/08/2006	01/12/2048	2.00	4.25	0.09
PWLB	09/10/1998	18/09/2049	1.00	4.5	0.05
PWLB	29/06/2006	18/09/2049	3.00	4.45	0.13
PWLB	30/08/2006	01/12/2049	2.00	4.25	0.09
PWLB	30/08/2006	01/06/2050	5.00	4.25	0.21
PWLB	17/09/1998	18/09/2050	1.00	5.125	0.05
PWLB	17/09/1998	18/09/2051	1.00	5.125	0.05
PWLB	07/03/2007	01/06/2052	2.00	4.25	0.09
PWLB	23/07/1998	03/06/2052	1.00	5.5	0.06
PWLB	07/03/2007	01/06/2053	2.00	4.25	0.09
PWLB	23/07/1998	02/06/2053	1.00	5.5	0.06
PWLB	19/06/1998	01/06/2054	1.00	5.375	0.05
PWLB	19/06/1998	01/06/2055	1.00	5.375	0.05
PWLB	21/06/2006	01/06/2055	2.00	4.3	0.09
PWLB	22/06/2006	18/09/2055	4.00	4.35	0.17
PWLB	19/06/1998	01/06/2056	1.50	5.375	0.08
PWLB	21/06/2006	01/06/2056	3.00	4.3	0.13
PWLB	22/06/2006	01/06/2056	6.00	4.35	0.26
PWLB	02/10/1997	25/09/2057	1.50	6.625	0.10
TOTAL PWLB LOANS			266.93		9.67

Lender	Start Date	Maturity Date	Amount £m	Rate	Annual Interest £m
LOBO Loans					
Barclays Bank	03/12/2004	03/12/2054	10.00	4.45	0.45
FMS Wermanagement	07/12/2004	08/12/2053	10.00	4.45	0.45
PBB Deutsche Pfandbriefbank	10/12/2004	10/12/2052	10.00	4.45	0.45
Dexia Credit Local	10/12/2004	11/12/2051	10.00	4.45	0.45
Barclays Bank	31/08/2005	31/08/2055	5.00	3.99	0.20
Dexia Credit Local	20/02/2006	18/02/2066	6.00	4.45	0.27
Beyern LB	05/03/2007	07/03/2067	4.00	4.2	0.17
Barclays Bank	31/07/2007	01/08/2067	6.00	4.21	0.25
TOTAL LOBO LOANS			61.00		2.67
TOTAL - ALL LOANS			327.93		12.33

Investment Portfolio as at 31 March 2018 (compared to the counterparty list)

Borrower	Amount (£m)	Interest Rate	Start Date	Maturity	LAS Credit Rating
National Bank of Abu Dhabi	8.00	0.53	14/09/2017	13/09/2018	Orange - 12 months
DBS Bank Ltd.	8.00	0.42	18/09/2017	18/06/2018	Orange - 12 months
Coventry Building Society	8.00	0.45	27/10/2017	27/04/2018	Red - 6 months
Landesbank Hessen Thuringen	8.00	0.53	05/01/2018	05/04/2018	Orange - 12 months
Plymouth City Council	8.00	0.50	31/01/2018	30/04/2018	Local Authority - 60 months
Birmingham City Council	5.00	0.80	12/03/2018	12/04/2018	Local Authority - 60 months
Close Brothers	5.00	0.90	15/03/2018	15/09/2018	Red - 6 months
Black Rock Money Market Fund	0.00	0.37	*	*	AAA
JP Morgan Money Market Fund	0.00	0.38	*	*	AAA
Prime Rate Money Market Fund	0.01	0.44	*	*	AAA
Goldman Sachs Money Market Fund	0.00	0.35	*	*	AAA
Standard Life Investments Liquidity Fund	13.68	0.45	*	*	AAA
Total	63.69				

* Money Market Funds – cash can be invested and withdrawn on a daily basis (subject to maximum investment limits) so there is no start date or maturity date for the purposes of this report.

Link Asset Services provide a creditworthiness service, which 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:

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

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- a) Yellow – 5 years (this category is for AAA rated Government debt or its equivalent, including an investment instrument – collateralised deposits, where the investment is secured only against local authority debt, namely LOBOs, making them effectively government exposure);
- b) Dark pink – 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.25
- c) Light pink – 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.5
- d) Purple – 2 years;
- e) Blue – 1 year (only applies to nationalised or semi nationalised UK Banks and their subsidiaries);
- f) Orange – 1 year;
- g) Red – 6 months;
- h) Green – 100 days; and
- i) No Colour – not to be used.

The advisor's creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

Wiltshire Council

Cabinet

12 June 2018

Subject: Delivery of the Digital Strategy – Outline Business Case

Cabinet Member: Councillor Philip Whitehead, Cabinet Member for Finance, Procurement, IT and Operational Assets

Key Decision: Yes

Executive Summary

The purpose of this paper is to seek delegated decision making to enter into the contractual agreement and approve capital expenditure to the Corporate Director for Communities, Resources and Digital after consultation with the Cabinet Member for Finance, Procurement, ICT and Operational Assets, Corporate Director for Growth, Investment and Place, Corporate Director for Children and Education and the Director of Finance and Procurement.

The delegated decision to award the contract will be taken only after the outline and full business cases have been reviewed and approved by the groups listed.

The accompanying outline business case details the costs, areas of work and benefits realisation forecast.

The proposal from Microsoft is made up of a number of building blocks that will allow the Council to develop and underpin this significant programme of change. Alongside technical development the proposal also includes the development of robust governance processes and effective change and adoption of the digital tools both internally and externally. The proposal will provide a sound digital platform and also develop the knowledge base within the council, so it can continue to harness the benefits that technology can bring both now and in the future.

The proposal recommends undertaking a joint programme, delivered over 2 years.

Costs

Summary of Estimated Costs	2018/19 £000	2019/20 £000	2020/21 £000
	One off costs	One off costs	Recurring costs
Microsoft Navigator fees	4,000*	2,000*	-
Wiltshire Council resources to support the programme	722	448	281**
Application Programme Interface	200		
Implementation and 'licence' fees in early adoption services	855	429	429**
Total	5,778	2,877	710**

*The Microsoft contract will be charged on a fixed fee, fixed outcome basis, broken down into payment milestones associated with Project Deliverables and clear Acceptance Criteria. All work is anticipated to complete by August 2019'.

** These will be recurring costs per annum

Savings

	2018/19 £000s			2019/20 £000s			2020/21 £000s			3 Year total £000s		
	C	L	O	C	L	O	C	L	O	C	L	O
Channel Shift	£180	£270	£360	£180	£270	£360	£180	£288	£360	£541	£829	£1,080
(Phone & F2F)												
RPA savings	£1,585	£2,219	£2,866	£1,585	£2,219	£2,866	£1,585	£2,219	£2,866	£4,755	£6,657	£8,599
(3 services only)												
Total	£1,765	£2,489	£3,227	£1,765	£2,490	£3,226	£1,765	£2,507	£3,226	£5,296	£7,486	£9,680

Cautious (C)

Likely (L)

Optimistic (O)

Note: Totals rounded.

In the event of the 'likely' scenario of potential savings, return on investment will be in 4th year.

The return on investment will be monitored and delivered and all cashable savings will be realised corporately and not be reinvested within the services

unless specifically approved by Cabinet decisions as part of the annual budget setting process.

RPA, refers to Robotic Process Automation and based on analysis of 3 services. Opportunities and plans to roll out RPA will be developed for the transitional elements of all services, increasing the savings profile further.

The preferred route to procurement will be via the G-Cloud 9 framework. The G-Cloud series of frameworks have been established to offer access to ICT suppliers for a range of services and solutions. The latest iteration is G-Cloud 9. The Government's Crown Commercial Services operate all G-Cloud frameworks.

Other councils for example, have also taken part in the Cloud Navigator programme and contracted with Microsoft through G-Cloud 9. This presents an opportunity to collaborate with these council's and share learning. The councils are;

- Essex County Council,
- Kent County Council,
- Cornwall Council
- Somerset County Council.

The contract will not be entered into unless the due diligence on costs to deliver, savings and benefits is completed and a positive ROI outcome achieved. This will be the responsibility of the Cabinet Member for Finance, Procurement, ICT and Operational Assets and the Corporate Director for Communities, Resources and Digital.

Reason for Proposals

The Council seeks to deliver a suite of interdependent digital initiatives delivered by one provider, that will be developed and enhanced to achieve both the short term and longer term outcomes of the digital strategy and the over-arching business plan. The requirement also includes an appropriate solution for the replacement of the MyWiltshire platform which is due to expire in August 2019.

In November 2017 Microsoft invited the Council to take part in its Cloud Navigator programme who conducted a detailed review of the organisation's approach to digital change. Following this review, a proposal from Microsoft was submitted that identified a number of initiatives for digital improvements. The proposal from Microsoft sets out the total funding for the duration of the programme (up to 2021) with details of potential benefits and each of the areas for development.

The outcome of the Navigator programme is a series of recommendations and initiatives for the Council to consider against specific requirements, best value for money and the most appropriate route to deliver, i.e. in-house or procure.

There is no charge to the Council for the Cloud Navigator programme, the cost was borne by Microsoft to the value of approximately £250,000.

Detail on the initiatives and business benefits are detailed in the outline business case (Appendix 1).

The initiatives are presented as a package of different solutions that are dependent on each other to achieve the following:

- Enhance our customer's experience by using safe, efficient and reliable technology,
- Automate administrative processes to make cashable savings,
- Automate customer-facing process to improve service delivery and efficiency,
- Improve our data management and security,
- Provide a long-term technology platform that can be developed beyond the life of the Microsoft Cloud Navigator programme,
- Build on the skills in-house and utilised beyond the life of the Microsoft Cloud Navigator programme,
- Support the council's wider business plan objectives via the Microsoft Community Investment programme, which is a commitment to work with Wiltshire on the following community projects alongside the delivery of the Microsoft Cloud navigator proposal;
 - (a) Supporting veterans with up to date ICT skills for the modern workplace,
 - (b) Supporting looked after children (LAC) to develop their skills for the workplace that will be evolving constantly. For example, Coding Clubs, access to coaching and mentoring, practical support with CV writing and interview skills,
 - (c) Ensure Wiltshire's third sector can be developed to access the pre-existing Microsoft initiatives made available for the sector.
- The recommended programme of works and resultant solutions will not just replace the current functionality of the existing MyWiltshire platform, it will provide all digital entry into the council, accessible by any digital device 24/7. It will provide the building blocks of future tools and initiative for the longer term.

Detail on the initiatives and business benefits is detailed in the outline business case (Appendix 1).

The timeline for this programme of work is critical in relation to replace MyWiltshire, the associated savings and the commitment both in the business plan and digital strategy.

Key Milestones:

Phase	Activity	Status	Date
1	Organisational wide consultation and engagement with Microsoft	Complete	
2	High-level proposal from Microsoft	Received	April 20 2018
3	Targeted engagement, collation of further detail for outline business case	Complete	
4	Decision to proceed to full business case	Pending	June 12 2018
5	Targeted engagement, collation of further detail for full business case	Ongoing (subject to cabinet review)	
6	Review of full business case at the digital programme board	Scheduled (subject to cabinet review)	June 20 2018

The high-level Microsoft Cloud Navigator proposal was received on 20 April 2018. This has triggered a further round of work to confirm the specific detail to identify the internal process and applications that can be automated. This detail, high level costs and potential savings are detailed in the outline business case (Appendix 1).

The timeline is ambitious but this approach will allow the digital programme to work with the relevant services and Microsoft to progress with phase 5 and complete the full business case. This document will support the final decision regarding whether to contract and which initiatives Wiltshire Council will pursue.

Following the completion of the full business case the final decision will be made by the Corporate Director for Communities, Resources and Digital after consultation with the Cabinet Member for Finance, Procurement, ICT and Operational Assets, Corporate Director for Growth, Investment and Place, Corporate Director for Children and Education and the Director of Finance and Procurement via the digital board, with representation from overview and scrutiny digital task group, finance, legal and HR.

Proposals

That Cabinet:

- i) Note the progress of the Microsoft Cloud Navigator Programme.

- ii) Makes an in-principle decision to embark on the Cloud Navigator Programme.
- iii) Agree to award a call-off contract from the G-Cloud 9 framework arrangements to Microsoft and Thoughtonomy.
- iv) Based on the completion of the full business case and in line with the funding recommendations made in paragraph 54, Cabinet delegate the decision to enter into the contractual agreement and approve capital expenditure to the Corporate Director for Communities, Resources and Digital after consultation with the Cabinet Member for Finance, Procurement, ICT and Operational Assets, Corporate Director for Growth, Investment and Place, Corporate Director for Children and Education and the Director of Finance and Procurement.
- v) Agree that the Corporate Director for Communities, Resources and Digital is nominated as the Contracting Council's Representative for the purposes of the Contract.

Dr Carlton Brand, Corporate Director for Communities, Resources and Digital

Wiltshire Council

Cabinet

12 June 2018

Subject: Delivery of the Digital Strategy – Outline Business Case

Cabinet Member: Councillor Philip Whitehead, Cabinet Member for Finance, Procurement, IT and Operational Assets

Key Decision: Yes

Purpose of Report

1. As follows:
 - I. To inform Cabinet of the Microsoft Cloud Navigator Programme and its outcome.
 - II. To seek Cabinet approval to delegate the Council to award a call-off contract from the G-Cloud 9 Framework subject to the positive review of the full business case.
 - III. To delegate the decision to enter into the contractual agreement and approve capital expenditure to the Corporate Director for Communities, Resources and Digital after consultation with the Cabinet Member for Finance, Procurement, ICT and Operational Assets and the Director of Finance and Procurement.

Relevance to the Council's Business Plan

2. The delegated authority is requested as per the constitution.
3. Working as an innovative and effective council through the use of dynamic digital technology.
4. Focussing on customers and delivering good outcomes whilst spending less.
5. Enable greater digital access to all services so that more of our services are automated so customers can book, pay and do online what they want to; 24/7.
6. Developing the appropriate digital tools to facilitate early intervention, integration and prevention to address the increasing demand on services.

Main Considerations for the Council

7. To ensure the best utilisation of the current licensing agreements, knowledge and skills and existing applications to deliver the outcomes of the business plan and digital strategy.

8. To ensure that as the council develops digital tools ensures it keeps the needs of the customer at the heart of change.
9. To ensure any capital expenditure results in the required savings and that robust governance is in place to ensure savings are realised.
10. To ensure investment develops both knowledge and skills within the council to continue to innovate and improve our digital capabilities.

Background

11. The Council's digital strategy was approved in June 2017, it has the following four themes;
 - Digital services;
 - Intelligent infrastructure;
 - Data sharing;
 - Digital workforce.
12. The digital programme has been established to deliver the priorities defined within the digital strategy.
13. MyWiltshire currently provides digital functionality for services across the Council and work needs to take place to replace the system when the current arrangement expires in 2019.
14. An opportunity exists to build a customer platform upon the current development within the waste service for missed bins reporting enabling a single digital entry for our customers.
15. Microsoft is a trusted, strategic supplier and much of the council's information communications technology (ICT) is based on their technology. Microsoft Consulting Services (MCS), the professional services arm of Microsoft, and Wiltshire Council engaged in a six-month, business led programme entitled 'Cloud Navigator'.
16. A comprehensive discovery stage enabled Microsoft to get a deep understanding of the council's use of technology from the corporate leadership level to frontline workers, opportunities and risks. Since early December Microsoft have spent time engaging with 19 council services and over 60 officers, including all Corporate Directors, on a fact-finding journey to understand the council's business plan, strategies and programmes of work, ICT infrastructure and the challenges this presents.
17. The review culminated in the recommendation of a number of digital transformation initiatives that will revolutionise the way in which Wiltshire operates, supported by digital tools, to deliver on the four themes within the digital strategy as well as a replacement of MyWiltshire that provides the

opportunity to develop and enhance the service as a pivotal tool in delivering the digital vision.

Overview and Scrutiny Engagement

18. The current digital programme governance model includes the representation of an appointed scrutiny member to sit on all digital board meetings.
19. The Chair of the Digital Task group has attended the Digital Board meetings where Microsoft have presented the proposal; this proposal is the basis of the outline business case.
20. An overview and scrutiny digital task group has been set up and meets monthly. The group will scrutinise delivery of the programme against the objectives and outcomes set.

Safeguarding Implications

21. There are no direct safeguarding implications arising from this proposal.

Public Health Implications

22. There are no direct public health implications arising from this proposal.

Procurement Implications

23. Government frameworks are agreements between the government and suppliers that are made open to other public bodies for their use to leverage value across the public sector. The basic terms of use are agreed by both parties after a contract notice is published in the [Official Journal of the European Union \(OJEU\)](#). The G-Cloud series of frameworks have been established to offer access to ICT suppliers for a range of services and solutions. The latest iteration is G-Cloud 9.
24. Buying services through frameworks is faster and cheaper than entering into individual procurement contracts. Buyers and suppliers still need to sign a contract (or 'call-off contract') for each service bought through a framework.
25. G-Cloud 9 services are divided into 3 categories, or 'lots':
 - Cloud based hosting;
 - Cloud based software;
 - Cloud based support.
26. Via the G-Cloud 9 market place the purchaser must enter a set of requirements that best defines their need and the marketplace will filter to the available suppliers. From that "long list" which may only be one supplier, a further "short list" can be developed if required to hone the list to those that best fit the council's requirements.

27. The first set of specific requirements, searched via the G-Cloud marketplace for a cloud navigator provider of a series of digital solutions returned a single supplier, Microsoft. The second set of specific requirements for cloud based robotic process automation through provision of a dynamic and intelligent virtual workforce, searched via the G-Cloud marketplace returned a single supplier, Thoughtonomy.
28. If only one supplier is listed that meets the requirements, the Council can award the contract under the G-Cloud terms and conditions.

Equalities Impact of the Proposal

29. The delivery of digital tools will provide another route to access council services. The customer will be at the heart of the changes developed and the tools by design will ensure interactions are easy, convenient, safe and reliable. However, our policy is that digital interactions are 'by choice' and not by 'default'.

Environmental and Climate Change Considerations

30. There are no direct environmental impacts resulting from the proposal.

Risk Assessment

31. The progress of the navigator programme and the delivery of the digital solutions will be overseen by overview and scrutiny digital task group on behalf of the overview and scrutiny management committee.
32. The progress of the programme, the outcome benefits, return on investment and cashable savings will be monitored closely by the Digital Board.
33. Project risks are also regularly reviewed by the digital programme board set up to oversee the delivery of the digital strategy.
34. The digital board will include representation from across the Council to align the deliverables of the digital strategy with other core strategies such as people and commercialisation.

Risks that may arise if the proposed decision and related work is not taken

35. The failure to deliver the digital strategy and the associated savings.
36. The replacement of the MyWiltshire will have both a cost to procure and implement or costs to resource the development internally. An additional risk is around loss of service for customers, reputational impact and costs to implement manual reporting processes.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

37. The execution of the contract and progress of the Microsoft Cloud Navigator programme will be monitored by the digital programme board.

38. Payments will be made via a milestone payment plan to ensure a balanced risk between the council and Microsoft to ensure the digital tools are fit for purpose, fulfils requirements and can provide the capability to make the savings required.
39. The execution of the contract and progress of the Microsoft Cloud Navigator programme monitored by the overview and scrutiny digital task group.
40. Through the delivery of the programme full consultation will take place per initiative to assess and understand the impact on customers, staff and services and are in line with existing corporate policies. This may result in the creation of new working policies.
41. The contract will not be entered into unless the due diligence on costs to deliver, savings and benefits is completed and a positive ROI is achieved. This will be the responsibility of the Cabinet Member for Finance, Procurement, ICT and Operational Assets and the Corporate Director for Communities, Resources and Digital.

Financial Implications

Estimated Costs and Savings

42. The challenges the Council faces in delivery of a balanced medium term financial plan are well known, and as mentioned earlier one on the themes to help achieve this is through digitalisation. There is a target to achieve net recurring savings of £5 million per annum. This digital navigator programme is a major contributor to achieving the MTFS Strategy.
43. The concept in this model is new for local authorities with no tangible experience and evidence to draw upon from other authorities, which presents some challenges when developing the business case, particularly around benefits realisation i.e. savings.
44. The planned model is to identify services which will become an 'early adopter' of the new automated process and during this process skills and knowledge will be transferred to council staff to allow further roll outs without additional external cost.
45. In terms of costs, there will be a combination of one-off and recurring expenditure. The high-level estimates can be summarised as follows:

Summary of Estimated Costs	2018/19 £000	2019/20 £000	2020/21 £000
	One off costs	One off costs	Recurring costs
Microsoft Navigator fees	4,000*	2,000*	-
Wiltshire Council resources to support the programme	722	448	281**

Application Programme Interface	200		
Implementation and 'licence' fees in early adoption services	855	429	429**
Total	5,778	2,877	710**

**The Microsoft contract will be charged on a fixed fee, fixed outcome basis, broken down into payment milestones associated with Project Deliverables and clear Acceptance Criteria. All work is anticipated to complete by August 2019'.*

***These will be recurring costs per annum*

	2018/19 £000s			2019/20 £000s			2020/21 £000s			3 Year total £000s		
	C	L	O	C	L	O	C	L	O	C	L	O
Channel Shift	£180	£270	£360	£180	£270	£360	£180	£288	£360	£541	£829	£1,080
(Phone & F2F)												
RPA savings	£1,585	£2,219	£2,866	£1,585	£2,219	£2,866	£1,585	£2,219	£2,866	£4,755	£6,657	£8,599
(3 services only)												
Total	£1,765	£2,489	£3,227	£1,765	£2,490	£3,226	£1,765	£2,507	£3,226	£5,296	£7,486	£9,680

Cautious (C)

Likely (L)

Optimistic (O)

Note: Totals rounded.

46. In advancing the Programme to other areas of the Council it is planned that no other one-off costs would be incurred, because council staff will have the skills to implement future phases, other than interface costs. However, each phase of the programme will result in additional annual support/licence fees.
47. The figures set out above are as advised by our partners and challenged by council staff. Our ability to meet these costs is largely driven by the savings that can be released from the investment.
48. From the 'early adopter' services, Planning, Council Tax and Financial Services, savings between £0.6 million to £0.9 million have been developed in modelling the work as part of the business case discussions. The next stage is for a workshop to take place with those service areas to test the modelling work. If the saving estimates are confirmed then the net annual saving would be £0.3 million - £0.45 million (excluding the Council's ongoing support costs for the entire Programme).
49. This provides an indication of the scale of activity that will be needed to achieve the Council's overall ambition to achieve recurring savings of £5m from the Digital Strategy. Discussion has taken place with Microsoft about the possibility of a risk and reward sharing arrangement but they are unwilling to enter into such an agreement. It will therefore be for the Council to be ambitious and committed in delivering the full financial benefit.

50. The programme will be delivered in phases and Gateways will be in place before committing to each stage, including lessons learned.

Financing of the Initial Investment

51. This will be a considerable investment by the Council for which no specific funding has been identified. The expenditure is essentially for software development which will have a life-span over a number of years. As such it will be classified as capital expenditure and therefore it would be permissible to raise the necessary finance through new borrowing.

52. The downside of this option is the borrowing would have to be repaid from the revenue account over a fairly short period (the estimated live span of the product). This is not budgeted for and therefore it raises the gross savings target that will have to be achieved.

53. The various spending commitments and resources of the Council will be reviewed over the coming months which may identify other sources of the amount to be borrowed. However, at this time no such funding source has been identified and if Members are to proceed with the proposal then it should be on the understanding that borrowing of c.£8 million is likely to be necessary. This will result in a fixed commitment on the revenue account of around £1.0m per annum for debt repayment, depending on the life span of the software applications (currently projected at 8 years).

Legal Implications

54. The legal team have advised on all contractual documents, procurement route as well as the decision-making process and breadth of delegated authority requested.

55. The G-cloud arrangements are put in place and managed by Crown Commercial Services (CSS). Legal services' experience of these arrangements is that they have been put in place with a thorough procedure, compliant with the Public Contract Regulations 2015 ("PCR") and are very robust. However, even so, if there was to be a challenge to these arrangements arising from the council's use of them then that challenge would be against the council. If there was an award of damages for any breach of PCR CSS would not be liable for any proportion of those damages. Procurement risk is with the council when using frameworks.

56. If after running the G-cloud procurement Microsoft are awarded the call off contract then it is possible that an argument could be made that the council's engagement with Microsoft prior to the council's use of G-cloud had the effect of tilting the field against others on the G-cloud framework arrangement who could equally have deliver the contract services.

57. If that complaint was to be made the council would likely argue as follows. PCR explicitly allow the council to engage with the market in order to optimise its procurement. That is exactly what the council did and following that engagement it was able to go to the G-Cloud selection procedure with a very specific requirement.

58. While the chance of any complaint getting to court and an award made against the council is low, it should be pointed out that it is possible an award of damages could be made and in general terms, the size of the damages would be equivalent to the profit expected to be made in the performance of this contract.

Options Considered

59. Option 1: Enter into the Microsoft Cloud Navigator Programme within the timeline specified and work within the existing proven governance and agreed delegated authority needed.
60. Option 2: Continue exploring the Microsoft Cloud Navigator Programme outside of the preferred timeline and accept the reputational and costs risk to not replacing MyWiltshire before August 2019 and the unknown costs associated with G-Cloud 10.
61. Option 3: Separate the initiatives and procure separately using less specific requirements, accepting the risk of not replacing MyWiltshire before August 2019 and the risk this may result in managing multiple suppliers, providers and integrating the necessary at an increased cost overall.

The proposal within this paper is based upon Option 1.

Conclusions

62. The Council's digital strategy must be delivered and the associated improvement to customer digital service access and savings made. The Microsoft Cloud Navigator proposal provides an integrated solution to deliver a series of initiatives delivered as a coherent programme. This will provide both the digital tools and skills to ensure Wiltshire Council continues to utilise digital technology to save money, provide an improved service to our customers and meet their digital expectations of our customers, staff and partners as per the council's vision for the future.

Dr Carlton Brand, Corporate Director for Communities, Resources and Digital

Report Author: Sarah Cosentino, Portfolio Manager

Date of report: 17 May 2018

Background Papers

Appendix 1. Outline Business Case – Microsoft Navigator Programme

Department		Reference	
Requirement Name:	Microsoft Digital Proposal		
Author	Andrew Foster/Matthew Tobin	Version	V3
Status	Draft	Create Date	21/05/18
Not Protectively Marked			



Appendix 1: Outline Business Case: Microsoft Digital Proposal

SRO: Dr Carlton Brand
Programme Director: Robin Townsend

DRAFT

Document Control

Revision History

Version	Summary of Changes	Status	Date published
1	Initial Draft	Draft	02/05/18
2	Update to draft document	Draft	08/05/18
3	Updates following Heads of Service input	Draft	21/05/18

RACI (Responsible, Accountable, Consult, Inform)

Issued To	Title	RACI
Carlton Brand	Corporate Director SRO Digital Programme	R, A, C, I
Robin Townsend	Director Digital Programme Director Digital Programme	R, C, I
Cllr Phillip Whitehead	Finance, Procurement, ICT & Operational Assets	R, C, I
Ian Blair-Pilling	ICT and Digitalisation	R, C, I
CLT	N/A	C, I
Cabinet	N/A	C, I
Overview and Scrutiny	N/A	C, I

Document Approvals

Role	Name	Signature	Date
Senior Responsible Owner			
Programme Director			
Head of Programme			
Head of ICT			
Head of Systems Thinking			
Head of Legal			
Head of Finance			
HR			

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1. Executive Summary

Wiltshire Council's Digital strategy defines the organisation's future digital ambitions that are set within the context of a £5m savings target. Improving how we serve our customers and being more efficient are at the heart of the strategy and its delivery programme.

In November 2017 Microsoft invited the Council to take part in its Cloud Navigator programme who conducted a detailed review of the organisation's approach to digital change. Following this review, a proposal from Microsoft was submitted that identified a number of initiatives for digital improvements.

The purpose of this document is to outline the commercial proposal from Microsoft and define the initiatives that will enable Wiltshire Council to deliver the priorities within its digital strategy. This proposal sets out the total funding for the duration of the programme (up to 2021), details of potential benefits that could be achieved through the initiatives and makes a recommendation to enter into a commercial partnership with Microsoft.

The proposal recommends undertaking a joint programme, delivered over 2 years with the aim to make the organisation more self-efficient, improve decision making, exploit digital commercialisation opportunities, enable a culture of successful digital transformation and improved customer self-service experience.

2. Background

The council's digital strategy was launched in July 2017 that sets our four themes;

- Digital services;
- Intelligent infrastructure;
- Data sharing;
- Digital workforce.

Microsoft is a trusted, strategic supplier to Wiltshire Council of which a significant amount of its Information Communications Technology (ICT) is based upon. Microsoft Consulting Services (MCS), the professional services arm of Microsoft, and Wiltshire Council engaged in a six-month, business led review entitled 'Cloud Navigator'. This partnership has identified opportunities to make a significant change to how it operates and achieves its business objectives through digital transformation to ultimately, deliver better, more innovative services to its customers and make organisational efficiencies.

The comprehensive review enabled Microsoft to get a detailed understanding of the council from the corporate leadership level to frontline workers, identifying opportunities and existing risks. The review culminated in the recommendation of a number of digital transformation initiatives that will significantly change the way in which Wiltshire operates within a delivery plan of two years.

3. Microsoft Proposal

The Cloud Navigator programme draws upon the global experience of Microsoft in delivering technology and people change programmes in order to leverage improved customer service deliver, changing workforce and business delivery efficiencies.

The value of this partnership to Wiltshire Council is:

1. Continuation of the long term, strategic partnership and building upon the council's existing level of digital maturity
2. Microsoft's insight and experience in the local and regional government sector in the UK and worldwide, specifically working with councils facing similar challenges to Wiltshire, such as Somerset and Kent.
3. Leverage via the comprehensive knowledge attained through Cloud Navigator and the ability to utilise proven methodology to deliver multiple workstreams under one programme of work, jointly governed by Microsoft.
4. De risking the requirement to undertake the work through a number of providers.
5. De risking the need to significantly increase resourcing within the Council to design and build the new systems itself.
6. The direct relationship which Wiltshire will have with Microsoft Services, through this contract is beneficial for the following reasons:
 - It holds Microsoft directly responsible for the delivery and advice given;
 - When called for, Microsoft provides access to the most up to date and trained architects and technicians. Access to unique expertise and intellectual property that cannot be sourced elsewhere to the same degree.
 - Microsoft Services continues to be Wiltshire's trusted partner (critical friend) for safe, secure and innovative introduction of new Microsoft technologies and services onto the Wiltshire estate;
 - Microsoft works closely with Wiltshire and other delivery partners, to collaborate and ensure issue resolution and seamless deployment of Microsoft technologies.

Microsoft Initiatives

Following the Cloud Navigator engagement, Microsoft and Wiltshire Council have identified the following initiatives to be delivered in a phased approach. The proposed contract will have two phases, the first being delivered over a three-year time-period. Phase 2 will be subject to a further proposal from Microsoft and associated business case.

The initiatives outlined within the proposal have been split within this document for ease of review, however, it should be emphasised that the initiatives are interrelated and to exploit the full benefits should be assessed as a complete package, for example, the digital platform will provide a foundation to automate and digitise business processes and offer a centralised area for customers to interact with the organisation to raise service requests and find information. Expanding on the functionality within the digital platform the Citizen ID initiative provides the council with an identity solution that enables our customers to provide their digital identity allowing them to access and personalised digital services. Information and reporting about potholes, for example, requires no validation but enabling our customers to access information about council tax or social care information requires a higher level of validation. The functionality detailed in the initiatives mentioned is only as good as the data that informs them. The data quality initiative improves how our data is recorded, linked, handled and will enable the council to ensure its data is relevant and up to date allowing for effective decision making. When our data is consistent, up to date and centralised information being passed to back office systems will be accurate and enable better service delivery through the council's virtual workforce (RPA initiative), at the same time exploiting the use of virtual works to compete repetitive tasks will free up officer time to focus on tasks that add value to the council and our customers. Finally, the success of digital transformation is dependent on whether our staff and customers use the digital tools implemented. A successful adoption and change process is vital to the take up and support of new technologies, ensuring the council and customers achieve maximum value for the new digital tools.

Phase 1

New Digital Platform

Microsoft's proposed programme centres on the delivery of a new digital platform that will replace the MyWiltshire System before the end of its contract in August 2019. There is significant risk to the council for any break in service if this challenging deadline is not met, as services rely on the MyWiltshire System as a line of business solution. The Digital Platform is a core element of the Cloud Navigator proposal that is scheduled to be build and tested ahead of the contract end date for the current system provided by Abavus. This replacement will also offer new and innovative services that will deliver benefits to Wiltshire customers and the council, for example the capability to support customer messaging and a single point of access to other online customer facing services.

The digital platform and associated digital tools will become the default way our customers interact with the council. Although the initial focus will be around the replacement of the functionality provided by the MyWiltshire System, the platform

and associated digital tools, provide an opportunity for the Council to expand its digital capabilities across the organisation. This digital offering provides a seamless way by which our customers can interact with the council as well as automating back office process to improve service delivery. This will include:

Citizen Facing Application

Exploiting internet portal, mobile application and social media integration our customers will be able to interact and invoke service delivery through the channel of their choosing, when they choose to do so, whilst retaining a consistent and comprehensive experience. Ultimately connecting all of Wiltshire's 'Request It', 'Report It' and 'Pay It' services into a single customer interaction platform. Offering our customers, a self-service 24/7 personalised environment to help drive improvements in service levels and build trust.

Customer Relationship Manager (CRM)

Via the implementation of Microsoft Dynamics365 CRM, Wiltshire will commission a single repository for the capture, registration, triage, processing, reporting and onward submission to the down-stream line of business applications, for all customer cases raised through the Citizen facing applications. Equipping the council with an end-to-end eServices digital platform designed to be extensible to accommodate changes, introduce new and enhanced services and offer the ability for Wiltshire to be innovative in the ways it serves its customers.

Strategic Identity Solution

Our residents will have easier to access the council's other digital services with one set of account credentials rather than multiple as they do today. They will have the option of creating their own council accounts or use social media logins and in their language.

The single, strategic identity solution that is proposed will allow customers to register using more secure details to allow access more sensitive information, such as payment history.

Citizen and Employee Facing Bots

Our customers will be able to access services online via an artificial intelligence tool which is also referred to as a 'bot' using their device at a time convenient to them through the council's website or popular social media channels, such as Facebook Messenger.

Our customers will be able to interact with the bot in the language of their choice, making our services more inclusive to our diverse demographic.

There will be a range of functionality including:

- i. Obtaining information quickly (e.g. bin collection schedule)
- ii. Reporting (e.g. uploading a picture of fly tipping and sharing the GPS location) to;
- iii. Logging into their online account and receiving personalised service that will fulfil specific requests (e.g. booking an appointment).

The council will have a clear understanding of the road map to apply bots to more scenarios across customer and employee interactions. This will improve customer satisfaction with a new, innovative and customer centric way of accessing council services that the public is becoming more accustomed to with commercial sector services.

This has the potential to deliver significant cost efficiencies, diverting staff resources from low value, mundane activities to higher value activities that require human intervention and reducing translation and telephony costs.

The use of bots will not replace all channels for customer access. Phone, email and face to face will still be available to all of our customers who either aren't able to access the council through digital means or by virtue of the type of transaction.

Process Automation

The service redesign and automation workstream team have worked with the council's service teams to identify opportunities to transform customer transactions (i.e. things that customers want to do) – partly through redesigning for value and partly through automation.

There are a few exemplary automated transactions, but overall relatively few of the many customer transactions that have been examined are automated end-to-end, although many are initiated using digital channels, such as online forms, or eforms. These transactions are often processed manually and very inefficiently by today's standards for digital delivery. This represents a huge opportunity to improve service while reducing costs across very substantial areas of the council's services.

A detailed analysis has been completed by the Service Redesign and Automation workstream and has been validated by the heads of service. The initial services reviewed are;

- Council Tax (CT),
- Development Control (DC),
- Building Control (BC)
- Local Land Charges (LLC),

The Cloud Navigator programme used the analysis for a benefits hypothesis for 10 processes. A further analysis for approximately 40 additional processes has been conducted and informed the benefits hypothesis (section 4) in this document.

The digital programme's estimate for the potential capacity gain from processes in these four services if fully redesigned and automated, is approximately 45,000 hours of effort per year i.e. of the order of 38 FTE.

Data Insights and Data Management

The volume of electronic data the council holds is vast and rapidly growing. There is a lot of inherent value that a better understanding of this data can bring. For example understanding the needs of customers around housing rent, debt and social care. The council can gain better insight into the needs of the individual and family and move towards more effective prevention.

Through this initiative the council will have a comprehensive understanding of the current application of business intelligence (BI), requirements and the roadmap for future infrastructure based on industry best practice.

This will provide the council with a clear structure to identify what must change from a people, process and technology perspective to enable the development of rich data insights, and ultimately become a data driven organisation. This will include clear requirements for the service performance data that applications should provide as an integral part of service operations, especially real-time for service delivery and management.

Wiltshire Council will receive a Proof of Concept (PoC) that will deliver the infrastructure for the business analytics platform as well as a set of interactive and automated analytical insights into the Council's corporate debt. The PoC will enable faster collection of debt and revenue back into the council.

Cyber Security Assessment

As Wiltshire brings more services online, the risk of cyber-attacks increases. Our Customers must have confidence that the Council operates securely to allow our Digital Strategy to succeed. A successful Cyber-attack can have significant impact upon loss of services and access to data as well as negatively affect our reputation and the adoption of these services. It will also cost the Council a significant amount of money in terms of service downtime and restoration activities.

Recent examples of cyber security issues in local government include:

- Nottinghamshire County Council fined £70,000 for leaving elderly and disabled people's personal data publicly available online for five years;
- Basildon Council fined £150,000 for a data breach in May, when they released sensitive family data;
- Gloucester City Council fined £100,000 after a cyber-attack exploiting the 'Heartbleed' software flaw in 2014 led to a significant breach of council employees' sensitive personal information;
- Lincolnshire's computer systems were closed for four days at the start of last year when they were hit when a malware ransom attack, demanding £1m;
- North Dorset District Council fell victim to ransomware attacks in 2016, affecting over 6,000 files.

Microsoft would work with the council to provide a comprehensive understanding of the current state, a gap analysis on any potential mitigating actions and recommendations from Microsoft to enhance security.

Adoption and Change Management

The Cloud Navigator proposal includes support for the council to sustainably adopt the new ways of working and behavioural changes that are brought about by the new digital changes and how staff work and serve customers. It is these new behaviours which will drive business outcomes.

Investment in effective, upfront adoption and change management activity will significantly increase end-user adoption and deliver Return On Investment (ROI). If people change is not managed, the result will be significantly lower end-user adoption, leading to reduced achievement of expected benefits as well as enduring costs, in the form of ongoing reductions in productivity and increased resistance to subsequent organisational changes.

A programme of Organisation Development (OD) will be needed to ensure the council is prepared for digital transformation and to also ensure the success of other service transformational programmes. Cultural and behavioural challenges will be barriers to transformation if not addressed. Microsoft will provide expertise based on their experience in relation to the changes required to deliver the digital strategy and will be aligned with the wider OD programme. It is the culture and behaviours that will drive business outcomes for all our transformation programmes.

Investment in effective, upfront adoption and change management activity as part of this programme will significantly increase end-user adoption and deliver return on investment (ROI), and the OD programme will ensure this is included. If culture and behaviour change is not delivered and the people change not managed, the result will be significantly lower end-user adoption, leading to reduced achievement of expected benefits as well as enduring costs, in the form of ongoing reductions in productivity and increased resistance to subsequent organisational changes.

Digital Strategy Governance and IT Service Management

Work with the council to define an appropriate governance approach that aligns business requirements and the digital strategy to IT roadmaps for new services.

Digital Advisory Services

Working closely with the digital programme, Microsoft will provide the council with a dedicated digital advisor who would work closely with the organisation to give advice, guidance and enable areas such as digital vision and strategy development, digital journey mapping, digital maturity modelling, innovation pipeline development, business change and process improvement support and identify commercialisation opportunities. This digital advisor would be technology agnostic and propose and recommend digital improvements that would benefit the organisation.

Future Phases

Digital Platform Strategic Enhancements

The phase 1 work will give the council a set of recommendations on additional functionality that can be incorporated into the digital platform to deliver even more efficient and effective services to our customers. This would enable the council to adopt more complex services onto the digital platform.

Cyber Security Remediation

The phase 1 work will give the council a set of recommendation on making our services more secure and mitigate the risks of cyber-attacks. The subsequent phase would focus on remediation of the cyber-attack risks identified during phase 1.

Data Governance, Modelling and Master Data Management

Phase 1 would deliver a comprehensive strategy around data governance, modelling and data management. The future phase would focus on development work streams around data infrastructure design and implementation, people and process activity, data tools implementation (data storage, master data management, data warehousing) and business intelligence report development.

Visualisation and Analytics System Integration

Proof of concept (PoC) in phase 1 will deliver the infrastructure for the business analytics platform as well as a set of interactive and automated analytical insights into the council's corporate debt. Future phases would focus on delivering further advanced analytics requirements on the platform like – fraud detection, early intervention in children and adult services, capacity modelling, demand forecasting etc.

Office 365 Suite

The council has invested in Microsoft's Office 365 suite of tools and is not maximising its current investment, there is a need to focus on how to broaden usage and adoption.

HoloLens and Future Innovations

Microsoft HoloLens is the first self-contained holographic computer, delivering heads-up, hands-free computing that enables you to interact with high-definition holograms in your world. This blended environment becomes your canvas, where you can create and enjoy a wide range of mixed reality experiences without disengaging from the task at hand.

This is a relatively new technology that can deliver significant business value. This could potentially be used for city planning and educating our customers on developments being made in a specific area.

The initiatives outlined by the Microsoft proposal define the work that will be required by the council to achieve the priorities identified within the digital strategy and provide a clear roadmap for digital transformation. Each of the initiatives interrelate with one another and have been identified to provide the council with an exceptional foundation that can be expanded to achieve the short, medium and long terms aims of the digital strategy.

4. Benefits Hypothesis

Achieving benefits through the commercial partnership with Microsoft will be through the implementation of key initiatives, such as the digital platform and RPA tools. There will be quantifiable benefits that can be derived from potential workforce reduction and channel shift, alongside non-cashable benefits such as improving the customer experience. As such, this business case has broken down benefits into three subsections:

- Capacity gains and cashable savings;
- Cost avoidance;
- Non-cashable savings and business opportunities.

Further detailed analysis on the realisable benefits will be completed following the deployment of the digital tools. The processes of realising benefits will be iterative and completed throughout the lifecycle of the programme.

Capacity Gains and Cashable Savings

Overview

The following is a summary of the potential cashable savings for channel shift and Robotic Process Automation (RPA) up until 2021.

	2018/19 £000s			2019/20 £000s			2020/21 £000s			3 Year total £000s		
	C	L	O	C	L	O	C	L	O	C	L	O
Channel Shift	£180	£270	£360	£180	£270	£360	£180	£288	£360	£541	£829	£1,080
(Phone & F2F)												
RPA savings	£1,585	£2,219	£2,866	£1,585	£2,219	£2,866	£1,585	£2,219	£2,866	£4,755	£6,657	£8,599
(3 services only)												
Total	£1,765	£2,489	£3,227	£1,765	£2,490	£3,226	£1,765	£2,507	£3,226	£5,296	£7,486	£9,680

Cautious (C)

Likely (L)

Optimistic (O)

Note: Totals rounded.

Channel Shift and RPA Savings

The digital board agreed that capacity gained will be based upon a calculation of 1200 hours equating to 1 FTE. Using this methodology and reviewing data gathered by Systems Thinking, a capacity gained model can be developed to show the potential working hours that could be released through shifting face to face and phone call transactions to online.

The capacity gained model highlights the hours and how this translates into FTE equivalents. A process of due diligence is required to define and agree the exact capacity gained that could be released from each service. Once agreed, it would be for each head of service and their Director to finalise how the capacity gained is utilised within their service.

Assumption Table

Assumption	Key Figure	Commentary
Baseline volumes (p.a)		
Customer Phone Calls	1,002,822	Volumetric data has been gathered by the council's Systems Thinking team. The list of services are shown in Appendix A.
Face to Face contact	529,429	
Average transaction times		
Telephone call	7 mins	Calculations based upon systems thinking data for phone call and face to face transaction time
Face to face contact	14 mins	
Total durations (hrs p.a)		
Telephone call	116,995	Total durations multiplied by baseline volumes
Face to face contact	123,533	
Channel Shift		
2019	18%	Percentage shift based upon UK government report on potential for channel shift - UK Digital Efficiency Report 2012
2020	42%	
2021	46%	

Capacity Gained Model

Phone transactions				
Year	Percentage channel shift	Capacity gained (Hrs)	FTE equivalent	Annual difference
2019	18%	21,059	17.55	N/A
2020	42%	49,138	40.95	+23.40
2021	46%	53,818	44.85	+3.90

Face to face transactions				
Year	Percentage channel shift	Capacity gained (Hrs)	FTE equivalent	Annual difference
2019	10%	12,353	10.29	N/A
2020	20%	24,707	20.59	+10.29
2021	30%	37,060	30.88	+10.29

Using this capacity gained model, through channel shift and switching phone and face to face transactions to online, there is the potential for 90,878 hours of capacity to be released which equates to approximately 75 FTE from across the entire organisation.

Robotic Process Automation (RPA) – Benefits Hypothesis

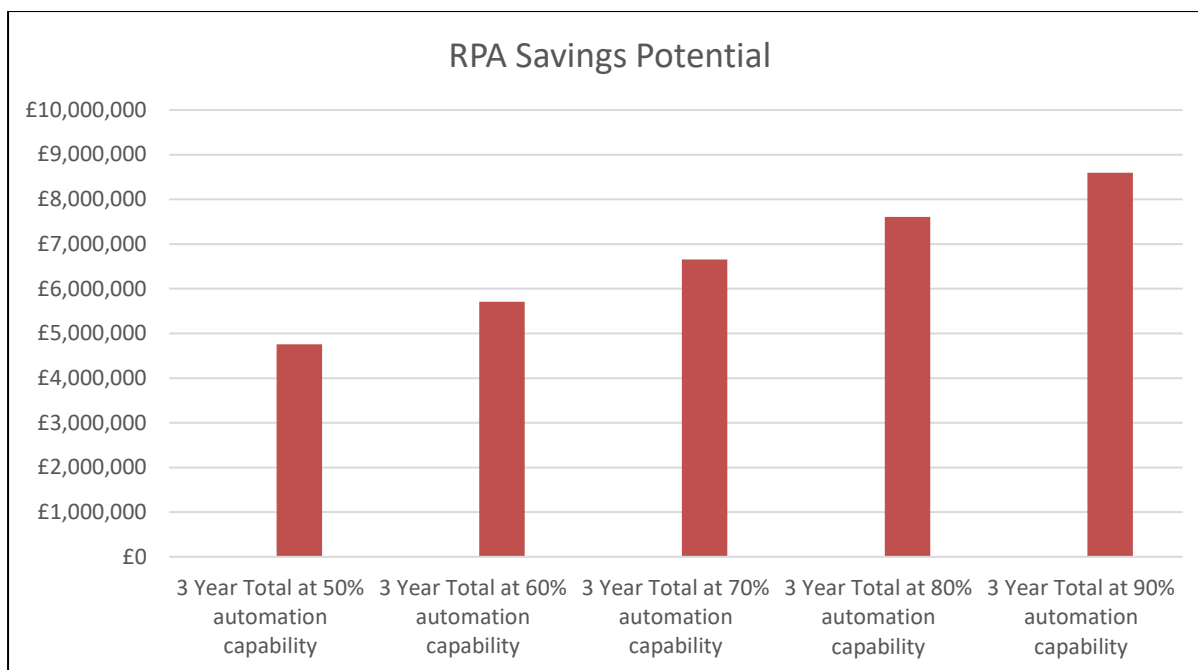
Value hypothesis that highlights the potential.

To produce a benefits hypothesis for the RPA tools volumetric data for the services identified below has been gathered to enable a benefits hypothesis to be calculated. A number of candidate processes have been identified and the following volumetric data was obtained against each process:

- How regularly is the task completed?
- Average volumes for a month?
- Average time taken to complete the task?
- Loaded salary of aligned workforce?

The candidate processes and volumetric data were then sent to Microsoft so that the following projected savings could be calculated to demonstrate the ‘art of the possible’.

Whilst the Microsoft proposal details the ‘art of the possible’ the following graph and table details a focused and realistic benefits hypothesis both financially and operationally for the services detailed. The table focuses on process from 3 services, Planning, Council Tax and Finance and is based on process with more than 3 FTE of effort. The initial savings are based on 50% automation capability of each process however a sliding scale between 50% - 90% automation has been included to show how savings could be increased should the percentage of automation within a process be increased.

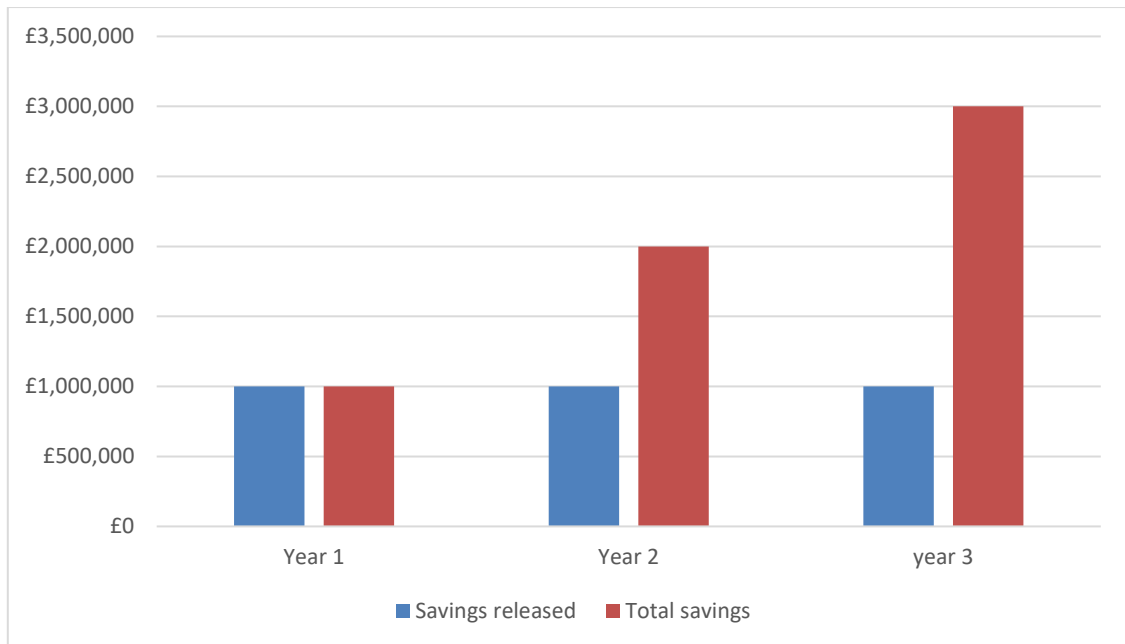


Directorate	Number of Process to be Automated	Projected Savings Per Annum
Planning & Council Tax	9	£954,222
Finance	4	£630,826
Totals	13	£1,585,049
Total over 3 Years		£4,755,146
3 Year Total at 60% automation capability		£5,706,175
3 Year Total at 70% automation capability		£6,657,204
3 Year Total at 80% automation capability		£7,608,233
3 Year Total at 90% automation capability		£8,599,263

The benefits shown on the graph and table highlight the potential savings that could be achieved through RPA across three services. Therefore, as more processes are automated the potential for savings would be significantly increased.

The benefits defined within the section above link to the organisations digital strategy which is agreed until 2021. However, benefits released during this time will accrue year on year following their deployment.

As example, if £1m is released in year 1, this saving will be a recurring saving for each subsequent year. If another £1m is released in year 2, the second year onwards becomes a £2m saving. This profile is shown in the following graph.



Cost Avoidance

An area of cost avoidance will be the digital platform. The platform initiative will be delivered by August 2019 therefore avoiding the need to extend the current contract for the MyWiltshire System. The council current spends £66,400 per annum on the MyWiltshire System.

The proposal outlines work to be undertaken as part of the data centre modernisation that will have direct cost avoidance of cyber security issues. Examples from other local authorities has highlighted the ICO has fined local authorities between £70,000-£150,000 for each data security issue, with a maximum fine of £17m. This figure is only the fine imposed by the ICO and does not include the down time and potential impact that a security incident has on the local authority.

By implementing the recommendations as part of the data centre modernisation, the organisation is avoiding potential fines of between £70,000-£100,000 per data security incident and avoiding resource and reputation cost associated with a data breach. This is particularly relevant in light of the Salisbury incident which saw an increase in cyber-attacks on the council.

Non-Cashable Benefits and Business Opportunities

The following non-cashable benefits exist for the strategic partnership with Microsoft and implementing the recommended initiatives:

- New, secure and innovative ways for customers to safely access more efficient online council services from anywhere, at any-time, using any device

and communication via a channel of their choice (e.g. Facebook Messenger, council website);

- Customers will experience more efficient council services through the redesign and intelligent automation of transactions (better, faster and cheaper), removing significant human intervention and allowing more time for staff to up-skill and focus on higher value activities;
- Multi-lingual council services will be more inclusive to customers who do not speak English, enabling them to access these services and communicate with the council via online chat bots;
- Customers will be able to securely access and use more of council services online, no matter how secure they are. Customers wanting to use higher security council services online (e.g. adult and children's social care) will have their identities verified at a higher security level by the new platform;
- Huge volumes of data analysed and transformed into valuable insight on the customers and the council to enable better, faster decision making; this will also create information and insight with potential commercial value;
- A digital council workforce with a strong culture for change and with new skills and capability to identify and build on future opportunities.
- A centralised portal, with linked tools provide an integrated and consistent way of doing business with the Council

5. Required Council Resources

To support the implementation of Microsoft digital initiatives additional resources will be required. These resources would be utilised by the digital programme to support the delivery of the initiatives described within this proposal document. Additionally, these resources will be expected to support a number of projects within the digital programme, such as the service redesign and automation projects. This approach means that the new resources can be utilised for a number of projects and provide best value for the organisation.

Details of the recommended council resources are available in Appendix B.

6. Costs

Summary of Estimated Costs	2018/19	2019/20	2020/21
	£000	£000	£000
	One off costs	One off costs	Recurring costs
Microsoft Navigator fees	4,000*	2,000*	-
Wiltshire Council resources to support the programme	722	448	281**
Application Programme Interface	200		
Implementation and 'licence' fees in early adoption services	855	429	429**
Total	5,778	2,877	710**

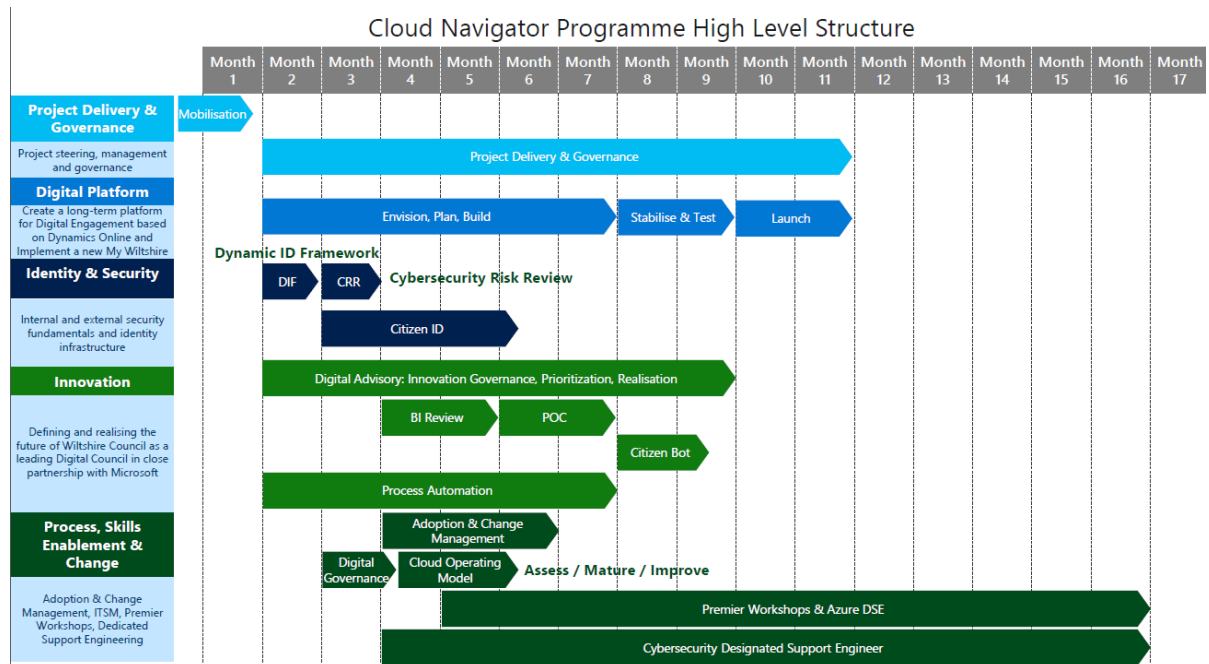
**The Microsoft contract will be charged on a fixed fee, fixed outcome basis, broken down into payment milestones associated with Project Deliverables and clear Acceptance Criteria. All work is anticipated to complete by August 2019'.*

*** These will be recurring costs per annum*

Final costs will be provided once programme scope has been agreed.

7. Timescales

The following is overview of the delivery timescales



8. Risks

Risk	Score/ status I x P	Mitigating Actions	Risk score post mitigations
Failure to achieve expected savings Impact (1=Insignificant, 4=Significant) Probability (1=Rare, 4=Almost certain)	4x3=12	Ensure robust benefits realisation process is adopted to clearly define what savings will be released, that will be overseen by the digital board.	2x2=4
Ability for organisation to translate identified initiatives into outcomes	4x2=8	Microsoft to provide a digital adviser as part of the commercial partnership. Clearly defined and understood initiatives to enable programme team to deliver against them.	2x2=4
Failure from the council to adequately resource initiatives to support Microsoft	4x2=8	Early identification in potential resourcing issues which can be escalated to the digital board	2x2=4
Delays to delivering initiatives due to decision making	4x2=8	Adequate information available to key stakeholders to ensure	2x2=4

		decisions can be made in a timely fashion	
Azure consumption is unknown until solutions have been designed and built. This will have a financial implication to the programme.	4x2=8	On-going reviews of Azure consumption with real time analysis of impact of new solutions.	2x2=4

9. Recommendations

The recommendations of this paper are:

- Enter into the Microsoft Cloud Navigator Programme within the timeline specified and work within the existing proven governance and agreed delegated authority needed.
- To delegate the decision to enter into the contractual agreement and approve capital expenditure to the Corporate Director for Communities, Resources and Digital after consultation with the Cabinet Member for Finance, Procurement, ICT and Operational Assets and the Director of Finance and Procurement.

10. Appendices

Appendix A – List of services where volumetric data has been gathered

Appendix B – Resource Requirements

Appendix A – List of services where volumetric data has been gathered

Volumetric Data Gathered From:

Customer Services
Concil Tax
Housing Benefit
Building control & planning
Waste
Education Transport Concessionary
Fares
Passenger transport
Small vehicle transport
Leisure Services
Registration Services
Housing Options and Allocations
Street Works
Housing Management
Highways & Streetscene
Parking Services
Freedom of Information
Electoral Services
Licensing
Libraries
Food & Safety
Animal Health
Schools
Blue Badges
Adult Social Care
Children's Services EH SPOC
Children's Services SEND Front Door
Procurement
Accounts Payable
Accounts Receivable
Central Finance
ICT
Consultation
Photograph consent
Planning
Adult Care

Appendix B – Resource Requirements

Wiltshire Council resources and associated costs required to deliver and support the Microsoft proposal:

Role	Grade	Year 1 costs inc. on costs (To Deliver Phase 1 initiatives)	Does this resource need to be retained to support digital initiatives?	Ongoing yearly costs inc. on costs (To support and maintain the council's digital tools - Aug 19 onwards)
Innovation & Development Manager (Backfill)	S1	£74,131	No	N/A
Solutions Architect x 2	M x 2	£103,551	No	N/A
Analyst Programmer x 2	M x 2	£103,551	Yes x 1	£52,811
Web Operations Officers x2	J x 2	£80,832	Yes	£82,449
(Technical) Project Manager	M	£51,776	No	N/A
Project Officer	K	£44,046	No	N/A
Resource for Web content migration x3	H x 3	£99,294	No	N/A
Core Support & 3 rd line Engineer x 2	L x 2	£94,910	Yes	£96,808
Multi-skilled level 2	K	£44,046	Yes	£44,927
Portfolio manager	S1	£74,131	No	N/A
OD consultant	M	£51,776	No	N/A
Strategic delivery officer	K	£44,046	No	N/A
(IT) Trainer	I	£36,466	No	N/A
HR Strategic Business Partner	O	£59,929	No	N/A
		£962,485 (pa)		£276,995 (pa)

The resource detailed reflect the current resource discussions between Microsoft and Wiltshire Council. Detailed resources will be clarified through statements of requirements and the list above may change.

Note – The table above includes resources that would be required by the organisation, regardless of the Microsoft initiatives and have been included for transparency.

The recruitment and management of resources will remain within current organisational structures.

Wiltshire Council

Cabinet

12 June 2018

Subject: Outdoor Education Update

Cabinet member: Councillor Phillip Whitehead - Cabinet Member for Finance, Procurement, ICT and Operational Assets

Key Decision: Yes

Executive Summary

- The Council's role in the education sector is changing and as part of transforming our services and relationships with schools a review has been completed of the Council's outdoor education Centres, Braeside, Devizes and Oxenwood, Marlborough.
- The Cabinet at its meeting on the 27 March 2018 considered the review and agreed to close both sites on the 31 August 2018.
- Since the March Cabinet report the Council has been contacted by many organisations and partners expressing an interest to continue the operation of the centres as an outdoor education facility. The organisations were asked to provide summary information on their proposals to an extended deadline of 21 May 2018.
- It should be noted that, this was not a formal tender or sale process at this stage, merely an opportunity for interested parties to present an initial proposition on intended activities at the centres, headline commercial arrangements, approach to TUPE and maintenance of the sites.
- This development gives the Cabinet an opportunity to consider the options and next steps for outdoor education in Wiltshire.

Proposals

- i. To commence a market testing process to consider options for the future operation of the outdoor education sites;
- ii. To delegate to the Director for Children's Services, in consultation with the Cabinet Member for Children's Services and Finance, the delivery of the market testing process;
- iii. To extend the operation of both Braeside and Oxenwood outdoor education sites until 31 December 2018.

- iv. To extend the period of consultation with outdoor education staff in line with the Councils HR Policies.

Reason for Proposal

- 1) Following the Council's review of the two outdoor education sites, Braeside and Oxenwood and the Cabinet's decision to close both sites, interested parties have come forward with a variety of proposals for the continuation of outdoor education in Wiltshire.
- 2) This report considers these expressions of interest and how best to progress the review of outdoor education. This provides new information for Cabinet to consider.

Terence Herbert – Corporate Director, Children and Education

Alistair Cunningham – Corporate Director, Growth, Investment and Place

Wiltshire Council

Cabinet

12 June 2018

Subject: Outdoor Education Update

Cabinet member: Councillor Phillip Whitehead - Cabinet Member for Finance, Procurement, ICT and Operational Assets

Key Decision: Yes

1. Purpose of Report

- 1.1 To consider the next steps for outdoor education centres following the receipt of expressions of interest in the sites operation.

2. Proposals

- i. To commence a market testing process to consider options for the future operation of the outdoor education sites at Braeside and Oxenwood;
- ii. To delegate to the Director for Children's Services, in consultation with the Cabinet Members for Children's Services and Finance, the delivery of the market testing process;
- iii. To extend the operation of both Braeside and Oxenwood outdoor education sites until 31 December 2018.
- iv. To extend the period of consultation with outdoor education staff in line with the Councils HR Policies.

3. Relevance to the Council's Business Plan

- 3.1 The proposals are relevant to the Council's priorities and objectives as laid down in the Business Plan; specifically, the proposal supports the following outcomes:
- a. Strong communities and particularly the ambition of communities where everyone can achieve their part.
 - b. Protecting the vulnerable and schools that help all pupils achieve.

4. Background

- 4.1 Wiltshire Council currently operates outdoor education centres at Braeside, Devizes and Oxenwood near Marlborough. Both sites offer a range of outdoor education activities, residential courses and some off-site sessions.
- 4.2 Outdoor education is a discretionary function for the Council and given ongoing revenue losses and the high capital maintenance costs of the sites a review of the Council's outdoor education provision was commenced and considered by Cabinet at its meeting on the 27 March 2018. The Cabinet decision was to close both centres by the 31 August 2018 and a consultation period on the proposals with staff has commenced.
- 4.3 Following this decision, a range of interested parties have contacted the Council with a variety of options and proposals for the continued operation of the outdoor education sites. A high-level summary of these proposals is below.

Organisation	Summary of proposal
Charitable service provider.	Continued operation for Oxenwood as an outdoor education centre, not for profit basis, with a focus on young people from low income families, carers, Special Education Needs, looked after children, young offenders, those Not in Education Employment or Training (NEETS), etc. Charitable grants accessed to improve facilities.
Private sector provider.	Continued operation of Braeside as an outdoor education site with existing staff and current programme with a community focus.
Private sector provider	Braeside maintained as outdoor education site, improvements made to attractiveness to people with disabilities. New on-site activities developed including 'living history, widening the programme at the site to include National Citizen service, private bookings and events.
Charitable service provider.	Create a new charity for Braeside site offering education work with schools and following the current operating model. Conference activities and out of hours activities added.

Please note: All potential operators who have expressed an interest at this stage want to take on open, operational and viable concerns.

- 4.4 The decision to close the outdoor education sites and the subsequent expressions of interest have shown there is interest from the private and charity sectors in the venues an outdoor education going concern.
- 4.5 To date the options presented by interested parties for the sites has been via an informal process but given the value of the business if Cabinet decision is to explore these options further it will require a formal process. In doing this Cabinet will need to be cognisant that this is not just a sale of a building but potentially a transfer of a service and outdoor education business, including a potential TUPE transfer of staff.
- 4.6 Consequently, an open and transparent market testing process will need to be followed that makes the business opportunity clearly available to all and allows for fair consideration of proposals.
- 4.7 Given the above it is unlikely a market testing process will be concluded by 31 August 2018, the planned closure date and a Cabinet decision will be required to extend the operation of Braeside and Oxenwood to 31 December 2018 to enable the process to be concluded. If this is the Cabinet's decision then the staff consultation period will also need to be extended.
- 4.8 At the meeting of Council on 22 May 2018, where the future of the outdoor education was debated in response to a petition, Cabinet was asked to take account of the issues raised in the debate and when considering offers from alternative providers at their meeting; *"that any decision taken by the cabinet should be open and transparent, and that social impacts should be considered equally with financial impacts, and that the Cabinet use every best effort to ensure the two sites will remain in use for outdoor education"*.
- 4.9 <https://cms.wiltshire.gov.uk/mgAi.aspx?ID=77254> (Minute 28 refers)
- 4.10 Applying a formal market testing process has the benefit of responding positively to the Full Council resolution to "use every best effort" to find an alternative to the Council operating the sites and will allow for proper due diligence and assessment of the proposals against open criteria. Cabinet should also be aware there is still the potential that no suitable operator will be available after full due diligence and so closure on 31 December 2018 would then be inevitable.
- 4.11 From an initial review of the current expressions of interest it may be that the Cabinet needs to consider a value for the sites being less than could be achieved for alternate uses (subject to planning). The social value of any proposals will need to be considered in the market testing process and potentially a further Cabinet decision to dispose of the sites at less than best financial consideration could be required.

5. Property Considerations

- 5.1 In anticipation of the potential requirement to repurpose the sites a report has been prepared and submitted for the 12 June Cabinet, by Strategic

Assets & Facilities Management for permission to dispose of the Braeside and Oxenwood sites (see Agenda Item No 10). Whilst this report seeks permission to Cabinet's approval to dispose, it allows officers, in consultation with the relevant Cabinet members, to consider the most appropriate method of disposal.

- 5.2 To aid the Cabinet in the decision-making process and support the interested parties in development of their proposals the condition surveys for both sites have been updated.
- 5.3 In addition, the pre-planning application process has been commenced and is ongoing. This will outline how any subsequent planning application would be viewed. The sites will have multiple values depending upon their intended use; if, for example, a site is to be used as an outdoor education centre it will be valued differently than if it were to be used for development. The Council is required to take the valuation advice into consideration in fulfilling its obligations to secure the best consideration reasonably obtainable under section 123 Local Government Act 1972 (including social value where justified). The Council also has a duty to secure Best Value by making arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness; Section 3 of the Local Government Act as Amended.

6. Overview and Scrutiny Engagement

- 6.1 Scrutiny has been engaged in two rapid scrutiny exercises on outdoor education and traded services conducted on 13 September and 18 October 2017, following which a specific outdoor education Task Group was established.
- 6.2 The outdoor education Scrutiny Task Group met on 7 February 2018 and subsequently carried out site visits to Oxenwood and Braeside on 27 February 2018. A report from the Task Group was included in the papers considered by Cabinet on the 27 March 2018.
- 6.3 The Cabinet decision on the 27 March to close both outdoor education sites were called in and the decision was upheld. Further involvement of the Scrutiny task force will be dependent on the Cabinet decision.

7. Safeguarding Considerations

- 7.1 The outdoor education centres provide an education experience for all children including those in vulnerable groups. Safeguarding standards and implications will need to be reviewed as a key component of evaluating any potential alternative providers of this service.

8. Public Health Implications

- 8.1 The outdoor education centres provide outdoor activities for children, contributing to a healthy lifestyle. Access to these activities will remain

available through the potential new suppliers and the various facilities within Wiltshire and in neighbouring counties.

9. Procurement Implications

- 9.1 The proposals to market test the outdoor education sites enables a fair and transparent process to be followed that is compliant with procurement guidelines and legislation.

10. Equalities Impact of the Proposal

- 10.1 A full Equalities Impact Assessment has been completed and as the outdoor education review progresses will be updated at key milestones. The proposal of market testing and exploring the alternative proposals for the sites potentially mitigates any detrimental effect or impact for disadvantaged communities and ethnic minorities who may not get the chance to experience the benefits of outdoor education. Equality impacts will be reviewed during this process.

11. Environmental and Climate Change Considerations

- 11.1 There are no environmental or climate change impacts.

12. Risks

- 12.1 Opportunities and risks of this report have been considered.

13. Risks that may arise if the proposed decision and related work is **not** taken

13.1 If the decision is to **not** explore the options for outdoor education in Wiltshire with the organisations expressing an interest then the risks identified below as part of the planned closure process will remain.

1 Risk	Action to mitigate the risk
Negative feedback from customers/disappointment re cancelled bookings.	Engagement and consultation with all major stakeholders through established routes.
2 Inability to honour future bookings during closure phase.	Schools with bookings have been warned so that they can arrange alternative provision and potential negotiation with other providers to transfer any existing bookings/provide support for local schools.
4 Impact on income	Costs reduced and managed approach to

13.2 **Risks** that may arise if the proposed decision **is taken** and actions that will be taken to manage these risks -

	Risk	Action to mitigate the risk
1.	Negative feedback from customers re new provider/s	Engagement and consultation with all major stakeholders through established routes.
2.	Inability to honour future bookings during transition phase	Working closely with the new provider/s to transfer any existing bookings/provide support for local schools.
3.	Redundancy risks to staff	Opportunities to TUPE transfer into new roles to be fully explored.
4	Impact on income	Options for promoting the services during the market testing and transition phase.
5.	Risk of commercial failure from the potential new provider/s.	Robust evaluation of the proposals and commercial models to protect the Councils interest and ensure a satisfactory service for local schools.
6.	Financial Risk to the Local authority	Please see comments below.
7.	Qualified and Experienced Workforce	The continued successful operation of the sites and transition will require the goodwill and cooperation of the workforce. exit from the service to mitigate as far as possible.

14. Financial Implications

- 14.1 The service has been offered on the basis of full cost recovery (i.e. not for profit) however, centres have been operating at a loss for some time. The 2017/18 operating loss excluding depreciation was £0.100 million. The Council has been offsetting these losses against reserves which is financially unsustainable.
- 14.2 A decision to extend the period of operation to 31 December 2018 will have a negative impact on the savings planned from the outdoor education sites

closure and it will be unlikely the £0.135 million budgeted savings in property will be realised in 2018/19. There is already and will continue to be an adverse impact on income received from the sites in 2018/19. Initial modelling of loss of income indicates the annual income targets of £0.469 million for Braeside and £0.221 million for Oxenwood will not be achieved. Anticipated income shortfall is estimated at £0.255 million assuming the centres remain open until December 2018. It should be noted that there may be some ability to reduce running costs to partially offset these shortfalls but these are limited. Further modelling will be undertaken on this loss of income and an emphasis on communications and marketing to exploit the opportunities available through the extended opening to mitigate this loss.

- 14.3 Proposals submitted for the future use of the buildings will be subject to financial scrutiny and will consider the best interests of the Council, including removal of financial risk, the long term commercial viability of the models proposed and providers' consideration to the future capital risk of £1.412m estimated to keep the Centres open.

15. Legal Implications

- 15.1 The Cabinet resolved to close the centres on 27 March 2018. That decision was based on the facts known at the time. It therefore was and is a valid decision of the Council (through Cabinet) until either varied or revoked by Cabinet.
- 15.2 Subsequently further information has suggested that the sites could be disposed of by the Council but with the provision of outdoor education still be maintained at the sites.
- 15.3 In the short time, available full due diligence has not been able to be carried out to inform Cabinet of these alternatives. This report is seeking a decision from Cabinet to extend the date for closure of the centres from 31 August 2018 to 31 December 2018 to allow such due diligence to be completed.
- 15.4 It is anticipated that a further report to Cabinet will be required Cabinet in November 2018 reporting on the outcome of such due diligence. It is anticipated that this report will confirm the result of the due diligence. If a viable alternative(s) is/are available which allows disposal but secures outdoor education at the sites then consideration would need to be given to revoking the original decision and substituting a suitable alternative proposal. If the result is no viable alternatives are available then confirmation that the 27 March 2018 decision would stand.
- 15.5 On 22 May 2018, as a result of a petition, Council resolved: -

That any decision taken by the cabinet should be open and transparent, that social impacts should be considered equally with financial impacts, and that the Cabinet use every best effort to ensure the two sites will remain in use for outdoor education

- 15.6 Formal market testing is an appropriate methodology to ensure openness and transparency and that best efforts are applied to trying to identify viable alternatives which would allow the two sites to remain in use for outdoor education.
- 15.7 During the due diligence, best efforts means using resources efficiently, economically and effectively, avoiding waste and extravagance and generally seeking good value (Government guidance on managing public funds July 2013 with annexes revised as at March 2018). Financial, legal and strategic property support will be utilised throughout the due diligence process to ensure that both financial and social impacts are identified and able to be appropriately considered.
- 15.8 As any alternative option may affect the outcome of the current staff consultation it is appropriate that this consultation is extended pending the outcome of the formal market testing. HR support will be engaged during this process to ensure that any effect of the delay is minimised.

Terence Herbert, Corporate Director Children and Education
Alistair Cunningham, Corporate Director Growth, Investment and Place

Report Authors:

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June 2018

Background Papers

None

Wiltshire Council

Cabinet

12 June 2018

Subject: Approval to dispose of the freehold interest

Cabinet members: Councillor Toby Sturgis - Cabinet Member for Spatial Planning, Development Management and Strategic Property

Key Decision: Yes

Executive Summary

The council continually reviews and rationalises its asset portfolio in order to identify assets where the freehold interest can be considered for sale. A total of 2 assets are considered to be surplus to the Council's operational requirements and it is recommended they be added to the disposals list and progressed to sale in support of the Council's wider capital programme. The 2 assets are listed in Appendix 1.

Proposal(s)

- That members confirm that freehold interest of the 2 assets can be sold by the Council.
- That members note the continuing approach set out in paragraph 8
- Authorise the Director for Housing and Commercial Development to dispose of freehold interest of the assets, or in his or her absence the Corporate Director for Growth, Investment and Place.

Reason for Proposal

To confirm the freehold interests of the assets can be sold in order to generate capital receipts in support of the Council's capital programme.

Alistair Cunningham
Corporate Director – Growth, Investment and Place

Wiltshire Council

Cabinet

12 June 2018

Subject: Approval to dispose of the freehold interest

Cabinet members: Councillor Toby Sturgis - Cabinet Member for Spatial Planning, Development Management and Strategic Property

Key Decision: Yes

Purpose of Report

1. The purpose of this report is to declare that freehold interest of the 2 assets referred to in Appendix 1 can be sold by the Council.

Relevance to the Council's Business Plan

2. The disposal of assets raises capital to assist and support the Council's medium term financial plan (MTFP) which subsequently supports the Council's Business Plan and its aims and targets. Specifically, the business plan describes taking a *commercial approach to managing assets* as part of the *Working with partners as an innovative and effective council priority*.

Main Considerations for the Council

3. Since its inception in 2009 the council has sold assets in excess of £70m. There are a number of other assets in the programme which are currently scheduled to be marketed and sold between now and the end of 2019/20 and it is anticipated that they will realise in the region of £30m.
4. In addition, the 2 assets listed in Annex I are recommended for disposal of the freehold interest which will be sold over the next few years.

Background

5. The receipt of capital from the sale of assets is used to support the capital programme of investment in the communities of Wiltshire. Examples of the types of investment made and programmed to be made are provided in the Council's Budget but they range from investment in better roads, waste collection and recycling, extra care homes, health and wellbeing centres and initiatives to provide better and more efficient customer access to Council services.
6. Running, managing and holding assets is expensive but with careful investment as described above, services can be transformed and delivered in a way that

improves customer satisfaction and relies less on needing a building/asset for service delivery.

7. Assets then become surplus to the core requirements of the Council and once sold, the capital realised can then be used to support further investment.
8. At Cabinet on 12 September 2017, the Cabinet resolved that the Council would not consider domestic / low value requests for land purchases. By way of background, the Council receives a number of requests for purchase of land, ranging from small scale residential/domestic requests to larger site purchases. Resource is currently not available for a number of the domestic / low value requests to be considered and below sets out 3 tests that need to be met for the Council to consider such disposals:
 - a. The land in question is not held by the Council as public open space
 - b. The purchaser will pay all costs associated with the disposal (internal and external surveyor and legal costs)
 - c. The land is being sold to support a wider Council objective or being supported / promoted by department of the Council (for example the Housing Revenue Account)

Overview and Scrutiny Engagement

9. Overview and Scrutiny monitor the capital programme via its Financial Planning Task Group. The task group was considered the latest Capital Budget monitoring report on 18th December 2017.

Safeguarding Implications

10. There are no safeguarding implications with this proposal.

Public Health Implications

11. There are no public health implications with this proposal.

Procurement Implications

12. The decision to dispose of the freehold interest does not have any direct procurement implications. However, when the appointment of agents to market the assets or when pre-marketing surveys are required, their procurement is carried out in accordance with the Council's procurement rules and policies.

Equalities Impact of the Proposal

13. None

Environmental and Climate Change Considerations

14. Where a sale envisages potential development, any environmental and/or climate change issues are best considered through the planning application process.

Risk Assessment

15. Regular reports on progress of property disposals are provided to this Committee within the Capital Monitoring Report. These reports are based on a review of risks of each disposal that takes into account legal issues and 3rd party interests over the asset, planning, market conditions and other factors to review and adjust future receipt out turn forecasts.

Risks that may arise if the proposed decision and related work is not taken

16. The MTFP for the Council is, in part, dependent on the success of the disposal of property and assets. Failure to decide to declare new freehold interests to be sold or failure to sell those that are currently declared will impact on the council's ability to achieve its business plan.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

17. A risk that may arise is that due to legislative or other changes a service need arises for an asset after it has been sold and the Council then has to look to acquire or rent in an asset. However, the list of assets has been considered by the Corporate Directors and Directors and no service has identified a need that could be fulfilled by any of the properties on the list in Annex I.

Financial Implications

18. As explained above, the realisation of capital from the sale of assets is used to support the MTFP and Council Business Plan. Reducing sales and the delivery of capital receipts will reduce the amount that the Council can invest in its communities and/or be used to reduce borrowings and thus free up revenue for delivering services. The disposal of surplus assets is not only integral to the council's medium term financial planning but often makes good asset management sense too.

Legal Implications

19. There are no legal implications with the paper other than it will result in legal work to formalise them. In respect of the assets being put forward as part of this report, each asset is to be sold at or above market value, thereby ensuring that the best price properly payable will be received thus satisfying the requirements of s123 of the Local Government Act 1972. Market value will be determined by either open marketing of the sites or through an external valuation being procured to reflect any special circumstances. The assets will also be categorised as strategic assets due to their strategic importance to contribute to the MTFP and will not be available for Community Asset Transfer unless this Committee subsequently decides otherwise.

Options Considered

20. The alternative options would be to transfer the properties in another way or to not dispose of them at all, both of these have been discounted for the reasons set out in this report.

Conclusions

21. Declaring additional assets surplus to the requirements of the Council will provide additional funds for the Medium Term Financial Plan and Council's Business Plan.

Proposal

22. That members confirm that freehold interest of the 2 assets listed in Appendix 1 can be sold by the Council.
23. That members note the continuing approach set out in paragraph 8
24. That members authorise the Director for Housing and Commercial Development to dispose of freehold interest of the assets, or in his or her absence the Director for Growth, Investment and Place.

Reason for Proposal

25. To confirm the freehold interests of the assets can be sold in order to generate capital receipts in support of the Council's capital programme and to maximise the amount of capital from them to support the MTPF and Council Business Plan.

Alistair Cunningham
Corporate Director – Growth, Investment and Place

Report Author:
Mike Dawson
Asset Manager (Estates & Asset Use)

Background Papers

None

Appendices

Annex I: Asset List

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APPENDIX I – List of Assets

Wiltshire Council

Cabinet

24th April 2018

SITE DETAILS

SITE 1.

DEVIZES BRAESIDE EDUCATION & CONFERENCE CENTRE

UPRN – 01395S1 / 00625

Brief description / sale information:

Site of education facility that was subject to a Cabinet decision on 27th March 2018 to cease provision of the service. The site is circa 4.3 acres, including a large house and substantial grounds.

The site was purchased for educational purposes. A conveyance to the council's predecessor contains a covenant requiring that the consent of the Board of Education or the Ministry of Health or their successors be obtained for any use other than education.

It is likely that we would advertise the site on the open market via appointed agents.

Self-build / Custom-build considerations:

The site is not suitable for a custom/self-build plot, due to the scale of the site and presence of the existing building.

Location Plan – Site Extent Subject to Survey (Not to Scale and for indication only)



SITE DETAILS

SITE 2.

OXENWOOD OUTDOOR EDUCATION CENTRE

UPRN – 01393S1 / 00626

Brief description / sale information:

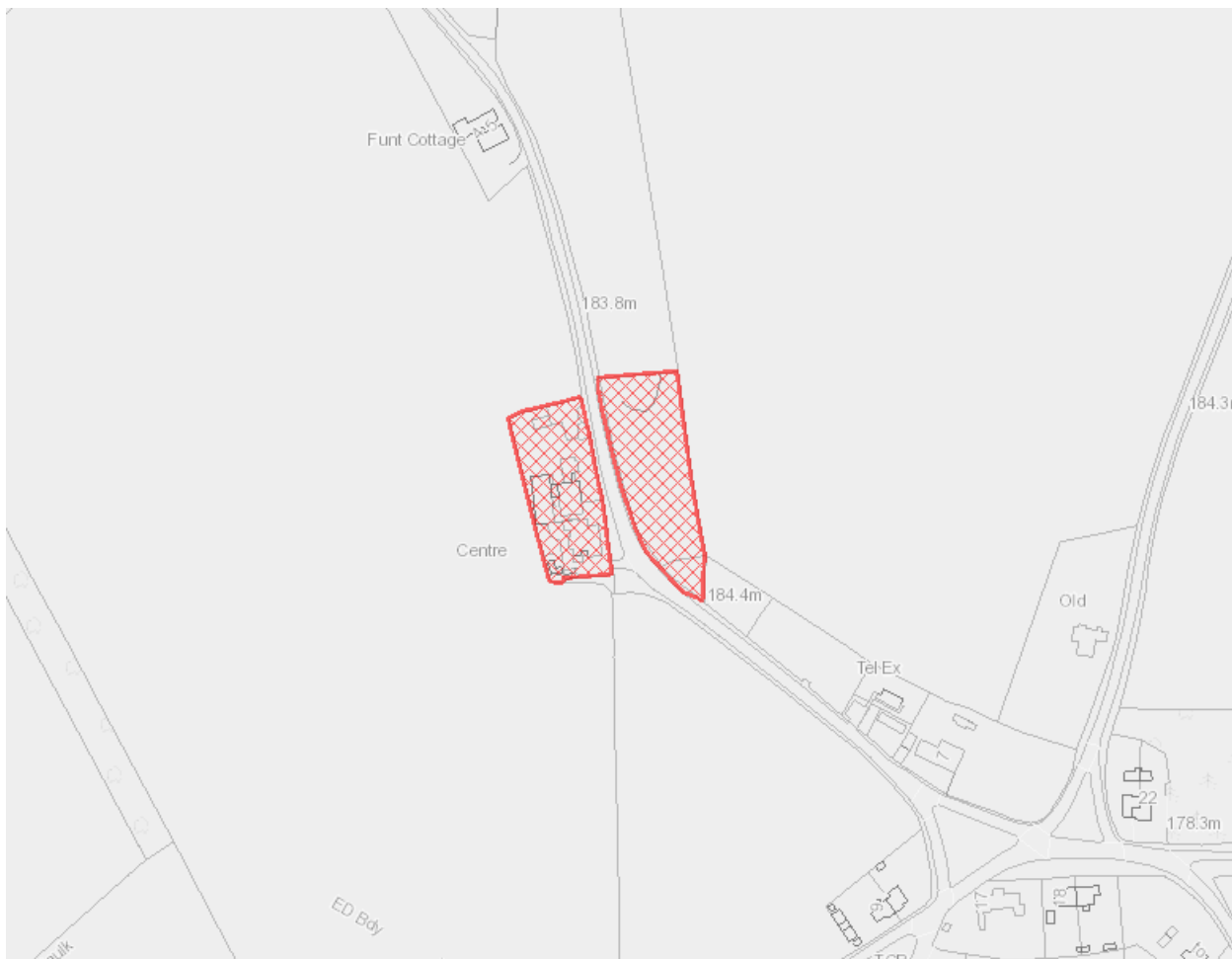
Site of education facility that was subject to a Cabinet decision on 27th March 2018 to cease provision of the service. The site is circa 1.1 acres, including a large purpose built facility and associated grounds.

It is likely that we would advertise the site on the open market via appointed agents.

Self-build / Custom-build considerations:

The site is not suitable for a custom/self-build plot, due to the scale of the site and presence of the existing building.

Location Plan – Site Extent Subject to Survey (Not to Scale and for indication only)



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Wiltshire Council

Cabinet

12 June 2018

Subject: Disposal of Council Land in Rudloe

**Cabinet members: Councillor Toby Sturgis
Cabinet Member for Spatial Planning, Development
Management and Strategic Property**

Key Decision: Yes

Executive Summary

The Council's freehold land holding in Rudloe comprises a vacant community centre; vacant retail unit; Public Open Space; car park and hardstanding.

An initial proposal was received in 2016 from GreenSquare for an affordable housing regeneration scheme involving their existing land and housing stock, but also requiring the Council's land in Rudloe. Their scheme would result in an increase in affordable housing but also the loss of the existing (now closed) community centre building.

The options for the Council's freehold land and property to be considered are:

- an open market sale of part or the whole of the site;
- a transfer of the whole site to GreenSquare; or
- a lease of the vacant community centre to a community group or other party but otherwise retain the status quo.

Strategic Assets & Facilities Management and Housing jointly recommend the preferred option to be to engage in negotiations with a view to a transfer the Council's freehold land and property holding to GreenSquare on terms to be agreed, for a regeneration scheme of affordable housing.

Proposals

1. To declare the Council's freehold land and property holding in Rudloe (See Annex 1 – Plan) as surplus and for disposal either in its entirety or selectively. If a disposal of part only of the site transpires as the outcome, elements of the site would remain in Council ownership.
2. To support the recommendation on the preferred option to engage in negotiations with GreenSquare with a view to a transfer to GreenSquare of

the Council's freehold interest required for their regeneration scheme within an agreed timescale, potentially at an under-value and on terms to be agreed.

3. To confirm disposal of part or the whole of the Council's freehold land and property in Rudloe on the open market if negotiations are unsuccessful with GreenSquare.

Reason for Proposal

To confirm the freehold interests of the Council's assets in Rudloe can be sold, with the primary aim to increase affordable housing provision in Rudloe through partnership working with GreenSquare to enable their proposed regeneration scheme.

Alan Richell
Interim Director Housing & Commercial Development

Wiltshire Council

Cabinet

12 June 2018

Subject: Disposal of Council Land in Rudloe

Cabinet members: Councillor Toby Sturgis
Cabinet Member for Spatial Planning, Development
Management and Strategic Property

Key Decision: Yes

Purpose of Report

1. The purpose of this report is to present the options to Cabinet so that they might make a decision on whether to declare the freehold interest of the Council's land holding in Rudloe for disposal either selectively or as a whole, and to confirm a preferred option for disposal.

Relevance to the Council's Business Plan

2. The opportunity to engage with GreenSquare to deliver additional affordable housing is in line with Strategic objective 3:
 - a. providing everyone with access to a decent, affordable home with emphasis on addressing affordable housing needs, and
 - b. to ensure a continuous supply of housing over the plan period.
3. This is underpinned by Core Policy 43 providing affordable homes.
4. The disposal of assets raises capital to assist and support the Council's medium term financial plan (MTFP) which subsequently supports the Council's Business Plan and its aims and targets. Specifically, the business plan describes taking a *commercial approach to managing assets* as part of the *Working with partners as an innovative and effective council priority*.

Main Considerations for the Council

5. The future of a community facility that has limited viability owing to its size and condition and is currently void.
6. The opportunity to partner with GreenSquare to deliver their affordable housing and regeneration scheme increasing the housing stock, potentially involving a transfer at under-value and forgoing a capital receipt.

7. The potential re-modelling of the existing Public Open Space as part of GreenSquare's regeneration scheme.
8. The sale of part or parts of the Council's freehold land and property in Rudloe if engagement and negotiations are unsuccessful with GreenSquare.

Background

9. Rudloe Community Centre is a 4,000 sq ft community building in Rudloe built circa 2000 (see Annex 2 – Picture of community centre). The property and adjoining car park (but not the external play facilities or open space) were leased to the Rudloe Community Association (RCA) who vacated in July 2017 owing to problems resourcing the ongoing management of the centre. The building is currently void and has become the focus for some anti-social behaviour. Box Parish Council licence the play area forming part of the Public Open Space.
10. The community centre is approximately 1.7 miles from Springfield Community Campus and has regular bus connections.
11. Wiltshire Council's freehold interest in the wider Rudloe site comprises the community centre as well as a small retail unit, Public Open Space and parking areas (See Annex 1 – Plan). GreenSquare, a Registered Social Landlord, has land and property adjacent to the Council's land and have identified the opportunity for wider regeneration to improve their existing social housing and to provide additional affordable units.
12. To bring the community centre back into long term beneficial use as a community facility, significant expenditure is required. Informal, ballpark estimates suggest expenditure by the Council of circa £95k over the next 10 years although some repairs are needed more immediately to the roof, electrics and boilers. Beyond 2028 both electrical re-wiring and a new roof will be needed on top of these costs.
13. In addition to these capital costs (assuming the Council as landlord remains responsible for external and Mechanical and Electrical repairs under any lease to a community organisation) annual revenue expenditure of circa £8k may be required on reactive maintenance. This estimate may increase once formal condition reports are undertaken. In addition, as well as initial compliance expenditure in the region of £5.5k, potential roof repairs of £10k are required (all informal estimates). These figures assume a tenant would be responsible for all internal repairs and decoration, as well as ongoing building compliance during a tenancy.
14. GreenSquare has been making representations over several years in connection with Council assets in Rudloe. The assets and community centre were the subject of a Cabinet Report and Decision dated 24 May 2012 (See Annex 4) where it was resolved to work with GreenSquare and the local community to explore options for the community centre and council owned land together with GreenSquare assets. It was resolved that a further report be brought to the Cabinet Capital Assets Committee outlining the outcomes of the feasibility work and a financial appraisal and to seek approval for any proposals to transfer ownership of and/or remodel the

community centre. However, these proposals never got off the ground owing to financial viability issues at the time.

15. In 2016 GreenSquare re-approached the Council with a further proposal to acquire the Council's land and buildings in Rudloe to enable land assembly for a regeneration scheme to be delivered for the area. Early indications are that the transfer of the Council's land would be for a nominal sum, however, this would have to be determined through engagement with GreenSquare and if the case, may be subject to a further Cabinet report.
16. GreenSquare require the backing of a Cabinet decision to provide the certainty they require to engage further with the Council to negotiate a transfer and formalise their development plans and budgets with a view to commencing the planning process.
17. There are concerns about the potential impact of the loss of the community centre under Core Policy 49 (Protection of Services and Community Facilities) which may impact on any planning application for alternative uses, including a residential regeneration of the wider area. A marketing exercise has been completed by the Council over a six month period to ascertain levels of community demand for the community centre and to fully explore any potential occupier interest for a short term lease. This resulted in circa 12 enquiries mainly being from private individuals (for a dance school, martial arts school, therapy centre etc) and some community initiatives (café, pre-school, community radio). Two enquiries which are outlined in Annex 3, resulted in formal proposals supported by business plans.

Overview and Scrutiny Engagement

18. There has been no engagement with Overview and Scrutiny at the time of this report.

Safeguarding Implications

19. There are no safeguarding implications with this proposal, as the community centre has already been closed for 10 months.

Public Health Implications

20. There are no public health implications with this proposal, although regeneration by GreenSquare may result in a better quality housing stock in the area.

Procurement Implications

21. A decision to dispose of the freehold interest or lease the property does not have any direct procurement implications. However, when the appointment of agents to market the assets or when pre-marketing surveys are required, their procurement is carried out in accordance with the Council's procurement rules and policies.
22. Wiltshire Council will need confirmation that any joint venture or direct transfer of land to GreenSquare at an undervalue (for a nominal sum) does not breach State

Aid, or the Council's procurement rules. This will need to be considered by the Council's Legal Unit.

Equalities Impact of the Proposal

23. There is considered to be no equality impact as a result of this decision.

Environmental and Climate Change Considerations

24. Where a sale envisages potential development, any environmental and/or **climate** change issues are best considered through the planning application process.

Risks that may arise if the proposed decision and related work is not taken

25. The community centre may remain void for a further period without a clear **strategic** decision on its future. This would incur void management costs, rating liability, the further deterioration of the building which could become a further focus for anti-social behaviour.

26. The opportunity for GreenSquare to submit a planning application **incorporating** the Council's land to deliver a regeneration scheme with the expected increase in affordable housing provision (for which there is an identified need), could be missed.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

27. The risk that there are Title issues which might make a transfer of the site difficult. Title issues might arise during legal due diligence in preparing the site for transfer or sale.

28. A risk that may arise is that due to legislative or other changes a service need arises for an asset after it has been sold and the Council then has to look to acquire or rent in an asset.

29. The disposal of the community centre will result in the loss of a community facility and a potential venue for pre-school provision in Rudloe. It is considered that this should be managed through the planning process, although the evidence of the marketing campaign (as referred in paragraph 17) will be a material consideration.

30. The risk that engagement with and a transfer to GreenSquare does not proceed owing to a failure to agree satisfactory terms with the Council, planning refusal, Homes England funding unavailability or viability issues in connection with the proposed regeneration scheme. This will be monitored through close liaison with GreenSquare through existing relationships.

31. There is a risk that the proposed net gain in affordable housing of the scheme may change as development proposals progress, which could result in an increase or decrease in numbers subject to planning outcome and/or viability. This will be monitored through close liaison with GreenSquare through existing relationships.

32. As mentioned above, Wiltshire Council needs to consider the possibility that the undervalue, the benefit of which will go to Greensquare, is a breach of the State Aid regulations that seek to prevent distortions in the market caused by the favouring of commercial entities by the state (in this case Wiltshire Council). Advice from central government is that because of the difficulty of being certain as to whether in any situation a state aid breach has definitely occurred then state aid assessments are made on a balance of risks basis.
33. State Aid Regulations are concerned with trade between EU member states. If the commercial situation being considered has no inter-state implications then there is no question of state aid breach. Here because of the local focus, and relatively small size of the project it can be argued that there is no inter-state issues. This is supported by a fairly recent series of ECJ cases that develop the arguments for local projects. There is still a possibility of a challenge from a competitor of Greensquare but that risk of challenge is considered to be low.
34. In addition to these considerations, the Council's obligations under Section 123 of the Local Government Act will need to be considered. A transfer to GreenSquare may be considered a disposal at less than best consideration, but (subject to the terms agreed with GreenSquare) may be within The General Disposal Consent (England) 2003, which allows the Council to disposal of the Council's interest in the land where the Council considers such disposal will help to secure the promotion or improvement of the economic, social or environmental well-being if its area AND the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (two million pounds). If not, the consent of the Secretary of State will need to be sought and obtained. The final terms of any disposal may be subject of a further Cabinet decision.
35. If as a part of the sale of the land, obligations are put on GreenSquare to build on it affordable housing this then will make the transaction (for the purposes of the Procurement and Contract Regulations 2015) a Development Contract. If this is the case, that the transaction is a Development Contract, then unless the following exceptions are met, the deal should be tendered in accordance with PCR 2015 with a tender advertisement in the Official Journal of the EU. The exceptions are: 1) the value of the development work to GreenSquare (and NOT what is paid to the Council) is less than the current EU works threshold of £4,104,394; 2) the obligation contained in the contract is conditional, that is not an obligation to develop but an obligation that if they do decide to develop it will be affordable housing. This consideration will be monitored through close liaison with GreenSquare through existing relationships.

Financial Implications

36. A transfer of the Council's land holding at Rudloe at potential "under-value" to GreenSquare will reduce capital receipts and the amount that the Council can invest in its communities and/or be used to reduce borrowings and thus free up revenue for delivering services.
37. A transfer of the Council's land holding in Rudloe to GreenSquare on appropriate terms would result in an increase in the affordable housing delivery above policy

compliant levels if planning for the envisaged proposals was successful, without significant capital investment from the Council.

38. Alternatively, the disposal of surplus assets on the open market is not only integral to the Council's medium term financial planning but often makes good asset management sense too. The realisation of capital from the sale of assets is used to support the MTFP and Council Business Plan.

Legal Implications

39. Legal due diligence will be required and input from the Legal Unit to confirm the legal basis for a transfer or sale of land to GreenSquare or other parties, and to prepare documentation to formalise contracts and transfer.
40. The assets will be categorised as strategic assets due to their strategic importance and will not be available for Community Asset Transfer unless this Committee subsequently decides otherwise.
41. If a transfer to GreenSquare is approved, the terms of the transfer will need to meet the requirements of s123 of the Local Government Act 1972 to achieve best consideration or fall within The Local Government Act 1972: General Disposal Consent (England) 2003. If not, the consent of the Secretary of State will need to be sought and obtained.
42. The legal implications in regard of State Aid and Procurement Regulations has been considered in paras 34 to 35 above
43. Any disposal of Public Open Space would need to follow the procedure as set out in S.123 (2A) of the Local Government Act.

Options Considered

44. A Cabinet decision on the most appropriate option for the Council to pursue in connection with the future of the community centre and the Council's wider land ownership in Rudloe is requested.
45. Options and the advantages & disadvantages of each, are set out in Annex 3 at the end of this paper, being exempt due to the presence of sensitive financial information.

Conclusions

46. The community centre (and retail unit) is currently a financial and physical liability for the Council. Whilst there is some community demand locally, the community building has recently been handed back by the previous tenants. The building is regarded as unfit for purpose owing to size and configuration; as well as condition, current and future maintenance and capital costs. This provides a risk to any business plan proposed for the centre without financial and management support from the Council. There are in summary three options for Cabinet to consider:

47. Option 1: An open market sale of all or selective assets in Rudloe to a third party could be considered although the planning risk for alternative (say residential) uses of the community centre in particular is likely to be of concern and the developer market may be limited. An unconditional sale based on existing use as a community centre would not command a significant value but would divest the Council of its management liability and provide a modest capital receipt. If a disposal of part only of the site transpires as the outcome, elements of the site would remain in Council ownership.
48. Option 2: Alternatively, the regeneration proposals from GreenSquare offer a potential solution to the Council in assisting with the provision of additional affordable housing delivery to meet housing need. It would however rely on the Council transferring the land at a potential under-value, grant funding to GreenSquare from Homes England and also a successful planning permission all of which may take a number of years to achieve. If required, an acceptable compensation (financial or otherwise) for the loss of the existing community centre would need to be funded and agreed by GreenSquare as part of the scheme, potentially through the planning process. GreenSquare have stated they have very limited means to contribute to this due to the fact that the proposed re-development scheme is only marginally viable.
49. Option 3: There is community focussed and local private interest in leasing the community building (from two parties in particular) although the cost of premises management is significant and undermines viability. Once the pre-school is moved from its premises at the Primary School, the community centre could provide alternative accommodation but at a cost to the Council. A commitment from Wiltshire Council to provide both capital and revenue funds for initial and ongoing building maintenance would be required over the long term.
50. Strategic Assets & Facilities Management and Housing recommend **Option 2** for strategic benefits of enabling an increase in affordable housing provision and the social benefits of regeneration of the area. This is dependent on confirmation of the legal considerations outlined above by the Council's Legal Unit. It is also dependent on agreement of satisfactory terms for the Council and both grant funding being provided to GreenSquare by Homes England as well as Planning Consent being achieved by GreenSquare.
51. Option 2 would require declining to lease the community centre to the pre-school and other organisations whilst negotiations with GreenSquare proceed or pending an open market sale.

Alan Richell
Interim Director Housing & Commercial Development

Report Author:
Mike Dawson
Asset Manager (Estates & Asset Use)
Helen Taylor
Service Development & Enabling Manager - Housing Strategy & Assets

Background Papers

None

Appendices

Annex 1: Land Registry Plan of Council's Freehold Interest in Rudloe

Annex 2: Photograph of Community Centre

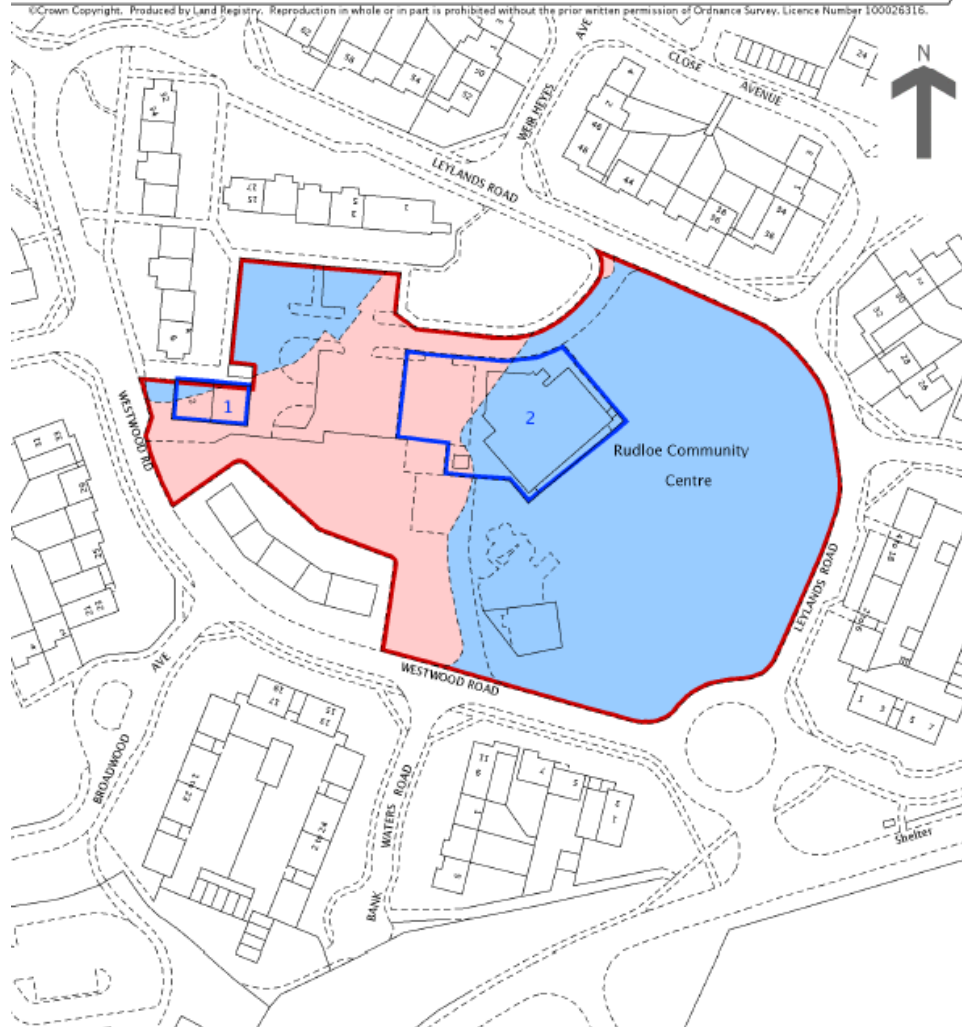
Annex 3: Summary of Options and advantages and disadvantages for each option

Annex 4: Extract of Minutes of Cabinet Capital Assets Committee minutes of a meeting held in Council Chamber - Council offices, Bradley Road, Trowbridge, BA14 0RD on Thursday, 24 May 2012.

Annex 1 – Site Plan (within red boundary)

Land Registry
Official copy of
title plan

Title number **WT252238**
Ordnance Survey map reference **ST8470SE**
Scale **1:1250 enlarged from 1:2500**
Administrative area **Wiltshire**



- 1 = Retail unit
- 2 = Community Centre

Annex 2 – Photograph of Community Centre



Annex 3 is Exempt from Publication

Annex 4 – Extract of Minutes of CABINET CAPITAL ASSETS COMMITTEE
MINUTES of a MEETING held in COUNCIL CHAMBER - COUNCIL OFFICES,
BRADLEY ROAD, TROWBRIDGE, BA14 0RD on Thursday, 24 May 2012.

24 Rudloe Community Centre

Councillor John Thomson, Cabinet Member for Adult Care, Communities and Housing, introduced the report which sought initial approval to work with GreenSquare to explore options to re-develop the Rudloe Community Centre in conjunction with GreenSquare's assets and some Wiltshire Council land in the immediate area.

Councillor Thomson moved an additional recommendation 5, which sought to clarify the arrangements for reporting back to the Capital Assets Committee

Resolved

1. To seek approval to work with GreenSquare and the local community to explore options to remodel and to deliver a successful, well used and well resourced community centre
2. To explore options to use council owned land together with GreenSquare assets to generate funding to enable remodelling of the community centre
3. To explore options to transfer the ownership of the community centre
4. To explore opportunities to create wider links in the community e.g. with military personnel and their families.
5. That a further report will be brought to the Cabinet Capital Assets Committee outlining the outcomes of the further feasibility work and a financial appraisal to show how this will be funded, and to seek approval to any proposals to transfer ownership of and/or remodel the community centre.

Reasons for Decision

The existing layout of the community centre was not fit for purpose and it was not being used as a hub for community activities. New designs could create a layout which would maximise the space within the centre and provide facilities that would benefit different community activities. There was an established community in Rudloe with many local people wanting to see the community centre used to its full potential.

Rudloe was an area where the community would benefit from a well run, fully functioning community centre. Data from the 2001 census showed that Rudloe had a high percentage of vacant dwellings, which may be a result of the high turnover of military personnel within the area and a low percentage of ownership. The military accounted for almost 14% of the housing stock and was likely to be associated with a high turnover of population. The second was that of the total housing stock, Rudloe had a high proportion of social housing.

In 2011 the founding and long standing trustees of RCA stood down and a new group had since been formed. This group was keen to work with the council to find a solution to the current issues.

The proposal could help link Rudloe with the wider community to help create a sustainable community and provide a fully functioning community centre.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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