Wiltshire Council

AGENDA

Meeting: **Audit and Governance Committee**

Place: **Council Chamber, County Hall, Bythesea Road, Trowbridge, BA14 8JN**

Date: **Tuesday 1 March 2022**

Time: **10.30 am**

Please direct any enquiries on this Agenda to Tara Shannon, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718352 or email tara.shannon@wiltshire.gov.uk

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

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Membership:

Cllr Mark Connolly (Chairman)
Cllr Stuart Wheeler (Vice-Chairman)
Cllr Chuck Berry
Cllr Adrian Foster
Cllr Gavin Grant
Cllr George Jeans
Cllr Edward Kirk
Cllr Antonio Piazza
Cllr Pip Ridout
Cllr Mike Sankey
Cllr Martin Smith

Substitutes:

Cllr Liz Alstrom
Cllr Ernie Clark
Cllr Matthew Dean
Cllr Nick Errington
Cllr Ross Henning
Cllr Jon Hubbard
Cllr Tom Rounds
Cllr Jo Trigg

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You must contact the officer named on this agenda no later than 5pm on Friday 25 February 2022 if you wish to attend this meeting. Places will be allocated on a first come first served basis.

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Public Participation

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

For extended details on meeting procedure, submission and scope of questions and other matters, please consult Part 4 of the council's constitution.

The full constitution can be found at this link.

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

AGENDA

Part I

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

1 **Apologies**

To receive any apologies or substitutions for the meeting.

2 **Minutes of the Previous Meeting** *(Pages 7 - 16)*

To confirm and sign the minutes of the meeting held on 24 November 2021.

3 **Declarations of Interests**

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

4 **Chairman's Announcements**

To receive any announcements through the Chairman.

5 **Public Participation**

To ensure Wiltshire Council COVID-19 public health guidance is adhered to, a capacity limit for public attendance at this meeting will be in place. You must contact the officer named on this agenda no later than 5pm on 25 February 2022 if you wish to attend this meeting. Places will be allocated on a first come first served basis and all requests may not be accommodated if there is high demand.

Statements
Members of the public who wish to submit a statement in relation to an item on this agenda should submit this electronically to the officer named on this agenda no later than 5pm on 25 February 2022. Up to 3 speakers are permitted to speak for up to 3 minutes each on any agenda item. Please contact the officer named on the front of the agenda for any further clarification.

Questions
To receive any questions from members of the public or members of the Council received in accordance with the constitution.

Those wishing to ask questions are required to give notice of any such questions in writing to the officer named on the front of this agenda no later than 5pm on 22 February 2022 in order to be guaranteed of a written response**.** In order to receive a verbal response questions must be submitted no later than 5pm on 24 February 2022. Please contact the officer named on the front of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent.

Details of any questions received will be circulated to Committee members prior to the meeting and made available at the meeting and on the Council's website.

6 **Report to those charged with governance (ISA 260) 2019/20** *(Pages 17 - 94)*

To receive the ISA 260 report.

7 **Statement of Accounts 2019/20** *(Pages 95 - 220)*

To approve the SoA 2019/20

8 **Process around limited and no assurance audits** *(Pages 221 - 226)*

To receive a presentation from Lizzie Watkin (Assistant Director Finance and Deputy s151) and Andy Brown (Corporate Director Resources, Deputy Chief Executive and s151 Officer) regarding rigour around limited and no assurance audits.

9 **Care Home Alliance** *(Pages 227 - 234)*

To receive a report from Helen Jones (Director Procurement and Commissioning) on the Care Home Alliance in response to a no assurance audit.

10 **Third Party Spend Purchase to Pay** *(Pages 235 - 252)*

To receive an update from Jon Hopkins (Head of Strategic Procurement) on Third Party Spend Purchase to Pay in response to a limited assurance audit.

11 **Governance Update on AGS** *(Pages 253 - 260)*

To receive a governance update on the Annual Governance Statement (AGS).

12 **Independent Members on Audit and Governance** *(Pages 261 - 282)*

To receive a report from Perry Holmes (Director Legal and Governance and Monitoring Officer) regarding Independent Members on the Audit and Governance Committee.

13 **Internal Audit Reports** *(Pages 283 - 302)*

Q3 IA Report 2020/01 and consolidated IA outstanding management actions report.

14 **Forward Work Programme** *(Pages 303 - 306)*

To note the Forward Work Programme

15 **Date of Next Meeting**

To note that the next regular meeting of the Committee will be held on 27 April 2022.

16 **Urgent Items**

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

Part II

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

Wiltshire Council

Audit and Governance Committee

MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE MEETING HELD ON 24 NOVEMBER 2021 AT COUNCIL CHAMBER - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Mark Connolly (Chairman), Cllr Stuart Wheeler (Vice-Chairman), Cllr Adrian Foster, Cllr Gavin Grant, Cllr George Jeans, Cllr Antonio Piazza, Cllr Pip Ridout, Cllr Mike Sankey and Cllr Martin Smith

Also Present:

Cllr Pauline Church and Cllr Ian Blair-Pilling.

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15 **Apologies**

Apologies for absence were received from Cllr Chuck Berry and Cllr Edward Kirk.

16 **Minutes of the Previous Meeting**

The minutes of the last meeting on 11 October 2021 were presented for consideration and it was,

Resolved:

To approve and sign the minutes as a true and correct record.

17 **Declarations of Interests**

There were no declarations of interest.

18 **Chairman's Announcements**

There were no announcements.

19 **Public Participation**

No public questions or statements were received.

20 **Update on the Statement of Accounts 2019/20**

Lizzie Waktin (Assistant Director Finance & Deputy s151) gave an update to the meeting on the progress of the Statement of Accounts 2019/20.

The officer explained that Wiltshire Council was not alone as an authority regarding the delay in signing off the accounts, there was strain in the sector with around 19% of councils in the same position. There was an increase in the technical complexity of the accounts and audit process along with recognised resource issues in the sector. A lot of work had been submitted to the external auditors, Deloitte, and queries were coming back which were being worked through. There were a few small items outstanding. The focus was to complete the queries and work this side of Christmas and some officers sole focus was progressing this work. The scale of work was very large and complex, with evidence to be provided and iterations of queries involved, which meant it was time consuming. The Council had a strong working relationship with Deloitte, with weekly meetings to review progress taking place. Wiltshire Council was pushing to see what else was needed in order to sign off the accounts. The scale of historical issues with the accounts was large but 50% of the information had been provided regarding the asset base, which gave confidence that the accounts gave a clear view of the situation. It was hoped that the 2019/20 accounts would be signed off internally by Christmas and would come to the February meeting of the Committee, although this could not be guaranteed due to the very technical and complex nature of the work.

The officer explained that the Committee had not seen a draft of the statement of accounts 2020/21 as assurance was needed on the asset base first. Temporary resources had been brought in to help progress the work and many improvements had been made to controls and processes to ensure robustness in terms of evidence.

Ian Howse, Deloitte, apologised to the Committee for the delays and explained the complex nature of the work. He gave assurance that both the finance team and his team were working hard to respond to the situation and had a shared objective to complete the statement of accounts 2019/20 as soon as possible. The 2020/21 and 2021/22 accounts would be worked on concurrently so that they could both be brought to Committee as soon as was viable.

The Chairman acknowledged the historical issues with the accounts and hoped that things would be back on track soon. It was,

Resolved:

That the Audit and Governance Committee note the verbal update on the Statement of Accounts 2019/20 and the ongoing delay to the completion of the audit process and formal approval by the Committee.

21 **Internal Audit Reports**

At the Chairman’s invitation Becky Brook (SWAP) gave a presentation to the Committee on the November IA update report 2021/22, consolidated IA outstanding management actions report and proposed Q4 IA plan.

It was stated that the agenda reports would be taken as read and that the overall IA opinion was reasonable. Since the last Committee meeting, one no assurance audit opinion had been given, which had three priority one actions, details regarding this could be seen at page 53 of the agenda. Despite the no assurance audit the Care Home Alliance did have good prospects for improvement.

Notable changes to the Audit Plan were listed at page 55 of the agenda and a summary of IA work undertaken started on page 62 of the agenda.

Andy Brown (Corporate Director Resources, Deputy Chief Executive and s151 officer) explained that the Care Home Alliance Interim Report had been requested by himself as Chairman of the Commercial Board. The Care Home Alliance involved the provision of residential and nursing care home beds services in Wiltshire and had come up for tender in March 2021. The tender was not awarded due to significant cost increases and the decision was made to re-procure, and advice was given including actions to mitigate price increases. SWAP had been encouraged to undertake the report and a no assurance audit was disappointing and should be a significant concern to Wiltshire Council and the Audit and Governance Committee. The fact that lessons were not learned from the first failed procurement exercise was a stated as being a worrying concern. Management actions were being implemented to address the concerns raised. Mr Brown stated that the Committee should be appraised of limited or no assurance audit opinions and get assurance that actions were in place to mitigate risk. As a result, it was suggested that this item be added to the Forward Work Plan and come to the February Committee meeting.

Cllr Pip Ridout stated that the Financial Planning Task Group had received reports regarding this and that comprehensive actions were being taken to mitigate risk in this complex area. Cllr Ridout hoped that sufficient money would be put aside in the upcoming budget proposals to cover the Care Home Alliance.

In response to questions Andy Brown explained that you could argue that the market was tested in March with the original procurement and that the prices given were far beyond what could be managed. However, there were actions that could be taken when approaching a tender in order to frame or shape the contract. The lessons from March had not been learnt which had resulted in the no assurance audit. Now that the approach was being managed the same mistakes should not be repeated again.

In response to further questions the officer explained that the Council was being realistic. The Council had to provide nursing care, a contract had to be in place, but that contract had to be right. Prices would go up, but providers also had to be realistic with their prices, the market should be managed so that the budget was not exceeded.

Cllr Pauline Church, Cabinet Member for Finance echoed the officer's comments and thanked him for escalating the matter and requesting SWAP to undertake their report. It was hoped that these and the further planned actions would reassure the Committee.

It was,

Resolved:

That the Committee note:

- **The November IA update report 2021/22 and consolidated IA outstanding management actions report.**
- **The proposed Q4 IA plan.**

22 **Third Party Spend Purchase to Pay**

At the Chairman's invitation Andy Brown (Corporate Director Resources, Deputy Chief Executive and s151 Officer) gave a presentation on Third Party Spend Purchase to Pay. The officer explained that SWAP had given a limited assurance audit report on this at the last Committee meeting. It had highlighted issues within Wiltshire Council regarding the procurement process and on how spend and contracts were managed. There were pockets of good practise, but this was not organisation wide and improvement was required. The commercial framework needed to be reviewed. An officer task and finish group would be set up with officers from procurement and legal, to ensure that when going to tender and issuing contracts that internal rules were followed and legislative requirements met. Exemptions (where the Council does not follow internal rules) were another issue and these were occurring too frequently. Exemptions should be few and far between and for good reason, but providers contracts were regularly rolled over without the market being tested. Therefore, another task group would look at that issue.

The Commercial Board which the officer Chaired was set up to take oversight of procurement. The officer explained that it was really important to manage third party spend as it was the biggest spend that the Council had. The Commercial Board hoped to capture savings as result of re-tendering. It would also look as whether contracts were required, whether they were statutory, and would ask questions around markets and prices.

The officer further explained that legislation had been updated as a result of Brexit and we needed to ensure that we were compliant, had good governance, had standard procurement documentation and provided commercial awareness training to budget managers.

The officer gave assurance to the Committee that whilst there was still quite a lot of work to do across the organisation, he was focused on the issues and spoke regularly to SWAP. It was possible that there may be further limited or no assurance audits whilst the new processes were being embedded.

The Chairman stated that the presentation was a bit shocking, but he was glad to hear that a lot of work was being undertaken to resolve issues and thanked Mr Brown for the update.

Members also expressed unease about the situation and requested whether it might be possible to have a timeline going forward of the issues that might be coming the Committee's way and that it would be useful to know about controls and mechanisms. Questions were also asked as to whether there was a separate mechanism for political discussion regarding this.

In response the officer explained that regarding controls there were still things to put in place. The current resourcing and structure were being reviewed and would be changed. The senior management restructure had placed commissioning and procurement together so that there was a commercial focus. There was a roadmap for improvement and some of the work had already started, for example to ensure the basics such as the documentation was correct. Resources were now being looked at, but there were not currently timescales that could be shared.

The officer also explained that COVID had put the Council in a completely different place financially. The Council had to lock down spending and ensure that it was financially sustainable. The Commercial Board had evolved out of that process in order to give oversight. This remit would now cover the future lifecycle of procurement. Part of the vision was to have an up-to-date contract register, with knowledge of market performance and expectations. It was hoped the new processes and controls would become ingrained within the organisation and be part of business as usual. The officer stated he was happy for this subject to be added to the Forward Work Programme and to update on it at the next Committee.

Cllr Pauline Church (Cabinet Member for Finance) responded regarding the political aspect. Cllr Church stated that procurement decisions were operational and not political in nature and were undertaken by officers. However, the strategic direction taken was political and the Scrutiny Committees were involved in order to hold the executive to account and therefore give reassurance to councillors that things were going in the right direction. The aim was to change the procurement culture within the Council. Cllr Church felt that a lot of time was spent on how much money was raised via the precept, but not enough time was spent looking at how money was spent and whether the Council got value for money. Aligning procurement and commissioning was a good start. It was recognised that some commercial skills were in short supply and additional resources may be required.

Councillors commented that they agreed with the Cabinet Member and officers and congratulated them on the approach being taken. Councillors also stressed the importance of concentrating on how we go about spending, rather than how we go about saving and it was a critical role of the Audit and Governance Committee to check this. There should be a clear pathway and processes to follow when procuring and all Directors and officers should be aware of this. It was felt that contracts were extended too often just because the Council had always used those companies. It was,

Resolved:

That the Committee note the Third Party Spend Purchase to Pay presentation.

23 **<u>Reconsideration of Independent Members on Audit & Governance</u>**

Andy Brown (Corporate Director Resources, Deputy Chief Executive and s151 Officer) advised the Committee that there was no report for this item and therefore it would be considered in full at the next Committee meeting.

As some background the officer explained that the previous Audit and Governance Committee had considered whether to have independent co-opted lay members (i.e. non Councillors) as part of the Committee as there was a Chartered Institute of Public Finance and Accountancy (CIPFA) recommendation to have independent members as part of Audit Committees. The previous Committee had formed a task and finish group to look at the matter and investigated whether other local authorities had independent members. At that time, they decided not to co-opt independent members and recommended that the new Committee (after the 2021 elections) look at the issue again.

The officer explained that considerations for the Committee would be the merits a lay member could bring to the Committee and the CIPFA recommendation. He stated that he would support the co-option of independent lay members and that at a previous Local Authority he worked at they had an independent member who was the head of Audit at another authority, so they brought really valuable experience, good advice and enhanced the Committee’s role.

Members were supportive of the idea of having co-opted independent lay members as part of the Committee as they felt it would bring a different perspective and valuable experience, knowledge and advice. It was,

Resolved:

That the Committee should recruit independent members and requested that officers start the process to achieve this.

The officer explained that a full report would come to the February meeting as there was much to be considered regarding independent members, such as renumeration and expenses. There would be a process to go through including constitutional steps. So, this vote could be seen as a direction of travel that the Committee wished to take, and full matters could be considered at the next meeting.

24 **<u>Cyber Security</u>**

David Wilson (Major Projects and Performance Manager) gave a presentation on Cyber Security on behalf of Mike Ibbitson (Assistant Director ICT). The presentation was published in agenda supplement 1.

It was explained that the Committee had received an item on Cyber Security in April 2021 in response to a SWAP audit. The SWAP audit actions had been addressed and further actions were being undertaken to improve matters further. ICT used to have 1 officer working on cyber security, this was now a small team who were being robustly trained. A cyber security management process had been developed and the team were working towards the Cyber Essentials Plus certification in order to comply with best practise.

Members commented that they were shocked there had previously only been 1 person working on this and were glad that resources had been increased.

In response to a question regarding how the cyber incident management process worked, the officer explained that it was important to involve the right members of senior management as soon as possible, and then it would move into emergency planning and organisational response. Actions taken would be dependent on the different types of threat but there would be a quick escalation into existing emergency processes.

Members queried whether there was a communication function aligned with the emergency response so that colleagues and councillors were aware of the issues. Members appreciated that ICT would be busy resolving the issues but had in the past found communications a bit lacking. In response the officer stated that he would take that back and feed the response back to the Chairman.

In response to a further question regarding ‘ethical hackers’, the officer stated that yes, Wiltshire Council did deploy both internal and external vulnerability scanning at least once a year and this was required as part of the Cyber Essentials Plus certification. It was,

Resolved:

To note the update.

25 **<u>School Governance</u>**

The Chairman invited Lesley Lowe (Co-Head of Service, School Effectiveness (Interim)) and Amanda Cripps (Governor Development Lead) to give a presentation on School Governance. The presentation was published in agenda supplement 1 and would be taken as read. Points highlighted by the officers included the following.

The core principals for School Governance were defined as:

1. Ensuring clarity of vision, ethos and strategic direction;

2. Holding executive leaders to account for the educational performance of the organisation and its pupils, and the effective and efficient performance management of staff;
3. Overseeing the financial performance of the organisation and making sure its money is well spent.

It was hoped that governors would understand the strategic nature of the role rather than concentrating on operational matters. The statutory duties of governing bodies were listed on page 14 of agenda supplement 1. Amanda Cripps was working hard to link school governance to the Council's business plan.

The different types of schools were detailed and the Council's role in relation to them. For maintained schools (Community Schools and Voluntary Controlled Schools) of which there were 123 in total, the Local Authority was accountable for performance.

All maintained schools were required to have a Local Authority Governor, who were nominated by the Local Authority and appointed by the Governing Body. 63 of the 123 maintained schools currently had a vacancy for a Local Authority Governor. It was hoped that this could be increased upon as this was a very important role and part of the authority's duty.

School Governor Services was a traded service provided to maintained schools and available to subscribing academies. The core offer was being developed and improved.

A debate followed were Members discussed concerns regarding governor training, in particular for Multi Academy Trusts (MATs). The officer agreed that this was an issue, for maintained schools we had good oversight but for non-maintained schools, in particular the MATs it could be hard to get the relevant data. There was various work underway to try to improve links and ensure that all schools had good governance and governors had the required training.

The high number of LA Governor vacancies was also discussed, with officers explaining how difficult it was to recruit, it was hoped that Councillors could promote the role. Members suggested a briefing note could be produced and sent to all Members highlighting the role, its importance and the number of vacancies in order to try and help drive recruitment.

Members also highlighted the potential to grow the School Governor Service and governor training as an income stream. Officers confirmed that this was already a traded service and that lots of work had been undertaken to build strong foundations and develop a good training package. Further work was planned to possibly expand the service out of county and possibly go into Early Years training as well. It was,

Resolved:

To note the presentation on School Governance.

26 **Re-tender of External Audit Contract**

Lizzie Watkin (Assistant Director Finance and Deputy s151 Officer) presented a report on the re-tender of the external audit contract. The officer explained that this was before the Committee as they were responsible for governance and it was good practise to share the proposal that was going to Full Council.

The tender process allowed for three different options. For the Council to procure external audit services for itself, for the Council to set up a joint procurement with other councils, or for the Council to opt into the national arrangement for the procurement of external audit services through Public Sector Audit Appointments (PSAA). Considerations for the Council were detailed in appendix A. The Council was currently part of the PSAA arrangement and the recommendation was that the Council opt into that arrangement again.

Members debated the proposal, some felt we may be better procuring services for ourselves, and Members asked for the Cabinet Member and s151 officer's opinions. Cllr Pauline Church (Cabinet Member for Finance) highlighted the importance of a proper procurement process and stated that the report may be tweaked as she was not currently 100% satisfied with it. Andy Brown (Corporate Director Resources, Deputy Chief Executive and s151 Officer) reiterated that this was a decision for Full Council and stated that when you follow the framework arrangement you could be confident that legislation was followed, however you did lose an element of control. It was acknowledged that we had faced difficulties under the framework but whether the situation would be better if we procured external audit services ourselves was unknown. The external audit market was facing a lot of difficulties and problems, essentially there were just 4 big providers who had the expertise, technical knowledge and resources to undertake Local Authority audit and who offered contracts.

It was possible that a soft market test could be undertaken to gain understanding of the local market. Being realistic, the officer thought that it was unlikely that there was another firm other than one of the big four that could undertake the contract but accepted that evidence should be provided, and the soft market test would help to determine whether the PSAA arrangement was the best option to follow. Regarding the joint procurement option with other authorities, his discussions with other s151 officers had shown that there was no appetite for joint procurement.

Further debate followed where Members discussed the various options and their implications. It was,

Resolved:

To recommend the proposal within the report (page 81) to Full Council for approval.

27 **Forward Work Programme**

Members discussed the Forward Work Programme (FWP) and highlighted that a large number of items were To Be Confirmed (TBC).

Officers explained that some items were dependent on Government white papers and updates which were awaited.

It was,

Resolved:

To note the FWP and add any items which had been mentioned during the meeting.

28 **Date of Next Meeting**

The next regular meeting of the Committee would be held on 9 February 2022.

29 **Urgent Items**

There were no urgent items.

(Duration of meeting: 10.00 am - 12.10 pm)

The Officer who has produced these minutes is Tara Shannon of Democratic Services, direct line 01225 718352, e-mail tara.shannon@wiltshire.gov.uk

Press enquiries to Communications, direct line ((01225) 713114 or email communications@wiltshire.gov.uk

Deloitte.

Wiltshire Council

Wiltshire Council

Report to the Audit & Governance Committee on the 31 March 2020 audit

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Partner introduction

The key messages in this report:

I have pleasure in presenting our report to the Audit & Governance Committee for the 2019/20 audit. The scope of our audit was set out within our planning report presented to the Committee in February 2020. I would like to draw your attention to the key messages of this paper:

Audit progress

As the Audit and Governance Committee is already aware, the 2019/20 audit has not progressed in line with the original timeframe. As part of our Update Report, issued in April 2021, we provided an update on quality indicators which had an impact on our execution of the audit. These included: adherence to the deliverables timetable, the quality and accuracy of accounting papers, the quality of the draft financial statements, control deficiencies and the volume and magnitude of errors.

Since then, the volume and magnitude of errors identified (particularly in relation to Property, Plant and Equipment), along with the identification of a new significant risk (Completeness of Finance Leases – see page 13) has meant continued delays to the audit, however, a significant amount of time and work has been invested in correcting these errors, many of which are historic, which has improved the Council's accounts and should set the foundation for a smoother audit process for future years.

Status of the audit

Our audit (including the audit of the pension fund) is substantially complete excluding:

- partner review of cash flow, disclosures, HRA and Collection Fund testing;
- quality reviews of the final financial statements and addressing any points arising (including technical consultations on presentation of prior period adjustments);
- completion of internal quality assurance procedures;
- clearance of review notes on file;
- receipt of signed management representation letter; and
- our review of events since 31 March 2020 through to signing.

We will provide an oral update on the completion of these matters at the Audit & Governance Committee meeting.

Conclusions from our testing

We highlight a number of findings and recommendations on pages 17 to 45 of this report.

As for 2018/19, we intend to issue a qualified opinion in respect of the revaluation reserve (see page 15). Additionally, our opinion for 2019/20 will also include an emphasis of matter paragraph to draw the readers attention to the material uncertainty relating to property valuations that is disclosed in the Council's accounts (as discussed on page 9).

Partner introduction (continued)

Narrative Report & Annual Governance Statement	• We have reviewed the Annual Governance Statement to consider whether it is misleading or inconsistent with other information known to us from our audit work. • The Annual Governance Statement complies with the Delivering Good Governance guidance issued by CIPFA/SOLACE. • We have undertaken a review of the Council's Annual Report with no significant issues identified.
Duties as public auditor	• We did not receive any queries or objections from local electors this year. • We have not identified any matters that would require us to issue a public interest report. We have not had to exercise any other audit powers under the Local Audit and Accountability Act 2014.
Whole of Government Accounts (WGA)	• We are required to perform testing on the Council's WGA submission, checking its consistency to the audited financial statements and reporting our findings to the National Audit Office (together with our audit opinion and key issues from our audit). Due to delays in the audit taking us past the NAO reporting deadline this work has not been undertaken.
Value for Money (VFM)	• No significant value for money risks have been identified.

Ian Howse
Lead audit partner

Responsibilities of the Audit & Governance Committee

Helping you fulfil your responsibilities

Why do we interact with the Audit & Governance Committee?

- To communicate audit scope
- To provide timely and relevant observations
- To provide additional information to help you fulfil your broader responsibilities

As a result of regulatory change in recent years, the role of the Audit & Governance Committee has significantly expanded. We set out here a summary of the core areas of Audit & Governance Committee responsibility to provide a reference in respect of these broader responsibilities.

Oversight of external audit

- At the start of each annual audit cycle, ensure that the scope of the external audit is appropriate.

Integrity of reporting

- Impact assessment of key judgements and level of management challenge.

- Review of external audit findings, key judgements, level of misstatements.

- Assess the quality of the internal team, their incentives and the need for supplementary skillsets.

- Assess the completeness of disclosures, including consistency with disclosures on business model and strategy and, where requested by the Council, provide advice in respect of the fair, balanced and understandable statement.

- Assess and advise on the appropriateness of the Annual Governance Statement, including conclusion on value for money.

Internal controls and risks

- Review the internal control and risk management systems - Explain what actions have been, or are being taken to remedy any significant failings or weaknesses.

Oversight of internal audit

- Consider annually whether the scope of the internal audit programme is adequate.

- Monitor and review the effectiveness of the internal audit activities.

Whistle-blowing and fraud

- Ensure that appropriate arrangements are in place for the proportionate and independent investigation of any concerns that are raised by staff in connection with improprieties.

Our audit explained

We tailor our audit to your business and your strategy

Scoping

Our planning report set out the scoping of our audit. We are completing our audit in line with the scope in our audit plan with the exception of an additional significant risk having been identified relating to the completeness of finance leases as discussed on page 13.

Identify changes in your business and environment

In our planning report we identified the key changes in your business and articulated how these impacted our audit approach.

Other findings

As well as our updates on the significant risks we are required to report to you our observations on the internal control environment as well as any other findings from the audit.

Page 22

Identify changes in your business and environment → Determine materiality → Scoping → Significant risk assessment → Conclude on significant risk areas → Other findings → Our audit report

Determine materiality

When planning our audit we set our materiality at £17.0m based on 1.7% of total 2018/19 expenditure. This figure has been updated based on the 2019/20 draft accounts resulting in a materiality level of £17.4m (2018/19: £16.9m). We report to you in this paper all misstatements above £874k (2018/19: £845k).

Significant risk assessment

In our planning report we explained our risk assessment process and detailed the significant risks we have identified on this engagement. We report our findings and conclusions on these risks in this report on pages 7-13.

Conclude on significant risk areas

We draw to the Audit & Governance Committee's attention our conclusions on the significant audit risks on pages 7-13.

Our audit report

We envisage issuing a qualified audit report. See page 15.

Significant risks

Risk 1 – Management Override of Controls

Risk identified	In accordance with ISA 240 (UK) management override of controls is a significant risk for all entities. This risk area includes the potential for management to use their judgement to influence the financial statements as well as the potential to override the Council's controls for specific transactions. The key judgements in the financial statements include those which we have selected to be the significant audit risks, (completeness of accrued expenditure, pension valuations and the Council's property valuations) and any one off and unusual transactions where management could show bias. These are inherently the areas in which management has the potential to use their judgment to influence the financial statements.
Our response	We tested the design and implementation of key controls in place around journal entries and key management estimates; We risk assessed journals and selected items for detailed testing. The journal entries were selected using computer-assisted profiling based on areas which we consider to be of increased interest; and We reviewed accounting estimates for biases that could result in material misstatements due to fraud. We considered whether there were any significant transactions that were outside of the normal course of business for the Council, or that otherwise appear to be unusual, given our understanding of the Council and its environment.

Deloitte conclusion

We have not identified any significant bias in the key judgements made by management based on work performed.

We have not identified any instances of management override of controls in relation to the specific transactions tested based on work performed.
We have not identified any transactions outside of the normal course of business for the Council.
We have, however, identified significant control improvements detailed later in this report from page 17.

Significant risks

Risk 2 – Property Valuation

Risk identified	The Council holds a significant amount of property assets. The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date. The Council has adopted a rolling revaluation model which sees all land and buildings revalued over a three year cycle. Furthermore the Council completes the valuation as at 28 February each year, 1 month before the year end. Any changes to factors (e.g. build costs) used in the valuation process during the month between the valuation and the balance sheet date could materially affect the value of the Council's assets as at year end. There is therefore a risk that that the carrying value of property assets materially differ from the year end fair value, particularly given that valuations are inherently judgemental and include a number of assumptions.
Our response	We have tested the design and implementation of key controls in place around the property valuation and how the Council assures itself that there are no material impairments or changes in value for the assets not covered by the annual valuation. We reviewed revaluations performed in the year, assessed whether they have been performed in a reasonable manner, on a timely basis and by suitably qualified individuals. We have used our valuation specialists, Deloitte Real Estate, to support our review and challenge the appropriateness of the Council's assumptions on its asset values. We have tested a sample of revalued assets and determined whether the movement has been recorded correctly in the accounts. We have considered whether assets not revalued in the year may have moved significantly in value.

Significant risks

Risk 2 – Property Valuation (continued)

Key judgements

Property assets are revalued as part of the Council's rolling programme. The valuations are carried out by Avison Young, Chartered Surveyors (the valuer).

The financial year to 31 March 2020 represented part of a three year rolling programme. The valuation was prepared ahead of year-end as at 28 February 2020. The valuer states that no material movements in value have occurred between 28 February 2020 and 31 March 2020. However, the valuer has identified in their report a material uncertainty in relation to valuations at 31 March 2020 due to the impact Covid-19 on market transaction volumes.

The property assets or classes of assets subject to valuation for 2019/20 were;

- Council Housing (valued each year)
- The Investment Estate (valued each year)
- Surplus Assets held for sale (valued each year)
- Surplus Assets not held for sale (valued each year)
- New acquisitions (valued each year)
- Major refurbishments and works (valued each year)
- Assets with impairment indicators (valued each year)
- Playing fields/allotments
- Cemeteries
- Car Parks
- Public Conveniences
- OAP Homes/Children's Homes/Respite Centres
- Misc. Buildings (including leisure centres, school extensions and social clubs)

The valuer has identified two new impaired assets in 2019/20 as follows:

- Chippenham Sadlers Mead Car Park (original value £325k, 100% impairment due to closure)
- Highways Depot- Melksham (original value £575k, 100% impairment due to closure)

Deloitte conclusion

We have reviewed valuations performed in the year and confirmed with our valuation specialists that reasonable assumptions have been made. However, we note that the valuer has identified in their report a material uncertainty in relation to valuations at 31 March 2020 due to the impact Covid-19 on market transaction volumes. This material uncertainty has been disclosed in the Financial Statements and we will include an Emphasis of Matter in our opinion.

Our valuation specialist's review and our controls testing identified areas for improvement which are disclosed later in this report from page 17.

Significant risks

Risk 3 – Valuation of the Council's share of the Wiltshire Pension Fund Net Liability

Risk identified

The net pension liability is a material element of the Council's balance sheet. The Council is an admitted body of the Wiltshire Pension Fund. The valuation of the Scheme relies on a number of assumptions, including actuarial assumptions, and actuarial methodology which results in the Council's overall valuation. Furthermore there are financial and demographic assumptions used in the calculation of the Council's valuation – e.g the discount rate, inflation rates, and mortality rates. These assumptions should also reflect the profile of the Council's employees, and should be based on appropriate data.

There is a risk that the assumptions and methodology used in the valuation of the Council's pension obligation are not reasonable. This could have a material impact to the net pension liability accounted for in the financial statements.

Our response

We obtained an understanding of the design, and tested the implementation, of the key controls in place in relation to the review of the assumptions by the Council;

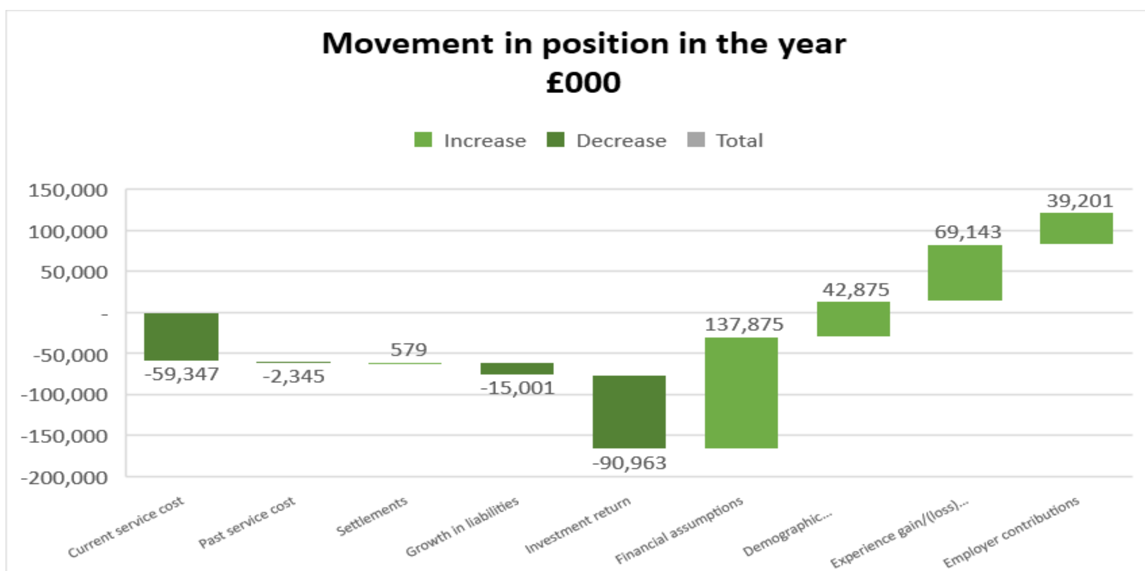
We evaluated the competency, objectivity and independence of Hymans Robertson, the actuarial specialist;

We reviewed the methodology and appropriateness of the assumptions used in the valuation, utilising a Deloitte Actuary to provide specialist assessment of the variables used; and

We reviewed the pension related disclosures in respect of actuarial assumptions in the financial accounts for consistency with the Actuary's Report.

The Council's element of the net pension fund liability has decreased from £613.8m at 31 March 2019 to £491.7m at 31 March 2020 for the reasons shown to the right.

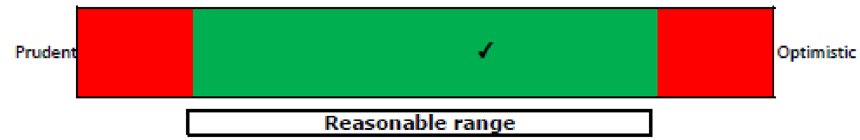
The largest gain shown is due to a decrease in assumed life expectancy however this is partially offset by a lower than assumed investment return and additional benefits in the year included in the current service costs exceeding employer contributions.



Significant risks

Risk 3 – Valuation of the Council's share of the Wiltshire Pension Fund Net Liability (continued)

	Council	Benchmark	Comments
Discount rate (% p.a.)	2.30	2.15-2.60	Reasonable
Retail Price Index (RPI) Inflation rate (% p.a.)	2.80	2.40-2.80	Reasonable
Consumer Price Index (CPI) Inflation rate (% p.a.)	1.90	1.8-2.3	Slightly optimistic
Salary increase (% p.a.)	2.30	Council specific	Reasonable
Pension increase in payment and deferment (% p.a.)	1.90	1.90	Reasonable



Deloitte conclusion

We have reviewed the assumptions and, on the whole, the set of assumptions appear to be reasonable when compared with the Deloitte benchmarks.

We note that although a material uncertainty is disclosed with regards to property valuations, we do not deem there to be a material uncertainty in relation to the value of property assets included in the pension fund, as property funds do not make up a significant proportion of pension assets.

Significant risks

Risk 4 – Completeness of Accrued Expenditure

Risk identified

Under UK auditing standards, there is a presumed risk in respect of revenue recognition due to fraud. We have rebutted this risk, and instead believe that the fraud risk lies with the completeness of expenditure, particularly in relation to year end accruals.

During our 2018/19 audit we identified that approximately 80% of expenditure does not follow the purchase order process. As a result of this, there is a risk that the Council may understate accruals at year end.

There may also be an incentive for management to understate expenditure around the year end in order to present a more favourable year end position, and given the lack of strong purchase order controls, understatement of accruals is an area that could be manipulated.

Our response

We note that accruals are not separately identified within the accounts, however, are included as part of Short Term Creditors in Note 28 which has increased by 34% (£32.8m), as set out in the note below.

We obtained an understanding of the design, and tested the implementation, of the key controls in place to ensure the completeness of accruals; and

We performed focused testing in relation to the completeness of accruals through testing of post-year end invoices received and payments made.

Note 28 Short Term Creditors

These represent sums owed by the Council for supplies and services received before 31 March 2020 but not paid for at that date.

	2019/2020 £000	2018/2019 £000
Other Local Authorities	(10,447)	(4,390)
Government Departments	(4,817)	(10,892)
NHS Bodies	(1,770)	(2,532)
Sundry Creditors	(80,670)	(57,874)
Receipts in Advance	(24,452)	(14,085)
Accumulated Absences	(6,336)	(5,916)
Total Short Term Creditors	**(128,492)**	**(95,689)**

Deloitte conclusion

We have not identified any material misstatements related to expenditure.

Control improvements have been identified as detailed later in this report from page 17.

Significant risks

Risk 5 – Completeness of Finance Leases

Risk identified	During the course of our audit we identified an additional significant risk for 2019/20, which was not included in the audit plan. During the audit we were informed that the Council have a number of leases and lease disclosures were produced for inclusion in the accounts. Whilst the finance lease disclosure wasn't quantitively material, this was considered qualitatively material to the readers of the accounts. Previously it had been our understanding that the Council did not have any leases and we were informed of this by the Council. We had challenged this on several occasions and were told that the Council had a policy of not leasing. As a result of leases previously being undisclosed, we have identified a significant risk in relation to the completeness of the finance leases recorded in the accounts.
Our response	We sought to understand whether any controls were in place in relation to the completeness of the leases balance. We reviewed the Council's Contracts Register for any indication of additional leases. We performed a search of Income and Expenditure ledger codes for keywords which might indicate a lease arrangement. We then gained an understanding of the identified ledger codes to determine whether or not these may include items with lease arrangements. We selected a sample of properties and vehicles, plant and equipment and obtained supporting documentation to support whether or not the asset relates to a lease arrangement.

Deloitte conclusion

We have not identified any material misstatements related to the new lease finance lease disclosure.

Control recommendations have been raised later in this report from page 17.

Other significant matters

Value for Money

Risk identified	Under the National Audit Office's Code of Audit Practice, we are required to report whether, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The Code and supporting Auditor Guidance Notes require us to perform a risk assessment to identify any risks that have the potential to cause us to reach an inappropriate conclusion on the audited body's arrangements. We are required to carry out further work where we identify a significant risk - if we do not identify any significant risks, there is no requirement to carry out further work.
Our response	We obtained an understanding of the Council's Medium Term Financial Plan and considered the Council's financial results for the year and the assumptions in the budget for future years. We reviewed the Annual Governance Statement, the Narrative Report and relevant Council papers and minutes. We considered matters identified by the National Audit Office as potential value for money risks for Councils for 2019/20. We have reviewed the findings of the Ofsted and Care Quality Commission inspection of the local area of Wiltshire to judge the effectiveness of the area and identified no significant value for money risks. In addition, the Engagement Partner met with the Leader of the Council regularly throughout the financial year to discuss issues relevant to value for money and other related matters.

Deloitte conclusion

No significant value for money risks have been identified for 2019/20.

Other significant matters

Revaluation Reserve

As reported in our Final Report on the 2018/19 audit, as a result of the Council implementing the new asset management system, an adjustment to the opening revaluation reserve balance was made. We were unable to audit the revaluation reserve balances as part of the 2018/19 audit in order to determine whether these are materially correct. This was because the balances have built up over many years and the Council was not been able to provide a detailed analysis which we could audit. As a result of this, our 2018/19 audit opinion was qualified.

In order to remove the qualification, and as previously planned, the Council has undertaken a detailed piece of work in relation to the revaluation reserve for the 2020/21 accounts with the aim of being able to remove the qualification of the opinion for the 2020/21 audit once our audit work has taken place.

As the work on the revaluation reserve is being completed for the 2020/21 accounts, the qualification to our opinion will remain in 2019/20.

The draft auditor's report has been included on page 73.

Coronavirus (Covid-19) outbreak

Impact on the annual report and audit

Covid-19 pandemic and its impact on our audit

CIPFA issued guidance highlighting the importance of considering the impact of Covid-19 in preparation of the 2019/20 financial statements, including communicating risks and governance impacts in narrative reporting. This is consistent with the Financial Reporting Council's guidance to organisations on the importance of communicating the impact of Covid-19 and related uncertainties, including their impact on resilience and going concern assessments.

The most significant change to our audit has been remote working. In a normal year we perform the majority of the audit work on client site, however due to the pandemic we have been working remotely and sharing information over a secure online portal (Connect) which has been set up. We have maintained catch-up calls with management and arranged calls for explanations and discussions.

Impact on annual report and financial statements

Impact on property, plant and equipment	The Royal Institute of Chartered Surveyors has issued a practice alert, as a result of which, valuers have identified a material valuation uncertainty at 31 March 2020 for most types of property valuation. External valuations for the Council has shown that a material uncertainty clause has been included. The Council have disclosed this in the financial statements and this will result in an Emphasis of Matter in our audit report.
Impact on pension fund investment measurement	As a result of the Covid-19 pandemic, pension fund investments have been subject to volatility. It is important to ensure that measurements for the IAS 19 report are updated to the most recent available data as at 31 March 2020. Where Covid-19 has caused such volatility it may mean that the inputs used in the fair value measurement may change and may require a change of measurement technique, and consideration of the level of uncertainty in valuations where there is significantly more estimation.
Going concern assessment	The Council has reported on the impact of financial pressures as a result of Covid-19 in the narrative report.
Events after the reporting period and relevant disclosures	Local authorities began to see the most substantial impacts of Covid-19 in March 2020 and therefore before the end of the reporting period. The Council has commented on Covid-19 within the Events after the Balance Sheet date disclosure noted no adjusting events.

Your control environment and findings

IT systems

As a result of our work on your key IT systems we raised a number of recommendations which were communicated to management with management responses being provided in April 2020. These consisted of five medium priority recommendations (two of which were first raised in 2019) and two low priority recommendations (one of which was first communicated in 2019).

We have not included the recommendations within this report as they did not have a significant impact on our audit.

Your control environment and findings

Control deficiencies and areas for management focus

The purpose of the audit was for us to express an opinion on the financial statements. The audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters being reported are limited to those deficiencies that we have identified during the audit and that we have concluded are of sufficient importance to merit being reported to you.

Observation	Severity	Deloitte recommendation	Management response and remediation plan
The Council should procure IFRS versions of their PFI models to help produce the accounts. We note management's review of the PFI arrangements has taken place and significant improvements have been identified in relation to the work that supports the accounting for these arrangements. A misstatement was identified as a result of this review.	Medium	It is recommended that the Council consider separately commissioning a suitably qualified financial advisor to develop an 'IFRS' accounting model. For example, an assessment of the impact of IFRS 16 on the accounting in advance of the standard being applied to Local Government.	A review of the PFI arrangements has taken place and significant improvements made to the accounting for these arrangements. Management will consider what additional changes are required to ensure the accounting remains robust, including options on the models used.

Your control environment and findings

Control deficiencies and areas for management focus (continued)

Observation	Severity	Deloitte recommendation	Management response and remediation plan
During the testing of the expected credit loss provision, we noted that the Council apply a specific percentage to each aged debt category in order to calculate the expected credit loss provision. The Council have not updated the percentages applied for a significant number of years and therefore there is a risk these are no longer appropriate. Additionally, the Council have not performed an assessment of these percentages for the current financial year to explain why these percentages remain appropriate for 2019/20. Under IFRS 9 which was introduced in the prior year, this assessment is a critical part of the requirements.	High	We note that the percentages are not causing a material misstatement for 2019/20, however, it is recommended that a detailed review of the methodology and judgements applied is completed to ensure they remain appropriate for 2020/21 and this is then completed on a regular basis.	Management have reviewed the percentages used in 2020/21 to ensure these are representative of the expected impact of credit losses, particularly having regard to the Covid-19 pandemic.

Your control environment and findings

Control deficiencies and areas for management focus (continued)

Observation	Severity	Deloitte recommendation	Management response and remediation plan
During the testing of the expected credit loss provision, Deloitte was unable to obtain the year end report used to disclose the Housing Benefit Overpayment balance of £6.9m. We were informed that the report can only be run at a point in time and the report was not saved as at 31/03/2020. We instead obtained the report as at 30/09/2020 and noted that the value per this report was not materially different, and that the Council provides for 100% of housing benefit overpayments.	High	We appreciate this is a limitation within the finance system however it is recommended that the Council save all working papers and reports used in the financial reporting process so that the auditors can evidence the workings and test the balances accordingly.	Agreed, management will ensure controls are put in place to ensure time critical reports are run at the relevant time.
During the testing of schools balances, Deloitte identified that the cash, debtors and creditors for four schools which had been transformed into academies in the financial year were included in the schools balances of the financial statements despite no longer being under Council control.	Medium	It is recommended that a control is implemented to ensure that schools that are subsequently transformed into academies in the financial year are removed from the Council's account balances appropriately.	Management have introduced a revised schools consolidation process for the 2020/21 balances and transactions, which includes controls to identify schools that have converted to academies.

Your control environment and findings

Control deficiencies and areas for management focus (continued)

Observation	Severity	Deloitte recommendation	Management response and remediation plan
During the testing of creditors/debtors, Deloitte were informed that the balances of various General Ledger (GL) codes are split between the categories in the creditor/debtor note for disclosure. For example, the GL code 943704 DCE Schools Balance Sheet Creditors with a year end balance of £8.5m is split between Sundry Creditors (£3.5m) and Receipts in Advance (£5m). As the balances are not material this could not lead to a material classification misstatement. However, the working papers provided to Deloitte were manually coded and no additional support could be obtained. Therefore, no evidence could be obtained to show how the GL codes had been split. We also note that the original working papers used to manually split the GL codes were not saved and therefore have been lost.	High	It is recommended that all working papers to support the values in the financial statements are saved so they can be provided to the auditors for testing. This should also be standard practice in case staff members who performed the work are absent or leave the Council preventing access to the working papers.	Agreed, management have implemented additional controls for 2020/21, including preparer and reviewer support and checks, rationale for splits etc.

Your control environment and findings

Control deficiencies and areas for management focus (continued)

Observation	Severity	Deloitte recommendation	Management response and remediation plan
Deloitte have been unable to identify sufficient or appropriate controls in place at the Council to ensure accrued expenditure is complete. We would expect the Council to implement additional controls to mitigate the fact they do not have a common PO system. We also note that the budget management process at the Council does not mitigate this risk as we have not been able to evidence the review of the monthly budget variance reports and subsequent investigation into any variances. As part of our audit we have completed detailed testing to significant risk level sample sizes to identify any understatement of expenditure. Some errors have been identified as reported in our misstatements schedules later in this report, however they are not material.	High	It is recommended that the Council implement additional controls to ensure the completeness of accrued expenditure. This could include a manual review to check for open POs/invoices which should be accrued for, and a manual review of post year end bank statements or invoices received to check that an accrual had been raised for a sample of payments/invoices.	Deloitte recommendations opposite are now in place.
Deloitte note that the valuer has not been instructed to provide land and building value apportionment for the Non-Specialised Operational fixed assets. We understand that this is normally required for accounting depreciation purposes.	Medium	It is recommended that the Council instruct the valuer to provide this level of detail to ensure depreciation is recorded accurately.	The controls around PPE valuations have been strengthened for 2020-21 closedown, including providing instructions for splitting assets into components.

Your control environment and findings

Control deficiencies and areas for management focus (continued)

Observation	Severity	Deloitte recommendation	Management response and remediation plan
During our PPE revaluations testing, we noted that one of the sampled items had not been revalued since 2011 and therefore has not been included in the 3 year revaluation programme. Deloitte were informed that this asset was not selected for revaluation due to the asset having previously been transferred from investment property to operational property. (The asset in question was Warminster Car Park Garages with a carrying value of £65k in the Fixed Asset Register).	Medium	It is recommended that the Council introduce a control to review items that have been transferred between asset types to determine if any of the assets should be removed or included in the revaluation programme for the financial year.	Management have implemented additional controls for 2020/21, whereby: 1. a cross check has been carried out between what was valued by the external valuers and the valuation dates in the fixed asset register, to identify assets that needed to be revalued in accordance with the Council's valuation policy; 2. the valuation dates in the fixed asset register are up to date.

Your control environment and findings

Control deficiencies and areas for management focus (continued)

Observation	Severity	Deloitte recommendation	Management response and remediation plan
During the testing of the fixed asset revaluations, we understand that circa 53 properties were inspected this year by the valuers and further inspections were limited due to the restrictions imposed by Covid-19 related lockdown from late March 2020. This is understandable but in future years it would be advisable that a detailed inspection programme is undertaken and details of the inspections undertaken is confirmed in the valuation report.	Medium	It is recommended that more detailed information on the extent of the inspection of the assets valued in the year should be provided and the Council ensures that the valuer undertakes inspections of at least a representative sample of properties.	The external valuers must comply with their professional standards and inspections form part of the standards. 2019/20 was an exceptional year due to the national lockdown and for a period only essential travel was permitted. We are hoping that such restrictions do not apply for the valuation process for 2020/21.
During our controls testing for fixed asset valuations, we have not been able to identify a control in place relating to how the Council assures itself that there are no material impairments or changes in value for the assets not covered by the annual valuation. Our work in this area, in discussion with our Valuation Specialists, did not identify any significant issues.	High	It is recommended that a full review of assets not being revalued in the year based on the cyclical programme is completed to ensure that any assets with impairment indicators or potential increases in value are identified and revalued by the valuers.	A review of impairment events will be undertaken and evidenced and has been incorporated within the agreed timetable for the 2020/21 accounts and audit process.

Your control environment and findings

Control deficiencies and areas for management focus (continued)

Observation	Severity	Deloitte recommendation	Management response and remediation plan
During the testing of the fixed assets valuations, we note that a number of times updated information was incorrectly sent to the valuer (such as HRA stock numbers) which caused errors in the valuations (although immaterial changes). We also noted that, similarly to last year, not all of the rent of housing stock is being set at social rental levels. The valuer confirmed that if they were provided with this information and asked to make the appropriate adjustments this would be possible in the future. We have considered the impact of this with our Valuation Specialists and not identified any material issues.	Medium	It is recommended that the Council provides the valuers with updated and accurate information, so the correct valuations are produced.	The proportion of affordable Housing stock will be kept under review to ensure that there is no material misstatement in the valuation of the overall HRA Council Dwellings.

Your control environment and findings

Control deficiencies and areas for management focus (continued)

Observation	Severity	Deloitte recommendation	Management response and remediation plan
From our revaluations review last year and this year, we understand that the Finance team discusses with the Estates team any potential areas where impairments may apply, identifying these and forwarding to the valuer for an updated valuation to be prepared. We have not been able to obtain evidence to show what considerations have been made to assess and identify impairment indicators. We have not been able to understand what was considered nor obtain meeting minutes for the meeting which was recommended in the prior year.	High	In line with our advice last year, we would recommend that in the future the Council documents the process either in the form of minutes or an impairment review paper detailing the discussions and considerations made between the Finance team, Estates and their appointed valuer confirming all the points that are considered in their impairment review, i.e. build cost movements, changes in the property market, physical changes to the assets etc. and the actions taken to impair any relevant assets or justifications for the conclusions reached if no impairment is deemed necessary.	An electronic record of the assets identified to be discussed as part of the impairment review discussion between Accountancy, Estates and the external valuers is retained. The impairment review discussions will be followed up in writing confirming the formal agreement. Consideration of all elements that might impact the need to impair assets will be taken into account and documented every year as part of the formal recording of the agreement.

Your control environment and findings

Control deficiencies and areas for management focus (continued)

Observation	Severity	Deloitte recommendation	Management response and remediation plan
During the testing of the fixed assets valuations, we noted that the Council does not have sufficient oversight of the terms of the occupational lettings. The Council is entitled to receive a set percentage of rents received from the occupational tenants of the related assets and the rent that the Council receives is subject to review every 5 years. However, the Council does not receive detailed information from the head-tenant on the occupational leases and income nor a tenancy schedule and current rental information. We note that a similar finding was raised in the prior year in relation this lack of oversight.	Medium	It is recommended that the Council obtain this information which would assist in the management of the rental income received. This position applies to all ground lease investments. Accordingly we would recommend that the Council reviews what information is currently received from head-tenant and pursue the position if the information is not sufficiently detailed.	Agreed. The Council is already taking action to address this recommendation.

Your control environment and findings

Control deficiencies and areas for management focus (continued)

Observation	Severity	Deloitte recommendation	Management response and remediation plan
During the testing of the fixed assets valuations, we noted that the HRA beacons/archetype groupings are unchanged from the last year and a review of the groupings has not occurred in the last three years. There is a risk that the groupings are incorrect and the onus to ensure the grouping is correct is on both the Council and valuer who should consider whether changes are required. Through our testing we have identified an issue with incorrect groupings. This has been included in our misstatements schedule further in this report.	Medium	It is recommended that the Council and valuers conduct a review of archetypes to ensure these remain appropriate. We recommend this is included in the valuers report or confirmed by the Council.	We are not aware of any changes to the rules for grouping HRA assets since the inception of beacon/archetype groupings, and therefore we do not consider a review is required. However, we will ensure any new HRA properties are included in the correct beacons/archetype groupings, and this is checked by a senior member of the finance team.

Your control environment and findings

Control deficiencies and areas for management focus (continued)

Observation	Severity	Deloitte recommendation	Management response and remediation plan
Throughout our audit testing of property, plant and equipment for 2019/20 and 2018/19, we have raised numerous findings in relation to fixed assets and the related account balances. We therefore note that there are significant improvements that should be made in relation to accounting procedures and policies for PPE to ensure the accuracy of the related account balances.	High	It is recommended that the Council complete a thorough review of PPE and management processes, including implementing additional controls (refer to findings raised in update report), conducting an asset verification exercise (and ensure this is conducted on a regular basis) updating the depreciation, valuation, additions and disposals policies and accounting practices to ensure these balances are recorded correctly.	Staff leaving the employment of the Council over the last couple of years together with implementing a new Asset Management system has had an impact on procedures and technical accounting processes with regard to PPE. For the 2020-21 final accounts process an external technical accounting support is being used to improve the controls and accounting treatment of PPE. A development programme is also being designed to ensure expected standards are met in future years.

Your control environment and findings

Control deficiencies and areas for management focus (continued)

Observation	Severity	Deloitte recommendation	Management response and remediation plan
There were numerous errors within the first three sets of draft accounts presented for audit.	High	It is recommended that a robust review is undertaken of the accounts which are presented for audit, along with any subsequent versions of the accounts containing amendments. It is also recommended that the Council completes the CIPFA checklist as part of the closedown process, and references each requirement within the checklist to where the requirement has been satisfied within the accounts, or note that the requirement is not applicable with an explanation why. The completed checklist should then be reviewed along with the accounts prior to being presented for audit. In addition, it is also recommended that the working papers which support the balances in the accounts also undergo a review and quality assurance process in order to reduce errors in the accounts.	A detailed 2020-21 closedown timetable has been developed which includes working paper requirements [cross referenced to external audit requests] mapped to the financial statements and disclosure notes, which have a named individual responsible for completing the working paper(s). Additional control and quality assurance reviews will be implemented as part of the closedown process to ensure the accounts are presented in line with requirements. The CIPFA disclosure checklist will form part of this process and will be fully completed and reviewed prior to publication of the draft accounts and being presented for audit. This checklist will also form part of robust working papers that are being designed and implemented as part of the financial accounting improvement plan.

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Your control environment and findings

Control deficiencies and areas for management focus (continued)

Observation	Severity	Deloitte recommendation	Management response and remediation plan
No listing is maintained setting out all properties subject to revaluation and when they were last revalued.	Medium	It is recommended that a listing is maintained detailing all assets subject to revaluation, along with their date of last valuation, and that this is reviewed on an annual basis to check that all assets due for a revaluation are included in the list sent to the valuers.	The Asset Management system that is used holds dates when assets were revalued. A full report will be run every year to ensure that all assets that are due for a revaluation are valued in line with the accounting policy. A check will be made to ensure that all assets are valued with appropriate frequency and there are no erroneous dates.

Your control environment and findings

Control deficiencies and areas for management focus (continued)

Observation	Severity	Deloitte recommendation	Management response and remediation plan
SAP has two types of journal access rights for finance employees; Park Access & Park and Post/Authorisation Access. Park Access allows a member of staff to prepare journals within the system which are then 'parked' until they are approved by a member of staff with Post Access. However, employees with 'Park Access' can upload an excel document with a number of journals and the journals can be automatically posted within SAP without secondary review. Employees with 'Post Access' can prepare and post journals directly into SAP, without a secondary review.	High	It is recommended that segregation of duties in relation to journal postings is enforced, or an alternative control is implemented to mitigate the risk that journals can be posted by staff without approval.	The Council has to consider the costs of implementing such a control as suggested, which are potentially high. Action to address the issue would include the need to reconfigure SAP and to pay to do so and prioritisation of this work considering a new system is due to be implemented during 2022/23 financial year. Wiltshire Council officers view the significance of the risk associated with potential lack of journal authorisation by a second person as minimal. From a fraud perspective, there are controls already in place in the AP and AR systems, including segregation of duties around key tasks. Journals do not actually involve expenditure or income, so the inherent risk to the Council is absolutely minimal. Regular internal audit work on our AP and AR systems have not demonstrated any risks that would need an additional authorisation to journals in the general ledger. This work provides on-going evidence of the strength of controls in those systems fundamental to the Council's internal control framework. Each user of SAP has an individual ID that is registered against each transaction that the user makes. Any unusual suspicious journals are going to be traceable to a single member of staff. There is an additional check being implemented that involves reviewing the officers who have processed journals on a quarterly basis to ensure they are relevant and trusted finance officers. Also, the Council's budget monitoring processes acts as another control in order to pick up rogue journals. Budget management / service budget holders would be surprised to see any transactions on their codes that they did not recognise and would investigate. We have provided a full journal list to Deloitte and none have been found to be fraudulent.

Your control environment and findings

Control deficiencies and areas for management focus (continued)

Observation	Severity	Deloitte recommendation	Management response and remediation plan
We sought to identify further controls to mitigate the management override of controls risk presented by the lack of segregation of duties in journal postings. On a monthly basis, budget monitoring of I&E cost centres is carried out by budget managers and a detailed narrative for any large variances should be documented. This is presented monthly to the Corporate Leadership Team (CLT) meetings and quarterly to Members. We have identified that, although budget monitoring occurs at the Council, the control has not been formalised appropriately. We were unable to evidence any formal review of budget variance reports by budget managers so we cannot determine what challenge or investigation is undertaken. We were informed that the threshold for budget managers to investigate variances is at their discretion.	Medium	It is recommended that segregation of duties in relation to journal postings is enforced, or an alternative control is implemented to mitigate the risk that journals can be posted by staff without approval. In addition, it is recommended that the process for budget managers to undertake a review and investigation of their budget reports is formalised and an audit trail is maintained.	Robust budget monitoring processes are followed on a regular basis, with high risk and volatile budgets being reviewed monthly and all budget areas at least quarterly. This process includes a review from a finance officer to ensure independent challenge is carried out. As part of an improvement action plan for finance and accountancy the implementation of a checklist for those undertaking budget monitoring processes will be designed and implemented to ensure all relevant areas are discussed and a formal note made to ensure consistency of application is evidenced.

Your control environment and findings

Control deficiencies and areas for management focus (continued)

Observation	Severity	Deloitte recommendation	Management response and remediation plan
We sought to identify further controls to mitigate the management override of controls risk presented by the lack of segregation of duties in journal postings. On a quarterly basis, a report should be run directly from SAP for all journals posted during the period by journal value and by staff member who posted the journal. This report is reviewed by the Chief Accountant to identify if any journals are posted by unauthorised staff members and inconsistencies are investigated. As the focus of the review is on the users who are posting journals, rather than the journals themselves or their value, we have not deemed the design of this control to be effective in mitigating the management override of controls risk. We have also identified that no formal evidence could be provided to show that this control was implemented during the financial year and we were informed that the control did not operate consistently throughout the financial year due to the Chief Accountant leaving in August 2020 and no one else taking responsibility for this control.	Medium	It is recommended that segregation of duties in relation to journal postings is enforced, or an alternative control is implemented to mitigate the risk that journals can be posted by staff without approval.	Agreed – this control is set but has not been followed. The Assistant Director – Finance will ensure it is fully implemented and quarterly checks carried out to support mitigation of the system process weaknesses for journal approval. Additional Balance sheet controls have been implemented following the appointment of a Chief Accountant and a comprehensive schedule listing balance sheet GL codes, the officer responsible for monitoring and producing reconciliation statements and the frequency of these reconciliations is maintained. This is reviewed by the Chief Accountant.

Your control environment and findings

Control deficiencies and areas for management focus (continued)

Observation	Severity	Deloitte recommendation	Management response and remediation plan
We sought to identify further controls to mitigate the management override of controls risk presented by the lack of segregation of duties in journal postings. On a monthly basis, the Head of Finance (Corporate) should review each balance sheet GL code against the previous month values and investigate the reasons for any unexpected variances (including suspense accounts). We have identified that this control had not been in place since the departure of the Head of Finance (Corporate). The Chief Accountant undertook a year end full review as at 14 July 2020. We do not deem this to mitigate the risk of Management Override of Controls as there are thousands of journal postings so this control cannot be relied upon to identify incorrect journal postings.	Medium	It is recommended that segregation of duties in relation to journal postings is enforced, or an alternative control is implemented to mitigate the risk that journals can be posted by staff without approval. In addition, it is recommended that the review of balance sheet GL codes is undertaken on a monthly basis.	Additional Balance sheet controls have been implemented following the appointment of a Chief Accountant and a comprehensive schedule listing balance sheet GL codes, the officer responsible for monitoring and producing reconciliation statements and the frequency of these reconciliations is maintained. This is reviewed by the Chief Accountant. In additional to this control, as part of the improvement plan additional internal reporting of balance sheet items is being designed so that the Assistant Director – Finance and Corporate Director of Resources have full oversight of the balance sheet monitoring alongside the revenue and capital monitoring.

Your control environment and findings

Control deficiencies and areas for management focus (continued)

Observation	Severity	Deloitte recommendation	Management response and remediation plan
As part of the controls to ensure all potential liabilities are disclosed in the Financial Statements there should be a documented process for the Finance team to consult with the legal team. Whilst we understand the difficulties of doing this in the Covid-19 environment the failure to complete this process increases the risk of potential liabilities being unrecorded. Our substantive testing has not however identified any undisclosed potential liabilities.	Medium	It is recommended that a meeting takes place between the Finance Team and the Legal Team at year end and that all potential legal liabilities are discussed, with the results of this meeting minuted.	Agreed – as part of the assessment of year end liabilities the finance team will consult with the legal team and document consideration of liabilities discussed. This will ensure adequate evidence is provided of liabilities disclosed (accrual, provision or contingent liability) and those not disclosed due to not meeting the criteria for disclosure.
The Council did not submit the first Whole of Government Accounts return by the 30 September 2020 deadline. This was instead submitted in February 2021.	High	It is recommended that the Council introduce controls to ensure that the Whole of Government accounts return is completed , reviewed and submitted by the required deadline.	Agreed – this has been incorporated within the agreed timetable for the 2020/21 accounts and audit process.

Your control environment and findings

Control deficiencies and areas for management focus (continued)

Observation	Severity	Deloitte recommendation	Management response and remediation plan
We have identified that approximately 15% of purchases follow a purchase order (PO) process, whilst the remainder follow an alternative 'non-PO' process. We identified this by obtaining the Accounts Payable scorecard which details some KPIs for the AP team, such as time from invoice received to payment and the types of invoices being raised. This percentage in the prior year was nearer 20% so performance is declining. As a result, there is a risk that inappropriate purchases are made without a PO and authorisation. There is also a risk that year end expenditure may not be complete because purchases committed to are not yet available on the finance system.	High	It is recommended that the Council introduces a full PO process which all purchases should follow where appropriate.	The implementation of a new ERP and the implementation of standard processes as part of the Evolve programme will help support compliance to the control processes. Significant change and training support is included in the programme plan to help understand and address non-compliance.

Your control environment and findings

Control deficiencies and areas for management focus (continued)

Observation	Severity	Deloitte recommendation	Management response and remediation plan
We identified that the reconciliation between SAP and Asset Manager system is performed by the Chief Accountant but there is no review of this reconciliation.	High	It is recommended that the reconciliation between SAP and Asset Manager is reviewed (by someone more senior than the preparer).	Agreed – this has been incorporated within the agreed timetable for the 2020/21 accounts and audit process.

Your control environment and findings

Control deficiencies and areas for management focus (continued)

Observation	Severity	Deloitte recommendation	Management response and remediation plan
During our Design and Implementation (D&I) testing of controls over accrued expenditure, we identified one item for £3,060.90 where the invoice date was 01/09/2019, the Goods Received Note (GRN) date was 12/12/2019 and a delivery date (for services) on 11/12/2019, however the system showed the invoice received date as 18/06/2020. We have evidenced the invoice which related to 'on track education services' and was invoiced to the SEND Department at Wiltshire Council. We were informed that the invoice was input in the system late due to a workload issue in which the requisitioner did not have sufficient time to input the invoice into the system immediately and therefore this was input late and appeared as though the invoice was not received until after year end. The invoice was therefore input into the system 9 months after the Council had received it. This highlights a weakness in the Council's purchasing controls. Where invoices are posted late to the system there is a risk that services/goods received prior to the year end are not accrued especially where a GRN is not raised pre year end. Also, the Council will not have paid the supplier for this invoice for a significant period of time so there is a risk of reputational damage to the Council.	Medium	Whilst the amount identified in this specific instance is not significant, we have only looked at this one invoice as part of our controls testing, so there is a risk that this may be a wider issue. It is recommended that invoices are processed and paid in a timely manner and that controls are introduced to monitor this.	The implementation of a new ERP and the implementation of standard processes as part of the Evolve programme will help support compliance to the control processes. Significant change and training support is included in the programme plan to help understand and address non-compliance.

Your control environment and findings

Control deficiencies and areas for management focus (continued)

Observation	Severity	Deloitte recommendation	Management response and remediation plan
We have not been able to identify a control in place relating to how the Council assures itself that there are no material impairments or changes in value for the assets not covered by the annual valuation.	High	It is recommended that on an annual basis the Council undertakes a review of assets not scheduled for revaluation to determine whether these are likely to be materially impaired or whether there may have been any changes in value which result in a material difference between the market value and the carrying value of the asset.	A review of impairment events will be undertaken and evidenced and has been incorporated within the agreed timetable for the 2020/21 accounts and audit process.
The reconciliation between Asset Manager and valuer's report which is prepared by the Capital Management Accountant is not reviewed by another member of staff.	High	It is recommended that the reconciliation between Asset Manager and the valuer's report is reviewed.	Agreed – this has been incorporated within the agreed timetable for the 2020/21 accounts and audit process.
The Council's valuer does not provide updated useful lives for the properties revalued. As a result of this there are a number of properties which have not had their useful lives updated, so there is a risk that useful lives are not accurate which may affect the depreciation charge.	Medium	It is recommended that the useful lives of fixed assets are reviewed and updated on a regular basis.	Agreed – this has been incorporated within the agreed timetable for the 2020/21 accounts and audit process.

Your control environment and findings

Control deficiencies and areas for management focus (continued)

Observation	Severity	Deloitte recommendation	Management response and remediation plan
Our review of the year end bank reconciliations found evidence of preparer sign off but no evidence of reviewer sign off.	High	It is recommended that bank reconciliations are reviewed.	Additional Balance sheet controls have been implemented following the appointment of a Chief Accountant and a comprehensive schedule listing balance sheet GL codes, the officer responsible for monitoring and producing reconciliation statements and the frequency of these reconciliations is maintained. This is reviewed by the Chief Accountant. Bank reconciliations form part of this listing.
We were informed that there are a number of assets included in the disposals figure within the 2019/20 accounts which were actually disposed of in previous financial years, however were not recorded as disposals in the relevant financial statements.	High	It is recommended that the Council reviews the process in place for recording disposals in the fixed assets system, and what controls are in place to ensure that this system is kept up to date with disposals.	Agreed – this has been incorporated within the agreed timetable for the 2020/21 accounts and audit process.

Your control environment and findings

Control deficiencies and areas for management focus

Observation	Severity	Deloitte recommendation	Management response and remediation plan
The Useful Economic Lives (UELs) of infrastructure assets are impacted by various factors such as climate change, new technologies, changes in traffic volumes etc. This is something that should be kept under consideration going forward.	Low	It is recommended that the UELs of Infrastructure assets is reviewed if new technology, climate changes or changes in traffic volumes may impact the expected lives of assets.	As part of the annual assessment of UEL the Chief Accountant will liaise with the highways department to determine if technology, climate changes or changes in traffic volumes may impact the UEL of assets.
We identified that assets included within the category of Infrastructure were not separately identifiable on the FAR and instead combined into one large overall asset covering different financial years. For example, the largest asset by cost within the infrastructure category is Structural Maintenance Schemes Completed 15-16 with a cost value of £41,843,483.41.	Medium	It is recommended that infrastructure assets are recorded separately on the FAR rather than all grouped together as one asset per financial year.	Recent expenditure on infrastructure assets is already recorded separately within broad categories within the FAR i.e. roads, bridges, land drainage, major structures. The cost [i.e. staff time] of identifying assets at a more granular level than these broad categories is considered to outweigh the benefits [i.e. annual depreciation charges that better reflect the consumption of assets to support services]. Recording assets based on these broad categories will be further enhanced through the Chief Accountant liaising with the highways department to identify UEL for each of the broad categories of assets, as opposed to using an average 60 years for all categories [which is current practice]. For historic balances transferred at the time the unitary authority was formed, the information needed to allocate the spend to these broad categories is not available and therefore these will continue to held at overall totals and an average 60 UEL used.

Your control environment and findings

Control deficiencies and areas for management focus

Observation	Severity	Deloitte recommendation	Management response and remediation plan
A error was identified in the accounts relating to the understatement of the Monkton Park loan balance (see page 57 for the error).	High	It is recommended that a record of all loans is maintained and that this is kept up to date.	The Council has a record of all treasury management and capital loans, including this loan. However, it was being accounted for incorrectly as a PFI scheme as opposed to a loan. Management will put in place additional controls to ensure that where there are changes to loan facility agreements [i.e. in this case the contract was revised in January 2011. Therefore, only the loan associated with the capital and interest cost of building Monkton Park still has to be repaid], the advice of the Chief Accountant will be sought to ensure the proper accounting treatment is adopted'.
We identified that the Council does not accrue for housing benefit payments at year end. We are satisfied that this does not significantly impact expenditure recorded in the year and that the impact on the balance sheet is immaterial.	High	It is recommended that the Council undertakes an assessment at year end to determine the potential under accrual related to housing benefit payments in order to determine whether this is material	Management will work with external auditors to agree an accepted process [have regard to cost/benefit] to determine that any potential under accrual related to housing benefit payments is not material.

Your control environment and findings

Control deficiencies and areas for management focus

Observation	Severity	Deloitte recommendation	Management response and remediation plan
We identified that similar assets (i.e. wheelie bins) are grouped together on the FAR and accounted for as one larger asset. The accounting policies per the accounts do not explain that this takes place.	Low	It is recommended that the accounting policies are updated to make it clear in what circumstances assets may be grouped together and accounted for as one larger asset.	The accounting policy for Property, Plant and Equipment [effective from 2020/21 SOA] will be updated to include the following text; 'Where there are large volumes of low value similar assets, these assets are grouped together on the fixed asset register and accounted for as one larger asset.'
As part of the Nil NBV asset review undertaken by the Council, it was identified that there was a balance of approximately £11m of assets with a nil NBV which were still in use, mainly relating to Vehicles, Plant and Equipment, indicating that these have been depreciated over too short of a period.	Medium	It is recommended that the Council reassesses the useful economic lives assigned to assets categorised as Vehicles, Plant and Equipment to determine whether these are accurate.	Management will put in place a process to reassess UELs before assets are fully depreciated to ensure annual depreciation is more reflective of the period the asset is in use.

Your control environment and findings

Control deficiencies and areas for management focus

Observation	Severity	Deloitte recommendation	Management response and remediation plan
We have noted throughout our audit a number of errors in relation to accounting for academies. We have therefore determined that there are insufficient controls in place to correctly dispose of schools that have converted into academies.	High	We recommend that additional controls are put in place to ensure that all related balances (cash, receivables etc) for academies are removed from the Council's financial systems/accounts and that the assets are subsequently disposed of from the FAR in a timely manner.	It is acknowledged that the two academy schools (previously PFI schools) were incorrectly recorded in the Council's fixed asset register ("FAR") and financial statements (i.e. balance sheet). The Council has introduced the following controls to ensure academy school transactions are appropriately reflected in the financial statements going forward: • An 'existence' check of all the school assets recorded on the FAR to underlying Council school records; and • Consolidation [into the financial statements] of school transactions [which remain under the 'control of the Council] using school's trial balances, which are cross reference to the Council's FAR records.
There are no controls in place to ensure that the accounts are updated for lease arrangements.	High	It is recommended that the Council introduces appropriate controls in order to mitigate the risk that leases are entered into and the accounts are not updated for these.	Management accepts previous controls were not sufficient to ensure lease disclosures in the accounts were accurate and complete. Steps have already been taken to improve the control environment and will continue to be improved. For example; there is now a complete list of all the Council's leases, which will be maintained by finance and periodically updated for new and expired leases through liaison with service department.

Other significant findings

Liaison with internal audit

The audit team, has completed an assessment of the independence and competence of the South West Audit Partnership internal audit department and reviewed their work and findings for the purpose of informing our risk assessment.

In response to the significant risks identified, no reliance was placed on the work of internal audit and we performed all work ourselves.

Other significant findings

Financial reporting findings

Below are the findings from our audit surrounding your financial reporting process.

Qualitative aspects of your accounting practices:

The draft financial statements were published on August 2020 in line with the deadline but were not accurate. For example, the CIES has been restated for 2019/20 and 2018/19 figures impacting many of the disclosures such as Note 13 and 14. We have raised a number of misstatements later in this report.

Significant matters discussed with management:

There have been no significant matters arising from the audit to date which have not been previously reported.

Other matters relevant to financial reporting:

No issues have been identified.

We will obtain written representations from those charged with governance on matters material to the financial statements when other sufficient appropriate audit evidence cannot reasonably be expected to exist. A copy of the draft representations letter has been circulated separately.

Other significant findings

Other matters

Fraud and non-compliance with laws and regulations

We have not identified actual or suspected fraud involving management or employees who have significant roles in internal control.

We have not identified other non-compliance with laws and regulations.

We explained in our planning paper how we considered the audit capable of detecting irregularities, including fraud. In doing so, we described the procedures we performed in understanding the legal and regulatory framework and assessing compliance with relevant laws and regulations.

Significant difficulties encountered:

Within our Update Report we reported on a number of quality indicators where there were significant impacts on our audit.

Other matters:

No matters to disclose.

Our audit report

Other matters relating to the form and content of our report

Here we discuss how the results of the audit impact on other significant sections of our audit report. Our reporting responsibilities in respect of statutory information and information required by the CIPFA code to provided in your annual report.

Our opinion on the financial statements

Our opinion on the financial statements is qualified as a result of the property revaluation issues identified in 2018/19 which means the modification continues to 2019/20 on the same basis.

We would like to highlight that the final quality reviews are outstanding so we will update verbally on this matter during the meeting.

Going concern

We have not identified a material uncertainty related to going concern and will report by exception regarding the appropriateness of the use of the going concern basis of accounting.

Emphasis of matter and other matter paragraphs

We have included an Emphasis of matter paragraph relating to the material uncertainty clause issued by the valuers for 2019/20 due to the impacts of Covid-19.

Value for Money

We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources (value for money).

Our conclusion on the Council's arrangements is unmodified.

Other reporting responsibilities

The Annual Report is reviewed in its entirety for material consistency with the financial statements and the audit work performed and to ensure that they are fair, balanced and reasonable.

Your annual report

Summary of our comments

	Requirement	Deloitte response
Narrative Report	The Narrative Report is expected to address (as relevant to the Council): - Organisational overview and external environment; - Governance; - Operational Model; - Risks and opportunities; - Strategy and resource allocation; - Performance; - Outlook; and - Basis of preparation	This has been reviewed for compliance with the CIPFA code and for consistency with the annual accounts and our knowledge acquired during the course of this audit. No significant issues have been identified, with the exception of the Council's narrative on Covid-19 which needed expanding to cover the areas suggested within the CIPFA 2019/20 closedown Bulletin.
Annual Governance Statement	The Annual Governance Statement reports that governance arrangements provide assurance, are adequate and are operating effectively.	We have assessed whether the information given in the Annual Governance Statement meets the disclosure requirements set out in CIPFA/SOLACE guidance, is misleading, or is inconsistent with other information from our audit. A number of minor changes have been made to the Annual Governance Statement following our review. No significant issues have been identified.

Other matters

UK exit from the EU

Impact on the audit	There is a need to consider implications for the Council and for accounting and reporting matters to address in the annual report. As part of our audit we have assessed the potential impact of Brexit and have not identified any significant issues.

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Audit & Governance Committee and the Council discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA (UK) 260 to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Results of our work on key audit judgements and our observations on the quality of your Annual Report.
- Our internal control observations.
- Other insights we have identified from our audit.

The scope of our work

Our observations are developed in the context of our audit of the financial statements.

We described the scope of our work in our audit plan.

Use of this report

This report has been prepared for the Audit & Governance Committee and Council, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the Council.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

We welcome the opportunity to discuss our report with you and receive your feedback.

Ian Howse

For and on behalf of

Deloitte LLP

Cardiff | February 2022

Appendices

Audit adjustments

Unadjusted misstatements

The following uncorrected misstatements have been identified up to the date of this report which we request that you ask management to correct as required by ISAs (UK).

		Debit/ (credit) income statement £m	Debit/ (credit) in net assets £m	Debit/ (credit) OCI/Equity £m
Misstatements identified in current year				
Academy cash balances	[1]	-	(0.323)	0.323
Academy debtors balances	[1]	-	(0.128)	0.128
Academy creditors balances	[1]	-	0.228	(0.228)
Pension liability - Goodwin	[2]	-	(3.000)	3.000
Ridgeway House	[3]	-	0.084	(0.084)
Crematorium Lodge	[4]	-	(0.234)	0.234
Disposals made in error	[5]	(0.292)	0.935	(0.643)
Duplicate Assets	[6]	-	(2.089)	2.089
Cost of Asset Disposals Debtor GL Code	[7]	0.128	(0.882)	0.754
Properties not on FAR	[8]	-	-	-
Archetype Classification	[9]	-	0.636	(0.636)
Understatement of accruals	[10]	0.232	(0.232)	-
Overstatement of employers pension contributions	[11]	-	(0.981)	0.981
Properties incorrectly on FAR	[12]	-	(1.443)	1.443
Trust Assets	[13]	-	(1.347)	1.347
DIY SO Properties	[14]	(1.845)	1.038	0.807
Housing benefit accruals	[15]	-	-	-
Aggregation of misstatements individually < materiality				
Total		**(1.777)**	**(7.738)**	**9.515**

Audit adjustments

Unadjusted misstatements (continued)

The following uncorrected misstatements have been identified up to the date of this report which we request that you ask management to correct as required by ISAs (UK).

[1] On inspection of the Schools' cash breakdown, we identified 4 balances relating to Academies which should not be recognised by the Council. On further investigation, we noted that the respective balances for debtors and creditors for the 4 Academies had also been included in the accounts.

[2] Although the Council is aware of the Goodwin case, we understand that it has not been reflected in the Defined Benefit Obligation; our view is that it should be. Based on general information that we have from Hymans Robertson, we understand that for a typical employer's section, the Goodwin impact cost could be of the order of 0.2% of the Defined Benefit Obligation, i.e. around £3m.

[3] We note that for the fixed asset, Ridgeway House Old Peoples' Home, The Lawns, Wootton Bassett, following a challenge by our valuation expert, the Council's valuer has acknowledged that the adopted land value rate was too low as a rate of £200,000 per hectare was applied and the valuer has now revalued the asset adopting a revised land rate of £375,000 per hectare. On this basis the value of this asset has been adjusted from £1,498,112 (buildings £1,402,060, land £96,052) to c. £1,582,158 (buildings £1,402,060, land £180,098) but this adjustment has not been made by the Council due to it being immaterial. We have obtained confirmation from the Council's external valuers that no other assets were affected by the incorrect land value rate being used in the valuation.

[4] We note that the fixed asset, Crematorium Lodge, has not been revalued in the last 3 years and on further investigation it should have actually been disposed of as it has been transferred to a city council. We note the NBV is not material so has not been corrected and any related depreciation charges have not been added to the misstatement as this would be highly trivial. The council have confirmed this will be corrected in 2020/21 accounts and recognised as a disposal.

[5] We noted during our disposals testing that 3 assets had been processed as disposals in the year in error and were actually still owned by the Council as at 31 March 2020. This meant that the loss on disposal in the year disclosed in Note 3 is overstated and the total value of disposals is also overstated in Note 15 due to the loss on disposal equalling the net book value of the disposed assets. The factual adjustment has not been corrected because it is not material at £935,170 and will be corrected for 2020/21.

[6] We identified two assets which have been recorded twice in the fixed assets register (Amesbury Salt Store Depot £1.959m and Highways Depot (South) – Salisbury £0.130m) resulting in an overstatement of the property, plant and equipment balance.

[7] We identified that GL code 919995 'Cost of Asset Disposals' which sits within short term debtors is incorrect and these do not represent valid debtors. Per discussions these are legal costs and demolition costs associated with the disposal of assets. From a sample of 3 we identified that none of the assets have yet been sold and 2 were not classified as surplus within the FAR. Therefore, 100% of the debtors balance is not recoverable. These are recognised as debtors incorrectly, with the intention to release them to offset against capital receipts once sold. However this is not in line with accounting standards. Therefore the whole GL code with value of £882k is incorrect and should be removed from debtors. This will be processed in the 2021/22 accounts. From review of the breakdown of the £882k we can see that there is £128k of spend in 19/20 and a reduction of £209k in the year of the debtors balance.

Audit adjustments

Unadjusted misstatements (continued)

[8] As part of the Council's Asset Existence Exercise the Council identified two assets which are not included in the FAR but should be. These are: Melksham HRC and the Bradford on Avon Library. Neither of these have been valued so net book values are not available. However, based on our considerations we have no reason to believe that the value of these would be material. This misstatement is that PPE is understated by the value of these assets which is currently unknown.

[9] We identified two instances in our sample testing where two storey properties had been classified as medium rise flats and therefore were included in Archetype 11. However, medium rise flats are defined as 3-5 stories tall. As such these two properties should be classified in Archetype 10. We performed some calculations to determine the potential error based on the average value of a property in each archetype. The value of the possible error is therefore a £636k understatement which is immaterial.

[10] We identified a number of instances of the understatement of accruals through our testing of a sample of payments that left the bank post year end (errors: £232k) to determine which financial year these relate to. We have extrapolated these errors over the population tested to determine whether they may be indicative of a material misstatement and have not identified any issues with these extrapolations not being material.

[11] Per the IAS 19 letter from the Pension Fund Auditors, we were informed that the employers contributions figure per the IAS 19 report was £981k higher than per the pension system.

[12] As part of the Asset Existence Exercise the Council identified a number of assets which are included on the FAR in error as they are not supported by Council records. These assets are no longer owned by the Council and should have been removed from the FAR. It is assumed that the assets were disposed of by the Council in previous years.

[13] The Council held a review of the King George assets in March 2021 following up from the recommendation raised in 2018/19. This identified several assets which should be removed from the Council's accounts.

[14] The Council disposed of 26 DIY shared ownership properties in error due to not thinking these were owned by the Council and subsequently discovering that they were. Additionally, these properties had never been revalued.

[15] The Council does not accrue for housing benefit payments and these are instead recognised on a cash basis when they are paid. We have determined that the impact on expenditure would not be significant and have estimated the impact to the balance sheet to be a potential understatement of accruals and receivables of £7.5m.

Audit adjustments

Corrected misstatements

The following table is not a complete list, but contains the most significant misstatements that have been identified up to the date of this report which have been corrected by management.

		Debit/ (credit) income statement £m	Debit/ (credit) in net assets £m	Debit/ (credit) OCI/Equity £m
Cash Flow Statement	[1]			
HRA – Repairs and Maintenance	[2]	(1.457)		1.457
HRA- Valuations	[3]		(0.718)	0.718
PFI loan understatement	[4]		(4.431)	4.431
PFI Schools	[5]		(34.842)	34.842
Finance Leases	[6]	(0.225)	12.171	(11.945)
Interest payable	[7]	-	-	-
Income and Expenditure in Relation to Investment Properties	[8]	-	-	-
Total		**(1.682)**	**(27.820)**	**29.503**

We note that there are numerous prior year adjustments that have been made to the 2019/20 accounts. These have been disclosed throughout the final set of accounts.

Audit adjustments

Corrected misstatements (continued)

[1] We identified errors in the figures included in the Cash Flow Statement, and associated notes as well as an error in the number included for the adjustment for non cash movements in 2019/20 caused by the incorrect signs being applied to investing and financing activities. Also, the first third versions of the draft accounts did not include the movement on PFI contracts for 2018/19 of £3,351k in note 41. Management also identified errors in the statement which resulted in this being redrafted and the 2018/19 comparative figures being restated.

The Council recognised there were issues in the presentation of the Cash Flow Statement and, following a review of the accounts, have subsequently completely restated the Cash Flow Statement. We are undertaking our audit testing on the current version of the Cash Flow Statement and will report any further misstatements identified.

[2] In the Draft Financial Statements the HRA repairs and maintenance expenditure was shown as £6,884k. This did not agree to the working paper breakdown and was subsequently amended to £5,427k.

[3] As briefly mentioned in the findings above and also mentioned in the disclosure misstatements below, the incorrect number of HRA units was provided to the valuer. This meant that the HRA valuation was initially incorrect and was subsequently updated. On this basis the updated reported valuations for the Council House Assets are: Total Value £311,290,875 (originally reported as Total Value £312,009,250).

[4] This misstatement relates to the Monkton Park PFI contract which was revised in January 2011 to become a long term loan with Barclays bank, as such this affects the current year and prior year. The correction of the classification from PFI to loan has no net impact, however, investigation by the Strategic Finance Accountant has identified that the outstanding liability was approximately £4m understated.

[5] As part of our fixed asset verification testing we identified that the PFI schools balance was made up of 3 schools. Of these 3 schools, 2 had been converted into academies in 2011 and therefore should not be included in the FAR. This affects the current year and the prior year.

[6] This misstatement reflects the Council's waste vehicles being reclassified and remeasured as a finance lease - receivable (previously treated as REFCUS).

[7] There has been a £4.237m increase in interest payable and similar charges due to an adjustment to reclassify interest payable on PFIs, which was previously recognised in net cost of services.

[8] Income and Expenditure in Relation to Investment Properties, £1,986k, is now being shown in Financing and Investment Income and Expenditure rather than within net cost of services.

Audit adjustments

Disclosures

Disclosure misstatements

The following disclosure misstatements have been identified and corrected (unless otherwise stated) up to the date of this report.

Disclosure misstatement identified
There was a remapping of the current year CIES headings due to changes in the structure of the Council departments. The Council failed to remap the prior year comparatives based on the new mapping when the draft Financial Statements were prepared. The prior year comparatives have since been remapped and we have undertaken audit testing of this.
The draft Financial Statements included a disclosure for a contingent liability in relation to business rate claims by NHS trusts. The legal case was turned down by the courts in December 2020 and therefore we consider this an adjusting post balance sheet event and the disclosure in the financial statements has been amended to remove the reference to a contingent liability.
In the draft Financial Statements Note 1 of the Collection Fund Accounts showed a Council Tax base of 184,897. As per cabinet meeting minutes the correct Council Tax base is 186,013. The difference is due to a one-off adjustment for single person discounts which had not been reflected in the first version of the draft Financial Statements. This has since been amended.
The disclosed housing stock levels in note 1 to the Housing Revenue Account in the draft Financial Statements were incorrect as they did not agree to the valuer's report. Whilst the largest difference was 13 in relation to 2 bedroom flats each number was incorrect. The disclosure was updated in version two of the draft Financial Statements. The Council identified the error on review of work handed over by a departing staff member.
The draft Financial Statements Note 4 to the HRA did not include the Prior Year (PY) comparatives. This was amended in version four of the draft Financial Statements to include the prior year comparators. Also, in version four of the draft Financial Statements the analysis was changed for both years and this has also resulted in the prior year column now being headed as re-stated.
The Council did not include lease disclosures in the draft accounts (or prior year accounts). These disclosures have now been included and range in value from £2,891k to £13,031k.
Upon reviewing the contracts register when testing whether the Council's lease disclosures were complete, we identified two further leases which had not been disclosed. One was highly trivial and the other related to a lease with a value of £928k per annum. The operating lease disclosure has been updated for this.

Audit adjustments

Disclosures (continued)

Disclosure misstatement identified

In the draft Financial Statements, the related party balance disclosure for Wiltshire Pension Fund, in note 12, had not been updated from 2018/19 so the 2019/20 disclosure was incorrect. The disclosure was amended from £1.478m to £1.818m in version four of the draft Financial Statements.

As part of our PPE testing we identified a number of nil net book value assets on the FAR. We challenged the Council on these and they conducted an exercise to identify any which were no longer in use and therefore should have been disposed of. Adjustments of £97,589k resulted from this which impact the PPE disclosure only, and do not impact on the net book value of assets and therefore do not impact the balance sheet. The accounts have been updated for these adjustments.

In the draft Financial Statements the employee expense and other services expense lines in Note 1b for 2018/19 did not agree to the prior year audited financial statements. The employee expenses had not been updated from 2017/18 and this meant the other services expense line was wrong too as it is formula driven. This has since been updated.

We identified that the Council received a grant of £11.6m in relation to Covid-19 which is being recognised within Corporate Income in the CIES, but was not disclosed in Note 6 Grant Income in the draft Financial Statements. This resulted in the Council revisiting Note 6 and a number of other amendments have been made to the disclosure in that note.

In the draft Financial Statements Note 38 which contains the Pension Fund disclosures contained a number of errors. The contributions in respect of unfunded benefits, benefits paid and unfunded benefits paid lines did not agree to the actuaries report. This was a transposition error where the wrong narrative was aligned to the disclosed numbers. Together the numbers are correct, however the draft accounts show the figures next to the wrong narrative line.
For example, contributions in respect of unfunded benefits: as per note 38 - (£46,996k) as per actuaries report - £3,534k. This has been corrected in version five of the accounts.

Note 49 of the draft Financial Statements includes disclosures in respect of the Local Government Pension Scheme. Our testing revealed that the disclosures for 2019/20 did not agree to the Actuary's IAS 19 report, and the 2018/19 disclosures did not agree to the prior year financial statements. This is because the 2019/20 figures were included in the 2018/2019 column, and vice versa. This has since been amended in version four of the accounts.

Audit adjustments

Disclosures (continued)

Disclosure misstatement identified
Note 49 of the draft Financial Statements includes disclosures in respect of the Local Government Pension Scheme. The disclosures included an 'average age' total of 16.5 years. This is clearly not correct and is not a required disclosure so should be removed. This has since been amended in version five of the accounts.
Note 49 of the draft Financial Statements includes disclosures in respect of the Local Government Pension Scheme. The disclosure of the percentage of fund assets in each asset category were incorrect in the draft accounts as they had not been updated from the prior year. Therefore the 2019/20 disclosures did not agree to the IAS19 Actuaries report. We noted that there were percentages disclosed for some asset classes with zero balances. This has since been corrected in version four of the accounts.
Note 7 of the draft Financial Statements discloses information in relation to the Dedicated Schools Grant (DSG). We identified several differences in the 2018/19 comparative figures within this note compared with the signed prior year Financial Statements - b/f from previous year and agreed use of 2020-21 grant in advance. These were brought to the attention of management who informed us that the note was incorrect and provided an amended note. This note was re-stated by management in version four of the draft accounts.
Note 7 of the draft Financial Statements discloses information in relation to the Dedicated Schools Grant (DSG). We identified that several figures had the wrong signs in the amended note we received as a result of the first error found (see above). The note was showing £846k rather than (£846k) for 2018/19 and (£2,073k) instead of £2,073k for 2019/20. This meant the note did not cast correctly and the figures did not agree with the PY. This note was re-stated by management in version five of the draft accounts.
Note 16 of the draft Financial Statements discloses information about depreciation. We identified that the balance being disclosed for the total depreciation charged for 2019/20 read as 35,67.000. This was clearly formatted inconsistently and incorrectly. This has since been corrected in version four of the accounts.

Audit adjustments

Disclosures (continued)

Disclosure misstatement identified
Accounting Policies of the draft Financial Statements do not include disclosures in respect of the Council’s Write off policy as stated in the CIPFA Checklist. A control finding relating to the inadequate review of the CIPFA checklist by the Council has been raised in the ‘Update Report’ issued by Deloitte in March 2021. **We note that this remains uncorrected.**
On review of Version 3 of the Draft Financial Statements, we identified that the balance for ‘(Gain)/Loss on sale of HRA assets’ in the HRA Income and Expenditure Statement was originally stated as £1,719k. However, the same balance in the ‘Statement of Movement on HRA balances’ was stated as (£1,904k). These balances should agree. These differences were brought to the attention of management who informed us that the ‘Statement of Movement on HRA balances’ note was incorrect and provided an amended note in Version 4 of the Draft Financial Statements. As a result, the presentation of the ‘Statement of Movement on HRA balances’ changed slightly to show two balances; Capital receipts of £6,440k and Disposals of (£1,719k) which net to the correct balance of £4,721k and now agrees to the HRA Income and Expenditure Statement. Similarly the 2018/19 balance was incorrect and this was adjusted from £4,759k to (£2,770k). We note that these were presentational errors only and the ledger was correct.
On review of Version 3 of the Draft Financial Statements, we identified that the ‘charges for services and facilities’ account balance of the HRA Income and Expenditure Statement was nil. This was brought to the attention of management who informed us that this was incorrect and had been omitted in error. Management then amended this in Version 5 of the Draft Financial Statements to show a balance of £1,052k.
During the testing of PPE disposals, we were informed that there were a number of assets included in the disposals figure (with 3 of these being identified in our sample testing) within the 2019/20 accounts which were actually disposed of in previous financial years, however were not recorded as disposals in the relevant financial statements. This was discussed with management to quantify the impact and it was agreed to include a footnote to Note 3 to explain the impact on the financial statements. This is as follows; ** 2019/20 amount includes the net book value (£7.3m) of schools that have converted to academies and the net book value (£7.0m) of assets that were included in the Council’s fixed asset register that following a review were identified as having been disposed of in previous years.*

Audit adjustments

Disclosures (continued)

Disclosure misstatement identified
Note 18 of the draft Financial Statements includes information about the fixed asset valuations that have taken place each year within the 3 year rolling revaluation programme across the classes of assets. We noted during the testing of Note 18 that the values did not reconcile to the figures in the valuers report. This was brought to the attention of management who informed us that the note was incorrect and they were going to provide us with an amended note in version 6 of the draft Financial Statements. However, at the time of this report we are yet to audit the updated version of Note 18.
During the fixed asset revaluations testing, we identified that the Council had disposed of an asset in the year however had recorded this as a ‘downwards revaluation’ instead of a ‘disposal’. This therefore has an impact on Note 15 and Note 36 showing disposals in the year as understated and downwards revaluations in the year as overstated. The value of this misstatement is £1,369k however, we note that this does not impact the net book value of assets as at 31 March 2020. We are in the process of conducting further work to identify if there are assets that have been processed in this way. **The accounts are not being updated for the impact of this misstatement.**
During the fixed asset revaluations testing, we identified that the Council had processed some revaluation adjustments incorrectly by posting both upward and downward revaluation balances in the revaluation reserve (which net to the actual change in value of the asset in the year). This means both upwards and downwards revaluation balances are overstated by an equal amount in Note 36. We therefore undertook some further analysis to identify any other assets where this error has occurred. We note that the total impact is an overstatement of upwards and downwards revaluation balances of £1,535k (£3,070k total overstatement). We note that this does not impact the total balance for the year for the revaluation reserve. **The accounts are not being updated for the impact of this misstatement.**
During our testing of the reclassification of service lines for the 2018/19 balances we identified three differences. The differences are the result of an adjustment from the Corporate service line to the Education & Skills and Housing & Commercial service lines. Management were unable to explain this adjustment. We note that the value of the adjustment is £4,651k. We note that the impact on the total balance in the CIES is trivial, and this is mainly a reclassification issue. **The accounts are not being updated for the impact of this.**

Audit adjustments

Disclosures (continued)

Disclosure misstatement identified
Per the IAS 19 letter from the Pension Fund Auditors we noted that benefits paid were overstated by £3.9m. This would result in the equal understatement of both liabilities and assets relating to the pension so would have an overall nil impact on the pension liability. **The accounts are not being updated for the impact of this misstatement.**
We noted in our capital commitments testing that commitments relating to 2019/20 financial year were included in the 2018/19 comparatives. This was because this note was not included in the 2018/19 accounts so both the 2018/19 and 2019/20 balances were produced for the 2019/20 accounts. This meant that the information available to the Council for 2018/19 was not as accurate as it was for the 2019/20 financial year due to the time lag. We have performed analysis of the report making up this note and note that there is not a material impact and the accounts have been updated accordingly.
The prior year gain/loss on sale of HRA assets in the HRA statements was identified as incorrect changing from £4,759k to (£2,770k) a difference of £7,529k which is immaterial. This was a presentational error only with the statement of accounts and the ledger was correct. We note that the original HRA statement in V3 of the accounts contained errors, which once highlighted were amended and adjusted by the Council following their review.
On inspection of note 18, which shows the value of properties revalued by year, we identified that there were £10.7m of properties included in the rows 2016/17 and 2015/16 which is not in line with the Council's 3 year valuation cycle. On investigation, the Council confirmed this was incorrect, and incorrect on Asset Manager, and that the assets had been revalued in 2018/19. Note 18 has been amended to reflect this error.

Our other responsibilities explained

Fraud responsibilities and representations

Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.

Required representations:

We have asked the Council to confirm in writing that you have disclosed to us the results of your own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that you have disclosed to us all information in relation to fraud or suspected fraud that you are aware of and that affects the Council.

We have also asked the Council to confirm in writing their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

Audit work performed:

In our planning we identified the risk of fraud in completeness of accrued expenditure and management override of controls as a key audit fraud risk.

During course of our audit, we have had discussions with management and those charged with governance.

During course of our audit, we have not identified any further risks relating to fraud.

Concerns:

We have raised several control improvements summarised earlier in this report to help mitigate against the risk of fraud. No instances of fraud which have a material impact on the financial statements have been identified.

Independence and fees

As part of our obligations under International Standards on Auditing (UK), and the Companies Act, we are required to report to you on the matters listed below:

Independence confirmation	We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of the Council and and our objectivity is not compromised.
Fees	Details of proposed fees for audit services performed for the period have been presented separately on the next page.
Non-audit services	In our opinion there are no inconsistencies between the FRC's Ethical Standard and the company's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.
Relationships	We have no other relationships with the Council, its officers and senior management and its affiliates.

Independence and fees

The professional fees expected to be charged by Deloitte for the period from 1 April 2019 to 31 March 2020 are as follows:

	Current year £'000
Financial Statement audit including Whole of Government and procedures in respect of Value for Money assessment	129*
Total fees	**129***

*We note that the fee above represents the scale fee for the audit of £129k. A revision to the fee (increasing this to £155k) was proposed by the Audit Partner to Management in March 2021 due to Covid-19 factors, the scale of the Wiltshire Council audit and additional costs linked to performance (reflecting the quality of working papers etc). Discussions on this revised fee are yet to take place, and further discussions will be required in relation to overruns for 2019/20, particularly in relation to the additional work required on errors identified. Any overruns or changes to the scale fee will also need to be agreed with PSAA.

Our approach to quality

AQR team report and findings

Executing high quality audits remains our number one priority. We are committed to our critical public interest role and continue to embed our culture of quality and excellence into all of our people. This includes using new technology and tools to continue to transform our audit approach.

In July 2021 the Financial Reporting Council ("FRC") issued individual reports on each of the seven largest firms, including Deloitte, on Audit Quality Inspections providing a summary of the findings of its Audit Quality Review ("AQR") team for the 2020/21 cycle of reviews.

We greatly value the FRC reviews of our audit engagements and firm wide quality control systems, a key aspect of evaluating our audit quality.

In that context, overall FRC inspection results, showing an improvement since last year from 76% to 79% of all inspections assessed as good or needing limited improvement, reflect the progress we are making. The overall profile of our ICAEW inspections and our internal inspection programme also show a similar overall improvement since last year.

The results for the inspections of FTSE 350 entities fell short of our overall scores, reflecting specific findings on those particular audits rather than issues pervasive across other audits. Our objective continues to be for all of our audits to be assessed as good or needing limited improvement and we know we still have work to do in order to meet this standard.

We agree with and accept the FRC's findings on the individual inspections. The FRC has recognised improvements following the actions and programmes for previous years and we welcome the good practice points raised, including in respect of impairment and revenue where individual findings continue to occur.

Overall, we are pleased that there have been no significant findings over our firm wide processes and controls over the last three inspection cycles in the areas subject to rotational review by the FRC. However, we are continually enhancing our processes and controls across our business and such changes will directly or indirectly affect audit quality.

All the AQR public reports are available on its website. https://www.frc.org.uk/auditors/audit-quality-review/audit-firm-specific-reports

Our approach to quality

AQR team report and findings

The AQR's 2020/21 Audit Quality Inspection Report on Deloitte LLP

"We reviewed 19 individual audits this year and assessed 15 (79%) as requiring no more than limited improvements. Of the 11 FTSE 350 audits we reviewed this year, we assessed eight (73%) as achieving this standard".

"Our key findings related primarily to the need to:

- Improve the evaluation and challenge of management's key assumptions of impairment assessments of goodwill and other assets.
- Enhance the consistency of group audit teams' oversight of component audit teams.
- Strengthen the effectiveness and consistency of the testing of revenue."

"The firm has taken steps to address the key findings in our 2019/20 public report, with actions that included increasing the extent of consultations, and enhanced learning, coaching and support programmes.

We have identified improvements, for example, in the extent of challenge of management by audit teams in respect of the estimates used for model testing. This was identified as a key finding last year.

We also identified good practice in a number of areas of the audits we reviewed (including robust procedures relating to going concern and evidence to support the challenge of management in areas of key judgement) and in the firm-wide procedures (including establishing a centre of excellence focused on credit for banking audits to encourage the consistent application of the firm's methodology and guidance)."

Our approach to quality

AQR team report and findings

Improve the evaluation and challenge of management's key assumptions of impairment assessments of goodwill and other assets

How we have addressed this area as a firm

To address this finding, we have done, or plan, the following:

- We refreshed our Impairment Centre of Excellence ("COE") to establish clear partner leadership and introduced frequent communication touchpoints to share best practice, hot topics and technical updates.
- We performed a risk focused strategic allocation of impairment specialists for a selection of December 2020 audit engagements, taking into account industry knowledge and experience. Going forward we will seek to involve the EQCR partner to determine whether the allocated specialist should have industry knowledge or whether generalist knowledge would provide an enhanced independent challenge to an industry focused engagement team.
- We will update our impairment guidance notes and consultation document to include specific risk criteria which require further discussion with a panel of specialists, including, but not limited to, where the audit team develop their own model or where cashflow forecasts extend beyond a commonly used period.
- The launch of the Digital Blueprint project management tool will assist teams in prioritising their time across all areas of the audit.
- We will hold workshops with our partners and directors to bring to life the common causes that have led to FRC findings and to ensure greater consistency in expectations in respect of the expected depth of review.
- We have introduced a new coaching program to support the development of primary reviewing skills and to identify any reviewing skills gaps which need addressing.
- To respond to the poor quality and untimely preparation of information by the company for audit, we expect, where appropriate, to increase the communication with management and those charged with governance so that there are clearer expectations in respect of the quality of information prepared for audit.
- We have updated our impairment template memo to reflect the most recent inspection findings we will develop additional training materials on hot topics and areas of regulatory focus, for example, guidance to assist in the challenge of cash flow assumptions and cost reduction initiatives.
- We also developed a new template to support teams in auditing accounting estimates in response to the requirements of ISA (UK) 540 revised 'Auditing Accounting Estimates & Related Disclosures'.

Our approach to quality

AQR team report and findings

Enhance the consistency of group audit teams' oversight of component audit teams

How we have addressed this area as a firm

To address this finding, we have done, or plan, the following:

- We have appointed a partner who, together with a number of experienced directors, will lead a series of coaching workshops where we will walk through and discuss good practice examples (including those noted from external reviews) of how audit teams have undertaken group audits together with examples of where pitfalls have been identified. Those workshops will be attended by engagement teams to ensure a range of audits are covered and that those teams can also take learnings to their other group audits.
- We will also refresh our practice aid to develop a reference point for those good practice examples and learnings from the inspection cycle that will be made available to all audit practitioners. We also intend, as part of identifying good practice examples, to share templates that audit teams can use to evidence the communications held throughout the audit process with component audit teams. This will help to demonstrate the required oversight and direction performed by the group audit team by evidencing in detail the interaction / challenge / resolution of issues with component teams.
- We issued a reminder of the EQCR requirements with respect to the need to hold discussions with Key Audit Partners of material subsidiaries in our January 2021 EQCR briefing which was delivered to all EQCR reviewers.
- We have regularly communicated the FRC findings, including those on group audits to the wider audit practice during the inspection cycle through our National Accounting & Audit digest emails to ensure that audit teams who might be affected by the findings are fully briefed.

Our approach to quality

AQR team report and findings

Strengthen the effectiveness and consistency of the testing of revenue

How we have addressed this area as a firm

To address this finding, we have done the following:

- We included a 'Substantive Analytical Review ("SAR") revenue deep dive' in our mandatory monthly professional training update in September 2020. This focused on appropriate planning, testing requirements including use of independent data sources and threshold calculations and how to avoid common pitfalls.
- Included a mandatory session on auditing revenue, which included the use of SAR within our Engagement Team Based Learning ("ETBL") coaching sessions for the 2020 programme. This focused teams on the overall approach taken in order to ensure that our teams understood transaction flows and that audit tests were designed appropriately.
- In late 2020 we updated the guidance given to consulted parties about how to respond to the consultations audit teams are required to undertake when using the audit regression software analysis to audit both revenue and cost of sales. This was to ensure that the consulted parties were being provided with all the relevant facts and circumstances when evaluating the appropriateness of using the software to assist us in performing substantive analytical procedures on both account balances in this way.
- We have held additional training sessions for our manager group which focused on reviewing skills with the aim of improving the quality of primary reviews undertaken. This will ensure appropriate focus is being placed on the review of areas where substantive analytical review is performed.

We also plan to do the following:

- For December 2021 year ends, we have introduced a new policy, which applies to listed and PIE entities in the UK and requires teams to identify and test the operating effectiveness of relevant controls for material revenue streams. Our main annual training ("TechEx"), includes a learning journey, comprised of various modules on internal controls, including a focus on the new policy as a hot topic, a deep dive session on revenue review controls, and a module on evaluating General IT Control deficiencies.
- The Deloitte Substantive Analytic Review Guide is also being updated to incorporate our learnings from these audit inspections.

Draft Auditor’s Report

Independent auditor’s report to the members of Wiltshire Council

Report on the audit of the financial statements

Qualified opinion

In our opinion, except for the effects of the matter described in the basis for qualified opinion section of our report, the financial statements of Wiltshire Council (the ‘Authority’):

- give a true and fair view of the financial position of the Authority as at 31 March 2020 and of the Authority’s expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

We have audited the financial statements which comprise:

- the Comprehensive Income and Expenditure Statement;
- the Movement in Reserves Statement;
- the Balance Sheet;
- the Cash Flow Statement;
- the Expenditure & Funding Analysis Statement;
- the related notes 1 to 52;
- the accounting policies;
- the Housing Revenue Account Income and Expenditure Statement; and
- the Collection Fund.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2019/20.

Basis for qualified opinion

As at 31 March 2020 and 31 March 2019 the Revaluation Reserve of £289,374,000 and £308,687,000, respectively, and Capital Adjustment Account of £356,125,000 and £326,878,000, respectively, were included in the Authority’s Unusable Reserves.

As disclosed in Note 36 and 37 of the financial statements the opening balances of the Revaluation Reserve and the Capital Adjustment Account as at 1 April 2018 were adjusted due to errors found in the historic balances when implementing the new fixed asset management system. We were unable to obtain sufficient appropriate audit evidence in relation to these balances due to the lack of records on an asset by asset basis to support how these balances have built up over a number of years which caused us to qualify our audit opinion on the financial statements relating to 2018/19 financial year.

Draft Auditor’s Report

Whilst the Authority has been making progress on the analysis needed for us to audit these balances, insufficient progress has been made. As a result of this matter, our opinion on the current year’s financial statements in relation to Revaluation Reserve and the Capital Adjustment Account is also qualified. Where any adjustments to the Revaluation Reserve or Capital Adjustment Account are required, there may also be an impact on the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the Expenditure and Funding Analysis Statement. However, there will be no impact on the General Fund Balance and the Total Useable Reserves.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s (the ‘FRC’s’) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matter – material uncertainty related to property valuations

We draw attention to note 44, which describes the effects of the uncertainties created by the coronavirus (Covid-19) pandemic on the valuation of the Authority’s land and buildings. As noted by the Authority’s external valuers, the pandemic has caused extensive disruptions to businesses and economic activities and the uncertainties created have increased the estimation uncertainty over the fair value of the property portfolio at the balance sheet date. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

The going concern basis of accounting for the Authority is adopted in consideration of the requirements set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 , which require entities to adopt the going concern basis of accounting in the preparation of the financial statements.

Draft Auditor's Report

Other information

The Chief Financial Officer is responsible for the other information. The other information comprises the information included in the statement of accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Chief Financial Officer's responsibilities

As explained more fully in the Chief Financial Officer's responsibilities statement, the Chief Financial Officer is responsible for: the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future.

Auditor's responsibilities for the audit of the financial statements

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

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

Draft Auditor's Report

Report on other legal and regulatory matters

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

Conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in April 2020, we are satisfied that, in all significant respects, Wiltshire Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2019, as to whether Wiltshire Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Wiltshire Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Draft Auditor’s Report

Matters on which we are required to report by exception

The Code of Audit Practice requires us to report to you if:

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit;
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014;
- an application has been made to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- an advisory notice has been issued under Section 29 of the Local Audit and Accountability Act 2014; or
  an application for judicial review has been made under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority’s Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Use of our report

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

Ian Howse CA, CPFA (Appointed Auditor)

For and on behalf of Deloitte LLP

Cardiff, Wales

Wiltshire Council

Audit and Governance Committee

1 March 2022

Subject: **Statement of Accounts 2019/20**

Executive Summary

This report presents the Statement of Accounts 2019/20 pending the final conclusion of the audit and Letter of Representation with a request for delegated approval.

Proposal(s)

It is recommended that the Audit & Governance Committee approve that delegation is given to the Corporate Director of Resources & Deputy Chief Executive (S151 Officer) in conjunction with the Chair of the Audit & Governance Committee to approve, following the completion of the audit, the following items:

a. The Letter of Representation for the Statement of Accounts 2019/20.

b. The final audited Statement of Accounts 2019/20, accepting the auditors "except for" qualification limited to the historic balances on the Revaluation Reserve and the Capital Adjustment Account.

It is also recommended that the Audit & Governance Committee ratify that no amendments are required to the Annual Governance Statement for 2019/20.

Reason for Proposal(s)

The responsible financial officer is required to approve and publish the Statement of Accounts for the Council by the deadlines set out in regulation, or as soon as reasonably practicable after the receipt of the auditor's final findings. The statutory deadline for the 2019/20 Statement of Accounts approval was 30 November 2020.

Andy Brown
Corporate Director for Resources & Deputy Chief Executive (S.151 Officer)

Wiltshire Council

Audit and Governance Committee

1 March 2022

Subject: Statement of Accounts 2019/20

Purpose of Report

1. This report presents the Statement of Accounts for the financial year 2019/20 pending the final conclusion of the audit.

Relevance to the Council's Business Plan

2. The responsible financial officer is required to approve and publish the Statement of Accounts for the Council by the deadlines set out in regulation, or as soon as reasonably practicable after the receipt of the auditor's final findings.

Background

3. At the Audit and Governance Committee meeting on 18 November 2020 it was agreed to defer the approval of the 2019/20 accounts to its meeting on 10 February 2021 as the audit process had not been completed to conclusion. This was in part due to the focus on progressing the resolution of outstanding audit queries and bringing the audit of the 2018/19 accounts to conclusion, as well as recognising the limited technical capacity and experience of resources within the Council at the time and the difficulties in progressing the audit process remotely.

4. During the latter part of December 2020, it became apparent that a significant proportion of audit queries on the 2019/20 accounts remained outstanding. At this point it was agreed to appoint an experienced local government resource through an agency to support resolution of the outstanding issues on the accounts. A report was presented to the Audit and Governance Committee at its meeting on 10 February 2021 setting out the challenges and requested that a further delay be approved, with a commitment to bring the accounts to the meeting on 28 April 2021, which was agreed.

5. At the 28 April 2021 meeting it was reported that whilst significant progress had been made, the range and number of errors and misstatements was larger than we had wished to see, and they were not contained to one area, hence delaying the conclusion of the audit.

6. Subsequently at the Audit and Governance Committee meeting on 28 September 2021, it was reported that positive progress with the audit had continued however, further technical fixed asset accounting issues had arisen, which had been highlighted by the transparent reporting of the new system, and these now needed to be resolved. The issues covered several different aspects of fixed asset accounting, therefore to ensure we had confidence in the fixed asset values disclosed in the accounts, provide the assurances

required, and due to the scale of misstatement found, it was necessary for us to carry out a wider review of fixed assets.

7. It was also reported at the 28 September 2021 meeting that the 2020/21 end of year processes and the more robust construction of the accounts had also highlighted some issues that had not been addressed in the draft 2019/20 accounts that required further adjustment, such as lease accounting which had not been accounted for or disclosed in past years.

8. A further verbal update was provided to the 24 November 2021 meeting in which it was explained that the Council was not alone as an authority regarding the delay in signing off the accounts. There is clear strain in the local government audit sector with around 91% of councils audits were not complete before the statutory deadline. It was reported that as a result of the significant amount of work that officers and the Council's external auditor had undertaken, the presentation of the audited Statement of Account 2019/20 to this meeting for approval, was envisaged.

9. The audit has progressed significantly, and it was expected that all elements would be complete in time for the report publication for this committee. Although the audit is near completion, we are still awaiting final elements from the external auditor for the audit to be formally signed off and approved. The outstanding elements that the external auditors are still to provide final sign-off for are partner and quality review processes on disclosures including those for the Prior Period adjustments, the final quality assurance procedures, the clearance of review notes on file and the final review of events since 31 March 2020.

10. This sign-off is not expected to materially change the accounts however, until the external auditors undertake this review work and achieve the required sign-off we are not in a position to present final audited 2019/20 Statement of Accounts for approval. The Statement of Accounts pending the conclusion of the audit can be seen in **Appendix A**.

11. The Council's external auditor's draft ISA260 report on the 2019/20 Statement of Accounts, which includes a number of recommendations, is a separate item on the agenda for this meeting.

Annual Governance Statement

12. The draft Annual Governance Statement was considered by the Audit and Governance Committee at its meeting on 22 July 2020, and a number of amendments were proposed. These amendments have been incorporated into the final version of the Annual Governance Statement which forms an integral part of the 2019/20 Statement of Accounts - see in **Appendix A**.

13. Best practice requires local authorities to review their Annual Governance Statement immediately before the Statement of Accounts is approved to ensure that the governance framework and risks have not significantly changed since the original review was carried out. This review has highlighted that nothing has significantly changed from the draft version reported to this committee at its meeting on 22 July 2020.

Letter of Representation

14. The International Standard on Auditing 580 requires auditors to obtain written representations from management and, where appropriate those charged with governance in an audit of the financial statements. This statement can be found in **Appendix B** as a formal Management Representation letter to Deloitte. The committee are requested to formally approve this representation. Once approved the letter will be passed to our auditors.

Main Considerations for the Council

15. From the outset it is imperative to understand that the majority of the 2019/20 accounts have been resolved to satisfaction. There remains the “except for” qualification regarding the outstanding technical and historic Revaluation Reserves and Capital Adjustment Account balances issue[1]. However, as previously reported to this committee officers are working to the lifting of this “except for” qualification for the 2020/21 accounts process.

16. The impact of this “except for” qualification for the Statement of Accounts is very limited. There is no impact on the net financial position of the Council that has been reported, there is no impact on the General Fund Reserve, no impact for the council tax payer nor for the resources available for delivery services and it does not affect any decision for financial planning purposes.

17. As highlighted in paragraph 9 above, the majority of the audit is complete however, as the final conclusion has not been received the final audited accounts cannot be requested to be approved. The outstanding element of the audit is not expected to have a material impact on the accounts presented in **Appendix A**, and it is therefore recommended that delegation be given to the Corporate Director of Resources & Deputy Chief Executive (S151 Officer) in conjunction with the Chair of the Audit & Governance Committee. By allowing the sign off of the accounts (albeit through delegation) it will demonstrate that, apart from these technical issues, the Council’s accounts do represent a true and fair view. The focus must remain on ensuring that value for money is delivered through the work to support the audit and the cost of additional audit services, that Council resources are focused on recovery alongside statutory requirements, and finance support the priorities of the Council.

Next Steps – Plan of action

18. After the receipt of the final audit conclusion approval will be sought of the 2019/20 Statement of Accounts and Letter of Representation by the Corporate Director of Resources & Deputy Chief Executive (S151 Officer) in conjunction with the Chair of the Audit Committee and following the receipt of the audit certificate the audited Statement of Accounts 2019/20 will be published and made available on the Council’s website.

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[1] There has not been enough evidence provided for the opening balances of the Revaluation Reserve and the Capital Adjustment Account to satisfy the external auditors to be assured on the level of balances stated.

19. It should be made clear that the historic balances of the technical reserves is still an important issue that needs resolving, and this task will not be complete until the issue has been resolved to satisfaction in the opinion received on the 2020/21 accounts. There is full commitment to undertake all the work required to provide assurance on the balances and to ensure that the proposed qualification applies only to the two financial years and will not apply to the accounts for 2020/21.

20. Equally there is a commitment to:

- Address the recommendations within the Council's external auditor's ISA260 report on the 2019/20 Statement of Accounts, which is separate item on this agenda; and
- Continue the review of the level of technical resource within the Councils accountancy team and to ensure there is sufficient technically skilled resource to not only deal with resolving the issues on the audit but is sustainable to deal with the changing technical demands in the accounting code for Local Government as well as the activities being undertaken by the Council e.g. consolidated group accounts and the new leasing accounting standard IFRS16.

Overview and Scrutiny Engagement

21. No overview and scrutiny engagement has taken place due to the statutory nature of the annual accounts process. Those charged with governance i.e. Audit and Governance Committee, are responsible for the review and approval of all matters concerning the annual accounts.

Safeguarding Implications

22. There are no safeguarding implications associated with this report.

Public Health Implications

23. There are no public health implications associated with this report.

Procurement Implications

24. There are no procurement implications associated with this report.

Equalities Impact of the Proposal

25. There are no equalities impacts arising from this report.

Environmental and Climate Change Considerations

26. There are no environmental and climate change considerations arising from this report.

Risks that may arise if the proposed decision and related work is not taken

27. The Statement of Accounts are required to be approved as part of the overall statutory requirement of the annual accounts process. If the accounts and audit process is not finalised the ability to progress the accounts and audit process for 2020/21 and 2021/22 will be limited and result in further delay to this process. The statutory deadline for approval of the 2020/21 Statement of Accounts was 30 September 2021, and the deadline for the completion of the draft accounts for the 2021/22 accounts being 31 August 2022 [with approval on or before 30 November 2022].

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

28. Additional work is required by both Council and external audit staff to address the outstanding issue with the historical balances in the technical reserves and ensure the "except for" qualification is lifted and does not apply to the 2020/21 Accounts. This is likely to result in additional audit fees. The audit is a statutory function and accounts must be prepared in accordance with regulation to represent a true and fair view of the financial position of the Council.

Financial Implications

29. As with 2018/19 the extended time and additional work that was required to complete the audit has likely resulted in additional audit fees being incurred. As stated in previous reports to this committee, additional local government technical financial accounting experienced resource has been sourced through an agency for support to address to conclusion the 2019/20 accounts and audit, to address the outstanding technical historic account balances issue which resulted in the "except for" qualification of the 2018/19 and 2019/20 Statement of Accounts in time for the lifting of this "except for" qualification for the 2020/21 Statement of Accounts, and to also support the development and training of team through the production of the 2020/21 accounts process.

Legal Implications

30. There are no legal implications associated with this report.

Workforce Implications

31. There are no workforce implications associated with this report.

Options Considered

32. The Council's responsible financial officer is required to approve and publish the Statement of Accounts for the Council by the deadlines set out in regulation, or as soon as reasonably practicable after the receipt of the auditor's final findings.

Conclusions

33. It is recommended that the Audit & Governance Committee approve that delegation is given to the Corporate Director of Resources & Deputy Chief

Executive (S151 Officer) in conjunction with the Chair of the Audit & Governance Committee to approve, following the completion of the audit, the following items:

a. The Letter of Representation for the Statement of Accounts 2019/20.

b. The final audited Statement of Accounts 2019/20, accepting the auditors "except for" qualification limited to the historic balances on the Revaluation Reserve and the Capital Adjustment Account.

It is also recommended that the Audit & Governance Committee ratify that no amendments are required to the Annual Governance Statement for 2019/20.

Andy Brown
Corporate Director for Resources & Deputy Chief Executive (S.151 Officer)

Report Authors:
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18 February 2022

Appendices

Appendix A: Statement of Accounts 2019/20
Appendix B: Letter of Representation 2019/20

Background Papers

The following documents have been relied on in the preparation of this report:

Draft Statement of Accounts 2019/20

Previous update reports presented to the Audit and Governance Committee on:

22 July 2020; 18 November 2020; 10 February 2021; 28 April 2021; 11 October 2021; and 24 November 2021

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Wiltshire Council

Annual Report and Statement of Accounts

2019/2020

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Leader's introduction

2019/20 has been a challenging but successful year as the Council delivered against our Business Plan. Despite funding pressures and significant levels of demand, the Council has made strong progress in its priorities.

The ambitious Business Plan underpinned by the financial plan sets out four priorities for Wiltshire:

- Growing the economy
- Strong communities
- Protecting those who are most vulnerable
- An innovative and effective Council

During 2019/20 we have delivered on these priorities and we are proud of our staff, services and what we have achieved together.

The Business Plan builds on the hard work and direction we have set out over the last decade. We are delivering change today in readiness for the next decade.

2019/20 has been another challenging year financially, yet I am delighted that the Statement of Accounts that follow show yet again we have delivered our budget and this year we have succeeded in returning £0.356 million to the General Fund Reserve.

This has been achieved whilst delivering £27 million of in year saving proposals in the face of £45 million of growth in demand for critical services.

We have continued to make big decisions to ensure the County of Wiltshire is prepared for the future, for example:

- Continuation of the adult social care transformation programme, including the transition to a new case management system;
- Continuation of the families and children's service transformation programme, working with strategic partners, with an aim of significantly improving the chances of all our children living safely, healthily and happily in their own families and communities; and
- Successful implementation of the first phase of a new children's case management system for children's social care and SEN.

The political uncertainties around the United Kingdom's departure from the European Union remained during 2019/20 and the question mark over local authority funding posed by the Government's delayed fair funding review lead to future financial uncertainties. At the end of the financial year unprecedented uncertainty was faced with the arrival of the Covid-19 pandemic. I am proud of the initial response the Council made to this and the support given to our communities in such unprecedented times.

The outcome of funding changes is not yet known and the Council continues to recover from the Covid-19 pandemic. The pandemic is changing how services are delivered and continues to adversely impact on the Council's finances. However, the Council remains absolutely committed to deliver its priorities and on delivering vital services for its communities, residents and businesses.

I would like to take this opportunity to thank all of our staff who have worked throughout 2019/20 to deliver quality services within a challenging budget and working as whilst providing value for money.

Cllr Philip Whitehead
Leader of Wiltshire Council
xx February 2022

Corporate Director of Resources 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 and unprecedented increases in demand for services. In total Government funding has fallen significantly since 2009. Disproportionate increases in demand for services has compounded this with pressures of £45 million being contained and mitigated. Yet despite this, and through effective financial management, the Council has every year set and delivered a balanced budget. At the same time improving its performance in key areas.

The Statement of Accounts that follow show just how significant and complex a challenge it has been, but also shows how we have risen above the challenges and delivered.

Looking back on 2019/20, the Council has had another successful year financially. In setting the 2019/20 budget the Council planned to deliver £27 million of savings in the face of £45 million of growth in demand for services. The outturn shows that we have delivered a small underspend of £0.356 million and thus delivered again on the saving goals. The next section provides more detail on the financial performance.

At the same time, we have continued to resource high levels of performance and support the Council delivery quality public services.

Towards the end of the year the Council responded to the Covid-19 pandemic which placed pressure on service delivery across the Council and also gave rise to significant financial uncertainties. Due to the timing of the pandemic there is little impact in 2019/20 in terms of the financial performance and financial position of the Council however, the impact on the global economy results in some areas of the financial statements (such as valuations of some assets) which contain uncertainty.

As the financial pressures facing councils increase and funding uncertainties remain both in the short and long term, we have and will continue to put financial acumen at the heart of all decision making to continue delivering an innovative, strong, resilient and sustainable financial environment.

The Statement of Accounts for 2018/19 had an audit opinion that was qualified on an 'except for' basis due to issues with the technical disclosures of the historical balances within the revaluation reserve and capital adjustment account. The Council has been working with the external auditor to agree an approach to evidence these historic balances however the work to remove the qualification will be completed as part of the 2020/21 accounts and audit process as agreed by the Audit and Governance Committee and the qualification will remain for this set of accounts.

The completion of the 2019/20 accounts has been challenging for a variety of reasons and has resulted in significant delays to the conclusion to the audit. A development programme has been designed to ensure expected standards are met in future years. Details of the 2019/20 accounts conclusion and opinion can be found in the auditor's ISA 260 report.

It is not the Council's policy to adjust for immaterial cross-casting differences between the financial statements and disclosure notes.

I recognise that to the ordinary reader the set of Statement of Accounts can appear complicated, so the remainder of this narrative simply highlights some of the key areas contained in the 2019/20 Statement of Accounts.

Andy Brown
Corporate Director Resources (Section 151 Officer)
Wiltshire Council
xx February 2022

2019/20 Financial and Performance Review

Overall Financial Outturn

The financial statements report a minor underspend for 2019/20. This has been achieved after a challenging year where we again saw an increase in demand for local services whilst facing further reductions in government funding.

During 2019/20 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 once again been managed prudently to enable that position to be achieved.

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

The following tables summaries the Council's General Fund expenditure during the year:

	2019/2020 £000	2018/2019 £000
Adults	164,961	160,738
Childrens and Education	87,022	75,664
Growth, Investment and Place	106,451	100,633
Corporate	(26,413)	(11,446)
Budget Requirement	**332,021**	**325,589**
Funding	(332,377)	(327,746)
Surplus in year	**(356)**	**(2,157)**

The Housing Revenue Account owns approximately 5,297 homes generating rental income of over £25.7 million in the year. This income is held in a ring-fenced account (the Housing Revenue Account or "HRA") which can only be used for social housing purposes. The HRA delivered a £3.4 million overspend in the year which was funded by a contribution from HRA balances which remained at a prudent level as at 31 March 2020.

The following pages set out how this financial outturn links to performance and demand. In setting the 2019/20 Budget the Council took account of its Business Plan to reprioritise funding where required and identified £27 million of savings to be delivered. Details are available in the budget setting papers on the Council's website.

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 quantified. The Pension Fund has a plan agreed with its actuaries to return the fund to a balanced position by 2036 and will keep this under review. The key elements of the balance sheet are as follows:

	31 March 2020 £000	Restated 31 March 2019* £000
Long-Term Assets	1,180,046	1,155,548
Current Assets	160,526	170,544
Current Liabilities	(143,714)	(113,038)
Net Pension Liability	(491,733)	(613,750)
Other Long-Term liabilities	(452,935)	(458,710)
Net Assets	**252,190**	**140,594**
Financed by:		
Usable Reserves	(128,399)	(146,365)
Unusable Reserves	(123,791)	5,771
Total Reserves	**(252,190)**	**(140,594)**

* The 2018/19 Balance Sheet has been restated because of various adjustments, which are detailed in a footnote to the Balance Sheet in the Key Financial Statements section that follows.

Delivery of the Capital Programme

The Council's 2019/20 programme saw £111.5 million spent to deliver a wide range of capital works. The programme being funded from £61 million in grants, £8 million from capital receipts, £9 million HRA contributions and the balance of £33.5 million from borrowing.

2019/20 Financial and Performance Review (cont'd)

Delivery of the Capital Programme (cont'd)

The main areas of capital spend where £28 million of highways spend, £30 million on education schemes and £13 million on Council house build programmes and refurbishment of Council stock.

Note 25 on Assets Held for Sale identifies that as at 31 March 2020, £8.4 million of Council property is expected to be sold in 2020/21. These sales will continue to support the Council's capital investment plans.

Impact on Treasury Management and cash flow

The Council's internal Treasury Management team manages its cash within the strategy approved by Full Council. The Treasury Management Strategy was fully adhered to in 2019/20. The average long-term borrowing rate was 3.75%; and the return on short term investments was 0.90%.

At the end of 2019/20 the Council had £348 million of outstanding borrowing. That is £3 million less than as at 31 March 2019. In order minimise the cost of borrowing no new debt was taken out. This policy resulted in an 'under-borrowed' position by over £150 million which results in an overall saving in the region of £2.7 million.

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.

The pension deficit as at 31 March 2020 of £492 million reflects an ongoing risk to the Council. This risk is being mitigated through a recovery plan agreed with Wiltshire Pension Fund's actuary that will see the employer's liability fall in the future.

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 these risks are well managed, with the risks associated with the Council's borrowing and investment activities set out in Note 50 to the financial statements. There is £4.5 million set aside in provisions, mainly relating to insurance claims and Business Rates Retention Scheme appeals. More details are set out at Note 29 to the financial statements.

In common with the rest of local government, the Council has seen a steady reduction in government funding in recent years. We are currently waiting on proposed funding changes following the fair funding review which will impact on our future revenue funding streams.

A risk that continued to exist during 2019/20 related to the implications of and uncertainty around the exit from the European Union. The Council has continued to work closely with its partners through civil contingency arrangements to address this possibility; and a greater understanding of financial risk including income generation and implication on properties valuations.

A new risk that emerged towards the end of the 2019/20 financial year was as a result of the Covid-19 pandemic. On the 23 March 2020 the Government placed the country into a nationwide lockdown. With the demand on Council services to protect the vulnerable, support businesses and communities as well as the impact on the Councils income streams, emergency Government grant was issued on 30 March 2020 to initially cover the financial impact of the lockdown. Due to the timing of the pandemic, the lockdown and ongoing government interventions there is no significant impact on the financial statements, with the exception of the material valuation uncertainty at 31 March 2020 for most types of property valuation, which is explained in note 44.

General Fund and Earmarked Reserves

Overall the outturn has meant that the Council's General Fund Reserve is £15.4 million, this is an increase of £0.356 million in year. Whilst the level of general fund reserves remains still one of the lowest in the Country in proportion to the size of the Council, it is still within the level recommended by the Chief Finance Officer.

2019/20 Financial and Performance Review (cont'd)

General Fund and Earmarked Reserves (cont'd)

Other earmarked reserves have decreased significantly (as set out in Note 32 of the financial statements), due to use of earmarked reserves to support services in the year. Within the reserves is a significant deficit balance on the Dedicated Schools Grant ("DSG"). These funds are ring-fenced for funding schools and recovery plans are in place for these balances.

Financial & activity / performance

In setting the 2019/20 budget the Council received no funding from government through general support grant (revenue support grant). This meant in 2019/20 an additional £8.3 million was needed to be raised from Council Tax, and £5.5 million from the Social Care Levy to fund adult care pressures. The shift to less reliance on government grant also means over 98% of our funds continue to come from local residents and businesses, the same proportion as 2018/19.

The Council continues to face demand and inflationary pressures of circa £30 million per annum. 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.

The 2019/20 revenue outturn was an underspend of £0.356 million. This is 0.1% of the Council's net budget. This underspend added to General Fund Reserve leaving a balance of £15.4 million at the end of the year.

The most significant issue the Council faces in future years is the financial impact of the Covid-19 pandemic. This emergency has tested all local authorities and a full recovery programme is underway. The impact on the Council has continued to affect operational service delivery during 2020/21, with staffing resources focussed on supporting emergency response activities and the public requiring different support from the Council as well as needing to support businesses and suppliers.

The financial position has seen a significant change in the 2020/21 financial year, with income losses of sales, fees and charges in services such as car parking, and it is unknown how long income losses in areas such as council tax and business rates will remain as the local economy as well as the global economy is profoundly affected. The Council has seen some cost reductions, such as property running costs due to lockdown building closures and delays in some areas of spend such as some capital schemes, not only as a direct result of government intervention guidelines but also as a result of the re-prioritisation of council resources, both staffing and financial.

With national Government financial support packages such as the furlough scheme and the sales, fees and charges compensation schemes, alongside emergency grant funding and the government to support councils through these unprecedented times, this additional government funding for the Council has off-set significantly the cost pressures. Unspent grant has been carried forward from 2020/21 into the following financial years to continue to support recovery. National schemes such as the business grants scheme, where the Council is acting as an agent for central government, has impacted on the Council's overall financial position due to cash balances remaining with the Council.

All these issues will have an impact on the future year's financial statements, with changes expected across all the primary statements. Uncertainty will remain, with an expected change in the way public services will be delivered in the future, with changes in behaviours across all areas of society and uncertainty on what recovery may mean and the timing of this and the impact on funding for the Council.

The Council continues to focus on the delivery of efficient and effective public services for its residents whilst working closely with its partners and key suppliers to ensure services remain efficient and effective and value for money for the future and the Council remains operationally and financially resilient.

Annual Governance Statement

Introduction
Wiltshire Council is a local authority that is responsible for providing services to nearly half a million residents, tens of thousands of varied businesses and over a million visitors per year. It aims to create strong communities, grow the local economy and protect vulnerable people and this approach underlines everything we do. The Council secures funding from national government, local taxation and charges. So, as a public body, it needs to have a strong governance and assurance framework to make certain its business is conducted to the highest standards, ensuring:

- resources are directed in accordance with agreed policy and according to priorities;
- there is sound and inclusive decision making, conducted in accordance with the law and proper standards;
- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities; and
- public money is safeguarded and properly accounted for, and continuous improvement in the way in which its functions are exercised is secured, having regard to economy, efficiency and effectiveness.

This statement reflects how Wiltshire Council has met those standards in 2019/20 and beyond; as well as the ongoing actions it is taking to maintain and improve its governance arrangements. Evidence of how we have assessed ourselves has been grouped into sections as set out by the Chartered Institute of Public Finance and Accountancy ("CIPFA") in its publication 'Delivering Good Governance in Local Government Framework (2016)' and is consistent with the Local Code of Corporate Governance.

Approval of the Annual Governance Statement 2019/20

We are satisfied that this statement provides a substantial level of assurance that good governance is in place in Wiltshire Council and that appropriate arrangements are in place to address improvements identified in our review of compliance. Progress on these improvements and on addressing and mitigating the risks will be monitored through the year by senior officers and the Audit and Governance Committee.

Terence Herbert
Chief Executive

Cllr Philip Whitehead
Leader of Wiltshire Council

xx February 2022

The Local Code of Corporate Governance provides a means of demonstrating that a sound level of governance is operated. This local code acts as a means of assurance, but also a mechanism for achieving continuous improvement. This approach is consistent with the principles of the CIPFA/SOLACE *Delivering Good Governance in Local Government* framework. The principles are set out below:

The following pages set out a summary of the key governance controls, mapped against the CIPFA principles. These are supported by case studies to help demonstrate where positive improvement action has already been taken, and a note of improvement actions that the Council will take.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Respect for the rule of law

The Council's **Constitution** provides the framework within which the Council operates. It sets out how decisions are made and the procedures which must be followed to ensure that these are efficient, effective, transparent and accountable. The constitution is kept under review by the Standards Committee who request the Constitution Focus Group to review sections. In 2019/20 this included the terms of reference for Wiltshire Pension Fund Committee and Local Pension Board, adjustments to the policy framework, reviewing the planning code of good practice, approach to petitions, new arrangements for code of conduct complaints and temporary meeting protocols for Covid-19. Bespoke arrangements are in place to ensure virtual meetings can deliver continued councillor engagement on key decisions.

Behaving with integrity

The Constitution includes at Part 13 the **Members' Code of Conduct**, which makes clear the obligation of elected members in promoting and maintaining high standards of conduct and ensuring the principles of public life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) are adhered to. Pecuniary and non-pecuniary interests are registered and published on the web site in accordance with the requirements of the Code of Conduct and the underlying legislation.

During 2020 the LGA has consulted on a Model Code of Conduct and the Council's response to the consultation was overseen by the Standards Committee.

Strong commitment to ethical values

The Council publishes and promotes both a code of conduct for its staff and a **Behaviours Framework** that details what is expected of all employees. The behaviours framework is embedded throughout the employment lifecycle and forms a key part of the appraisal system to promote ethical awareness amongst the Council's staff.

Ethical considerations are also evident in the Council's **Procurement Strategy** where Social Value is a consideration.
A task & finish group has been set up to ensure Social Value is at the forefront of all procurement activity, achieving value for money on a whole life basis for the council, communities and the economy, whilst protecting the environment.

There is a process for dealing with complaints under the code of conduct for unitary, parish, town and city councillors in Wiltshire. This process and its application is set by the Council and reviewed regularly by the Council's **Standards Committee**. This year a new assessment sub-committee system has been adopted to streamline the handling of complaints. Minutes from the meetings of this Committee can be found online. There were 44 complaints last year, 11 in relation to unitary members, 33 parish members. 7 in total were referred for investigation. The number of complaints per year since 2012 has ranged from 27-82.

How we can improve
Deliver policy and training to embed social value across the council
Promote with staff 'EPIC values' (Empowering People to Innovate and Collaborate) and an updated code of conduct, replacing the previous Behaviours framework

Principle B - Ensuring openness and comprehensive stakeholder engagement

Openness

The Council makes available a range of important information on its website including its strategic aims and ambitions in its published **Business Plan** and via its publication scheme. The council has arrangements for dealing with requests under Freedom of Information laws. In 2019/20 there were 1412 requests with 96% responded to within 20 days

Committee meetings are open to the public, and **agenda papers and minutes** are available on the internet in various formats along with forward work plans/ calendars.

Engaging with citizens and service users

Public engagement plays a key part in the decision-making process, across the full range of the Councils services. Key consultations undertaken during 2019/20 include those on Special Schools, the council tax reduction scheme, SEND strategy and Health and Wellbeing Strategy. A **communications protocol** is in place for councillors and officers.

Wiltshire Council's 18 **Area Boards** involve the local community in decision-making within the agreed scheme of delegation. 124 area board meetings took place with devolved funding on community grants, youth, health and wellbeing and transport and devolved decision-making powers on community asset transfers.

Quick, open, officer decision making is in place with the ability for local councillors to call-in **planning** decisions to committee in response to local concerns. A strategic planning committee oversees the application of the Local Plan. Expectations for Community Involvement in preparing Wiltshire's planning policy documents and in considering planning applications are clearly set out. Full council has recently approved a new Statement of Community Involvement as part of a five-yearly review.

Engaging with institutional stakeholders

The Council supports a range of partnerships including:
the **Health and Wellbeing Board**, promoting integrated working between the council and the NHS;
the **Wiltshire Police and Crime Panel** which reviews and scrutinises decisions of the Police and Crime Commissioner (joint committee with Swindon Borough Council); and the work of the Swindon and Wiltshire Local Enterprise Partnership **(SWLEP**). The Council has been an active partner in the Local Resilience Forum during pandemic and is leading a multi-agency Recovery Coordinating Group and plans for local outbreak control.

The **Wiltshire Compact** is an agreed set of guidelines and principles to foster good working relationships between the voluntary sector and the public sector.

Emergency and other **officer decisions** taken under the scheme of delegation during the pandemic have been enacted with the support of the Leader and published online; with regular reports to Cabinet on the key developments. Input from representative groups has been sought where appropriate and a Covid-19 task and finish scrutiny group has also been established to ensure wider councillor input continues to take place.

How we can improve
Implement a new Voluntary and Community Sector strategy and review the Wiltshire Compact.

Principle C - Defining outcomes in terms of sustainable economic, social and environmental benefits

Defining outcomes

The Business Plan 2017-27 was agreed in 2017 to enable the vision, priorities and goals set out to be translated into actions that deliver the changes required in the coming years.

Following the publication of the report of the LGA's **Peer Review** on Wiltshire Council in 2018, an action plan was developed and in July 2019 the Overview and Scrutiny Management Committee agreed that further scrutiny was not needed given progress on its recommendations.

A Local Development Scheme provides a three year rolling project plan for producing the **local development framework**

Parishes throughout the county can continue to request community asset transfers. During 2019/20 negotiation on significant **service delegation and asset transfer** packages took place with Bradford on Avon, following the successful asset transfer packages for Devizes and Chippenham Town Councils, Pewsey Parish Council and Salisbury City Council in previous years. This enables local communities more of a say, with the intention to extend this where possible.

Requirements for the public estate are likely to evolve further in coming years with related opportunities for capital receipts, jobs and housing.

Sustainable economic, social and environmental benefits

The Council receives reports on the combined economic, social and environmental impacts of its policies in the form of various reports including the **Joint Strategic Needs Assessment** (JSNA). These also inform community led action planning and inform other schemes such as the Big Pledge.

Community facilities have a key role in supporting people to live more active and fulfilled lives. The campus programme has provided sustainable assets for towns that provide a place, facilities and services that help to combat isolation and loneliness and increase the opportunities for social interaction; and in so doing build strong communities. Several campuses have been completed already and work continues in Calne, Cricklade and Melksham. Temporary closure of facilities during the pandemic has led to increased uptake of digital facilities; and consultation with local communities on safe reopening of library and leisure facilities.

Investment in transformation of **adult social care** has continued with strengths-based professional practice, increasing customer independence and reducing reliance on expensive packages of care. Close working with the NHS during the pandemic has also enabled a multi-professional discharge flow hub to be established. **Families and children** transformation has implemented improved multi-professional early support
.

How we can improve
Pilot a multi-year outcome-based planning process aligned to budget build (when spending reviews permit).
Review approach to service delegation and asset transfer and One Public Estate.

Principle D - Determining the interventions necessary to optimise the achievement of intended outcomes

Determining and planning interventions

Regular Performance and financial updates are reported to senior officers and councillors, including scrutiny through the **Financial Planning Task Group** which is a task group established by the Overview and Scrutiny Management Committee.

Oversight of corporate projects is undertaken by the Corporate Leadership Team (CLT), supported with advice from Finance, Legal, HR and Procurement Teams. The **Programme Office** manages projects and programmes on behalf of the Council and provides reports to the Council on ongoing work. During 2019/20 the majority of projects were delivered or progressed according to schedule. Monthly reports were provided to CLT with appropriate actions taken.

Significant programmes in 2019/20 include the transformation of adult social care; families and children; and digital. A decision to defer expenditure on a number of programmes was taken by Cabinet in June 2020.

Following its adoption in early 2018, the Council continues to implement the **commercial policy and approach** which is designed to improve our: management information; staff skills; use of assets and resources to make financial returns; and review and revise our models of delivery.

Business plans for a **local housing company** and development company were agreed by Council in January 2020. This will involve development of four council owned sites to deliver 103 units. There is also an ambitious housing revenue account programme to deliver 1000 affordable homes at social rent levels with passivhaus specification where possible.

Optimising achievement of intended outcomes

The council's **annual budget** setting process has also seen updates to the Medium Term Financial Strategy and ongoing Capital Programme.

The **Corporate Procurement Strategy** provides the framework for the council to obtain value and social capital from all of its bought in goods and services. The strategy focuses on the delivery of the following corporate and social goals:

- Identifying and delivering efficiencies, but not at the expense of quality
- Developing and embracing the principles of sustainable procurement

The procurement strategy is used to encourage the adoption of a mixed economy approach, evaluating on the basis of whole life costings and breaking down barriers to participate in council opportunities. Using transparent processes, the council commits to meeting its obligation to ensure that all of our procurement activity addresses relevant social, economic and environmental standards.

Council has also agreed to establish a **local energy company** so that it can trade in energy produced on its assets.

How we can improve
Review the effectiveness of the commercial policy and current procurement and commissioning approaches.
Embed good commissioning and contract management as part of staff job descriptions.

Developing capacity

Developing the capability of the Council's leadership and other individuals

Principle E - Developing capacity, including the capability of the Council's leadership and the individuals within it

The Council's **People Strategy** focuses on attracting the best people to work for the Council and engaging, developing and retaining existing staff and will be updated to reflect internal recovery focus.

A wellbeing survey in May 2020 showed an **improvement in staff engagement** overall (+18% to 88%) since December 2018. The response to the pandemic has increased opportunities and support for homeworking, inspired new ways of communicating with staff through vlogs and live Q&As, increased the agility of the workforce through the rapid redeployment of 400 staff across a number of service areas and prompted greater focus on employee welfare.

Managers complete **annual appraisals** with their staff and use these to discuss behaviours, identify training and development needs, and develop plans to address these needs. Exit interviews also ensure the council learns is a learning organisation.

Following the introduction of the **apprenticeship levy** the council now has over 276 new and upskilling apprentices. A leadership and management development programme offers aspiring and developing managers the opportunity to complete accredited qualifications using levy funding. In addition, the council now has the highest proportion of staff aged under 25 in recent years – currently standing at 6.8%, some of whom are employed as apprentices.

We have continued to develop the alignment of service responsibilities to roles at the top of the organisation to ensure joined up and effective working. A **senior management** restructure at tier 3 took place in early 2020 with further restructuring following at tiers 1 and 2 resulting in the implementation of a single Chief Executive post as a focal point of leadership for recovery from the impact of COVID-19.

The council continues to learn by seeking **best practice** both regionally and nationally and responding to the findings of external inspections such as CQC and Ofsted inspections.

The council has evaluated how well we have worked with our civil contingency partners in the response to (and recovery from) the events in south Wiltshire and will be doing the same for the pandemic in 2020 given the significant implications for the county, council and partners.

As well as the training provided as part of councillor induction a range of learning material is made available to councillors online via the Wiltshire Council **learning portal**, GROW.

How we can improve
Rollout training and awareness on decision making processes.
Work with partners to complete a multi-agency evaluation of the response to the pandemic.

Principle F – Managing risks and performance through robust internal controls and strong public financial management

Managing risk and performance

A new **risk and performance management policy** was agreed in February 2019 to replace the previously separate Corporate Risk and Corporate Performance Strategies. The Council's risks are monitored at various levels in the organisation including by Cabinet on a quarterly basis. These are now combined with financial and performance information to enable a comprehensive understanding. Managing risks is the responsibility of services who define the risks related to their service areas and assign individuals to be responsible for their management. All services risks are scored on the same basis and some service risks are elevated, through the policy, onto the corporate risk register which is published and reviewed quarterly. Bespoke risk registers relating to response to and recovery from the pandemic have also been developed. The Audit and Governance Committee monitor and review the effective development and operation of performance and risk management, receiving progress reports as required.

The Council is the administering authority for more than 180 employers through the Wiltshire Pension Fund, and the Pension Committee exercises its responsibilities in relation to investment management where it sets investment policy and appoints and monitors external investment managers. This has included participation in the Brunel Pension Partnership (as agreed by full council). The operation of a **Local Pension Board** continues, with the purpose of scrutinising the Council as Administrator for the Wiltshire Pension Fund and ensuring the efficient and effective governance of the pension scheme.

Robust internal control and strong public financial management

Wiltshire's section 151 Officer or **Chief Finance Office**r has a statutory duty to ensure that the Council has a strong financial control environment, including an effective and independent Internal Audit function in accordance with the Accounts and Audit Regulations.

The main **changes in risk** during 2019/20 have been relating to the implications of and uncertainty around the exit from the European Union, where the council has worked closely with its partners through civil contingency arrangements to address this possibility, and the impact of the pandemic. The pandemic will have immediate and undoubtedly long lasting significant financial implications for Wiltshire's economy, communities and residents as well as the Council itself. The magnitude and far-reaching consequences of this unprecedented situation represents a significant governance issue for the Council, which will be addressed through the Recovery Plan agreed by the Recovery Co-ordinating Group of the LRF and endorsed by Cabinet on behalf of the Council.

The Senior Information Risk Owner's **(SIRO) Annual Report,** outlines the significant work that has taken place to embed good practice and manage risk to ensure compliance across the council.

How we can improve
Review how performance can be communicated to the public to deliver maximum openness and transparency.

Principle G - Implementing good practices in transparency, reporting and audit to deliver accountability

Assurance and effective accountability

The Council has independent external auditors (Deloitte) and SWAP Internal Audit Services, who provide an internal audit function, Wiltshire being the biggest partner. SWAP's internal audit plan is agreed by the **Audit and Governance Committee** and periodic update reports were considered by the Committee throughout 2019/20. As at April 2020, SWAP Internal Audit completed 66 internal audit reviews, to draft and final report including significant high-risk areas e.g. contract management, programme management and procurement processes. One audit on gross loans was given no assurance. SWAP has worked closely with the Audit Committee to follow up and monitor implementation. Overall SWAP assessed the Council's control environment as 'reasonable' with no significant issues raised.

The Council has been working with the **External Auditor** to agree an approach to a technical disclosure query associated with fixed asset accounting and more specifically historical balances within the revaluation reserve and capital adjustment account. The Council has accepted an 'except for' qualification on these accounts to ensure progress to conclusion of the audit opinion for 2018/19 and 2019/20. Consideration of improvement in year-end closedown controls will be addressed as a result of the deficiencies that arose during the 2019/20 closedown process. Details of this conclusion and opinion can be found in the auditor's ISA 260 report.

The **Overview and Scrutiny** committees in Wiltshire Council have undertaken a range of reviews to inform policy development and evaluate decisions of the executive. Key reviews include those on consultation, financial planning, maternity services, children's centres, outdoor education, climate change, homelessness, housing aids and highways. An **Annual Report** from the Overview and Scrutiny Management Committee sets out this activity in detail. During the pandemic bespoke scrutiny arrangements were agreed as outlined in Briefing Note 20-17.

Implementing good practices in transparency and reporting

There is a strong culture operating in the Council of acting to the highest standards. This is rooted in the behaviours expected of councillors and staff and upheld by the senior leaders. Where any resident feels the Council has not acted properly the Council has a **corporate complaints** procedure. The number of complaints received has fallen from previous years with 459 in 2019/20 (compared to 588 in 18/19, 624 in 17/18 and 671 in 16/17). The Council has received the Annual Letter of the Local Government and Social Care Ombudsman. There were 37 detailed investigations undertaken by the Ombudsman in the year ending 31 March 2020. The number of complaints upheld by the Ombudsman were 19. This compares with 10 (of 19) and 8 (of 20) in the previous two years. This is an uphold rate of 51% which is lower than the average rate of 56% for similar authorities. The council has complied with 100% of Ombudsman recommendations and in 5% of upheld cases the council had already provided a satisfactory remedy before the complaint was considered.

The ambitions set out in the **Local Code of Corporate Governance** are reviewed regularly and quarterly updates have been provided to the Audit and Governance Committee.

The Council complies with reporting requirements such as an **online structure chart** and information on senior salaries and expenses.

How we can improve
Align organisational processes more closely to the outcomes in the Business Plan to ensure a focus on the resources used and outcomes achieved.

Statements to the Accounts

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 Financial Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Statement of Accounts (which includes the financial statements) in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

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

- selected appropriate accounting policies and applied them consistently;
- made reasonable and prudent judgements and estimates;
- complied with the Code of Practice.
- kept proper, up to date accounting records;
- taken reasonable steps to prevent and detect fraud and other irregularities;
- assessed the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Council will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Statement of the Chief Financial Officer

I certify that the Statement of Accounts gives a true and fair view of the financial position of Wiltshire Council at 31 March 2020 and of its income and expenditure for the year then ended.

[This statement will be signed following the completion of the Audit.]

Andy Brown
Corporate Director Resources (Section 151 Officer)
Wiltshire Council
xx February 2022

Approval of the Statement of Accounts

[This statement added and be signed following the completion of the Audit.]

Councillor Richard Britton
Chairman of the Audit Committee
xx February 2022

Independent Auditors' Report to the Members of Wiltshire Council

[This will be added following the completion of the Audit.]

KEY FINANCIAL STATEMENTS

Comprehensive Income & 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.

		2019/2020			2018/2019 Restated*		
General Fund Services		**Expenditure £000**	**Income £000**	**Net Expenditure £000**	**Expenditure £000**	**Income £000**	**Net Expenditure £000**
ASC Operations - Access & Reablement		79,647	(25,020)	**54,627**	75,961	(21,857)	**54,104**
Learning Disability & Mental Health		82,853	(13,942)	**68,911**	78,226	(10,933)	**67,293**
Commissioning		81,790	(50,397)	**31,393**	77,768	(49,018)	**28,750**
Public Health		17,412	(15,654)	**1,758**	17,526	(16,220)	**1,306**
Digital & Information		17,512	(4,886)	**12,626**	13,986	(3,334)	**10,652**
Legal, Electoral & Registration		8,954	(4,057)	**4,897**	6,258	(1,982)	**4,276**
Family & Children Services		123,553	(43,838)	**79,715**	108,870	(40,532)	**68,338**
Education & Skills***		205,949	(174,688)	**31,261**	201,078	(175,984)	**25,094**
Corporate Services		9,444	(2,243)	**7,201**	9,963	(2,438)	**7,525**
Human Resources & Org Development		5,484	(1,896)	**3,588**	5,217	(1,757)	**3,460**
Economic Development & Planning		12,349	(8,169)	**4,180**	14,172	(8,358)	**5,814**
Highways & Environment****		90,849	(20,234)	**70,615**	86,672	(19,893)	**66,779**
Housing & Commercial Development**		31,940	(12,115)	**19,825**	39,229	(11,861)	**27,368**
Communities & Neighbourhood		46,321	(13,735)	**32,586**	50,027	(14,095)	**35,932**
Finance**		94,807	(89,298)	**5,509**	108,057	(100,819)	**7,238**
Corporate Directors & Members		3,926	(248)	**3,678**	3,302	(33)	**3,269**
Corporate		13,209	(14,287)	**(1,078)**	9,977	(4,965)	**5,012**
Housing Revenue Account (HRA)		23,007	(26,827)	**(3,820)**	22,377	(26,253)	**(3,876)**
Net Cost of Service		**949,006**	**(521,534)**	**427,472**	**928,665**	**(510,332)**	**418,333**
Other Operating Expenditure	**Note 3**			**32,829**			**46,012**
Financing and Investment Income and Expenditure/****	**Note 4**			**28,812**			**22,639**
Taxation and Non-specific Grant Income	**Note 5**			**(439,867)**			**(468,287)**
(Surplus)/ Deficit on the Provision of Services				**49,246**			**18,697**
(Surplus) or deficit on revaluation of Property, Plant and Equipment Assets***	**Note 36**			**(6,619)**			**(20,754)**
Actuarial (Gains)/Losses on Pension Assets /Liabilities	**Note 49**			**(158,930)**			**34,485**
Other Comprehensive Income and Expenditure				**(165,549)**			**13,731**
Total Comprehensive Income and Expenditure				**(116,303)**			**32,428**

* 2018/19 amounts have been restated to reflect the departmental restructure that occurred in 2019/20.

** The 2019/20 Finance segment (expenditure and net expenditure) has been adjusted by £0.348 million to reflect the reduction in interest charged on the Monkton Park former PFI loan which has been reclassified and measured as a financial instrument (as opposed to a service concession). In addition, this segment (expenditure and net expenditure) has been adjusted by £2.305 million together with the Housing and Commercial Development segment (expenditure and net expenditure) by £1.932 million to reflect the reclassification of interest £4.237 million now shown in the line Financial and Investment Income and Expenditure. The 2018/19 comparatives have not been restated because these adjustments are not material.

*** 2018/19 amounts have been restated to reflect the write out of the school non-current asset transactions relating to Malmesbury School and Wootton Bassett School that converted to Academies during 2011. The restatements are as follows:

- Education and Skills reduced expenditure by £0.960 million.

- (Surplus) or deficit on revaluation of Property, Plant and Equipment Assets reduced by £5.040 million.

****2018/19 amounts have been restated to reflect the Council's waste vehicles (being made available to the contractor to provide the waste services) being reclassified and remeasured as a finance lease - receivable (previously treated as REFCUS). The restatements are as follows:

- Highways & Environment reduced expenditure by £1.497 million.
- Financing and Investment Income and Expenditure reduced by £0.220 million.

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 Note 31	Unusable Reserves £000 Note 35	Total Authority Reserves £000
Movement in reserves during 2019/2020								
Balance at 1 April 2019	(52,343)	(13,567)	(11,970)	(4,739)	(63,746)	**(146,365)**	5,771	**(140,594)**
Loan Premium - Monkton Park former PFI**						**0**	4,707	**4,707**
Restated Balance at 1 April 2019	(52,343)	(13,567)	(11,970)	(4,739)	(63,746)	**(146,365)**	10,478	**(135,887)**
Total Comprehensive Income and Expenditure	54,352	(5,106)	0	0	0	**49,246**	(165,549)	**(116,303)**
Adjustments between accounting basis and funding basis under regulations (note 14)	(41,381)	8,529	842	(7,430)	8,160	**(31,280)**	31,280	**0**
Net (Increase)/Decrease in 2019/20	12,971	3,423	842	(7,430)	8,160	**17,966**	(134,269)	**(116,303)**
Balance at 31 March 2020	**(39,372)**	**(10,144)**	**(11,128)**	**(12,169)**	**(55,586)**	**(128,399)**	**(123,791)**	**(252,190)**
Movement in reserves during 2018/2019 Restated* **								
Balance at 1 April 2018	(53,431)	(17,951)	(12,997)	(1,599)	(53,997)	**(139,975)**	(52,975)	**(192,950)**
PFI schools converted to Academies****						**0**	31,874	**31,874**
Restated Balance at 1 April 2018	(53,431)	(17,951)	(12,997)	(1,599)	(53,997)	**(139,975)**	(21,101)	**(161,076)**
Total Comprehensive Income and Expenditure** **	21,836	(3,139)	0	0	0	**18,697**	13,731	**32,428**
Finance Lease adjustment*****						**0**	(11,946)	**(11,946)**
Adjustments between accounting basis and funding basis under regulations (note 14)****/*****	(20,748)	7,523	1,027	(3,140)	(9,749)	**(25,087)**	25,087	**0**
Net (Increase)/Decrease in 2018/19	1,088	4,384	1,027	(3,140)	(9,749)	**(6,390)**	26,872	**20,482**
Balance at 31 March 2019	**(52,343)**	**(13,567)**	**(11,970)**	**(4,739)**	**(63,746)**	**(146,365)**	**5,771**	**(140,594)**

* The General Fund Balance is made up of the General Fund working balance and Earmarked Reserves. See Expenditure & Funding Analysis Statement for the summary of these balances and note 32 for the breakdown of the Earmarked Reserves.

** Financial Instruments Adjustment Account (Unusable Reserve) has been restated by £4.707 million as at 1 April 2019 to reflect the loan premium on the Monkton Park former PFI loan which has been reclassified and measured as a financial instrument (as opposed to a service concession). The loan premium will be written back to revenue over the remaining term of the loan, with £0.348 million being written back in 2019/20 and the loan interest being reduced by the corresponding amount, these adjustments have been reflected in the General Fund column, lines 'Adjustment between accounting basis and funding basis under regulations (note 14)' and 'Restated Total Comprehensive Income and Expenditure', respectively. It should be noted these adjustments have not changed the General Fund balance as at 31 March 2020. The 2018/19 comparatives have not been restated because these adjustments are not material.

*** The allocation of the 2018/19 surplus/deficit on provision of services between General Fund and HRA has been corrected to more accurately reflect the position of each of these two funds. As a consequence, in the Movement in Reserves Statement above, the total comprehensive income and expenditure has been restated in addition to the adjustments between accounting basis and funding basis under regulations, for General Fund and HRA. It should be noted these restatements have not changed the General Fund and HRA balances as at 31 March 2019.

**** 2018/19 amounts have been restated to reflect the write out of the school non-current asset transactions and balances relating to Malmesbury School and Wootton Bassett School that converted to Academies during 2011. The restatements are as follows:

Balance at 1 April 2018
- Unusable Reserves reduced by £31.874 million.

Total Comprehensive Income and Expenditure
- General Fund Balance reduced by £0.960 million.
- Unusable Reserves increased by £5.040 million.

Adjustments between accounting basis and funding basis under regulations (note 14)
- General Fund Balance reduced by £0.960 million.

***** 2018/19 amounts have been restated to reflect the Council's waste vehicles (being made available to the contractor to provide the waste services) being reclassified and remeasured as a finance lease - receivable (previously treated as REFCUS). The restatements are as follows:

Balance at 30 July 2018
- Unusable Reserves increased by £11.945 million.

Total Comprehensive Income and Expenditure

- General Fund Balance reduced by £1.277 million.

Adjustments between accounting basis and funding basis under regulations (note 14)

- General Fund Balance reduced by £1.277 million.

Balance Sheet

This statement summarises the Council's assets and liabilities as at 31 March for the years 2020 and 2019.

	NOTES	31 March 2020 £000	£000	31 March 2019 Restated £000
Property, Plant and Equipment	15			
Council Dwellings & Garages		267,388		273,168
Other Land and Buildings**		304,148		319,074
Vehicles, Plant, Furniture and Equipment		68,681		66,484
Infrastructure		410,393		388,208
Community Assets		4,377		6,061
Assets Under Construction		63,360		50,673
Surplus Assets Not Held for Sale		4,550		8,634
			1,122,897	**1,112,302**
Investment Properties	23	23,099		23,452
Intangible Assets	24	14,244		1,985
Long Term Finance Lease Receivable***	21	10,319		11,406
Long Term Debtors	26 & 30	9,487		6,403
			57,149	43,246
Total Long Term Assets			**1,180,046**	**1,155,548**
Current Assets				
Short Term Investments	30	79,820		102,277
Assets Held for Sale	25	8,477		8,427
Inventories		775		789
Short Term Debtors	26 & 30	60,979		50,531
Short Term Finance Lease Receivable***	21	1,852		1,817
Cash and Cash Equivalents	27 & 30	8,623		6,703
Total Current Assets			**160,526**	**170,544**
Current Liabilities				
Short Term Creditors	28 & 30	(128,264)		(95,689)
Short Term Borrowing*	30	(7,679)		(10,172)
Short Term PFI Creditors*	22 & 30	(3,265)		(3,581)
Provisions	29	(4,506)		(3,596)
Total Current Liabilities			**(143,714)**	**(113,038)**
Long Term Liabilities				
Long Term PFI Creditors*	22 & 30	(61,051)		(68,814)
Long Term Borrowing*	30	(340,575)		(335,029)
Other Long Term Liabilities	30	(2,067)		(2,241)
Pension Fund Liability	38	(491,733)		(613,750)
Planning Deposits	30	(49,242)		(52,626)
Total Long Term Liabilities			**(944,668)**	**(1,072,460)**
Net Assets			**252,190**	**140,594**
Financed by				
Usable Reserves	31		(128,399)	(146,365)
Unusable Reserves*/**/***	35		(123,791)	5,771
Total Reserves			**(252,190)**	**(140,594)**

* The 2019/20 Balance Sheet has been adjusted as a result of Monkton Park former PFI loan being reclassified and measured as a financial instrument (as opposed to a service concession). PFI creditors' short-term has reduced by £0.530 million and long-term reduced by £3.970 million. Borrowing short-term has increased by £0.953 million and long-term by £7.906 million. Unusable Reserves has increased by £4.359 million. The 2018/19 comparatives have not been restated because these adjustments are not material.

** 2018/19 amounts have been restated to reflect the write out of the school non-current asset balances relating to Malmesbury School and Wootton Bassett School that converted to Academies during 2011. The restatements are as follows:

- Other Land and Buildings reduced by £35.954 million.
- Unusable Reserves reduced by £35.954 million.

*** 2018/19 amounts have been restated to reflect the Council's waste vehicles (being made available to the contractor to provide the waste services) being reclassified and remeasured as a finance lease - receivable (previously treated as REFCUS). The restatements are as follows:

- Long Term Finance Lease Receivable increased by £11.406 million.
- Short Term Finance Lease Receivable increased by £1.817 million.
- Unusable Reserves decreased by £13.223 million.

Andy Brown
Corporate Director Resources (Section 151 Officer)
xx February 2022

Cash Flow Statement

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

	NOTES	2019/2020 £000	2018/2019 Restated* £000
Net (surplus) or deficit on the provision of services/***/********		49,246	18,697
Adjustments to net surplus or deficit on the provision of services for non-cash movements***/****	**39**	(128,984)	(133,356)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	**39**	68,646	104,129
Net cash flows from Operating Activities		**(11,092)**	**(10,530)**
Investing Activities	**40**	(3,299)	22,794
Financing Activities	**41**	12,471	(10,273)
Net decrease or (increase) in cash and cash equivalents		**(1,920)**	**1,991**
Cash and cash equivalents at the beginning of the reporting period		6,703	8,694
Cash and cash equivalents at the end of the reporting period	**27**	**8,623**	**6,703**

* 2018/19 amounts have been restated to accurately reflect the breakdown of cash flows within operating, investing and financing, activities. This includes a material adjustment to operating activities of (£117.123 million) to “Adjustments to net surplus or deficit on the provision of services for non-cash movements” from (£18.470 million) to (£135.595 million) and an adjustment of £115.497 million to “Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing”, from (£11.368 million) to £104.129 million. The investing and financing activities have been adjusted by £0.037 million and £1.589 million, respectively.

** The 2019/20 ‘net (surplus) or deficit on the provision of services’ and ‘Adjustments to net surplus or deficit on the provision of services for non-cash movements’ been adjusted by £0.348 million to reflect the reduction in interest charged on the Monkton Park former PFI loan and the write-down of loan premium, respectively as a result of Monkton Park former PFI loan being reclassified and measured as a financial instrument (as opposed to a service concession).

*** 2018/19 amounts have been restated to reflect the write out of the school non-current asset transactions relating to Malmesbury School and Wootton Bassett School that converted to Academies during 2011. The restatements are as follows:

- Net (surplus) or deficit on the provision of services reduced by £0.960 million.
- Adjustments to net surplus or deficit on the provision of services for non-cash movements reduced by £0.960 million.

****2018/19 amounts have been restated to reflect the Council’s waste vehicles (being made available to the contractor to provide the waste services) being reclassified and remeasured as a finance lease - receivable (previously treated as REFCUS). The restatements are as follows:

- Net (surplus) or deficit on the provision of services reduced by £1.277 million.
- Adjustments to net surplus or deficit on the provision of services for non-cash movements reduced by 1.277 million.

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. 2018/2019 comparators have been realigned to reflect the new management structure for 2019/20.

	2019/2020			2018/2019 Restated*		
	Net Expenditure Chargeable to the General Fund & HRA Balances	Adjustments between Funding and Accounting Basis (see note 13)	Net Expenditure in the Comprehensive Income & Expenditure Statement	Net Expenditure Chargeable to the General Fund & HRA Balances	Adjustments between Funding and Accounting Basis (see note 13)	Net Expenditure in the Comprehensive Income & Expenditure Statement
General Fund Services	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
ASC Operations - Access & Reablement	52,559	2,068	54,627	51,935	2,169	54,104
Learning Disability & Mental Health	67,680	1,231	68,911	66,375	918	67,293
Commissioning	28,907	2,486	31,393	28,428	322	28,750
Public Health	1,418	340	1,758	1,023	283	1,306
Digital & Information	10,230	2,396	12,626	9,180	1,472	10,652
Legal, Electoral & Registration	4,167	730	4,897	3,797	479	4,276
Family & Children Services	74,467	5,248	79,715	65,810	2,528	68,338
Education & Skills***	3,209	28,052	31,261	(92)	25,186	25,094
Corporate Services	6,327	874	7,201	6,885	640	7,525
Human Resources & Org Development	3,019	569	3,588	3,061	399	3,460
Economic Development & Planning	2,495	1,685	4,180	2,252	3,562	5,814
Highways & Environment****	54,369	16,246	70,615	51,070	15,709	66,779
Housing & Commercial Development**	15,542	4,283	19,825	17,105	10,263	27,368
Communities & Neighbourhood	25,445	7,141	32,586	24,025	11,907	35,932
Finance**	4,630	879	5,509	6,401	837	7,238
Corporate Directors & Members	3,538	140	3,678	3,192	77	3,269
Corporate	7,761	(8,839)	(1,078)	17,507	(12,495)	5,012
Net Cost of Services General Fund	**365,763**	**65,529**	**431,292**	**357,954**	**64,255**	**422,209**
Housing Revenue Account (HRA)	(12)	(3,808)	(3,820)	877	(4,753)	**(3,876)**
Transfer from Earmarked Reserves	(13,327)	13,327	0	(3,245)	3,245	**0**
Earmarked Reserves - transfer to General Fund	13,327	(13,327)	0	3,245	(3,245)	**0**
Net Cost of Service	**365,751**	**61,721**	**427,472**	**358,831**	**59,502**	**418,333**
Other Operating Expenditure	21,702	11,127	**32,829**	19,804	26,208	**46,012**
Financing and Investment Income and Expenditure/****	13,728	15,084	**28,812**	9,107	13,531	**22,638**
Taxation and non-specific grant income	(384,787)	(55,080)	**(439,867)**	(382,270)	(86,016)	**(468,286)**
(Surplus)/ Deficit on the Provision of Services	**16,394**	**32,852**	**49,246**	**5,472**	**13,225**	**18,697**
Balance Summary						
Opening General Fund & HRA Balance at 1 April	**(65,910)**			**(71,382)**		
Add (Surplus)/ Deficit on General Fund & HRA Balances in Year	**16,394**			**5,472**		
Closing General Fund and HRA Balance at 31 March	**(49,516)**			**(65,910)**		

* 2018/19 amounts have been restated to reflect the departmental restructure in 2019/20.

** In line with the adjustments to the Comprehensive Income and Expenditure Statement, the 2019/20 Finance segment (in columns 'Net Expenditure Chargeable to General Fund and HRA Balances' and 'Net Expenditure in the Comprehensive Income & Expenditure Statement') has been adjusted by £0.348 million to reflect the reduction in interest charged on the Monkton Park former PFI loan which has been reclassified and measured as a financial instrument (as opposed to a service concession). In addition this segment (in columns 'Net Expenditure Chargeable to General Fund and HRA Balances' and 'Net Expenditure in the Comprehensive Income & Expenditure Statement') has been adjusted by £2.305 million together with the Housing and Commercial Development segment (in columns 'Net Expenditure Chargeable to General Fund and HRA Balances' and 'Net Expenditure in the Comprehensive Income & Expenditure Statement') by £1.932 million to reflect the reclassification of interest of £4.237 million now shown in the line Financial and Investment Income and Expenditure. The 2018/19 comparatives have not been restated because these adjustments are not material.

*** 2018/19 amounts have been restated to reflect the write out of the school non-current asset transactions relating to Malmesbury School and Wootton Bassett School that converted to Academies during 2011. The restatements are as follows:

- Education and skills, 'Adjustments between funding and accounting basis (note 13)' and 'Net Expenditure in the Comprehensive Income & Expenditure Statement' reduced by £0.960 million.

**** 2018/19 amounts have been restated to reflect the Council's waste vehicles (being made available to the contractor to provide the waste services) being reclassified and remeasured as a finance lease - receivable (previously treated as REFCUS). The restatements are as follows:

- Highways & Environment, 'Adjustments between funding and accounting basis (note 13)' reduced by £1.277 million.
- Highways & Environment, 'Net Expenditure Chargeable to the General Fund and HRA balances' increased by £0.220 million.
- Financing and Investment Income and Expenditure reduced by £0.220 million.

Analysed between type of balance	General Fund	Earmarked Reserves	HRA	Total Balances
	£000	£000	£000	£000
Opening Balance at 1 April 2018	**(12,943)**	**(40,488)**	**(17,951)**	**(71,382)**
Add (Surplus)/Deficit in year 2018/2019	(2,157)	3,245	4,384	**5,472**
Closing Balance at 31 March 2019	**(15,100)**	**(37,243)**	**(13,567)**	**(65,910)**
Add (Surplus)/Deficit in year 2019/2020	(356)	13,327	3,423	**16,394**
Closing balances at 31 March 2020	**(15,456)**	**(23,916)**	**(10,144)**	**(49,516)**

The General Fund and earmarked reserves above add together to equal the General Fund balance in the Movement in Reserves Statement.

Notes to the Core Financial Statements

Introduction to the Explanatory Notes

The Statement of Accounts summarises the Council's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. The Statement of Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 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.

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Note 1a Revenue outturn

In respect of net revenue outturn, the Council's 2019/20 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)	**332.378**	**332.378**	**332.022**	**(0.356)**
Funded by:				
Draw from General Fund reserves	0.000	0.000	(4.674)	(4.674)
Business Rates Retained	(58.500)	(58.500)	(58.193)	0.307
Council Tax	(252.580)	(252.580)	(252.580)	0.000
Social Care Levy	(18.417)	(18.417)	(18.417)	0.000
Collection Fund (Surplus)/Deficit Council Tax	(2.881)	(2.881)	(2.881)	0.000
Collection Fund (Surplus)/Deficit NNDR	0.000	0.000	4.367	4.367
Total Funding (b)	**(332.378)**	**(332.378)**	**(332.378)**	**0.000**
Movement on General Fund (a) + (b)	**0.000**	**0.000**	**(0.356)**	**(0.356)**

The overall underspend against the revised 2019/2020 budget was £0.356 million which was returned to General Fund reserves. More details about the Council's revenue spending on services are given in the narrative report, '2019/20 Financial and Performance Review', Comprehensive Income & Expenditure Statement and subsequent notes.

Note 1b Expenditure and Income Analysed by Nature

Expenditure and income reflected in the Comprehensive Income & Expenditure Statement is analysed by nature below.

	2019/2020 £000	2018/2019 Restated* £000
Expenditure		
Employee expenses	281,890	270,112
Other services expenses**/***/*****	641,409	625,756
Depreciation, amortisation and impairment****/*****	39,952	46,159
Interest payments***	16,855	12,328
Precept and levies	21,702	19,804
Loss on disposal of assets	9,894	25,291
Total Expenditure	**1,011,702**	**999,451**
Income		
Fees, charges and other service income	(521,534)	(510,332)
Interest and investment income*****	(1,141)	(1,180)
Movements in the market value of Investment Properties	86	(955)
Income from Council Tax and Business Rates	(356,395)	(337,425)
Government Grants and contributions	(30,708)	(42,766)
Other grants and contributions	(52,764)	(88,096)
Total Income	**(962,456)**	**(980,754)**
(Surplus) / Deficit on the Provision of Services	**49,246**	**18,697**

* 2018/19 amounts have been restated so the Surplus / Deficit on the Provision of Services total equals the total in the Comprehensive Income and Expenditure Statement.

** The 2019/20 'Other Services Expenses' has been adjusted by £0.348 million to reflect the reduction in interest charged on the Monkton Park former PFI loan, as a result of the loan being reclassified and measured as a financial instrument (as opposed to a service concession). The 2018/19 comparatives have not been restated because these adjustments are not material.

*** 'Other Services Expenses' and 'Interest Payments' have been adjusted by £4.237 million to reflect the reclassification of interest in respect of Monkton Park former PFI and Schools/Housing PFIs. The 2018/19 comparatives have not been restated because these adjustments are not material.

**** 2018/19 amounts have been restated to reflect the write out of the school non-current asset transactions relating to Malmesbury School and Wootton Bassett School that converted to Academies during 2011. The restatements are as follows:

- Depreciation, amortisation and impairment reduced by £0.960 million.

***** 2018/19 amounts have been restated to reflect the Council's waste vehicles (being made available to the contractor to provide the waste services) being reclassified and remeasured as a finance lease - receivable (previously treated as REFCUS). The restatements are as follows:

- Other Services Expenses reduced by £0.220 million.
- Depreciation, amortisation and impairment reduced by £1.277 million
- Interest and Investment Income increased by £0.220 million.

Note 1c Income from Revenue Contracts

IFRS 15 (Revenue from Contracts with Customers) requires disclosure of income arising from contracts with service recipients. Most of the Council's income streams are outside of the scope of IFRS 15 as the majority of income that the Council receives/collects is government grants, council tax, retained business rates and pay as you go charges (e.g. car parking charges). The Council has reviewed the value of income covered by IFRS 15 and considers this to be an immaterial amount therefore no further disclosures are required.

Note 2 Exceptional Items

There are no exceptional items in the financial statements for either 2019/20 or 2018/2019.

Note 3 Other Operating Expenditure

	2019/2020 £000	2018/2019 £000
Parish Council Precepts	21,702	19,804
Payments to the Government Housing Capital Receipts Pool	1,233	917
(Gains)/losses on the Disposal of Non-Current Assets *	9,894	25,291
Total	**32,829**	**46,012**

* 2019/20 amount includes the net book value (£7.3m) of schools that have converted to academies and the net book value (£7.0m) of assets that were included in the Council's fixed asset register that following a review were identified as having been disposed of in previous years.

Note 4 Financing and Investment Income and Expenditure

	2019/2020 £000	2018/2019 Restated* £000
Interest Payable and Similar Charges**	16,855	12,328
Interest and Investment Income***	(1,141)	(1,180)
Pension Interest Costs and Expected Return on Pension Assets	15,001	14,489
Income and Expenditure in Relation to Investment Properties	(1,986)	(2,041)
Financial Instruments Adjustments	(3)	(2)
Movements in the Market Value of Investment Properties	86	(955)
Total	**28,812**	**22,639**

* 2018/19 amounts have been restated to include income and expenditure in relation to investment properties, and financial instrument adjustments, which were previously shown within net cost of services in the Comprehensive Income and Expenditure Statement.

** £4.237 million interest payable previously reflected in net cost of services in relation to Monkton Park former PFI and Schools/Housing PFIs is now shown in Financial and Investment Income and Expenditure. The 2018/19 comparatives have not been restated because these adjustments are not material.

*** 2018/19 amounts have been restated to reflect the Council's waste vehicles (being made available to the contractor to provide the waste services) being reclassified and remeasured as a finance lease - receivable (previously treated as REFCUS). The restatements are as follows:

- Interest and Investment Income increased by £0.220 million.

Note 5 Taxation and Non-specific Grant Income

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

	2019/2020 £000	2018/2019 Restated* £000
Council Tax Income	(268,627)	(255,420)
Collection Fund Surplus	(2,881)	(5,506)
Parish Council Precepts	(21,702)	(19,804)
Total Council Tax Income	**(293,210)**	**(280,730)**
General Government Grants	(30,708)	(34,720)
Formula Grant	0	(8,046)
Business Rates Retention Scheme	(63,185)	(56,695)
Capital Grants and Contributions	(52,764)	(88,096)
Total	**(439,867)**	**(468,287)**

* 2018/19 has been restated to eliminate the entry 'additional reserves contribution' £1.8m and correctly classify this as a reserve movement in the Movement in Reserves Statement.

Note 6 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2019/2020:

	2019/2020 £000	2018/2019 Restated* £000
Credited to Taxation and Non Specific Grant Income		
General Government Grants	(30,708)	(34,720)
Formula Grant	0	(8,046)
Business Rates Retention Scheme	(58,500)	(55,744)
Community Infrastructure Levy	(9,183)	(11,801)
Developer Contributions	(5,764)	(4,322)
Department For Education Grant	(4,496)	(14,807)
Department For Transport Grant	(19,544)	(28,012)
Ministry of Housing, Communities & Local Government Grant	(6,687)	(17,491)
Ministry of Defence Contribution	(7,488)	(9,425)
Other Grants & Contributions	397	(2,238)
Total	**(141,972)**	**(186,606)**
Credited to Services		
Dedicated Schools Grant	(178,567)	(180,474)
Public Health Grant	(16,903)	(17,361)
Pupil Premium Grant	(7,362)	(7,454)
Learning & Skills Council	(1,186)	(1,482)
Universal Infant Free School Meals	(3,743)	(3,980)
PFI	(7,541)	(7,541)
Housing Benefit & Council Tax Admin Grant	(1,356)	(1,469)
Housing Benefit Subsidy	(75,239)	(85,953)
Salilsbury Recovery	(150)	(3,149)
Other Grants	(71,529)	(62,216)
Other Contributions	(3,625)	(1,836)
Donations	(861)	(895)
Covid Grant	(11,578)	0
Total	**(379,640)**	**(373,810)**
Total Grants, Contributions & Donations	**(521,612)**	**(560,416)**

* 2018/19 amounts have been restated to include a number of grants credited to Taxation and Non Specific Grant Income that were previously omitted from this note.

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 in the next financial year. The balances at the year end are as follows:

	2019/2020 £000	2018/2019 £000
Revenue Grants to be returned (Creditor)		
Other Grants	10	7
Total	**10**	**7**

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

	2019/2020 £000	2018/2019 £000
Revenue Grants Receipts in Advance		
MOD Education Support Fund	(55)	(363)
Business Rates Support Grants	(10,751)	0
Other Grants	(214)	0
Total	**(11,020)**	**(363)**

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 2019/20 and 2018/2019 are as follows:

	Central Expenditure £000	Individual Schools Budget (ISB) £000	2019/2020 Total £000	2018/2019 Restated* Total £000
Final DSG for year before academy and high needs recoupment			(351,062)	(343,264)
Academy and high needs recoupedment			172,495	162,790
Total DSG after academy and high needs recoupment			**(178,567)**	**(180,474)**
Brought forward from previous year			2,073	(846)
Agreed initial budget distribution	**(69,747)**	**(106,747)**	**(176,494)**	**(181,320)**
In Year Adjustments	206		206	36
Final budgeted distribution	**(69,541)**	**(106,747)**	**(176,288)**	**(181,284)**
Less: actual central expenditure	80,891		80,891	72,709
Less: actual ISB deployed to schools		106,747	106,747	111,948
Plus: Local Authority Contribution			0	(1,300)
Carry forward as at 31 March	**11,350**	**0**	**11,350**	**2,073**

* 2018/19 amounts have been restated to align the amounts to the amended format of the disclosure note.

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:

	2019/2020 £000	2018/2019 £000
Self Care, Self Support	1,449	1,645
Intermediate Care	14,240	14,267
Access, rapid response 7 day working	3,738	3,534
Care Bill	2,500	2,500
Protecting Social Care	18,913	18,810
Scheme Management	483	433
Social Care Capital	1,917	3,828
Integrated Community Equipment	5,354	5,328
Total Expenditure before return to partners	**48,594**	**50,345**
Return to Partners CCG	0	0
Return to Partners Wiltshire Council	2,984	0
Total Schemes	**51,578**	**50,345**

This was funded from income and grants as follows:

	2019/2020 £000	2018/2019 £000
Wiltshire CCG BCF Contribution	(33,016)	(31,776)
Wiltshire Council BCF Contribution	(5,348)	(8,943)
Disabled Facilities Grant	(3,273)	0
Improved Better Care Fund	(8,118)	(9,626)
Winter Pressures Grant	(1,823)	0
Total Income and Grants	**(51,578)**	**(50,345)**

Note 9 Members' Allowances

The Council paid the following amounts to Members of the Council:

	2019/2020 £000	2018/2019 £000
Allowances	1,914	1,908
Expenses	74	76
Total	**1,988**	**1,984**

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. The table below is based on full remuneration and not just salary.

Remuneration Band £	2019/2020 No. Employees	2018/2019 No. Employees
50,000 - 54,999	94	99
55,000 - 59,999	74	63
60,000 - 64,999	51	64
65,000 - 69,999	37	28
70,000 - 74,999	14	10
75,000 - 79,999	13	13
80,000 - 84,999	4	4
85,000 - 89,999	3	4
90,000 - 94,999	2	2
95,000 - 99,999	2	6
100,000 - 104,999	7	7
105,000 - 109,999	2	2
110,000 - 114,999	6	0
115,000 - 119,999	1	2
120,000 - 124,999	0	0
125,000 - 129,999	1	2
130,000 - 134,999	0	1
135,000 - 139,999	0	0
140,000 - 144,999	0	2
145,000 - 149,999	0	0
150,000 - 154,999	0	1
155,000 - 159,999	2	0
160,000 - 164,999	0	0
275,000 - 280,000	1	0
TOTAL	**314**	**310**

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

<u>2019/2020 Remuneration for Senior Employees - Salary is £150,000 or more per year</u>
(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 2019/2020 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2019/2020 £
Executive Director Adult Care, Public Health, Digital - Carlton Brand (Subnote A)	159,084	0	0	120,727	0	**279,811**	25675	**305,486**
Chief Executive Officer - Place Alistair Cunningham (Subnote B)	156,297	0	2,881	0	0	**159,178**	32,822	**192,000**
Chief Executive Officer - People Terence Herbert (Subnote C)	156,297	0	1,275	0	0	**157,572**	32,822	**190,394**
Total	**471,678**	**0**	**4,156**	**120,727**	**0**	**596,561**	**91,319**	**687,880**

2018/2019 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 2018/2019 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2018/2019 £
Executive Director, Adult Care, Public Health & Digital - Carlton Brand (see Subnote A)	154,290	0	0	0	0	**154,290**	30,858	**185,148**
Total	**154,290**	**0**	**0**	**0**	**0**	**154,290**	**30,858**	**185,148**

2019/2020 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)

Post Holder	Salary (including fees and allowances) £	Bonuses £	Expense Allowances £	Compensation for loss of Office £	Benefits in Kind £	Total Remuneration excluding pension contributions 2019/2020 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2019/2020 £
Director Education & Skills - Chief Education Officer (Subnote D)	101,560	0	2,313	0	0	**103,873**	21,327	**125,200**
Director for Children's Services (Subnote E)	108,099	0	742	0	0	**108,841**	22,701	**131,542**
Director, Finance & Procurement - s151 Officer (Subnote F)	10,211	0	0	0	0	**10,211**	2,144	**12,355**
Director, Legal Electoral & Registration - Monitoring Officer (Subnote G)	110,084	0	163	0	0	**110,247**	23,118	**133,365**
Director Human Resources & Organisational Development - Head of Paid Services	103,263	0	0	0	0	**103,263**	21,685	**124,948**
Total	**433,217**	**0**	**3,218**	**0**	**0**	**436,435**	**90,975**	**527,410**

In addition, the post of Interim Director, Finance & Procurement was held during the year by 2 interim agency staff. The amounts paid to the agency for these staff is as follows:

- Interim Director, Finance & Procurement 1 (April 2019 – October 2019) £153,709; and
- Interim Director, Finance & Procurement 2 (November 2019 – March 2020) £106,479.

The statutory role of Director of Adults Services was undertaken by the Executive Director, Adult Care, Public Health & Digital until his departure. The role was then held from January to March by an agency staff. The amount paid to the agency for this staff member is as follows

- Interim Director of Adults (January 2020 to March 2020) £44,525.

2018/2019 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)

Post Holder	Salary (including fees and allowances) £	Bonuses £	Expense Allowances £	Compensation for loss of Office £	Benefits in Kind £	Total Remuneration excluding pension contributions 2018/2019 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2018/2019 £
Executive Director, Growth, Investment & Place	144,730	0	976	0	0	**145,706**	28,946	**174,652**
Executive Director, Children & Education	144,730	0	336	0	0	**145,066**	28,946	**174,012**
Director, Human Resources & Organisational Development - Head of Paid Service	97,898	0	0	0	0	**97,898**	19,579	**117,477**
Director, Finance & Procurement - s151 Officer (Subnote H)	6,595	0	41	0	0	**6,636**	1,319	**7,955**
Director, Legal and Governance - Monitoring Officer	107,925	0	0	0	0	**107,925**	21,584	**129,509**
Total	**501,878**	**0**	**1,353**	**0**	**0**	**503,231**	**100,374**	**603,605**

Subnote A:
Executive Director Adult Care, Public Health & Digital was appointed on 1 October 2019. The annualised salary for that post was £157,376. Prior to 1 October 2019, the post holder was Corporate Director, Growth, Investment & Place from 1 April 2019. The annualised Salary was £157,376. The executive Director Adult Care, Public Health & Digital left the employment of the Council on 1 January 2020 following a senior management restructure. The postholder received £120,727 as a severance payment.

Subnote B:
Chief Executive Officer - Place was appointed on 13 January 2020. The annualised salary for that post was £169,952. Prior to this the postholder was Executive Director Growth, Investment and Place from 1st October 2019 and Corporate Director Growth, Investment & Place from 1 April 2019, both with an annualised salary of £152,496.

Subnote C:
Chief Executive Officer - People was appointed on 13 January 2020. The annualised salary for that post was £169,952. Prior to this the postholder was Executive Director Children & Education from 1st October 2019 and Corporate Director Children & Education from 1st April 2019, both with an annualised salary of £152,496 (this role was a statutory role).

Subnote D:
Director Education & Skills (which is a required statutory role) had annualised salary at 31 March 2020 of £103,263, an increase from 1 October 2019 when the annualised salary was £99,856.

Subnote E:
Director of Children's Services (which is a require statutory role) was appointed on 2 March 2020 with an annualised salary of £124,386. Prior to this the postholder was Director Families & Children with an annualised salary of £106,761. The statutory role prior to 2 March 2020 was carried out by the Executive Director Children & Education from 1 October 2019 and Corporate Director Children & Education from 1 April 2019 both with an annualised salary of £152,496 (see Subnote C).

Subnote F:
Director Finance & Procurement started 1 March 2020 with an annualised salary of £122,532. Prior to this the role was filled on an interim basis pending recruitment of a new permanent postholder.

Subnote G:
Director Legal, Electoral & Registration started his role on 1 October 2019 and prior to this from 1 April 2019 was Director Legal & Democratic Services, both with an annualised salary of £110,084.

Subnote H:
Director, Finance & Procurement left the employment of the Council on 23 April 2018 and has since been filled on an interim basis pending recruitment of a new permanent postholder until appointment on 1 March 2020. (see Subnote F).

Exit Packages

Exit packages include all benefits provided 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	
	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020
£							£	£
0-20,000	2	9	56	66	58	75	480,768	468,061
20,001-40,000	0	1	19	19	19	20	553,735	535,831
40,001-60,000	0	0	14	5	14	5	671,465	238,675
60,001-80,000	0	0	1	0	1	0	63,030	0
80,001-100,000	0	0	0	1	0	1	0	80,648
100,001-150,000	0	0	0	1	0	1	0	120,727
Total	**2**	**10**	**90**	**92**	**92**	**102**	**1,768,998**	**1,443,942**

In 2019/2020 there were 42 exit packages relating to schools, with a value of £263,639.

Note 11 External Audit Fees

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

	2019/2020 £000	2018/2019 £000
Fees payable for external audit services carried out by the appointed auditor	**129**	**129**
Fees payable for the certification of grant claims and returns	**24**	**24**
Total	**153**	**153**

Overrun discissions are ongoing between the Council and its external auditors. The conclusion of these discussions may result in higher audit fees for 2018/19 and 2019/20 than the amounts disclosed in the table above.

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 income 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 2019/2020 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 2019/20 the Council charged the fund £1.818 million (£1.478 million in 2018/19) 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 as in the table below.

	2019/2020			
	Adjustments for Capital Purposes (Note 13a)	Net change for the Pension Adjustments (Note 13b)	Other Differences (Note 13c)	Total Adjustments
General Fund Services	**£000**	**£000**	**£000**	**£000**
ASC Operations - Access & Reablement	349	1,706	13	**2,068**
Learning Disability & Mental Health	278	958	(5)	**1,231**
Commissioning	2,055	433	(2)	**2,486**
Public Health	0	360	(20)	**340**
Digital & Information	1,511	864	21	**2,396**
Legal, Electoral & Registration	66	657	7	**730**
Family & Children Services	1,467	3,754	27	**5,248**
Education & Skills	25,188	2,555	309	**28,052**
Corporate Services	0	877	(3)	**874**
Human Resources & Org Development	24	541	4	**569**
Economic Development & Planning	616	1,061	8	**1,685**
Highways & Environment	15,052	1,184	10	**16,246**
Housing & Commercial Development	3,484	792	7	**4,283**
Communities & Neighbourhood	4,978	2,137	26	**7,141**
Finance*	133	1,089	(343)	**879**
Corporate Directors & Members	0	138	2	**140**
Corporate	(10,992)	2,368	(215)	**(8,839)**
Housing Revenue Account (HRA)	(4,257)	438	11	**(3,808)**
Net Cost of Service	**39,952**	**21,912**	**(143)**	**61,721**
Other operating Expenditure	11,127	0	0	**11,127**
Financing and Investment Income and Expenditure	86	15,001	(3)	**15,084**
Taxation and non-specific grant income	(52,764)	0	(2,316)	**(55,080)**
(Surplus)/ Deficit	**(1,599)**	**36,913**	**(2,462)**	**32,852**

* The 2019/20 Finance segment in column 'Other Differences' has been adjusted by £0.348 million for the write down of the loan premium, as a result of Monkton Park former PFI loan being reclassified and measured as a financial instrument (as opposed to a service concession). The 2018/19 comparatives have not been restated because these adjustments are not material.

	2018/2019 Restated*			
	Adjustments for Capital Purposes (Note 13a)	Net change for the Pension Adjustments (Note 13b)	Other Differences (Note 13c)	Total Adjustments
General Fund Services	**£000**	**£000**	**£000**	**£000**
ASC Operations - Access & Reablement	1,144	1,004	21	**2,169**
Learning Disability & Mental Health	213	667	38	**918**
Commissioning	1	300	21	**322**
Public Health	(0)	271	12	**283**
Digital & Information	995	453	24	**1,472**
Legal, Electoral & Registration	65	408	6	**479**
Family & Children Services	29	2,471	28	**2,528**
Education & Skills**	23,899	1,840	(553)	**25,186**
Corporate Services	0	653	(13)	**640**
Human Resources & Org Development	35	359	5	**399**
Economic Development & Planning	2,844	714	4	**3,562**
Highways & Environment***	14,848	922	(61)	**15,709**
Housing & Commercial Development	9,742	505	16	**10,263**
Communities & Neighbourhood	10,477	1,424	6	**11,907**
Finance	106	735	(4)	**837**
Corporate Directors & Members	0	70	7	**77**
Corporate	(13,216)	882	(161)	**(12,495)**
Housing Revenue Account (HRA)	(5,022)	263	6	**(4,753)**
Net Cost of Service	**46,159**	**13,940**	**(598)**	**59,502**
Other operating Expenditure	26,208	0	0	**26,208**
Financing and Investment Income and Expenditure	(956)	14,489	(2)	**13,531**
Taxation and non-specific grant income	(88,096)	0	2,080	**(86,016)**
(Surplus)/ Deficit	**(16,685)**	**28,429**	**1,480**	**13,225**

* 2018/19 amounts have been restated to reflect the departmental restructure that took place in 2019/20.

** 2018/19 amounts have been restated to reflect the write out of the school non-current asset transactions relating to Malmesbury School and Wootton Bassett School that converted to Academies during 2011. The restatements are as follows:

- Education and skills, 'Adjustments for Capital Purposes (note 13a)' reduced by £0.960 million.

*** 2018/19 amounts have been restated to reflect the Council's waste vehicles (being made available to the contractor to provide the waste services) being reclassified and remeasured as a finance lease - receivable (previously treated as REFCUS). The restatements are as follows:

- Highways & Environment, 'Adjustments for capital purposes (note 13)' reduced by £1.277 million.

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 practices. 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 service costs and past service costs.

Note 13c Other Differences

Other differences between the amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute. These include adjustments 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.

2019/2020 Adjustments	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	(22,323)	(12,232)				**34,555**
Charges for impairment/ revaluations of plant, property and equipment	(11,036)					**11,036**
Movements in the market value of Investment Properties	(86)					**86**
Amortisation of intangible assets	(429)					**429**
Revenue expenditure funded from capital under statute	(21,393)					**21,393**
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	(24,056)	(1,719)				**25,775**
Flexible use of capital receipts to fund transformation expenditure - transfer of expenditure	(1,581)					**1,581**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	12,552					**(12,552)**
Capital expenditure charged against the General Fund and HRA balances		4,257				**(4,257)**
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement and Expenditure Statement	52,764				(52,764)	**0**
Application of grants to capital financing transferred to the Capital Adjustment Account					60,924	**(60,924)**
Adjustments primarily involving the Capital Receipts Reserve:						
Capital receipts received for the sale of non-current assets reflected as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	9,442	6,440	(15,882)			**0**
Use of the Capital Receipts Reserve to finance new capital expenditure			7,695			**(7,695)**
Use of the Capital Receipts Reserve to finance repayment of HRA debt			8,000			**(8,000)**
Payments to the Government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(1,233)		1,233			**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	215		(204)			**(11)**
Adjustment primarily involving the Major Repairs Reserve						
Posting of HRA resources from revenue to the Major Repairs Reserve		12,232		(12,232)		**0**
Use of the Major Repairs Reserve to finance new capital expenditure and depreciation				4,802		**(4,802)**
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*	351					**(351)**
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 49)	(36,475)	(438)				**36,913**
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	(2,370)					**2,370**
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	4,686					**(4,686)**
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	(409)	(11)				**420**
Total Adjustments	**(41,381)**	**8,529**	**842**	**(7,430)**	**8,160**	**31,280**

* The 2019/20 General Fund and Unusable Reserves columns for the line ‘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’ have been adjusted by £0.348 million to reflect the write down of the loan premium as a result of Monkton Park former PFI loan being reclassified and measured as a financial instrument (as opposed to a service concession). The 2018/19 comparatives have not been restated because these adjustments are not material.

2018/2019 Adjustments Restated	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation of non-current assets*/***	(23,656)	(12,153)				**35,809**
Charges for impairment/ revaluations of plant, property and equipment	(24,977)	(464)				**25,441**
Movements in the market value of Investment Properties	956					**(956)**
Amortisation of intangible assets	(323)					**323**
Revenue expenditure funded from capital under statute****	(15,221)					**15,221**
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**	(39,335)	(1,989)				**41,324**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment****	12,995					**(12,995)**
Capital expenditure charged against the General Fund and HRA balances		5,486				**(5,486)**
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement and Expenditure Statement	88,096				(88,096)	**0**
Application of grants to capital financing transferred to the Capital Adjustment Account					78,347	**(78,347)**
Adjustments primarily involving the Capital Receipts Reserve:						
Capital receipts received for the sale of non-current assets reflected as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement**	11,274	4,759	(16,033)			**0**
Use of the Capital Receipts Reserve to finance new capital expenditure			11,602			**(11,602)**
Use of the Capital Receipts Reserve to finance repayment of HRA debt			4,810			**(4,810)**
Payments to the Government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(917)		917			**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	165		(269)			**104**
Adjustment primarily involving the Major Repairs Reserve						
Posting of HRA resources from revenue to the Major Repairs Reserve*		12,153		(12,153)		**0**
Use of the Major Repairs Reserve to finance new capital expenditure and depreciation				9,013		**(9,013)**
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 49)	(28,166)	(263)				**28,429**
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	(3,030)					**3,030**
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	950					**(950)**
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	439	(6)				**(433)**
Total Adjustments	**(20,748)**	**7,523**	**1,027**	**(3,140)**	**(9,749)**	**25,087**

* 2018/19 amounts have been restated to reflect the correct presentation of the transactions relating to the major repairs reserve.

** 2018/19 amounts have been restated to reflect the correct presentation of the transactions relating to the sale of non-current assets.

*** 2018/19 amounts have been restated to reflect the write out of the school non-current asset transactions relating to Malmesbury School and Wootton Bassett School that converted to Academies during 2011. The restatements are as follows:

- Charges for Depreciation on non-current assets, reduced by £0.960 million

**** 2018/19 amounts have been restated to reflect the Council’s waste vehicles (being made available to the contractor to provide the waste services) being reclassified and remeasured as a finance lease - receivable (previously treated as REFCUS). The restatements are as follows:

- Revenue expenditure funded from capital under statute reduced by £2.621 million.
- Statutory provision for the financing of capital investment reduced by £1.344 million.

Note 15 Property, Plant and Equipment ("PPE")

The table below provides a reconciliation from the carrying amount of PPE at the beginning of the period to the carrying amount at the end of the period with details of all movements.

Property, Plant and Equipment 2019/20	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
Cost or Valuation								
Opening Balance 1 April 2019	273,936	373,597	97,577	474,836	6,417	50,673	8,935	**1,285,971**
Additions	7,578	11,271	6,469	922	0	52,903	0	**79,143**
Derecognition - Disposals	(1,538)	(21,207)	(3,254)	0	(698)	0	(125)	**(26,822)**
Revaluation increases/ (decreases) recognised in Revaluation reserve	(11,565)	20,329	(3,086)	0	(943)	10	0	**4,745**
Revaluation increases/ (decreases) recognised in Surplus/ Deficit on provision of services	(174)	(41,180)	10	0	(215)	0	0	**(41,559)**
Category Adjustments & other movements	4	6,381	886	29,088	36	(40,288)	(4,259)	**(8,152)**
At 31 March 2020	**268,241**	**349,191**	**98,602**	**504,846**	**4,597**	**63,298**	**4,551**	**1,293,326**
Depreciation and Impairments								
Opening Balance 1 April 2019	(768)	(54,523)	(31,093)	(86,628)	(356)	0	(301)	**(173,669)**
Depreciation	(5,701)	(10,708)	(10,321)	(7,825)	0	0	0	**(34,555)**
Accumulated depreciation written back on derecognition of assets	0	5,200	3,072	0	10	0	0	**8,282**
Revaluation losses/Impairment recognised in the surplus/deficit on provision of services, and Depreciation written out to the surplus/deficit on provision of services on revaluation	83	30,684	(28)	0	23	62	0	**30,824**
Revaluation losses/Impairment recognised in the revaluation reserve, and Depreciation written out to the revaluation reserve on revaluation	5,533	(15,696)	8,449	0	103	0	0	**(1,611)**
Category Adjustments & other movements	0	0	0	0	0	0	300	**300**
At 31 March 2020	**(853)**	**(45,043)**	**(29,921)**	**(94,453)**	**(220)**	**62**	**(1)**	**(170,429)**
Net Book Value at 31 March 2020	**267,388**	**304,148**	**68,681**	**410,393**	**4,377**	**63,360**	**4,550**	**1,122,897**
Net Book Value at 31 March 2019	**273,168**	**319,074**	**66,484**	**388,208**	**6,061**	**50,673**	**8,634**	**1,112,302**

Property, Plant and Equipment 2018/19 Restated	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
Cost or Valuation								
Opening Balance 1 April 2018	308,500	464,328	225,137	436,386	6,856	62,806	9,890	**1,513,903**
Assets not in Council ownership/control*		(40,150)	(53,825)	(2)	(340)			**(94,317)**
PFI schools converted to Academies**		(31,874)						**(31,874)**
Restated Opening Balance 1 April 2018	308,500	392,304	171,312	436,384	6,516	62,806	9,890	**1,387,712**
Additions	8,810	21,855	7,211	9,095	0	36,140	1	**83,112**
Derecognition - Disposals*	(1,989)	(25,045)	(12,728)	0	(99)	0	(1,100)	**(40,961)**
Revaluation increases/ (decreases) recognised in Revaluation reserve**	(34,875)	(21,687)	(88,883)	0	0	0	123	**(145,322)**
Revaluation increases/ (decreases) recognised in Surplus/ Deficit on provision of services	(17,957)	(252)	19,696	0	0	0	0	**1,487**
Category Adjustments & other movements	11,447	6,422	969	29,357	0	(48,273)	21	**(57)**
At 31 March 2019	**273,936**	**373,597**	**97,577**	**474,836**	**6,417**	**50,673**	**8,935**	**1,285,971**
Depreciation and Impairments								
Opening Balance 1 April 2018	(37,677)	(109,693)	(150,144)	(78,892)	(696)	0	0	**(377,102)**
Assets not in Council ownership/control*		40,150	53,825	2	340			**94,317**
Restated Opening Balance 1 April 2018	(37,677)	(69,543)	(96,319)	(78,890)	(356)	0	0	**(282,785)**
Depreciation**	(5,659)	(11,373)	(11,016)	(7,738)	0	0	0	**(35,786)**
Accumulated depreciation written back on derecognition of assets*	0	4,311	1,401	0	0	0		**5,712**
Revaluation losses/Impairment recognised in the surplus/deficit on provision of services, and Depreciation written out to the surplus/deficit on provision of services on revaluation	14,236	(19,852)	(21,312)	0	0	0	0	**(26,928)**
Revaluation losses/Impairment recognised in the revaluation reserve, and Depreciation written out to the revaluation reserve on revaluation **	28,332	41,563	96,153	0	0	0	28	**166,076**
Category Adjustments & other movements	0	371	0	0	0	0	(329)	**42**
At 31 March 2019	**(768)**	**(54,523)**	**(31,093)**	**(86,628)**	**(356)**	**0**	**(301)**	**(173,669)**
Net Book Value at 31 March 2019	**273,168**	**319,074**	**66,484**	**388,208**	**6,061**	**50,673**	**8,634**	**1,112,302**
Net Book Value at 31 March 2018	**270,823**	**322,761**	**74,993**	**357,494**	**6,160**	**62,806**	**9,890**	**1,104,927**

* 2018/19 amounts have been restated to reflect assets that are no longer owned/controlled by the Council. These assets have a net book value of nil, but the cost or valuation and depreciation and impairments amounts associated with these assets have been reduced. The restatements are as follows:

Cost or Valuation

- Opening Balance at 1 April 2018, reduced by £94.317 million (allocation of this amount to the various asset categories is shown in the table on the previous page)
- Derecognition - Disposals, increased by £0.200 million (Other land and buildings £0.038 million and vehicles, plant and equipment £0.162 million)

Depreciation and Impairments

- Opening Balance at 1 April 2018, reduced by £94.317 million (allocation of this amount to the various asset categories is shown in the table)
- Accumulated depreciation written back on derecognition of assets, increased by £0.200 million (Other land and buildings £0.038 million and vehicles, plant and equipment £0.162 million)

** 2018/19 amounts have been restated to reflect the write out of the school balances relating to Malmesbury School and Wootton Bassett School that converted to Academies during 2011. Other Land and Buildings have been restated as follows:

Cost or Valuation

- Opening Balance at 1 April 2018, reduced by £31.874 million
- Revaluation increases/ (decreases) recognised in Revaluation reserve, reduced by £4.080 million

Depreciation and Impairments

- Depreciation, reduced by £0.960 million
- Depreciation written out to the revaluation reserve on revaluation, reduced by £0.960 million

Net Book Value at 31 March 2019, reduced by £35.954 million as a result of the above adjustments.

Capital Commitments

At 31 March 2020, the Council had entered into contracts for the construction and enhancement of property, plant and equipment in 2020/21 and future years. The significant commitments are as follows:

Capital Commitments	As at 31 March 2020 £000	As at 31 March 2019 £000
Campuses	4,252	1,444
Economic Development	5,626	823
Education	8,967	11,293
Highways	8,036	9,429
Housing	27,816	9,328
ICT	1,205	357
Other	432	86
Property	1,718	1,027
Ultrafast Broadband	2,638	3,000
Total	**60,690**	**36,787**

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, and
- Infrastructure. These are depreciated over a useful life of 60 years.

The total depreciation charged to tangible Property Plant and Equipment fixed assets for 2019/20 is £35.677 million (£36.746 million in 2018/19).

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 2020 £000	31 March 2020 £000	31 March 2019 Restated* £000
Opening Capital Financing Requirement		**533,628**	**564,154**
Finance Lease adjustment**			(11,946)
Capital Investment			
Plant Property & equipment Assets	79,143		87,254
Plant Property & equipment PFI Assets	0		(14)
Investment Properties	101		27
Intangible assets	8,560		1,184
Revenue Expenditure Funded from Capital under Statute**	21,393		15,221
Write-down of Lease Receivable**	1,817		1,344
Flexible use of capital receipts to fund transformation expenditure - transfer of expenditure	1,580		0
		112,594	**105,016**
Sources of Finance			
Government Grants		(60,924)	(78,345)
Major Repairs Reserve		(4,802)	(9,013)
Capital Receipts**		(9,511)	(12,946)
Assets purchased through Revenue (inc HRA)		(4,257)	(5,487)
Minimum Revenue Provision**		(8,959)	(9,383)
Voluntary Revenue Provision		(12)	(261)
Minimum Revenue Provision - PFI Schemes		(3,581)	(3,351)
Use of capital receipts reserve to finance HRA debt repayment		(8,000)	(4,810)
		(100,046)	**(123,596)**
Closing Capital Financing Requirement		**546,176**	**533,628**
Explanation of Movements in the Year			
Increase / (decrease) in underlying need to borrow		12,548	(30,526)
Increase / (decrease) in Capital Financing Requirement		**12,548**	**(30,526)**

* Restated by £39,000 to eliminate an incorrect entry in relation to 'repayment of long term capital assets' and corrected the movement in the year to a decrease of £17.303 million.

** 2018/19 amounts have been restated to reflect the Council's waste vehicles (being made available to the contractor to provide the waste services) being reclassified and remeasured as a finance lease - receivable (previously treated as REFCUS). The restatements are as follows:

- Finance Lease Adjustment increase by £11.946 million.
- Write-down of Lease Receivable increased £1.344 million.
- Revenue Expenditure funded from Capital under Statute reduced by £2.621 million.
- Capital Receipts increased by £1.344 million.
- Minimum Revenue Provision reduced by £1.344 million.

[the above mirror the adjustments to the Capital Adjustment Account – see note 37]

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, Avison Young (UK) Limited.

County Farms were most recently revalued in 2018/19 by a qualified external valuer.

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

The assets revalued during 2019/20 include:

- Playing Fields & allotments;
- OAP and Children's homes;
- Car Parks as well as the Investment Estate;
- Surplus Assets Not Held for Sale;
- Assets held for Sale; and
- HRA Stock and any new assets acquired during 2019/20 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 2019/20.

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		2,632	29,081	410,393		63,350		505,456
Valued at current value in:								
2019/2020	264,923	113,814	39,600		4,356	10	4,550	427,253
2018/2019*		115,919						115,919
2017/2018	2,465	71,244						73,709
2016/2017		73			21			94
2015/2016		466						466
Book Value at 31 March 2020	**267,388**	**304,148**	**68,681**	**410,393**	**4,377**	**63,360**	**4,550**	**1,122,897**

* 2018/19 amounts have been restated to reflect the write out of the school balances relating to Malmesbury School and Wootton Bassett School that converted to Academies during 2011. Other Land and Buildings have been reduced by £34.842 million.

Schools Assets

During the 2019/20 financial year any schools that became Academy schools have had their assets 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 financial statements.

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 property, plant and equipment assets (where there have previously not been upward valuations) are charged as downwards revaluation losses to the surplus/deficit on the provision of services. These are detailed by asset class in note 15.

As it is good practice to revalue properties when they are complete to ensure the carrying values are appropriate, the external valuers provided valuations for the new/refurbished buildings as at 31 March 2020.

The total revaluation gains, losses and impairment costs charged to the surplus/deficit on the provision of services but do not reflect any loss to the Council as these downward valuation charges are reversed out in the Movement in Reserves Statement (as statutorily required) so that they have no impact on the General Fund and HRA balances.

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 financial statements if the cost of obtaining a valuation exceeds the benefit to the users of the Statement of 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 Statement of 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

Authority as Lessor

Operating Leases
The Council leases out property under operating leases for the following purposes:

- Provide suitable affordable accommodation for local businesses
- Provide accommodation to other local service providers

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

Operating Leases - Lessor	As at 31 March 2020 £000	As at 31 March 2019 £000
Not later than one year	1,670	1,299
Later than one year and not later than five years	5,087	4,515
Later than five years	4,070	4,878
Total	**10,828**	**10,692**

* Due to the number of leases the Council has it has not been practical to separately disclose amounts from minimum lease payments that are contingent on events taking place after the lease was entered into, such as adjustments following rent review, Therefore contingent rents are included in the amounts in the table above.

Finance Leases
It has been determined (based on accounting standards IFRIC 4 and IAS 17), that the Council's contractual arrangement to make its waste vehicles available to the contractor to provide waste services to the Council, is a finance lease. This has required the restatement of a number of the core financial statements and notes. The impact of this restatement is shown as footnotes to the core financial statements and notes that have been impacted.

The lease has a remaining term of 6 years 3 months. The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term. The minimum lease payments comprise settlement of the long-term debt for the interest in the vehicles acquired by the waste contractor and finance income that will be earned by the Council in future years while the debtor remains outstanding. The gross investment is made up of the following amounts:

Finance Lease - Lessor	As at 31 March 2020 £000	As at 31 March 2019 £000
Finance lease debtor (net present value of minimum lease payments)		
Current	1,852	1,817
Non-current	10,319	11,406
Unearned Finance Income	860	1,127
Gross Investment in the Lease	**13,031**	**14,350**

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Minimum Lease Payments		Gross Investment in the Lease	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Finance Lease - Lessor	**£000**	**£000**	**£000**	**£000**
Not later than one year	1,852	1,817	2,085	2,085
Later than one year and not later than five years	7,770	6,860	8,339	7,574
Later than five years	2,548	4,546	2,607	4,691
Total	**12,171**	**13,223**	**13,031**	**14,350**

It is expected that the finance lease payments will be made therefore no allowance has been made for uncollectable amounts.

The lease payments do not include payments that are contingent on events taking place after the lease was entered into, and as such there are no contingent payments to be disclosed.

Authority as Lessee

Operating Leases
The Council has acquired its fleet of vehicles for providing various services with typical lives of 5 years, office equipment and property, by entering into operating leases.

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

	As at 31 March 2020	As at 31 March 2019
Operating Leases - Lessee	**£000**	**£000**
Not later than one year	3,173	738
Later than one year and not later than five years	5,288	1,105
Later than five years	1,145	1,202
Total	**9,607**	**3,046**

* Due to the number of leases the Council has it has not been practical to separately disclose amounts from minimum lease payments that are contingent on events taking place after the lease was entered into, such as adjustments following rent review, therefore contingent rents are included in the amounts in the table above.

The expenditure charged to the Comprehensive Income and Expenditure Statement* during the year in relation to these leases was:

	2019/2020	2018/2019
Operating Leases - Lessee	**£000**	**£000**
Minimum lease payments & contingent rents		
Vehicles, Plant & Equipment	818	106
Property	297	262
Software	1,776	931
Total	**2,891**	**1,298**

* Expenditure is charged to the following segments: Highways and Environment, Education and Skills, Human Resources and Organisation Development, Housing and Commercial Development, and Digital and Information.

Finance Leases
The Council has two leases for properties that are held on the balance sheet as investment properties and measured at fair value being £0.400 million as at 31 March 2020 (£0.355 million, 31 March 2019). The liabilities associated with these leases have not been recognised on the Council's balance sheet because they are immaterial in value with payments being reflected in the Comprehensive Income and Expenditure Statement.

In addition the Council has a small number of vehicles which it leases (with the leases ending in 2021/22). These leases are finance leases however, because of the immaterial amounts involved the associated assets and liabilities have not been reflected on the Council's Balance Sheet, with payments being reflected in the Comprehensive Income and Expenditure Statement.

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	Housing PFI £000	Total Long term contracts £000
Balance outstanding at 1 April 2019	(24,476)	(42,922)	**(72,395)**
Payments during the year to reduce capital liability	1,133	1,949	**3,082**
Liability outstanding 31 March 2020	**(23,343)**	**(40,973)**	**(69,313)**
Split:			
Due within 1 year	(1,225)	(2,040)	**(3,265)**
Due in over 1 year	(22,118)	(38,933)	**(61,051)**
Liability outstanding 31 March 2020	**(23,343)**	**(40,973)**	**(64,316)**

The PFI contract in relation to Monkton Park Offices was modified in January 2011 and 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. Therefore the liability on the balance sheet has been reclassified and measured as a financial instrument (as opposed to a service concession), and is now reported under the heading of borrowing on the Balance Sheet and is therefore no longer included in the table above.

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 is responsible for maintaining and operating the facilities for 30 years from when the first school became operational (March 2002). Abbeyfield School is included in the non-current assets in the Balance Sheet with an associated liability. Malmesbury School and Wootton Bassett School converted to Academies during 2011. Therefore the non-current asset balances and transactions relating to these schools should not be reflected in the Council's financial statements. This has required 2018/19 balances and transactions to be restated for these two schools as detailed in the document. However, these restatements have not impacted in the PFI 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 it is received.

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

Period	Liability £000	Interest £000	Service charges £000	2019/2020 Total £000	2018/2019 Total £000
Within 1 years	(1,225)	(1,518)	(3,564)	**(6,307)**	(6,217)
Within 2-5 years	(5,959)	(5,048)	(15,172)	**(26,179)**	(25,794)
Within 6-10 years	(10,554)	(3,292)	(21,199)	**(35,045)**	(34,507)
Within 11-15 years	(5,605)	(480)	(8,285)	**(14,370)**	(21,599)
Total	**(23,343)**	**(10,338)**	**(48,220)**	**(81,901)**	**(88,117)**

Malmesbury School and Wootton Bassett School which are part of the schools PFI, converted to Academies during 2011. Therefore the non-current asset balances and transactions relating to these schools should not be reflected in the Council's financial statements. This has required 2018/19 balances and transactions to be restated as detailed in the document. However, these restatements have not impacted in the

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 £000	Interest £000	2019/2020 Total £000	2018/2019 £000
Within 1 years	(2,040)	(1,847)	**(3,887)**	(3,881)
Within 2-5 years	(8,680)	(6,931)	**(15,611)**	(15,584)
Within 6-10 years	(14,830)	(4,842)	**(19,672)**	(19,635)
Within 11-15 years	(15,423)	(1,121)	**(16,544)**	(19,829)
Within 16-20 years	0	0	**0**	(665)
Total	**(40,973)**	**(14,741)**	**(55,714)**	**(59,594)**

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.

	2019/2020 £000	2018/2019 £000
Rental income from investment property	(2,519)	(2,459)
Direct operating expenses arising from investment properties	533	418

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 period:

	2019/2020 £000	2018/2019 £000
Balance at start of the year	23,452	23,244
Additions: Subsequent expenditure	101	27
Disposals		(10)
Gains from fair value adjustments		956
Losses from fair value adjustments	(86)	
Transfers (to)/from Property, Plant and Equipment	(368)	(765)
Balance at end of the year	**23,099**	**23,452**

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 licences 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 remaining useful lives assigned to the major software suites used by the Council along with the carrying amounts are:

	Carrying amount 31 March 2020 £000	Carrying amount 31 March 2019 £000	Remaining Amortisation Period
Adults & Children's Case Management System	2,953	1,514	5 - 4 Years
Other items of software	3,027	471	1 - 5 years
Microsoft Navigator	8,264	0	5 Years
Total	**14,244**	**1,985**	

The carrying amount of intangible assets is amortised on a straight-line basis. All amortisation applied to Intangible assets is on a straight-line basis over 5 years.

The table below provides a reconciliation from the carrying amount of intangible assets at the beginning of the period to the carrying amount at the end of the period with details of all movements.

	2019/2020 Purchased Software Licences £000	2018/2019 Purchased Software Licences £000
Gross carrying amounts	23,519	21,775
Accumulated amortisation	(21,534)	(21,211)
Net Carrying amount at the start of the year	**1,985**	**564**
Purchases	8,560	5,312
Amortisation for the period	(429)	(323)
Disposals		(13)
Category Adjustments	4,128	(3,555)
Net carrying amount at end of year	**14,244**	**1,985**
Comprising:		
Gross carrying amounts	36,207	23,519
Accumulated amortisation	(21,963)	(21,534)
Net carrying amount at end of year	**14,244**	**1,985**

Note 25 Assets Held for Sale

The Council held the following amounts as assets held for sale as at 31 March 2020. 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.

	2019/2020 £000	2018/2019 £000
Balance at start of the year	8,427	10,165
Assets newly classified as held for sale	4,101	4,335
Depreciation	0	(23)
Assets Sold	(7,236)	(6,050)
Revaluations	3,185	0
Balance at end of the year	**8,477**	**8,427**

OTHER NOTES TO THE BALANCE SHEET

Note 26 Debtors

Note 26a Short Term Debtors

These represent sums owed to the Council for supplies and services provided before 31 March 2020 but not received at that date.

	2019/2020 £000	2018/2019 £000
Other Local Authorities	2,766	1,436
Government Departments	8,251	10,029
NHS Bodies	4,225	3,346
Other entities & individuals:		
Share of Business Rates and Council Tax	17,185	14,099
Housing Tenants	2,296	1,698
Housing Benefit Overpayments	6,934	8,564
Other Sundry Debtors	33,000	27,051
Payments in Advance	7,378	6,720
Gross Debtors	82,035	72,943
Less: Allowance for expected credit losses		
General Fund debtors	(8,689)	(9,303)
Housing Benefit Overpayments	(6,934)	(8,564)
Housing Rent arrears	(1,999)	(1,556)
Council Tax arrears	(3,214)	(2,744)
Business Rates Arrears	(220)	(245)
Total Allowance for expcted credit losses	(21,056)	(22,412)
Total Short Term Debtors	**60,979**	**50,531**

Note 26b Long Term Debtors

These represent sums owed to the Council, in the areas shown in the table below, before 31 March 2020 but not received at that date, with payment due after 31 March 2021.

	2019/2020 £000	2018/2019 £000
Council House Mortgages	1,539	1,534
Adult Home Loan Awaiting House sale	2,934	2,322
Other Loans and Advances	5,014	2,547
Total Long Term Debtors	**9,487**	**6,403**

Note 27 Cash and Cash Equivalents

The balance of cash and cash equivalents consists of the bank accounts of locally managed schools and the rest of the Council's cash and bank accounts.

	2019/2020 £000	2018/2019 £000
Cash & Bank	(5,858)	(8,567)
Schools' bank accounts	14,481	15,270
Total Cash and Cash Equivalents	**8,623**	**6,703**

Note 28 Short Term Creditors

These represent sums owed by the Council for supplies and services received before 31 March 2020 but not paid for at that date.

	2019/2020 £000	2018/2019 £000
Other Local Authorities	(10,447)	(4,390)
Government Departments	(4,817)	(10,892)
NHS Bodies	(1,770)	(2,532)
Sundry Creditors	(80,442)	(57,874)
Receipts in Advance	(24,452)	(14,085)
Accumulated Absences	(6,336)	(5,916)
Total Short Term Creditors	**(128,264)**	**(95,689)**

Note 29 Provisions

Provisions are required for any liabilities of uncertain timing or amount that have been incurred. These are 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) that 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 is recognised. Amounts set aside for purposes falling outside the definition of provisions are accounted for as earmarked reserves, or contingent liabilities.

	Legal Claims	Insurance Claims	Business Rate Retention Scheme Appeals	Termination Benefits	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2019	(499)	(1,142)	(1,884)	(71)	**(3,596)**
Additional provisions made in year	0	(34)	(1,853)	(978)	**(2,865)**
Amounts used in year	0	0	1,884	71	**1,955**
Balance at 31 March 2020	**(499)**	**(1,176)**	**(1,853)**	**(978)**	**(4,506)**

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 £0.499 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 2020/2021 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 2019/2020 is made up of 23 claims totalling £1.176 million. These 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 (£0.400 million from 1 April 2020) and up to £0.400 million for own property claims (£0.250 million from 1 April 2020). It is currently expected that all of these claims will be settled during 2020/2021.

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

Termination Benefits
As at 31 March 2020 the Council made a total provision of £0.978 million in respect of termination benefits, relating to redundancy costs for 6 employees. It is expected that all cases will be resolved during the first half of the 2020/2021 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 £3.781 million as at 31 March 2020. This liability however, is shared between Wiltshire Council (49%), Central Government (50%) and Dorset and Wiltshire Fire & Rescue Authority (1%). The Council's share of this provision is therefore £1.853 million.

Note 30 Financial Instruments

Financial instruments are recognised on the balance sheet when the Council becomes party to the contractual provisions of a financial instrument. They are classified based on the business model for holding the instruments and their expected cashflow characteristics.

Financial Liabilities
Financial liabilities are initially measured at fair value and then at amortised cost. For the Council's borrowing this means that the amount presented in the balance sheet is the outstanding principal repayable (plus accrued interest). Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement ("CIES") are based on the carrying amount of the liability, multiplied by the rate of interest for the instrument.

Financial Assets
To meet the financial instruments accounting standard requirements (IFRS 9), financial assets are now classified into one of three categories:

1. *Financial assets held at amortised cost* - represented by loans or loan type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount

presented in the Balance Sheet represents the outstanding principal due plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement.

2. *Fair Value through Other Comprehensive Income* - These assets are measured and carried at fair value. All gains and losses due to changes in fair value are accounted for through a reserve account with the balance debited or credited to the CIES when the asset is disposed of.

3. *Fair Value Through Profit or Loss* - These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

Allowances for impairment losses have been calculated for amortised cost assets applying the expected credit losses model. Changes in loss allowances (including balances outstanding at the date of derecognition of an asset) are taken to the Financing and Investment Income and Expenditure line in the CIES.

Categories of Financial Instruments
The following categories of financial instrument are carried in the Balance Sheet.

	Long Term		Short Term	
Categories of Financial Assets	**2019/2020 £000**	**2018/2019 £000**	**2019/2020 £000**	**2018/2019 £000**
Investments				
At amortised cost:				
Principal			79,548	101,941
Accrued interest			272	336
Total Investments	**0**	**0**	**79,820**	**102,277**
Cash and Cash Equivalents				
At amortised cost:				
Principal			8,623	6,703
Accrued interest				
Total Cash and Cash Equivalents			**8,623**	**6,703**
Debtors				
At amortised cost:				
Trade receivables			26,837	25,094
Loss allowance			(8,689)	(9,303)
Loans and Advances	9,487	6,403		
Included in Debtors [1]	**9,487**	**6,403**	**18,148**	**15,791**
Total Financial Assets	**9,487**	**6,403**	**106,591**	**124,771**

	Long Term		Short Term	
[1] ***Debtors Reconciliation to Balance Sheet***	**2019/2020 £000**	**2018/2019 £000**	**2019/2020 £000**	**2018/2019 £000**
Included in Financial Assets	9,487	6,403	18,148	15,791
Debtors that do not meet the definition of a financial asset:				
Statutory Debtors			35,453	28,020
Prepayments			7,378	6,720
Total Debtors	**9,487**	**6,403**	**60,979**	**50,531**

Categories of Financial Liabilities	Long Term 2019/2020 £000	Long Term 2018/2019 £000	Short Term 2019/2020 £000	Short Term 2018/2019 £000
Financial Liabilities				
Borrowings				
Loans at Amortised Cost:				
Principal sum borrowed*	(340,575)	(335,029)	(5,508)	(8,310)
Accrued interest			(2,171)	(1,862)
Total Borrowings	**(340,575)**	**(335,029)**	**(7,679)**	**(10,172)**
Finance Lease Liabilities				
PFI Liabilities at amortised cost*	(61,051)	(68,814)	(3,265)	(3,581)
Total Finance Lease Liabilities	**(61,051)**	**(68,814)**	**(3,265)**	**(3,581)**
Creditors				
Liabilities at amortised cost			(39,617)	(54,083)
Included in Creditors[2]	**0**	**0**	**(39,617)**	**(54,083)**
Total Financial Liabilities	**(401,626)**	**(403,843)**	**(50,561)**	**(67,836)**

* 2019/20 Borrowings and PFI Liabilities has been adjusted in respect of the reclassification and remeasurement of Monkton Park former PFI scheme, as a financial instrument (as opposed to a service concession) and is now reported under the heading of borrowing – see the footnote in the Balance Sheet for further information regarding this adjustment.

[2] *Creditors Reconciliation to Balance Sheet*	Long Term 2019/2020 £000	Long Term 2018/2019 £000	Short Term 2019/2020 £000	Short Term 2018/2019 £000
Included in Financial Liabilities	0	0	(39,617)	(54,083)
Creditors that do not meet the definition of a financial liability:				
Statutory Creditors	(51,309)	(54,867)	(64,195)	(27,521)
Income in Advance			(24,452)	(14,085)
Total Creditors	**(51,309)**	**(54,867)**	**(128,264)**	**(95,689)**

Items of Income, Expense, Gains and Losses Recognised in the Comprehensive Income and Expenditure Statement

The follow table provides a breakdown of the financial instrument items of income, expenditure and gains/ losses recognised in the Comprehensive Income and Expenditure Statement.

Financial instrument items of income, expenditure and gains/ losses recognised in the CIES	2019/20 Financial Liabilities: Amortised Cost £000	Financial Assets: Amortised Cost £000	Total £000
Interest Expense	16,855		16,855
Interest Payable and Similar Charges	**16,855**	**0**	**16,855**
Interest Income		(874)	(874)
Interest and Investment Income	**0**	**(874)**	**(874)**
Net Adjustment of reflecting Amortisation of Unamortised Premiums and Adjustment on Market Loans to match EIR	(3)		**(3)**
Recognised in the surplus on provision of services	**16,852**	**(874)**	**15,978**
Recognised in Other Comprehensive Income	**0**	**0**	**0**
Net (Gain) / Loss for the Year	**16,852**	**(874)**	**15,978**

* Interest expenses has been adjusted by £4.237 million – see the footnote in the CIES for further information regarding this adjustment.

Financial instrument items of income, expenditure and gains/ losses recognised in the CIES	2018/19 Financial Liabilities: Amortised Cost £000	Financial Assets: Amortised Cost £000	Total £000
Interest Expense	12,328		12,328
Interest Payable and Similar Charges	**12,328**	**0**	**12,328**
Interest Income		(960)	(960)
Interest and Investment Income	**0**	**(960)**	**(960)**
Net Adjustment of reflecting Amortisation of Unamortised Premiums and Adjustment on Market Loans to match EIR	(2)		**(2)**
Recognised in the surplus on provision of services	**12,326**	**(960)**	**11,366**
Recognised in Other Comprehensive Income	**0**	**0**	**0**
Net (Gain) / Loss for the Year	**12,326**	**(960)**	**11,366**

NOTES RELATING TO RESERVES

Note 31 Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement, with the year-end balances summarised in the table below.

Reserve	Note	2019/2020 £000	2018/2019 £000
General Fund		(15,456)	(15,100)
Earmarked Reserves	**32**	(23,916)	(37,243)
General Fund Balance per Movement in Reserves Statement		**(39,372)**	**(52,343)**
Housing Revenue Account Balance		(10,144)	(13,567)
Closing General fund and HRA balance per Expenditure & Funding Statement		**(49,516)**	(65,910)
Other Usable Reserves:			
Major Repairs Reserve	**33**	(12,169)	(4,739)
Usable Capital Receipts Reserve	**34**	(11,128)	(11,970)
Capital Grants and Contributions Unapplied Account		(55,586)	(63,746)
Total Usable Reserves		**(128,399)**	**(146,365)**

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.

Earmarked Reserves	Opening Balance £000	2018/19 Movement £000	Closing Balance £000	2019/20 Movement £000	Closing Balance £000
PFI Reserve	(3,873)	390	(3,483)	301	(3,182)
Insurance Reserve	(3,239)	(175)	(3,414)	(71)	(3,485)
Locally Managed Schools' Balances	(5,930)	(1,848)	(7,778)	(313)	(8,091)
Elections Reserve	(200)	(200)	(400)	400	0
Area Board Reserve	(34)	(134)	(168)	168	0
Revenue Grants Earmarked Reserve	(6,714)	3,282	(3,432)	(110)	(3,542)
PFI Housing Scheme Earmarked Reserve	(2,851)	90	(2,761)	98	(2,663)
Economic Development & Planning Reserve	(21)	(31)	(52)	0	(52)
Single View of the Customer Reserve	(829)	88	(741)	0	(741)
Play Area Asset Transfers	(80)	(19)	(99)	40	(59)
Enabling Fund	(5,227)	1,816	(3,411)	3,271	(140)
Business Rates Equalisation Fund	(4,828)	(1,030)	(5,858)	5,549	(309)
Adoption West	(200)	127	(73)	73	0
Area Board Pavements	(150)	(150)	(300)	300	0
Leisure	(67)	10	(57)	20	(37)
Capital Financing	(3,300)	972	(2,328)	2,328	0
Development of Local Plan	(500)	200	(300)	300	0
Reducing Parental Conflict	0	(40)	(40)	40	0
CAMHS Funding	0	(76)	(76)	76	0
Pewsey Campus	0	(32)	(32)	32	0
National Armed Forces Day	0	(35)	(35)	35	0
Culver Street Car Park	0	(25)	(25)	25	0
Microsoft Contract	0	(800)	(800)	800	0
Young Parents Support	0	(250)	(250)	250	0
Oxenwood	0	(80)	(80)	80	0
Ofsted	0	(450)	(450)	450	0
School Readiness	0	(300)	(300)	300	0
Salisbury Recovery	0	(500)	(500)	0	(500)
Public Health Grant	0	0	0	(839)	(839)
Rough Sleepers	0	0	0	(166)	(166)
Flexible Housing Support	0	0	0	(287)	(287)
Homelessness Reduction	0	0	0	(121)	(121)
Covid	0	0	0	(11,079)	(11,079)
DSG Reserve	0	0	0	11,377	11,377
Housing Benefit Subsidy Clawback	(500)	500	0	0	0
Children's Management System	(325)	325	0	0	0
Disabled Facilities Grant	(274)	274	0	0	0
Waste Transformation	(1,250)	1,250	0	0	0
Building control	(30)	30	0	0	0
Development control cyclical fund	(66)	66	0	0	0
Total	**(40,488)**	**3,245**	**(37,243)**	**13,327**	**(23,916)**

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.

Major Repairs Reserve	**2019/2020 £000**	**2018/2019 £000**
Financing of capital expenditure in the year	4,802	9,013
Amount transferred to the reserve during the year	(12,232)	(12,153)
Movement in Year	(7,430)	(3,140)
Balance at 1 April	(4,739)	(1,599)
Balance at 31 March	**(12,169)**	**(4,739)**

Note 34 Usable Capital Receipts Reserve

This reserve records the receipts to be received by the Council from the sale of non-current assets i.e. PPE, and mortgages advances to former tenants to purchase their Council owned home. Payments out of reserve relate to amounts used to finance capital expenditure.

Usable Capital Receipts Reserve	**2019/2020**		**2018/2019 Restated**
	£000	**£000**	**£000**
Amounts Receivable in year			
Disposal of land and buildings	(14,649)		(14,737)
Other capital receipts - mortgages	(204)		(269)
Other capital receipts*	(1,817)		(1,765)
Housing Pooled Capital Receipt	(1,233)		(875)
		(17,903)	**(17,646)**
Amounts applied to finance new capital investment in year			
Capital receipts utilised - capital expenditure	7,695		11,602
Capital receipts utilised - lease receivable*	1,817		1,344
Capital receipts utilised for HRA repayment	8,000		4,810
Transfer to CIES for administration costs of Housing Pooling			42
Transfer to CIES equal to contribution to Housing Pooled Capital receipt	1,233		875
		18,745	**18,673**
Movement in Year		**842**	**1,027**
Balance at 1 April		(11,970)	(12,997)
Balance at 31 March		**(11,128)**	**(11,970)**

* 2018/19 amounts have been restated to reflect the Council's waste vehicles (being made available to the contractor to provide the waste services) being reclassified and remeasured as a finance lease - receivable (previously treated as REFCUS). The restatements are as follows:

- Other Capital Receipts increase by £1.344 million.
- Capital Receipts Utilised – Lease Receivable increased by £1.344 million.

Note 35 Unusable Reserves

Reserve	Note	2019/2020 £000	2018/2019 Restated £000
Revaluation Reserve**	36	(254,532)	(272,733)
Capital Adjustment Account***	37	(368,296)	(340,101)
Financial Instruments Adjustment Account*		5,308	951
Deferred capital receipts		(1,713)	(1,701)
Pensions Reserve	38	491,733	613,750
Collection Fund Adjustment Account		(2,627)	(311)
Accumulated Absences Account		6,336	5,916
Total Unusable Reserves		**(123,791)**	**5,771**

* The 2019/20 comparative for the Financial Instruments Adjustment Account has been adjusted by £4.359 million to reflect the loan premium on the Monkton Park former PFI loan which has been reclassified and measured as a financial instrument (as opposed to a service concession). The loan premium will be written back to revenue over the remaining term of the loan. The 2018/19 comparatives have not been restated because these adjustments are not material.

** 2018/19 amounts have been restated to reflect the write out of the school non-current asset balances relating to Malmesbury School and Wootton Bassett School that converted to Academies during 2011. The restatements are as follows:

- Revaluation Reserve reduced by £35.954 million (see note 36 below for more detail).

*** 2018/19 amounts have been restated to reflect the Council's waste vehicles (being made available to the contractor to provide the waste services) being reclassified and remeasured as a finance lease - receivable (previously treated as REFCUS). The restatements are as follows:

- Capital Adjustment Account increase by £13.223 million (see note 37 below for more detail).

Note 36 Revaluation Reserve

The balance of this reserve represents the revaluation gains (as certified by the Council's external valuer – Avison Young, and the Council's internal valuer for farms) made by the Council arising from increases in the value of its Property, Plant and Equipment assets. The balance is reduced when assets with accumulated gains are:

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

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	2019/2020 £000	2018/2019 Restated £000
Balance at 1 April	**(272,733)**	**(306,098)**
PFI schools converted to Academies*		**31,874**
Restated Balance at 1 April	**(272,733)**	**(274,224)**
Upward revaluation of assets*	(26,432)	(42,087)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on Provision of Services	19,812	21,333
(Surplus) or deficit on revaluation of non-current assets not posted to surplus/ deficit on the provision of services	**(6,620)**	**(20,754)**
Difference between fair value depreciation and historic cost depreciation*	10,907	11,202
Accumulated gains on assets sold or scrapped	13,914	11,043
Net amount transferred to the Capital Adjustment Account	**24,821**	**22,245**
Balance at 31 March	**(254,532)**	**(272,733)**

* 2018/19 amounts have been restated to reflect the write out of the school non-current asset balances and transactions relating to Malmesbury School and Wootton Bassett School that converted to Academies during 2011. The restatements are as follows:

- Balance at 1 April 2018 reduced by £31.874 million.
- Upward revaluation of assets reduced by £5.040 million.
- Difference between fair value depreciation and historic cost depreciation reduced by £0.960 million

The Council has been working with the external auditor to agree an approach to evidence historic balances in the Revaluation Reserve [and any consequential impact on the Capital Adjustment Account], however the work to remove the qualification of the audit opinion will be completed as part of the 2020/21 accounts and audit process, and as a result the qualification will remain for this set of accounts.

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.

Capital Adjustment Account	**2019/2020 £000**	**2018/2019 Restated £000**
Balance 1 April	**(340,101)**	**(300,818)**
PFI schools converted to Academies*		(31,874)
PFI schools converted to Academies*		31,874
Restated Balance 1 April	**(340,101)**	**(300,818)**
Finance Lease adjustment**		(11,946)
Reversal of items relating to capital expenditure debited or credited to the comprehensive		
Charges for depreciation of non-current assets*	34,555	35,809
Charges for impairment/revaluations of plant, property and equipment	11,036	25,441
Amortisation of intangible assets	429	323
Revenue expenditure funded from capital under statute**	21,393	15,221
Amounts of non-current assets written off as part of gain / loss on disposal posed to CIES	25,776	41,322
Flexible use of capital receipts to fund transformation expenditure - transfer of expenditure	1,580	
	94,769	**118,116**
Adjusting amounts written out of Revaluation Reserve*	(24,821)	(22,245)
Net written out amount of the cost of non-current assets consumed in the year	**69,948**	**95,871**
Capital financing applied in the year		
Use of capital receipts reserve to finance new capital expenditure	(7,694)	(11,602)
Use of capital receipts reserve to finance lease receivable**	(1,817)	(1,344)
Use of major repairs reserve to finance new capital expenditure	(4,802)	(9,013)
Application of grants to capital financing from the capital grants unapplied account	(60,924)	(78,346)
Statutory provision for the financing of capital investment charged against the general fund balances**	(12,552)	(12,995)
Capital expenditure charged against the general fund and HRA balances	(4,257)	(5,486)
Use of capital receipts reserve to finance HRA debt repayment	(8,000)	(4,810)
	(100,046)	**(123,596)**
Movement in the market value of Investment properties (credited) / debited to the CIES	86	(956)
Write-down of Lease Receivable**	1,817	1,344

* 2018/19 amounts have been restated to reflect the write out of the school non-current asset balances and transactions relating to Malmesbury School and Wootton Bassett School that converted to Academies during 2011. The restatements are as follows:

- Balance at 1 April 2018 increased by £31.874 million and reduced by £31.874 million.
- Charges for depreciation of non-current assets reduced by £0.960 million.
- Adjusting amounts written out of Revaluation Reserve reduced by £0.960 million

Note the above restatements do not alter the Balance at 31 March [2019].

** 2018/19 amounts have been restated to reflect the Council's waste vehicles (being made available to the contractor to provide the waste services) being reclassified and remeasured as a finance lease - receivable (previously treated as REFCUS). The restatements are as follows:

- Finance Lease Adjustment increase by £11.946 million.
- Revenue expenditure funded from capital under statute reduced by £2.621 million.
- Use of capital receipts reserve to finance lease receivable increased by £1.344 million.
- Statutory provision for the financing of capital investment charged against general fund balance reduced by £1.344 million.
- Write-down of lease receivable increased £1.344 million.

The Council has been working with the external auditor to agree an approach to evidence historic balances in the Revaluation Reserve [and any consequential impact on the Capital Adjustment Account], however the work to remove the qualification of the audit opinion will be completed as part of the 2020/21 accounts and audit process, and as a result the qualification will remain for this set of accounts.

Note 38 Pension Fund Liability

The in the Pension Fund are shown in the table below, with the closing position (liability) being reflected on the face of the Council's Balance Sheet.

	Period ended 31 March 2020			Period ended 31 March 2019		
	Assets Obligations	Liabilities	Net (liability)/ asset	Assets Obligations	Liabilities	Net (liability)/ asset
	£000	£000	£000	£000	£000	£000
Fair value of plan assets	1,124,418	0	1,124,418	1,044,986	0	1,044,986
Present value of funded liabilities	0	(1,682,916)	(1,682,916)	0	(1,539,538)	(1,539,538)
Present value of unfunded liabilities	0	(55,252)	(55,252)	0	(56,284)	(56,284)
Opening Position	**1,124,418**	**(1,738,168)**	**(613,750)**	**1,044,986**	**(1,595,822)**	**(550,836)**
Service cost						
Current service cost*	0	(59,347)	(59,347)	0	(49,915)	(49,915)
Past service cost** (including curtailments)	0	(2,345)	(2,345)	0	(872)	(872)
Effect of settlements	(1,010)	1,589	579	(985)	1,583	598
Total service cost	**(1,010)**	**(60,103)**	**(61,113)**	**(985)**	**(49,204)**	**(50,189)**
Net interest						
Interest income on plan assets	26,996	0	26,996	27,035	0	27,035
Interest cost on defined benefit obligation	0	(41,997)	(41,997)	0	(41,524)	(41,524)
Total net interest	**26,996**	**(41,997)**	**(15,001)**	**27,035**	**(41,524)**	**(14,489)**
Total defined benefit cost recognised in Profit or (Loss)	**25,986**	**(102,100)**	**(76,114)**	**26,050**	**(90,728)**	**(64,678)**
Cash flows						
Participants' contributions	8,393	(8,393)	0	7,781	(7,781)	0
Employer contributions	35,667	0	35,667	32,702	0	32,702
Estimated contributions in respect of unfunded benefits paid	3,534	0	3,534	3,547	0	3,547
Estimates benefits paid	(46,996)	46,996	0	(48,200)	48,200	0
Estimated unfunded benefits paid	(3,534)	3,534	0	(3,547)	3,547	0
Expected closing position	**1,147,468**	**(1,798,131)**	**(650,663)**	**1,063,319**	**(1,642,584)**	**(579,265)**
Remeasurements						
Change in demographic assumptions	0	42,875	42,875	0	0	0
Change in financial assumptions	0	137,875	137,875	0	(95,154)	(95,154)
Other experience	0	69,143	69,143	0	(430)	(430)
Return on assets excluding amounts included in net interest	(90,963)	0	(90,963)	61,099	0	61,099
Total remeasurements recognised in Other Comprehensive Income ("OCI")	**(90,963)**	**249,893**	**158,930**	**61,099**	**(95,584)**	**(34,485)**
Fair value of employer assets	1,056,505	0	1,056,505	1,124,418	0	1,124,418
Present value of funded liabilities	0	(1,499,566)	(1,499,566)	0	(1,682,916)	(1,682,916)
Present value of unfunded liabilities***	0	(48,672)	(48,672)	0	(55,252)	(55,252)
Closing position	**1,056,505**	**(1,548,238)**	**(491,733)**	**1,124,418**	**(1,738,168)**	**(613,750)**

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

** In June 2019 The Government failed to obtain the right to appeal to the Supreme Court on the McCloud judgement, which reflected age discrimination in designing transitional arrangements in the move of public sector pension schemes from final salary to career average. This has given rise to a liability estimated by the Council's actuaries at £1.866 million as at 31 March 2020 which is reflected in the Past Service Cost. As at 31 March 2019 no adjustment was made to the pension liability in respect of McCloud, but instead this was recorded as a contingent liability because at that time it was a possible obligation depending on whether some uncertain future event occurs (i.e. the outcome of the Government's process to obtain the right to appeal on the McCloud judgement).

*** As at 31 March 2020, the unfunded liabilities comprise of £14.888 million in respect of LGPS unfunded pensions and £33.784 million in respect of Teachers' unfunded pensions.

NOTES TO THE CASH FLOW STATEMENT

Note 39 Cash Flow Operating Activities

Non-Cash Movements

The Surplus on Provision of Services has been adjusted for the following non-cash movements:

	2019/2020 £000	2018/2019 Restated* £000
Depreciation***	(34,555)	(35,809)
Charges for impairment/ revaluations of plant, property and equipment	(11,036)	(25,441)
Movements in the market value of Investment Properties	(86)	956
Amortisation of intangible assets	(429)	(323)
(Increase) / decrease in impairment for bad debts	1,356	(6,170)
(Increase) / decrease in creditors	(29,022)	(3,831)
(Increase) / decrease in provisions	(910)	421
Increase / (decrease) in debtors	9,090	5,263
Movement in pension liability	(36,913)	(28,429)
Carrying amount of non-current assets sold or de-recognised	(25,775)	(41,324)
Write-down of loan premium**	348	0
Other non-cash items charged to the SODPOS****	(1,052)	1,331
Adjustments for Non-Cash Movements	**(128,984)**	**(133,356)**

* 2018/19 amounts have been restated to accurately reflect the breakdown of cash flows between operating, investing and financing activities.

** A new line 'Write-down of loan premium' £0.348 million has been included to adjust the total for 'Adjustments for Non-Cash Movements' as a result of Monkton Park former PFI loan being reclassified and measured as a financial instrument (as opposed to a service concession).

*** 2018/19 amounts have been restated to reflect the write out of the school non-current asset transactions relating to Malmesbury School and Wootton Bassett School that converted to Academies during 2011. The restatements are as follows:

- Depreciation reduced by £0.960 million.

**** 2018/19 amounts have been restated to reflect the Council's waste vehicles (being made available to the contractor to provide the waste services) being reclassified and remeasured as a finance lease - receivable (previously treated as REFCUS). The restatements are as follows:

- Other non-cash items charged to the SODPOS reduced by £1.277 million.

Adjustment for items that are investing and financing activities

The Surplus on Provision of Services has been adjusted for the following items that are investing and financing activities:

	2019/2020 £000	2018/2019 Restated* £000
Proceeds from the sale of PPE and investment property	15,882	16,033
Cash receipts of capital grants	52,764	88,096
Total adjustment for items that are investing and financing activities	**68,646**	**104,129**

* 2018/19 amounts have been restated to accurately reflect the breakdown of cash flows between operating, investing and financing activities

Operating activities

The cash flows for operating activities include the following items:

	2019/2020 £000	2018/2019 Restated £000
Interest Received**	(1,141)	(1,180)
Interest Payable*	16,855	12,328

* £4.237 million 2019/20 interest payable in relation to Monkton Park former PFI and Schools/Housing PFIs is now shown in the above table. The 2018/19 comparatives have not been restated because these adjustments are not material.

** 2018/19 amounts have been restated to reflect the Council's waste vehicles (being made available to the contractor to provide the waste services) being reclassified and remeasured as a finance lease - receivable (previously treated as REFCUS). The restatements are as follows:

- Interest Payable increased by £0.220 million.

Note 40 Cash Flow Investing Activities

The investing activities include the following items:

	2019/2020 £000	2018/2019 Restated* £000
Purchase of Property, plant and equipment, investment property and intangible assets	87,804	88,451
(Proceeds)/Purchase of short-term investments	(22,457)	38,472
Proceeds from the sale of PPE and investment property	(15,882)	(16,033)
Cash receipts of capital grants	(52,764)	(88,096)
Net cash flows from investing activities	**(3,299)**	**22,794**

* 2018/19 amounts have been restated to accurately reflect the breakdown of cash flows between operating, investing and financing activities

Note 41 Cash Flow Financing Activities

The financing activities include the following items:

	2019/2020 £000	2018/2019 Restated* £000
Increase in debtors in respect of Preceptors' and Government's shares of net cash for Council Tax and/or Non Domestic Rates	3,086	1,589
Net repayments of short term borrowing**	3,943	6,779
Net repayments of long term borrowing	2,360	(21,992)
Movement on PFI Contracts**	3,082	3,351
Net cash flows from financing activities	**12,471**	**(10,273)**

* 2018/19 amounts have been restated to accurately reflect the breakdown of cash flows between operating, investing and financing activities.

** The 2019/20 £0.497 million repayment in relation to Monkton Park former PFI is now shown in the line net repayments of short term borrowing. See footnote to the Balance Sheet for more information on this restatement.

NOTES RELATING TO ACCOUNTING DECISION-MAKING

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

For 2019/2020, there are a number of accounting policy changes that have been issued but not yet adopted. The standards introduced in the 2020/21 Code of Practice that have not yet been adopted are:

Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
These amendments clarify that an entity applies IFRS 9 Financial Instruments including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. It is not expected that these amendments will have a material impact on the financial statements when they are applied from 1st April 2020.

Annual Improvements to IFRS Standards
The primary objective of these improvements is to enhance the quality of standards, by amending existing International Financial Reporting Standards and International Accounting Standards to clarify guidance and wording. It is not expected that these improvements will have a material impact on the financial statements when they are applied from 1st April 2020.

Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement
These amendments clarify that if a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.

This amendment does not need to be applied where its application is immaterial, and if material will only affect the amounts reported in the Comprehensive Income & Expenditure account, the Balance Sheet entries are unaffected by the amendment.

The updating of these assumptions only applies to changes from 1st April 2020. Based on the Council's actuary forecasts for the 2020/21 net pension liability, the impact of these changes based on the early retirements and bulk transfers that occurred in 2020/21 are not significant and hence the profit and loss account has not been remeasured at the date of the event (in the absence of any instruction or statutory guidance, we have measured significance based on 5% of active membership being affected by any event).

IFRS16 Leases
This standard will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities rather than expense the rental charge through the Comprehensive Income and Expenditure Statement. CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2021.

An estimated impact of this standard will need to be reported in the 2020/21 Statement of Accounts, so the Council is continuing to assess the potential impact. Whilst this review is continuing, it is currently not possible to estimate the likely impact, but it not expected that there will be a material impact on the financial statements.

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 Statement of 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 relates to the impact of the Covid 19 pandemic. There is a general uncertainly about the longer term impact on the Council, the effect on services provided and 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 and this is being regularly reviewed in these constantly changing times.

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 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- **Property, Plant and Equipment and Investment Property**
  The outbreak of Covid-19 has impacted global financial markets and as at the valuation date, less weight can be attached to previous market evidence to inform opinions of value. There is an unprecedented set of circumstances on which to base a judgement.

  Valuations are therefore reported on the basis of 'material valuation uncertainty' as per the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the property, plant and equipment and investment property valuations. At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy.

  A reduction in the estimated property, plant and equipment valuations would result in reductions to the Revaluation Reserve and/or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. A reduction in the estimated investment property valuations would result in a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement.

  If the value of the Council's operational properties were to reduce by 10%, this would result in a charge to the Revaluation Reserve and/or Comprehensive Income and Expenditure Statement of approximately £40.8 million. A reduction in the Council's investment property valuation by 10%, would result in a charge to the Comprehensive Income and Expenditure Statement of approximately £2.3 million. Any such charges to the Comprehensive Income and Expenditure Statement would be subsequently reversed through the Movement in Reserves Statement so there would be no impact on General Fund Balances.

  All operational buildings that were closed at the end of the year, due to the effects of the Covid 19 pandemic, have been reviewed for the effect on useful life. It is felt that although these assets were temporally effected, the current best estimate is that the assets are still held ready to be used again, therefore there is no requirement for a general impairment in valuation.

  A reduction in the estimate value of HRA dwellings would be a reduction in the Revaluation Reserve and/or a loss in the Comprehensive Income and Expenditure Statement. If the value of dwellings were to reduce by 10% this would lead to a reduction in value of about £26.8 million. Any such charges to the Comprehensive Income and Expenditure Statement would be subsequently reversed through the Movement in Reserves Statement so there would be no impact on HRA Balances.

  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 or increased, depreciation increases or reduces respectively, and consequently the carrying amount of the assets' fall or increase, respectively. It is estimated that the annual depreciation charge for General Fund assets would increase or decrease by approximately £0.95 million for every year that useful lives had to be reduced or increased, respectively. This impact would be mitigated by the fact that depreciation is reversed out so has no impact on the level of Council Tax. For HRA assets the annual depreciation charge to HRA would increase or decrease by approximately £1.5 million for every year. Since the contribution to the Major Repairs Reserve equals the amount of HRA depreciation, any impact of a reduction or increase in HRA depreciation will impact of the bottom line of the HRA.

- **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), however per note 52, the Council does not hold any of this type of asset at present. 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 Council's assets and liabilities is disclosed in notes 51 and 52.

  The Council uses the 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.
  A reduction in the estimated valuations of investment properties would result in reductions to the Comprehensive Income and Expenditure Statement. If the value of the Council's investment properties were to reduce by 10%, this would result in a charge to the Comprehensive Income and Expenditure Statement of approximately £2.3 million. Any such charges to the Comprehensive Income and Expenditure Statement would be subsequently reversed through the Movement in Reserves Statement so there would be no impact on General Fund Balances.

- **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 2020, the Council had a balance of short term debtors of £81.9 million. An allowance for expected credit losses of £21.1 million or around 26% of the debt has been made. See note 26 for further details.

  An understatement of allowance for expected credit losses would lead to a future adjustment and impairment to be reflected. The impairment allowances held are based on policies adapted to historic experience and success rates experienced in collection. The nature of the debt and service area have been considered, however it is too early to reflect the uncertainty of the collection rates as a result of Covid-19. If collection rates were to deteriorate by 5% then the Council would need to review its policies on the calculation of its impairment allowance for doubtful debts. With the effects of the Covid 19 pandemic, and the consequential current economic climate it is difficult to assess the accuracy of this provision, but this will be continually kept under review.

- **Provisions**
  At 31 March 2020, the Council had a balance of provisions totalling £4.5 million, made up of Legal Claims, Insurance Claims, Business Rate Retention Scheme Appeals and Termination Benefits. See note 29 for further details. The amount of the provisions are uncertain as they dependent on numerous factors including the likelihood of insurance claims being successful and amount to paid, businesses lodging an appeal, the outcome of appeal cases, whether appeals will result in any change to the rateable value and the amount by which the rateable value is changed if successful. If the total provision required is 10% greater than estimated, an increase of £0.35 million would be required to be charged to the Comprehensive Income and Expenditure Statement, which includes the Council's attributable share of Business Rate Retention Scheme Appeals.

Note 45 Authorisation of Accounts for Issue

These Statement of Accounts will be considered and authorised by the Chief Financial Officer of Wiltshire Council on xx February 2022. The final audited version of these Statement of Accounts will be considered for approval by the Audit and Governance Committee at its meeting on 1 March 2022.

Note 46 Events after the Balance Sheet Date

The Statement of Accounts were authorised by the Chief Financial Officer on xx February 2022. 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 2019/20.

On the 23 March 2020 the UK was placed in lockdown to try and reduce the impact of the Covid-19 pandemic. The impact of the virus presents uncertainty for the UK and it's economy and Local Government as a sector. This event is non-adjusting for which no estimates of its financial effect on the reporting entry has been made.

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 financial statements. The Council has identified three contingent liabilities as at 31 March 2020.

- **Insurance Claims**
  As at 31 March 2020 there are 19 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 £0.884 million.

- **Legal Claim**
  As at 31 March 2020 there was 1 legal claim pending a tribunal. The estimated value of this claim should the Council be found liable is £0.080 million.

Note 48 Pension Schemes Accounted for as defined contribution Schemes

Teachers pension scheme
In 2019/20 the Council paid £12.04 million (£9.58 million in 2018/2019) to the Department for Education and Skills in respect of teachers' pension costs which represents 16.48% of teachers' pensionable pay for the period from April 2019 to August 2019 and 23.68% of teachers' pensionable pay for the period from September 2019 to March 2020. In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2019/20 these amounted to £2.35 million (£2.38 million in 2018/2019).

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 ("LGPS") 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.

The following text in this note relates to the LGPS.

Liabilities for the LGPS 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 2020.

The principal risks to the Council of the LGPS are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields, and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described below.

The cost of retirement benefits are in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions (on the basis required by the accounting standard IAS 19). However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement.

Formal actuarial valuations are carried out every three years, where each employer's assets and liabilities are calculated on a detailed basis, using individual member data, for cash contribution setting purposes. The 31 March 2019 formal valuations for English and Welsh LGPS Funds were concluded by 31 March 2020.

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

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 2020 and 2019 are as follows:

Local Government Pension Scheme	**31 March 2020 £000**	**31 March 2019 £000**
Fair Value of Employer Assets	1,056,505	1,124,418
Present Value of Funded Liabilities	(1,499,566)	(1,682,916)
Net (Under)/Overfunding in Funded Plans	**(443,061)**	**(558,498)**
Present value of Unfunded Liabilities	(48,672)	(55,252)
Net Asset/(Liability)	**(491,733)**	**(613,750)**
Amount on balance sheet:		
Asset	1,056,505	1,124,418
Liability	(1,548,238)	(1,738,168)
Net Liability Amount in Balance Sheet	**(491,733)**	**(613,750)**

A more detailed breakdown is included in note 38.

Information about the defined benefit obligation
The objectives of the scheme are to keep employers' contributions at as constant a rate as possible using a stability overlay mechanism which dampens down short term market volatility subject to certain limits. The Pension Fund has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 19 years. Funding levels are monitored on an annual basis. The 31 March 2019 formal valuations for English and Welsh LGPS were concluded by 31 March 2020.

The scheme takes account of the national changes that were introduced to the scheme under the Public Services Pensions Act 2013. The Act provided for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants. Members started earning benefits under the new scheme from April 2014.

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.

The weighted average duration of the defined benefit obligation for scheme members is shown below. The durations shown are for the funded obligations only and are as they stood at the most recent formal valuation as at 31 March 2019.

	Liability split £000	Liability split %	Average Age
Active members	468,395	31.2	51.0
Deferred members	386,243	25.8	52.0
Pensioner members	644,928	43.0	69.0
Total	**1,499,566**	**100.0**	

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 2020 % per annum**	**31 March 2019 % per annum**
Pension Increase Rate	1.9%	2.5%
Salary Increase Rate	2.3%	2.8%
Discount Rate	2.3%	2.4%

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	21.7 years	24.0 years
Future Pensioners	22.5 years	25.5 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 2020	CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.	CMI 2013 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	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	%
	31 March 2020				31 March 2019			
Equity Securities:								
Consumer	0	0	0	0%	23,342	0	23,342	2%
Manufacturing	0	0	0	0%	17,380	0	17,380	2%
Financial Institutions	0	0	0	0%	3,178	0	3,178	0%
Health & Care	0	0	0	0%	5,028	0	5,028	0%
Information Technology	0	0	0	0%	115,462	0	115,462	10%
Other	0	0	0	0%	9,399	0	9,399	1%
Real Estate:								
UK Property	0	88,371	88,371	8%	0	117,928	117,928	11%
Overseas Property	0	39,925	39,925	4%	0	25,691	25,691	2%
Investment Funds & Unit Trusts:								
Equities	0	569,670	569,670	54%	0	591,598	591,598	53%
Bonds	0	271,772	271,772	26%	0	184,071	184,071	16%
Infrastructure	0	81,803	81,803	8%	0	19,855	19,855	2%
Other	0	221	221	0%	0	3,132	3,132	0%
Cash & Cash Equivalents:								
All	4,743	0	4,743	0%	8,354	0	8,354	1%
Total	**4,743**	**1,051,762**	**1,056,505**	**100%**	**182,143**	**942,275**	**1,124,418**	**100%**

Projected defined benefit costs for the period to 31 March 2021
The projected amounts determined by the actuary to be charged to the Councils Comprehensive Income and Expenditure under IAS 19 in 2020/21 are as follows:

Period Ending 31 March 2021	Assets £000	Obligations £000	Net (Liability)/Asset £000	% of Payroll
Projected Current Service Cost*	0	(46,247)	(46,247)	(35.3%)
Total Service Costs	**0**	**(46,247)**	**(46,247)**	**(35.3%)**
Interest Income on Plan Assets	24,238	0	24,238	18.5%
Interest Cost on Defined Benefit Obligation	0	(35,656)	(35,656)	(27.2%)
Total Net Interest Cost	**24,238**	**(35,656)**	**(11,418)**	**(8.7%)**
Total included in Surplus/Deficit on Provision of Services	**24,238**	**(81,903)**	**(57,665)**	**(44.0%)**

* The current service cost includes an allowance for administration expenses of 0.8% of payroll. The monetary value is based on a projected payroll of £131.009 million.

The estimated employer contributions for the year to 31 March 2021 will be approximately £33.212 million.

Sensitivity Analysis
The estimation of the defined benefit obligation is sensitive to the actuarial assumptions that are set out earlier in this note. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are shown below. These have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The approach taken in preparing the sensitivity analysis shown is consistent with that adopted in the previous year.

Change in Assumptions as at 31 March 2020	Approximate % increase to Employer	Approximate monetary amount £000
0.5% decrease in Real Discount Rate	9%	139,860
0.5% increase in the Salary Increase Rate	1%	10,191
0.5% increase in the Pension Increase Rate	8%	128,776

Further information can be found in the Wiltshire Pension Fund annual report 2018/2019 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 is available on the Council's website.

The Annual Investment Strategy 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 Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard & 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 2019/2020 was approved by Full Council on 26 February 2019 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 using 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 £102.249 million 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 2020 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.

Amounts Arising from Expected Credit Losses
Impairments arising from expected credit losses have been calculated using an historical default table provided by Link Asset Services.

The Expected Credit Loss for Individual Financial Assets (Fixed Term Deposits) recognised at amortised cost during 2019/20 is £2,876.

For deposits with Local Authorities no impairment is required since the Code does not recognise a loss allowance where the counterparty for a financial asset is central government or a local authority for which relevant statutory provisions prevent default.

Impairments for all other assets have been calculated using an historical default table provided by Link Asset Services. As the impairment is immaterial there no need to recognise this in the financial statements.

During the year, no financial assets were written off by the Council.

Credit Risk Exposure
The Council has the following exposure to credit risk at 31 March 2020.

	Credit Risk Rating	Gross Carrying Amount £000s
12 month expected credit losses	AAA	30,534
	AA	0
	AA-	21,078
	A+	10,110
	A	18,070
	BBB	0
	Sub BBB	0
Maximum Credit Risk Exposure		**79,792**

The 12 month expected credit losses do not include the carrying amount for Landsbanki Winding Up Board as this investment has already been impaired.

During 2019/20 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.

Outstanding investments (£79.820 million) are all due to be repaid 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 on investments placed for greater than one year in duration are the key parameters used to addresses 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 2019/20):

	Approved Minimum Limits	Approved Maximum Limits	Actual 31 March 2020 £000s	%	Actual 31 March 2019 £000s	%
Less than 1 Year	0%	25%	6,726	2.0%	10,172	2.9%
Between 1 and 2 Years	0%	25%	10,926	3.2%	4,000	1.2%
Between 2 and 5 Years	0%	45%	28,620	8.4%	28,000	8.1%
Between 5 and 10 Years	0%	75%	49,226	14.5%	50,123	14.5%
More than 10 Years	0%	100%	243,897	71.9%	252,906	73.3%
Total			**339,395**	**100.0%**	**345,201**	**100.0%**

Market Risk – Interest Rate 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 2020, 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	2019/2020 £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	(246)
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)	54,487

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 amortised cost, and long term debtors and creditors 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; and
- 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 2020 Carrying Amount	Fair Value	31 March 2019 Carrying Amount	Fair Value
	£000	£000	£000	£000
Long Term Borrowing:				
Non-PWLB (Market)	(62,960)	(89,033)	(61,325)	(92,311)
PWLB	(269,709)	(318,629)	(273,704)	(334,191)
Total Long Term Borrowing	**(332,669)**	**(407,662)**	**(335,029)**	**(426,502)**
Short Term Borrowing:				
Non-PWLB (Market)	(1,212)	(1,714)	(656)	(987)
PWLB	(5,514)	(6,514)	(9,516)	(11,619)
Total Short Term Borrowing	**(6,726)**	**(8,228)**	**(10,172)**	**(12,606)**
Total Borrowing Value	**(339,395)**	**(415,890)**	**(345,201)**	**(439,108)**
Short Term Creditors	(128,492)	(128,492)	(95,689)	(95,689)
Long Term Creditors	(2,067)	(2,067)	(2,241)	(2,241)
Total Financial Liabilities	**(469,954)**	**(546,449)**	**(443,131)**	**(537,038)**

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

Financial Liabilities	31 March 2020 Carrying Amount	Fair Value	31 March 2019 Carrying Amount	Fair Value
	£000	£000	£000	£000
Long Term Borrowing:				
Non-PWLB (Market)	(62,960)	(138,099)	(61,325)	(114,363)
PWLB	(269,709)	(419,712)	(273,704)	(381,550)
Total Long Term Borrowing	**(332,669)**	**(557,811)**	**(335,029)**	**(495,913)**
Short Term Borrowing:				
Non-PWLB (Market)	(1,212)	(2,658)	(656)	(1,223)
PWLB	(5,514)	(8,581)	(9,516)	(13,266)
Total Short Term Borrowing	**(6,726)**	**(11,239)**	**(10,172)**	**(14,489)**
Total Borrowing Value	**(339,395)**	**(569,050)**	**(345,201)**	**(510,402)**
Short Term Creditors	(128,492)	(128,492)	(95,689)	(95,689)
Long Term Creditors	(2,067)	(2,067)	(2,241)	(2,241)
Total Financial Liabilities	**(130,559)**	**(130,559)**	**(97,930)**	**(97,930)**

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 2020) 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 £275.223 million would be valued at £325.143 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 £428.293 million.

Financial Assets	31 March 2020 Carrying Amount £000	31 March 2020 Fair Value £000	31 March 2019 Carrying Amount £000	31 March 2019 Fair Value £000
Loans and Receivables:				
Cash and Cash Equivalents	8,946	8,946	6,703	6,703
Short Term investment	79,820	79,820	102,277	102,277
Total Loans and Receivables	**88,766**	**88,766**	**108,980**	**108,980**
Short Term Debtors	60,884	47,133	50,531	39,421
Long Term Debtors	9,487	9,487	6,403	6,403
Total Financial Assets	**159,137**	**145,386**	**165,914**	**154,804**

The fair value of the treasury assets is equal to the carrying amount - because the Council's portfolio of investments and receivables are only short term (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 2020 and 2019 are as follows:

Recurring fair value measurements using:	Quoted prices in active market for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2020 £000
Main Portfolio	0	0	23,099	**23,099**
Other	0	0	0	**0**
Total	**0**	**0**	**23,099**	**23,099**

Recurring fair value measurements using:	Quoted prices in active market for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2019 £000
Main Portfolio	0	0	23,452	**23,452**
Other	0	0	0	**0**
Total	**0**	**0**	**23,452**	**23,452**

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

- **Significant Unobservable Inputs Level 3**
  The Council's Main Portfolio 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 2020 £000	Valuation technique used to measure fair value	Unobservable inputs	Sensitivity
Main Portfolio	23,099,000	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.

Notes to Accounts Annex 1 Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2019/2020 financial year and its position at the year-end of 31 March 2020. 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 2019/2020 supported by International Financial Reporting Standards ("IFRS").

The Statement of Accounts has been prepared on a "going concern" basis. The accounting conventions adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

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 contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract;
- 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; and
- 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.

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.

Community Infrastructure Levy
The Council has elected to charge a Community Infrastructure Levy ("CIL"). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects to support development in the area.

CIL is received without outstanding conditions, it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income & Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges may be used to fund revenue 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"); and
- The Local Government Pension 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 indicative rate of return on high quality corporate bonds (the Iboxx Sterling Corporates Index, AA over 15 years).

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; and
- property – market value.

The change in the net pension liability is analysed into the following 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; and
- 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 when 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

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

viii. Overheads and Support Services

The costs of overheads and support services are not recharged to services as part of normal management accounts reporting. Therefore, they are no recharges for overheads and support services within the Comprehensive Income & Expenditure Statement.

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.

Internally generated assets are capitalised where it is demonstrated that the project is technical, feasible and is intended to be completed (with adequate resources being available) and the authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributed to the asset and is restricted to that incurred during the development phase.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods and services.

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.

<u>Recognition</u>
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.

<u>Measurement</u>
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");
- Surplus Assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective; and
- 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); and
- 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.

<u>Impairment</u>
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); and
- 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.

<u>Depreciation</u>
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; and
- 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.

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.

<u>Disposals and Non-current Assets Held for Sale</u>
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, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at the highest and best use. Properties are not depreciated but revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties 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 and are therefore reserved out in the Movement in Reserves Statement.

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; and
- 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 amortisation 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.

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; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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); and
- 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.

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.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measures at:

- Amortised cost;
- Fair value through profit or loss; and
- Fair value through other comprehensive income.

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, expect for those whose contractual payments, are not solely payment of principal and interest.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are 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 Income and Expenditure line in the Comprehensive Income & 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 financial assets held by the Council, this means that the amount presented in the Balance sheet is the outstanding principal receivable (plus accrued interest) and interest is credited to the Comprehensive Income & Expenditure Statement is the amount receivable for the year in the loan agreement.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only life time leases are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk platys a crucial part is assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime bases of 12 month expected losses.

Financial Assets measured at Fair Value through Profit or Loss

Financial assets that are measured ay FVPL 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. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices - the market prices; and
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following 3 levels:

- *Level 1 inputs* – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date;

- *Level 2 inputs* – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly; and
- *Level 3 inputs* – unobservable inputs for the asset.

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) and similar contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the 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:

- *Fair value of the services received during the year* – debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- *Finance cost* – an interest charge made on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- *Contingent rent* – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- *Payment towards liability* – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease); and
- *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; and
- 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 onto 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 20 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:

- in the principal market for the asset or liability; or
- 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; and
- *Level 3* – unobservable inputs for the asset or liability.

xxviii. Council Tax and Non-domestic Rates

Billing authorities act as agents. Collecting council tax and non-domestic rates ("NDR") on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund, (the Collection Fund) for the collection and distribution due in respect of council tax and NDR. Under legislation framework for the Collection fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be more or less than predicted.

Accounting for Council Tax and Non-Domestic

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of the accrued income for the year. However, regulations determine the amount of the council tax and NDR that must be in the Council's General Fund. Therefore, the difference between the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears impairment allowances for doubtful debts, overpayments and prepayments and appeals.

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	2019/2020		2018/2019 Restated*	
		£000	£000	£000	£000
Income					
Rents (gross):					
- dwellings		(24,757)		(24,371)	
- garages		(387)		(374)	
- other		(630)		(611)	
			(25,774)		(25,356)
Charges for services and facilities			(1,052)		(901)
Total Income			**(26,826)**		**(26,257)**
Expenditure					
Repairs and Maintenance			5,427		5,217
Supervision and Management:					
- general		3,260		2,895	
- special services		1,240		997	
			4,500		3,892
Increase in allowance for bad debts			526		334
Depreciation & Impairments of Fixed Assets					
- On dwellings	**3**	12,147		12,003	
- On garages	**3**	85		570	
- On other Assets	**3**	0		44	
			12,232		12,617
Total Expenditure			**22,685**		**22,060**
Net Cost of Services per Income & Expenditure Account			**(4,141)**		**(4,197)**
HRA Services share of Corporate and Democratic Core			**321**		**321**
Net Cost of HRA Services			**(3,820)**		**(3,876)**
HRA share of the operating income and expenditure in the whole Council Comprehensive Income and Expenditure Statement:					
(Gain)/Loss on sale of HRA fixed assets			(4,721)		(2,770)
Interest Payable			3,587		3,672
Interest Receiveable			(152)		(165)
(Surplus)/Deficit for the Year on HRA services			**(5,106)**		**(3,139)**

* The gain/loss on sale of HRA fixed assets has been restated in 2018/19 to correct a presentational error

Statement of Movement on the HRA Balances

	2019/2020 £000	2018/2019 £000
Balance on the HRA at the end of the previous reporting period	(13,567)	(17,951)
(Surplus)/ Deficit for year on HRA Income and Expenditure Account	(5,106)	(3,139)
Adjustments between accounting basis and funding basis under statute:		
HRA share of contributions to the Pensions Reserve (see note 6)	(438)	(263)
Transfer to/from Capital Adjustment Account1	(13,951)	(14,606)
Transfer to the Usable Capital Receipts Reserve	6,440	4,759
Transfer to the Major Repairs Reserve	12,232	12,153
HRA share of Transfer to/from Accumulated Absences Reserve	(11)	(6)
Revenue Contributions to Capital Expenditure	4,257	5,486
Total	**8,529**	**7,523**
Net increase before transfers to/from earmarked reserves	**3,423**	**4,384**
Transfer to/ from reserves	0	0
(Increase)/decrease in the year on the HRA	**3,423**	**4,384**
Balance on the HRA at the end of the current reporting period	**(10,144)**	**(13,567)**

1Transfers to/from Capital Adjustment Account comprise:	2019/2020 £000	2018/2019 £000
Reversal of depreciation, impairment and amortisation	(12,232)	(12,617)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(1,719)	(1,989)
Total	**(13,951)**	**(14,606)**

Note: the 2018/19 amounts have been restated to align to the amended presentation in the tables above. It should be noted this restatement has not changed HRA balances at 31 March 2019.

Housing Revenue Account Notes

Note 1 Housing Stock

Houses and Bungalows	**31 March 2020**	**31 March 2019**
- 1 bedroom	278	278
- 2 bedrooms	1,435	1,439
- 3 bedrooms	1,705	1,714
- 4+ bedrooms	131	132
Flats		
- 1 bedroom	950	947
- 2 bedrooms	734	734
- 3+ bedrooms	64	65
Total dwellings as at 31 March	**5,297**	**5,309**

The Council sold 31 houses during 2019/2020 under the right to buy scheme ("RTB"). The Council received a total before pooling of £3.134 million as capital receipts. The Council has also obtained an additional 19 houses as part of the Council House Build Programme in 2019/2020. The overall net decrease in council houses since 2018/2019 is therefore 12.

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.

Note 2 Arrears

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

	31 March 2020 £000	**31 March 2019 £000**
Rent arrears	2,295	1,698
Less:		
Rent payments in advance	(654)	(583)
Bad debt provision	(1,999)	(1,556)
Net arrears position	**(358)**	**(441)**

Note 3 Movement of Housing Revenue Account Assets

The table below provides a reconciliation from the carrying amount of HRA assets at the beginning of the period to the carrying amount at the end of the period with details of all movements.

Movement of HRA assets	**Council Dwellings (Structures) £000**	**Council Dwellings (Services) £000**	**Council Dwellings (Land) £000**	**Other Property (Garages) £000**	**Total £000**
Net Book Value 1 April 2019	168,489	32,663	102,129	2,550	**305,831**
Additions in Year	7,578	2,276	0	0	**9,854**
Disposals	(1,538)	(182)	0	0	**(1,720)**
Revaluations	(4,013)	3,643	(2,110)	0	**(2,480)**
Depreciation	(5,616)	(6,530)	0	(85)	**(12,231)**
Category Adjustments	4	0	0	0	**4**
Balance of Net Book Value at 31 March 2020	**164,904**	**31,870**	**100,019**	**2,465**	**299,258**

The Balance Sheet value of Council Dwellings (structures, services and land) as at 31 March 2020 was £296.793 million. 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 2020 was £847.980 million. 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 2020 was £551.187 million.

Note 4 Financing of HRA capital expenditure

The total capital expenditure during the year and how it was financed is shown in the table below.

	2019/2020 £000	2018/2019 Restated* £000
Council Dwellings (Structures and Services)	8,398	8,993
Council House Build Programme	4,160	5,987
Total HRA capital expenditure	**12,558**	**14,980**
Revenue and Reserves	4,257	5,486
Other receipts (MRR)	4,802	9,013
Grants and Contributions	2,946	453
Capital Receipts	553	28
Total HRA capital financing	**12,558**	**14,980**

***** The 2018/19 amounts have been restated to include the total HRA capital expenditure and associated financing

Note 5 Major Repairs Reserve

The major repairs reserve is an earmarked fund to which the Council transfers an amount annually to support capital expenditure on council dwellings. The analysis of the movement on the reserve for the year is shown in the table below.

Major Repairs Reserve	**2019/2020 £000**	**2018/2019 £000**
Balance on the reserve at 1 April	(4,739)	(1,599)
Financing of capital expenditure in the year	4,802	9,013
Amount transferred to the reserve during the year	(12,232)	(12,153)
Balance on the reserve at 31 March	**(12,169)**	**(4,739)**

Note 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 49 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 Rates 2019/2020	Council Tax 2019/2020	Total 2019/2020 £000	Non-Domestic Rates 2018/2019	Council Tax 2018/2019	Total 2018/2019 £000
Income							
Council Tax	1		(346,945)	**(346,945)**		(328,735)	**(328,735)**
Non-Domestic Rates		(151,223)		**(151,223)**	(153,797)		**(153,797)**
Transferred from General Fund							
Transitional Relief		589		**589**	2,118		**2,118**
		(150,634)	**(346,945)**	**(497,579)**	**(151,679)**	**(328,735)**	**(480,414)**
Disbursement							
Precepts and Demands							
- Wiltshire Council		72,336	270,997		73,240	258,450	
- Police			38,369			33,302	
- Fire		1,476	13,927		1,495	13,283	
- Town and Parish Councils			21,702			19,804	
- Central Government		73,812			74,735		
				492,619			**474,309**
Share of surplus/(deficit) on Collection Fund							
- Wiltshire Council		(4,367)	2,881		(1,249)	5,506	
- Police			371			702	
- Fire		(89)	148		(25)	291	
- Central Government		(4,456)			(1,275)		
				(5,512)			**3,950**
Cost of collection allowance		621			621		
Movement in allowance for Bad Debts		(52)	561		(215)	276	
Write-offs		1,265	747		627	724	
Appeals		(64)			164		
Other transfers to general fund		588			1,623		
				3,666			**3,820**
Fund surplus/(deficit) for the year		**9,564**	**(2,758)**	**6,806**	**1,938**	**(3,603)**	**(1,665)**
		150,634	**346,945**	**497,579**	**151,679**	**328,735**	**480,414**

	NOTE	Non-Domestic Rates	Council Tax	Total	Non-Domestic Rates	Council Tax	Total
Fund balance b/f		6,282	(3,973)	2,309	8,220	(7,576)	644
(Surplus)/deficit for year		(9,564)	2,758	(6,806)	(1,938)	3,603	1,665
Fund balance c/f	3	**(3,282)**	**(1,215)**	**(4,497)**	**6,282**	**(3,973)**	**2,309**

Collection Fund Notes

Note 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; the average for Wiltshire Council was £1,854.68 for 2019/20 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**	**2019/2020 Band D Equivalent Dwellings**	**2018/2019 Band D Equivalent Dwellings**
Band A Disabled	5/9	30	17	17
Band A	6/9	15,405	10,270	10,064
		15,435	10,287	10,081
Band B	7/9	29,993	23,328	23,069
Band C	8/9	43,444	38,617	38,199
Band D	9/9	33,207	33,207	32,770
Band E	11/9	26,107	31,909	31,466
Band F	13/9	15,996	23,106	22,832
Band G	15/9	10,166	16,944	16,797
Band H	18/9	1,150	2,300	2,305
			179,698	177,519
Adjustment for MOD contribution in lieu, new properties, & collection rate			6,315	5,186
Council Tax Base			**186,013**	**182,705**

Note 2 National Non-Domestic Rates

The total non-domestic rateable value at 31 March 2020 was £390,056,478 (£387,042,044 at 31 March 2019). The national non-domestic multiplier for the year was 50.4p (49.3p in 2018/19) and the small business rates relief multiplier was 49.1p (48.0p in 2018/19).

Note 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 31/03/2020 £000	**Council Tax 31/03/2020 £000**	**Total 31/03/2020 £000**	**Non-domestic Rates 31/03/2019 £000**	**Council Tax 31/03/2019 £000**	**Total 31/03/2019 £000**
Wiltshire Council	(1,608)	(1,019)	**(2,627)**	3,078	(3,389)	**(311)**
Police	0	(144)	**(144)**	0	(410)	**(410)**
Fire	(33)	(52)	**(85)**	63	(174)	**(111)**
Central Government	(1,641)	0	**(1,641)**	3,141	0	**3,141**
	(3,282)	**(1,215)**	**(4,497)**	**6,282**	**(3,973)**	**2,309**

Glossary of Terms

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.

Billing Authority
An authority which bills and collects council tax and NDR for its area.

Capital Adjustment Account ("CAA")
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.

Capital Financing Requirement ("CFR")
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.

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, share capital and capital loans made by the Council.

Cash Flow 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.

Comprehensive Income and Expenditure Statement ("CIES")
This account shows expenditure on and income from the Council's day-to-day activities in accordance with generally accepted accounting practices. 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.

Collection Fund
This statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and NDR.

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.

Expenditure and Funding Analysis ("EFA")
This show how annual expenditure is used and funded from resources by the Council in comparison with the resources consumed or earned by the Council in accordance with generally accepted accounting practices.

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 it's carrying amount on the Balance Sheet.

International Financial Reporting Standards ("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.

Local Government Accounting 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.

Movement in Reserves Statement ("MIRS")
This statement shows the movement from the start to the end of the year on the different reserves held by the Council.

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 Reserve ("MRR")
The MRR is an earmarked fund to which the Council transfers an amount annually to support capital spending on council dwelllings.

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**.**

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 Valuation Office Agency ("VOA") 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
The balance of this reserve represents the revaluation gains (as certified by the Council's external valuer, and the Council's internal valuer for farms) made by the Council arising from increases in the value of its Property, Plant and Equipment assets.

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.

Our Ref: ICH/LP 19/20

Dear Engagement Partner

This representation letter is provided in connection with your audit of the financial statements of Wiltshire Council for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of Wiltshire Council as of 31 March 2020 and of the results of its operations, other recognised gains and losses and its cash flows for the year then ended in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

We confirm, to the best of our knowledge and belief, the following representations.

Financial statements

1. We understand and have fulfilled our responsibilities for the preparation of the financial statements in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) which give a true and fair view.

2. Significant assumptions used by us in making accounting estimates, including those measured at fair value and assessing the impact of Covid-19 on the council, are reasonable.

3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IAS24 “Related party disclosures”.

4. All events subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment of or disclosure have been adjusted or disclosed.

5. The effects of uncorrected misstatements and disclosure deficiencies are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements and disclosure deficiencies is detailed in the appendix to this letter. Our reasons for not making the adjustments set out in the attached summary are as they are not material.

6. We have considered control deficiencies highlighted in ISA 260 and don't think any could lead to a material misstatement or significant risk of fraud.

7. We are satisfied that the work undertaken to resolve issues identified with PPE balances and identify all lease arrangements are sufficient to prevent any further material misstatements.

8. We confirm that the financial statements have been prepared on the going concern basis and disclose in accordance with IAS 1 all matters of which we are aware that are relevant to the council's ability to continue as a going concern, including principal conditions or events and our plans. We do not intend to liquidate the council or cease trading as we consider we have realistic alternatives to doing so. We are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the council's ability to continue as a going concern. We confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including our plans for future actions.

9. We confirm that we have taken reasonable measures to ascertain if there is any need for impairment of Infrastructure Assets, or any need to revise the current average useful economic life of 60 years for Infrastructure Assets.

10. We confirm that:

    a) all retirement benefits and schemes, including UK, foreign, funded or unfunded, approved or unapproved, contractual or implicit have been identified and properly accounted for;

    b) all settlements and curtailments have been identified and properly accounted for;

    c) all events which relate to the determination of pension liabilities have been brought to the actuary's attention;

    d) the actuarial assumptions underlying the valuation of the scheme liabilities (including the discount rate used and the salary increase assumption of 2.3%) accord with the Council's best estimates of the future events that will affect the cost of retirement benefits and are consistent with our knowledge of the business;

    e) the actuary's calculations have been based on complete and up to date member data as far as appropriate regarding the adopted methodology; and

    f) the amounts included in the financial statements derived from the work of the actuary are appropriate.

11. We acknowledge our responsibility for ensuring the council has put in place arrangements for securing economy, efficiency and effectiveness in its use of resources.

12. We are not aware of any deficiencies in the council's arrangements to secure economy, efficiency and effectiveness in its use of resources.

13. All grants or donations, the receipt of which is subject to specific restrictions, terms or conditions, have been notified to you. We have evaluated whether the restrictions, terms or conditions on grants or donations have been fulfilled with and deferred income to the extent that they have not.

14. With respect to the revaluation of properties in accordance with the Code:

a) the measurement processes used are appropriate and have been applied consistently, including related assumptions and models;

b) the disclosures are complete and appropriate; and

c) there have been no subsequent events that require adjustment to the valuations and disclosures included in the financial statements.

15. In relation to fixed assets not revalued in the year, we have considered the valuation of the council's Property, Plant and Equipment, and are not aware of any circumstances indicating volatility in asset values requiring a revaluation in the current year.

16. We confirm that we consider that depreciated historic cost is an appropriate proxy for the fair value of non-property assets, and are not aware of any circumstances that would indicate that these assets require revaluation.

Information provided

17. We have provided you with:

a) Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;

b) Additional information that you have requested from us for the purpose of the audit; and

c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

18. All transactions have been recorded and are reflected in the financial statements and the underlying accounting records.

19. We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

20. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

21. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the council and involves:

(i) management;

(ii) employees who have significant roles in internal control; or

(iii) others where the fraud could have a material effect on the financial statements.

22. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

23. We are not aware of any instances of non-compliance, or suspected non-compliance, with laws, regulations, and contractual agreements whose effects should be considered when preparing financial statements

24. We have disclosed to you the identity of the entity's council's related parties and all the related party relationships and transactions of which we are aware.

25. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the applicable financial reporting framework. On the basis of legal advice we have set them out in the attachment with our estimates of their potential effect. No other claims in connection with litigation have been or are expected to be received.

26. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.

27. We are not aware of events or changes in circumstances occurring during the period which indicate that the carrying amount of fixed assets may not be recoverable.

28. We have reconsidered the remaining useful lives of the fixed assets and confirm that the present rates of depreciation are appropriate to amortise the cost, or revalued amount, less residual value over the remaining useful lives

29. We confirm that:

    (i) we consider that the council has appropriate processes to prevent and identify any cyber breaches other than those that are clearly inconsequential; and

    (ii) we have disclosed to you all cyber breaches of which we are aware that have resulted in more than inconsequential unauthorised access of data, applications, services, networks and/or devices.

We confirm that the above representations are made on the basis of adequate enquiries of management and staff (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

Signed on behalf of the Council

Appendix 1

Schedule of Uncorrected Misstatements

Description	Net Assets DR / (CR) £	Equity DR / (CR) £	Income Statement DR / (CR) £
Academy cash balances [1]	(0.323)	0.323	-
Academy debtors balances [1]	(0.128)	0.128	-
Academy creditors balances [1]	0.228	(0.228)	-
Pension liability – Goodwin [2]	(3.000)	3.000	-
Ridgeway House [3]	0.084	(0.084)	-
Crematorium Lodge [4]	(0.234)	0.234	-
Disposals made in error [5]	0.935	(0.643)	(0.292)
Duplicate Assets [6]	(2.089)	2.089	-
Cost of Asset Disposals Debtor GL Code [7]	(0.882)	0.754	0.128
Properties not on FAR [8]	-	-	-
Archetype Classification [9]	0.636	(0.636)	-
Understatement of accruals [10]	(0.232)	-	0.232
Overstatement of employers pension contributions [11]	(0.981)	0.981	-
Properties incorrectly on FAR [12]	(1.443)	1.443	-
Trust Assets [13]	(1.347)	1.347	-
DIY SO Properties [14]	1.038	0.807	(1.845)
Housing benefit accruals [15]	-	-	-
	(7.738)	**9.515**	**(1.777)**

[1] On inspection of the Schools' cash breakdown, we identified 4 balances relating to Academies which should not be recognised by the Council. On further investigation, we noted that the respective balances for debtors and creditors for the 4 Academies had also been included in the accounts.

[2] Although the Council is aware of the Goodwin case, we understand that it has not been reflected in the Defined Benefit Obligation; our view is that it should be. Based on general information that we have from

Hymans Robertson, we understand that for a typical employer's section, the Goodwin impact cost could be of the order of 0.2% of the Defined Benefit Obligation, i.e. around £3m.

[3] We note that for the fixed asset, Ridgeway House Old Peoples' Home, The Lawns, Wootton Bassett, following a challenge by our valuation expert, the Council's valuer has acknowledged that the adopted land value rate was too low as a rate of £200,000 per hectare was applied and the valuer has now revalued the asset adopting a revised land rate of £375,000 per hectare. On this basis the value of this asset has been adjusted from £1,498,112 (buildings £1,402,060, land £96,052) to c. £1,582,158 (buildings £1,402,060, land £180,098) but this adjustment has not been made by the Council due to it being immaterial. We have obtained confirmation from the Council's external valuers that no other assets were affected by the incorrect land value rate being used in the valuation.

[4] We note that the fixed asset, Crematorium Lodge, has not been revalued in the last 3 years and on further investigation it should have actually been disposed of as it has been transferred to a city council. We note the NBV is not material so has not been corrected and any related depreciation charges have not been added to the misstatement as this would be highly trivial. The council have confirmed this will be corrected in 2020/21 accounts and recognised as a disposal.

[5] We noted during our disposals testing that 3 assets had been processed as disposals in the year in error and were actually still owned by the Council as at 31 March 2020. This meant that the loss on disposal in the year disclosed in Note 3 is overstated and the total value of disposals is also overstated in Note 15 due to the loss on disposal equalling the net book value of the disposed assets. The factual adjustment has not been corrected because it is not material at £935,170 and will be corrected for 2020/21.

[6] We identified two assets which have been recorded twice in the fixed assets register (Amesbury Salt Store Depot £1.959m and Highways Depot (South) – Salisbury £0.130m) resulting in an overstatement of the property, plant and equipment balance.

[7] We identified that GL code 919995 'Cost of Asset Disposals' which sits within short term debtors is incorrect and these do not represent valid debtors. Per discussions these are legal costs and demolition costs associated with the disposal of assets. From a sample of 3 we identified that none of the assets have yet been sold and 2 were not classified as surplus within the FAR. Therefore, 100% of the debtors balance is not recoverable. These are recognised as debtors incorrectly, with the intention to release them to offset against capital receipts once sold. However this is not in line with accounting standards. Therefore the whole GL code with value of £882k is incorrect and should be removed from debtors. This will be processed in the 2021/22 accounts. From review of the breakdown of the £882k we can see that there is £128k of spend in 19/20 and a reduction of £209k in the year of the debtors balance.

[8] As part of the Council's Asset Existence Exercise the Council identified two assets which are not included in the FAR but should be. These are: Melksham HRC and the Bradford on Avon Library. Neither of these have been valued so net book values are not available. However, based on our considerations we have no reason to believe that the value of these would be material. This misstatement is that PPE is understated by the value of these assets which is currently unknown.

[9] We identified two instances in our sample testing where two storey properties had been classified as medium rise flats and therefore were included in Archetype 11. However, medium rise flats are defined as 3-5 stories tall. As such these two properties should be classified in Archetype 10. We performed some calculations

to determine the potential error based on the average value of a property in each archetype. The value of the possible error is therefore a £636k understatement which is immaterial.

[10] We identified a number of instances of the understatement of accruals through our testing of a sample of payments that left the bank post year end (errors: £232k) to determine which financial year these relate to. We have extrapolated these errors over the population tested to determine whether they may be indicative of a material misstatement and have not identified any issues with these extrapolations not being material.

[11] Per the IAS 19 letter from the Pension Fund Auditors, we were informed that the employers contributions figure per the IAS 19 report was £981k higher than per the pension system.

[12] As part of the Asset Existence Exercise the Council identified a number of assets which are included on the FAR in error as they are not supported by Council records. These assets are no longer owned by the Council and should have been removed from the FAR. It is assumed that the assets were disposed of by the Council in previous years.

[13] The Council held a review of the King George assets in March 2021 following up from the recommendation raised in 2018/19. This identified several assets which should be removed from the Council's accounts.

[14] The Council disposed of 26 DIY shared ownership properties in error due to not thinking these were owned by the Council and subsequently discovering that they were. Additionally, these properties had never been revalued.

[15] The doesn't accrue for housing benefit payments and these are instead recognised on a cash basis when they are paid. We have determined that the impact on expenditure would not be significant and have estimated the impact to the balance sheet to be a potential understatement of accruals and receivables of £ 7.5m.

Disclosure deficiencies:

#	Disclosure title	Description of the deficiency and explanation of why not adjusted	Amount (if applicable)
1	Write Off Policy	Accounting Policies of the draft Financial Statements do not include disclosures in respect of the Council's Write off policy as stated in the CIPFA Checklist. The Council consider this an immaterial disclosure.	
2	Property, Plant and Equipment/Revaluation Reserve	We identified that the council had disposed of an asset in the year however had recorded this as a 'downwards revaluation' instead of a 'disposal'. This therefore has an impact on the property, plant and equipment disclosure and revaluation reserve disclosure showing disposals in the year as understated and downwards revaluations in the year as overstated. The value of this misstatement is £1,368,538 however we note that this does not impact the net book value of assets as at 31 March 2020.	£1,368,538
3	Property, Plant and Equipment/Revaluation Reserve	We identified that the council had processed some revaluation adjustments incorrectly by posting both upward and downward revaluation balances in the revaluation reserve (which net to the actual change in value of the asset in the year). This means both upwards and downwards revaluation balances are overstated by an equal amount in the revaluation reserve disclosure. We note that the total impact is an equal overstatement of upwards and downwards revaluation balances of £1,535k.	£1,535,000
4	CIES Reclassification	During our testing of the reclassification of service lines for the 2018/19 balances we identified three differences. The differences are the result of an adjustment from the Corporate service line to the Education & Skills and Housing & Commercial service lines. Management were unable to explain this adjustment. We note that the value of the adjustment is £4,651k. We note that the impact on the total balance in the CIES is trivial, and this is mainly a reclassification issue.	£4,651,000
5	Pension Benefits Paid	Per the IAS 19 letter from the Pension Fund Auditors we noted that benefits paid were overstated by £3.9m. This would result in the equal understatement of both liabilities and assets relating to the pension so would have an overall nil impact on the pension liability.	£3,900,000

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Limited and No Assurance Audits

Audit & Governance Committee

Lizzie Watkin – 1 March 2022

Wiltshire Council

Elements of an Audit Framework and reporting

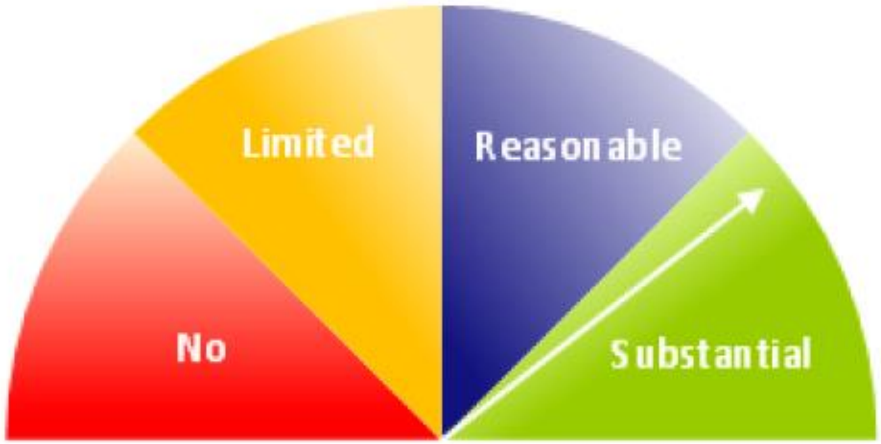
- **Audit Assurance**
  - No
  - Limited
  - Reasonable
  - Substantial
- **Corporate Risk Assessment**
  - High
  - Medium
  - Low
- **Categorisation of Actions**
  - Priority 1, 2 & 3

Corporate Risk Assessment Definitions	
Risk	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Categorisation of Actions	
In addition to the corporate risk assessment it is important that management know how important the required action is to their service. Each action has been given a priority rating at service level with the following definitions:	
Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

Wiltshire Council

Audit Assurance Opinion



Audit Assurance Definitions	
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Wiltshire Council

Limited and No Assurance Opinions

Fundamental gaps, weaknesses or non-compliance

- Strategies & policies
- Process
- Practice

Inadequate governance, risk management and control

- Culture
- Reporting
- Understanding

Assurance for Audit & Governance Committee

Understand the risk

- Reputational, operational, strategic, compliance, financial
- Immediate action required?
- Action plan that addresses the weaknesses

Oversight and Assurance

- Service ownership & responsibility
- Reporting to Management & Committee
- Expectations on implementation
- Progress and review
- Lines of questioning

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Wiltshire Council

Audit and Governance Committee

1st March 2022

Subject: **Wiltshire Care Home Alliance Internal Audit Response**

Cabinet Member: Councillor Jane Davies Cabinet Member for Adult Social Care, SEND, Transition and Inclusion

Key Decision: The Committee is asked to note the actions taken in response to the Care Home Alliance internal audit report which was finalised in November 2021.

Executive Summary

This report presents an update about actions taken following a 'no assurance' internal audit of the Care Home Alliance tender process. The report identified 3 actions under priority 1 and a further 3 under priority 2.

The report concluded that immediate action was required to 'address fundamental gaps, weakness or non-compliance identified' and that the system of governance, risk management and control was 'inadequate to effectively manage risks'. SWAP stated in their report that there were 'good prospects for improvement' and this report provides a further update and assurance to the Committee of the actions taken by management to mitigate and rectify the weaknesses identified.

Significant work has been undertaken to address the areas of concern and all actions have been completed. Officers have also held an internal learning review which will be used to inform the governance, risk management and control of future commissioning exercises.

Proposal(s)

It is recommended that the Audit and Governance Committee note the actions taken in response to the internal audit.

Reason for Proposal(s)

The Director of Procurement and Commissioning is required to update the Committee on actions taken in response to the internal audit.

Helen Jones
Director of Procurement and Commissioning

Wiltshire Council

Audit and Governance Committee

1st March 2022

Subject: **Wiltshire Care Home Alliance Internal Audit Response**

Cabinet Member: **Councillor Jane Davies Cabinet Member for Adult Social Care, SEND, Transition and Inclusion**

Key Decision: The Committee is asked to note the actions taken in response to the Care Home Alliance internal audit report which was finalised in November 2021.

Purpose of Report

1. This report presents an update about actions taken following a 'no assurance' internal audit of the Care Home Alliance tender which was finalised in November 2021.

Relevance to the Council's Business Plan

2. The Director of Procurement and Commissioning is required to update the Committee on actions taken in response to the internal audit.

Background

3. A review to assess the readiness to re-tender residential and nursing care home beds under the Wiltshire Care Home Alliance was carried out in October 2021, with a 'no assurance' report completed in November 2021.

4. In early 2021 a tender was issued for the purchase of residential and nursing care home bed services under the Wiltshire Care Home Alliance. The tender was due to start on the 1st April 2021, when incumbent contracts came to an end.

5. The tenders returned were not financially viable, with prices creating a total potential impact of 34% over previous block contract costs. As a result, no contracts were awarded. To maintain service delivery, incumbent provider contracts were extended for one year, where agreed was reached between the Council and provider, while the tender could be re-visited for a revised contract start date of 1st April 2022.

6. The audit assessment reported ongoing fundamental issues that needed to be addressed to put the Council in the best possible position for a successful outcome of the re-tender. It can be reported that the re-tender has met all planned deadlines, going 'live' on the 10th of January 2022. Tenders were closed on 7th February and preferred providers will be notified on the 11th March following evaluation. There remains the risk that prices will again be

unaffordable given a whole range of factors, not least the prevailing economic conditions and inflationary pressures. However, officers have taken significant steps during the re-tender to mitigate the risks that are within our control.

Main Considerations for the Council

7. The following actions have been taken in response to the audit.

Governance Priority 1: The Project Governance is not effective. Without good oversight there is no effective challenge or monitoring to ensure the project remains on track to deliver the expected outcomes.
Action taken: Oversight and working groups, each with clear and agreed terms of reference had been established at the time of the audit but were not effective. Membership made full use of colleagues across health, finance, legal and procurement ensuring the right skills were available to provide specialist support. Following the audit, the groups met weekly, with the Oversight group being chaired by the Director of Procurement and Commissioning who signed off all documentation. Actions were successfully tracked and documented in a tracker. The governance structure also created a platform for open discussion throughout the process ensuring risks were raised at the right level. The governance function was supported by a project management resource and provided the focus needed to meet a challenging timeline.

Data Reliability Priority1: There is a lack of confidence in the data held in LAS/Controcc. It is essential that the Council has a single and accurate point of reference for data such as block bed usage to enable accurate information to be utilised and presented to inform decision making.
Action taken: Targeted resources were deployed to get a definitive number for voids, both for this exercise and for longer term understanding and reporting purposes. The data was used to develop a robust rationale for the number and type of beds and the relevant pricing options. The continued collection of the data is being included in planned training prior to the contract and during contract management. Officers in finance and IT were and continue to be working with commissioners on this.

Legal Implications Priority 1: There are concerns over the ability to complete a cost of care exercise and whether the alternative methods proposed by the Council will be effective or attractive to providers. In addition, there is a limited timeframe for legal to provide the necessary amendments to the terms and conditions prior to the re-tender ‘go live’ date.

Action taken: It was ensured that Legal was consulted in a timely manner in order that the legal framework for the Care Home Alliance was appropriate and any deviations from the original intentions were consulted on. The Oversight and working groups' terms of reference made legal representation core and minutes provide evidence of regular attendance by legal colleagues at these meetings. Legal colleagues were also consulted in the development of the project plan, to ensure deadlines for documents met their needs in terms of providing sufficient time for review.

Relationships Priority 2: Relationships between the services with the Care Home Alliance are not working effectively. Services have been asked to complete critical steps in the tender process with insufficient time to complete the tasks or review the information.
Action taken: The responsibilities and accountabilities of those involved in the project was made clear and incorporated in the overall project governance through the terms of reference for the oversight and working groups. The Director of Procurement and Commissioning took oversight of the programme to ensure effective working relationships. Additional project management support was introduced in early November, which brought dedicated resource to plan deadlines and manage delivery dates. While timescales were limited, the project plan gave warning of future work needed with lead-in times and any pre-requisites to consider. This included papers for Cabinet and other Committees. It resulted in better resource management within teams where actions and deadlines were agreed, and resources confirmed (often weeks) in advance. This process facilitated the regular review of risks including the impact of key resources being unavailable.

Provider engagement Priority 2: Whilst there has been engagement with Providers in relation to the initial tender and cost of care exercise, it is not clear how this feedback is being utilised. Feedback from the tender debrief is available and this should be used to improve the new tender exercise and so reduce risk. Should meetings with providers result in actions, progress updates on these should be reported which will also help encourage engagement. Providers have reported that there is a high level of dissatisfaction with the initial tender documentation. Notes reference the fact that the wrong Local Authority name was used in the documents. This again reinforces the impression the tender was ill thought out and rushed.
Action taken: The Council has undertaken engagement with the local provider market to shape the new tender. This has included two market engagement events, meetings with Wiltshire Care Partnership (the Wiltshire care provider

representative body) and detailed feedback from 16 providers on the draft specification. Further feedback was south via the Wiltshire Care Partnership on the final documentation.
Many of the comments were responded to by way of amendments to the specification. These were highlighted to providers at the provider engagement event.

A provider forum was also held where providers were updated on pricing bands, changes to the specification and timescales for the tender. Questions were responded to in written format and sent to providers following the event. A snap poll was taken during the event where providers were asked to rate the Council on how well they felt we had responded to their feedback regarding the tender (with 1 being 'not at all' and 5 being 'completely satisfied'). The response was positive with 70% of the 17 providers attending rating the Council at 3 or 4.

Additional effort was made to increase the number of providers signed up to the Alliance, to effectively increase the number of providers eligible to tender. The benefits of being a member of the Alliance were promoted in partnership with Wiltshire Care Partnership and after targeted analysis of the membership, the Commissioning team undertook promotion on a one-to-one basis with providers. This has resulted in a small increase in members and these efforts will continue.

The lessons learned exercise highlighted provider engagement for longer-term development to ensure that there is a more co-production approach.

Lessons learned
Priority 2: Key tasks that were not completed for the initial tender such as the cost of care exercise, pricing policy and market position statement have still not been completed. In some cases, these tasks are yet to be commenced leaving insufficient time before the proposed date to re-tender.

The Council has not completed a cost of care exercise to inform the re-tender. The previous cost of care exercise did not return enough results to be utilised. It is reported that this was due to the timing of the exercise as providers were entering another period of COVID measures, with resources being too stretched to complete the exercise.

Action taken: Since the audit, officers took steps to both apply lessons learned from the first tender and continue to capture lessons learned as the re-tender progressed. A lessons log was created and a lessons learned report delivered as part of the overall project management of the tender. This report has informed discussion on wider sharing of the lessons as well as longer-term changes to commissioning processes. The following examples demonstrate where practices were changed in response to lessons learned.

To reduce the risk of unaffordable prices and failure to attract quality tenders to meet demand:

- The Council will move to paying gross rather than net, reducing financial risk and administrative burden on providers

- Lots were established to increase flexibility to award contracts for different bed types. This included the development of Lots for complex beds which will allow the Council to provide services to a specific cohort of customers with complex needs, whilst reducing the price of the main block. The distinction will enable providers to bid for the services that are best suited to their operating models and prices will be relevant to the types of care and support that is being delivered
- Tender prices will be agreed for the first 2 years only and an uplift applied for year two using a formula set out in the contracts. This is more appealing to providers who were pricing for 'known unknowns' in the original tender. It also provides transparency as to the uplift to be applied
- Pricing bands based on existing prices were established to ensure limited exposure to increased prices. In the first tender providers were able to submit prices with no banding or benchmark which proved unaffordable
- The Council added a break clause of two years for the block beds to prevent frontloading of prices and to understand the implications of legislative changes expected following the Health & Care Bill 2021

The Market Position Statement was completed in time to inform the drafting of the specifications and determining pricing options.

A cost of care exercise was not pursued further during the re-tender. Provider feedback evidenced little appetite for one, so other research was used to inform our pricing options. This included using cost of care benchmarks such as the LaingBuisson ones and making comparison with our existing average costs for different bed types.

Next Steps

8. The lessons learned from this tender will be shared for future tender processes. There are some 'quick wins' as well as some longer-term actions we plan to take to ensure lessons are implemented for the benefit of the Council.

9. Developing and sharing good practice:
The team used several templates, both procurement and project management related. These templates can be adapted and used by other tenders. The project plan template for example will provide a good basic set of tasks to consider as well as indicative resource required. Other templates such as risk management, decision logs etc can be adapted from core Council ones developed by the Programme and Sytems-Thinking team. We will encourage use of these templates in future tenders through the development of a toolkit.

10. Co-Production:
While engagement with providers was well planned and executed during the re-tender the engagement came at such a time in the process where it could be no more than feedback on largely already agreed actions. There is much greater value in co-production; working with providers to consider solutions to issues around service delivery. Communication and engagement plans will be encouraged as part of the suite of guidance.

Overview and Scrutiny Engagement

No overview and scrutiny engagement has taken place. The Audit and Governance Committee are responsible for the review and approval of internal audits.

Safeguarding Implications

There are no safeguarding implications associated with this report.

Public Health Implications

There are no public health implications associated with this report.

Procurement Implications

There are no procurement implications associated with this report.

Equalities Impact of the Proposal

There are no equalities impacts arising from this report.

Environmental and Climate Change Considerations

There are no environmental and climate change considerations arising from this report.

Risks that may arise if the proposed decision and related work is not taken

The paper being presented does not require a decision to be made.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

The paper being presented does not require a decision to be made.

Financial Implications

There are no financial implications to this report. Background paper of the Cabinet Report of 14 December 2021 identifies the financial implications of the tender process.

Legal Implications

There are no legal implications associated with this report.

Workforce Implications

There are no workforce implications associated with this report.

Options Considered

The Director of Procurement and Commissioning is required to address the issues raised in the audit of the WCHA tender as soon as reasonably practicable.

Conclusions

It is recommended that the Audit and Governance Committee note the action taken following the internal audit of the WCHA Tender and the progress made.

Helen Jones
Director of Procurement and Commissioning

Report Author:
Helen Jones, Director of Procurement and Commissioning,
helen.jones@wiltshire.gov.uk

21st February 2022

Appendices
None

Background Papers

Audit Action Plan

Cabinet Report for the 14 December 2021-Block and framework contracts for care homes beds on the Wiltshire Care Homes Alliance (WCHA)

SWAP - Third Party Spend Final Report

Audit Committee

1st March 2022

Wiltshire Council

Contents

1. Background/Context
2. Commercial Governance
3. Outcomes through Procurement
4. The Way Forward: -
   a) Procurement Team Restructure
   b) A Customer Focussed, Insight-driven Delivery approach
5. Next Steps

Background/Context

- A new Head of Strategic Procurement was appointed in Feb 2020 with a remit to review the Strategic Procurement Team to ensure it was better fit for purpose to support the delivery of the Council’s policy priorities
- First stage identified an absence of a commercial governance framework, failure to comply with basic legislation, an operational structure that did not support strategic ambition, job descriptions that did not reflect actual activity, an inconsistent approach to MCIPS, an absence of planning and no pipeline, and little evidence to demonstrate the level of performance

Background/Context (cont'd 2 …)

- Several SWAP Audits have provided "limited assurance", and identified numerous areas to be urgently addressed
- The Council needs to be prepared to adapt to the forthcoming changes to the UK Procurement Regulations (following Brexit)
- The LGA Benchmark exercise has highlighted the fact that a failure to focus on and resource a strategic approach, a basic governance system, and skills development, has placed the Council well behind where it ought to be in terms of maturity and commercial capacity
- A significant number of the Strategic Procurement Team left during 2021 and resources are now insufficient to deliver even a basic service

Arrangements for procurement & commercial governance (as at May 2020)

WC Vision	To create strong communities in Wiltshire
WC Objectives	Growing the economy; Strong communities; Protecting those who are most vulnerable; An innovative and effective council
WC Core Values	Responsibility; Excellence; Leadership; Trust and Respect; Simplicity; Working Together
Governance Enablers	Wiltshire Council: Business Plan, Annual Budget → Cabinet: Major recommissioning of services, Quarterly budget monitoring and performance and risk reports → Corporate Leadership Team: Service Plans, System thinking reviews and transformation programmes
Corporate Governance	Cabinet; Constitution; Delegated Authority
Delivery Portfolios	Corporate; People; Place
Cross Cutting Themes	Value: - Climate Emergency, Decarbonisation, Value for Money|Budget, Social Value
Procurement + Commissioning Accountability	Procurement + Commissioning Board (Via Dashboard + Procurement Narrative)
"3 Lines of Defence"	Commercial Governance Framework; Category Governance; Risk register / BCP / Housekeeping
Governance Components	Delivery Partners & supply chain management; T&Cs of Business, CPR's & Procurement Manual; Data and MI; Policy Interventon Mechanism
Procurement Enablers	Procurement and Commissioning Life Cycle
ICT	ERP System; P2P
People	Innovation; Capacity; Training + Development; Commercial Skills; Roles + Responsibility
Future	The Wiltshire Way

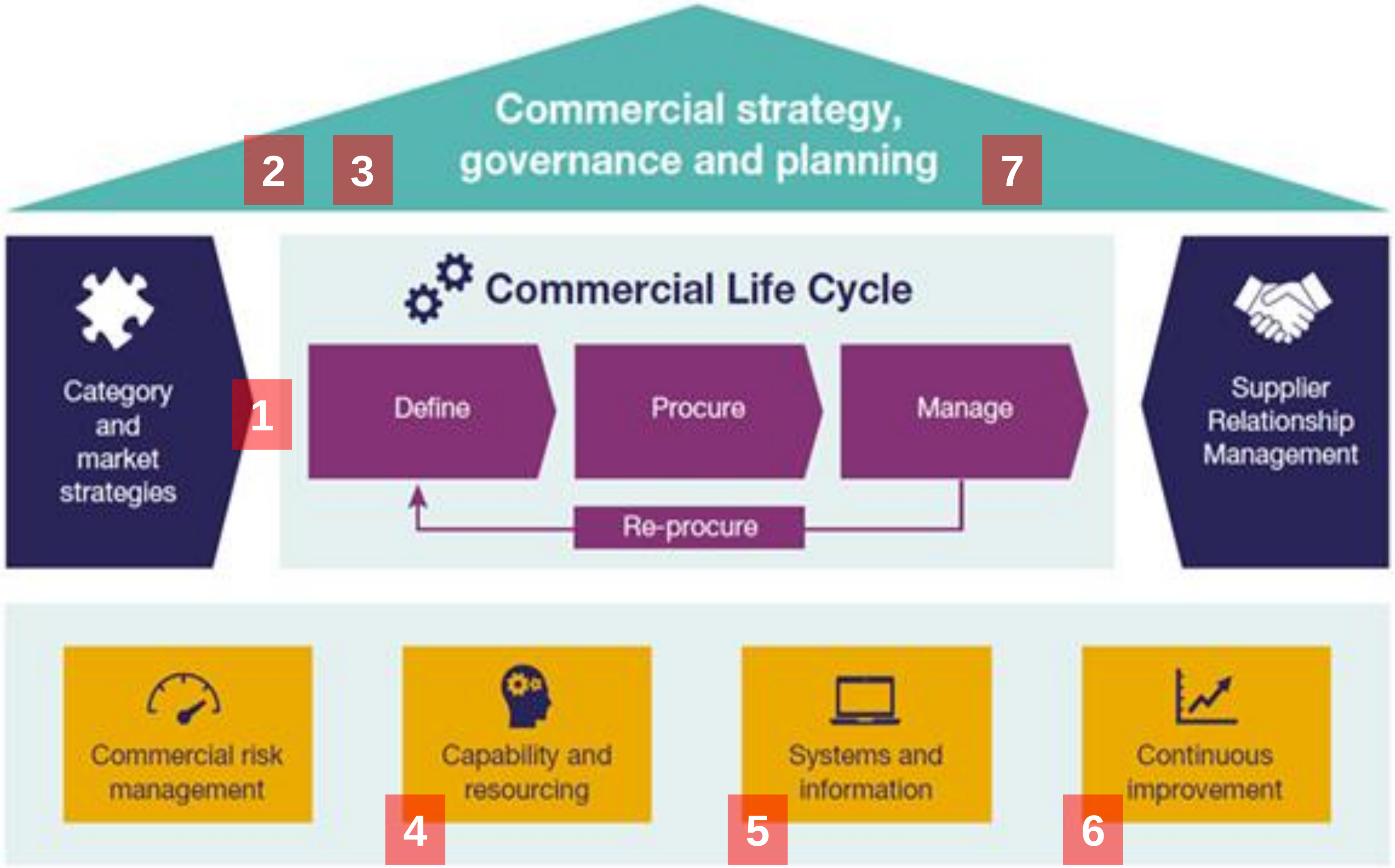
Wiltshire Council

Third Party Spend Audit – Key Themes

1. Business Cases
2. Declarations of Interest
3. Procurement Strategy/Contract Procedure Rules
4. Collaboration
5. Contracts Register
6. Saving Money
7. Social Value

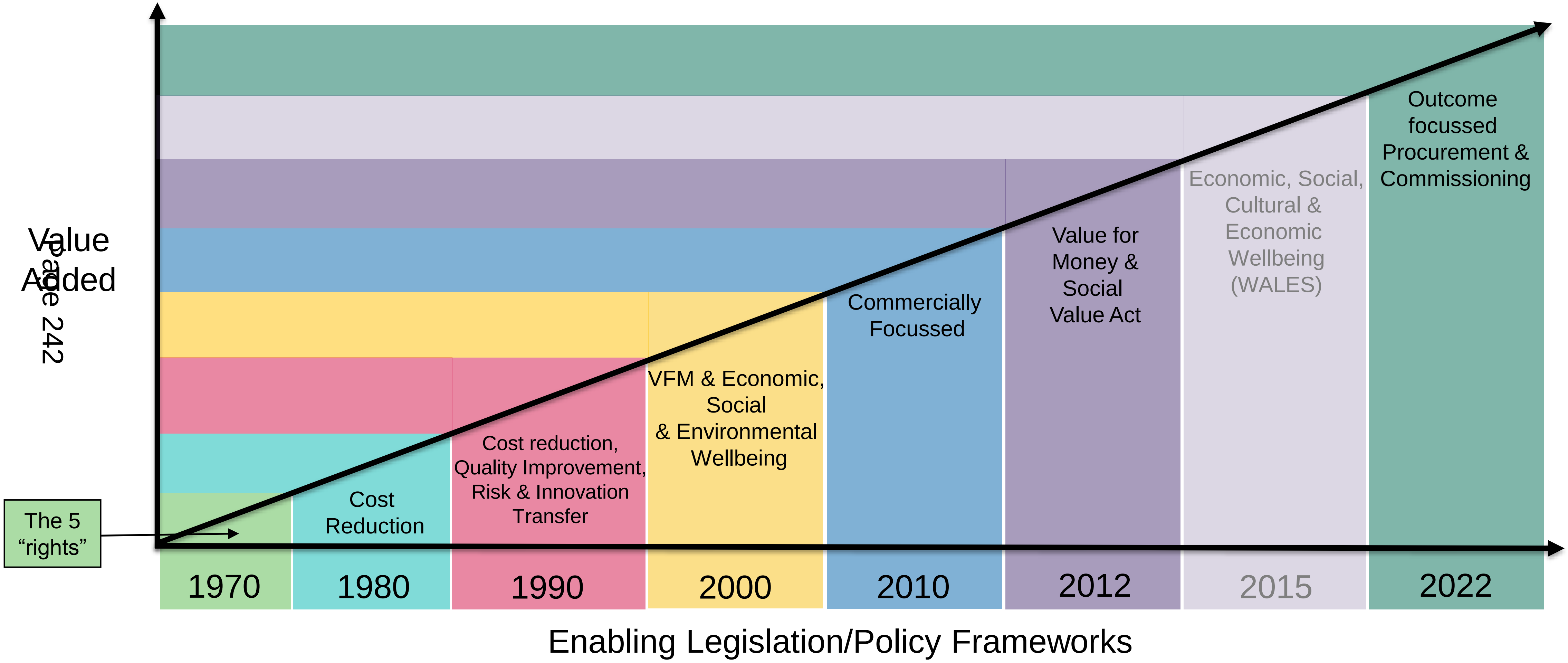
Wiltshire Council

Procurement & Commercial Governance – Where do we need to be …?



Wiltshire Council

Where is Wiltshire Council in delivering outcomes through procurement?



Wiltshire Council

The Outcomes needed from Procurement ...

A Better Community

Ethical sourcing and a supply base that reflects the Council's Values

Working with our community to mutually fulfil our needs

Better Value for Wiltshire

Knowing what we use & how we use it & what happens to it afterwards

Simple, efficient, proportionately robust commercial governance, consistently applied

Using fewer resources (& sustainable ones when needed at all)

Developing the confidence & capability of our people

Wiltshire Council

The Outcomes needed from Procurement (... 2)

<u>Better Delivery for Wiltshire</u>

All spend supporting the Wiltshire Business Plan

Long term value for money via a whole life approach

Strong governance with clear accountability for (supplier) performance

<u>Better Outcomes for Wiltshire</u>

Simple, efficient processes that are consistent throughout the Council

Evidence-based decision making & robust reporting of performance

A supply base that knows how, & gets opportunities, to fulfil our needs

Suppliers that deliver outcomes in support of the Wiltshire Business Plan

Delivering "Value" – Understanding our Supply Chains

Wiltshire Council

To deliver, the Council's Procurement Team needs to: -

1. Be strategic and commercially focussed
2. Be professionally resourced
3. Facilitate (positive) economic, social & environmental impacts
4. Help deliver wider benefits to the people of Wiltshire
5. Promote open, accessible competition
6. Adopt simplified standard processes
7. Practise collaborative procurement
8. Facilitate supplier engagement to deliver innovation
9. Monitor & report on outcomes delivered

Wiltshire Council

How will this Team deliver …?

Insight

- Take control of the "commercial narrative" through a monthly "Commercial Dashboard to Executive Team (to include 5 year contracts pipeline, contract KPIs & key supplier data);
- Set out the commercial vision for Wiltshire Council to 2025, in support of policy priorities incl. Net Carbon Zero, the green economy & sustainable development;
- Begin to introduce a commercial strategy and intelligent customer approach with clear, pragmatically robust processes to achieve improved commercial assurance;
- Raise the bar for the Council in terms of the value delivered through procurement

How will this Team deliver …?

Improvement (Transformation)

- Increase early & more strategic dialogue with current and future suppliers (all sectors) over contract opportunities & delivering innovation in the supply chains;
- Identify and manage commercial & supply risks to ensure robust & flexible mitigating arrangements are in place;
- Improve commercial capability & performance of our people;
- Ensure contracts deliver social value outcomes by integrating social, environmental & economic criteria into contracts
- Ensure governance framework is aligned to Procurement Bill;
- Review the use of e-trading, e-auctions, e-catalogues and data analysis tools;

How will this Team deliver …?

<u>Innovation</u>

- Be proactive in working with small & medium sized enterprises and Wiltshire-based suppliers, social enterprises and the Third Sector;
- Mainstream making commercial decisions on whole life costing principles, and build innovation into commercial practices to stimulate enterprise & support economic growth;
- Help Directorates to reduce their consumption of carbon & resources and to minimise their waste production to promote environmental sustainability;

Progress Update

- 45462 – “Business Cases” continue to be reviewed by Commercial Board. The templates have been reviewed and new templates will be launched as part of the introduction of the new “end to end process”

- 45361 – the process for undertaking and recording declarations of interest during procurement activity has been reviewed, several adjustments have been made, and this now forms part of the “end to end” process. I have decided that it is prudent to undertake a further review of the “declarations of interest” concept in procurement activity, specifically within the context of the “corporate” methodology and approach (and this will be undertaken through the Corporate Governance Review Group)

- 45470/45377 – These have been reviewed, and I have decided that in view of the starting position (and in the context of the review of the entire commercial governance framework) they would be most effectively delivered through a refreshed approach to both category management. In the meantime, the contracts database will be used as an interim solution

- 45488 – Commercial Board has a savings “totaliser”, captures savings identified and delivered, and reports progress against the corporate target through the appropriate mechanisms. The category strategy work will facilitate the capturing of the broadest scope of contract spend (and therefore savings) in the future

Progress Update

- 45263 - I have reviewed the Procurement Strategy and Procurement Rules as required by this recommendation. I can confirm that: -
  - The framework of a new Procurement Strategy has been drafted, and will be developed through consultation with Commercial Board (and implemented alongside the Procurement Team restructure)
  - The Procurement Rules reflect all current legislation (there have been no changes to Legislation since the UK left the EU – these are expected in 2023, the Council is in consultation with LGA colleagues)

- 45376 – This has been reviewed and some social value benefits are starting to be delivered – these will be captured by Commercial Board going forward, alongside monetary savings identified and delivered. I am implementing a more robust solution to social value, which will be implemented during the restructure.

- 45487 – The contracts register has been reviewed, and the content is as accurate as it can be under current operational practices (which require significant manual intervention). The 5 year contracts pipeline has been of benefit, and it will lead to the supply of richer information, and enable better planning

Wiltshire Council

Next Steps (starting April 2022)

- Complete the Procurement Team Restructure
- Formally implement the new “end to end” process
- Implement further SWAP Recommendations and continue to engage with Audit Colleagues
- Begin to implement Commercial Strategy approach to maximise “value” from £350m spend
- Ensure a smooth handover back from Hampshire colleagues on contracting activity

Wiltshire Council

Audit and Governance Committee

1 March 2022

Subject: Corporate Governance Update

Executive Summary

The Annual Governance Statement for Wiltshire Council demonstrates how the Council is meeting the principles of good governance adopted in its Local Code of Corporate Governance (LCCG). Following the agreement of the Annual Governance Statement in October, this report provides a quarterly update on the current status of improvement actions identified in the Annual Governance Statement for 2021.

Proposal(s)

Audit and Governance Committee is asked to consider the current status of improvement actions identified in Annual Governance Statement, as set out at **Appendix 1**.

Reason for Proposal

In considering the draft Local Code of Corporate Governance in 2019, Audit Committee agreed to receive regular updates on the implementation of improvement actions identified in the Annual Governance Statement. Consideration of these actions will inform the development of the Annual Governance Statement (AGS) that the council is required to produce for 2021/22.

Andy Brown
Corporate Director, Resources

Perry Holmes
Director, Legal and Governance (Monitoring Officer)

Jo Pitt
Director, Human Resources and Organisational Development

Wiltshire Council

Audit and Governance Committee

9 February 2022

Subject: Corporate Governance Update

Purpose of Report

1. a. To consider the current status of improvement actions identified in the Annual Governance Statement (AGS) and emerging themes to capture in the AGS for 2021-22.

Background

2. Wiltshire Council agreed a revised Local Code of Corporate Governance in 2019.

3. In considering the draft Local Code of Corporate Governance, Audit Committee agreed to receive regular updates on the implementation of improvement actions identified in the Annual Governance Statement. Consideration of these actions will inform the development of the Annual Governance Statement (AGS) that the council is required to produce for 2021-22.

Main Considerations

4. In 2020-21's Annual Governance Statement the Council identified a number of areas where further improvements could be made to strengthen its governance framework. It should be noted that these areas are not to be regarded as failures, rather examples of issues where scope for further improvement has been identified. In many cases, work is already well underway to address these areas for improvement.

5. The governance of the Council continues to be monitored by Cabinet, Audit and Governance and other councillor committees and the Council's Corporate Leadership Team.

6. The Corporate Governance (Officer) Group chaired by the Monitoring Officer met on 18 January 2021 and discussed:

    - The appendix to this paper
    - Internal governance and programme boards
    - Internal decision making guidance
    - Required updates to financial regulations

7. A quarterly update on progress with the improvement actions identified in the Annual Governance Statement 2020-21 is included at **Appendix 1**. This document will be kept live and updated and inform the development of the AGS for 2021-22.

Report Authors:
Andy Brown - Interim Corporate Director, Resources;
Perry Holmes - Director, Legal and Governance (Monitoring Officer);
Jo Pitt - Director, Human Resources and Organisational Development;
David Bowater – Senior Corporate Support Manager

Appendices
Appendix 1 LCCG AGS update

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Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

AGS improvement actions	Current Status	
Review commissioning and procurement approaches to embed industry standard contract management as part of staff job descriptions; deliver policy and training to embed social value across the council; and strengthen our approach to partnership working with the VCS through business planning processes.	An end to end review of processes across procurement has been undertaken, and a refreshed process has been devised (involving, appropriately, colleagues from Legal and SWAP Audit). This will be formally launched during Q1 (of calendar year 2022). The Job Descriptions have also been completely refreshed and will form part of the Procurement Team Restructure (also during Q1); each aspect of this Improvement Action has been reflected therein.	**HJ** JH
Continue activities to embed all of the values in Our Identity across the organisation	Main roll out and embedding activities complete. Work underway on iteration 2 of "Our Identity" following workshops and feedback by end of 2022.	**JP** PM

Principle B - Ensuring openness and comprehensive stakeholder engagement

AGS improvement actions	Current Status	
Review commissioning and procurement approaches to embed industry standard contract management as part of staff job descriptions; deliver policy and training to embed social value across the council; *and* ***strengthen our approach to partnership working with the VCS through business planning processes.***	See above for review of end to end processes Training has been undertaken with all commissioning staff by IPC (Integrated Personal Commissioning (**IPC**) which is a nationally led, locally delivered programme that is supporting healthcare empowerment and the better integration of services across health, social care and the voluntary and community sector).	**HJ** **DR**

Principle C - Defining outcomes in terms of sustainable economic, social and environmental benefits

AGS improvement actions	Current Status	
Regularly report on delivery against outcomes defined in the new Business Plan, including our commercial approach	A new performance framework will be agreed as part of the new Business Plan shortly. Combined quarterly reporting of performance, risk and finance to cabinet will resume in March 2022.	**MN**

Principle D - Determining the interventions necessary to optimise the achievement of intended outcomes

AGS improvement actions	Current Status	
Finalise the governance review of Stone Circle company and shareholding arrangements	Cabinet agreed governance arrangements for Stone Circle companies as well as any other companies that the Council owns or has interests in at its meeting on the 27th September 2021. The first meeting of the shareholder sub committee of the cabinet is scheduled to take place on the 25th January.	**AB** **PH** **SH**

Principle E - Developing capacity, including the capability of the Council's leadership and the individuals within it

AGS improvement actions	Current Status	
Rollout training and awareness on decision making processes	Guides to councillor and officer decision-making powers; cabinet reports and individual cabinet member decisions have now been produced and are available on the council intranet. Further guidance will be produced covering taking, recording and publishing officer decisions, and consulting internal boards. This will be subject to review by Corporate Governance Group, before discussion at CLT/ELT and development of related training material. A comprehensive councillor induction and development programme was prepared for all councillors to benefit from following local elections.	**PH** **JP** MD MN
Continue to work with partners to complete a multi-agency evaluation of the response to the pandemic	A full multi-agency debrief was not taken forward before response was reactivated for the second wave – this will be considered during 2022. As part of the ongoing management of outbreaks and situations the Local Outbreak Management Plan has been updated. This used multi-agency feedback and wider regional Sector-Led Improvement work to ensure an effective continued response to the changing nature of the pandemic. The Multi-agency Wiltshire Covid-19 Health Protection board, chaired by the DPH meets fortnightly to oversee and lead the response.	**KB** EP MN

Principle F – Managing risks and performance through robust internal controls and strong public financial management

AGS improvement actions	Current Status	
Review how performance can be communicated to the public to deliver maximum openness and transparency	A new approach to communication of performance as well as publishing open data will be developed and delivered as part of the BI Development programme and SAP Evolve project.	**MN**

Principle G - Implementing good practices in transparency, reporting and audit to deliver accountability

AGS improvement actions	Current Status	
Align organisational processes more closely to the outcomes in the Business Plan to ensure a focus on the resources used and outcomes achieved	An outcome-based process has been developed ensuring directorate level service plans link clearly with Business Plan principles. This will be considered by cabinet and full council shortly. The delay in a multi-year local government finance settlement means a multi-year budget aligned to business plan outcomes will be trialled in the coming year. A new portfolio management approach is being implemented to align corporate programmes with the new Business Plan and ensure benefits realisation.	**AB** MN
Review the Complaints Procedure alongside arrangements to report trends and learning	A new Corporate Complaints Procedure is being drafted for review by the Corporate Leadership Team prior to consideration by Standards Committee and to relevant scrutiny committees. A new complaints casework IT platform is now being developed internally and will support improved reporting of trends and learning.	**PH** MD FC

Initials

AB: Andy Brown, Interim Corporate Director, Resources
PH: Perry Holmes, Director, Legal and Electoral Services
JP: Jo Pitt, Director, HR and OD
SH: Simon Hendey, Director, Housing and Commercial
HJ: Helen Jones, Director of Commissioning
DR: David Redfern, Assistant Director, Leisure, Communities and Culture
KB: Kate Blackburn, Director, Public Health

PM: Paula Marsh, HR
JH: Jonathan Hopkins, Procurement
MN: Martin Nicholls, Executive Office
MD: Maria Doherty, Democracy and Governance
EP: Emergency Planning

Wiltshire Council

Audit and Governance Committee

1 March 2022

Appointment of Independent Co-opted Members to the Audit and Governance Committee

Purpose of Report

1. To ask the Audit and Governance Committee to review the role, number and arrangements for the appointment of independent co-opted members to the Committee and make such recommendations as it considers appropriate to Council at its meeting on 17 May 2022.

Background

2. In 2018 The Chartered Institute of Public Finance and Accountancy (CIPFA) published a position statement which recommended that Audit Committees include an independent member.

3. At the Audit and Governance Committee meeting on 26 June 2019 the issue of independent members on the Committee was raised by the then Chairman of the Committee. The Committee resolved to form a task and finish group to look at the issue.

4. At the Audit and Governance Committee meeting on 7 November 2019 the findings of the task and finish group were presented to the Committee (attached at Appendix A). The group had looked at what other local authorities were doing and at the time found that the CIPFA recommendations were not being widely adopted. Therefore, it was resolved that no further action should be taken but that the Committee should look at this issue again after the local elections in 2021.

5. In September 2020, Sir Tony Redmond published an independent review into the effectiveness of external audit and transparency of financial reporting in local authorities. One of the recommendations arising from this review was that consideration be given to the appointment of at least one independent member, suitably qualified, to Audit Committees.

6. At the Audit and Governance Committee meeting on 24 November 2021, the Committee reconsidered the recruitment of independent lay members and were supportive of the idea. The Committee resolved that they should recruit independent members and requested that officers start the process to achieve this.

7. Further research has been undertaken to assess what arrangements are in place at other local authorities which have independent members, and the findings are attached at Appendix B. These may help the Committee when considering the points raised in this report.

Main Considerations

8. Independent co-opted members could provide valuable advice to the Committee, enhancing the experience and knowledge of the Committee. The recruitment of independent co-opted members is supported by the s151 officer. The addition of independent co-opted members is also recommended by both CIPFA guidance and the Redmond Review.

9. The Committee would need to consider how many independent co-opted members they would wish to recruit. It is recommended the independent co-opted members are non-voting, which is in line with other Local Authorities.

10. The constitution does not currently permit for independent members on the Committee, so would need to be updated, allowing for their inclusion. The changes to the constitution would need to be considered by the Constitution Focus Group and then by Full Council. The current terms of reference for the Committee can be seen in Appendix C along with proposed amendments.

11. Renumeration and expenses for the independent co-opted members would also need to be addressed. Wiltshire Council's Independent Renumeration Panel could be requested to consider this.

12. The Committee should also decide on the skills and experience required for the position and are asked to approve the draft proposed role profile (Appendix D) and delegate authority for the final wording of this to the Monitoring Officer to allow amendments to be made if required.

13. A recruitment process for the independent members would need to be developed. This would likely include the approval of a role profile, the creation of a job description and application form; the advertisement of the position(s); and an interview process. The suggested format of the interview process is that a panel would undertake the interviews, made up of a lead Audit & Governance Officer and 3 Members of the Committee (2 Conservatives and 1 Liberal Democrat, 1 of which would be the Chairman of the Committee).

14. The appointed independent member(s) would be expected to attend the meetings of the Audit and Governance Committee to provide an independent perspective and give advice to the Committee. The appointed member(s) would also be expected to attend any training sessions for the Committee.

15. In order to avoid delay in the appointment of independent co-opted members it is recommended that the Committee requests Council at its meeting on 17 May 2022 to approve the proposed changes to the constitution and to delegate arrangements for the appointment of independent co-opted members to the Audit and Governance Committee, with the selection process delegated to the Monitoring Officer, in consultation with the Chairman of the Audit and Governance Committee. This would include convening a selection panel to interview applicants as described above.

16. Interviews and appointment could then take place around July 2022.

Safeguarding Implications

17. There are no safeguarding issues arising from this report.

Equalities Implications

18. There are no equalities impacts arising from this report.

Risk Assessment

19. There are no significant risks arising from this report

Public Health Implications

20. There are no public health impacts arising from this report.

Environmental Implications

21. There are no environmental impacts arising from this report.

Workforce Implications

22. There are no workforce implications arising from this report.

Financial Implications

23. The allowance for independent co-opted members would need to be set.

24. This allowance is subject to review by the Council after considering any recommendations of the Independent Renumeration Panel.

Legal Implications

25. The Accounts and Audit (England) Regulations 2015 provide that a local authority is responsible "for a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk". In addition, Section 151 of the Local Government Act 1972 requires every local authority to "make arrangements for the proper administration of its financial affairs".

26. Although there is no legislative requirement for the Council to have an Audit Committee, such committee can be established under the Local Government Acts 1972 and 2000 (as amended by the Localism Act 2011).

27. Section 102(3) of the Local Government Act 1972 stipulates that a committee which discharges a function of the Council can include co-opted members, except where it is a committee set up to regulate and control the finance of the local authority.

28. Section 13(1) of the Local Government and Housing Act 1989 provides that a co-opted member of a committee established under section 102 of the Local Government Act 1972 as a committee discharging the functions of the Council must be a non-voting member.

29. However, it is possible in certain circumstances to appoint a co-opted member with voting rights to committees, including an advisory committee appointed under section 102(4) of the Local Government Act 1972.

30. The role and function of the Audit and Governance Committee, as set out within its Terms of Reference fulfils both an advisory role and also discharges some functions of the Council (approving terms of reference and strategy for internal audit, review and approval of annual statements of accounts and approval of a draft Annual Governance statement). Therefore, whilst co-opted members can be appointed to the Committee, they could not be given voting rights. Therefore, their involvement on the Committee would be in a consultative manner, with their views being taken into account by voting members of the Committee.

31. The purpose of the Committee is to give assurance to elected members and to the public as to the governance and sound financial management of the Council. This will likely be strengthened by including members who are independent from the executive and scrutiny functions and who are suitably qualified with experience in the area of audit/governance to provide specialist knowledge and insight.

32. The Local Authorities (Members' Allowances) (England) Regulations 2003 permit the Council to pay an allowance to a co-opted member of a Committee. The Council's Independent Renumeration Panel should be consulted in respect of any such allowance.

Recommendation

33. The Audit and Governance Committee is therefore asked:

    a. To approve the creation of a role of independent co-opted members on the Audit and Governance Committee; and

        i. To determine how many independent co-opted members should be appointed.

    b. To approve the draft proposed role profile (appendix D) and delegate authority for the final wording of this to the Monitoring Officer, in order to allow amendments to be made if required.

To recommend to Full Council:

    c. That the constitution should be updated as proposed at appendix C to include independent co-opted members as part of the Audit and Governance Committee.

d. To delegate the appointment of any independent co-opted members to the Audit and Governance Committee and the arrangements for selection of such members to the Monitoring Officer in consultation with the Chairman of the Audit and Governance Committee. This would include convening a selection panel involving a lead Audit and Governance Officer and 3 Members of the Committee (2 Conservatives and 1 Liberal Democrat, 1 of which would be the Chairman of the Committee) to interview applicants.

e. That the renumeration of the independent co-opted members be delegated to the Audit and Governance Committee in consultation with Wiltshire Council's Independent Renumeration Panel.

Perry Holmes
Director, Legal and Governance (and Monitoring Officer)

Report Author: Tara Shannon, Senior Democratic Services Officer, 01225 718352, tara.shannon@wiltshire.gov.uk

Appendices
Appendix A – Task and Finish Group Report November 2019
Appendix B – Further research into independent members at other Local Authorities
Appendix C – The current and proposed Terms of Reference of Audit and Governance Committee
Appendix D – Draft proposed role profile

Background Papers
CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2018.
The Redmond Review.
Minute 37 of the Audit and Governance Committee meeting on 26 June 2019
Minute 74 of the Audit and Governance Committee meeting on 7 November 2019.
Minute 23 of the Audit and Governance Committee meeting on 24 November 2021.

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AUDIT COMMITTEE TASK AND FINISH GROUP

TO CONSIDER THE INCLUSION OF INDEPENDENT CO-OPTED MEMBERS

INTRODUCTION

At its meeting on 26th June 2019, the chairman's proposal that a Task and Finish group be established to consider whether the membership of the Audit Committee should be enlarged to include co-opted lay (ie non-councillor) members, was agreed.

CIPFA recommend the inclusion of co-opted lay members - something which is was supported by Wiltshire Council's s151 officer.

The group consisted of Cllrs Britton, Dobson and Grant.

TERMS OF REFERENCE

The terms of reference (Appendix 1) were agreed by the members of the Task and Finish Group and formed the basis of the research undertaken.

FINDINGS

Appendix 2 lists the size of the Audit Committees in the comparison authorities, together with the title of those committees and whether or not they include co-opted lay members.

- The average size of the Audit Committees in the comparison group is 9.3 (cf 11 at WC)
- 5 out of the 15 comparison authorities included co-opted lay members
- 4 of the 15 included "Governance" in the title of the committee and one other has the words "Risk" and "Assurance" in its title

Only two replies were received from the six approaches made by the chairman. These are shown in full in Appendix 3.

In view of (a) the small number of authorities with co-opted lay members; and (b) the disappointing response to our emailed research questions, it was decided not to proceed with further work.

CONCLUSIONS

a The present size of Wiltshire Council's Audit Committee is a little larger than in other unitary authorities.

b There is no evidence that the CIPFA recommendation is being widely adopted.

c The titles of a third of the comparison audit committees suggests they have a wider role than simply 'audit'. It seems likely that in such cases any co-opted lay members would be recruited for a slightly different set of skills than if the committee simply had 'audit' as its role.

RECOMMENDATIONS

1 That no further action is taken for the time being on the recruitment of co-opted lay members.

2 That this be reconsidered after the next local elections in 2021.

Appendix 1

Audit Committee

To consider whether Wiltshire Council's Audit Committee should seek to recruit independent co-opted members

TASK and FINISH GROUP

Terms of Reference v1

Preamble

For some time now The Chartered Institute of Public Finance and Accountancy (CIPFA) have been advising that local authority Audit Committees should include independent co-opted members. Although there are no statutory requirements for local authorities in England that determine the composition of the audit committee, CIPFA'a latest Guidance Note reinforces that recommendation which is now regarded as best practice and good governance:

CIPFA endorses the approach of mandating the inclusion of a lay or independent member and recommends that those authorities, for whom it is not a requirement, actively explore the appointment of an independent member to the committee.

The purpose of the Task and Finish Group

To investigate the case for the Audit Committee to include independent co-opted members both in respect to recognising that co-option of independent members is beneficial to the audit committee and that the injection of an external view can often bring a new approach to committee discussions as well as considering some potential pitfalls that CIPFA has identified.

To explore as to whether the Audit Committee should change the committee title.

Composition and Process

1 Membership

The Group will be made up of:

- 3 representatives from Audit Committee – Cllrs Britton, Dobson, Grant.

2 Matters to be considered

1 Should Wiltshire Council's Audit Committee include appropriately-skilled independent co-opted members to provide specialist training and experience input to the committee's work.

2 To explore the specialist skills and experience that would be required.

3 To determine how many independent co-optees would sit on the committee.

4 To determine whether the co-optees would be in addition to the existing membership or whether to replace one or more councillor members (bearing in mind the need for the Cllr membership cohort to be politically balanced).

5 To establish whether the co-optees would/could be voting members of the committee.

3 Process

The process that will be followed will be:

1st stage	To confirm the Terms of Reference and agree the research agenda.
2nd stage	Democratic Services to undertake research to identify most appropriate comparator local authorities and to explore: o Title of their committees o The number of independent co-opted members o Voting rights
3rd stage	To hold a meeting to consider the findings and determine the next steps.

Resources

The Task and Finish Group will be supported by:

- Directors of Finance, Legal and Corporate Office
- Internal Audit
- Democratic Services

Timescales

- Stage 1 – To agree the ToR via email
- Stage 2 – Mid August 2019
- Stage 3 - End August 2019

DOCUMENTS USED IN THE PREPARATION OF THIS REPORT:
CIPFA Publication – Audit Committees Practical Guidance for Local Authorities and Police 2018 Edition

APPENDIX 2

AUDIT TASK AND FINISH GROUP

TO CONSIDER THE APPOINTMENT OF LAY CO-OPTED MEMBERS

Comparison authorities

AUTHORITY	Name of committee	Number of members	+ Co-opted lay members
Herefordshire	Audit & Governance	7	0
Powys	Audit	14	1
Dorset	Audit & Governance	10	0
Somerset	Audit	9	0
Cornwall	Audit	10	2
Devon	Audit	7	0
Gloucestershire	Audit & Governance	9	0
Hampshire	Audit	11	0
Surrey	Audit & Governance	6	0
Co. Durham	Audit	9	2
Shropshire	Audit	5	0
Northumberland	Audit	8	0
Isle of Wight	Audit	7	1
Central Beds	Audit	9	0
West Midlands	Audit Risk & Assurance	10	2

APPENDIX 3

AUDIT TASK AND FINISH GROUP

TO CONSIDER THE APPOINTMENT OF LAY CO-OPTED MEMBERS

1 WC Audit Chair's example email to selected authorities requesting feedback

Dear Cllr

Please excuse me approaching you ‘out of the blue’ like this but I understand from your council’s website that you are the current chairman of the Audit Committee at the Isle of Wight and I am writing to you in my capacity as chairman of the Audit Committee at Wiltshire Council.

Your website indicates that you have an independent co-opted member on your committee in line with the CIPFA guidance. We are considering this guidance and would be very grateful if you could find a moment to answer a couple of questions about your views and experience on this matter.

1. Is your independent co-opted member remunerated?
2. Was he/she appointed as a result of a formal advertising and interview process? If not, how was he/she selected?
3. What particular skills did your committee wish to find to supplement the collective skills and experience of its councillor membership?
4. Has the co-opted member made/do they make a significant and worthwhile contribution to the work of your committee?

I would welcome any other comments you might have on the subject.

In anticipation of your guidance on this subject – thank you very much indeed, I am most grateful.

Yours sincerely,

Richard

Cllr Richard Britton

Chairman, Audit Committee, Wiltshire Council

2 Summary response from Isle of Wight Council

Constitution states there are seven members: Currently 3 x Conservatives, 2 x Independent, and 2 x vacancies.

There are no co-opted Members. If recruited, co-opted members would not be paid, and would be non-voting. Any such appointment would be made on the basis of skill, knowledge, qualification and experience relevant to the role of the committee. Consideration would need to be given to how to manage this external access to council information.

3 Summary response from Durham County Council

The independent co-opted members can have professional skills that can improve the make up of the committee and add an independent critical eye. The independence of the member is supported through a robust interview process.

The Committee is effective an uses a Call-In process to discuss recommendations with members and officers.

Independent members receive travelling expenses only.

The written response was supplemented by a telephone conversation in which the councilllor (a) repeated their belief in having co-optees on the audit committee; (b) described the frustrations in engendering enthusiasm for the work of the audit committee; (c) invited Wiltshire Council's chair of audit to attend his next audit committee meeting.

Independent Members on Audit Committees at other Local Authorities

	No. of independent co-opted Members	Voting rights	Renumeration	Independent Person experience	Recruitment process
Bath & North East Somerset	1	No details given	Yes, allowance paid per meeting	CIPFA accountant	No details given
Cornwall	2	Non-voting	Yes, annual allowance, as per the published Members Allowances scheme	No details	Advert and interview process
Gloucestershire	1	Non-voting	Yes, annual allowance	A member of the local community with experience in governance	Advertised online, no further details
West Sussex	1	Non-voting	No, but travel expenses paid	Has relevant professional experience	Role advertised, CV reviewed by Monitoring officer and s151, interviews undertaken by Chairman and Vice-Chairman of Committee.

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Current Terms of Reference of the Audit and Governance Committee

Extract from Part 3 of the Constitution, Responsibility for Functions.

Composition

2.8.1 The size of the Audit and Governance Committee and appointments to it will be determined by Council. Appointments will be made having regard to rules on political proportionality.

2.8.2 The Audit and Governance Committee will exclude Members of the Cabinet. The Leader of the Council or the cabinet Member responsible for finance and governance is a non-voting Member of the Committee.

2.8.3 Substitute Members will be permitted in accordance with Part 4 of this Constitution.

Role and Function

2.8.4 The Audit and Governance Committee will be responsible for:

2.8.5 External Audit Activity:

- To receive and comment on the external audit plan;
- To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance;
- To comment on the scope and depth of external audit work and to ensure it gives value for money;
- To monitor the implementation of management actions arising from external audit work.

2.8.6 Internal Audit Activity:

- To approve the terms of reference and strategy for internal audit, and the annual internal audit plan and subsequent changes thereto;
- To monitor and review the effectiveness of internal audit to ensure compliance with statutory requirements;
- To consider the Head of Internal Audit's annual report and opinion, and a summary on internal audit activity and the level of assurance it provides on the Council's corporate governance arrangements;
- To consider specific internal audit reports as requested, and monitor the implementation of agreed management actions.

2.8.7 Regulatory Framework:

- To monitor and review the effective development and operation of corporate governance, risk and performance management and internal control, and to receive progress reports as required;
- To oversee the process for production of the annual governance statement (AGS), to review the supporting evidence including the arrangements for governance of partnership working, and to approve the draft AGS;

- To monitor the development and implementation of the Council's anti-fraud and corruption policy and strategy.

2.8.8 Financial Management and Accounts:

- To ensure the Council's arrangements for financial management are adequate and effective, and, together with its accounting policies, are regularly reviewed;
- To review and approve the annual statement of accounts;
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Proposed Terms of Refence of the Audit and Governance Committee

Composition

2.8.1 The size of the Audit and Governance Committee and appointments to it will be determined by Council. Appointments will be made having regard to rules on political proportionality.

2.8.2 The Audit and Governance Committee will exclude Members of the Cabinet. The Leader of the Council or the cabinet Member responsible for finance and governance is a non-voting Member of the Committee.

2.8.3 Substitute Members will be permitted in accordance with Part 4 of this Constitution.

2.8.4 In addition to the Councillors on the Committee, the Committee can appoint up to 2 independent co-opted members, who will be non-voting members of the Committee. The non-voting co-opted independent member(s) should have experience of audit and financial management, preferably with knowledge of local authorities.

2.8.5 Independent co-opted members will be appointed by a recruitment and selection process involving members of the Committee.

2.8.6 The term of office for independent co-opted members will normally be 4 years.

2.8.7 Independent co-opted members will be eligible for re-appointment for a second term.

2.8.8 Independent co-opted members do not count towards the Quorum of the committee.

Role and Function

2.8.9 The Audit and Governance Committee will be responsible for:

2.8.10 External Audit Activity:

- To receive and comment on the external audit plan;
- To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance;

- To comment on the scope and depth of external audit work and to ensure it gives value for money;
- To monitor the implementation of management actions arising from external audit work.

2.8.11 Internal Audit Activity:

- To approve the terms of reference and strategy for internal audit, and the annual internal audit plan and subsequent changes thereto;
- To monitor and review the effectiveness of internal audit to ensure compliance with statutory requirements;
- To consider the Head of Internal Audit's annual report and opinion, and a summary on internal audit activity and the level of assurance it provides on the Council's corporate governance arrangements;
- To consider specific internal audit reports as requested, and monitor the implementation of agreed management actions.

2.8.12 Regulatory Framework:

- To monitor and review the effective development and operation of corporate governance, risk and performance management and internal control, and to receive progress reports as required;
- To oversee the process for production of the annual governance statement (AGS), to review the supporting evidence including the arrangements for governance of partnership working, and to approve the draft AGS;
- To monitor the development and implementation of the Council's anti-fraud and corruption policy and strategy.

2.8.13 Financial Management and Accounts:

- To ensure the Council's arrangements for financial management are adequate and effective, and, together with its accounting policies, are regularly reviewed;
- To review and approve the annual statement of accounts;
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

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Appendix D

Draft Job Description and Role Profile for Co-opted Independent Members of Wiltshire Council's Audit and Governance Committee

Applicants for the position should have experience of audit or finance work and preferably experience of local authorities.

The purpose of the Audit and Governance Committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.

Role Profile

1. Participate in meetings of the Committee, normally four to six meetings per year.
2. Support the Committee by offering constructive challenge on reports being considered by the Committee, and support others to do the same.
3. Provide expertise related to finance, accounts or audit and corporate governance.
4. Keep informed of issues facing the Council and local authorities generally.
5. Help the Committee to review and monitor its own effectiveness.
6. Participate in training events related to the work of the committee.

Person Specification

1. Experience either
   a) as an accountant or auditor or working with statutory accounts, preferably at a senior level or
   b) significant experience as an Audit Committee Member or non-executive director in a large or complex organisation.
2. Understanding of finance or accounts, preferably in a public sector environment.
3. Ability to be objective and impartial, and to exercise good judgement.
4. Ability to digest and understand complex financial information.
5. Ability to analyse evidence and ask the right questions to hold the organisation to account
6. Ability to influence others to provide appropriate challenge.
7. Effective interpersonal skills with strong influencing and communication skills.

Applicants must not be an employee of Wiltshire Council.

Applicants must not be members of a political party.

Applicants should submit a CV/complete an application form and supporting statement setting out why they are applying for the position.

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Wiltshire Council

SWAP INTERNAL AUDIT SERVICES Helping Organisations to Succeed

Wiltshire Council

Internal Audit Update Report 2021-22

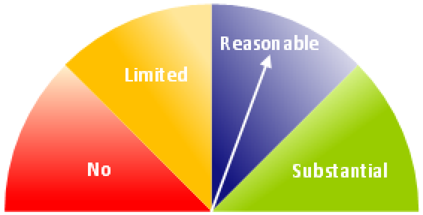
March 2022

Agenda Item 13

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Internal Audit Update – 2021/22: 'At a Glance' March 2022

Rolling Opinion



There is generally a sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives.

The Headlines (Since our last update)

0 No Assurance Opinion assigned
1 Limited Opinion assigned
0 Priority 1 Actions

14 reviews delivered as part of the 2021/22 Internal Audit Plan
Includes 13 assurance reviews (including 1 grant certification), and 1 advisory piece.

Internal Audit activity supporting the COVID-19 response
A number of required certification reviews for specific COVID-19 support grants (e.g. home to school transport, bus subsidy etc) are underway.

Improvements from the implementation of agreed actions (2021/22)
Follow up activity is underway, and a data dashboard is being built to support management overview. COVID-19 has impacted some delivery and follow up timelines which are currently under review.

Range of innovations and enhancements made to our internal audit process throughout the year
Data analytics continues to drive/support reviews; ongoing assurance mapping work supports assurance planning; comparative benchmarking exercises offer useful insight and suggested practices.

Internal Audit Assurance Opinions 2021/22

	This Period	YTD
Substantial	8	14
Reasonable	4	8
Limited	1	2
No Assurance	0	1
Grant Certification	1	12
Advisory	1	3
Total	15	41

Internal Audit Agreed Actions 2021/22

	This Period	YTD
Priority 1	0	3
Priority 2	14	22
Priority 3	25	49
Total	39	74

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

Summary

As part of our rolling plan reports, we will provide an ongoing opinion to support the end of year annual opinion, detail progress against the approved plan and any updates in scope and coverage.

We will also provide details of any significant risks that we have identified in our work, along with the progress of mitigating significant risks previously identified through audit activity.

The contacts at SWAP in connection with this report are:

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Rolling Opinion and Summary of Significant Risks

Introduction

This is the March 2022 update for the 2021/22 financial year and reports against the quarterly plans agreed by this Committee. Our planning process involves quarterly reviews with senior managers to ensure internal audit activity remains appropriate in scope and timing with the opportunity for risk-based flex.

Rolling Opinion

The Rolling Opinion is based on information obtained from multiple engagements and sources, the results of which, when viewed together, provide an understanding of the organisation's governance arrangements, risk management processes and internal control environment and facilitate an assessment of overall adequacy and effectiveness. These sources include:

- Completed reviews (for 2021/22) which evaluate risk exposures relating to the organisation's governance, operations, risk and information systems, reliability and integrity of information, efficiency and effectiveness of operations and programmes, safeguarding of assets and compliance with laws and regulations;
- Observations from consultancy/advisory support;
- Follow up of previous audit activity, including agreed actions;
- Notable changes to the organisation's strategy, objectives, processes or IT infrastructure; and
- Other assurances (1st and 2nd line) and from other providers, including third parties, regulators etc.

Based upon our completed work to date, which covers various assurance and advisory pieces and a range of grant certifications, our rolling opinion is 'Reasonable'. Appendix B summarises internal activity completed, in progress and due to commence for the period covered by this report. This, along with the cumulative summary position is provided above in the 'At a Glance' section.

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Our audit plan coverage assessment is designed to provide an indication of whether we have provided sufficient, independent assurance to monitor the organisation's risk profile effectively.

For those areas where no audit coverage is planned, assurance should be sought from other sources to provide a holistic picture of assurance against key risks.

SWAP Internal Audit Plan Coverage

Recent internal audit coverage and outcomes are reflected in the chart below. Audit coverage by corporate risk is just one measure of the extent of audit coverage. In addition, we also monitor coverage by 'Corporate Plan Objectives', 'Core Areas of Recommended Coverage', and also by 'SWAP Top 10 Risk Themes'.

Corporate Risk	Audit Coverage	Assurance Assessment
CRR.01 – Safeguarding Children	In Progress	Reasonable
CRR.02 – Safeguarding Adults	In Progress	Limited
CRR.03 – Salisbury's Economy		Advisory
CRR.04 – Interest Rates Changes	In Progress	Substantial
CRR.05 – Cyber Resilience	In Progress	
CRR.06 – Staff Capacity	In Progress	
CRR.07 – Budget Management	In Progress	Reasonable
CRR.08 – Contract Management	In Progress	No Assurance
CRR.09 – Income Collection	In Progress	Reasonable
CRR.10 – Corporate Health, Safety & Wellbeing	In Progress	
CRR.11 – Information Governance	In Progress	

Coverage Key	
(green)	Good coverage
(dark blue)	Adequate coverage
(amber)	Some aspects of coverage
(red)	No coverage to date

Assurance Key	
Substantial	Sound system of governance, risk management and controls exist.
Reasonable	Generally sound system of governance risk management and control in place.
Limited	Significant gaps, weaknesses or non-compliance were identified.
No Assurance	Fundamental gaps, weaknesses or non-compliance identified.

*Assurance assessment based on completed audit work.

Summary

Significant Corporate Risks:

Identified Significant Corporate Risks should be brought to the attention of the Audit Committee.

Summary of Work Completed – Significant Corporate Risks

We provide a definition of the three Risk Levels for Corporate risk applied within audit reports within **Appendix A**. For those audits which have reached report stage through the year, we will report risks we have assessed as 'High'.

Good Lives Alliance

An audit has been undertaken of the GLA.
The aim was to determine if the GLA is delivering the outcomes and benefits that were expected at the start of the project. Our Audit included the following areas:

Business Case and Management Information;
Provider Performance Monitoring;
Provider and Council Partnership;
Due Diligence; and
Off Framework Placements.

The following risk was reviewed as part of this audit and an assessment made of the residual risk.

Risk Reviewed	Assessment
1. Poor planning results in the procurement exercise not delivering the required outcomes. Potential failure of second tendering exercise.	High

Completed Assignments:

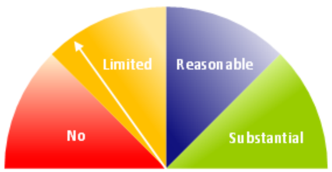
Summary of work completed with a focus on the high priority issues that we believe should be brought to the attention of the Audit and Governance Committee.

All audits awarded a Limited or No Assurance rating will be followed up to provide assurance to the Corporate Director, Senior Managers and the Audit and Governance Committee, that the agreed actions to mitigate risk exposure have been implemented.

Summary of Work Completed – Limited and No Assurance Opinions

Good Lives Alliance

Assurance Opinion

	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

Key Findings

	A formal business case was not produced at the start of the GLA framework project, it is therefore not possible to reliably measure if the project has achieved its expected outcomes.
	An effective and consistence approach to monitor providers has not yet been fully established.
	There are several weaknesses across the GLA governance structure; the providers and the council are not always working in partnership.

We have highlighted the key findings above and full details of all actions are attached at Appendix 1. We have also made the following suggestions to the Council:

- From our sample testing we found there was not always evidence to support due diligence performed. However, as the responsibility for due diligence has only recently moved to Commissioning, a suggestion rather than recommendation has been raised. Commissioning should ensure all due diligence checks are carried out and can be appropriately evidenced.
- No findings were noted for Off Framework Placements.

Three actions have been agreed with the Director of Commissioning, all due to be implemented by 30th September 2022.

Added Value

We keep our audit plans under regular review to ensure that we are auditing the right things at the right time.

Changes to the Audit Plan

We will regularly re-visit and adjust our rolling programme of audit work to ensure that it matches the changing risk profile of the organisation's operations, systems, and controls. Details of our current work areas are provided in **Appendix B**.

Unplanned work, special reviews or projects carried out on a responsive basis which are requested as a result of new and emerging risk areas, and which result in significant changes to the agreed plan will be reported to CLT and the Audit and Governance Committee. The agreed plan provides for flexibility in coverage and scope and includes some provision for responsive activity.

The following table highlights some notable changes to the plan.

Assignment	Amendment	Reason
Council Tax and Business Rates Continuous Audit Q1	Removed	The actions agreed within the 2020/21 review are not due to be implemented until September 2021. As these actions are key to the monitoring of this area, this continuous audit will not be undertaken in Q1.
Building Digital UK Grant	Addition	Update to guidance requiring Internal Audit certification in addition to the usual S151 Officer certification.
Mental Health and Wellbeing	Merger	This audit has now been included within the scope of the Workforce Planning and Capacity audit.
Adults, Childrens and Public Protection Procurement	Addition	The scope of this audit has now been increased to also include Housing, Waste and ICT.
New Procurement Process Maps	Addition	Request to provide advice and act as a 'critical friend' for the new Procurement Process Maps.
Council Oversight of Maintained Schools	Focus Change	This audit has been amended to an interim assurance assessment due to work currently in progress in this area. We propose to revisit this area once further improvement has been made to the governance framework.
Main Accounting Continuous Audit Q2	Removed	This continuous audit will not be undertaken for Q2 to enable the newly appointed Chief Accountant to settle in.

Treasury Management Continuous Audit Q2	Removed	Due to the High Substantial received for Q1 as well as the nature of the area meaning no change will have occurred to the risk environment during this period, this audit has been removed for Q2.
Horningsham Primary School	Deferred	Due to staffing challenges as a result of the Pandemic this audit is being deferred to 2022/23.
Downlands Special School	Deferred	Due to staffing challenges as a result of the Pandemic this audit is being deferred to 2022/23.
Planning Development	Merger	This audit will be included in the scope of the Planning Policy review.
Multi Agency Safeguarding Hub (MASH)	Scope Change	This audit was due to include a review of both the MASH and the Safeguarding Vulnerable People Partnership (SVPP). As agreed with the Director, the focus of this review will be the SVPP and the MASH will be audited at a later date.
Council Tax and Business Rates Continuous Audit Q3	Removed	Due to the pressure on the Revenues and Benefits team as a result of annual billing, the audit of Q3 data has been removed. This data will be reviewed alongside the Q4 data as part of the next round of continuous audits.
Housing Benefit and Council Tax Support Continuous Audit Q3	Removed	Due to the pressure on the Revenues and Benefits team as a result of annual billing, the audit of Q3 data has been removed. This data will be reviewed alongside the Q4 data as part of the next round of continuous audits.
Housing Rents Continuous Audit Q3	Removed	This area has tested satisfactorily, with no significant findings. The Q3 data will be reviewed alongside the Q4 data as part of the next round of continuous audits.
Planning Policy and Development	Full Audit Deferred	An improvement plan is currently in place for the Service. This includes a team restructure. A Position Statement has therefore been produced and the risks will be reviewed towards the end of Q4.
Special Investigation	Addition	An internal investigation is currently in progress, the details of this review can therefore not be discussed at this time.

Aged Analysis of Audit Actions Exceeding the Originally Agreed Target Implementation Date

Summary of Actions

Outstanding Audit Actions by Priority
Non Schools

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
3	0	2	0	2	18	**26**
2	0	4	0	6	6	**17**
1	0	3	0	0	0	**3**
Totals	**0**	**9**	**0**	**8**	**24**	**46**

Outstanding Audit Actions by Priority
Schools

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
3	5	0	0	0	21	**45**
2	0	0	0	0	16	**27**
1	0	0	0	0	0	**0**
Totals	**5**	**0**	**0**	**0**	**37**	**72**

Appendix C provides a summary of any outstanding Priority 1 and 2 non-schools actions.

Added Value

Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.

Added Value

SWAP strives to add value wherever possible, and this can be demonstrated in a number of ways ranging from how we deliver your assurance requirements to how we optimise our reach across our partner base and the wider profession to deliver information, reflection and learning.

Benchmarking:
Information on topical issues and good practice is gathered and appropriately shared across SWAP and sector partners – through a fortnightly *News Round Up*, attendance at professional groups and conferences.

COVID Grant Certification Work:
Due to the COVID-19 pandemic, numerous grants have been issued by Central Government. We have therefore undertaken a number of COVID related grant certifications across the last quarter.

COVID Business Grants – Data Matching:
SWAP has been able to support the Council by matching data from the latest round of COVID business grants with the Credit Industry Fraud Avoidance System (CIFAS) in order to identify cases of potential fraud.

SWAP has also paid an annual subscription of £12,600 for 2021/22 to enable Wiltshire Council to continue to be part of CIFAS and utilise the data matching service.

Visibility:

- 'SWAP Members Training' is currently being planned for audit committees and interested parties.
- Investigation resource from SWAPs Counter Fraud Team including fraud alerts.
- 'SWAP Fraud Awareness Training' is currently being planned in liaison with the Assistant Director Finance.

Added Value

The Chief Executive Officer for SWAP reports performance on a regular basis to the SWAP Directors and Owner Bords.

We will build our audit plan as the year progresses to ensure that we are auditing the right things at the right time.

SWAP Performance

SWAP performance is subject to regular review by both the Directors and Owners meetings. The respective outturn performance results for 2021/22 year (as of 4th February 2022) are as follows:

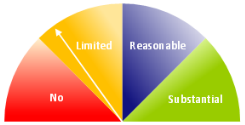
Performance Measure	Performance
Quality of Audit Work	
Overall Client Satisfaction *(Did our work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation)*	100%
Value to the Organisation *(Client view of whether our audit work met or exceeded expectations in terms of value to their area)*	100%

The role of SWAP as the internal auditors for Wiltshire Council is to provide independent assurance that the Council's risk management, governance and internal control processes are operating effectively. In order for senior management and members to be able to appreciate the implications of the assurance provided within an audit report, SWAP provide an assurance opinion. We have four opinion ratings defined as follows:

Assurance Definitions	
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Advisory – As well as our opinion-based work we will provide consultancy services. The advice offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

In addition to the assurance definitions above we have also introduced an 'assurance dial' which indicates on a range of high medium or low where within the range of that assurance a particular audit assurance sits.



As can be seen in this example the assurance provided is low limited as the dial is sitting on the lower end of the limited scale. It could equally have been a medium limited assurance where the dial sits midway or high limited when it is sitting at the upper end close to the reasonable assurance.

We provide the Committee with details of the overall assurance opinion for all completed audits, and they can be seen in the plan progress table in Appendix B below.

In addition to the corporate risk assessment, it is important that management know how important the action is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the action. Actions are prioritised from 1 to 3 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level. Each action has been given a priority rating at service level with the following definitions:

Categorisation of Actions	
Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.

Definitions of Risk	
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Audit Type	Audit Area	Status	Opinion	No of Actions	1 = Major	⟷	3 = Medium
					Action		
					1	2	3
Complete							
Grant Certification	EU Transition Readiness Growth Hub Grant	Completed	Certification	N/A			
Grant Certification	Growth Hub	Completed	Certification	N/A			
Grant Certification	Supplemental Growth Hub Funding	Completed	Certification	N/A			
Grant Certification	Building Digital UK Grant	Completed	Certification	N/A			
Grant Certification	Supporting Families May Claim	Completed	Certification	N/A			
Assurance	Housing Benefit and Council Tax Support Continuous Audit Q1	Completed	Medium Substantial	1			1
Assurance	Accounts Receivable Continuous Audit Q1	Completed	Medium Reasonable	3		1	2
Assurance	Accounts Payable Continuous Audit Q1	Completed	High Reasonable	2			2
Assurance	Payroll Continuous Audit Q1	Completed	Low Substantial	4			4
Assurance	Housing Rents Continuous Audit Q1	Completed	Medium Substantial	2			2
Assurance	Treasury Management Continuous Audit Q1	Completed	High Substantial	1			1
Assurance	Main Accounting Continuous Audit Q1	Completed	Medium Reasonable	4		2	2
Assurance	Council Oversight of Maintained Schools – Interim Assessment	Completed	High Limited	N/A			
Advisory	Service Level Fraud Risk Self-Assessments	Completed	Advisory	N/A			

Summary of Internal Audit Work 2021/22

APPENDIX B

Audit Type	Audit Area	Status	Opinion	No of Actions	1 = Major	⟷	3 = Medium
					Action		
					1	2	3
Grant Certification	Supporting Families August Claim	Completed	Certification	N/A			
Grant Certification	Peer Networks Certification	Completed	Certification	N/A			
Grant Certification	Public Health Grant	Completed	Certification	N/A			
Grant Certification	Local Transport Capital Grants	Completed	Certification	N/A			
Grant Certification	Local Authority Bus Service Operators Grant (BSOG)	Completed	Certification	N/A			
Advisory	New Procurement Process Maps	Completed	Advisory	N/A			
Assurance	Hullavington Primary and Nursery School	Completed	Medium Substantial	3			3
Assurance	Marlborough St Mary's CEVC Primary School	Completed	Medium Substantial	3			3
Assurance	Pension Fund Investment Transfer and Cost Savings	Completed	High Substantial	1			1
Assurance	Care Home Alliance	Completed	High No Assurance	6	3	3	
Grant Certification	COVID-19 Additional Dedicated Home to School and College Grant	Completed	Certification	N/A			
ICT	ICT Incident Management Process	Completed	Medium Reasonable	5		2	3
Assurance	Langley Fitzurse Church of England Primary School	Completed	Medium Substantial	2			2
Assurance	Old Sarum Primary School	Completed	Low Reasonable	4		2	2

Audit Type	Audit Area	Status	Opinion	No of Actions	1 = Major	↔	3 = Medium
						Action	
					1	2	3
Assurance	Newtown Community Primary School	Completed	Medium Substantial	2		1	1
Assurance	Good Lives Alliance	Completed	Low Limited	3		3	
Assurance	Accounts Receivable Continuous Audit Q2	Completed	Medium Reasonable	4		1	3
Assurance	Payroll Continuous Audit Q2	Completed	High Substantial	2			2
Assurance	Wardour Catholic Primary School	Completed	High Reasonable	5		1	4
Assurance	Matravers Secondary School	Completed	Low Substantial	3		1	2
Assurance	Abbeyfield Secondary School	Completed	Low Substantial	3		1	2
Assurance	St Joseph's Catholic School (Secondary)	Completed	Low Reasonable	5		2	3
Assurance	Harnham Church of England Controlled Junior School	Completed	Low Substantial	3		1	2
Assurance	Westbury Leigh C of E Primary School	Completed	Low Substantial	3		1	2
Grant Certification	Supporting Families December Claim	Completed	Certification	N/A			
Advisory	Planning Policy and Development Position Statement	Completed	Advisory	N/A			
Assurance	Housing Benefit and Council Tax Support Continuous Audit Q2	Completed	High Substantial	0			
Reporting							
Assurance	Adult Payment to Providers	Draft					

Audit Type	Audit Area	Status	Opinion	No of Actions	1 = Major		3 = Medium
					Action		
					1	2	3
Assurance	Adults, Childrens and Public Protection Procurement	Draft					
Assurance	Procurement Exemptions	Draft					
Assurance	Workforce Planning and Capacity & Mental Health and Wellbeing	Discussion					
Assurance	Accounts Payable Continuous Audit Q2	Draft					
Assurance	Complaint Handling	Discussion					
In Progress							
Assurance	Assurance Mapping	Fieldwork					
Grant Certification	COVID-19 Bus Services Support Grant (CBSSG) Restart	Fieldwork					
Assurance	Council Tax and Business Rates Continuous Audit Q2	Fieldwork					
Assurance	Education, Health and Care Plans	Fieldwork					
Assurance	Housing Rents Continuous Audit Q2	Fieldwork					
Assurance	Safeguarding Vulnerable People Partnership	Fieldwork					
Assurance	Decision Making Processes	Fieldwork					
Assurance	Housing Private Finance Initiative Contracts	Fieldwork					
Assurance	Pension Fund Key Control Review	Fieldwork					

Audit Type	Audit Area	Status	Opinion	No of Actions	1 = Major	⟷	3 = Medium
					Action		
					1	2	3
ICT	Segregation of Duties and Profiles in Key Financial Systems	Fieldwork					
ICT	Cyber Security Framework Review Follow Up	Fieldwork					
Assurance	Virtual Schools	Fieldwork					
Assurance	Accounts Payable Continuous Audit Q3	Fieldwork					
Assurance	Treasury Management Continuous Audit Q3	Fieldwork					
Assurance	Waste Collection Service	Fieldwork					
Special Investigation	Special Investigation	Advisory					
Assurance	Fostering Excellence	Initiating					
Assurance	Designated Officer for Allegations (DOfA)	Initiating					
Advisory	National Fraud Initiative	Ongoing Support					
Advisory	External Audit Liaison	Ongoing Support					
Advisory	Anti-Fraud and Corruption Advice	Ongoing Support					
Advisory	CIFAS	Ongoing Support					
Advisory	COVID-19 Advice	Ongoing Support					

Audit Type	Audit Area	Status	Opinion	No of Actions	1 = Major	⟷	3 = Medium
					Action		
					1	2	3
To Commence							
Advisory	Risk Maturity Assessment	Deferred to Q4 to enable further progress to be made in this area to ensure this audit is of value					
Assurance	Climate Change Strategy	Deferred to Q4 to enable strategy to be finalised					
Assurance	Main Accounting Continuous Audit Q3	Not due to be undertaken until January 2022					
Assurance	Accounts Receivable Continuous Audit Q3	Not due to be undertaken until January 2022					
Assurance	Payroll Continuous Audit Q3	Not due to be undertaken until January 2022					
Assurance	Use of Unregulated/Unregistered Placements						
Grant Certification	Supporting Families March Claim						
Assurance	Planning Policy and Development	Due to be reassess towards the end of Q4					
Assurance	Main Accounting Continuous Audit Q4	Not due to be undertaken until April 2022					
Assurance	Accounts Payable Continuous Audit Q4	Not due to be undertaken until April 2022					
Assurance	Accounts Receivable Continuous Audit Q4	Not due to be undertaken until April 2022					
Assurance	Payroll Continuous Audit Q4	Not due to be undertaken until April 2022					
Assurance	Treasury Management Continuous Audit Q4	Not due to be undertaken until April 2022					
Assurance	Council Tax and Business Rates Continuous Audit Q4	Not due to be undertaken until April 2022					

Audit Type	Audit Area	Status	Opinion	No of Actions	1 = Major	⟷	3 = Medium
					Action		
					1	2	3
Assurance	Housing Benefit and Council Tax Support Continuous Audit Q4	Not due to be undertaken until April 2022					
Assurance	Housing Rents Continuous Audit Q4	Not due to be undertaken until April 2022					
Assurance	Treasury Management Continuous Audit Q4	Not due to be undertaken until April 2022					

Audit and Governance Committee
Proposed Forward Work Plan 2022

Meeting Date	Item	Responsible Officer	Draft Report Deadline	Publication Deadline
27 April 2022	External Audit Plans • Updated External Audit Plan 2020/21 • External Audit Plan 2021/22	Deloitte	13 Apr 2022	19 Apr 2022
	Policies on Anti-Fraud and Corruption, Anti-Tax Evasion, Whistleblowing	Lizzie Watkin / Frank Cain / Perry Holmes		
	Accounting Policies 2021/22	Lizzie Watkin / Sally Self		
	Internal Audit Reports Q4 IA Report 2020/2021 and consolidated IA outstanding management actions report	SWAP/ Andy Brown		
	Internal Audit Plan 2022/23	SWAP		
	Corporate Risk	Toby Eliot		
	Updates • Redmond Review – TBC • SWLEP and the Committees role in relation to SWLEP - TBC	Lizzie Watkin/Andy Brown		
	Governance Update on AGS Or take the AGS 2021/22, TBC	Perry Holmes/Maria Doherty		

Audit and Governance Committee
Proposed Forward Work Plan 2022

Meeting Date	Item	Responsible Officer	Draft Report Deadline	Publication Deadline
21 July 2022	Internal Audit Reports Q1 IA Report 2021/22 and consolidated IA outstanding management actions report	SWAP/ Andy Brown	6 July	13 July
	Corporate Risk Update	Toby Eliot		
	Training on Statement of Accounts (after Committee)	Lizzie Watkin/Tara Shannon		

Audit and Governance Committee
Proposed Forward Work Plan 2022

Meeting Date	Item	Responsible Officer	Draft Report Deadline	Publication Deadline
27 Sep 2022 Date to be moved	Internal Audit Reports Q2 IA Report 2021/22 and consolidated IA outstanding management actions report	SWAP/ Andy Brown	14 Sep	19 Sep
	Governance Update on AGS TBC	Perry Holmes/Maria Doherty		
	Stone Circle Annual Governance Update	Perry Holmes/Stone Circle		

Audit and Governance Committee
Proposed Forward Work Plan 2022

Meeting Date	Item	Responsible Officer	Draft Report Deadline	Publication Deadline
23 Nov 2022	Statement of Accounts 2020/21 TBC To approve the SoA 2020/2021 including: Report to those Charged with Governance (ISA 260) 2019/20 To include assurance from the Pension Committee, 2 Letters of representation, AGS, statements	Lizzie Watkin/ Andy Brown/ Deloitte	9 Nov	15 Nov
	Statement of Accounts 2021/2022 TBC To approve the SoA 2021/2022 including: Report to those Charged with Governance (ISA 260) 2019/20 To include assurance from the Pension Committee, 2 Letters of representation, AGS, statements	Lizzie Watkin/ Andy Brown/ Deloitte		
	Internal Audit Reports Q3 IA Report 2021/22 and consolidated IA outstanding management actions report	SWAP/ Andy Brown		
	Private meeting with External Auditors (after Committee)	Deloitte/Tara Shannon		