

**Wiltshire Council  
Annual Report  
and  
Statement of Accounts  
2016/2017**

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# Statements to the Accounts

## The Statement of Responsibilities for the Statement of Accounts

To be updated once audit completed

### The Council's Responsibilities

The Council is required to:

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

### The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts. This has, under the CIPFA Code of Practice on Local Authority Accounting in Great Britain (the Code of Practice), to present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year to 31 March 2017.

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

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

The Chief Financial Officer has also:

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

### The Statement of the Chief Finance Officer

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of Wiltshire Council at 31 March 2017 and the income and expenditure for the year ended 31 March 2017.

**Michael Hudson**

Associate Director, Finance (Chief Finance Officer/Section 151 Officer)  
*Wiltshire Council*

**Cllr**

*Chairman, Audit Committee*

26 July 2017

## **Independent Auditor's Report to the Members of Wiltshire Council**

To be updated once audit completed

# KEY FINANCIAL STATEMENTS



## Comprehensive Income and Expenditure Statement

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

	2016/2017			2015/2016		
	Expenditure £000	Income £000	Net Expenditure £000	Expenditure £000	Income £000	Net Expenditure £000
<b>General Fund Services</b>						
Adult Social Care Operations	150,779	(26,605)	124,174	153,946	(24,560)	129,386
Adult Care Commissioning & Housing	42,258	(29,254)	13,004	36,490	(29,036)	7,454
Public Health & Public Protection	40,398	(25,425)	14,973	29,813	(22,466)	7,347
Operational Children's Services	93,594	(34,834)	58,760	90,384	(32,072)	58,312
Commissioning, Performance & School Effectiveness	229,709	(203,742)	25,967	249,877	(211,312)	38,565
Economy & Planning	10,416	(9,049)	1,367	21,828	(7,175)	14,653
Highways & Transport	55,374	(13,852)	41,522	53,815	(14,880)	38,935
Waste & Environment	45,048	(7,350)	37,698	46,764	(5,959)	40,805
Communities & Communications	9,971	(1,748)	8,223	12,323	(1,531)	10,792
Corporate Function, Procurement & Programme Office	10,204	(3,825)	6,379	8,269	(2,510)	5,759
Finance	129,367	(126,692)	2,675	132,798	(129,203)	3,595
Legal & Governance	6,214	(3,109)	3,105	6,205	(2,827)	3,378
People & Business Services	41,058	(10,391)	30,667	47,488	(11,335)	36,153
Corporate Directors	3,001	(126)	2,875	3,054	(130)	2,924
Corporate	9,192	(1,725)	7,467	6,513	(1,651)	4,862
Housing Revenue Account (HRA)	23,925	(25,799)	(1,874)	21,994	(26,174)	(4,180)
<b>Net Cost of Service</b>	<b>900,508</b>	<b>(523,526)</b>	<b>376,982</b>	<b>921,561</b>	<b>(522,821)</b>	<b>398,740</b>
Other operating Expenditure	Note 3		23,644			39,761
Financing and Investment Income and Expenditure	Note 4		31,294			31,917
Taxation and non-specific grant income	Note 5		(428,971)			(410,775)
<b>(Surplus)/ Deficit on Provision of Services</b>			<b>2,949</b>			<b>59,643</b>
(Surplus) or deficit on revaluation of Property, Plant and Equipment Assets			(31,862)			(22,523)
Actuarial (gains)/losses on pension assets / liabilities			53,805			(92,878)
<b>Other Comprehensive Income and Expenditure</b>			<b>21,943</b>			<b>(115,401)</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>24,892</b>			<b>(55,758)</b>

## Movement in Reserves Statement

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

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves (Restated) £000	Total Authority Reserves £000
<b>Balance at 1 April 2015</b>	(39,984)	(18,162)	(6,235)	(10,956)	(33,181)	(108,518)	94,314	(14,204)
<b>Movement in reserves during 2015/2016</b>								
<b>Total Comprehensive Income and Expenditure</b>	61,200	(1,557)	0	0	0	59,643	(115,401)	(55,758)
Adjustments between accounting basis & funding basis under regulations	(59,799)	(760)	(7,630)	1,841	6,564	(59,784)	59,784	0
<b>Net (Increase)/Decrease before Transfers</b>	1,401	(2,317)	(7,630)	1,841	6,564	(141)	(55,617)	(55,758)
<b>Balance at 31 March 2016 carried forward</b>	<b>(38,583)</b>	<b>(20,479)</b>	<b>(13,865)</b>	<b>(9,115)</b>	<b>(26,617)</b>	<b>(108,659)</b>	<b>38,697</b>	<b>(69,962)</b>
<b>Movement in reserves during 2016/2017</b>								
<b>Total Comprehensive Income and Expenditure</b>	(2,165)	5,114	0	0	0	2,949	21,943	24,892
Adjustments between accounting basis & funding basis under regulations	(2,631)	(7,805)	4,143	7,933	(8,173)	(6,533)	6,533	0
<b>Net (Increase)/Decrease before Transfers</b>	(4,796)	(2,691)	4,143	7,933	(8,173)	(3,584)	28,476	24,892
<b>Balance at 31 March 2017 carried forward</b>	<b>(43,379)</b>	<b>(23,170)</b>	<b>(9,722)</b>	<b>(1,182)</b>	<b>(34,790)</b>	<b>(112,243)</b>	<b>67,173</b>	<b>(45,070)</b>

## Balance Sheet

This statement summarises the Council's assets and liabilities at 31 March for the years 2017 and 2016.

	NOTES	31 March 2017		31 March 2016
		£000	£000	£000
<b>Property, Plant and Equipment</b>	<b>14</b>			
Council Dwellings & Garages		228,046		218,323
Other Land and Buildings		357,397		364,279
Vehicles, Plant, Furniture and Equipment		53,639		54,733
Infrastructure		357,060		311,206
Community Assets		7,944		6,695
Assets Under Construction		39,204		61,572
Surplus Assets Not Held for Sale		6,490		12,110
			<b>1,049,780</b>	<b>1,028,918</b>
<b>Investment Properties</b>	<b>23</b>	22,952		25,143
<b>Intangible Assets</b>	<b>24</b>	988		3,167
<b>Assets Held for Sale</b>	<b>25</b>	8,750		1,567
<b>Long Term Debtors</b>		2,830		3,142
			<b>35,520</b>	
<b>Long Term Assets</b>			<b>1,085,300</b>	<b>1,061,937</b>
<b>Current Assets</b>				
Short Term Investments		56,791		22,538
Inventories		1,255		980
Short Term Debtors	26	58,680		63,045
Cash and Cash Equivalents	27	14,004		19,485
<b>Current Assets</b>			<b>130,730</b>	<b>106,048</b>
<b>Current Liabilities</b>				
Short Term Creditors	28	(96,216)		(83,236)
Short Term Borrowing	30	(14,683)		(36,685)
Short Term PFI Creditors	22	(2,411)		(2,272)
Provisions	29	(4,495)		(4,160)
<b>Current Liabilities</b>			<b>(117,805)</b>	<b>(126,353)</b>
<b>Long Term Liabilities</b>				
Long Term PFI Creditors	22	(51,343)		(54,230)
Long Term Borrowing	30	(327,859)		(337,848)
Other Long Term Liabilities		(3,742)		(1,632)
Pension Fund Liability	38	(612,791)		(543,446)
Planning Deposits		(57,420)		(34,514)
<b>Long Term Liabilities</b>			<b>(1,053,155)</b>	<b>(971,670)</b>
<b>Net Assets</b>			<b>45,070</b>	<b>69,962</b>
<b>Financed by</b>				
<b>Usable Reserves</b>	<b>31</b>		<b>(112,243)</b>	<b>(108,659)</b>
<b>Unusable Reserves</b>	<b>35</b>		<b>67,173</b>	<b>38,697</b>
<b>Total Reserves</b>			<b>(45,070)</b>	<b>(69,962)</b>



**Michael Hudson**

Associate Director, Finance (Section 151 Officer)  
31 May 2017

## Cashflow Statement

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

	NOTES	2016/2017 £000	2015/2016 £000
<b>Net (surplus) or deficit on the provision of services</b>		2,949	59,643
Adjustments to net surplus or deficit on the provision of services for non-cash movements		(48,973)	(26,527)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	39	(12,361)	(12,246)
<b>Net cash flows from Operating Activities</b>		<b>(58,385)</b>	<b>20,870</b>
Investing Activities	40	31,875	(5,697)
Financing Activities	41	31,991	(20,437)
Net decrease or (increase) in cash and cash equivalents		<b>5,481</b>	<b>(5,264)</b>
Cash and cash equivalents at the beginning of the reporting period		19,485	14,221
Cash and cash equivalents at the end of the reporting period		14,004	19,485

## 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.

	2016/2017			2015/2016		
	Net Expenditure Chargeable to the General Fund & HRA Balances £000	Adjustments between Funding and Accounting Basis (see note 13) £000	Net Expenditure in the Comprehensive Income & Expensive Statement £000	Net Expenditure Chargeable to the General Fund & HRA Balances £000	Adjustments between Funding and Accounting Basis (see note 13) £000	Net Expenditure in the Comprehensive Income & Expensive Statement £000
<b>General Fund Services</b>						
Adult Social Care Operations	123,471	703	124,174	128,951	435	129,386
Adult Care Commissioning & Housing	10,204	2,800	13,004	5,850	1,604	7,454
Public Health & Public Protection	2,262	12,711	14,973	4,279	3,070	7,349
Operational Children's Services	57,588	1,172	58,760	55,461	2,822	58,283
Commissioning, Performance & School Effectiveness	9,837	16,130	25,967	12,900	25,695	38,595
Economy & Planning	3,992	(2,625)	1,367	4,382	10,271	14,653
Highways & Transport	28,061	13,461	41,522	25,790	13,145	38,935
Waste & Environment	35,637	2,061	37,698	38,274	2,531	40,805
Communities & Communications	7,137	1,086	8,223	8,196	2,595	10,791
Corporate Function, Procurement & Programme Office	6,552	(173)	6,379	5,648	111	5,759
Finance	2,880	(205)	2,675	2,956	639	3,595
Legal & Governance	3,156	(51)	3,105	3,336	42	3,378
People & Business Services	25,914	4,753	30,667	28,637	7,516	36,153
Corporate Directors	2,897	(22)	2,875	2,927	(3)	2,924
Corporate	(6,331)	13,798	7,467	(10,470)	15,330	4,860
<b>Net Cost of Service General Fund</b>	<b>313,257</b>	<b>65,599</b>	<b>378,856</b>	<b>317,117</b>	<b>85,803</b>	<b>402,920</b>
Housing Revenue Account (HRA)	(2,691)	817	(1,874)	(2,317)	(1,863)	(4,180)
Transfer to Earmarked Reserves	(4,468)	4,468	0	1,460	(1,460)	0
<b>Net Cost of Service</b>	<b>306,098</b>	<b>70,884</b>	<b>376,982</b>	<b>316,260</b>	<b>82,480</b>	<b>398,740</b>
<b>Other operating Expenditure</b>	0	23,644	23,644	0	39,761	39,761
<b>Financing and Investment Income and Expenditure</b>	0	31,294	31,294	0	31,917	31,917
<b>Taxation and non-specific grant income</b>	(313,585)	(115,386)	(428,971)	(317,176)	(93,599)	(410,775)
<b>(Surplus)/ Deficit</b>	<b>(7,487)</b>	<b>10,436</b>	<b>2,949</b>	<b>(916)</b>	<b>60,559</b>	<b>59,643</b>
<b>Balance Summary</b>						
Opening General Fund & HRA Balance at 31 March	(59,062)			(58,146)		
Add (Surplus) on General Fund & HRA Balances in Year	(7,487)			(916)		
Closing General Fund and HRA Balance at 31 March	(66,549)			(59,062)		
<b>Analysed between type of balance</b>	<b>General Fund</b>	<b>Earmarked Reserves</b>	<b>HRA</b>	<b>Total Balances</b>		
Opening Balance at 1 April 2015	(12,147)	(27,837)	(18,162)	(58,146)		
Add (Surplus)/ Deficit in year 2015/2016	(59)	1,460	(2,317)	(916)		
<b>Closing Balance at 31 March 2016</b>	<b>(12,206)</b>	<b>(26,377)</b>	<b>(20,479)</b>	<b>(59,062)</b>		
Add (Surplus) in year	(328)	(4,468)	(2,691)	(7,487)		
<b>Closing balances at 31 March 2017</b>	<b>(12,534)</b>	<b>(30,845)</b>	<b>(23,170)</b>	<b>(66,549)</b>		

## Notes to the Core Financial Statements

### Introduction to the Explanatory Notes

The Statement of Accounts summarises the Council's transactions for the 2016/2017 financial year and its position at the year-end of 31 March 2017. The Statement of Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/2017 and the accounting policies are set out in the Notes of the Accounts Annex 1. For ease of reference, the notes to the core financial statement are grouped in functional areas. In order to streamline the Statement of Accounts and make them more user friendly, a number of notes have been removed this year from previous years, as allowed by the code of practice. These are all non-material notes so do not affect the information presented.

### NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

#### Note 1 Revenue outturn

In respect of net revenue outturn, the Council's 2016/2017 General Fund revised budget and actual spending figures were as below:

	Original Budget £m	Revised Budget £m	Actual £m	Difference £m
<b>Total General Fund (a)</b>	<b>313.585</b>	<b>313.585</b>	<b>313.257</b>	<b>(0.328)</b>
<b>Funded by:</b>				
Draw from General Fund reserves				0.000
Formula Grant including Council Tax Freeze	(34.726)	(34.726)	(34.726)	0.000
Business Rates Retained	(54.135)	(54.135)	(52.680)	1.455
Collection Fund Transfer	(220.402)	(220.402)	(220.401)	0.001
Social Care Levy	(4.322)	(4.322)	(4.322)	0.000
Collection Fund (Surplus)/Deficit Ctax	0.000	0.000	(5.054)	(5.054)
Collection Fund (Surplus)/Deficit NNDR	0.000	0.000	3.598	3.598
<b>Total Funding (b)</b>	<b>(278.859)</b>	<b>(278.859)</b>	<b>(313.585)</b>	<b>(0.000)</b>
<b>Movement on General Fund (a) + (b)</b>	<b>34.726</b>	<b>34.726</b>	<b>(0.328)</b>	<b>(0.328)</b>

The overall underspend against the revised 2016/2017 budget was £0.328 million. More details about the Council's revenue spending on services are given, with notes, in the Comprehensive Income & Expenditure Statement and subsequent notes. The overall movement on the General Fund is a £0.328 million return to reserves.

#### Note 1b Expenditure and Income Analysed by Nature

	2016/2017 £000	2015/2016 £000
<b>Expenditure</b>		
Services expenses	848,562	855,638
Depreciation, amortisation and impairment	71,628	86,384
Interest payments	12,869	13,196
Precept and levies	15,416	14,206
Loss on disposal of assets	7,479	24,765
<b>Total Expenditure</b>	<b>955,954</b>	<b>994,189</b>
<b>Income</b>		
Fees, charges and other service income	(523,526)	(522,821)
Interest and investment income	(508)	(950)
Income from Council Tax and Business Rates	(298,178)	(277,271)
Government Grants and contributions	(75,118)	(90,157)
Other grants and contributions	(55,675)	(43,347)
<b>Total Income</b>	<b>(953,005)</b>	<b>(934,546)</b>
<b>Deficit on the Provision of Services</b>	<b>2,949</b>	<b>59,643</b>

**Note 2 Exceptional items**

There are no exceptional items in the accounts for either 2016/2017 or 2015/2016.

**Note 3 Other Operating Expenditure**

	2016/2017 £000	2015/2016 £000
Parish council precepts	15,416	14,206
Payments to the Government Housing Capital Receipts Pool	749	790
(Gains)/losses on the disposal of non-current assets	7,479	24,765
<b>Total</b>	<b>23,644</b>	<b>39,761</b>

**Note 4 Financing and Investment Income and Expenditure**

	2016/2017 £000	2015/2016 £000
Interest payable and similar charges	12,869	13,196
Interest and investment income	(508)	(950)
Pension Interest Costs and expected return on pension assets	18,933	19,671
<b>Total</b>	<b>31,294</b>	<b>31,917</b>

**Note 5 Taxation and Non Specific Grant Income**

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

	2016/2017 £000	2015/2016 £000
Council Tax Transfer	(224,723)	(208,843)
Collection Fund Surplus	(5,054)	(4,647)
Parish Council Precepts	(15,416)	(14,206)
Adjustment for statutory requirements	(3,903)	189
<b>Council Tax Income</b>	<b>(249,096)</b>	<b>(227,507)</b>
General Government Grants	(40,392)	(36,064)
Formula Grant including Council Tax Freeze	(34,726)	(54,093)
Business Rates Retention Scheme	(49,082)	(49,764)
Capital grants and contributions	(55,675)	(43,347)
<b>Total</b>	<b>(428,971)</b>	<b>(410,775)</b>

**Note 6 Grant Income**

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2016/2017:

	2016/2017 £000	2015/2016 £000
<b>Credited to Taxation and Non Specific Grant Income</b>		
General Government Grants	(40,392)	(36,064)
Formula Grant including Council Tax Freeze	(34,726)	(54,093)
Business Rates Retention Scheme	(49,082)	(49,764)
<b>Total</b>	<b>(124,200)</b>	<b>(139,921)</b>
<b>Credited to Services</b>		
Dedicated Schools Grant	(178,448)	(181,292)
Public Health Grant	(18,269)	(16,108)
Pupil Premium Grant	(8,325)	(8,621)
Learning & Skills Council	(1,651)	(1,949)
Universal Infant Free School Meals	(4,592)	(4,714)
PFI	(7,541)	(7,541)
Housing Benefit & Council Tax Admin Grant	(1,789)	(2,006)
Other Grants	(22,013)	(28,176)
Other Contributions	(1,411)	(854)
Donations	(912)	(874)
<b>Total</b>	<b>(244,951)</b>	<b>(252,135)</b>
<b>Total Grants, Contributions &amp; Donations</b>	<b>(369,151)</b>	<b>(392,056)</b>

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

	2016/2017 £000	2015/2016 £000
<b>Revenue Grants Receipts in Advance</b>		
MOD Education Support Fund	0	(485)
Other Grants	(11)	(159)
<b>Total</b>	<b>(11)</b>	<b>(644)</b>

**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 2016/2017 are as follows:

	Central Expenditure £000	Individual Schools Budget (ISB) £000	Total £000
Final DSG for 2016/2017 before academy recoupment			(317,290)
Academy figure recouped for 2016/2017			138,842
<b>Total DSG after academy recoupment for 2015/2016</b>			<b>(178,448)</b>
Brought forward from 2015/2016			(591)
Agreed initial budget distribution in 2016/2017	(57,176)	(121,863)	(179,039)
In Year Adjustments	38	0	38
<b>Final budgeted distribution for 2016/2017</b>	<b>(57,138)</b>	<b>(121,863)</b>	<b>(179,001)</b>
Less actual central expenditure	56,555	0	56,555
Less actual ISB deployed to schools	0	121,863	121,863
<b>Carry forward to 2016/2017</b>	<b>(583)</b>	<b>0</b>	<b>(583)</b>



**Note 8 Pooled Budgets****Partnerships Schemes under S31 Health Act****Joint Procurement Arrangement**

Joint arrangements are in place to provide savings associated with having a joint procurement arrangement with a major equipment provider and the resultant efficiencies and economies of scale for Health and Social Care Services (Children's and Adult's Social Care Services) in the use of aids and adaptations.

Although this is a joint arrangement it is not a pooled budget with each party (Wiltshire Clinical Commissioning Group (CCG), Adult Care operations and Children and Families) being financially responsible for the funding of equipment costs associated with their client group.

The budget is administered by Wiltshire Council (previously Wiltshire County Council) on behalf of the Wiltshire CCG (previously Wiltshire Primary Care Trust).

In 2016/2017 Wiltshire Council had expenditure of £1.729 million and Wiltshire CCG had expenditure of £4.298 million. The total joint arrangement spend was £ 6.027 million.

**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:

	<b>2016/2017</b>	<b>2015/2016</b>
	<b>£000</b>	<b>£000</b>
Self Care, Self Support	1,614	1,567
Intermediate Care	12,215	8,504
Access, rapid response 7 day working	3,751	4,334
Care Bill	2,500	2,500
Protecting Social Care	9,183	9,226
Invest in Engagement with Heathwatch	100	100
Scheme Management	328	282
Social Care Capital	2,551	2,433
Workforce and bought forward schemes	26	969
<b>Total Expenditure before return to partners</b>	<b>32,268</b>	<b>29,915</b>
Return to Partners CCG	320	1,600
Return to Partners Wiltshire Council	320	400
<b>Total Schemes</b>	<b>32,908</b>	<b>31,915</b>

This was funded from income and grants as follows:

	<b>2016/2017</b>	<b>2015/2016</b>
	<b>£000</b>	<b>£000</b>
Wiltshire CCG BCF Contribution - Paid to Pool	(20,785)	(21,618)
Wiltshire CCG BCF Contribution - Retained by CCG	(7,163)	(5,455)
Wiltshire Council BCF Contribution	(1,833)	(1,833)
Wiltshire Council Adult Care contribution to carers	(576)	(576)
Disabled Facilities Grant	(2,551)	(1,418)
Social Care Capital	0	(1,015)
<b>Total Income and Grants</b>	<b>(32,908)</b>	<b>(31,915)</b>

**Note 9 Members' Allowances**

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

	2016/2017 £000	2015/2016 £000
Allowances	1,837	1,856
Expenses	73	82
<b>Total</b>	<b>1,910</b>	<b>1,938</b>

**Note 10 Officers' Remuneration**

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

Remuneration Band £	2016/2017 No. Employees	2015/2016 No. Employees
50,000-54,999	103	95
55,000-59,999	84	85
60,000-64,999	57	51
65,000-69,999	17	17
70,000-74,999	15	13
75,000-79,999	4	5
80,000-84,999	3	2
85,000-89,999	3	3
90,000-94,999	1	2
95,000-99,999	5	4
100,000-104,999	8	8
105,000-109,999	1	2
110,000-114,999	0	0
115,000-119,999	0	0
120,000-124,999	0	0
125,000-129,999	1	0
130,000-134,999	0	1
135,000-139,999	0	1
140,000-144,999	0	0
145,000-149,999	1	3
150,000-154,999	1	0
155,000-159,999	0	0
160,000-164,999	0	0
165,000-169,999	0	0
170,000-174,999	0	0
175,000-179,999	1	0
<b>TOTAL</b>	<b>305</b>	<b>292</b>

**Notes:**

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

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

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

**2015/2016 Remuneration for Senior Employees - Salary is £150,000 or more per year**  
(Included in Officer's Remuneration Bandings)

No officers had a salary in excess of £150,000 during 2015/2016.

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

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

2015/2016 Post Holder	Salary (including fees and allowances) £	Bonuses £	Expense		Benefits in Kind £	Total Remuneration excluding pension contributions 2015/2016 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2015/2016 £
			Allowances £	Compensation £				
Corporate Director A (subnote A)	148,271	0	1,604	0	0	149,875	25,206	175,081
Corporate Director B (subnote A and B)	148,271	0	1,662	0	0	149,933	21,203	171,136
Corporate Director C (subnote A and C)	148,271	0	0	0	0	148,271	25,206	173,477
Associate Director Finance - s151 Officer	103,711	0	0	0	0	103,711	17,631	121,342
Associate Director Legal and Governance - Monitoring Officer	100,501	0	0	0	0	100,501	17,085	117,586
	649,025	0	3,266	0	0	652,291	106,331	758,622

**Subnote A:**

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

**Subnote B:**

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

**Subnote C:**

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

**Exit Packages**

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

Exit Package Cost Band (including special payments) £	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016 £	2016/2017 £
0-20,000	19	4	176	167	195	171	1,212,038	1,396,159
20,001-40,000	2	0	35	45	37	45	1,106,323	1,243,028
40,001-60,000	0	0	11	5	11	5	495,893	253,825
60,001-80,000	0	0	3	0	3	0	215,197	0
80,001-100,000	0	0	1	0	1	0	97,946	0
<b>Total</b>	<b>21</b>	<b>4</b>	<b>226</b>	<b>217</b>	<b>247</b>	<b>221</b>	<b>3,127,397</b>	<b>2,893,012</b>

In 2016/2017 there were 76 exit package relating to schools, with a value of £573.950.

**Note 11 External Audit Fees**

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

	2016/2017 £000	2015/2016 £000
Fees payable for external audit services carried out by the appointed auditor	167	167
Fees payable for the certification of grant claims and returns	32	27
<b>Total</b>	<b>199</b>	<b>194</b>

**Note 12 Related Parties**

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

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

**Members of the Council** have direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2016/2017 is shown in note 9. If a Member declares an interest in a transaction which involves the Council, these transactions are recorded in the Register of Members' Interests, open to public inspection at County Hall, Trowbridge. The register has been reviewed and Members have not disclosed any material transactions with related parties.

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

**Wiltshire Pension fund** – In 2016/2017 the Council charged the fund £1.430 million (£1.174 million in 2015/2016) 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

	2015/2016			Total Adjustments
	Capital Purposes (Note 13a)	Net change for the Pension Adjustments (Note 13b)	Other Differences (Note 13c)	
	£000	£000	£000	£000
<b>General Fund Services</b>				
Adult Social Care Operations	529	(93)	(1)	435
Adult Care Commissioning & Housing	2,720	(20)	(1,096)	1,604
Public Health & Public Protection	3,126	(56)	0	3,070
Operational Children's Services	2,917	(133)	38	2,822
Commissioning, Performance & School Effectiveness	28,409	(143)	(2,571)	25,695
Economy & Planning	10,310	(48)	9	10,271
Highways & Transport	13,183	(40)	2	13,145
Waste & Environment	2,578	(37)	(10)	2,531
Communities & Communications	2,638	(40)	(3)	2,595
Corporate Function, Procurement & Programme Office	135	(26)	2	111
Finance	0	(37)	676	639
Legal & Governance	52	(21)	11	42
People & Business Services	7,975	(84)	(375)	7,516
Corporate Directors	0	(4)	1	(3)
Corporate	0	258	13,612	13,870
Housing Revenue Account (HRA)	11,812	(12)	(13,663)	(1,863)
<b>Net Cost of Service</b>	<b>86,384</b>	<b>(536)</b>	<b>(3,368)</b>	<b>82,480</b>
Other operating Expenditure	24,765	0	14,996	39,761
Financing and Investment Income and Expenditure	0	19,671	12,246	31,917
Taxation and non-specific grant income	0	0	(93,599)	(93,599)
<b>(Surplus)/ Deficit</b>	<b>111,149</b>	<b>19,135</b>	<b>(69,725)</b>	<b>60,559</b>

  

	2016/2017			Total Adjustments
	Capital Purposes (Note 13a)	Net change for the Pension Adjustments (Note 13b)	Other Differences (Note 13c)	
	£000	£000	£000	£000
<b>General Fund Services</b>				
Adult Social Care Operations	1,155	(427)	(25)	703
Adult Care Commissioning & Housing	4,078	(127)	(1,151)	2,800
Public Health & Public Protection	13,012	(304)	3	12,711
Operational Children's Services	1,860	(693)	5	1,172
Commissioning, Performance & School Effectiveness	16,529	(669)	270	16,130
Economy & Planning	(2,386)	(235)	(4)	(2,625)
Highways & Transport	13,658	(194)	(3)	13,461
Waste & Environment	2,251	(188)	(2)	2,061
Communities & Communications	1,281	(189)	(6)	1,086
Corporate Function, Procurement & Programme Office	0	(185)	12	(173)
Finance	0	(187)	(18)	(205)
Legal & Governance	60	(104)	(7)	(51)
People & Business Services	5,558	(388)	(417)	4,753
Corporate Directors	0	(18)	(4)	(22)
Corporate	0	616	17,650	18,266
Housing Revenue Account (HRA)	14,572	(74)	(13,681)	817
<b>Net Cost of Service</b>	<b>71,628</b>	<b>(3,366)</b>	<b>2,622</b>	<b>70,884</b>
Other operating Expenditure	7,479	0	16,165	23,644
Financing and Investment Income and Expenditure	0	18,933	12,361	31,294
Taxation and non-specific grant income	0	0	(115,386)	(115,386)
<b>(Surplus)/ Deficit</b>	<b>79,107</b>	<b>15,567</b>	<b>(84,238)</b>	<b>10,436</b>

**Note 13a Adjustments for Capital Funding and Expenditure Purposes**

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

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

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

**Note 13c Other Differences**

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

**Note 13d 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.

Reserve 2016/2017	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Unusable Reserves £000
<b>Adjustments primarily involving the Capital Adjustment Account</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>						
Charges for depreciation of non-current assets	(25,436)	(14,572)				40,008
Charges for impairment/ revaluations of plant, property and equipment	(10,306)					10,306
Charges for impairment/ revaluations of investment properties	(1,271)					1,271
Movements in the market value of Investment Properties	2,380					(2,380)
Amortisation of intangible assets	(2,288)					2,288
Movements in the market value on Assets Held for Sale	0					0
Revenue expenditure funded from capital under statute	(20,136)					20,136
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(4,016)	(3,463)	(9,105)			16,584
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	16,006					(16,006)
Capital expenditure charged against the General Fund and HRA balances		3,975				(3,975)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement and Expenditure Statement	55,676				(55,676)	0
Application of grants to capital financing transferred to the Capital Adjustment Account					47,503	(47,503)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Use of the Capital Receipts Reserve to finance new capital expenditure			12,684			(12,684)
Reserve to finance the payments to the Government capital receipts pool	(749)		749			0
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve</b>						
Transfer of deferred sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	353		(185)			(168)
<b>Adjustment primarily involving the Major Repairs Reserve</b>						
Reversal of Major Repairs Allowance credited to the HRA		6,187		8,385		(14,572)
Use of the Major Repairs Reserve to finance new capital expenditure and depreciation				(452)		452
<b>Adjustment primarily involving the Financial Instruments Adjustments Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	1					(1)
<b>Adjustments primarily involving the Pensions Reserve</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 61)	(19,548)					19,548
Employer's pensions contributions and direct payments to pensioners payable in the year	3,934	74				(4,008)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(2,431)					2,431
Amount by which non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	6,334					(6,334)
<b>Adjustment primarily involving the Accumulated Absences Account</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,134)	(6)				1,140
<b>Total Adjustments</b>	<b>(2,631)</b>	<b>(7,805)</b>	<b>4,143</b>	<b>7,933</b>	<b>(8,173)</b>	<b>6,533</b>

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Unusable Reserves £000
Reserve 2015/2016						
<b>Adjustments primarily involving the Capital Adjustment Account</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>						
Charges for depreciation of non-current assets	(29,538)	(11,812)				41,350
Charges for impairment/ revaluations of plant, property and equipment	(12,408)					12,408
Charges for impairment/ revaluations of investment properties	(1,883)					1,883
Movements in the market value of Investment Properties	393					(393)
Amortisation of intangible assets	(1,596)					1,596
Movements in the market value on Assets Held for Sale	(40)					40
Revenue expenditure funded from capital under statute	(29,501)					29,501
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	(25,649)	885	(19,303)			44,067
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	15,051					(15,051)
Capital expenditure charged against the General Fund and HRA balances		3,975				(3,975)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement and Expenditure Statement	43,347				(43,347)	0
Application of grants to capital financing transferred to the Capital Adjustment Account					49,911	(49,911)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Use of the Capital Receipts Reserve to finance new capital expenditure			11,086			(11,086)
Reserve to finance the payments to the Government capital receipts pool	(790)		790			0
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve</b>						
Transfer of deferred sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	319		(203)			(116)
<b>Adjustment primarily involving the Major Repairs Reserve</b>						
Reversal of Major Repairs Allowance credited to the HRA		6,187		5,625		(11,812)
Use of the Major Repairs Reserve to finance new capital expenditure and depreciation				(3,784)		3,784
<b>Adjustment primarily involving the Financial Instruments Adjustments Account:</b>						
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	0					0
<b>Adjustments primarily involving the Pensions Reserve</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 61)	(51,114)					51,114
Employer's pensions contributions and direct payments to pensioners payable in the year	31,967	12				(31,979)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
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	(188)					188
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	172					(172)
<b>Adjustment primarily involving the Accumulated Absences Account</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,659	(7)				(1,652)
<b>Total Adjustments</b>	<b>(59,799)</b>	<b>(760)</b>	<b>(7,630)</b>	<b>1,841</b>	<b>6,564</b>	<b>59,784</b>



**BALANCE SHEET NOTES RELATING TO CAPITAL****Note 14 Property, Plant and Equipment (PPE)**

	Council Dwellings & Garages inc land £000	Other Land & Buildings £000	Vehicles, Plant and Equipment £000	Infra-structure £000	Community Assets £000	Assets under Construction £000	Surplus Assets £000	Total Property, and Plant & Equipment £000	PFI included in PPE £000
<b>Cost or Valuation</b>									
Opening Balance 1 April 2016	320,777	678,556	180,390	376,274	7,627	76,288	16,114	1,656,026	85,623
Additions	4,180	6,519	10,054	18,864		20,070		59,687	29
Derecognition - Disposals	(1,924)	(5,855)	(522)		(981)		(3,553)	(12,835)	
Derecognition - Other		(5,159)	(743)					(5,902)	
Revaluation increases recognised in the Revaluation Reserve	13,430	17,920	5,261		2,380		1,228	40,219	3,982
Revaluation decreases recognised in the Revaluation Reserve		(10,950)	(69)		(144)		(87)	(11,250)	(656)
Category Adjustments		8,969	1,943	33,399		(42,438)	(5,341)	(3,468)	
At 31 March 2017	336,463	690,000	196,314	428,537	8,882	53,920	8,361	1,722,477	88,978
<b>Depreciation and Impairments</b>									
Opening Balance 1 April 2016	(102,454)	(314,277)	(125,657)	(65,068)	(932)	(14,716)	(4,004)	(627,108)	(24,453)
Depreciation	(5,963)	(10,640)	(16,649)	(6,409)			(205)	(39,866)	(1,788)
Accumulated depreciation written back on derecognition of assets		1,749	496				2,338	4,583	
Revaluation losses/impairment recognised in the surplus/deficit on provision of services		(9,435)	(865)		(6)			(10,306)	
At 31 March 2017	(108,417)	(332,603)	(142,675)	(71,477)	(938)	(14,716)	(1,871)	(672,697)	(26,241)
Net Book Value at 31 March 2017	228,046	357,397	53,639	357,060	7,944	39,204	6,490	1,049,780	62,737
Net Book Value at 31 March 2016	218,323	364,279	54,733	311,206	6,695	61,572	12,110	1,028,918	61,170

**Note 15 Information about Depreciation Methodologies**

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

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

The total depreciation charged to tangible Property Plant and Equipment fixed assets for 2016/2017 is £39,866,601. (£41,013,482 in 2015/2016)

**Note 16 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 2017		31 March 2016 (Revised)	31 March 2016 (Reported)
	£000	£000	£000	£000
<b>Opening Capital Financing Requirement (see below)</b>		<b>551,625</b>	<b>524,896</b>	<b>489,488</b>
<b>Capital Investment</b>				
Plant Property & equipment Assets	59,659		84,502	84,502
Plant Property & equipment PFI Assets	29		120	120
Investment Properties	94		143	143
Intangible assets	109		580	580
Assets Held for Sale	0		2	2
Revenue Expenditure Funded from Capital under Statute	20,136		29,501	29,501
		<b>80,027</b>	<b>114,848</b>	<b>114,848</b>
<b>Sources of Finance</b>				
Government Grants	(47,503)		(49,911)	(49,911)
Major Repairs Reserve	(14,120)		(8,028)	(8,028)
Capital Receipts	(12,685)		(11,087)	(11,087)
Assets purchased through Revenue (inc HRA)	(3,975)		(3,975)	(3,975)
Repayment of capital long term assets	(67)		(67)	0
Minimum Revenue Provision	(13,278)		(12,493)	(12,493)
Voluntary Revenue Provision	(247)		(228)	(228)
Minimum Revenue Provision - PFI Schemes	(2,481)		(2,330)	(2,330)
		<b>(94,356)</b>	<b>(88,119)</b>	<b>(88,052)</b>
<b>Closing Capital Financing Requirement</b>		<b>537,296</b>	<b>551,625</b>	<b>516,284</b>
<b>Explanation of Movements in the Year</b>				
Increase / (decrease) in underlying need to borrow		(14,329)	26,729	26,796
Increase / (decrease) in Capital Financing Requirement		(14,329)	26,729	26,796

During the year a full review of the Council's Capital Funding Requirement was undertaken. This identified some items included in the reported figures that upon review it was felt would be clearer if they were not shown in the overall Capital Financing Requirement, although they are part of the underlying borrowing requirement. The adjustments are show below. Please note this is a presentational change only and does not affect the Council's overall requirement to borrow.

	£000
<b>Opening Capital Financing Requirement as at 1 April 2015</b>	<b>489,488</b>
(As reported in 2015/2016 Accounts)	
<b>Add back PFI liability (in underlying borrowing requirement)</b>	<b>24,403</b>
<b>Add back adjustment A (in underlying borrowing requirement)</b>	<b>9,439</b>
<b>Other Amendments</b>	<b>1,566</b>
<b>Revised Opening Capital Financing Requirement as at 1 April 2015</b>	<b>524,896</b>

**Note 17 Fixed Asset Valuation**

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

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

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

The assets revalued during 2016/2017 include Secondary & Special Schools and Car Parks as well as the Investment Estate, Surplus Assets Not Held for Sale and any new assets acquired during 2016/2017 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 2016/2017.

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

	Council Dwellings & Garages inc land £000	Other Land & Buildings £000	Vehicles, Plant and Equipment £000	Infra-structure £000	Community Assets £000	Assets under Construction £000	Surplus Assets £000	Total Property, and Plant & Equipment £000
Valued at historical cost		6,861	9,087	357,060	1,006	39,204		413,218
Valued at current value in:								
2016/2017	228,046	168,768	27,252		6,822		6,490	437,378
2015/2016		68,749	7,390		0			76,139
2014/2015		97,247	9,910		35			107,192
2013/2014		15,772			81			15,853
Book Value at 31 March 2016	228,046	357,397	53,639	357,060	7,944	39,204	6,490	1,049,780

### Schools Assets

During the 2016/2017 financial year a total of 10 schools have become Academy schools so their assets have been removed from the balance sheet. This is shown as a derecognition in the note for Property plant and equipment above. The Council does not recognise Academy, Voluntary Controlled and Voluntary Aided schools in its accounts.

### Components and effect on depreciation

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

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

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

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

### Note 18 Revaluation and Impairment Losses

As part of the valuation process, reductions in the value of our assets (where there have previously not been upward valuations) are charged as downwards revaluation losses charged to Property, Plant and Equipment. These are detailed by asset class in note 14.

**Note 19 Construction Contracts**

The Council is not constructing any assets on behalf of other bodies. Below is a list of some of the larger project areas that are currently being undertaken by contractors building assets for the council. The figures below give the outstanding remaining costs of the contracts/agreements.

Description	As at 31 March	As at 31 March
	2017	2016
	£000	£000
Campus and operational delivery schemes	1,477	7,380
Highways	19,973	20,797
Other School construction projects	7,077	2,704
HRA - Refurbishment of Council Stock	3,672	1,242
Buildings Repair & Maintenance Programme	931	483
Housing	8,150	6,483
Economy	265	1,115
Local Growth Fund Schemes	5,783	0
<b>Total</b>	<b>47,328</b>	<b>40,204</b>

**Note 20 Heritage Assets**

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

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

**White horse near Westbury**

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

**East Grafton Wilton Windmill**

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

**Village Lock ups**

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

**County Hall Members Rooms Art**

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

**Other items of Historical Interest**

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

**Note 21 Leases****Finance leases**

A finance lease is a lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee. The Council had no finance leases in 2016/2017.

**Operating leases**

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

<b>Operating Lease payments in 2016/2017</b>	<b>2016/2017</b>
	<b>£000</b>
Plant, vehicles and equipment	27
<b>Operating lease payments due in future years</b>	<b>2016/2017</b>
	<b>£000</b>
Amount due in 2017/2018	27
Amounts due in between 2018/2019 and 2022/2023	26
Amounts due after 2023/2024	0
	<b>53</b>
<b>Asset Class</b>	
Plant, vehicles and equipment	<b>53</b>

**Leases held as investments**

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

**Note 22 Private Financing Initiatives (PFI) and similar Contracts**

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

	North Wilts Schools PFI £000	Monkton Park Modified PFI £000	Housing PFI £000	Total Long term contracts £000
Balance outstanding at 1 April 2016	(27,373)	(6,747)	(22,382)	(56,502)
Payments during the year to reduce capital liability	900	678	1,169	2,747
Liability outstanding 31 March 2017	<b>(26,473)</b>	<b>(6,069)</b>	<b>(21,213)</b>	<b>(53,755)</b>
Split				
Due within 1 year	(972)	(439)	(1,000)	(2,411)
Due in over 1 year	(25,501)	(5,630)	(20,213)	(51,344)
Liability outstanding 31 March 2017	<b>(26,473)</b>	<b>(6,069)</b>	<b>(21,213)</b>	<b>(53,755)</b>

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

**North Wiltshire Schools PFI & Additional 6<sup>th</sup> Form Units.**

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

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

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

Period	Liability	Interest	Service charges	2015/2017 Total	2015/2016 Total
	£000	£000	£000	£000	£000
Within 1 years	(972)	(1,652)	(3,310)	(5,934)	(5,856)
Within 2-5 years	(4,730)	(5,772)	(14,088)	(24,590)	(24,260)
Within 6-10 years	(8,378)	(4,763)	(19,685)	(32,826)	(32,363)
Within 11-15 years	(12,393)	(1,227)	(21,463)	(35,083)	(34,907)
Within 16-20 years	0	0	0	0	(6,887)
<b>Total</b>	<b>(26,473)</b>	<b>(13,414)</b>	<b>(58,546)</b>	<b>(98,433)</b>	<b>(104,273)</b>

**Monkton Park Offices Modified PFI Scheme**

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

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

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

Period	Liability	Interest	2016/2017 Total	2015/2016 Total
	£000	£000	£000	£000
Within 1 years	(439)	(1,017)	(1,456)	(1,406)
Within 2-5 years	(2,060)	(4,291)	(6,351)	(6,221)
Within 6-10 years	(3,405)	(5,866)	(9,271)	(9,059)
Within 11-15 years	0	0	0	(2,006)
<b>Main Scheme Total</b>	<b>(5,904)</b>	<b>(11,174)</b>	<b>(17,078)</b>	<b>(18,692)</b>
Equalisation Fund	(165)	0	(165)	(432)
<b>Total</b>	<b>(6,069)</b>	<b>(11,174)</b>	<b>(17,243)</b>	<b>(19,124)</b>

**Housing PFI Scheme**

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

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

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

Period	Liability	Interest	2016/2017	2015/2016
	£000	£000	Total £000	Total £000
Within 1 years	(1,000)	(1,242)	(2,242)	(2,298)
Within 2-5 years	(4,293)	(4,172)	(8,465)	(8,677)
Within 6-10 years	(5,854)	(3,687)	(9,541)	(9,779)
Within 11-15 years	(7,035)	(1,477)	(8,512)	(8,722)
Within 16-20 years	(3,031)	(65)	(3,096)	(4,904)
<b>Total</b>	<b>(21,213)</b>	<b>(10,643)</b>	<b>(31,856)</b>	<b>(34,380)</b>

**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.

	2016/2017 £000	2015/2016 £000
Rental income from investment property	(2,722)	(2,637)
Direct operating expenses arising from investment properties	392	383
Net (Gain)/ Loss	<u>(2,330)</u>	<u>(2,254)</u>

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

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

	2016/2017 £000	2015/2016 £000
Balance at start of the year	25,143	27,990
Additions: Subsequent expenditure	94	143
Disposals	(1,482)	(615)
Gains from fair value adjustments	2,362	343
Losses from fair value adjustments	(347)	(10)
Impairments losses	(1,271)	(1,883)
Transfers (to)/from Property, Plant and Equipment	(1,547)	(825)
Balance at end of the year	<u>22,952</u>	<u>25,143</u>

**Note 24 Intangible Assets**

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

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

	Carrying amount		Remaining Amortisation Period
	31 March 2017 £000	31 March 2016 £000	
SAP Finance/HR/Payroll system in sourcing	0	1,232	0 years
Workplace transformation IT software	0	458	0 years
Planning System	410	625	2 years
Other items of software	578	852	1 - 5 years
<b>Total</b>	<b>988</b>	<b>3,167</b>	

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £2.288 million charged to revenue in 2016/2017 was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

	2016/2017 Purchased Software Licences £000	2015/2016 Purchased Software Licences £000
Gross carrying amounts	21,644	20,063
Accumulated amortisation	(18,477)	(16,881)
Net Carrying amount	<b>3,167</b>	<b>3,182</b>
Additions:		
Purchases	109	580
Amortisation for the period	(2,288)	(1,596)
Category Adjustments	0	1001
Net carrying amount at end of year	<b>988</b>	<b>3,167</b>
Comprising:		
Gross carrying amounts	21,753	21,644
Accumulated amortisation	(20,765)	(18,477)
	<b>988</b>	<b>3,167</b>

## Note 25 Assets Held for Sale

The Council held the following amounts as assets held for sale as at 31 March 2017. 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.

	2016/2017 £000	2015/2016 £000
Balance at start of the year	1,567	15,023
Assets newly classified as held for sale	5,015	(54)
Depreciation	(142)	(375)
Assets Sold	(949)	(13,027)
Revaluations	3,259	0
Balance at end of the year	<b>8,750</b>	<b>1,567</b>



**OTHER NOTES TO BALANCE SHEET****Note 26 Short Term Debtors**

These represent sums owed to the Council for supplies and services provided before 31 March 2017 but not received at that date.

	2016/2017	2015/2016
	£000	£000
Other Local Authorities	1,827	5,751
Government Departments	9,362	10,351
NHS Bodies	2,529	4,023
Business Rates and Local Taxation	12,492	12,136
Tenants	1,221	1,270
Sundry Debtors	35,800	34,514
Payments in Advance	6,202	5,670
<b>Total Debtors</b>	<b>69,433</b>	<b>73,715</b>
Less: provision for bad debts		
General Fund debtors	(6,846)	(6,582)
Housing Rent arrears	(1,084)	(1,075)
Council Tax arrears	(2,505)	(2,655)
NDR Arrears	(318)	(358)
<b>Total Bad Debt provisions</b>	<b>(10,753)</b>	<b>(10,670)</b>
<b>Net Debtors</b>	<b>58,680</b>	<b>63,045</b>

**Note 27 Cash and Cash Equivalent**

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

	2016/2017	2015/2016
	£000	£000
Cash & Bank	(309)	2,917
Schools' bank accounts	14,313	16,568
	<b>14,004</b>	<b>19,485</b>

**Note 28 Short Term Creditors**

These represent sums owed by the Council for supplies and services received before 31 March 2017 but not paid for at that date, or provisions created in accordance with the accounting policies.

	2016/2017	2015/2016
	£000	£000
Other Local Authorities	(3,437)	(3,667)
Government Departments	(8,459)	(6,638)
NHS Bodies	(3,001)	(2,422)
Business Rates and Local Taxation	0	(44)
Sundry Creditors	(62,504)	(56,486)
Receipts in Advance	(12,525)	(8,828)
Accumulated Absences	(6,290)	(5,151)
	<b>(96,216)</b>	<b>(83,236)</b>

**Note 29 Provisions**

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

	Legal Claims £000	Insurance Claims £000	Business Rate Retention Scheme Appeals £000	Termination Benefits £000	Land Charges £000	Other £000	Total £000
Balance at 1 April 2016	(1,022)	(1,117)	(1,748)	(84)	(146)	(43)	(4,160)
Additional provisions made in 2015/2016	(40)	(549)	(1,882)	(56)	0	(1,014)	(3,541)
Amounts Used in 2016/2017	203	208	1,748	84	84	0	2,327
Unused amounts reversed in 2016/2017	377	397	0	0	62	43	879
<b>Balance at 31 March 2017</b>	<b>(482)</b>	<b>(1,061)</b>	<b>(1,882)</b>	<b>(56)</b>	<b>0</b>	<b>(1,014)</b>	<b>(4,495)</b>

### 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 £0.482 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 2017/2018 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 2016/2017 is made up of 20 claims totalling £1.062 million. The 20 claims consisted of a mixture of Public and Employers Liability claims and own Property claims.

The Council self insures, with the Council meeting the first £0.100 million of each employers and public liability claim and between £0.100 million and £0.250 million for own property claims. It is currently expected that all of these claims will be settled during 2017/2018.

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

### Termination Benefits

As at 31 March 2017 the Council made a total provision of £0.056 million in respect of termination benefits, relating to redundancy costs for 5 employees. It is expected that all cases will be resolved during the first half of the 2017/2018 financial year.

### Land Charges

The Council previously held a provision in respect of personal search fees. This provision was settled during 2016/2017 so is no longer required.

### 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 £3.840 million as at 31 March 2017. This liability however, is shared between Wiltshire Council (49%), Central Government (50%) and Wiltshire and Swindon Fire Authority (1%). The Council's share of this provision is therefore £1.882 million.

### Other Provisions

All other provisions are expected to be used during 2017/2018.

**Note 30 Borrowing**

An analysis of loans by maturity is as follows:

	2016/2017 £000	2015/2016 £000
<b>Short Term Borrowing</b>		
Maturing within 1 year Temporary Loans	(2,535)	(22,476)
Maturing within 1 year Long Term Borrowing	(12,148)	(14,209)
	<u>(14,683)</u>	<u>(36,685)</u>
<b>Long Term Borrowing</b>		
Maturing in 1 to 2 years	(14,810)	(10,000)
Maturing in 2 to 5 years	(22,000)	(26,810)
Maturing in 5 to 10 years	(48,123)	(48,123)
Maturing in more than 10 years	(242,926)	(252,915)
Total Maturing after 1 year	<u>(327,859)</u>	<u>(337,848)</u>
<b>Total Borrowing</b>	<u><u>(342,542)</u></u>	<u><u>(374,533)</u></u>

The total borrowing can be further analysed by lender category:

	2016/2017 £000	2015/2016 £000
Temporary Loans	(2,535)	(22,476)
Long Term Loans:		
Public Works Loans Board	(278,002)	(290,041)
Money Market	(62,005)	(62,016)
	<u>(342,542)</u>	<u>(374,533)</u>

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

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

Reserve	Note	2016/2017 £000	2015/2016 £000
General Fund		(12,534)	(12,147)
Earmarked Reserves	32	(30,845)	(27,837)
<b>General Fund balance per Movement in Reserves Statement</b>		<u>(43,379)</u>	<u>(39,984)</u>
Housing Revenue Account Balance		(23,170)	(18,162)
<b>Closing General fund and HRA balance per Expenditure &amp; Funding Statement</b>		<u>(66,549)</u>	<u>(58,146)</u>
Other Usable Reserves			
Major Repairs Reserve	33	(1,182)	(10,956)
Usable Capital Receipts Reserve	34	(9,722)	(6,235)
Capital Grants and Contributions		(34,790)	(33,181)
Unapplied Account			
<b>Total Usable Reserves</b>		<u><u>(112,243)</u></u>	<u><u>(108,518)</u></u>

**Note 32 Transfers to/ from Earmarked reserves**

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2016/2017.

Earmarked Reserves	2015/2016	Movement	2016/2017
	£000	in 2016/2017 £000	£000
PFI Reserve	(4,304)	49	(4,255)
Insurance Reserve	(3,311)	(243)	(3,554)
Locally Managed Schools' Balances	(8,636)	2,372	(6,264)
Elections Reserve	(330)	(495)	(825)
Area Board Reserve	(60)	38	(22)
Revenue Grants Earmarked Reserve	(5,694)	3,171	(2,523)
Digital Inclusion	(183)	0	(183)
PFI Housing Scheme Earmarked Reserve	(2,980)	64	(2,916)
Action 4 Wiltshire Reserve	(165)	165	0
Economic Development & Planning Reserve	(14)	0	(14)
Single View of the Customer Reserve	(700)	(211)	(911)
Play Area Asset Transfers	0	(78)	(78)
Enabling Fund	0	(2,000)	(2,000)
Business Rates Equilisation Fund	0	(800)	(800)
Housing Benefit Subsidy Clawback	0	(500)	(500)
Transitional Fund	0	(6,000)	(6,000)
<b>Total</b>	<b>(26,377)</b>	<b>(4,468)</b>	<b>(30,845)</b>

**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.

	2016/2017	2015/2016
	£000	£000
Transfer to Capital	14,120	8,028
HRA Depreciation	(14,568)	(11,812)
Transfer to HRA	8,381	5,625
Movement in Year	7,933	1,841
<b>Balance at 1 April</b>	<b>(9,115)</b>	<b>(10,956)</b>
<b>Balance at 31 March</b>	<b>(1,182)</b>	<b>(9,115)</b>

**Note 34 Usable Capital Receipts Reserve**

	2016/2017		2015/2016
	£000	£000	£000
<b>Amounts Receivable in year</b>			
- disposal of land and buildings	(8,107)		(18,259)
- Other capital receipts - mortgages	(185)		(204)
- Other capital receipts	(249)		(254)
- Housing Pooled Capital Receipt	(749)		(790)
		(9,290)	(19,507)
<b>Amounts applied to finance new capital investment in year</b>			
- capital receipts utilised	12,684		11,087
- transfer to I&E equal to contribution to Housing Pooled Capital receipt	749		790
		13,433	11,877
<b>Movement in Year</b>		4,143	(7,630)
<b>Balance at 1 April</b>		(13,865)	(6,235)
<b>Balance at 31 March</b>		(9,722)	(13,865)

**Note 35 Unusable Reserves**

Reserve	Note	2016/2017	2015/2016
		£000	£000
Revaluation Reserve	36	(195,189)	(180,457)
Capital Adjustment Account	37	(350,188)	(326,983)
Financial Instruments Adjustment Account		955	956
Deferred capital receipts		(1,906)	(1,738)
Pensions Reserve	38	612,791	543,446
Collection Fund Adjustment Account		(5,581)	(1,678)
Accumulated Absences Account		6,291	5,151
<b>Total Unusable Reserves</b>		<b>67,173</b>	<b>38,697</b>

**Note 36 Revaluation Reserve**

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

Revaluation Reserve	2016/2017	2015/2016
	£000	£000
<b>Balance at 1 April</b>	(180,457)	(194,500)
<b>Prior Year adjustment to CAA</b>	(1,995)	
<b>Revised Balance at 1 April</b>	(182,452)	(194,500)
Upward revaluation of assets	(45,840)	(33,964)
Downward revaluations not charged to surplus/ deficit on the provision of services	13,978	11,441
<b>Surplus or deficit on revaluation of non-current assets not posted to surplus/ deficit on the provision of services</b>	(214,314)	(217,023)
Difference between fair value depreciation and historic cost depreciation	9,600	10,724
Accumulated gains on assets sold or scrapped	9,525	25,842
<b>Balance at 31 March</b>	<b>(195,189)</b>	<b>(180,457)</b>

Following a review of balances in the year it was identified that a transfer of £1.996 million was required relating to the treatment of a PFI asset revaluation in 2014/2015. This is a direct transfer between the Revaluation Reserve and the Capital Adjustment account and does not affect any other balances.

**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.

	2016/2017 £000	2015/2016 £000
<b>Opening balance at 1 April</b>	(326,983)	(332,816)
<b>Prior Year adjustment to CAA</b>	1,995	
<b>Revised Balance at 1 April</b>	<u>(324,988)</u>	<u>(332,816)</u>
<b>Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure account</b>		
- charges for depreciation of non-current assets	40,008	41,349
- charges for impairment/ revaluations of plant, property and equipment	10,306	12,408
- charges for impairment of investment properties	1,271	1,883
- gains in fair value on Investment properties	(2,380)	(393)
- movements in value on assets held for sale	0	40
- amortisation of intangible assets	2,288	1,596
- revenue expenditure funded from capital under statute	20,136	29,501
- disposals	16,585	44,067
	<u>88,214</u>	
<b>Adjusting amounts written out of Revaluation Reserve</b>	(19,126)	(36,566)
<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<u>(255,900)</u>	<u>(238,931)</u>
<b>Capital financing applied in the year</b>		
-Use of capital receipts reserve to finance new capital expenditure	(12,684)	(11,087)
-Use of major repairs reserve to finance new capital expenditure	(14,120)	(8,028)
-application of capital grants	(47,503)	(49,911)
-statutory provision for the financing of capital investment charged against the general fund and HRA balances	(16,006)	(15,051)
-capital expenditure charged against the general fund and HRA balances	(3,975)	(3,975)
	<u>(350,188)</u>	<u>(326,983)</u>
<b>Balance at 31 March</b>	<u>(350,188)</u>	<u>(326,983)</u>

Following a review of balances in the year it was identified that a transfer of £1.996 million was required relating to the treatment of a PFI asset revaluation in 2014/2015. This is a direct transfer between the Revaluation Reserve and the Capital Adjustment account and does not affect any other balances.

**Note 38 Pension Fund Liability**

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

	Period ended 31 March 2017			Period ended 31 March 2016		
	Assets	Liabilities	Net (liability)/	Assets	Liabilities	Net (liability)/
			asset			asset
	£000	£000	£000	£000	£000	£000
Fair value of employer assets	805,620	0	805,620	844,248	0	844,248
Present value of funded liabilities	0	(1,293,695)	(1,293,695)	0	(1,399,444)	(1,399,444)
Present value of unfunded liabilities	0	(55,371)	(55,371)	0	(61,993)	(61,993)
<b>Opening Position</b>	<b>805,620</b>	<b>(1,349,066)</b>	<b>(543,446)</b>	<b>844,248</b>	<b>(1,461,437)</b>	<b>(617,189)</b>
Service cost						
Current service cost*	0	(30,630)	(30,630)	0	(35,886)	(35,886)
Past service cost (including curtailments)	0	(615)	(615)	0	(258)	(258)
Effect of settlements	(2,157)	3,578	1,421	(6,072)	10,773	4,701
<b>Total service cost</b>	<b>(2,157)</b>	<b>(27,667)</b>	<b>(29,824)</b>	<b>(6,072)</b>	<b>(25,371)</b>	<b>(31,443)</b>
Net interest						
Interest income on plan assets	28,016	0	28,016	26,755	0	26,755
Interest cost on defined benefit obligation	0	(46,949)	(46,949)	0	(46,426)	(46,426)
Impact of asset ceiling on net interest	0	0	0	0	0	0
<b>Total net interest</b>	<b>28,016</b>	<b>(46,949)</b>	<b>(18,933)</b>	<b>26,755</b>	<b>(46,426)</b>	<b>(19,671)</b>
<b>Total defined benefit cost recognised in Profit or (Loss)</b>	<b>25,859</b>	<b>(74,616)</b>	<b>(48,757)</b>	<b>20,683</b>	<b>(71,797)</b>	<b>(51,114)</b>
Cashflows						
Plan participants' contributions	7,693	(7,693)	0	7,856	(7,856)	0
Employer contributions	29,634	0	29,634	28,311	0	28,311
Contributions in respect of unfunded benefits	3,583	0	3,583	3,668	0	3,668
Benefits paid	(43,150)	43,150	0	(40,889)	40,889	0
Unfunded benefits paid	(3,583)	3,583	0	(3,668)	3,668	0
<b>Expected closing position</b>	<b>825,656</b>	<b>(1,384,642)</b>	<b>(558,986)</b>	<b>860,209</b>	<b>(1,496,533)</b>	<b>(636,324)</b>
Remeasurements						
Change in demographic assumptions	0	16,143	16,143	0	0	0
Change in financial assumptions	0	(246,443)	(246,443)	0	125,546	125,546
Other experience	0	30,934	30,934	0	21,921	21,921
Return on assets excluding amounts included in net interest	145,561	0	145,561	(54,589)	0	(54,589)
<b>Total remeasurements recognised in Other Comprehensive Income (OCI)</b>	<b>145,561</b>	<b>(199,366)</b>	<b>(53,805)</b>	<b>(54,589)</b>	<b>147,467</b>	<b>92,878</b>
Effect of business combination and disposals	0	0	0	0	0	0
Fair value of employer assets	971,217	0	971,217	805,620	0	805,620
Present value of funded liabilities	0	(1,525,509)	(1,525,509)	0	(1,293,695)	(1,293,695)
Present value of unfunded liabilities	0	(58,499)	(58,499)	0	(55,371)	(55,371)
<b>Closing position</b>	<b>971,217</b>	<b>(1,584,008)</b>	<b>(612,791)</b>	<b>805,620</b>	<b>(1,349,066)</b>	<b>(543,446)</b>

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

## NOTES TO THE CASHFLOW STATEMENT

### Note 39 Cash Flow Operating Activities

The cash flows for operating activities include the following items:

	2016/2017	2015/2016
	£000	£000
Interest Received	(508)	(950)
Interest Payable	12,869	13,196

### Note 40 Cash Flow Investing Activities

	2016/2017	2015/2016
	£000	£000
Purchase of Property, plant and equipment, investment property and intangible assets	62,639	77,473
Investments - Purchase of and deposits made	610,491	544,398
Investments - Sale of and returning of deposits made	(576,238)	(564,802)
Proceeds from sale of property, plant and equipment, investment property and intangible assets	(9,273)	(19,419)
Other receipts from investing activities	(55,744)	(43,347)
<b>Net Cash flows from investing activities</b>	<b>31,875</b>	<b>(5,697)</b>

### Note 41 Cash Flow Financing Activities

	2016/2017	2015/2016
	£000	£000
Cash Receipts of short and long term borrowing	31,991	(20,437)
<b>Net cash flows from financing activities</b>	<b>31,991</b>	<b>(20,437)</b>

## NOTES RELATING TO ACCOUNTING DECISION MAKING

### Note 41 Summary of Prior Year adjustments

There are no prior year adjustment in the accounts for 2016/2017.

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

For 2016/2017, there are a number of accounting policy changes that have been issued but not yet adopted. The standards introduced in the 2017/2018 Code of Practice that have not yet been adopted are:

- Amendment to the reporting of pension fund scheme transaction costs
- Amendment to the reporting of investment concentration

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

### Note 43 Critical Judgements in applying accounting policies

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

- There remains a degree of uncertainty about future levels of funding for local government for both Revenue and Capital funding. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to



close facilities and reduce levels of service provision. These assumptions are included in the Council's Business Plan.

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

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

The items in the Council's Balance Sheet at 31 March 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

#### **Property, Plant and Equipment**

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

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. The total depreciation charge made in 2016/2017 on PPE assets was £40 million so if the assumptions were to change this could have an effect on the amount of depreciation charged in future years. This would be mitigated by the fact that depreciation is reversed out so has no impact on the level of Council Tax.

#### **Provisions**

The Council has made a number of provisions in the accounts, totalling £4.495 million. These are based on current information and current likely settlement value. Provisions will need to be reviewed on a regular basis to ensure they are kept up to date. Further information is found in note 29,

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

#### **Pensions Liability**

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

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

#### **Arrears**

At 31 March 2017, the Council had a balance of debtors of £69 million. A bad debt provision of £11 million or around 16% of the debt has been made. In the current economic climate it is difficult to assess the accuracy of this provision, but this will be continually.

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

#### **Fair measurements value**

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

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

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

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

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

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

#### **Note 45 Authorisation of Accounts for Issue**

These accounts will be considered and authorised by the Chief Financial Officer of Wiltshire Council on 31 May 2017. The final audited version of these accounts will be considered for approval by the Audit Committee at its meeting on 26 July 2017.

#### **Note 46 Events after the Balance Sheet Date**

The Statement of Accounts were authorised by the Chief Financial Officer on 31 May 2017. 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 2016/2017.

#### **Note 47 Contingent Liabilities**

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Council is required to disclose an estimate in respect of future costs that may occur that are not currently reflected in the accounts. The Council has identified one contingent liability as at 31 March 2017:

##### **Insurance Claims**

As at 31 March 2017 there are 35 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 £1.492 million

#### **Note 48 Pension Schemes Accounted for as defined contribution Schemes**

##### **Teachers pension scheme**

In 2016/2017 the Council paid £10.57 million (£10.39 million in 2015/2016) to the Department for Education and Skills in respect of teachers' pension costs which represent 16.48% of teachers' pensionable pay. In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2016/2017 these amounted to £2.38 million (£2.45 million in 2015/2016).

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

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

The Council participates in two pension schemes:

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

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

Pension costs have been charged to the Comprehensive Income and Expenditure Statement on the basis required by IAS 19, contributions payable to the Wiltshire Council pension scheme are based on a 2016 actuarial valuation report dated 31 March 2017. These IAS 19 amounts are then reversed out by a contribution to/from the Pensions reserve, so that they have no impact on the Council Tax.

**Assets and liabilities in relation to Retirement Benefits**

The underlying assets and liabilities for the retirement benefits attributable to the Council as at 31 March 2017 are as follows:

Local Government Pension Scheme	31 March 2017	31 March 2016
	£000	£000
<b>Fair Value of Employer Assets</b>	971,217	805,620
Present Value of Funded Liabilities	(1,525,509)	(1,293,695)
Net (Under)/Overfunding in Funded Plans	<b>(554,292)</b>	<b>(488,075)</b>
Present value of Unfunded Liabilities	(58,499)	(55,371)
<b>Net Asset/(Liability)</b>	<b>(612,791)</b>	<b>(543,446)</b>
Amount on balance sheet		
<b>Asset</b>	<b>971,217</b>	<b>805,620</b>
<b>Liability</b>	<b>(1,584,008)</b>	<b>(1,349,066)</b>
<b>Liability Amount in Balance Sheet</b>	<b>(612,791)</b>	<b>(543,446)</b>

A more detailed breakdown is included in note 38

**Information about the defined benefit obligation**

	Liability split		Duration
	£000	%	years
Active members	516,423	33.9	23.8
Deferred members	395,811	25.9	21.6
Pensioner members	613,275	40.2	10.1
<b>Total</b>	<b>1,525,509</b>	<b>100.0</b>	<b>16.5</b>

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

**Pension Assumptions****Financial Assumptions**

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

<b>Assumptions as at Year Ended:</b>	<b>31 March 2017</b>	<b>31 March 2016</b>
	<b>% per annum</b>	<b>% per annum</b>
Pension Increase Rate	2.4%	2.2%
Salary Increase Rate	2.7%	4.2%
Discount Rate	2.5%	3.5%

**Assumptions on Mortality Rates**

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

	<b>Males</b>	<b>Females</b>
Current Pensioners	22.5 years	24.9 years
Future Pensioners	24.1 years	26.7 years

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

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

**Pension Assets****Fair value of employer assets**

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

Asset Category	31 March 2017				31 March 2016			
	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	%
<b>Equity Securities:</b>								
Consumer	20,162	0	20,162	2%	21,668	0	21,668	3%
Manufacturing	15,012	0	15,012	2%	12,709	0	12,709	2%
Financial Institutions	2,745	0	2,745	0%	4,543	0	4,543	1%
Health & Care	4,343	0	4,343	0%	5,578	3	5,581	1%
Information Technol	99,730	0	99,730	10%	99,603	0	99,603	12%
Other	8,118	0	8,118	1%	3,343	0	3,343	0%
<b>Debt Securities:</b>								
Corporate Bonds (investment grade)	0	0	0	0%	0	0	0	0%
Corporate Bonds (non investment grade)	0	0	0	0%	0	0	0	0%
UK Government	0	0	0	0%	0	0	0	0%
Other	0	0	0	0%	0	0	0	0%
<b>Real Estate:</b>								
UK Property	0	101,861	101,861	11%	0	99,106	99,106	12%
Overseas Property	0	22,191	22,191	2%	0	2,660	2,660	0%
<b>Investment Funds &amp; Unit Trusts:</b>								
Equities	0	510,993	510,993	53%	0	345,996	345,996	43%
Bonds	0	158,991	158,991	16%	0	131,214	131,214	16%
Hedge Funds	0	0	0	0%	0	0	0	0%
Commodities	0	0	0	0%	0	6,800	6,800	1%
Infrastructure	0	17,150	17,150	2%	0	64,609	64,609	8%
Other	0	2,705	2,705	0%	0	4,832	4,832	1%
<b>Derivatives:</b>								
Foreign Exchange	0	0	0	0%	0	0	0	0%
Other	0	0	0	0%	0	0	0	0%
<b>Cash &amp; Cash Equivalents</b>								
All	7,216	0	7,216	1%	2,956	0	2,956	0%
<b>Total</b>	<b>157,326</b>	<b>813,891</b>	<b>971,217</b>	<b>100%</b>	<b>150,400</b>	<b>655,220</b>	<b>805,620</b>	<b>100%</b>

**Projected defined benefit costs for the period to 31 March 2017**

The estimated employer contributions for the year to 31 March 2017 will be approximately £27.821 million.

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

Period Ended 31 March 2018	Assets	Obligations	Net (Liability)/Asset	
	£000	£000	£000	% of Payroll
Projected Current Service Cost	0	51,508	(51,508)	(42.2%)
<b>Total Service Costs</b>	<b>0</b>	<b>51,508</b>	<b>(51,508)</b>	<b>(42.2%)</b>
Interest Income on Plan Assets	24,752	0	24,752	20.3%
Interest Cost on Defined Benefit Obligation	0	40,291	(40,291)	(33.0%)
<b>Total Net Interest Cost</b>	<b>24,752</b>	<b>40,291</b>	<b>(15,539)</b>	<b>(12.7%)</b>
<b>Total included in Profit or Loss</b>	<b>24,752</b>	<b>91,799</b>	<b>(67,047)</b>	<b>(54.9%)</b>

**Sensitivity Analysis**

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

<b>Change in Assumptions as at 31 March 2017</b>	<b>Approximate % increase to Employer</b>	<b>Approximate monetary amount (£000)</b>
0.5% decrease in Real Discount Rate	9%	147,407
1 year increase in member life expectancy	3%	47,520
0.5% increase in the Salary Increase Rate	1%	18,076
0.5% increase in the Pension Increase Rate	8%	127,433

Further information can be found in the Wiltshire Pension Fund annual report 2016/2017 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 Associate Director, Finance, 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.
- **Market risk** - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates or stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available to fund services.

**Credit Risk**

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

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

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

The Council uses the creditworthiness service provided by Capita Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings

- sovereign ratings to select counterparties from only the most creditworthy countries

The full Investment Strategy for 2016/2017 was approved by Full Council on 23 February 2016 and is available on the Council's website.

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

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £57.6m 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 the 31 March 2017 that this was likely to crystallise.

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

The Council does not generally allow credit for its customers.

During 2016/2017 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

### **Refinancing and Maturity Risk**

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

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

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

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

**Maturity Analysis of Financial Liabilities**

	Approved Minimum Limits	Approved Maximum Limits	Actual 31 March 2016		Actual 31 March 2015	
			£000s	%	£000s	%
Less than 1 Year	0%	25%	12,148	3.6%	14,209	4.0%
Between 1 and 2 Years	0%	25%	14,810	4.3%	10,000	2.8%
Between 2 and 5 Years	0%	45%	22,000	6.5%	26,810	7.6%
Between 5 and 10 Years	0%	75%	46,123	14.2%	48,123	13.7%
More than 10 Years	0%	100%	242,926	71.4%	252,915	71.9%
			<b>338,007</b>	<b>100.0%</b>	<b>352,057</b>	<b>100.0%</b>

**Market Risk – Interest Rates Risk**

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

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

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

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

According to this assessment strategy, at 31 March 2017, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

**Effects of a 1% Increase in Interest Rates**

	2016/2017 £000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	0
Increase in Government grant receivable for financing costs*	0
Impact on Surplus or Deficit on the Provision of Services	0
Share of overall impact debited to the HRA	0
Decrease in fair value of fixed rate investment assets	130,289
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)	58,208,699



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

### Note 51 Fair Value

All financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment, highlighting the impact of the alternative valuation;
- For non-PWLB loans payable, prevailing market rates have been applied to provide the fair value;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

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

Financial Liabilities	31 March 2017		31 March 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Long Term Debt:</b>				
Non-PWLB (Market) Debt	62,004,859	93,919,796	62,016,040	80,499,130
PWLB Debt	278,002,416	338,605,323	290,040,780	332,382,257
<b>Total Long Term Debt</b>	<b>340,007,275</b>	<b>432,525,119</b>	<b>352,056,820</b>	<b>412,881,387</b>
Temporary Debt	0	0	20,000,000	20,003,823
Short Term Debt	2,535,000	2,186,438	2,472,500	2,442,505
<b>Total Debt Value</b>	<b>342,542,275</b>	<b>434,711,557</b>	<b>374,529,320</b>	<b>435,327,715</b>
Short Term Creditors	(96,215,345)	(96,215,345)	(83,235,831)	(83,235,831)
Long Term Creditors	(3,741,752)	(3,741,752)	(1,632,185)	(1,632,185)
<b>Total Financial Liabilities</b>	<b>242,585,178</b>	<b>334,754,460</b>	<b>289,661,304</b>	<b>350,459,699</b>

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

Financial Liabilities	31 March 2017		31 March 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Long Term Debt:</b>				
Non-PWLB (Market) Debt	62,004,859	114,389,455	62,016,040	100,651,783
PWLB Debt	278,002,416	381,995,248	290,040,780	373,718,879
<b>Total Long Term Loans</b>	<b>340,007,275</b>	<b>496,384,703</b>	<b>352,056,820</b>	<b>474,370,662</b>
Temporary Debt			20,000,000	20,005,864
Short Term Debt	2,535,000	2,342,179	2,472,500	2,467,361
<b>Total Loans Value</b>	<b>342,542,275</b>	<b>498,726,882</b>	<b>374,529,320</b>	<b>496,843,887</b>
Short Term Creditors	(96,215,345)	(96,215,345)	(83,235,831)	(83,235,831)
Long Term Creditors	(3,741,752)	(3,741,752)	(1,632,185)	(1,632,185)
<b>Total Financial Liabilities</b>	<b>242,585,178</b>	<b>398,769,785</b>	<b>289,661,304</b>	<b>411,975,871</b>

The Council has used a transfer value for the fair value of financial liabilities. We have also calculated an exit price fair value of £498,726,882, which is calculated using early repayment discount rates. The Council has no

contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss (based on economic conditions at 31 March 2017) 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 £278,002,416 would be valued at £338,605,323. 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 £381,995,248.

Financial Assets	31 March 2017		31 March 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Loans and Receivables:</b>				
Cash and Cash Equivalents	900,002	900,002	4,900,020	6,700,024
Money markets Loans < 1 Year	11,689,324	11,689,324	14,448,150	14,448,150
Short Term investment	45,120,726	45,120,726	8,090,277	8,092,207
<b>Total Loans and Receivables</b>	<b>57,710,052</b>	<b>57,710,052</b>	<b>27,438,447</b>	<b>29,240,381</b>
Short Term Debtors	58,679,972	49,011,320	63,045,493	53,922,010
Long Term Debtors	2,830,334	2,830,334	3,142,459	3,142,459
<b>Total Financial Assets</b>	<b>119,220,358</b>	<b>109,551,706</b>	<b>93,626,399</b>	<b>86,304,850</b>

The fair value of the assets 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.

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 2017 and 2016 are as follows:

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

  

Recurring fair value measurements using:	Quoted prices in active market for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2016
	£000	£000	£000	£000
Main Portfolio	0	0	24,576	24,576
Nurseries & Community Leases	0	0	333	333
Other	0	0	234	234
<b>Total</b>	<b>0</b>	<b>0</b>	<b>25,143</b>	<b>25,143</b>

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

### Significant Unobservable Inputs Level 3

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

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

### Highest and Best Use of Investment Properties

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

### Valuation Techniques

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

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

	As at 31 March 2017	Valuation technique used to measure fair value	Unobservable inputs	Sensitivity
<b>Main Portfolio</b>	<b>£000</b> 2,311,992	Income Market Rentals Yields	Comparables Databases (Public & GVA Internal) Rents, yields, capital costs	Medium
<b>Nurseries &amp; Community Leases</b>	0	Income Market Rentals Yields	Comparables Databases (Public & GVA Internal) Rents, yields, capital costs	Medium

### Valuation Process for Investment Properties

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

**Note 53 Prior Year Adjustments**

The Council has restated its 2015/2016 Comprehensive Income and Expenditure Statement following the change in requirements in the CIPFA Code of Practice on Local Authority Accounting 2016/2017. The net cost of services was previously presented based on SERCOP classification and is now disclosed in the local reporting format, by Service areas. The table below shows the comparative movements between SERCOP and Service formats.

Net Expenditure by SERCOP Service Line as reported 2015/2016 Accounts Net Movement	As reported 2015/2016 Accounts £000	Adjustments between SERCOP classification and internal reporting classification £000	As restated 2015/2016 Net Expenditure by Directorate £000
Central Services to the Public	906	(906)	0
Culture & Related Services	17,742	(17,742)	0
Environmental & Regulation	55,934	(15,129)	40,805
Planning Services	16,862	(2,209)	14,653
Children's and Education Services	119,783	(61,471)	58,312
	0	38,565	38,565
Highways, Roads & Transport Services	30,034	8,901	38,935
Housing Services General Fund	7,549	(7,549)	0
Housing Services HRA	(4,180)	0	(4,180)
Adult Social Care	142,022	(12,636)	129,386
	0	7,454	7,454
Public Health	1,649	5,698	7,347
Corporate & Democratic Core	11,592	(6,730)	4,862
Non-distributed Costs	(1,153)	1,153	0
	0	10,792	10,792
	0	5,759	5,759
	0	3,595	3,595
	0	3,378	3,378
	0	36,153	36,153
	0	2,924	2,924
<b>Net Cost of Service</b>	<b>398,740</b>	<b>0</b>	<b>398,740</b>

## Notes to Accounts Annex 1 Accounting Policies

### i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2016/2017 financial year and its position at the year-end of 31 March 2017. 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 2016/2017 and the Service Reporting Code of Practice 2016/2017, supported by International Financial Reporting Standards (IFRS).

### ii. Accruals of Income and Expenditure

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

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

### iii. Provisions

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

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

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

**Landfill Allowance Schemes**

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

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

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

**Contingent Liabilities**

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

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

**Contingent Assets**

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

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

**iv. Reserves**

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

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

**v. Government Grants and Contributions**

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

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

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

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

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

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

## **vi. Employee Benefits**

### **Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

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

### **Termination Benefits**

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

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

### **Post Employment Benefits**

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

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

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

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

**The Local Government Pension Scheme**

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

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

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

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

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

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

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

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

**Discretionary Benefits**



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

#### **vii. VAT**

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

#### **viii. Overheads and Support Services**

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

#### **ix. Intangible Fixed Assets**

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

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

#### **x. Property, Plant and Equipment**

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

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

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

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

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

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

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

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

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

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

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

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

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

### Depreciation

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

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

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

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

### Disposals and Non-current Assets Held for Sale

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

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

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

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

#### **xi. Investment Property**

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

#### **xii. Charges to Revenue for Non-Current Assets**

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

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

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

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

#### **xiii. Revenue Expenditure Funded From Capital Under Statute**

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

#### **xiv. Leases**

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

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

#### **The Council as Lessee**

##### **Finance Leases**

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

Lease payments are apportioned between:

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

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

### **Operating Leases**

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

### **The Council as Lessor**

#### **Finance Leases**

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

Lease rentals receivable are apportioned between:

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

### **Operating Leases**

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

## **xv. Financial Instruments**

### **Financial Liabilities**

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

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted

from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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

## Loans and receivables

### Financial Assets

Financial assets are classified into two types:

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

### Loans and Receivables

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

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

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

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

### Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

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

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

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

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

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

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

#### **xvi. Inventories and Long Term Contracts**

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

#### **xvii. Interest in companies and other entities**

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

#### **xviii. Private Finance Initiative (PFI)**

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

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

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

- i. Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- ii. Finance cost – an interest charge made on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

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

#### **xix. Exceptional Items**

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

#### **xx. Cash and Cash Equivalents**

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

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

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

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

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

#### **xxii. Events after the Balance Sheet Date**

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

Two types of events can be identified:

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

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

#### **xxiii. Non-Compliance with Code of Practice**

For operational reasons, the accounts do not fully comply with the Code of Practice on minor points. The main non-compliance is in relation to debtors and creditors. Whilst the accounts are maintained on an accruals basis i.e. all sums due to or from the Council are included whether or not the cash has actually been received or paid in the year,

exceptions are made for quarterly utilities payments based on meter reading dates. Since these policies are applied consistently year on year, they have no material effect on any one year's accounts.

#### **xxiv. Foreign Currency**

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

#### **xxv. Heritage Assets**

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

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

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

#### **xxvi. Carbon Reduction Commitment scheme**

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



**xxvii. Fair value measurement**

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

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

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

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

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

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

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

## Housing Revenue Account

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

	NOTE	2016/2017		2015/2016	
		£000	£000	£000	£000
<b>Income</b>					
Rents (gross):					
- dwellings		(24,582)		(25,021)	
- garages		(353)		(333)	
- other		(221)	(25,156)	(214)	(25,568)
Charges for services and facilities			(643)		(605)
<b>Total Income</b>			<b>(25,799)</b>		<b>(26,173)</b>
<b>Expenditure</b>					
Repairs and Maintenance			5,430		6,138
Supervision and Management:					
- general		2,564		2,544	
- special services		967	3,531	1,082	3,626
Increased provision for bad debts			71		96
Depreciation & Impairments of Fixed Assets					
- On dwellings	3	14,372		11,612	
- On garages	3	148		148	
- On other Assets	3	52		52	
			14,572		11,812
<b>Total Expenditure</b>			<b>23,604</b>		<b>21,672</b>
<b>Net Cost Of Services per Income &amp; Expenditure Account</b>			<b>(2,195)</b>		<b>(4,501)</b>
HRA Services share of Corporate and Democratic Core			321		321
<b>Net Cost Of HRA Services</b>			<b>(1,874)</b>		<b>(4,180)</b>
(Gain)/Loss on sale of HRA fixed assets			3,463		(886)
Interest Payable			3,673		3,673
Interest:					
- on mortgages		(58)		(54)	
- on balances		(90)	(148)	(110)	(164)
<b>(Surplus)/Deficit for the Year on HRA services</b>			<b>5,114</b>		<b>(1,557)</b>

## Statement of Movement on the HRA Balances

	2016/2017 £000	2015/2016 £000
Balance on HRA at the end of previous year	(20,479)	(18,162)
(Surplus)/ Deficit for year on HRA Income and Expenditure Account	5,114	(1,557)
Adjustments between accounting basis and funding basis under statute	(7,805)	(760)
<b>Net (increase)/decrease before transfers to/ from reserves</b>	<b>(2,691)</b>	<b>(2,317)</b>
Transfer to/ from reserves	0	0
<b>Net (increase)/decrease in year on HRA</b>	<b>(2,691)</b>	<b>(2,317)</b>
<b>Balance on HRA at the end of current year</b>	<b>(23,170)</b>	<b>(20,479)</b>

## Note to Statement of Movement on the HRA Balances

	2016/2017 £000	2015/2016 £000
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA balance for the year		
Gain/(Loss) on sale of HRA fixed assets	(3,463)	885
Items not included in the HRA Income and Expenditure Account but included from the movement on HRA balance for the year		
Transfer to/from Major Repairs Reserve note 5	(8,385)	(5,625)
Transfer to/from Pension Reserve note 6	74	12
Transfer to/from accumulated absences	(6)	(7)
Revenue Contributions to Capital Expenditure	3,975	3,975
<b>Net Additional amount required by statute to be credited to the HRA balance for the year</b>	<b>(7,805)</b>	<b>(760)</b>

## Housing Revenue Account Notes

## 1 Housing Stock

	31 March 2017	31 March 2016
<b>Houses and Bungalows</b>		
- 1 bedroom	278	278
- 2 bedrooms	1,421	1,430
- 3 bedrooms	1,747	1,772
- 4+ bedrooms	141	141
<b>Flats</b>		
- 1 bedroom	916	918
- 2 bedrooms	689	692
- 3+ bedrooms	66	68
<b>Total dwellings as at 31 March</b>	<b>5,258</b>	<b>5,299</b>

The council sold 41 houses during 2016/2017, of which 40 were sold under the right to buy scheme (RTB). The Council received a total before pooling of £3.087 million as capital receipts.

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

**2 Arrears**

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

	31 March 2017 £000	31 March 2016 £000
Rent arrears	1,141	1,132
less rent payments in advance	(544)	(500)
less bad debt provision	(1,084)	(1,075)
<b>Net arrears position</b>	<b>(487)</b>	<b>(443)</b>

**3 Movement of Housing Revenue Account Assets**

	Council Dwellings (Structures) £000	Council Dwellings (Services) £000	Council Dwellings (Land) £000	Other Property (Garages) £000	Other Equipment £000	Total £000
Net Book Value 1 April 2016	133,152	25,781	80,730	3,416	147	243,226
Additions in Year	4,180	5,899				10,079
Disposals	(1,924)					(1,924)
Revaluations	9,711	3,946	4,215			17,872
Depreciation	(5,778)	(8,594)		(148)	(52)	(14,572)
Category Adjustments			831			831
<b>Balance at 31 March 2017</b>	<b>139,341</b>	<b>27,032</b>	<b>85,776</b>	<b>3,268</b>	<b>95</b>	<b>255,512</b>

The Balance Sheet value of Council Dwellings (structures, services and land) as at 31 March 2017 was £252,149,463. 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 2017 was £813,385,365. 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 31% 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 2017 was £561,235,902.

The value of land valued in the HRA which is included in the balance sheet value of the council dwellings is £85,775,602.

**4 Financing of HRA capital expenditure**

	2016/2017 £000
Revenue and Reserves	3,975
Other receipts (MRR)	14,947
	<b>18,922</b>
Council Dwellings (Structures and Services)	10,079
Plant & Equipment	8,843
Asset under Construction	18,922

**5 Major Repairs Reserve**

	2016/2017 £000	2015/2016 £000
Brought forward at 1 April	(9,115)	(10,956)
Transfer to Capital	14,120	8,028
HRA Depreciation	(14,568)	(11,812)
Transfer to HRA	8,381	5,625
Carried forward at 31 March	<u>(1,182)</u>	<u>(9,115)</u>

**6 Contribution to Pension Reserve**

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

## Collection Fund

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

	NOTE	Non-Domestic			Non-Domestic		
		Rates 2016/2017	Council Tax 2016/2017	Total 2016/2017 £000	Rates 2015/2016	Council Tax 2015/2016	Total 2015/2016 £000
<b>Income</b>							
Council Tax	1		(285,782)	(285,782)		(268,120)	(268,120)
Non-Domestic Rates		(153,602)		(153,602)	(142,729)		(142,729)
Transferred from General Fund							
Transitional Relief		211		211	935		935
		<u>(153,391)</u>	<u>(285,782)</u>	<u>(439,173)</u>	<u>(141,794)</u>	<u>(268,120)</u>	<u>(409,914)</u>
<b>Disbursement</b>							
Precepts and Demands							
- Wiltshire Council		70,882	224,723		68,532	208,843	
- Police			29,540			28,015	
- Fire		1,446	12,235		1,399	11,084	
- Town/ and Parish Councils			15,416			14,206	
- Central Government		72,328			69,931		
				426,570			402,010
Share of surplus/(deficit) on Collection Fund							
- Wiltshire Council		(3,598)	5,054		(555)	4,647	
- Police			678			612	
- Fire		(73)	268		(11)	242	
- Central Government		(3,672)			(566)		
				(1,343)			4,369
Cost of collection allowance							
Provision for Bad Debts	2	626			622		
Write offs		(81)	(192)		(105)	(78)	
Appeals		769	940		1,124	764	
Other transfers to general fund		272			112		
Interest on overpayments		1,561			923		
		4			38		
							3,400
Fund surplus/(deficit) for the year		12,927	(2,879)	10,048	350	(215)	135
		<u>153,391</u>	<u>285,783</u>	<u>435,275</u>	<u>141,794</u>	<u>268,120</u>	<u>409,914</u>
<b>Fund Balance</b>							
		Non-Domestic		Non-Domestic		Total	
		Rates	Council Tax	Total	Rates	Council Tax	Total
Fund balance b/f		8,093	(6,700)	1,393	8,443	(6,915)	1,528
(Surplus)/deficit for year		(12,927)	2,879	(10,048)	(350)	215	(135)
Fund balance c/f	3	<u>(4,834)</u>	<u>(3,821)</u>	<u>(8,655)</u>	<u>8,093</u>	<u>(6,700)</u>	<u>1,393</u>

## Notes to the Collection Fund

### 1 Council Tax

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

The average amount of Council Tax required from a property in any tax band is the band D charge, average for Wiltshire Council was £1,594.71 for 2016/2017 multiplied by the ratio specified for that band. Ratios specified for the bands A to H are as follows:

Band	Estimated No. of Taxable Properties after discounts	Band D Equivalent Dwellings	Ratio
Band A Disabled	29	16	5/9
Band A	13,960	9,307	6/9
	13,989	9,323	
Band B	28,253	21,975	7/9
Band C	41,201	36,623	8/9
Band D	31,421	31,421	9/9
Band E	24,712	30,204	11/9
Band F	15,235	22,006	13/9
Band G	9,793	16,321	15/9
Band H	1,122	2,244	18/9
		170,117	
Adjustment for MOD contribution in lieu, new properties, & collection rate		6,663	
<b>Council Tax Base 2016/2017</b>		<b>176,780</b>	

### 2 National Non-Domestic Rates

The total non-domestic rateable value at 31 March 2017 was £370,100,104 (£368,870,595 at 31 March 2016). The national non domestic multiplier for the year was 49.7p (49.3p in 2015/2016) and the small business rates relief multiplier was 48.4p (48.0p in 2015/2016).

**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.

	<b>Non-domestic Rates 31/03/2017 £000</b>	<b>Council Tax 31/03/2017 £000</b>	<b>Total 31/03/2017 £000</b>	<b>Non-domestic Rates 31/03/2016 £000</b>	<b>Council Tax 31/03/2016 £000</b>	<b>Total 31/03/2016 £000</b>
Wiltshire Council	(2,369)	(3,222)	<b>(5,591)</b>	3,966	(5,643)	<b>(1,677)</b>
Police	0	(424)	<b>(424)</b>	0	(757)	<b>(757)</b>
Fire	(48)	(175)	<b>(223)</b>	81	(300)	<b>(219)</b>
Central Government	(2,417)	0	<b>(2,417)</b>	4,046	0	<b>4,046</b>
	<b>(4,834)</b>	<b>(3,821)</b>	<b>(8,655)</b>	<b>8,093</b>	<b>(6,700)</b>	<b>1,393</b>



## Glossary

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

### Accruals

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

### Amortisation

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

### Assets

These can be either:

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

### Balance Sheet

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

### Best Value

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

### Budget

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

### Capital Expenditure

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

### Capital Receipts

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

### Cashflow Statement

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

### CIPFA

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

### Code of Practice

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

**Comprehensive Income and Expenditure Statement (CI&ES)**

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

**Creditors**

Money owed by the Council to others.

**Debtors**

Money owed to the Council by others.

**Dedicated Schools Grant (DSG)**

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

**Depreciation**

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

**Employee Costs**

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

**Exceptional Items**

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

**Extraordinary Items**

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

**General Fund**

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

**Government Grants**

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

**Government Grants Deferred**

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

**Gross Expenditure**

Expenditure before deducting any related income.

**Housing Revenue Account (HRA)**

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

**Impairment**

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

**IFRSs**

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

**Leases**

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

**Liabilities**

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

**Long Term Contracts**

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

**Minimum Revenue Provision (MRP)**

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

**Major Repairs Allowance (MRA)**

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

**Net Expenditure**

Gross expenditure less directly related income.

**Non-Domestic Rates (NDR)**

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

**Precept**

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

**Preceptor**

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

**Private Financing Initiative (PFI)**

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

**Provision for Credit Liabilities (PCL)**

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

**Provisions**

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

**Rateable Value**

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

**Reserves**

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

**Revaluation Reserve**

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

**Revenue Expenditure**

Day to day running costs of services.

**Revenue Income**

Day to day income received for services.

**Revenue Support Grant**

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

**Running Expenses**

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

**Service Reporting Code of Practice (SeRCOP)**

Established to modernise the system of Local Authority accounting and reporting, and ensure that it meets the changed and changing needs of modern Local Government; particularly the duty to secure and demonstrate best value in the provision of services to the community.

**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 vatiable goods and services.