

Wiltshire Council

DRAFT UNAUDITED
Annual Report and Statement of Accounts

2017/2018

Draft

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Leader's introduction and Corporate Directors introduction

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Director of Finance's Narrative Report

Wiltshire is a County with a proud heritage.

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

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

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

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

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

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

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

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

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



Ian Duncan, CPFA
Interim Director of Finance
Wiltshire Council

2017/2018 Financial and Performance Review

Overall Financial Outturn

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

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

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

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

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

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

Impact on the Council's Assets and Liabilities

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

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

Delivery of the Capital Programme

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

2017/18 Financial and Performance Review, continued

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

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

Impact on Treasury Management and cash flow:

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

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

Pension Fund

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

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

Financial Risks

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

General Fund & Earmarked Reserves

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

2017/18 Financial and Performance Review, continued

Financial & activity / performance

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

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

drive for continual improvement in performance.

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

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

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

Annual Governance Statement

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

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Statements to the Accounts

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The Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

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

The Chief Finance Officer's Responsibilities

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

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

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

The Chief Financial Officer has also:

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

The Statement of the Chief Finance Officer

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

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

Ian Duncan

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

2018

Independent Auditor's Report to the Members of Wiltshire Council

To be added following completion of the annual audit.

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

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KEY FINANCIAL STATEMENTS

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Comprehensive Income and Expenditure Statement

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

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

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

Movement in Reserves Statement

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

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

Balance Sheet

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

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

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

Cashflow Statement

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

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

Expenditure & Funding Analysis Statement

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

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

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

Notes to the Core Financial Statements

Introduction to the Explanatory Notes

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

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Note 1 Revenue outturn

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

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

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

Note 1b Expenditure and Income Analysed by Nature

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

Note 2 Exceptional items

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

Note 3 Other Operating Expenditure

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

Note 4 Financing and Investment Income and Expenditure

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

Note 5 Taxation and Non Specific Grant Income

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

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

Note 6 Grant Income

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

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

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

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

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

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

Note 7 Dedicated Schools Grant

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

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

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

Note 8 Pooled Budgets

Partnerships Schemes under S31 Health Act

Better Care Fund

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

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

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

This was funded from income and grants as follows:

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

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

Note 9 Members' Allowances

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

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

Note 10 Officers' Remuneration

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

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

Notes:

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

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

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

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

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

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

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

Subnote A:

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

Subnote B:

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

Subnote C:

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

Subnote D:

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

Subnote E:

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

Subnote F:

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

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

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

Subnote G:

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

Subnote H:

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

Subnote I:

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

Exit Packages

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

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

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

Note 11 External Audit Fees

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

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

Note 12 Related Parties

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

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

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

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

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

Note 13 Note to the Funding Analysis

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

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

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

Note 13a Adjustments for Capital Funding and Expenditure Purposes

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

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

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

Note 13c Other Differences

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

Note 14 Adjustments between accounting basis and funding basis under regulations

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

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

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

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

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

Note 16 Information about Depreciation Methodologies

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

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

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

Note 17 Capital Expenditure and Capital Financing

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

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

Note 18 Fixed Asset Valuation

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

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

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

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

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

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

Schools Assets

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

Components and effect on depreciation

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

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

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

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

Note 19 Revaluation and Impairment Losses

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

Note 20 Heritage Assets

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

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

White horse near Westbury

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

East Grafton Wilton Windmill

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

Village Lock ups

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

County Hall Members Rooms Art

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

Other items of Historical Interest

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

Note 21 Leases**Finance leases**

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

Operating leases

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

Operating Lease payments in 2017/2018

	2017/2018 £000
Plant, vehicles and equipment	27

Operating lease payments due in future years

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

Leases held as investments

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

Note 22 Private Financing Initiatives (PFI) and similar Contracts

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

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

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

North Wiltshire Schools PFI & Additional 6th Form Units.

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

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

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

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

Monkton Park Offices Modified PFI Scheme

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

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

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

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

Housing PFI Scheme

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

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

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

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

Note 23 Investment Property

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

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

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

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

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

Note 24 Intangible Assets

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

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

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

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

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

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

Note 25 Assets Held for Sale

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

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

OTHER NOTES TO BALANCE SHEET

Note 26 Short Term Debtors

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

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

Note 27 Cash and Cash Equivalent

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

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

Note 28 Short Term Creditors

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

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

Note 29 Provisions

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

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

Legal Claims

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

Insurance Claims

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

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

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

Termination Benefits

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

Business Rate Retention Scheme Appeals

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

Other Provisions

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

Note 30 Borrowing

An analysis of loans by maturity is as follows:

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

The total borrowing can be further analysed by lender category:

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

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

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

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

Note 32 Transfers to/ from Earmarked reserves

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

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

Note 33 Major Repairs Reserve

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

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

Note 34 Usable Capital Receipts Reserve

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

Note 35 Unusable Reserves

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

Note 36 Revaluation Reserve

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

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

Note 37 Capital Adjustment Account

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

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

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

Note 38 Pension Fund Liability

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

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

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

NOTES TO THE CASHFLOW STATEMENT

Note 39 Cash Flow Operating Activities

The cash flows for operating activities include the following items:

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

Note 40 Cash Flow Investing Activities

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

Note 41 Cash Flow Financing Activities

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

NOTES RELATING TO ACCOUNTING DECISION MAKING

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

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

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

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

Note 43 Critical Judgements in applying accounting policies

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

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

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

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

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

Property, Plant and Equipment

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

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

Provisions

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

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

Pensions Liability

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

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

Arrears

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

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

Fair measurements value

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

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

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

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

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

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

Note 45 Authorisation of Accounts for Issue

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

Note 46 Events after the Balance Sheet Date

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

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

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

Note 47 Contingent Liabilities

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

Insurance Claims

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

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

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

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

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

The Council participates in two pension schemes:

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

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

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

Assets and liabilities in relation to Retirement Benefits

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

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

A more detailed breakdown is included in note 38

Information about the defined benefit obligation

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

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

Pension Assumptions

Financial Assumptions

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

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

Assumptions on Mortality Rates

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

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

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

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

Pension Assets

Fair value of employer assets

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

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

Projected defined benefit costs for the period to 31 March 2019

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

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

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

Sensitivity Analysis

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

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

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

Note 50 Nature and Extent of risks arising from Financial Instruments

Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies (covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

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

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

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

Credit Risk

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

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

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

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

- credit watches and credit outlooks from credit rating agencies

- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

The full Investment Strategy for 2017/2018 was approved by Full Council on 21 February 2017 and is available on the Council's website.

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

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

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

The Council does not generally allow credit for its customers.

During 2017/2018 the council held no collateral as security

Liquidity Risk

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

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

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

Refinancing and Maturity Risk

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

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

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

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

Maturity Analysis of Financial Liabilities

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

Market Risk – Interest Rates Risk

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

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

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

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

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

Effects of a 1% Increase in Interest Rates

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

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

Market Risk - Price Risk

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

Market Risk - Foreign Exchange Risk

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

Note 51 Fair Value

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

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

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

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

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

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

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

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

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

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

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

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

Note 52 Fair Value Measurement of Investment Properties

Fair Value Hierarchy

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

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

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

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

Significant Unobservable Inputs Level 3

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

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

Highest and Best Use of Investment Properties

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

Valuation Techniques

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

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

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

Valuation Process for Investment Properties

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

Note 53 Prior Year Adjustments

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

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

Notes to Accounts Annex 1 Accounting Policies

i. General Principles

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

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

ii. Accruals of Income and Expenditure

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

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

iii. Provisions

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

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

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

Landfill Allowance Schemes

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

iv. Reserves

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

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

v. Government Grants and Contributions

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

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

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

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

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

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

vi. Employee Benefits

Benefits Payable During Employment

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

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

Termination Benefits

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

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

Post Employment Benefits

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

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

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

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

The Local Government Pension Scheme

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

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

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

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

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

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

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

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

Discretionary Benefits

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

vii. VAT

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

viii. Overheads and Support Services

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

ix. Intangible Fixed Assets

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

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

x. Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

xi. Investment Property

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

xii. Charges to Revenue for Non-Current Assets

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

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

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

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

xiii. Revenue Expenditure Funded From Capital Under Statute

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

xiv. Leases

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

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

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The Council as Lessee**Finance Leases**

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

Lease payments are apportioned between:

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

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

Operating Leases

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

The Council as Lessor**Finance Leases**

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

Lease rentals receivable are apportioned between:

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

Operating Leases

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

xv. Financial Instruments**Financial Liabilities**

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

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

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

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

Loans and receivables

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

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

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

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

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

Available-for-Sale Assets

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

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

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

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

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

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

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

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

xvi. Inventories and Long Term Contracts

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

xvii. Interest in companies and other entities

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

xviii. Private Finance Initiative (PFI)

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

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

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

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

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

xix. Exceptional Items

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

xx. Cash and Cash Equivalents

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

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

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

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

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

xxii. Events after the Balance Sheet Date

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

Two types of events can be identified:

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

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

xxiii. Non-Compliance with Code of Practice

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

xxiv. Foreign Currency

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

xxv. Heritage Assets

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

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

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

xxvi. Carbon Reduction Commitment scheme

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

xxvii. Fair value measurement

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

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

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

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

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

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

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

Housing Revenue Account

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

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

Statement of Movement on the HRA Balances

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

Note to Statement of Movement on the HRA Balances

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

Housing Revenue Account Notes

1 Housing Stock

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

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

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

2 Arrears

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

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

3 Movement of Housing Revenue Account Assets

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

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

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

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

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

4 Financing of HRA capital expenditure

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

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5 Major Repairs Reserve

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

6 Contribution to Pension Reserve

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

Collection Fund

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

	NOTE	Non-Domestic			Non-Domestic		
		Rates 2017/2018	Council Tax 2017/2018	Total 2017/2018 £000	Rates 2016/2017	Council Tax 2016/2017	Total 2016/2017 £000
Income							
Council Tax	1		(304,709)	(304,709)		(285,782)	(285,782)
Non-Domestic Rates		(147,257)		(147,257)	(153,602)		(153,602)
Transferred from General Fund							
Transitional Relief		314		314	211		211
		<u>(146,943)</u>	<u>(304,709)</u>	<u>(451,652)</u>	<u>(153,391)</u>	<u>(285,782)</u>	<u>(439,173)</u>
Disbursement							
Precepts and Demands							
- Wiltshire Council		68,665	237,304		70,882	224,723	
- Police			30,275			29,540	
- Fire		1,401	12,551		1,446	12,235	
- Town/ and Parish Councils			16,954			15,416	
- Central Government		70,066			72,328		
				437,216			426,570
Share of surplus/(deficit) on Collection Fund							
- Wiltshire Council		3,068	2,530		(3,598)	5,054	
- Police			332			678	
- Fire		63	138		(73)	268	
- Central Government		3,130			(3,672)		
				9,261			(1,343)
Cost of collection allowance	2	622			626		
Provision for Bad Debts		67	41		(81)	(192)	
Write offs		988	828		769	940	
Appeals		(159)			272		
Other transfers to general fund		2,372			1,561		
Interest on overpayments		0			4		
				4,759			3,899
Fund surplus/(deficit) for the year		<u>(13,054)</u>	<u>3,755</u>	<u>(9,299)</u>	<u>12,927</u>	<u>(2,879)</u>	<u>10,048</u>
		<u>137,229</u>	<u>304,708</u>	<u>441,937</u>	<u>153,391</u>	<u>285,783</u>	<u>439,174</u>
Fund balance b/f							
		(4,834)	(3,821)	(8,655)	8,093	(6,700)	1,393
(Surplus)/deficit for year							
		13,054	(3,755)	9,299	(12,927)	2,879	(10,048)
Fund balance c/f	3	<u>8,220</u>	<u>(7,576)</u>	<u>644</u>	<u>(4,834)</u>	<u>(3,821)</u>	<u>(8,655)</u>

Notes to the Collection Fund

1 Council Tax

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

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

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

2 National Non-Domestic Rates

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

3 Collection Fund Balance

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

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

Glossary

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

Accruals

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

Amortisation

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

Assets

These can be either:

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

Balance Sheet

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

Best Value

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

Budget

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

Capital Expenditure

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

Capital Receipts

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

Cashflow Statement

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

CIPFA

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

Code of Practice

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

Comprehensive Income and Expenditure Statement (CI&ES)

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

Creditors

Money owed by the Council to others.

Debtors

Money owed to the Council by others.

Dedicated Schools Grant (DSG)

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

Depreciation

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

Employee Costs

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

Exceptional Items

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

Extraordinary Items

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

General Fund

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

Government Grants

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

Government Grants Deferred

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

Gross Expenditure

Expenditure before deducting any related income.

Housing Revenue Account (HRA)

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

Impairment

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

IFRSs

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

Leases

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

Liabilities

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

Long Term Contracts

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

Minimum Revenue Provision (MRP)

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

Major Repairs Allowance (MRA)

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

Net Expenditure

Gross expenditure less directly related income.

Non-Domestic Rates (NDR)

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

Precept

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

Preceptor

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

Private Financing Initiative (PFI)

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

Provision for Credit Liabilities (PCL)

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

Provisions

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

Rateable Value

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

Reserves

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

Revaluation Reserve

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

Revenue Expenditure

Day to day running costs of services.

Revenue Income

Day to day income received for services.

Revenue Support Grant

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

Running Expenses

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

Usable Capital Receipts Reserve

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

Useful Life

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

Value Added Tax (VAT)

An indirect tax levied on vatable goods and services.

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