

AGENDA

Meeting: Audit and Governance Committee

Place: [Online Meeting](#)

Date: Wednesday 18 November 2020

Time: 10.00 am

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

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

This Agenda and all the documents referred to within it are available on the Council's website at www.wiltshire.gov.uk

Membership:

Cllr Richard Britton (Chairman)	Cllr Andy Phillips
Cllr Stewart Dobson (Vice-Chairman)	Cllr Pip Ridout
Cllr Gavin Grant	Cllr Ian Thorn
Cllr Mike Hewitt	Cllr John Walsh
Cllr Nick Holder	Cllr Stuart Wheeler
Cllr Edward Kirk	

Substitutes:

Cllr Anna Cuthbert	Cllr Jim Lynch
Cllr Peter Evans	Cllr Ricky Rogers
Cllr Ross Henning	Cllr Jo Trigg
Cllr Ruth Hopkinson	

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AGENDA

Part I

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

1 **Apologies**

To receive any apologies or substitutions for the meeting.

2 **Minutes of the Previous Meeting** (*Pages 7 - 12*)

To confirm and sign the minutes of the meeting held on 25 September 2020.

3 **Declarations of Interests**

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

4 **Chairman's Announcements**

To receive any announcements through the Chairman.

5 **Public Participation**

The Council welcomes contributions from members of the public.

The Council welcomes contributions from members of the public. During the ongoing Covid-19 situation the Council is operating revised procedures and the public are able participate in meetings online after registering with the officer named on this agenda, and in accordance with the deadlines below.

[Guidance on how to participate in this meeting online.](#)

Statements

Members of the public who wish to submit a statement in relation to an item on this agenda should submit this electronically to the officer named on this agenda no later than 5pm on Friday 13 November (2 clear working days before the meeting).

State whom the statement is from (including if representing another person or organisation), state points clearly and be readable aloud in approximately 3 minutes. Up to three speakers are allowed for each item on the agenda.

Questions

Those wishing to ask questions are required to give notice of any such questions electronically to the officer named on the front of this agenda no later than 5pm on Wednesday 11 November 2020 (4 clear working days before the

meeting) in order to be guaranteed of a written response. In order to receive a verbal response, questions must be submitted no later than 5pm on Friday 13 November 2020 (2 clear working days before the meeting).

Please contact the officer named on the front of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent. Details of any questions received will be circulated to members prior to the meeting and made available at the meeting and on the Council's website; they will be taken as read at the meeting.

6 **Report to those charged with Governance (ISA 260) 2018/2019** (*Pages 13 - 24*)

To receive the ISA 260 report.

7 **Statement of Accounts 2018/2019** (*Pages 25 - 146*)

To consider the 2018/2019 accounts.

8 **Update on Statement of Accounts 2019/2020**

To receive a verbal update on the 2019/2020 accounts.

9 **Annual Governance Statement 2019/2020** (*Pages 147 - 160*)

To consider the Annual Governance Statement 2019/2020.

10 **Pension Assurance on Pension Fund Accounts 2019/2020** (*Pages 161 - 214*)

To receive an update on the Pension Fund Annual Report and Accounts 2019/2020.

The minutes of the meeting of the Wiltshire Pension Fund Committee on 24 September are attached for information. See minute number 187.

11 **Grant Certification Report**

To receive an update on the grant certification report from KPMG relating to teachers pay/pensions 2019/2020.

12 **Quarter 2 Internal Audit Report 2020/2021** (*Pages 215 - 254*)

To consider the Q2 Internal Audit report 2020/2021.

13 **Quarter 4 Internal Audit Planning 2020/2021** (*Pages 255 - 258*)

To consider the report on Internal Audit Planning Q4 2020/2021.

14 **SWAP - New Ways of Working Update**

To receive a presentation on the practical effects to Wiltshire Council of the New Ways of Working.

15 **Risk Management during COVID-19**

To receive a verbal update on risk management during COVID-19.

16 **Governance Action Log Update**

To receive an update.

17 **Forward Work Programme** (*Pages 259 - 262*)

To note the Forward Work Programme

18 **Date of Next Meeting**

To note that the next regular meeting of the Committee will be held on 10 February 2021.

19 **Urgent Items**

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

Part II

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

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Audit Committee

MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 25 SEPTEMBER 2020 AT ONLINE MEETING.

Present:

Cllr Richard Britton (Chairman), Cllr Stewart Dobson (Vice-Chairman), Cllr Gavin Grant, Cllr Nick Holder, Cllr Edward Kirk, Cllr Andy Phillips, Cllr Pip Ridout, Cllr John Walsh and Cllr Stuart Wheeler

Also Present:

Lauren Parsons, Ian Howse, Ian Gibbons, David Hill, Jessica Croman, Andy Brown, Lizzie Watkin and Cllr Pauline Church

34 Apologies

Apologies were received from Cllr Ian Thorn.

35 Minutes of the Previous Meeting

RESOLVED

The minutes of the meeting held on the 22 July 2020 were approved as a correct record.

36 Declarations of Interests

The Chairman declared an interest noting that he was a Director at SWAP.

37 Chairman's Announcements

A recruitment exercise was undertaken to fill the Chief Accountant position although no successful candidate had been identified. The position was back out for recruitment.

The Chairman announced that items 9 and 10 would be considered first on the agenda.

38 Public Participation

No questions or statements were received.

39 2018/19 Accounts Update Report

The Chairman introduced the item and invited Andy Brown, Interim Corporate Director of Resources, to give an update.

Andy Brown explained that, since the initial issue of the presentation of fixed assets was identified, it was thought that the process would be straight forward to resolve. Since then it became apparent that the issues were more complicated and required more work to resolve.

Actions taken to resolve the issues included implementing a new asset accounting system to ensure compliance, the system was used to revalue all Wiltshire assets to ensure the correct valuation values and accumulated depreciation were corrected. Following this work, the presentation of the Comprehensive Income and Expenditure Statement had changed, albeit with no change to the net, bottom line figures, and the two non-usable reserve notes, the Revaluation Reserve and the Capital Adjustment Account were also restated. More work had been carried out to provide evidence to support assurance on the opening balance of the reserves, although, the time frame had now passed with not enough evidence provided to satisfy the auditors.

Following this a decision was taken to recommend to the Audit Committee that the accounts be signed off to allow the 2019/20 accounts and audit process to be concluded within the statutory deadline, accepting the auditors opinion and removing the relevant technical areas from the scope of the audit opinion. This would enable officers time to plan properly to resolve the issues for 2020/21.

This would result in an audit opinion of 'qualified, except for' which meant that, except for the matters detailed in the audit report relating to the balances on the two technical reserves, the accounts would present a true and fair view.

Andy Brown explained that the impact for the Statement of Accounts was very limited, there would be no impact on the net financial position of the council, General Fund Reserve, council tax payer nor for the resources available for delivery services and it would not affect any decision for financial planning purposes.

Previously the audit committee had approved that the final sign off was delegated to the Director of Finance and Procurement (S.151 Officer) in consultation with the Chairman of the Audit Committee, once agreement had been finalised with Deloitte. Given the significance of the outcome it felt appropriate for the 2018/19 accounts to be presented in full at the next audit committee.

Ian Howse, Deloitte, reiterated that the issues related only to technical issues, they would not impact tax payers and that it would not impact Wiltshire Council's ability to function.

Lizzie Watkin, Head of Corporate Finance, explained the technical process of why the issues would not affect the council's bottom line.

In response to questions it was noted that a press statement had been published publically; officers believed central government would not be taking too much interest in the issues unless they were significant; there would be additional fees due to the amount of work involved in resolving the issues and they would be reported to a future meeting and that although additional costs had been incurred in purchasing new software, the systems needed to be upgraded to reflect the modern nature of the organisation.

Following which it was;

RESOLVED

Members approved the update on the progress of the 2018/19 audit.

It was agreed to receive the Statement of Accounts 2018/19 at the next audit committee in November, to enable the Committee to provide the formal and final sign off on the 2018/19 accounts.

40 **Accounting Policies 19/20**

Lizzie Watkin introduced the report which outlined the accounting policies, which were used to produce the draft statement of accounts for 2019/20. It was noted that there had not been any significant changes to the accounting regulations for the year 2019/20 and therefore the accounting policies had no changes from the previous year.

Ian Howse reiterated that there had not been any changes and did not foresee any issues within the audit scope. It was noted that next year there were likely to be some changes which could be complex. He also explained that there was a good opportunity for CIPFA to review and simplify the accounting process.

A question was asked about a government planning white paper and whether it could impact CIL payments, section 106 payments and budgeting. Andy Brown confirmed that it could have an impact although it was not clear what exactly the proposed changes were.

In response to a question on reviewing the accounting policies, it was noted that they would be audited and reviewed annually. There was mention within the Redman review to extend the deadline of the statement of accounts to be more in line with a September deadline, although officers were monitoring the situation and recommended that the accounting policies return to the audit committee in April to be reviewed.

RESOLVED

The council's accounting policies for the financial year 2019/20 were approved.

41 **Q1 Internal Audit Report**

Charlotte Wilson, SWAP, introduced the Q1 internal audit report noting that the start of the programme of internal audit work was paused due to COVID-19 and internal audit staff were redeployed to areas of high need while maintaining a level of internal audit work. While SWAP would want to make up for lost time, this has been identified as unachievable. Following consultations with audit partnerships in the Audit Together Group a decision has been made that, as of the 30 June, one quarter of the years internal audit resources would have been utilised, leaving three quarters of the resources available for the rest of the year.

Follow up audits for direct payments and gross loans had been completed, almost three quarters of the recommendations made were still outstanding although good progress had been made.

The outstanding school recommendations remained high although due to school closures no updates had been received, now that school were getting back to normal requests for updates had been sent out.

There had been two amendments to the Q2 plan which now included grant certification and the scope of the brokerage audit being extended and split into two separate audits.

In response to a question asked about an outstanding school priority 1 recommendation it was noted that actions had taken place and that the risk level in that priority had significantly reduced.

It was explained that, to ensure recommendations were implemented in a timely manner, a process was being developed with Andy Brown, Interim Corporate Director of Resources, and Lizzie Watkin, Head of Corporate Finance. Andy also provided assurance that the Corporate Leadership Team were taking a keen interest in the audit recommendations and getting them implemented. Additionally an audit to look at the oversight of maintained schools would take place in Q3.

A question was asked on whether the delay in implementing recommendations impacted their priority levels. In response it was noted that all of the outstanding recommendations had been reviewed, auditors were confident that enough actions had taken place in the high risk areas that their priority level had not been impacted.

RESOLVED

The report was noted.

42 Proposed Q3 Internal Audit Plan

Charlotte Wilson, SWAP, introduced the Q3 plan and explained the process used to identify changes in the plan.

Following which it was;

RESOLVED

The Q& IA plan was approved.

43 **SWAP - New Ways of Working**

David Hill, SWAP. gave a presentation on SWAP's new ways of working, key points of the presentation focused on:

- The Three Lines Model – The three lines of defence model, which had been in place for over 20 years, had been replaced by the three lines model. The model was designed for auditors to build relationships with management and that all parties worked together.
- New technology would be adopted to add value and enable auditors to provide continuous risk assessments and assurances.
- SWAP aimed to progress to maturity level 5 by next year and were in the process of analysing some new data analytics software. Two new data analysts had been appointed and were working to build a data library across the partnership, which would drive efficiency.
- SWAP were about to relaunch their data sharing protocol, purchased a new file secure transfer system, which would provide a secure portal to allow data sharing and provided a new diagrammatic lifecycle to inform users of how and who the data is used by and the lifecycle of the data.
- SWAP were implementing agile auditing to ensure audit results were communicated quickly.
- I one page reports would be introduced which would reduce the narrative, audits with no or partial assurance would include more narrative.
- SWAP were working with Power BI to create more dynamic reporting.

David provided assurance that although the auditors would be working closer with management, they would remain independent.

The Chairman thanked David for the presentation.

44 **Appointment to Constitution Focus Group**

The Chairman called for nominations for the appointment of a member to the Constitutional Focus Group.

RESOLVED

To appoint Cllr Richard Britton to the Constitutional Focus Group.

45 **Forward Work Programme**

RESOLVED

The forward work plan was noted.

46 **Date of Next Meeting**

The next meeting would take place on the 18 November 2020.

47 **Urgent Items**

There were no urgent items.

(Duration of meeting: 10.00 - 11.35 am)

The Officer who has produced these minutes is Jessica Croman of Democratic Services, direct line 01225 718262, e-mail jessica.croman@wiltshire.gov.uk

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Wiltshire Council

Report to the Audit Committee on the 2018/19 Audit
Update to the Final Report

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Update to the Final Report

When we presented our Final Report to the audit committee on 24 July 2019, we identified that there were a number of matters outstanding. In addition, there has been a further update to the McCloud Judgement that has arisen since that date. This report provides an update on those matters.

Description		Status
Item 1 – Completion of PFI Testing		
In our report presented on 24 July 2019, the completion of our testing of the PFI balances was noted as outstanding.	We have since completed our work in relation to the PFI liability balances. From this we identified a misstatement in relation to the Housing PFI liability, with this being understated by £24.3m as at 31 March 2019, as a result of a clerical error when including liabilities within the accounts from the PFI model. This has since been corrected by the Council, with the majority of the other side of the correction being reflected in the Capital Adjustment Account and an immaterial amount reflected within the Comprehensive Income and Expenditure Statement (CIES).	Completed
Page 5	In addition, we noted that payments relating to PFI were incorrectly included within investing activities in the Cash Flow Statement, whereas the CIPFA code notes that these should be included within financing activities. This has been corrected in the final version of the accounts.	Completed
	Item 2 – Completion of Work on Property Plant and Equipment (PPE)	
In our report presented on 24 July 2019, we noted that our work on note 15 was outstanding and that we were in the process of finalising recommendations in relation to property valuations with management.	We identified an error in relation to the way that the Council was recording revaluation movements in the PPE note which resulted in an overstatement of the value of properties and an equal overstatement of accumulated depreciation, so therefore no impact on the net book value. As a result of this the Council have implemented a new asset management system and have updated note 15 to reflect work undertaken to correct the above error. We have now satisfactorily completed our work on this. This has resulted in a reduction of the opening valuation/accumulated depreciation within note 15 of £348m, and an in year adjustment of £161m.	Completed
	We noted that we had not been able to obtain a breakdown of the opening revaluation reserve balance due to SAP system limitations so had not been able to conclude that impairments had been correctly allocated between the CIES and the revaluation reserve. We had also not been able to obtain a record of previous impairments posted to the CIES. As a result of the Council implementing the new asset management system noted above, an adjustment to the opening revaluation reserve balance for 2019/20 was made (increasing this by £55.5m). We have been unable to audit the revaluation reserve balances in order to determine whether these are materially correct. This is because the balances have built up over many years and the Council has not been able to provide a detailed analysis which we can audit. As a result of this, as previously discussed with the Audit Committee, we intend to issue a modified audit opinion. The Council is aiming to undertake	Completed

detailed work to analyse these balances with the aim of removing this qualification for the 2020/21 Accounts, which means the qualification will be repeated in the 2019/20 Accounts.

In our report presented on 24 July 2019, we included a corrected misstatement relating to a misclassification between disposal categories in note 15. The corrected overstatement was reported as £1,709k in the 24 July 2019 report, but this was actually £2,270k. This is not material so it has no impact on our opinion, and we note that the misclassification between categories is no longer relevant as in the later versions of the accounts all disposals will be shown in one category.

In our report presented on 24 July 2019, we noted that note 15 included an asset which the Council did not own, as it had been disposed of prior to 2018/19. This had an immaterial value of £1,552k. Through our work on the 2019/20 accounts, we identified that there are further assets that may be included incorrectly in note 15. These relate to assets which may be owned by a Trust and not Wiltshire Council, however, the Council is still assessing this. The net book value of these assets in the 2018/19 accounts is £1.938m. As this is a potential misstatement, and the value is immaterial, the accounts remain uncorrected for this. We will continue to assess and conclude on these assets as part of the 2019/20 audit. A recommendation has been raised in relation to this. See below.

Item 3 - Completion of pension fund work and review of IAS 19 letter

<p>In our report presented on 24 July 2019, page 14 listed the outstanding matters relating to the Pension Fund audit.</p>	<p>The audit of the Pension Fund is complete, subject to finalisation procedures (these include receipt of the signed representation letter and completion of post-year end events review).</p>	<p>Completed subject to finalisation procedures</p>
<p>We also noted the review of the IAS 19 Letter being outstanding.</p>	<p>This letter which contains details of work undertaken by the Pension Fund audit team in relation to the Pension disclosures in the Council's Financial Statements has since been reviewed with no issues noted.</p>	<p>Complete</p>
<p>Our report included an unadjusted misstatement relating to the McCloud Judgement, for which there has since been a further update.</p>	<p>In our report presented on 24 July 2019, we included an unadjusted misstatement concerning an understatement of the pension liability by £2.7m which related to the McCloud Judgement. We note that following the publication of the Ministry of Housing, Communities and Local Government (MHCLG) consultation in July 2020, the McCloud ruling was clarified as only applying for members who were in active service prior to 1 April 2012. The impact of this is a reduction of the previously reported unadjusted misstatement, however, as this is immaterial, we have not undertaken any further work to quantify the reduction.</p>	<p>No further work required.</p>

Item 4 – Finalisation Procedures

In our report presented on 24 July 2019, we included a number of finalisation procedures as outstanding. These included:

- **Concluding on the impact of Brexit,** We have concluded on this with no issues noted. Complete.

- **Receipt and checking of the final version of the Annual Report and Accounts,** Checks on the final version of the Annual Report and Accounts are underway. To be completed.
- **Receipt of the signed representation letter** To be received on 18 November 2020. Yet to be received.
- **Our review of events since 31 March 2029 through to the date of signing** This review is ongoing. Ongoing.
- **Completion of our internal quality assurance procedures.** These are complete with the exception of the work to be undertaken on the final Annual Report and Accounts as noted above To be completed.

In addition to the matters covered in the table above, the report we presented on 24 July 2019 noted that we were discussing a possible adjustment in relation to note 10 (Officers' Remuneration) with management. This related to the Officers' Remuneration bandings including both taxable and non-taxable expenses when, per the CIPFA code, only taxable expenses should be included. This resulted in a change to the numbers of staff reflected in the relevant bandings in note 10 in the final version of the accounts.

The report that we presented on 24 July 2019 noted that no significant value for money risks had been identified to date. We have considered the impact of the weaknesses in accounting records relating to the revaluation reserve and have determined that this does not present a significant value for money risk. Therefore, we confirm that we have not identified any significant value for money risks.

We note that following our reporting in July 2019, we have been provided with several versions of the accounts, and in a number of instances errors were identified within the amended versions, in addition to the original errors identified within the first draft of the accounts provided for audit. In addition to this, we also identified inconsistencies between the accounts and the requirements set out within the CIPFA checklist. We have raised the below recommendation in relation to this:

Page 17

Recommendation

Wiltshire Council Response

It is recommended that a robust review is undertaken of the accounts which are presented for audit, along with any subsequent versions of the accounts containing amendments. It is also recommended that the Council completes the CIPFA checklist as part of the closedown process, and references each requirement within the checklist to where the requirement has been satisfied within the accounts, or note that the requirement is not applicable with an explanation why. The completed checklist should then be reviewed along with the accounts prior to being presented for audit.

Agreed. A full review of the process for producing the Statement of Accounts will be undertaken to ensure that the technical applications and the expectations on meeting those are clear in order to meet the required standards and disclosures. Within this it is the expectation that the CIPFA Disclosure Checklist, with annotations as suggested, is completed as standard, and other quality assurance checking will also be introduced as standard. The process for dealing with amendments to the accounts will be agreed during the audit planning process with the auditors. It is accepted that subsequent versions of the accounts will not be produced unless an error or misstatement materially impacts the accounts and the breadth of the impact is significant. A tracker of changes from the published draft accounts to the final version will also be kept to ensure all amendments are known and shared with the auditors.

It is recommended that the Council continues to assess, and concludes on whether or not it is correct for the King George assets to be recognised in the Statement of Accounts.

As we have also identified other assets (with an immaterial value of £1,552k) as part of our audit which should not have been recognised in the Statement of Accounts as they have been disposed, we also recommend that the Council undertakes a review of its disposal procedures to ensure future disposals are captured and the assets removed from the asset register.

Agreed. The council will undertake a review of all known trust arrangements which will include an assessment of whether or not any assets held should be recognised in the Statement of Accounts. Evidence of this assessment will be kept and shared with the auditors.

A full review will also be undertaken of the disposal procedures to ensure all future disposals are captured and the relevant assets removed from the asset register. This review will include a review of assets with non-standard valuation review dates to ensure all assets recognised are legitimate and appropriate for the council to recognise.

Independence and Fees

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

Independence confirmation

We confirm the audit engagement team and others in the firm (as appropriate), Deloitte LLP and, where applicable, all Deloitte network firms are independent of the Fund and Authority.

In reaching our conclusion on this confirmation we considered the requirements of Auditor Guidance Note 01 (issued by the National Audit Office) and the Ethical Standard 2019 to report all significant facts and matters that may bear upon our integrity, objectivity and independence, though not meeting the defined criteria for an affiliate of an audited entity, we have taken account of the tax and internal audit services provided to the Brunel Pension Partnership by Deloitte. To this effect we have documented our assessment on the threats and safeguards concerned with the delivery of services to, and the receipt of fees from, the Brunel Pension Partnership, along with our assessment on the opinion of a reasonable and informed third party on these services.

Audit Fees

The original council audit fee for 2018/19, in line with the fee range provided by PSAA, was £128,913. As a result of the additional work required to be undertaken as part of the 2018/19 audit, we will be holding discussions with Management to agree an additional fee to cover this. We estimate that this additional fee will be approximately £30,000.

The pension audit fee for 2018/19 is £18,669.

No non-audit fees have been charged by Deloitte in the period.

Non-Audit Services

In our opinion there are no inconsistencies between APB Ethical Standards for Auditors and the Council's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.

Relationships

We are required to provide written details of all relationships (including the provision of non-audit services) between us and the organisation, its board and senior management and its affiliates, including all services provided by us and the DTTL network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our objectivity and independence.

We are not aware of any relationships which are required to be disclosed.

Responsibility statement

This report should be read in conjunction with the "Report to the Audit Committee on the audit for the year ended 31 March 2019" circulated to you on 23 July 2019 and sets out an update on those audit matters of governance interest which came to our attention during the audit and were outstanding at the time of our final report or have arisen since that date. Our audit was not designed to identify all matters that may be relevant to the Audit Committee and this report is not necessarily a comprehensive statement of all deficiencies which may exist in internal control or of all improvements which may be made.

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

Deloitte LLP

Deloitte LLP

Cardiff

9 November 2020

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Appendix A – Audit Opinion

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILTSHIRE COUNCIL

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

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

- give a true and fair view of the financial position of the Authority as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

We have audited the financial statements which comprise:

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

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2018/19.

Basis for qualified opinion

Included in the Authority's Unusable Reserves are a Revaluation Reserve of £308,687,000 and Capital Adjustment Account of £326,878,000 as at 31 March 2019. As disclosed in notes 36 and 37, the opening balances as at 1 April 2017 of the Revaluation Reserve and the Capital Adjustment Account were adjusted due to errors found in the historic balances when implementing the new fixed asset management system. We were unable to obtain sufficient appropriate audit evidence in relation to the balances and the movements during the year as disclosed in notes 36 and 37 due to the Council being unable to produce records on an asset by asset basis to support how these balances have built up over a number of years. Consequently we were unable to determine whether any adjustment between these amounts were necessary. Where any adjustments to the Revaluation Reserve or Capital Adjustment Account are required, there may also be an impact on the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the Expenditure and Funding Analysis Statement. However, there will be no impact on the General Fund Balance and the Total Useable Reserves.

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

Chief Financial Officer's responsibilities

As explained more fully in the Chief Financial Officer's responsibilities statement, the Chief Financial Officer is responsible for: the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

1.1 Auditor's responsibilities for the audit of the financial statements

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

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

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

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

Conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in April 2019, we are satisfied that, in all significant respects, Wiltshire Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

USE OF OUR REPORT

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

Ian Howse (Appointed auditor)
For and on behalf of Deloitte LLP
Cardiff, Wales
18 November 2020



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Wiltshire Council

Audit Committee

18 November 2020

Subject: Statement of Accounts 2018/19

Executive Summary

This report presents the final audited Statement of Accounts 2018/19, including an updated Annual Governance Statement and Letter of Representation for approval.

Proposal(s)

- a. To approve the addendum to the Annual Governance Statement for 2018/19.
- b. To approve the Letter of Representation for the Statement of Accounts 2018/19.
- c. To approve the final audited Statement of Accounts 2018/19, accepting the auditors 'except for' qualification limited to the historic balances on the Revaluation Reserve and historic balances on the Accumulated Depreciation within the Capital Adjustment Account.

Reason for Proposal(s)

The responsible financial officer is required to approve and publish the Statement of Accounts for the council by the deadlines set out in regulation, or as soon as reasonably practicable after the receipt of the auditor's final findings. The statutory deadline for the 2018/19 Statement of Accounts approval was 31 July 2019.

Andy Brown

Interim Corporate Director for Resources (S.151 Officer)

Wiltshire Council

Audit Committee

25 September 2020

Subject: Statement of Accounts 2018/19

Purpose of Report

1. This report presents the Statement of Accounts for the financial year 2018/19 for approval following the conclusion of the audit.
2. Alongside the accounts is an updated Annual Governance Statement for approval, reflecting the outstanding issue and 'except for' qualification opinion from the auditors and a Letter of Representation.

Relevance to the Council's Business Plan

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

Background

4. The Statement of Accounts for the financial year 2018/19 was presented to Audit Committee at its meeting on 24 July 2019. During this meeting it was noted that there had been a delay in releasing the audit report as Deloitte had identified an issue with the presentation of the fixed assets in note 15, Property, Plant & Equipment. Although the overall net book value was correct on the Balance Sheet, the split between the opening balance on the cost or valuation and the opening balance on the depreciation and impairments needed to be restated.
5. It was anticipated that the additional work to support the restatement of the accounts would be relatively straight forward, the audit process then complete within a short timescale and due to the technical nature of the issue and the very limited impact on the accounts it was approved that the final sign off was delegated to the Director of Finance and Procurement (S.151 Officer) in consultation with the Chairman of the Audit Committee, once agreement had been finalised with Deloitte.
6. A report was presented to Audit Committee at their meeting on 25 September that included an update on the actions since the previous report. It set out the actions that had been undertaken in addressing the issue with the presentation of the fixed assets and included the impact on the accounts presentation. It was noted that there has not been enough evidence provided for the opening balances of the Revaluation Reserve and the Capital Adjustment Account to satisfy the auditors to be assured on the level of balances stated. It was therefore recommended and approved by the committee that the accounts would be presented at the Audit Committee

meeting in November to ensure the 2018/19 accounts are concluded and to allow for the 2019/20 accounts and audit process to be concluded accepting an 'except for' qualification.

7. Amendments have been made to the accounts since they were last presented to this committee which ensure that the in-year presentation is correct and complies with regulation. The accounts include additional narrative to explain changes and also include an additional note (note 53) that details the prior period adjustment that has been applied to the accounts. Amendments since the accounts were presented to this committee in July 2019 are as a result of the changes to the assets gross value, accumulated depreciation and the PFI valuation and revaluation reserve value and the associated entries. The accounts can be seen in Appendix C.

Annual Governance Statement

8. Best practice requires local authorities to review their Annual Governance Statement immediately before the Statement of Accounts is approved to ensure that the governance framework and risks have not significantly changed since the review was carried out.
9. Consideration of the audit process, the misstatements found and audit opinion forms part of this review. As a result of this the Annual Governance Statement has been updated to include an addendum disclosing the outstanding issue and 'except for' qualification audit opinion as detailed above. This updated statement can be found in Appendix A. The committee are requested to formally approve addendum to the Annual Governance Statement for 2018/19.

Letter of Representation

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

Main Considerations for the Council

11. From the outset it is imperative to understand that the majority of the 2018/19 accounts have been resolved to satisfaction. Whilst it is disappointing that we have been unable to resolve the issues with respect to these two technical accounts, given the time that this has gone on, the technical nature of the reserves on the accounts and therefore its relevance to the taxpayer balanced with the additional audit fees to resolve, it is time to sign the accounts off and plan properly to resolve the issue for 2020/21.
12. The impact for the Statement of Accounts is very limited. There is no impact on the net financial position of the council that has been reported, there is no impact on the General Fund Reserve, no impact for the council tax payer nor for the resources available for delivery services and it does not affect any decision for financial planning purposes.

13. By signing the accounts off now it will demonstrate that, apart from these two technical issues, the Councils accounts do represent a true and fair view. The focus must remain on ensuring that value for money is delivered through the work to support the audit and the cost of additional audit services, that council resources are focused on recovery alongside statutory requirements, and finance support the priorities of the council.
14. The Section 151 Officer has consulted with the chairman of the Audit Committee in respect to the delegation to sign off the final accounts and in accordance with the discussions at the previous committee meeting it is felt that the appropriate course of action is for the 2018/19 accounts to be presented and receive the requisite approval from this committee rather than utilise the previous delegation.

Next Steps – Plan of action

15. After approval of the updated Annual Governance Statement, Letter of Representation and the Statement of Accounts by this committee and following the receipt of the audit certificate the audited Statement of Accounts 2018/19 will be published and made available on the internet.
16. It should be made clear that the historic balances of the technical reserves is still an important issue that needs resolving, and this task will not be complete until the issue has been resolved to satisfaction in the opinion received on the 2020/21 accounts.
17. Due to timing, the scale of the work that is required to assure the auditors and the current capacity of technical resource within the finance team this opinion will also apply to the accounts for the financial year 2019/20, on the basis no other audit findings arise.
18. There is full commitment to undertake all the work required to provide assurance on the balances before the close of the financial year 2020/21 to ensure that the proposed qualification applies only to the two financial years and will not apply to the accounts for 2020/21.
19. A full review will be undertaken with Deloitte to ensure the scale of work required, based on proportionality and audit sample approach is known and understood so that the required work can be delivered, with focus. This is planned to commence next month.
20. Equally there is a commitment to reviewing the level of technical resource within the Councils accountancy team and to ensure there is sufficient technically skilled resource to not only deal with resolving the issues on the audit but is sustainable to deal with the changing technical demands in the accounting code for Local Government as well as the activities being undertaken by the Council e.g. consolidated group accounts.

Overview and Scrutiny Engagement

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

Safeguarding Implications

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

Public Health Implications

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

Procurement Implications

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

Equalities Impact of the Proposal

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

Environmental and Climate Change Considerations

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

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

27. The annual accounts are required to be approved as part of the overall statutory requirement of the annual accounts process. If the accounts and audit process is not concluded the process for 2019/20 will not be able to be concluded.

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

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

Financial Implications

29. The financial implications have been set out in the body of this report and an estimate of the additional audit fees are set out in the auditor's final report on the 2018/19 Accounts. There are no financial performance or planning implications, and the implications of the outstanding assurances lie have no impact on usable reserves and no impact on the funds available for the delivery of services to the public.

Legal Implications

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

Workforce Implications

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

Options Considered

32. To leave the accounts and audit process without conclusion impacts directly on the ability to progress to conclusion the 2019/20 accounts, and potentially longer without any planned action to resolve.

33. Given the context of the opinion in that the majority of the accounts are to satisfaction, the current capacity of technical resource within the finance team, the need to drive value for money in delivering the work to support the audit and the cost of additional audit services, and to ensure that the limited council resources are focused on both response and recovery priorities of the council drawing to conclusion the 2018/19 accounts and approving them is the best option of the Council at this time, with a firm plan and commitment to resolving the issues for the 2020/21 financial year.

Conclusions

34. The Committee are recommended to approve:

- a) The addendum to the Annual Governance Statement for 2018/19.
- b) The Letter of Representation for the Statement of Accounts 2018/19.
- c) The final audited Statement of Accounts 2018/19, accepting the auditors 'except for' qualification limited to the historic balances on the Revaluation Reserve and historic balances on the Accumulated Depreciation within the Capital Adjustment Account.

Andy Brown

Interim Corporate Director for Resources (Section 151 Officer)

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9 November 2020

Appendices

Appendix A: Annual Governance Statement 2018/19
Appendix B: Letter of Representation 2018/19
Appendix C: Final Statement of Accounts 2018/19

Background Papers

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

Draft Statement of Accounts 2018/19

Audit Committee meeting 24 July 2019 – Agenda Item 8

Audit Committee meeting 25 September 2020 – Agenda Item 9

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Wiltshire Council

Annual Governance Statement 2018/19

Introduction

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

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

This statement reflects how Wiltshire Council has met those standards in 2018/19 and the ongoing actions it is taking to maintain and improve its governance arrangements. Evidence of how we have assessed ourselves has been grouped into sections as set out by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its publication 'Delivering Good Governance in Local Government Framework (2016)' and is consistent with the Local Code of Corporate Governance.

Approval of the Annual Governance Statement 2018/19

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



Alistair Cunningham OBE
Executive Director
Director



Dr Carlton Brand
Executive Director



Terence Herbert
Executive



Cllr Philip Whitehead
Leader of Wiltshire Council

24 July 2019

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



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

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

Respect for the rule of law

The Council's [Constitution](#) provides the framework within which the Council operates. It sets out how decisions are made and the procedures which must be followed to ensure that these are efficient, effective, transparent and accountable.

The constitution is kept under review and in 2018/19 the role and responsibilities of portfolio holders and access to confidential material by councillors have been clarified.

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

Behaving with integrity

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

There is a process for dealing with complaints under the code of conduct for unitary, parish, town and city councillors in Wiltshire. This process and its application is set by the Council and reviewed regularly by the Council's **Standards Committee**. Minutes from the meetings of this Committee can be found [online](#).

Strong commitment to ethical values

Ethical considerations are also evident in the Council's [Procurement Strategy](#) where Social Value is a consideration. The Strategy describes a voluntary charter for suppliers asking for a commitment to local employment, skills, training and environmental issues.

There were 47 complaints last year, 12 in relation to unitary members, 35 parish members. 8 in total were referred for investigation. The number of complaints per year since 2012 has ranged from 24-79.

How we can improve

- Agree an updated Corporate Equality Plan for 2019/20
- Review the arrangements for dealing with code of conduct complaints (Protocol 12)
- Review and update as appropriate the Behaviours Framework
- Review the procurement approach to social value

Principle B - Ensuring openness and comprehensive stakeholder engagement

Openness

The Council makes available a range of important information on its website including its strategic aims and ambitions in its published [Business Plan](#) and via its [publication scheme](#). The council has arrangements for dealing with requests under Freedom of Information laws. In 2018/19 there were 1818 requests with 98% responded to within 20 days

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

Public engagement plays a key part in the decision-making process, across the full range of the Councils services. Key consultations undertaken during 2018/19 include those on Housing Allocation Policy, Parking Charges, Special Schools, Bus Services and Children's Centres. A **communications protocol** is in place for councillors and officers

The Council supports a range of partnerships including: the [Health and Wellbeing Board](#), promoting integrated working between the council and the NHS; the [Wiltshire Police and Crime Panel](#) which reviews and scrutinises decisions of the Police and Crime Commissioner (the Panel is a joint committee with Swindon Borough Council); and the work of the Swindon and Wiltshire Local Enterprise Partnership ([SWLEP](#)). Cabinet have [reviewed](#) LEP governance as part of a business transfer agreement following the LEP's formal incorporation.

Engaging with citizens and service users

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

The **Wiltshire Compact** is an agreed set of guidelines and principles to foster good working relationships between the voluntary sector and the public sector. This will be reviewed in 2019.

Quick, open, officer decision making is in place with the ability for local councillors to call-in **planning** decisions to committee in response to local concerns. A strategic planning committee oversees the application of the Local Plan. Expectations for [Community Involvement](#) in preparing Wiltshire's planning policy documents and in considering planning applications are clearly set out.

An **electoral review** was conducted by the Local Government Boundary Commission. After consideration of submissions from the council, the LGBCE maintained the number of councillors at 98, noting in particular the importance of our area boards.

Engaging with institutional stakeholders

How we can improve

- Adopt a new Partnership Working Framework (replace Protocol 8 of the constitution) and undertake an audit of partnership arrangements across the council
- Review the Wiltshire Compact and role of Wiltshire Assembly
- Agree new consultation policy/ guidance to replace the 2015 consultation strategy
- Consider options for collecting feedback from residents, including surveys
- Review Part 4 of the constitution in relation to petitions

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

Defining outcomes

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

Following the publication of the report of the LGA's **Peer Review** on Wiltshire Council in 2018, an [action plan](#) continues to be implemented and overseen by CLT and Cabinet with the Overview and Scrutiny Management Committee monitoring progress on a six to nine monthly basis.

A [Local Development Scheme](#) provides a three year rolling project plan for producing the **local development framework**

The findings of the **CQC Local System Review** in Wiltshire were published June 2018 and a joint [action plan](#) developed with the NHS to address these. The key findings included the need to have a single joined up commissioning strategy that builds on the Better Care Plan, an integrated workforce plan and closely aligned transformation programmes. Wiltshire Council has continued to invest in transformation of adult social care and established a reablement team in 2018/19 which has improved outcomes for clients (57% left the service with no ongoing care needs).

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

Community facilities have a key role in supporting people to live more active and fulfilled lives. The campus programme has provided sustainable assets for towns that provide a place, facilities and services that help to combat isolation and loneliness and increase the opportunities for social interaction; and in so doing build strong communities. Several campuses have been completed already and work continues in Calne, Cricklade and Melksham

Parishes throughout the county can continue to request community asset transfers. During 2018/19 negotiation on significant **service delegation and asset transfer** packages took place with Devizes, Chippenham and Pewsey and Royal Wootton Bassett Town Councils following the successful asset transfer package for Salisbury City Council. This enables local communities more of a say, with the intention to extend this to cover the whole county.

Sustainable economic, social and environmental benefits

How we can improve

Fully implement the peer review recommendations by developing an outcome-based planning process aligned to budget build
 Consider additional resource for service delegation and asset transfer delivery
 Respond to the findings of an Ofsted inspection in May/ June 2019 building on the previous progress that has been made.

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

Determining and planning interventions

Optimising achievement of intended outcomes

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

The council's [annual budget](#) setting process has also seen updates to the Medium Term Financial Strategy and ongoing Capital Programme

Oversight of corporate projects is undertaken by the Corporate Leadership Team (CLT), supported with advice from Finance, Legal, HR and Procurement Teams. The **Programme Office** manages projects and programmes on behalf of the Council and provides reports to the Council on ongoing work. During 2018/19 the majority of projects were delivered or progressed according to schedule. Monthly reports were provided to CLT with appropriate actions taken.

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

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

Significant programmes in 2018/19 include the transformation of adult social care; families and children; and digital. These were supported by the council's system thinking team where appropriate.

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

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

How we can improve

Review the effectiveness of the commercial policy and current commissioning approaches.
 Implement the newly adopted Part 10 of the constitution on procurement and contract rules; aligned to a regularly updated Annual Procurement Plan and medium-term contract management strategy. Embed good commissioning and contract management as part of staff job descriptions.

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

Developing capacity

The Wiltshire Council [People Strategy](#) focuses on attracting the best people to work for the Council and engaging, developing and retaining existing staff and continues to be implemented.

A bi-annual **staff survey** in 2018 showed an improvement in staff engagement overall (+12% to 70%), and included an increase in positive responses to those who can 'always or frequently' find appropriate training and development opportunities (+13% to 58%). More can be done however to help staff understand how their work contributes to the priorities of the council (-9% to 77%) which will be addressed through outcomes based planning

Managers are required to complete **annual appraisals** with their staff and use these to identify training and development needs and develop plans to address these needs

Following the introduction of the **apprenticeships levy** the council now has over 170 apprentices employed. A new leadership and management development programme launched in 2018 and offers aspiring and developing managers the opportunity to complete accredited qualifications using levy funding. In addition, the council now has the highest number of under 25s employed in recent years at 6.9 per cent, some of which are employed as apprentices.

Further consideration was given to the alignment of service responsibilities to roles at tier 2 of the organisation and the Business Plan objectives. A **senior management** restructure at tier 2 took place in March 2019, and steps to appoint to roles internally following consultation have been completed. Current actions to recruit to the remaining vacancies are being taken

The council continues to learn by seeking **best practice** from elsewhere and responding to the findings of external inspections such as the CQC Local System Review; and an Ofsted inspection taking place in May/ June 2019. The council is also participating in evaluations of how well we have worked with our civil contingency partners in the response to (and recovery from) the events in south Wiltshire in 2018, which had significant implications for the county, council and partners.

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

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

How we can improve

Rollout training and awareness on decision making processes following a review of corporate governance practices

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

Managing risk and performance

A new [risk and performance management policy](#) was [agreed](#) in February 2019 to replace the previously separate Corporate Risk Strategy and Corporate Performance Strategy

The Council's risks are monitored at various levels in the organisation including by [Cabinet](#) on a quarterly basis. Managing risks is the responsibility of services who define the risks related to their service areas and assign individuals to be responsible for their management. All services risks are scored on the same basis and some service risks are elevated, through the policy, onto the corporate risk register which is published and reviewed quarterly. An audit of risk management was undertaken in 2018/19 leading to a more nuanced approach on categorisation of risk appetite.

The main **changes in risk** during 2018/19 have been relating to the implications of and uncertainty around Brexit, where the council has worked closely with its partners through civil contingency arrangements to address this possibility; and a greater understanding of financial risk including income generation.

Wiltshire's section 151 Officer or **Chief Finance Officer** has a statutory duty to ensure that the Council has a strong financial control environment, including an effective and independent Internal Audit function in accordance with the Accounts and Audit Regulations 2015.

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

Robust internal control and strong public financial management

The General Data Protection Regulations came into force in May 2018. The Senior Information Risk Owner's **(SIRO) Annual Report**, outlines the significant work that has taken place to embed good practice and manage risk to ensure compliance across the council. SWAP have conducted an audit confirming this, noting that compliance is a constantly evolving target and services will need to adapt as the interpretation of the legislation continues to develop.

How we can improve

Review business intelligence (data analysis and insight) functions across the council and supporting systems
 Review how performance can be communicated to the public to deliver maximum openness and transparency.
 Combine financial reporting and performance and risk reporting in the same quarterly report to Cabinet and embed good practice across the council

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

Assurance and effective accountability

Implementing good practices in transparency and reporting

The Council has independent external auditors (Deloitte) and the South West Audit Partnership who provide an internal audit function, Wiltshire being the oldest and biggest partner. SWAP's periodic update reports were considered during 2018/19 by the Council's [Audit Committee](#). As at April 2019, SWAP Internal Audit completed 60 **internal audit** reviews, to draft and final report including significant high risk areas e.g. contract management and project management. Reporting also has included action to follow up implementation. Overall SWAP assessed the Council's control environment as 'reasonable' with no significant issues raised. Changes to clarify the role and functions of the Audit Committee were made to Part 2, Part 3, Part 9 and Protocol 11 of the Constitution. The Council's **External Auditor** has also not raised any significant matters during 2018/19 in their first year as appointed auditor. *[Addendum 2020: The council has worked with the auditor on a technical disclosure query associated with fixed asset accounting and more specifically historical balances within the revaluation reserve and capital adjustment account. The Council has accepted an 'except for' qualification on these accounts to ensure progress to conclusion of the audit opinion for 2018/19 and 2019/20. Details of this conclusion and opinion can be found in the auditor's ISA 260 reports].* The **Statement of Accounts** for 2018/19 record that waste had a net overspend of £4.099m, largely due to a significant delay in the contractor obtaining planning permission for construction of a Materials Recovery Facility (MRF) to sort dry recyclable materials

There is a strong culture operating in the Council of acting to the highest standards. This is rooted in the behaviours expected of councillors and staff, and upheld by the senior leaders. Where any resident feels the Council has not acted properly the Council has a **corporate complaints procedure**. The council has received the Annual Letter of the Local Government and Social Care Ombudsman. There were 64 complaints referred to the Ombudsman in 2018 vs 73 in in 2017, and those upheld fell from 12 to 8.

A **review of the inter-relationship between key polices** has taken place to improve clarity and consistency of processes, including: Anti-Fraud and Corruption, Anti Money-Laundering, complaints and some staff policies, such as Registering interests, gifts and hospitality. New policies have been agreed

The **Overview and Scrutiny** committees in Wiltshire Council have undertaken a range of reviews to inform policy development and evaluate decisions of the executive. Key reviews include those on digital services, military-civilian integration, special schools, maternity, children's centres, outdoor education, homelessness, LED lighting and taxi fares. An [Annual Report](#) from the Overview and Scrutiny Management Committee sets out this activity in detail.

Senior directors meet weekly and review on a quarterly basis progress against the ambitions set out in the **Local Code of Corporate Governance**

The Council complies with reporting requirements such as an [online structure chart](#) and information on senior salaries and expenses.

How we can improve

Align organisational processes more closely to the outcomes in the Business Plan to ensure a focus on the resources used and outcomes achieved
 Finalise accompanying action plans for the counter fraud framework
 Deliver outstanding waste service changes and saving initiatives.

Date 18 November 2020

County Hall
Bythesea Road
Trowbridge
Wiltshire
BA14 8JN

Dear **Engagement Partner**

This representation letter is provided in connection with your audit of the financial statements of Wiltshire Council for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of Wiltshire Council as of 31 March 2019 and of the results of its operations, other recognised gains and losses and its cash flows for the year then ended in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

We confirm, to the best of our knowledge and belief, the following representations.

Financial statements

1. We understand and have fulfilled our responsibilities for the preparation of the financial statements in accordance with the Code of Practice on local Authority Accounting in the United Kingdom (the Code), which give a true and fair view, as set out in the terms of the audit engagement letter.
2. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and the disclosures related to accounting estimates under the entity's applicable financial reporting framework are complete and appropriate.
3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IAS24 "Related party disclosures".
4. All events subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment of or disclosure have been adjusted or disclosed.
5. The effects of uncorrected misstatements and disclosure deficiencies are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements and disclosure deficiencies is detailed in the appendix to this letter.

6. We confirm that the financial statements have been prepared on the going concern basis and disclose in accordance with IAS 1 all matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including principal conditions or events and our plans. We do not intend to liquidate the council or cease trading as we consider we have realistic alternatives to doing so. We are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Council's ability to continue as a going concern. We confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including our plans for future actions.
7. We confirm that we have taken reasonable measures to ascertain if there is any need for impairment of Infrastructure Assets.
8. We confirm that:
 - all retirement benefits and schemes, including UK, foreign, funded or unfunded, approved or unapproved, contractual or implicit have been identified and properly accounted for;
 - all settlements and curtailments have been identified and properly accounted for;
 - all events which relate to the determination of pension liabilities have been brought to the actuary's attention;
 - the actuarial assumptions underlying the valuation of the scheme liabilities (including the discount rate used and the salary increase assumption of 2.8%) accord with the Council's best estimates of the future events that will affect the cost of retirement benefits and are consistent with our knowledge of the business;
 - the actuary's calculations have been based on complete and up to date member data as far as appropriate regarding the adopted methodology; and
 - the amounts included in the financial statements derived from the work of the actuary are appropriate.

Information provided

9. We have provided you with:
 - a) Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - b) Additional information that you have requested from us for the purpose of the audit; and
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

10. All transactions have been recorded and are reflected in the financial statements and the underlying accounting records.
11. We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
13. We are not aware of any fraud or suspected fraud that affects the entity or group and involves:
 - (i) management;
 - (ii) employees who have significant roles in internal control; or
 - (iii) others where the fraud could have a material effect on the financial statements.
14. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
15. We are not aware of any instances of non-compliance, or suspected non-compliance, with laws, regulations, and contractual agreements whose effects should be considered when preparing financial statements.
16. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
17. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the applicable financial reporting framework. No other claims in connection with litigation have been or are expected to be received.
18. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.

We confirm that the above representations are made on the basis of adequate enquiries of management and staff (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

Richard Britton
Chair of Audit Committee

Andy Brown
Interim Corporate Director of Resources (s151)

Appendix 1

Schedule of Uncorrected Misstatements

Description	Assets	Liabilities	Equity	Income
	DR / (CR) £	DR / (CR) £	DR / (CR) £	Statement DR / (CR) £
Understatement of Pension Liabilities - McCloud		(2,700k)		2,700k
Projected Error – Overstatement of Creditors		1,468k		(1,468k)
Overstatement of PPE (due to incomplete recording of disposals)	(£1,552k)		£1,552k	
Potential Overstatement of PPE (King George Assets)	(£1,938k)		£1,938k	

Disclosure deficiencies:

#	Disclosure title	Description of the deficiency and explanation of why not adjusted	Amount (if applicable)
1	Minor Disclosure Deficiencies	We have identified a number of minor disclosure deficiencies/potential disclosure improvements through our review of the accounts, including our review against the CIPFA checklist. These points have not been deemed material in relation to our audit, and we will work with management as part of the 2019/20 audit in order to ensure these minor disclosure issues are addressed for next year.	N/a

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Wiltshire Council
Annual Report and Statement of Accounts
2018/2019

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Leader's introduction

2018/2019 has been a challenging but successful year as the Council delivered against our Business Plan. Despite funding pressures and significant levels of demand, the Council has made strong progress in its priorities.

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

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

Over the last 12 months we have delivered on these priorities and we are proud of our staff, services and what we have achieved together.

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

2018/2019 has been another challenging year financially, yet I am delighted that the attached statements show yet again we have delivered our budget and this year we have succeeded in returning £2.2 million to the General Fund Reserve.

This has been achieved whilst delivering £26 million of in year saving proposals in the face of £33 million of growth in demand for critical services.

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

- Continuation of the adult social care transformation programme;
- Continuation of the families and children's service transformation programme, with an aim of significantly improving the chances of all our children living safely,

- healthily and happily in their own families and communities; and
- investment in a new children's case management system, to replace 5 legacy systems

The political uncertainties around the United Kingdom's departure from the European Union and the question mark over local authority funding posed by the Government's delayed fair funding review lead to future financial uncertainties. Additionally, there are proposed changes with business rates devolution and the government's future finance settlements. The outcomes of all these changes are not yet known but may impact significantly on the council's finances. However, the Council remains absolutely committed to deliver its priorities and on delivering vital services for its communities, residents and businesses.

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

Finally, I would like to pay tribute to Baroness Scott of Bybrook who recently stood down as Leader after 16 years. Her vision and leadership have been instrumental in transforming the Council and bringing it to the successful position it is today.



Cllr Philip Whitehead

Leader of Wiltshire Council 30 July 2019

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 and unprecedented increases in demand for services. In total Government funding has fallen by nearly £130 million since 2009. Disproportionate increases in demand for services has compounded this with pressures of £33 million being contained and mitigated. Yet despite this, and through effective financial management, the Council has every year set and delivered a balanced budget. At the same time improving its performance in key areas.

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

Looking back on 2018/2019, the Council has had another successful year financially. In setting the 2018/2019 budget the Council planned to deliver £26 million of savings in the face of £33 million of growth in demand for services. The outturn shows that we have delivered an underspend of £0.357 million and thus delivered again on the saving goals.

Service Area	2018/2019 £m	2017/2018 £m
Adults	152.645	144.593
Children	75.502	68.676
Growth, Investment & Place	106.847	104.093
Corporate	(5.805)	(6.421)
Net position	329.189	310.941
Net Budget	(329.546)	(311.351)
Surplus	(0.357)	(0.410)

At the same time, we have continued to resource high levels of performance in other key financial targets. As the financial pressures facing councils increase, we have and will continue to put financial acumen at the heart of all decision making to continue delivering an innovative, strong, resilient and sustainable financial environment.

During the audit some technical accounting errors were found and accountancy staff have worked alongside the external auditors to progress these to conclusion. More detail can be seen within the accounts, the annual governance statement and will be noted within the ISA260 report from the auditors. The errors are of a technical accounting nature and affect the historic opening balances on two unusable reserves. This does not affect the council's ability to deliver services to the public, nor does it affect the council tax payer or the amount set aside in usable reserves.

I recognise that to the ordinary reader the set of accounts can appear complicated, so the remainder of this narrative simply highlights some of the key outcomes contained in the 2018/2019 Statement of Accounts.

Andy Brown
Director of Finance & Procurement
Wiltshire Council
18 November 2020

2018/2019 Financial and Performance Review

Overall Financial Outturn

The Accounts report a minor underspend for 2018/2019. This has been achieved after a challenging year where we again saw an increase in demand for local services whilst facing further reductions in government funding.

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

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

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

	2018/2019 £000	2017/2018 £000
Adults Care	152,645	144,593
Childrens & Education	75,502	68,676
Growth, Investment & Place	106,847	104,093
Corporate	(5,805)	(6,421)
Budget Requirement	329,189	310,941
Funding	(329,546)	(311,351)
Surplus in year	(0.357)	(410)

The following pages set out how this financial outturn links to performance and demand. In setting the 2019/2020 Budget the Council took account of its Business Plan to reprioritise funding where required

and identified £26 million of savings to be delivered. Details are available in the budget setting papers on the Council's website.

Impact on the Council's Assets and Liabilities

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

	31 March 2019 £000	31 March 2018 £000
Long Term Assets	1,180,096	1,166,247
Current Assets	168,727	134,015
Current Liabilities	(113,038)	(110,397)
Net Pension Liability	(613,750)	(550,836)
Other long Term liabilities	(458,710)	(446,079)
Net Assets	163,325	192,950
Financed by		
Usable Reserves	(146,365)	(139,975)
Unusable Reserves	(16,960)	(52,975)
Total Reserves	(163,325)	(192,950)

Delivery of the Capital Programme

The Council's 2018/2019 programme saw £106 million spent to deliver a wide range of capital works. The programme being funded by large elements of this programme from £78 million in grants & contributions, £12 million from receipts, £14 million HRA contribution and £2 million from borrowing.

2018/2019 Financial and Performance Review, continued

The main areas of capital spend where £33m of highways spend, £31m on education schemes and £15m on council house build programmes and refurbishment of council stock.

Note 25 on Assets Held for Sale identifies that as at 31 March 2019, £8 million of Council property is expected to be sold in 2019/2020. These sales will continue to support the Council's capital investment plans.

Impact on Treasury Management and cash flow

The Council's internal Treasury Management team manages its cash within the strategy approved by Full Council. The Treasury Management Strategy was fully adhered to in 2018/2019. The average long-term borrowing rate was 3.76%; and the return on short term investments was 0.97%

At the end of 2018/19 the Council has £345.2 million of outstanding borrowing. That is £15 million more than as at 31 March 2018. In order to take advantage of borrowing rates, that are currently low, and to reduce the refinancing risk associated with existing external borrowing the Council has taken out £30 million of external borrowing (from the PWLB) in order to improve the ability to manage the level at which it is internally borrowed.

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 increase to the pension deficit to £614 million reflects an ongoing risk to the Council. This risk is being mitigated through a recovery plan agreed with

Wiltshire Pension Fund's actuary that will see the employer's liability fall in the future.

Financial Risks

The Council seeks to manage its financial risk through prudent controls, with business case assessments, always assessing the value of its assets and investments. Overall risks are well managed and set out in Note 43 to the accounts. There is £3.596 million set aside in provisions, mainly relating to insurance claims and NNDR appeals. More details are set out at Note 29 to the Accounts.

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

A risk during 2018/2019 related to the implications of and uncertainty around Brexit. The Council has worked closely with its partners through civil contingency arrangements to address this possibility; and a greater understanding of financial risk including income generation and implication on properties valuations.

General Fund & Earmarked Reserves

Overall the outturn has meant that the Council's General Fund Reserve is £15.1 million, this is an increase of £2.2 million in year. The level of general fund reserves remains still one of the lowest in the Country in proportion to the size of the Council it is still within the level recommended by the Chief Finance Officer. Other earmarked reserves have slightly decreased due to use of earmarked reserves.

2018/2019 Financial and Performance Review, continued

Financial & activity / performance

In setting the 2018/2019 budget the Council faced a 56% reduction in its revenue support grant funding (£10 million). This meant in 2018/2019 an additional £13.8 million was needed to be raised from Council Tax, and £7.3 million from the Social Care Levy to fund adult care pressures. The shift to less government grant also means over 98% of our funds now come from local residents and businesses, up from 94% in 2017/2018.

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.

Per the 2018/2019 revenue outturn report the general fund reported an underspend of £0.4 million. This is 0.1% of the Council's net budget. An additional top up to reserves of £1.8 million leaves the

General Fund Reserve at £15.1 million, a net increase of £2.2 million in the year.

The majority of service expenditure was in line with budget profiles and forecasts. Directors and Heads of Service worked to bring Services that identified large variances during the year back into a balance. In particular, Adults and Childrens services experienced significant demand pressures in year.

The service with the greatest budget pressure in year was Waste Services which reported a net overspend of £4.1 million. The majority of this overspend was due to the significant delay in the Councils Contractor obtaining planning permission for construction of a Materials Recovery Facility (MRF) to sort dry recyclable materials. The Waste budget has been rebased for 2019/2020 based on the forecast contract models and tonnage expectations.

The report also includes commentary on the Dedicated Schools Grant (DSG). This is coming under increased pressure in Wiltshire as it is across the country. The outturn is a £4.2 million overspend.

Annual Governance Statement

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

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

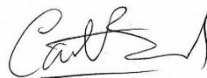
This statement reflects how Wiltshire Council has met those standards in 2018/19 and the ongoing actions it is taking to maintain and improve its governance arrangements. Evidence of how we have assessed ourselves has been grouped into sections as set out by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its publication 'Delivering Good Governance in Local Government Framework (2016)' and is consistent with the Local Code of Corporate Governance.

Approval of the Annual Governance Statement 2018/19

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



Alistair Cunningham OBE
Executive Director



Dr Carlton Brand
Executive Director



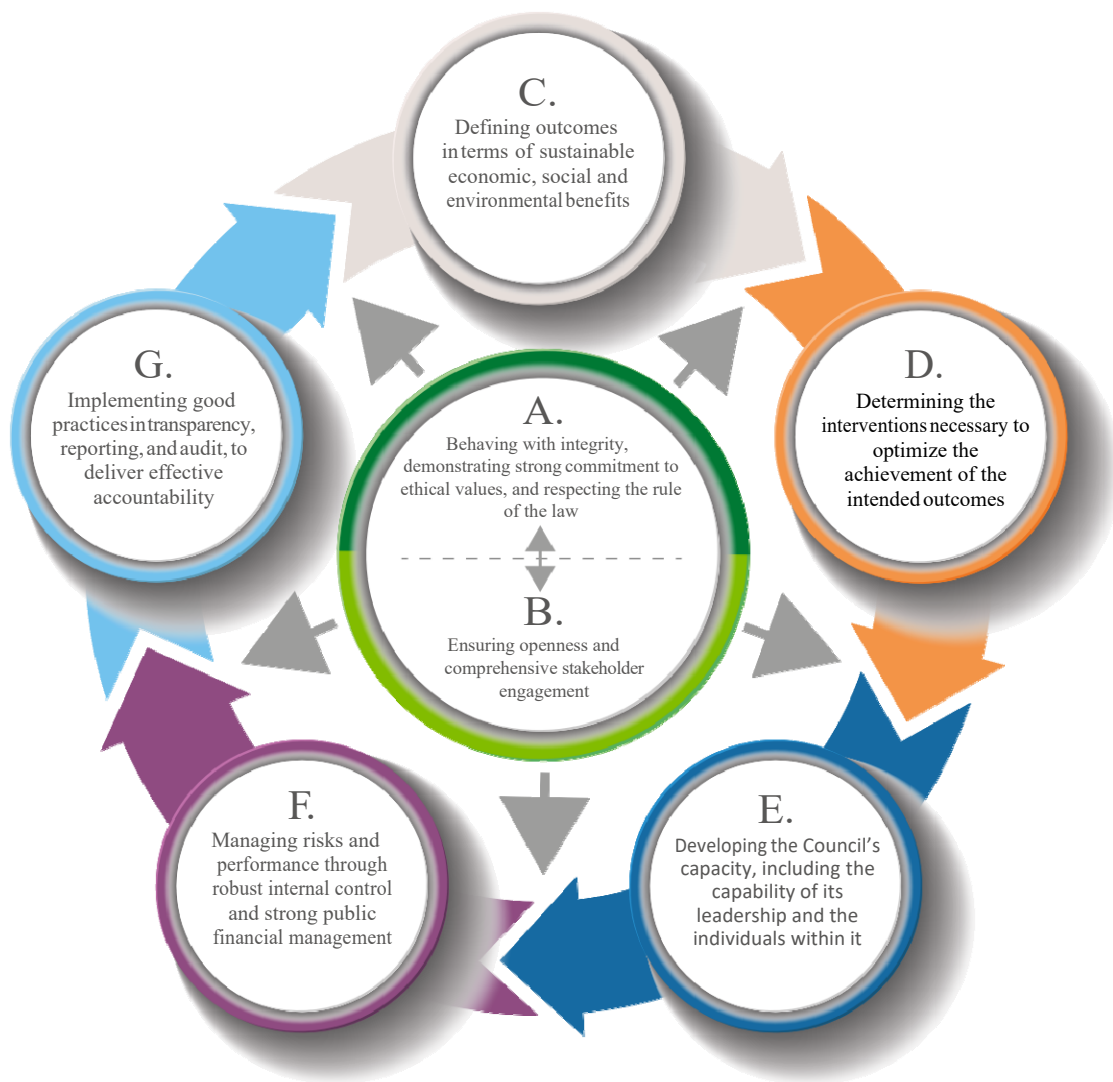
Terence Herbert
Executive Director



Cllr Philip Whitehead
Leader of Wiltshire Council

24 July 2019

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



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

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

Respect for the rule of law

The Council's **Constitution** provides the framework within which the Council operates. It sets out how decisions are made and the procedures which must be followed to ensure that these are efficient, effective, transparent and accountable.

The constitution is kept under review and in 2018/19 the role and responsibilities of portfolio holders and access to confidential material by councillors have been clarified.

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

Behaving with integrity

Strong commitment to ethical values

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

There is a process for dealing with complaints under the code of conduct for unitary, parish, town and city councillors in Wiltshire. This process and its application is set by the Council and reviewed regularly by the Council's **Standards Committee**. Minutes from the meetings of this Committee can be found online.

Ethical considerations are also evident in the Council's **Procurement Strategy** where Social Value is a consideration. The Strategy describes a voluntary charter for suppliers asking for a commitment to local employment, skills, training and environmental issues.

There were 47 complaints last year, 12 in relation to unitary members, 35 parish members. 8 in total were referred for investigation. The number of complaints per year since 2012 has ranged from 24-79.

How we can improve

- Agree an updated Corporate Equality Plan for 2019/20
- Review the arrangements for dealing with code of conduct complaints (Protocol 12)
- Review and update as appropriate the Behaviours Framework
- Review the procurement approach to social value

Principle B - Ensuring openness and comprehensive stakeholder engagement

Openness

The Council makes available a range of important information on its website including its strategic aims and ambitions in its published [Business Plan](#) and via its [publication scheme](#). The council has arrangements for dealing with requests under Freedom of Information laws. In 2018/19 there were 1818 requests with 98% responded to within 20 days

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

Public engagement plays a key part in the decision-making process, across the full range of the Councils services. Key consultations undertaken during 2018/19 include those on Housing Allocation Policy, Parking Charges, Special Schools, Bus Services and Children’s Centres. A **communications protocol** is in place for councillors and officers

The Council supports a range of partnerships including: the [Health and Wellbeing Board](#), promoting integrated working between the council and the NHS; the [Wiltshire Police and Crime Panel](#) which reviews and scrutinises decisions of the Police and Crime Commissioner (the Panel is a joint committee with Swindon Borough Council); and the work of the Swindon and Wiltshire Local Enterprise Partnership ([SWLEP](#)). Cabinet have [reviewed](#) LEP governance as part of a business transfer agreement following the LEP’s formal incorporation.

Engaging with citizens and service users

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

The **Wiltshire Compact** is an agreed set of guidelines and principles to foster good working relationships between the voluntary sector and the public sector. This will be reviewed in 2019.

Quick, open, officer decision making is in place with the ability for local councillors to call-in **planning** decisions to committee in response to local concerns. A strategic planning committee oversees the application of the Local Plan. Expectations for [Community Involvement](#) in preparing Wiltshire’s planning policy documents and in considering planning applications are clearly set out.

An **electoral review** was conducted by the Local Government Boundary Commission. After consideration of submissions from the council, the LGBC maintained the number of councillors at 98, noting in particular the importance of our area boards.

Engaging with institutional stakeholders

How we can improve
 Adopt a new Partnership Working Framework (replace Protocol 8 of the constitution) and undertake an audit of partnership arrangements across the council
 Review the Wiltshire Compact and role of Wiltshire Assembly
 Agree new consultation policy/ guidance to replace the 2015 consultation strategy
 Consider options for collecting feedback from residents, including surveys
 Review Part 4 of the constitution in relation to petitions

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

Defining outcomes

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

Following the publication of the report of the LGA's **Peer Review** on Wiltshire Council in 2018, an [action plan](#) continues to be implemented and overseen by CLT and Cabinet with the Overview and Scrutiny Management Committee monitoring progress on a six to nine monthly basis.

A [Local Development Scheme](#) provides a three year rolling project plan for producing the **local development framework**

The findings of the **CQC Local System Review** in Wiltshire were published June 2018 and a joint [action plan](#) developed with the NHS to address these. The key findings included the need to have a single joined up commissioning strategy that builds on the Better Care Plan, an integrated workforce plan and closely aligned transformation programmes. Wiltshire Council has continued to invest in transformation of adult social care and established a reablement team in 2018/19 which has improved outcomes for clients (57% left the service with no ongoing care needs).

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

Community facilities have a key role in supporting people to live more active and fulfilled lives. The campus programme has provided sustainable assets for towns that provide a place, facilities and services that help to combat isolation and loneliness and increase the opportunities for social interaction; and in so doing build strong communities. Several campuses have been completed already and work continues in Calne, Cricklade and Melksham

Parishes throughout the county can continue to request community asset transfers. During 2018/19 negotiation on significant **service delegation and asset transfer** packages took place with Devizes, Chippenham and Pewsey and Royal Wootton Bassett Town Councils following the successful asset transfer package for Salisbury City Council. This enables local communities more of a say, with the intention to extend this to cover the whole county.

Sustainable economic, social and environmental benefits

How we can improve

Fully implement the peer review recommendations by developing an outcome-based planning process aligned to budget build
Consider additional resource for service delegation and asset transfer delivery
Respond to the findings of an Ofsted inspection in May/ June 2019 building on the previous progress that has been made.

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

Determining and planning interventions

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

The council's [annual budget](#) setting process has also seen updates to the Medium Term Financial Strategy and ongoing Capital Programme

Oversight of corporate projects is undertaken by the Corporate Leadership Team (CLT), supported with advice from Finance, Legal, HR and Procurement Teams. The **Programme Office** manages projects and programmes on behalf of the Council and provides reports to the Council on ongoing work. During 2018/19 the majority of projects were delivered or progressed according to schedule. Monthly reports were provided to CLT with appropriate actions taken.

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

Significant programmes in 2018/19 include the transformation of adult social care; families and children; and digital. These were supported by the council's system thinking team where appropriate.

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

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

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

Optimising achievement of intended outcomes

How we can improve

Review the effectiveness of the commercial policy and current commissioning approaches.

Implement the newly adopted Part 10 of the constitution on procurement and contract rules; aligned to a regularly updated Annual Procurement Plan and medium-term contract management strategy. Embed good commissioning and contract management as part of staff job descriptions.

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

Developing capacity

The Wiltshire Council [People Strategy](#) focuses on attracting the best people to work for the Council and engaging, developing and retaining existing staff and continues to be implemented.

A bi-annual **staff survey** in 2018 showed an improvement in staff engagement overall (+12% to 70%), and included an increase in positive responses to those who can 'always or frequently' find appropriate training and development opportunities (+13% to 58%). More can be done however to help staff understand how their work contributes to the priorities of the council (-9% to 77%) which will be addressed through outcomes based planning

Managers are required to complete **annual appraisals** with their staff and use these to identify training and development needs and develop plans to address these needs

Following the introduction of the **apprenticeships levy** the council now has over 170 apprentices employed. A new leadership and management development programme launched in 2018 and offers aspiring and developing managers the opportunity to complete accredited qualifications using levy funding. In addition, the council now has the highest number of under 25s employed in recent years at 6.9 per cent, some of which are employed as apprentices.

Further consideration was given to the alignment of service responsibilities to roles at tier 2 of the organisation and the Business Plan objectives. A **senior management** restructure at tier 2 took place in March 2019, and steps to appoint to roles internally following consultation have been completed. Current actions to recruit to the remaining vacancies are being taken

The council continues to learn by seeking **best practice** from elsewhere and responding to the findings of external inspections such as the CQC Local System Review; and an Ofsted inspection taking place in May/ June 2019. The council is also participating in evaluations of how well we have worked with our civil contingency partners in the response to (and recovery from) the events in south Wiltshire in 2018, which had significant implications for the county, council and partners.

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

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

How we can improve

Rollout training and awareness on decision making processes following a review of corporate governance practices

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

Managing risk and performance

A new [risk and performance management policy](#) was [agreed](#) in February 2019 to replace the previously separate Corporate Risk Strategy and Corporate Performance Strategy

The Council's risks are monitored at various levels in the organisation including by [Cabinet](#) on a quarterly basis. Managing risks is the responsibility of services who define the risks related to their service areas and assign individuals to be responsible for their management. All services risks are scored on the same basis and some service risks are elevated, through the policy, onto the corporate risk register which is published and reviewed quarterly. An audit of risk management was undertaken in 2018/19 leading to a more nuanced approach on categorisation of risk appetite.

The main **changes in risk** during 2018/19 have been relating to the implications of and uncertainty around Brexit, where the council has worked closely with its partners through civil contingency arrangements to address this possibility; and a greater understanding of financial risk including income generation.

The General Data Protection Regulations came into force in May 2018. The Senior Information Risk Owner's (**SIRO**) **Annual Report**, outlines the significant work that has taken place to embed good practice and manage risk to ensure compliance across the council. SWAP have conducted an audit confirming this, noting that compliance is a constantly evolving target and services will need to adapt as the interpretation of the legislation continues to develop.

How we can improve

Review business intelligence (data analysis and insight) functions across the council and supporting systems
 Review how performance can be communicated to the public to deliver maximum openness and transparency.
 Combine financial reporting and performance and risk reporting in the same quarterly report to Cabinet and embed good practice across the council

Wiltshire's section 151 Officer or **Chief Finance Officer** has a statutory duty to ensure that the Council has a strong financial control environment, including an effective and independent Internal Audit function in accordance with the Accounts and Audit Regulations 2015.

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

Robust internal control and strong public financial management

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

Assurance and effective accountability

Implementing good practices in transparency and reporting

The Council has independent external auditors (Deloitte) and the South West Audit Partnership who provide an internal audit function, Wiltshire being the oldest and biggest partner. SWAP's periodic update reports were considered during 2018/19 by the Council's [Audit Committee](#). As at April 2019, SWAP Internal Audit completed 60 **internal audit** reviews, to draft and final report including significant high risk areas e.g. contract management and project management. Reporting also has included action to follow up implementation. Overall SWAP assessed the Council's control environment as 'reasonable' with no significant issues raised. The Council's **External Auditor** has also not raised any significant matters during 2018/19 in their first year as appointed auditor. [**Addendum 2020: The council has worked with the auditor on a technical disclosure query associated with fixed asset accounting and more specifically historical balances within the revaluation reserve and capital adjustment account. The Council has accepted an 'except for' qualification on these accounts to ensure progress to conclusion of the audit opinion for 2018/19 and 2019/20. Details of this conclusion and opinion can be found in the auditor's ISA 260 reports.**]. The **Statement of Accounts** for 2018/19 record that waste had a net overspend of £4.099m, largely due to a significant delay in the contractor obtaining planning permission for construction of a Materials Recovery Facility (MRF) to sort dry recyclable materials

There is a strong culture operating in the Council of acting to the highest standards. This is rooted in the behaviours expected of councillors and staff, and upheld by the senior leaders. Where any resident feels the Council has not acted properly the Council has a **corporate complaints procedure**. The council has received the Annual Letter of the Local Government and Social Care Ombudsman. There were 64 complaints referred to the Ombudsman in 2018 vs 73 in in 2017, and those upheld fell from 12 to 8.

A review of the inter-relationship between key polices has taken place to improve clarity and consistency of processes, including: Anti-Fraud and Corruption, Anti Money-Laundering, complaints and some staff policies, such as Registering interests, gifts and hospitality. New policies have been agreed

The **Overview and Scrutiny** committees in Wiltshire Council have undertaken a range of reviews to inform policy development and evaluate decisions of the executive. Key reviews include those on digital services, military-civilian integration, special schools, maternity, children's centres, outdoor education, homelessness, LED lighting and taxi fares. An [Annual Report](#) from the Overview and Scrutiny Management Committee sets out this activity in detail.

Senior directors meet weekly and review on a quarterly basis progress against the ambitions set out in the **Local Code of Corporate Governance**

The Council complies with reporting requirements such as an [online structure chart](#) and information on senior salaries and expenses.

How we can improve

- Align organisational processes more closely to the outcomes in the Business Plan to ensure a focus on the resources used and outcomes achieved
- Finalise accompanying action plans for the counter fraud framework
- Deliver outstanding waste service changes and saving initiatives.

Statements to the Accounts

The Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

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

The Chief Financial Officer's Responsibilities

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

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

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

The Statement of the Chief Financial Officer

I certify that the Statement of Accounts gives a true and fair view of the financial position of Wiltshire Council at 31 March 2019 and of its income and expenditure for the year then ended.

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

Andy Brown

Director of Finance & Procurement (Chief Financial Officer/Section 151 Officer)
Wiltshire Council
18 November 2020

Approval of the Statement of Accounts

I can confirm that these accounts were approved by the Audit Committee at its meeting held on 18 November 2020.

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

Councillor Richard Britton

Chairman of the Audit Committee
18 November 2020

Independent Auditors' Report to the Members of Wiltshire Council

This will be added following the completion of the annual audit

KEY FINANCIAL STATEMENTS

Comprehensive Income & Expenditure Statement

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

	2018/2019			2017/2018		
	Expenditure £000	Income £000	Net Expenditure £000	Expenditure £000	Income £000	Net Expenditure £000
General Fund Services						
ASC Operations - Access & Reablement	75,961	(21,857)	54,104	71,278	(17,590)	53,688
Learning Disability & Mental Health	78,227	(10,933)	67,294	75,113	(9,056)	66,057
Commissioning	77,658	(48,802)	28,856	66,086	(45,359)	20,727
Public Health & Protection	20,508	(18,477)	2,031	20,473	(17,177)	3,296
Legal & Democratic	6,903	(2,087)	4,816	8,588	(2,966)	5,622
Family & Children Services	110,496	(41,833)	68,663	99,012	(38,418)	60,594
Education & Skills	199,472	(174,899)	24,573	189,773	(171,937)	17,836
Communities & Communications	20,554	(9,919)	10,635	22,865	(9,388)	13,477
Human Resources & Org Development	5,217	(1,757)	3,460	5,458	(1,570)	3,888
Economic Development & Planning	14,937	(8,501)	6,436	22,353	(7,736)	14,617
Highways & Transport	54,419	(13,892)	40,527	51,569	(12,422)	39,147
Waste & Environment	53,497	(8,049)	45,448	45,743	(7,703)	38,040
Housing & Commercial Development	42,672	(11,718)	30,954	39,453	(10,516)	28,937
Corporate Services & Digital	21,554	(5,539)	16,015	20,619	(3,794)	16,825
Finance	108,057	(100,819)	7,238	122,088	(115,998)	6,090
Corporate Directors	3,302	(33)	3,269	3,128	(13)	3,115
Corporate	14,628	(4,964)	9,664	13,847	(8,864)	4,983
Housing Revenue Account (HRA)	22,377	(26,253)	(3,876)	20,856	(25,675)	(4,819)
Net Cost of Service	930,439	(510,332)	420,107	898,302	(506,182)	392,120
Other Operating Expenditure		Note 3	46,012			30,200
Financing and Investment Income and Expenditure		Note 4	24,902			27,091
Taxation and non-specific grant income		Note 5	(470,087)			(457,232)
(Surplus)/ Deficit on Provision of Services			20,934			(7,821)
(Surplus) or deficit on revaluation of Property, Plant and Equipment Assets			(25,794)			(39,406)
Actuarial (gains)/losses on pension assets / liabilities			34,485			(91,485)
Other Comprehensive Income and Expenditure			8,691			(130,891)
Total Comprehensive Income and Expenditure			29,625			(138,712)

Movement in Reserves Statement

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

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000 Note 31	Unusable Reserves £000 Note 35	Total Authority Reserves £000
Balance at 1 April 2017	(43,379)	(23,170)	(9,722)	(1,182)	(34,790)	(112,243)	58,005	(54,238)
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 (note 14)	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)	(52,975)	(192,950)
Movement in reserves during 2018/2019								
Total Comprehensive Income and Expenditure	16,544	4,390	0	0	0	20,934	8,691	29,625
Adjustments between accounting basis & funding basis under regulations (note 14)	(15,456)	(6)	1,027	(3,140)	(9,749)	(27,324)	27,324	0
Net (Increase)/Decrease before Transfers	1,088	4,384	1,027	(3,140)	(9,749)	(6,390)	36,015	29,625
Balance at 31 March 2019 carried forward	(52,343)	(13,567)	(11,970)	(4,739)	(63,746)	(146,365)	(16,960)	(163,325)

Balance Sheet

This statement summarises the Council's assets and liabilities at 31 March for the years 2019 and 2018.

	NOTES	31 March 2019		31 March 2018 amended See note 53 £000
		£000	£000	
Property, Plant and Equipment	15			
Council Dwellings & Garages		273,168		270,823
Other Land and Buildings		355,028		354,635
Vehicles, Plant, Furniture and Equipment		66,484		74,993
Infrastructure		388,208		357,494
Community Assets		6,061		6,160
Assets Under Construction		50,673		62,806
Surplus Assets Not Held for Sale		8,634		9,890
			1,148,256	1,136,801
Investment Properties	23	23,452		23,244
Intangible Assets	24	1,985		564
Long Term Debtors		6,403		5,638
			31,840	29,446
Long Term Assets			1,180,096	1,166,247
Current Assets				
Short Term Investments		102,277		63,805
Assets Held for Sale	25	8,427		10,165
Inventories		789		737
Short Term Debtors	26	50,531		50,614
Cash and Cash Equivalents	27	6,703		8,694
Current Assets			168,727	134,015
Current Liabilities				
Short Term Creditors	28	(95,689)		(86,079)
Short Term Borrowing	30	(10,172)		(16,951)
Short Term PFI Creditors	22	(3,581)		(3,350)
Provisions	29	(3,596)		(4,017)
Current Liabilities			(113,038)	(110,397)
Long Term Liabilities				
Long Term PFI Creditors	22	(68,814)		(72,396)
Long Term Borrowing	30	(335,029)		(313,037)
Other Long Term Liabilities		(2,241)		(7,376)
Pension Fund Liability	38	(613,750)		(550,836)
Planning Deposits		(52,626)		(53,270)
Long Term Liabilities			(1,072,460)	(996,915)
Net Assets			163,325	192,950
Financed by				
Usable Reserves	31		(146,365)	(139,975)
Unusable Reserves	35		(16,960)	(52,975)
Total Reserves			(163,325)	(192,950)

In previous years the discounted housing PFI was carried on the balance sheet. This presentation has been reviewed and the prior year amended to reflect this change. Full details are shown in note 53.

Andy Brown

Director of Finance & Procurement (Section 151 Officer)
18 November 2020

Cash Flow Statement

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

	NOTES	2018/2019 £000	2017/2018 £000
Net (surplus) or deficit on the provision of services		20,934	(7,821)
Adjustments to net surplus or deficit on the provision of services for non-cash movements		(18,470)	13,750
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	39	(11,368)	(12,162)
Net cash flows from Operating Activities		(8,904)	(6,233)
Investing Activities	40	22,757	(1,011)
Financing Activities	41	(11,862)	12,554
Net decrease or (increase) in cash and cash equivalents		<u>1,991</u>	<u>5,310</u>
Cash and cash equivalents at the beginning of the reporting period		8,694	14,004
Cash and cash equivalents at the end of the reporting period		6,703	8,694

Expenditure & Funding Analysis Statement

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

	2018/2019			2017/2018		
	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 & Expenditure 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 & Expenditure Statement £000
General Fund Services						
ASC Operations - Access & Reablement	51,935	2,169	54,104	52,024	1,664	53,688
Learning Disability & Mental Health	66,375	919	67,294	65,189	868	66,057
Commissioning	28,538	318	28,856	20,497	230	20,727
Public Health & Protection	1,515	516	2,031	1,739	1,557	3,296
Legal & Democratic	4,282	534	4,816	5,144	478	5,622
Family & Children Services	66,049	2,614	68,663	57,759	2,835	60,594
Education & Skills	(441)	25,014	24,573	714	17,122	17,836
Communities & Communications	6,833	3,802	10,635	6,720	6,757	13,477
Human Resources & Org Development	3,061	399	3,460	3,483	405	3,888
Economic Development & Planning	2,837	3,599	6,436	2,542	12,075	14,617
Highways & Transport	28,640	11,887	40,527	29,469	9,678	39,147
Waste & Environment	40,436	5,012	45,448	36,599	1,441	38,040
Housing & Commercial Development	14,479	16,475	30,954	15,370	13,567	28,937
Corporate Services & Digital	14,054	1,961	16,015	14,823	2,002	16,825
Finance	6,401	837	7,238	5,290	800	6,090
Corporate Directors	3,192	77	3,269	3,049	66	3,115
Corporate	(10,797)	20,461	9,664	(9,470)	14,453	4,983
Net Cost of Service General Fund	327,389	96,594	423,983	310,941	85,998	396,939
Housing Revenue Account (HRA)	4,384	(8,260)	(3,876)	5,219	(10,038)	(4,819)
Transfer to Earmarked Reserves	3,245	(3,245)	0	(9,642)	9,642	0
Net Cost of Service	335,018	85,089	420,107	306,518	85,602	392,120
Other Operating Expenditure	0	46,012	46,012	0	30,200	30,200
Financing and Investment Income and Expenditure	0	24,902	24,902	0	27,091	27,091
Taxation and non-specific grant income	(329,546)	(140,541)	(470,087)	(311,351)	(145,881)	(457,232)
(Surplus)/ Deficit	5,472	15,462	20,934	(4,833)	(2,988)	(7,821)
Balance Summary						
Opening General Fund & HRA Balance at 1 April	(71,382)			(66,549)		
Add (Surplus)/ Deficit on General Fund & HRA Balances in Year	5,472			(4,833)		
Closing General Fund and HRA Balance at 31 March	(65,910)			(71,382)		

Analysed between type of balance	General Fund	Earmarked Reserves	HRA	Total Balances
Opening Balance at 1 April 2017	(12,533)	(30,846)	(23,170)	(66,549)
Add (Surplus)/ Deficit in year 2017/2018	(410)	(9,642)	5,219	(4,833)
Closing Balance at 31 March 2018	(12,943)	(40,488)	(17,951)	(71,382)
Add (Surplus) in year 2018/2019	(2,157)	3,245	4,384	5,472
Closing balances at 31 March 2019	(15,100)	(37,243)	(13,567)	(65,910)

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

Notes to the Core Financial Statements

Introduction to the Explanatory Notes

The Statement of Accounts summarises the Council's transactions for the 2018/2019 financial year and its position at the year-end of 31 March 2019. The Statement of Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/2019 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 1a Revenue outturn

In respect of net revenue outturn, the Council's 2018/2019 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)	327.746	327.746	327.389	(0.357)
Additional financial stability top up to reserves			(1.800)	(1.800)
Funded by:				
Draw from General Fund reserves				
Formula Grant	(8.050)	(8.050)	(8.046)	0.004
Business Rates Retained	(55.700)	(55.700)	(56.993)	(1.293)
Council Tax	(240.033)	(240.033)	(240.033)	0.000
Social Care Levy	(18.417)	(18.417)	(18.417)	0.000
Collection Fund (Surplus)/Deficit Council Tax	(1.546)	(1.546)	(5.506)	(3.960)
Collection Fund (Surplus)/Deficit NNDR	(4.000)	(4.000)	1.249	5.249
Total Funding (b)	(327.746)	(327.746)	(327.746)	0.000
Movement on General Fund (a) + (b)	(0.000)	(0.000)	(2.157)	(2.157)

The overall underspend against the revised 2018/2019 budget was £0.357 million. The Council made an additional financial stability top up to reserves of £1.800 million. Therefore the overall movement on the General Fund is a £2.157 million return to reserves. More details about the Council's revenue spending on services are given, with notes, in the Comprehensive Income & Expenditure Statement and subsequent notes.

Note 1b Expenditure and Income Analysed by Nature

	2018/2019 £000	2017/2018 £000
Expenditure		
Employee expenses	270,112	264,043
Other Services expenses	608,008	589,707
Depreciation, amortisation and impairment	67,725	60,760
Interest payments	12,328	12,590
Precept and levies	19,804	16,954
Loss on disposal of assets	25,291	12,491
Total Expenditure	1,003,268	956,545
Income		
Fees, charges and other service income	(510,332)	(506,182)
Interest and investment income	(960)	(428)
Movements in the market value of Investment Properties	(955)	(524)
Income from Council Tax and Business Rates	(339,225)	(306,826)
Government Grants and contributions	(42,766)	(59,524)
Other grants and contributions	(88,096)	(90,882)
Total Income	(982,334)	(964,366)
Deficit on the Provision of Services	20,934	(7,821)

Note 1c Income from Revenue Contracts

The adoption of IFRS 15 (Revenue from Contracts with Customers) has been adopted by the Council for 2018/2019. This standard requires disclosure concerning income arising from contracts with service recipients. Most of the Council's income streams are outside of the scope of IFRS 15 as the majority of income that the Council receives/collects is government grants, council tax, retained business rates and pay as you go charges (e.g. car parking charges). The Council has reviewed the value of income covered by IFRS 15 and considers this to be an immaterial amount therefore no further disclosures are required.

Note 2 Exceptional Items

There are no exceptional items in the accounts for either 2018/2019 or 2017/2018.

Note 3 Other Operating Expenditure

	2018/2019 £000	2017/2018 £000
Parish council precepts	19,804	16,954
Payments to the Government Housing Capital Receipts Pool	917	755
(Gains)/losses on the disposal of non-current assets	25,291	12,491
Total	46,012	30,200

Note 4 Financing and Investment Income and Expenditure

	2018/2019 £000	2017/2018 £000
Interest payable and similar charges	12,328	12,590
Interest and investment income	(960)	(428)
Pension Interest Costs and expected return on pension assets	14,489	15,453
Movements in the market value of Investment Properties	(955)	(524)
Total	24,902	27,091

Note 5 Taxation and Non-specific Grant Income

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

	2018/2019	2017/2018
	£000	£000
Council Tax Transfer	(258,450)	(237,304)
Collection Fund Surplus	(5,506)	(2,530)
Parish Council Precepts	(19,804)	(16,954)
Adjustment for statutory requirements	2,079	3,191
Council Tax Income	(281,681)	(253,597)
General Government Grants	(34,720)	(41,236)
Formula Grant	(8,046)	(18,288)
Business Rates Retention Scheme	(55,744)	(53,229)
Additional reserves contribution	(1,800)	0
Capital grants and contributions	(88,096)	(90,882)
Total	(470,087)	(457,232)

Note 6 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2018/2019:

	2018/2019 £000	2017/2018 £000
Credited to Taxation and Non Specific Grant Income		
General Government Grants	(34,720)	(41,236)
Formula Grant	(8,046)	(18,288)
Business Rates Retention Scheme	(55,744)	(53,229)
Total	(98,510)	(112,753)
Credited to Services		
Dedicated Schools Grant	(180,474)	(177,679)
Public Health Grant	(17,361)	(17,819)
Pupil Premium Grant	(7,454)	(7,788)
Learning & Skills Council	(1,482)	(1,512)
Universal Infant Free School Meals	(3,980)	(4,350)
PFI	(7,541)	(7,541)
Housing Benefit & Council Tax Admin Grant	(1,469)	(1,597)
Salisbury Recovery	(3,149)	0
Other Grants	(62,216)	(40,591)
Other Contributions	(1,836)	(7,637)
Donations	(895)	(871)
Total	(287,857)	(267,385)
Total Grants, Contributions & Donations	(386,367)	(380,138)

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

	2018/2019 £000	2017/2018 £000
Revenue Grants to be returned (Creditor)		
Other Grants	7	76
Total	7	76

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

	2018/2019 £000	2017/2018 £000
Revenue Grants Receipts in Advance		
MOD Education Support Fund	(363)	0
SEND Reform Grant 2018/2019	0	(245)
Other Grants	0	(76)
Total	(363)	(321)

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 2018/2019 and 2017/2018 are as follows:

	Central Expenditure £000	Individual Schools Budget (ISB) £000	2018/2019 Total £000	2017/2018 Total £000
Final DSG for year before academy recoupment			(343,264)	(330,349)
Academy figure recouped			162,790	152,675
Total DSG after academy recoupment			(180,474)	(177,674)
Brought forward from previous year			(846)	(583)
Agreed initial budget distribution	(69,372)	(111,948)	(181,320)	(178,257)
In Year Adjustments	36		36	246
Final budgeted distribution	(69,336)	(111,948)	(181,284)	(178,011)
Less actual central expenditure	72,709		72,709	63,016
Less actual ISB deployed to schools		111,948	111,948	114,149
Local Authority Contribution	(1,300)		(1,300)	0
Carry forward	2,073	0	2,073	(846)

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:

	2018/2019 £000	2017/2018 £000
Self Care, Self Support	1,645	1,569
Intermediate Care	14,267	13,503
Access, rapid response 7 day working	3,534	3,777
Care Bill	2,500	2,500
Protecting Social Care	18,810	12,577
Invest in Engagement with Heathwatch	0	100
Scheme Management	433	248
Social Care Capital	3,828	2,275
Workforce and bought forward schemes	0	0
Integrated Community Equipment	5,328	4,971
Total Expenditure before return to partners	50,345	41,520
Return to Partners CCG	0	0
Return to Partners Wiltshire Council	0	3,435
Total Schemes	50,345	44,955

This was funded from income and grants as follows:

	2018/2019 £000	2017/2018 £000
Wiltshire CCG BCF Contribution	(31,776)	(31,551)
Wiltshire Council BCF Contribution	(8,943)	(4,524)
Disabled Facilities Grant	0	(3,070)
Improved Better Care Fund	(9,626)	(5,810)
Total Income and Grants	(50,345)	(44,955)

Note 9 Members' Allowances

The Council paid the following amounts to Members of the Council

	2018/2019 £000	2017/2018 £000
Allowances	1,908	1,860
Expenses	76	78
Total	1,984	1,938

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. 2017/2018 has been restated to reflect presentational change.

Remuneration Band £	2018/2019 No. Employees	2017/2018 Restated No. Employees
50,000-54,999	99	96
55,000-59,999	63	79
60,000-64,999	64	46
65,000-69,999	28	16
70,000-74,999	10	17
75,000-79,999	13	4
80,000-84,999	4	3
85,000-89,999	4	3
90,000-94,999	2	3
95,000-99,999	6	3
100,000-104,999	7	2
105,000-109,999	2	1
110,000-114,999	0	0
115,000-119,999	2	0
120,000-124,999	0	1
125,000-129,999	2	0
130,000-134,999	1	1
135,000-139,999	0	0
140,000-144,999	2	1
145,000-149,999	0	0
150,000-154,999	1	2
155,000-159,999	0	0
160,000-164,999	0	1
165,000-169,999	0	0
170,000-174,999	0	1
175,000-179,999	0	1
TOTAL	310	281

Notes:

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

2018/2019 Remuneration for Senior Employees - Salary is £150,000 or more per year
(Included in Officer's Remuneration Bandings)

Post Holder	Salary (including fees and allowances) £	Bonuses £	Expense Allowances £	Compensation for loss of Office £	Benefits in Kind £	Total Remuneration excluding pension contributions 2018/2019 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2018/2019 £
Executive Director, Adult Care, Public Health & Digital - Carlton Brand	154,290	0	0	0	0	154,290	30,858	185,148
	154,290	0	0	0	0	154,290	30,858	185,148

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 2017/2018 £
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

2018/2019 Remuneration for Senior Employees - Salary is less than £150,000 but equal to or more than £50,000 per year (Included in Officer's Remuneration Bandings)

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

2017/2018 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 for loss of Office £	Benefits in Kind £	Total Remuneration excluding pension contributions 2017/2018 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2017/2018 £
	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 following a senior management restructure. The postholder received £81,169 as a severance payment. 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.

Subnote G:

Director, Finance & Procurement left the employment of the Council on 23 April 2018 and has since been filled on an interim basis pending recruitment of a new permanent postholder. The annualised salary for the post was £105,809.

Exit Packages

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

Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019
£							£	£
0-20,000	3	2	90	56	93	58	794,469	480,768
20,001-40,000	0	0	7	19	7	19	196,692	553,735
40,001-60,000	0	0	1	14	1	14	58,989	671,465
60,001-80,000	0	0	2	1	2	1	152,270	63,030
80,001-100,000	0	0	1	0	1	0	81,169	0
Total	3	2	101	90	104	92	1,283,589	1,768,998

In 2018/2019 there were 26 exit packages relating to schools, with a value of £220,429.

Note 11 External Audit Fees

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

	2018/2019 £000	2017/2018 £000
Fees payable for external audit services carried out by the appointed auditor	129	180
Fees payable for the certification of grant claims and returns	24	27
Fees payable in respect of other services provided by external auditors during the year	0	0
Total	153	207

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 2018/2019 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 2018/2019 the Council charged the fund £1.478 million (£1.472 million in 2017/2018) 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

	2017/2018			Total Adjustments
	Capital Purposes (Note 13a)	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
Commissioning	0	232	(2)	230
Public Health & Protection	1,029	516	12	1,557
Legal & Democratic	5	487	(14)	478
Family & Children Services	233	2,601	1	2,835
Education & Skills	16,084	1,966	(928)	17,122
Communities & Communications	5,622	1,156	(21)	6,757
Human Resources & Org Development	35	372	(2)	405
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
Corporate Services & Digital	991	985	26	2,002
Finance	0	803	(3)	800
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	0	17,709	30,200
Financing and Investment Income and Expenditure	(524)	15,453	12,162	27,091
Taxation and non-specific grant income	0	0	(145,881)	(145,881)
(Surplus)/ Deficit	72,727	29,490	(105,205)	(2,988)

	2018/2019			
	Adjustments for Net change for the			
	Capital Purposes (Note 13a)	Pension Adjustments (Note 13b)	Other Differences (Note 13c)	Total Adjustments
	£000	£000	£000	£000
General Fund Services				
ASC Operations - Access & Reablement	1,144	1,004	21	2,169
Learning Disability & Mental Health	213	667	39	919
Commissioning	1	297	20	318
Public Health & Protection	0	510	6	516
Legal & Democratic	65	464	5	534
Family & Children Services	53	2,532	29	2,614
Education & Skills	24,835	1,782	(1,603)	25,014
Communities & Communications	2,662	1,135	5	3,802
Human Resources & Org Development	35	359	5	399
Economic Development & Planning	2,844	750	5	3,599
Highways & Transport	11,205	674	8	11,887
Waste & Environment	4,681	397	(66)	5,012
Housing & Commercial Development	17,795	469	(1,789)	16,475
Corporate Services & Digital	995	950	16	1,961
Finance	106	735	(4)	837
Corporate Directors	0	70	7	77
Corporate	628	872	15,716	17,216
Housing Revenue Account (HRA)	463	264	(8,987)	(8,260)
Net Cost of Service	67,725	13,931	3,433	85,089
Other operating Expenditure	25,291	0	20,721	46,012
Financing and Investment Income and Expenditure	(955)	14,489	11,368	24,902
Taxation and non-specific grant income	0	0	(140,541)	(140,541)
(Surplus)/ Deficit	92,061	28,420	(105,019)	15,462

Note 13a Adjustments for Capital Funding and Expenditure Purposes

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

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

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

Note 13c Other Differences

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

Note 14 Adjustments between accounting basis and funding basis under regulations

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

Reserves 2018/2019	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation of non-current assets	(24,616)			(12,153)		36,769
Charges for impairment/ revaluations of plant, property and equipment	(24,977)	(464)				25,441
Movements in the market value of Investment Properties	956					(956)
Amortisation of intangible assets	(323)					323
Revenue expenditure funded from capital under statute	(17,842)					17,842
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	(20,532)	(4,759)	(16,033)			41,324
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	14,339					(14,339)
Capital expenditure charged against the General Fund and HRA balances		5,486				(5,486)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement and Expenditure Statement	88,096				(88,096)	0
Application of grants to capital financing transferred to the Capital Adjustment Account					78,347	(78,347)
Adjustments primarily involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure			11,602			(11,602)
Use of the Capital Receipts Reserve to finance repayment of HRA debt			4,810			(4,810)
Reserve to finance the payments to the Government capital receipts pool	(917)		917			0
Adjustments primarily involving the Deferred Capital Receipts Reserve						
Transfer of deferred sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	165		(269)			104
Adjustment primarily involving the Major Repairs Reserve						
Use of the Major Repairs Reserve to finance new capital expenditure and depreciation				9,013		(9,013)
Adjustment primarily involving the Financial Instruments Adjustments Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	2					(2)
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 49)	(28,166)	(263)				28,429
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(3,030)					3,030
Amount by which non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	950					(950)
Adjustment primarily involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	439	(6)				(433)
Total Adjustments	(15,456)	(6)	1,027	(3,140)	(9,749)	27,324

Reserves 2017/2018	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation of non-current assets	(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 49)	(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

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
Cost or Valuation								
Opening Balance 1 April 2018 as previously stated	384,670	715,970	228,259	436,525	7,098	77,522	11,988	1,862,032
Restatement of opening balance	(76,170)	(251,642)	(3,122)	(139)	(242)	(14,716)	(2,098)	(348,129)
Restated Opening Balance 1 April 2018	308,500	464,328	225,137	436,386	6,856	62,806	9,890	1,513,903
Additions	8,810	21,855	7,211	9,095	0	36,140	1	83,112
Derecognition - Disposals	(1,989)	(25,007)	(12,566)	0	(99)	0	(1,100)	(40,761)
Revaluation increases/ (decreases) recognised in Revaluation reserve	(6,469)	25,330	7,270	0	0	0	151	26,282
Revaluation increases/ (decreases) recognised in Surplus/ Deficit on provision of services	(3,331)	362	(1,611)	0	0	0	0	(4,580)
Revaluation Reserve	(43,032)	(43,551)	(74,846)	0	0	0	(28)	(161,457)
Category Adjustments & other movements	11,447	6,422	969	29,357	0	(48,273)	21	(57)
At 31 March 2019	273,936	449,739	151,564	474,838	6,757	50,673	8,935	1,416,442
Depreciation and Impairments								
Opening Balance 1 April 2018 as previously stated	(113,847)	(361,335)	(153,266)	(79,031)	(938)	(14,716)	(2,098)	(725,231)
Restatement of opening balance	76,170	251,642	3,122	139	242	14,716	2,098	348,129
Restated Opening Balance 1 April 2018	(37,677)	(109,693)	(150,144)	(78,892)	(696)	0	0	(377,102)
Depreciation	(5,659)	(12,333)	(11,016)	(7,738)	0	0	0	(36,746)
Accumulated depreciation written back on derecognition of assets	0	4,273	1,239	0	0	0	0	5,512
Revaluation losses/impairment recognised in the surplus/deficit on provision	(390)	(20,466)	(5)	0	0	0	0	(20,861)
Revaluation losses/impairment recognised in the revaluation reserve	(74)	(414)						(488)
Category Adjustments & other movements		371					(329)	42
Revaluation adjustment	43,032	43,551	74,846		0	0	28	161,457
At 31 March 2019	(768)	(94,711)	(85,080)	(86,630)	(696)	0	(301)	(268,186)
Net Book Value at 31 March 2019	273,168	355,028	66,484	388,208	6,061	50,673	8,634	1,148,256
Net Book Value at 31 March 2018	270,823	354,635	74,993	357,494	6,160	62,806	9,890	1,136,801

Previously, when assets have been revalued the gross carrying value of the asset has been updated to reflect the revaluation movement. This is not in accordance with the CIPFA Code which requires that accumulated depreciation is eliminated against the gross carrying amount of each revalued asset. As a result of this, the opening cost or valuation and the opening depreciation balances have been restated to adjust for the removal of accumulated depreciation on assets that had been revalued prior to 1 April 2018. As a result of this the cost or valuation opening balance has gone from £1,862,032k to £1,513,903k, as shown in the above table. The opening depreciation balance has also been restated by the same amount to go from £725,231k to £377,102k as shown in the above table.

Overall, the net book value of assets is unaffected.

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 2018/2019 is £36,746,000 (£32,176,741 in 2017/2018)

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.

Financing of capital expenditure

	31 March 2019		31 March 2018
	£000	£000	£000
Opening Capital Financing Requirement (see below)		539,328	537,296
Adjustment per PFI		24,826	
Capital Investment			
Plant Property & equipment Assets	87,254		89,485
Plant Property & equipment PFI Assets	(14)		52
Investment Properties	27		405
Intangible assets	1,184		22
Revenue Expenditure Funded from Capital under Statute	17,842		19,119
		106,293	109,083
Sources of Finance			
Government Grants		(78,345)	(71,675)
Major Repairs Reserve		(9,013)	(11,131)
Capital Receipts		(11,602)	(6,104)
Assets purchased through Revenue (inc HRA)		(5,487)	(6,762)
Repayment of capital long term assets		(39)	93
Minimum Revenue Provision		(10,727)	(8,542)
Voluntary Revenue Provision		(261)	(261)
Minimum Revenue Provision - PFI Schemes		(3,351)	(2,669)
Use of capital receipts reserve to finance HRA debt repayment		(4,810)	0
		(123,635)	(107,051)
Closing Capital Financing Requirement		546,812	539,328
Explanation of Movements in the Year			
Increase / (decrease) in underlying need to borrow		7,484	2,032
Increase / (decrease) in Capital Financing Requirement		7,484	2,032

Financing of capital expenditure

	31 March 2019		31 March 2018
	£000	£000	£000
Opening Capital Financing Requirement (see below)		539,328	537,296
Adjustment per PFI		24,826	
Capital Investment			
Plant Property & equipment Assets	87,254		89,485
Plant Property & equipment PFI Assets	(14)		52
Investment Properties	27		405
Intangible assets	1,184		22
Revenue Expenditure Funded from Capital under Statute	17,842		19,119
		106,293	109,083
Sources of Finance			
Government Grants		(78,345)	(71,675)
Major Repairs Reserve		(9,013)	(11,131)
Capital Receipts		(11,602)	(6,104)
Assets purchased through Revenue (inc HRA)		(5,487)	(6,762)
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Minimum Revenue Provision		(10,727)	(8,542)
Voluntary Revenue Provision		(261)	(261)
Minimum Revenue Provision - PFI Schemes		(3,351)	(2,669)
Use of capital receipts reserve to finance HRA debt repayment		(4,810)	0
		(123,635)	(107,051)
Closing Capital Financing Requirement		546,812	539,328
Explanation of Movements in the Year			
Increase / (decrease) in underlying need to borrow		7,484	2,032
Increase / (decrease) in Capital Financing Requirement		7,484	2,032

Note: The Adjustment per PFI represents the restatement of the PFI liabilities, the details of which can be seen in note 53, Prior Year Adjustment.

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 2018/2019 by a qualified external valuer.

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

The assets revalued during 2018/2019 include Primary, Secondary, Special, Foundation & PFI Schools as well as the Investment Estate, Surplus Assets Not Held for Sale and any new assets acquired during 2018/2019 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 2018/2019.

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

Valuation of Council Property

	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	0	5,786	6,025	388,208	1,009	50,673	0	451,701
Valued at current value in:								
2018/2019	273,168	183,296	46,046	0	0	0	8,634	511,144
2017/2018	0	75,668	9,789	0	114	0	0	85,571
2016/2017	0	84,470	4,624	0	4,938	0	0	94,032
2015/2016	0	5,808	0	0	0	0	0	5,808
Book Value at 31 March 2019	273,168	355,028	66,484	388,208	6,061	50,673	8,634	1,148,256

Schools Assets

During the 2018/2019 financial year any schools that became Academy schools have had their assets removed from the Balance Sheet. This is shown as a derecognition in the note for Property plant and equipment above. The Council does not recognise Academy, Voluntary Controlled and Voluntary Aided schools in its 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.

Impairments relating to Property, Plant & Equipment total £21.704 million in 2018/2019. This total primarily relates to 4 specific assets that have all incurred significant amounts of construction costs in year. These assets are:

- The Vale Community Campus (DRC valuation)
- Princeroft Primary School (DRC valuation)
- Stonehenge Secondary School (DRC valuation)
- Corsham Mansion house (EUV valuation)

As it is good practice to revalue properties when they are complete to ensure the carrying values are appropriate, the external valuers provided valuations for the new/refurbished buildings as at 31 March 2019.

The total impairment costs are charged to the Comprehensive Income & Expenditure Statement but do not reflect any loss to the Council as these downward valuation charges are reversed out (as statutorily required) so that they have no impact on the General Fund balance.

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 2018/2019.

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. The Council had no operating leases in 2018/2019.

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 Restated £000	Total Long term contracts restated £000
Balance outstanding at 1 April 2018 as previously stated	(25,527)	(5,464)	(19,929)	(50,920)
Restatement of opening balance	0	0	(24,826)	(24,826)
Balance outstanding at 1 April 2018 restated stated	(25,527)	(5,464)	(44,755)	(75,746)
Payments during the year to reduce capital liability	1,051	467	1,833	3,351
Liability outstanding 31 March 2019	(24,476)	(4,997)	(42,922)	(72,395)
Split				
Due within 1 year	(1,134)	(498)	(1,949)	(3,581)
Due in over 1 year	(23,342)	(4,499)	(40,973)	(68,814)
Liability outstanding 31 March 2019	(24,476)	(4,997)	(42,922)	(72,395)

North Wiltshire Schools PFI & Additional 6th Form Units.

Wiltshire Council has a Private Finance Initiative (PFI) for three secondary schools with White Horse Education Partnership (WHEP). WHEP is responsible for maintaining and operating the facilities for 30 years from when the first school became operational (March 2002). 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 it is received.

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

Estimated PFI payments North Wilts Schools

Period	Liability	Interest	Service charges	2018/2019 Total	2017/2018 Total
	£000	£000	£000	£000	£000
Within 1 years	(1,134)	(1,605)	(3,478)	(6,217)	(5,947)
Within 2-5 years	(5,517)	(5,475)	(14,802)	(25,794)	(24,644)
Within 6-10 years	(9,772)	(4,054)	(20,681)	(34,507)	(32,900)
Within 11-15 years	(8,053)	(810)	(12,736)	(21,599)	(27,763)
Within 16-20 years	0	0	0	0	0
Total	(24,476)	(11,944)	(51,697)	(88,117)	(91,254)

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.

Estimated payments Monkton Park Offices Modified PFI

Period	Liability	Interest	2018/2019 Total	2017/2018 Total
	£000	£000	£000	£000
Within 1 years	(498)	(1,058)	(1,556)	(1,502)
Within 2-5 years	(2,336)	(4,449)	(6,785)	(6,555)
Within 6-10 years	(2,163)	(3,574)	(5,737)	(7,523)
Within 11-15 years			0	0
Main Scheme Total	(4,997)	(9,081)	(14,078)	(15,580)
Equalisation Fund	0	0	0	0
Total	(4,997)	(9,081)	(14,078)	(15,580)

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.

In the year, an error was identified in the determination of Housing PFI liabilities. This resulted in an understatement of expenses and liabilities in 2018/19 and the preceding years. This error has been corrected by restating the comparative periods. The future estimated payments the Council will make under the contract are as follows:

Estimated payments New housing PFI scheme

Period	Liability	Interest	2018/2019 Total	2017/2018 Restated	2017/2018 Previously stated
	£000	£000	£000	£000	£000
Within 1 years	(1,949)	(1,932)	(3,881)	(3,877)	(2,190)
Within 2-5 years	(8,327)	(7,257)	(15,584)	(15,559)	(8,271)
Within 6-10 years	(13,939)	(5,696)	(19,635)	(19,600)	(9,326)
Within 11-15 years	(18,042)	(1,787)	(19,829)	(19,788)	(8,322)
Within 16-20 years	(665)	0	(665)	(4,648)	(1,221)
Total	(42,922)	(16,672)	(59,594)	(63,472)	(29,330)

In previous years the discounted housing PFI was carried on the balance sheet. This presentation has been reviewed and the prior year amended to reflect this change. Full details are shown in note 53.

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.

	2018/2019 £000	2017/2018 £000
Rental income from investment property	(2,459)	(2,761)
Direct operating expenses arising from investment properties	418	592
Net (Gain)/ Loss	(2,041)	(2,169)

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:

	2018/2019 £000	2017/2018 £000
Balance at start of the year	23,244	22,952
Additions: Subsequent expenditure	27	405
Disposals	(10)	(819)
Gains from fair value adjustments	956	1,021
Losses from fair value adjustments	0	0
Impairments losses	0	(497)
Transfers (to)/from Property, Plant and Equipment	(765)	182
Balance at end of the year	23,452	23,244

Note 24 Intangible Assets

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

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

	Carrying amount		Remaining Amortisation Period
	31 March 2019 £000	31 March 2018 £000	
Children's Case Management System	1,514	0	5 Years
Planning System	0	197	0 years
Other items of software	471	367	1 - 5 years
Total	1,985	564	

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.356 million charged to revenue in 2018/2019 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.

	2018/2019	2017/2018
	Purchased	Purchased
	Software	Software
	Licences	Licences
	£000	£000
Gross carrying amounts	21,775	21,753
Accumulated amortisation	(21,211)	(20,765)
Net Carrying amount	<u>564</u>	<u>988</u>
Purchases	5,312	22
Amortisation for the period	(323)	(446)
Disposals	(13)	0
Category Adjustments	(3,555)	0
Net carrying amount at end of year	<u>1,985</u>	<u>564</u>
Comprising:		
Gross carrying amounts	23,519	21,775
Accumulated amortisation	(21,534)	(21,211)
	<u>1,985</u>	<u>564</u>

Note 25 Assets Held for Sale

The Council held the following amounts as assets held for sale as at 31 March 2019. 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.

	2018/2019	2017/2018
	£000	£000
Balance at start of the year	10,165	8,750
Assets newly classified as held for sale	4,335	1,896
Depreciation	(23)	(207)
Assets Sold	(6,050)	(1,110)
Revaluations	0	836
Balance at end of the year	<u>8,427</u>	<u>10,165</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 2019 but not received at that date.

	2018/2019	2017/2018
	£000	£000
Other Local Authorities	1,436	1,795
Government Departments	10,029	11,976
NHS Bodies	3,346	3,063
Other entities & individuals:		
Share of Business Rates and Council Tax	14,099	12,510
Housing Tenants	1,698	1,497
Housing Benefit Overpayments	8,564	9,177
Other Sundry Debtors	27,051	22,191
Payments in Advance	6,720	4,647
Total Debtors	72,943	66,856
Less: Allowance for expected credit losses		
General Fund debtors	(9,303)	(2,825)
Housing Benefit Overpayments	(8,564)	(9,177)
Housing Rent arrears	(1,556)	(1,349)
Council Tax arrears	(2,744)	(2,540)
Business Rates Arrears	(245)	(351)
Total Allowance for expected credit losses	(22,412)	(16,242)
Net Debtors	50,531	50,614

The aged split of the major debt is as follows. Allowances for expected credit losses are calculated on this information.

Debt	0-1 year	1-2 years	Over 2 years	Total 2018/2019
Housing Tenants	1,698			1,698
Share of Business Rates	1,119	344	316	1,779
Share of Council Tax	6,585	2,285	3,450	12,320
Housing Benefit Overpayments	8,564			8,564
Sundry Debt	43,988	2,466	2,128	48,582
Total Debt	61,954	5,095	5,894	72,943

Note 27 Cash and Cash Equivalents

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

	2018/2019	2017/2018
	£000	£000
Cash & Bank	(8,567)	(5,740)
Schools' bank accounts	15,270	14,434
	<u>6,703</u>	<u>8,694</u>

Note 28 Short Term Creditors

These represent sums owed by the Council for supplies and services received before 31 March 2019 but not paid for at that date.

	2018/2019	2017/2018
	£000	£000
Other Local Authorities	(4,390)	(3,453)
Government Departments	(10,892)	(7,019)
NHS Bodies	(2,532)	(3,878)
Sundry Creditors	(57,874)	(51,918)
Receipts in Advance	(14,085)	(13,462)
Accumulated Absences	(5,916)	(6,349)
	<u>(95,689)</u>	<u>(86,079)</u>

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) that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made. If these conditions are not met no provision 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 2018	(474)	(1,266)	(1,804)	(329)	(144)	(4,017)
Additional provisions made in year	(25)	(423)	(1,884)	(71)	0	(2,403)
Amounts used in year	0	330	1,804	267	144	2,545
Unused amounts reversed in year	0	217	0	62	0	279
Balance at 31 March 2019	(499)	(1,142)	(1,884)	(71)	0	(3,596)

Legal Claims

The Council has made provisions in respect of legal claims which may become payable by the Council depending on the outcome of a small number of individual cases totalling £0.499 million. In order not to prejudice seriously the Council's position in these cases any further information has been withheld from this publication. It is currently expected that all of these claims will be settled during the 2019/2020 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 2018/2019 is made up of 22 claims totalling £1.142 million. The 22 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 up to £0.400 million for own property claims. It is currently expected that all of these claims will be settled during 2019/2020.

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

Termination Benefits

As at 31 March 2019 the Council made a total provision of £0.071 million in respect of termination benefits, relating to redundancy costs for 2 employees. It is expected that all cases will be resolved during the first half of the 2019/2020 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 £3.845 million as at 31 March 2019. This liability however, is shared between Wiltshire Council (49%), Central Government (50%) and Dorset and Wiltshire Fire & Rescue Authority (1%). The Council's share of this provision is therefore £1.884 million.

Other Provisions

There are no Other Provisions as at 31 March 2019.

Note 30 Borrowing

An analysis of loans by maturity is as follows:

	2018/2019 £000	2017/2018 £000
Short Term Borrowing		
Maturing within 1 year Temporary Loans	0	0
Maturing within 1 year Long Term Borrowing	(10,172)	(16,951)
	<u>(10,172)</u>	<u>(16,951)</u>
Long Term Borrowing		
Maturing in 1 to 2 years	(4,000)	(8,000)
Maturing in 2 to 5 years	(28,000)	(22,000)
Maturing in 5 to 10 years	(50,123)	(50,123)
Maturing in more than 10 years	(252,906)	(232,914)
Total Maturing after 1 year	<u>(335,029)</u>	<u>(313,037)</u>
Total Borrowing	<u><u>(345,201)</u></u>	<u><u>(329,988)</u></u>

The total borrowing can be further analysed by lender category:

	2018/2019 £000	2017/2018 £000
Temporary Loans	0	0
Long Term Loans:		
Public Works Loans Board	(283,220)	(267,995)
Money Market	(61,981)	(61,993)
	<u>(345,201)</u>	<u>(329,988)</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	2018/2019 £000	2017/2018 £000
General Fund		(15,100)	(12,943)
Earmarked Reserves	32	(37,243)	(40,488)
General Fund balance per Movement in Reserves Statement		(52,343)	(53,431)
Housing Revenue Account Balance		(13,567)	(17,951)
Closing General fund and HRA balance per Expenditure & Funding Statement		(65,910)	(71,382)
Other Usable Reserves			
Major Repairs Reserve	33	(4,739)	(1,599)
Usable Capital Receipts Reserve	34	(11,970)	(12,997)
Capital Grants and Contributions		(63,746)	(53,997)
Unapplied Account			
Total Usable Reserves		<u>(146,365)</u>	<u>(139,975)</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 2018/2019 and 2017/2018.

Earmarked Reserves	2017/2018	Movement	2018/2019
	£000	in 2018/2019 £000	£000
PFI Reserve	(3,873)	390	(3,483)
Insurance Reserve	(3,239)	(175)	(3,414)
Locally Managed Schools' Balances	(5,930)	(1,848)	(7,778)
Elections Reserve	(200)	(200)	(400)
Area Board Reserve	(34)	(134)	(168)
Revenue Grants Earmarked Reserve	(6,714)	3,282	(3,432)
PFI Housing Scheme Earmarked Reserve	(2,851)	90	(2,761)
Economic Development & Planning Reserve	(21)	(31)	(52)
Single View of the Customer Reserve	(829)	88	(741)
Play Area Asset Transfers	(80)	(19)	(99)
Enabling Fund	(5,227)	1,816	(3,411)
Business Rates Equalisation Fund	(4,828)	(1,030)	(5,858)
Housing Benefit Subsidy Clawback	(500)	500	0
Children's Management System	(325)	325	0
Disabled Facilities Grant	(274)	274	0
Adoption West	(200)	127	(73)
Waste Transformation	(1,250)	1,250	0
Area Board Pavements	(150)	(150)	(300)
Leisure	(67)	10	(57)
Capital Financing	(3,300)	972	(2,328)
Development of Local Plan	(500)	200	(300)
Building control	(30)	30	0
Development control cyclical fund	(66)	66	0
Reducing Parental Conflict	0	(40)	(40)
CAMHS Funding	0	(76)	(76)
Pewsey Campus	0	(32)	(32)
National Armed Forces Day	0	(35)	(35)
Culver Street Car Park	0	(25)	(25)
Microsoft Contract	0	(800)	(800)
Young Parents Support	0	(250)	(250)
Oxenwood	0	(80)	(80)
Ofsted	0	(450)	(450)
School Readiness	0	(300)	(300)
Salisbury Recovery	0	(500)	(500)
Total	(40,488)	3,245	(37,243)

Note 33 Major Repairs Reserve

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

Major Repairs Reserve

	2018/2019 £000	2017/2018 £000
Transfer to Capital	9,013	11,131
HRA Depreciation	(12,153)	(11,548)
Movement in Year	<u>(3,140)</u>	<u>(417)</u>
Balance at 1 April	(1,599)	(1,182)

Note 34 Usable Capital Receipts Reserve

	2018/2019 £000	2017/2018 £000
Amounts Receivable in year		
- disposal of land and buildings	(14,737)	(8,798)
- Other capital receipts - mortgages	(269)	(229)
- Other capital receipts	(421)	(352)
- Housing Pooled Capital Receipt	(875)	(755)
	<u>(16,302)</u>	<u>(10,134)</u>
Amounts applied to finance new capital investment in year		
- capital receipts utilised	11,602	6,104
- capital receipts utilised for HRA repayment	4,810	0
- transfer to I&E for administration costs of Housing Pooling	42	0
- transfer to I&E equal to contribution to Housing Pooled Capital receipt	875	755
	<u>17,329</u>	<u>6,859</u>
Movement in Year	1,027	(3,275)
Balance at 1 April	(12,997)	(9,722)
Balance at 31 March	(11,970)	(12,997)

Note 35 Unusable Reserves

Reserve	Note	2018/2019 £000	2017/2018 £000
Revaluation Reserve	36	(308,687)	(306,098)
Capital Adjustment Account	37	(326,878)	(300,818)
Financial Instruments Adjustment Account		951	953
Deferred capital receipts		(1,701)	(1,806)
Pensions Reserve	38	613,750	550,836
Collection Fund Adjustment Account		(311)	(2,391)
Accumulated Absences Account		5,916	6,349
Total Unusable Reserves		<u><u>(16,960)</u></u>	<u><u>(52,975)</u></u>

Note 36 Revaluation Reserve

The balance of this account represents the revaluation gains (as certified by the Council's external valuer - GVA Grimley, and the Council's internal valuer for farms) made by the Council arising from increases in the value of its Property, Plant and Equipment assets. The 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.

Following some detailed analysis of asset balances when implementing a new asset management system it was found that the historic balance attributable to the PFI had not been included in the revaluation reserve. This error arose in 2014/15 and has been corrected within the opening balances and is included within the balances below.

Revaluation Reserve	2018/2019	2017/2018
	£000	£000
Balance at 1 April	(306,098)	(229,778)
Opening movement		(55,467)
Revised Opening Balance at 1 April	(306,098)	(285,245)
Upward revaluation of assets	(47,127)	(47,905)
Downward revaluations of not charged to surplus/ deficit on the provision of services	21,333	8,499
Surplus or deficit on revaluation of non-current assets not posted to surplus/ deficit on the provision of services	(331,892)	(324,651)
Difference between fair value depreciation and historic cost depreciation	12,162	9,323
Accumulated gains on assets sold or scrapped	11,043	9,230
Balance at 31 March	(308,687)	(306,098)

Note 37 Capital Adjustment Account

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

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

Capital Adjustment Account

	2018/2019 £000	2017/2018 £000
Opening balance at 1 April	(300,818)	(349,593)
Prior Year adjustment		24,826
Opening movement		55,467
Revised Opening Balance 1 April	(300,818)	(269,300)
Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure account		
- charges for depreciation of non-current assets	36,769	32,385
- charges for impairment/revaluations of plant, property and equipment	25,441	20,357
- gains in fair value on Investment properties	(956)	(524)
- amortisation of intangible assets	323	446
- revenue expenditure funded from capital under statute	17,842	19,119
- disposals	41,322	22,396
	120,741	94,179
Adjusting amounts written out of Revaluation Reserve	(23,205)	(18,553)
Net written out amount of the cost of non-current assets consumed in the year	97,536	75,626
Capital financing applied in the year		
-Use of capital receipts reserve to finance new capital expenditure	(11,602)	(6,104)
-Use of major repairs reserve to finance new capital expenditure	(9,013)	(11,131)
-application of capital grants	(78,346)	(71,675)
-statutory provision for the financing of capital investment charged against the general fund and HRA balances	(14,339)	(11,472)
-capital expenditure charged against the general fund and HRA balances	(5,486)	(6,762)
-Use of capital receipts reserve to finance HRA debt repayment	(4,810)	0
Balance at 31 March	(326,878)	(300,818)

In previous years the discounted housing PFI was carried on the balance sheet. This presentation has been reviewed and the prior year amended to reflect this change. Full details are shown in note 53.

As discussed in note 15, the opening balances on the cost or valuation and the depreciation have been restated to adjust for the removal of accumulated depreciation when assets are revalued. This has led to a change between the Revaluation Reserve and Capital Adjustment Account of £55.467 million. Both these accounts are within Unusable Reserves, so there is no overall net book value Unusable Reserves.

Note 38 Pension Fund Liability

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

	Period ended 31 March 2019			Period ended 31 March 2018		
	Assets		Net (liability)/	Assets		Net (liability)/
	Obligations	Liabilities	asset	Obligations	Liabilities	asset
	£000	£000	£000	£000	£000	£000
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)
Opening Position	1,044,986	(1,595,822)	(550,836)	971,217	(1,584,008)	(612,791)
Service cost						
Current service cost*	0	(49,915)	(49,915)	0	(50,252)	(50,252)
Past service cost (including curtailments)	0	(872)	(872)	0	(376)	(376)
Effect of settlements	(985)	1,583	598	(4,440)	7,377	2,937
Total service cost	(985)	(49,204)	(50,189)	(4,440)	(43,251)	(47,691)
Net interest						
Interest income on plan assets	27,035	0	27,035	24,064	0	24,064
Interest cost on defined benefit obligation	0	(41,524)	(41,524)	0	(39,517)	(39,517)
Impact of asset ceiling on net interest	0	0	0	0	0	0
Total net interest	27,035	(41,524)	(14,489)	24,064	(39,517)	(15,453)
Total defined benefit cost recognised in Profit or (Loss)	26,050	(90,728)	(64,678)	19,624	(82,768)	(63,144)
Cash flows						
Plan participants' contributions	7,781	(7,781)	0	7,577	(7,577)	0
Employer contributions	32,702	0	32,702	30,134	0	30,134
Contributions in respect of unfunded benefits	3,547	0	3,547	3,480	0	3,480
Benefits paid	(48,200)	48,200	0	(45,849)	45,849	0
Unfunded benefits paid	(3,547)	3,547	0	(3,480)	3,480	0
Expected closing position	1,063,319	(1,642,584)	(579,265)	982,703	(1,625,024)	(642,321)
Remeasurements						
Change in demographic assumptions	0	0	0	0	0	0
Change in financial assumptions	0	(95,154)	(95,154)	0	29,294	29,294
Other experience	0	(430)	(430)	0	(92)	(92)
Return on assets excluding amounts included in net interest	61,099	0	61,099	62,283	0	62,283
Total remeasurements recognised in Other Comprehensive Income (OCI)	61,099	(95,584)	(34,485)	62,283	29,202	91,485
Effect of business combination and disposals	0	0	0	0	0	0
Fair value of employer assets	1,124,418	0	1,124,418	1,044,986	0	1,044,986
Present value of funded liabilities	0	(1,682,916)	(1,682,916)	0	(1,539,538)	(1,539,538)
Present value of unfunded liabilities	0	(55,252)	(55,252)	0	(56,284)	(56,284)
Closing position	1,124,418	(1,738,168)	(613,750)	1,044,986	(1,595,822)	(550,836)

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

NOTES TO THE CASH FLOW STATEMENT

Note 39 Cash Flow Operating Activities

The cash flows for operating activities include the following items:

	2018/2019 £000	2017/2018 £000
Interest Received	(960)	(428)
Interest Payable	12,328	12,590
	<u>11,368</u>	<u>12,162</u>

Note 40 Cash Flow Investing Activities

	2018/2019 £000	2017/2018 £000
Purchase of Property, plant and equipment, investment property and intangible assets	88,451	92,798
Investments - Purchase of and deposits made	1,088,495	752,872
Investments - Sale of and returning of deposits made	(1,050,023)	(745,858)
Proceeds from sale of property, plant and equipment, investment property and intangible assets	(16,071)	(9,941)
Other receipts from investing activities	(88,095)	(90,882)
Net cash flows from investing activities	<u><u>22,757</u></u>	<u><u>(1,011)</u></u>

Note 41 Cash Flow Financing Activities

	2018/2019 £000	2017/2018 £000
Cash Receipts of short and long term borrowing	(15,213)	12,554
Movement on PFI contracts	3,351	
Net cash flows from financing activities	<u><u>(11,862)</u></u>	<u><u>12,554</u></u>

NOTES RELATING TO ACCOUNTING DECISION-MAKING

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

For 2018/2019, there are a number of accounting policy changes that have been issued but not yet adopted. The standards introduced in the 2019/2020 Code of Practice that have not yet been adopted are:

- Amendments to IAS 40 Investment Property: Transfers of Investment Property
- Annual Improvements to IFRS Standards 2014-2016 Cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty Over Income Tax Treatments
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

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 2019 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 2018/2019 on PPE assets was £36 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.

Fair measurements value

When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model), however per note 52, the Council does not hold any of this type of asset at present. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities.

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

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 2019, the Council had a balance of short term debtors of £72.9 million. An allowance for expected credit losses of £22.4 million or around 31% of the debt has been made. In the current economic climate it is difficult to assess the accuracy of this provision, but this will be continually kept under review.

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

Note 45 Authorisation of Accounts for Issue

These accounts were considered and authorised by the Chief Financial Officer of Wiltshire Council on 31 May 2019. The final audited version of these accounts was considered for approval by the Audit Committee at its meeting on 24 July 2019.

Note 46 Events after the Balance Sheet Date

The World Health Organisation (WHO) on 11 March 2020 declared a novel coronavirus (COVID-19) outbreak a global pandemic. This significant world-wide situation has shown to have deep and far reaching economic impacts as a result of interventions that have been applied to contain the spread of the virus. At this stage the economic impact is not considered to affect either the presentation nor the value of any entries within these accounts.

On 11 December 2019 a High Court judge rejected a claim that NHS Trusts and Foundation Trusts were charities and therefore entitled to claim 80% mandatory charitable relief on their business rates. Prior to this date this issue had been disclosed in the council's accounts as a contingent liability due to the potential scale of this liability.

There are no adjusting events after the Balance Sheet date for 2018/2019.

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 two contingent liabilities as at 31 March 2019.

Insurance Claims

As at 31 March 2019 there are 20 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 £0.570 million.

Legal Claim

As at 31 March 2019 there was 1 legal claim pending a tribunal. The estimated value of this claim should the Council be found liable is £0.080 million.

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

In 2018/2019 the Council paid £9.58 million (£9.81 million in 2017/2018) to the Department for Education and Skills in respect of teachers' pension costs which represents 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 2018/2019 these amounted to £2.38 million (£2.37 million in 2017/2018).

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 for the LGPS pension scheme 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 2019.

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 2019 actuarial valuation report dated 31 March 2019. 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 2019 and 2018 are as follows:

Local Government Pension Scheme	31 March 2019	31 March 2018
	£000	£000
Fair Value of Employer Assets	1,124,418	1,044,986
Present Value of Funded Liabilities	(1,682,916)	(1,539,538)
Net (Under)/Overfunding in Funded Plans	(558,498)	(494,552)
Present value of Unfunded Liabilities	(55,252)	(56,284)
Net Asset/(Liability)	(613,750)	(550,836)
Amount on balance sheet		
Asset	1,124,418	1,044,986
Liability	(1,738,168)	(1,595,822)
Liability Amount in Balance Sheet	(613,750)	(550,836)

A more detailed breakdown is included in note 38

Information about the defined benefit obligation

	Liability split £000	Liability split %	Duration years
Active members	675,815	40.2	23.8
Deferred members	429,174	25.5	21.6
Pensioner members	577,927	34.3	10.1
Total	1,682,916	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 2019 % per annum	31 March 2018 % per annum
Pension Increase Rate	2.5%	2.4%
Salary Increase Rate	2.8%	2.7%
Discount Rate	2.4%	2.6%

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 2018	CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.	CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.

Pension Assets

Fair value of employer assets

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

Asset Category	31 March 2019				31 March 2018			
	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	23,342	0	23,342	2%	21,693	0	21,693	2%
Manufacturing	17,380	0	17,380	2%	16,152	0	16,152	2%
Financial								
Institutions	3,178	0	3,178	0%	2,954	0	2,954	0%
Health & Care	5,028	0	5,028	0%	4,673	0	4,673	0%
Information								
Technology	115,462	0	115,462	10%	107,305	0	107,305	10%
Other	9,399	0	9,399	1%	8,735	0	8,735	1%
Real Estate:								
UK Property	0	117,928	117,928	11%	0	109,598	109,598	11%
Overseas Property	0	25,691	25,691	2%	0	23,876	23,876	2%
Investment Funds & Unit Trusts:								
Equities	0	591,598	591,598	53%	0	549,806	549,806	53%
Bonds	0	184,071	184,071	16%	0	171,067	171,067	16%
Infrastructure	0	19,855	19,855	2%	0	18,453	18,453	2%
Other	0	3,132	3,132	0%	0	2,910	2,910	0%
Cash & Cash Equivalents								
All	8,354	0	8,354	1%	7,764	0	7,764	1%
Total	182,143	942,275	1,124,418	100%	169,276	875,710	1,044,986	100%

Projected defined benefit costs for the period to 31 March 2020

The estimated employer contributions for the year to 31 March 2020 will be approximately £31.392 million.

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

Period Ending 31 March 2020	Assets	Obligations	Net (Liability)/Asset	
	£000	£000	£000	% of Payroll
Projected Current Service Cost	0	55,381	(55,381)	(45.3%)
Total Service Costs	0	55,381	(55,381)	(45.3%)
Interest Income on Plan Assets	26,878	0	26,878	22.0%
Interest Cost on Defined Benefit Obligation	0	41,851	(41,851)	(34.2%)
Total Net Interest Cost	26,878	41,851	(14,973)	(12.2%)
Total included in Profit or Loss	26,878	97,232	(70,354)	(57.5%)

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 2019	Approximate % increase to Employer	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	10%	173,223
0.5% increase in the Salary Increase Rate	1%	18,965
0.5% increase in the Pension Increase Rate	9%	151,839

Further information can be found in the Wiltshire Pension Fund annual report 2018/2019 which is available on request. Requests for this report, or any other queries arising from the Wiltshire Pension Fund Accounts, should be addressed to the Director, Finance & Procurement, Wiltshire Council, County Hall, Bythesea Road, Trowbridge, BA14 8JN.

Note 50 Nature and Extent of risks arising from Financial Instruments

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

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

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

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

Credit Risk

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

This risk is minimised through the Annual Investment Strategy, which is available on the Council's website.

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

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

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

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

The full Investment Strategy for 2018/2019 was approved by Full Council on 20 February 2018 and is available on the Council's website.

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

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £102.249 million cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2019 that this was likely to crystallise.

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

Amounts Arising from Expected Credit Losses

Impairments arising from expected credit losses have been calculated using an historical default table provided by Link Asset Services.

The 12 month Expected Credit Loss for Individual Financial Assets (Fixed Term Deposits) recognised at amortised cost during 2018/2019 is £6,984.69.

For deposits with Local Authorities no impairment is required since the Code does not recognise a loss allowance where the counterparty for a financial asset is central government or a local authority for which relevant statutory provisions prevent default.

As the calculated impairment of £6,984.69 is considered to be immaterial there is no need to recognise this in the Comprehensive Income & Expenditure Statement.

During the year, no financial assets were written off by the Council.

Credit Risk Exposure

The Council has the following exposure to credit risk at 31 March 2019.

	Credit Risk Rating	Gross Carrying Amount £000s
12 month expected credit losses	AAA	54,037
	AA	13
	AA-	24,136
	A+	16,053
	A	8,010
	BBB	0
	Sub BBB	0
Maximum Credit Risk Exposure		102,249
Landsbanki Winding Up Board		28
Total Carrying Amount of all Investments		102,277

The 12 month expected credit losses do not include the carrying amount for Landsbanki Winding Up Board as this investment has already been impaired.

During 2018/2019 the council held no collateral as security.

Liquidity Risk

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

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

Outstanding investments (£102.277 million) are all due to be repaid in less than one year.

Refinancing and Maturity Risk

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

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to 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 2018/2019):

Maturity Analysis of Financial Liabilities

	Approved Minimum Limits	Approved Maximum Limits	Actual 31 March 2019		Actual 31 March 2018	
			£000s	%	£000s	%
Less than 1 Year	0%	25%	10,172	2.9%	16,951	5.1%
Between 1 and 2 Years	0%	25%	4,000	1.2%	8,000	2.4%
Between 2 and 5 Years	0%	45%	28,000	8.1%	22,000	6.7%
Between 5 and 10 Years	0%	75%	50,123	14.5%	50,123	15.2%
More than 10 Years	0%	100%	252,906	73.3%	232,914	70.6%
			345,201	100.0%	329,988	100.0%

Market Risk – Interest Rate Risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing

financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

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

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

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

According to this assessment strategy, at 31 March 2019, 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

	2018/2019
	£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	(312)
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)	59,872

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; and
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

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

Financial Liabilities	31 March 2019		31 March 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Long Term Debt:				
Non-PWLB (Market) Debt	(61,981)	(93,298)	(61,993)	(91,725)
PWLB Debt	(283,220)	(345,810)	(267,995)	(323,216)
Total Long Term Debt	(345,201)	(439,108)	(329,988)	(414,941)
Temporary Debt	0	0	0	0
Short Term Debt	0	0	0	0
Total Debt Value	(345,201)	(439,108)	(329,988)	(414,941)
Short Term Creditors	(95,689)	(95,689)	(86,079)	(86,079)
Long Term Creditors	(2,241)	(2,241)	(7,376)	(7,376)
Total Financial Liabilities	(443,131)	(537,038)	(423,443)	(508,396)

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

Financial Liabilities	31 March 2019		31 March 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Long Term Debt:				
Non-PWLB (Market) Debt	(61,981)	(115,586)	(61,993)	(113,966)
PWLB Debt	(283,220)	(394,816)	(267,995)	(363,610)
Total Long Term Loans	(345,201)	(510,402)	(329,988)	(477,576)
Temporary Debt	0	0	0	0
Short Term Debt	0	0	0	0
Total Loans Value	(345,201)	(510,402)	(329,988)	(477,576)
Short Term Creditors	(95,689)	(95,689)	(86,079)	(86,079)
Long Term Creditors	(2,241)	(2,241)	(7,376)	(7,376)
Total Financial Liabilities	(443,131)	(608,332)	(423,443)	(571,031)

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 2019) 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 £283.220 million would be valued at £345.810 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 £394.816 million.

Financial Assets	31 March 2019		31 March 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Loans and Receivables:	£000	£000	£000	£000
Cash and Cash Equivalents	6,703	6,703	8,694	8,694
Money markets Loans < 1 Year	14,938	14,938	13,700	13,700
Short Term investment	87,339	87,339	50,106	50,106
Total Loans and Receivables	108,980	108,980	72,500	72,500
Short Term Debtors	50,531	39,421	50,614	40,995
Long Term Debtors	6,403	6,403	5,638	5,638
Total Financial Assets	165,914	154,804	128,752	119,133

The fair value of the treasury 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 2019 and 2018 are as follows:

Recurring fair value measurements using:	Quoted prices in active market for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2019 £000
Main Portfolio	0	0	23,452	23,452
Other	0	0	0	0
Total	0	0	23,452	23,452

Recurring fair value measurements using:	Quoted prices in active market for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2018 £000
Main Portfolio	0	0	23,244	23,244
Other	0	0	0	0
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 2019	Valuation technique used to measure fair value	Unobservable inputs	Sensitivity
Main Portfolio	£000 23,452,300	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 Adjustment

In the year, an error was identified in the determination of Housing PFI liabilities. This resulted in an understatement of expenses and liabilities in 2018/19 and the preceding years. This error has been corrected by restating the comparative periods. Details of effect of this change are below.

	NOTES	31 March 2019		31 March 2018	Amendment	31 March 2018
		£000	£000	restated	£000	As previously stated
				£000	£000	£000
Property, Plant and Equipment	15					
Council Dwellings & Garages		273,168		270,823		270,823
Other Land and Buildings		355,028		354,635		354,635
Vehicles, Plant, Furniture and Equipment		66,484		74,993		74,993
Infrastructure		388,208		357,494		357,494
Community Assets		6,061		6,160		6,160
Assets Under Construction		50,673		62,806		62,806
Surplus Assets Not Held for Sale		8,634		9,890		9,890
			1,148,256	1,136,801		1,136,801
Investment Properties	23	23,452		23,244		23,244
Intangible Assets	24	1,985		564		564
Long Term Debtors		6,403		5,638		5,638
			31,840	29,446		29,446
Long Term Assets			1,180,096	1,166,247		1,166,247
Current Assets						
Short Term Investments		102,277		63,805		63,805
Assets Held for Sale	25	8,427		10,165		10,165
Inventories		789		737		737
Short Term Debtors	26	50,531		50,614		50,614
Cash and Cash Equivalents	27	6,703		8,694		8,694
Current Assets			168,727	134,015		134,015
Current Liabilities						
Short Term Creditors	28	(95,689)		(86,079)		(86,079)
Short Term Borrowing	30	(10,172)		(16,951)		(16,951)
Short Term PFI Creditors	22	(3,581)		(3,350)	(797)	(2,553)
Provisions	29	(3,596)		(4,017)		(4,017)
Current Liabilities			(113,038)	(110,397)	(797)	(109,600)
Long Term Liabilities						
Long Term PFI Creditors	22	(68,814)		(72,396)	(24,029)	(48,367)
Long Term Borrowing	30	(335,029)		(313,037)		(313,037)
Other Long Term Liabilities		(2,241)		(7,376)		(7,376)
Pension Fund Liability	38	(613,750)		(550,836)		(550,836)
Planning Deposits		(52,626)		(53,270)		(53,270)
Long Term Liabilities			(1,072,460)	(996,915)	(24,029)	(972,886)
Net Assets			163,325	192,950	(24,826)	217,776
Financed by						
Usable Reserves	31		(146,365)	(139,975)		(139,975)
Unusable Reserves	35		(16,960)	(52,975)	24,826	(77,801)
Total Reserves			(163,325)	(192,950)	24,826	(217,776)

Notes to Accounts Annex 1 Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2018/2019 financial year and its position at the year-end of 31 March 2019. 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 2018/2019 supported by International Financial Reporting Standards (IFRS).

The Statement of Accounts has been prepared on a "going concern" basis. The accounting conventions adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. Provisions

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

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

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

Landfill Allowance Schemes

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

iv. Reserves

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

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

v. Government Grants and Contributions

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

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

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

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

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

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

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects to support development in the area.

CIL is received without outstanding conditions, it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income & Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges may be used to fund revenue expenditure.

vi. Employee Benefits

Benefits Payable During Employment

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

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

Termination Benefits

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

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

enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

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

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

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

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

The Local Government Pension Scheme

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

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

Liabilities are discounted to their value at current prices, using a discount rate of 4.3% (based on the indicative rate of return on high quality corporate bonds (the Iboxx Sterling Corporates Index, AA over 15 years).

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

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

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

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs
- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- gains or losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
- contributions paid to the Wiltshire pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

vii. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty’s Revenue & Customs. VAT receivable is excluded from income.

viii. Overheads and Support Services

The costs of overheads and support services are not recharged to services as part of normal management accounts reporting. Therefore, they are no recharges for overheads and support services within the Comprehensive Income & Expenditure Statement.

ix. Intangible Fixed Assets

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

Internally generated assets are capitalised where it is demonstrated that the project is technical, feasible and is intended to be completed (with adequate resources being available) and the authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributed to the asset and is restricted to that incurred during the development phase.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods and services.

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

x. Property, Plant and Equipment

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

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)
- Surplus Assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- 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.

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, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at the highest and best use. Properties are not depreciated but revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance and are therefore reserved out in the Movement in Reserves Statement.

xii. Charges to Revenue for Non-Current Assets

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

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

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

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

xiii. Revenue Expenditure Funded from Capital Under Statute

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

xiv. Leases

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

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

Operating Leases

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

The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

Operating Leases

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

xv. Financial Instruments**Financial Liabilities**

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

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

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

Loans and receivables**Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measures at:

- Amortised cost;
- Fair value through profit or loss; and
- Fair value through other comprehensive income

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments, are not solely payment of principal and interest.

Financial Assets Measured at Amortised Cost

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

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only life time leases are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk platys a crucial part is assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime bases of 12 month expected losses.

Financial Assets measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices - the market prices
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following 3 levels:

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

xvi. Inventories and Long-Term Contracts

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

xvii. Interest in companies and other entities

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

xviii. Private Finance Initiative (PFI) and similar contracts

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

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

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

- 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 onto the Balance Sheet with a value. This decision is made based on whether the cost of obtaining a valuation exceeds the benefits to the users of the accounts.

For Wiltshire Council, which does not hold museum or art collections, the costs of commissioning external valuations exceeds the benefit to the users of the accounts therefore the assets are disclosed in a note to the accounts only. The assets disclosed in note 20 include a property (the East Grafton Windmill), the White Horse in Westbury, and a small collection of art held across the county.

xxvi. Carbon Reduction Commitment scheme

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

xxvii. Fair value measurement

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

- 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.

xxviii. Council Tax and Non-domestic Rates

Billing authorities act as agents. Collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund, (the Collection Fund) for the collection and distribution due in respect of council tax and NDR. Under legislation framework for the Collection fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be more or less than predicted.

Accounting for Council Tax and Non-Domestic Rates (NDR)

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of the accrued income for the year. However, regulations determine the amount of the council tax and NDR that must be in the Council's General Fund. Therefore, the difference between the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Housing Revenue Account

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

	NOTE	2018/2019		2017/2018	
		£000	£000	£000	£000
Income					
Rents (gross):					
- dwellings		(24,371)		(24,334)	
- garages		(374)		(359)	
- other		(611)	(25,356)	(349)	(25,042)
Charges for services and facilities			(901)		(633)
Total Income			(26,257)		(25,675)
Expenditure					
Repairs and Maintenance			5,217		5,219
Supervision and Management:					
- general		2,895		2,554	
- special services		997	3,892	844	3,398
Increase in allowance for bad debts			334		370
Depreciation & Impairments of Fixed Assets					
- On dwellings	3	12,003		11,348	
- On garages	3	570		148	
- On other Assets	3	44		52	
Total Expenditure			22,060		20,535
Net Cost Of Services per Income & Expenditure Account			(4,197)		(5,140)
HRA Services share of Corporate and Democratic Core			321		321
Net Cost of HRA Services			(3,876)		(4,819)
(Gain)/Loss on sale of HRA fixed assets			4,759		5,108
Interest Payable			3,672		3,673
Interest:					
- on balances		(110)		(75)	
- on mortgages		(55)	(165)	(60)	(135)
(Surplus)/Deficit for the Year on HRA services			4,390		3,827

Statement of Movement on the HRA Balances

	2018/2019 £000	2017/2018 £000
Balance on HRA at the end of previous year	(17,951)	(23,170)
(Surplus)/ Deficit for year on HRA Income and Expenditure Account	4,390	3,827
Adjustments between accounting basis and funding basis under statute	(6)	1,392
Net (increase)/decrease before transfers to/ from reserves	4,384	5,219
Transfer to/ from reserves		
Net (increase)/decrease in year on HRA	4,384	5,219
Balance on HRA at the end of current year	(13,567)	(17,951)

Note to Statement of Movement on the HRA Balances

	2018/2019 £000	2017/2018 £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	(4,759)	(5,108)
Items not included in the HRA Income and Expenditure Account but included from the movement on HRA balance for the year		
Transfer to/from Pension Reserve note 6	(263)	(263)
Transfer to/from Capital Adjustment Account	(464)	
Transfer to/from accumulated absences	(6)	1
Revenue Contributions to Capital Expenditure	5,486	6,762
Net Additional amount required by statute to be credited to the HRA balance for the year	(6)	1,392

Housing Revenue Account Notes

1 Housing Stock

	31 March 2019	31 March 2018
Houses and Bungalows		
- 1 bedroom	278	278
- 2 bedrooms	1,439	1,417
- 3 bedrooms	1,714	1,727
- 4+ bedrooms	132	135
Flats		
- 1 bedroom	947	915
- 2 bedrooms	734	683
- 3+ bedrooms	65	66
Total dwellings as at 31 March	5,309	5,221

The Council sold 32 houses during 2018/2019 under the right to buy scheme (RTB). The Council received a total before pooling of £3.315 million as capital receipts. The Council has also built an additional 120 houses as part of the Council House Build Programme in 2018/2019. The overall net increase in council houses since 2017/2018 is therefore 88.

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 2019 £000	31 March 2018 £000
Rent arrears	1,698	1,420
less rent payments in advance	(583)	(535)
less bad debt provision	(1,556)	(1,349)
Net arrears position	(441)	(464)

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 2018	166,650	32,250	102,381	3,120	44	304,445
Additions in Year	5,485	5,974	3,424	0	0	14,883
Disposals	(1,987)	0	(1,428)	0	0	(3,415)
Revaluations	(4,927)	(973)	(2,975)	0	0	(8,875)
Depreciation	(5,553)	(6,450)	0	(570)	(44)	(12,617)
Category Adjustments	8,821	1,862	727	0	0	11,410
Balance at 31 March 2019	168,489	32,663	102,129	2,550	0	305,831

The Balance Sheet value of Council Dwellings (structures, services and land) as at 31 March 2019 was £303.281 million. This represents the valuation at existing use for social housing which is the value of the properties with a secured tenant continuing to live in the property paying social rents rather than market rents.

The Vacant Possession value (open market) of the properties at 31 March 2019 was £866.517 million. This represents the value of the houses if the property were sold without a secured tenant continuing in the property. Therefore it could be rented out at market rent so has a higher value. This figure has been discounted by a factor of 35% to get the Existing use value - social housing.

The difference between the Vacant Possession value and the Balance Sheet value of dwellings within the HRA shows the Economic Cost of providing Council Housing at less than open market rents. The Economic Cost of the properties at 31 March 2019 was £563.236 million.

4 Financing of HRA capital expenditure

	2018/2019 £000
Revenue and Reserves	5,486
Other receipts (MRR)	9,013
	14,499
Council Dwellings (Structures and Services)	8,991
Plant and Equipment	0
Asset under Construction	5,508
	14,499

5 Major Repairs Reserve

	2018/2019 £000	2017/2018 £000
Brought forward at 1 April	(1,599)	(1,182)
Transfer to Capital	9,013	11,131
HRA Depreciation	(12,153)	(11,548)
Transfer to HRA	0	0
Carried forward at 31 March	(4,739)	(1,599)

6 Contribution to Pension Reserve

The HRA bears a share of the pension contribution due to the IAS 19 adjustment in proportion to the payments made during the year. See note 49 to the Core Financial Statements for more information on accounting for retirement benefits.

Collection Fund

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

	NOTE	Non-Domestic Rates 2018/2019	Council Tax 2018/2019	Total 2018/2019 £000	Non-Domestic Rates 2017/2018	Council Tax 2017/2018	Total 2017/2018 £000
Income							
Council Tax	1		(328,735)	(328,735)		(304,708)	(304,708)
Non-Domestic Rates		(153,797)		(153,797)	(147,256)		(147,256)
Transferred from General Fund							
Transitional Relief		2,118		2,118	3,234		3,234
		(151,679)	(328,735)	(480,414)	(144,022)	(304,708)	(448,730)
Disbursement							
Precepts and Demands							
- Wiltshire Council		73,240	258,450		71,993	237,304	
- Police			33,302			30,275	
- Fire		1,495	13,283		1,469	12,551	
- Town and Parish Councils			19,804			16,954	
- Central Government		74,735			73,463		
				474,309			444,009
Share of surplus/(deficit) on Collection Fund							
- Wiltshire Council		(1,249)	5,506		3,068	2,530	
- Police			702			332	
- Fire		(25)	291		63	138	
- Central Government		(1,275)			3,130		
				3,950			9,261
Cost of collection allowance							
	2	621			622		
Movement in allowance for Bad Debts		(215)	276		67	41	
Write-offs		627	724		988	828	
Appeals		164			(159)		
Other transfers to general fund		1,623			2,372		
Interest on overpayments		0			0		
				3,820			4,759
Fund surplus/(deficit) for the year							
		1,938	(3,603)	(1,665)	(13,054)	3,755	(9,299)
		151,679	328,735	480,414	144,022	304,708	448,730
Non-Domestic Rates							
Council Tax							
Total							
Fund balance b/f		8,220	(7,576)	644	(4,834)	(3,821)	(8,655)
(Surplus)/deficit for year		(1,938)	3,603	1,665	13,054	(3,755)	9,299
Fund balance c/f	3	6,282	(3,973)	2,309	8,220	(7,576)	644

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; the average for Wiltshire Council was £1,777.93 for 2018/2019 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	2018/2019 Band D Equivalent Dwellings	2017/2018 Band D Equivalent Dwellings
Band A Disabled	5/9	30	17	15
Band A	6/9	15,097	10,064	9,890
		15,127	10,081	9,905
Band B	7/9	29,661	23,069	22,786
Band C	8/9	42,974	38,199	37,722
Band D	9/9	32,770	32,770	32,217
Band E	11/9	25,745	31,466	30,976
Band F	13/9	15,807	22,832	22,556
Band G	15/9	10,078	16,797	16,619
Band H	18/9	1,152	2,305	2,280
			177,519	175,061
Adjustment for MOD contribution in lieu, new properties, & collection rate			5,186	2,744
Council Tax Base			182,705	177,805

2 National Non-Domestic Rates

The total non-domestic rateable value at 31 March 2019 was £387,042,044 (£384,427,006 at 31 March 2018). The national non domestic multiplier for the year was 49.3p (47.9p in 2017/2018) and the small business rates relief multiplier was 48.0p (46.6p in 2017/2018).

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 31/03/2019 £000	Council Tax 31/03/2019 £000	Total 31/03/2019 £000	Non-domestic Rates 31/03/2018 £000	Council Tax 31/03/2018 £000	Total 31/03/2018 £000
Wiltshire Council	3,078	(3,389)	(311)	4,028	(6,418)	(2,390)
Police	0	(410)	(410)	0	(824)	(824)
Fire	63	(174)	(111)	82	(334)	(252)
Central Government	3,141	0	3,141	4,110	0	4,110
	6,282	(3,973)	2,309	8,220	(7,576)	644

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.

Cash Flow Statement

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

CIPFA

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

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.

Wiltshire Council

Audit and Governance Committee

18 November 2020

Subject: Annual Governance Statement 2019/20

Executive Summary

The Annual Governance Statement for Wiltshire Council should demonstrate how the Council is meeting the principles of good governance adopted in its Code of Corporate Governance. A statement has been prepared based on the local code of corporate governance adopted by full council as part of the Constitution. The statement reflects discussion on the initial draft at the Audit Committee on 22 July as well as feedback received from the external auditors.

Proposal(s)

The Audit Committee is asked to agree the Annual Governance Statement for 2019/20 at Appendix 1.

Reason for Proposal

The Council is required, as part of its annual review of the effectiveness of its governance arrangements, to produce an Annual Governance Statement (AGS) for 2019/20. This will be signed by the Leader of the Council and the Chief Executive after final approval by the Audit Committee. The AGS will form part of the Annual Statement of Accounts for 2019/20.

Ian Gibbons

Director, Legal and Governance / Monitoring Officer

Andy Brown

Interim Corporate Director Resources / Section 151 Officer

Jo Pitt

Director, Human Resources and Organisational Development

Wiltshire Council

Audit and Governance Committee

18 November 2020

Subject: Annual Governance Statement 2019/20

Purpose of Report

1. To ask the Audit Committee to agree the Annual Governance Statement for 2019/20.

Background

2. The Council is required, as part of its annual review of the effectiveness of its governance arrangements, to produce an Annual Governance Statement (AGS) for 2019/20. This will be signed by the Leader of the Council and the Chief Executive after final approval by the Audit Committee. The AGS will form part of the Annual Statement of Accounts for 2019/20.
3. The format of the AGS follows advice from the Chartered Institute of Public Finance and Accountancy (CIPFA), with an onus on making it focused and readable. This is also the format of the [Local Code of Corporate Governance](#) that full council adopted as part of the Constitution on 9 July 2019.
4. The AGS for Wiltshire Council should demonstrate how the Council is meeting the principles of good governance adopted in its Code of Corporate Governance. These principles aim to ensure the Council is:
 - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
 - Ensuring openness and comprehensive stakeholder engagement.
 - Defining outcomes in terms of sustainable economic, social and environmental benefits.
 - Determining the interventions necessary to optimise the achievement of intended outcomes.
 - Developing capacity, including the capacity of the Council's leadership and the individuals within it.
 - Managing risks and performance through robust internal controls and strong public financial management.
 - Implementing good practices in transparency, reporting and audit to deliver accountability.

5. The AGS is primarily retrospective. It reports on the assurance framework and measures in place for the financial year 2019/20, but must take account of any significant issues of governance up to the date of publication of the Statement of Accounts. This date has been extended from June under the Accounts and Audit (Coronavirus)(Amendment) Regulations 2020. The AGS should outline the actions taken or proposed to address any significant governance issues identified.
6. The AGS is drafted by senior officers who have lead roles in corporate governance. The evidence for the AGS comes from a variety of sources, including service plans, relevant lead officers within the organisation, internal and external auditors and inspection agencies.
7. In last year's Annual Governance Statement the Council identified a number of areas where further improvements could be made to strengthen its governance framework. These were set out in the last report to Audit Committee and where appropriate have been rolled forward into the AGS for 2019/20.

Main Consideration for the Council AGS - Content

8. An AGS for 2019/20 is attached at Appendix 1. This has been updated in the light of the observations of Audit Committee on 22 July as well as external audit (Deloitte). The Council's internal auditors, SWAP, have given an overall audit opinion of reasonable assurance on the effectiveness of the Council's control environment for 2019/20.
9. The final sections of the AGS require the Council to identify any significant internal control issues affecting the Council during the relevant period. CIPFA guidance suggests that an internal control issue is to be regarded as significant if:
 - the issue has seriously prejudiced or prevented achievement of a principal objective;
 - the issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
 - the issue has led to a material impact on the accounts;
 - the audit committee, or equivalent, has advised that it should be considered significant for this purpose;
 - the Head of Internal Audit has reported on it as significant, for this purpose, in the annual opinion on the internal control environment;
 - the issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation;
 - the issue has resulted in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.
10. The response to the COVID-19 pandemic will have immediate and undoubtedly long lasting significant financial implications for Wiltshire's economy, communities and residents as well as the Council itself. The magnitude and far reaching consequences of this unprecedented situation represents a significant governance issue for the Council, which

will be addressed through the Recovery Plan agreed by the Recovery Co-ordinating Group of the LRF and endorsed by Cabinet on behalf of the Council.

11. Areas for improvement in governance arrangements will need to be considered through the lens of recovery as work progresses under the themes of the Recovery Plan. Subject to this, the following areas for improvement have been identified at this stage:
 - Deliver policy and training to embed social value across the council
 - Promote with staff 'EPIC values' (Empowering People to Innovate and Collaborate) and an updated code of conduct, replacing the previous Behaviours framework
 - Implement a new VCS strategy and review the Wiltshire Compact
 - Pilot a multi-year outcome-based planning process aligned to budget build (when spending reviews permit)
 - Review approach to service delegation and asset transfer and One Public Estate
 - Review the effectiveness of the commercial policy and current procurement and commissioning approaches.
 - Embed good commissioning and contract management as part of staff job descriptions.
 - Rollout training and awareness on decision making processes
 - Work with partners to complete a multi-agency evaluation of the response to the pandemic
 - Review how performance can be communicated to the public to deliver maximum openness and transparency.
 - Align organisational processes more closely to the outcomes in the Business Plan and the Recovery Plan to ensure a focus on the resources used and outcomes achieved

12. The Council's external auditors, Deloitte LLP, have been consulted on the draft AGS and their comments reflected in the final draft. This includes recognition that the Council has been working to agree an approach to a technical disclosure query associated with fixed asset accounting and more specifically historical balances within the revaluation reserve and capital adjustment account. The Council has accepted an 'except for' qualification on these accounts to ensure progress to conclusion of the audit opinion for 2018/19 and 2019/20. Details of this conclusion and opinion can be found in the auditor's ISA 260 reports and steps have been taken to address. The issue is also covered separately on the agenda in the report on the annual accounts.

Ian Gibbons
Director Legal and Governance / Monitoring Officer

Andy Brown
Interim Corporate Director Resources / Section 151 Officer

Jo Pitt
Director HR and OD

Report Authors: Ian Gibbons, Jo Pitt, Andy Brown and David Bowater.

Wiltshire Council

Annual Governance Statement 2019/20

Introduction

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

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

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

Approval of the Annual Governance Statement 2019/20

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

Terence Herbert
Chief Executive

Cllr Philip Whitehead
Leader of Wiltshire Council

XX xember 2020

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



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

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

Respect for the rule of law

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

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

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

Behaving with integrity

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

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

Strong commitment to ethical values

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

How we can improve

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

Principle B - Ensuring openness and comprehensive stakeholder engagement

Openness

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

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

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

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

Engaging with institutional stakeholders

Engaging with citizens and service users

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

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

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

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

How we can improve

Implement a new Voluntary and Community Sector strategy and review the Wiltshire Compact.

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

Defining outcomes

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

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

A [Local Development Scheme](#) provides a three year rolling project plan for producing the **local development framework**

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

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

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

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

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

Sustainable economic, social and environmental benefits

How we can improve

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

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

Determining and planning interventions

Optimising achievement of intended outcomes

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

The council's [annual budget](#) setting process has also seen updates to the Medium Term Financial Strategy and ongoing Capital Programme

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

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

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

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

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

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

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

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

How we can improve

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

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

Developing capacity

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

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

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

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

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

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

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

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

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

How we can improve

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

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

Managing risk and performance

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

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

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

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

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

Robust internal control and strong public financial management

How we can improve

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

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

Assurance and effective accountability

Implementing good practices in transparency and reporting

The Council has independent external auditors (Deloitte) and SWAP Internal Audit Services, who provide an internal audit function, Wiltshire being the biggest partner. SWAP’s internal audit plan is agreed by the [Audit Committee](#) and periodic update reports were considered by the Committee throughout 2019/20. As at April 2020, SWAP Internal Audit completed 66 internal audit reviews, to draft and final report including significant high-risk areas e.g. contract management, programme management and procurement processes. One audit on gross loans was given no assurance. SWAP has worked closely with the Audit Committee to follow up and monitor implementation. Overall SWAP assessed the Council’s control environment as ‘reasonable’ with no significant issues raised. The Council has been working with the **External Auditor** to agree an approach to a technical disclosure query associated with fixed asset accounting and more specifically historical balances within the revaluation reserve and capital adjustment account. The Council has accepted an ‘except for’ qualification on these accounts to ensure progress to conclusion of the audit opinion for 2018/19 and 2019/20. Details of this conclusion and opinion can be found in the auditor’s ISA 260 reports.

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

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

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

The Council complies with reporting requirements such as an [online structure chart](#) and information on senior salaries and expenses.

How we can improve

Align organisational processes more closely to the outcomes in the Business Plan to ensure a focus on the resources used and outcomes achieved

Wiltshire Council

Audit Committee

18 November 2020

Subject: Pension Fund Statement of Accounts 2019/20

Executive Summary

This report presents the final audited Pension Fund Statement of Accounts 2019/20 and will include a Letter of Representation for approval, that will be circulated as soon as it is received and presented at the meeting.

Proposal(s)

- a. To approve the final audited Pension Fund Statement of Accounts 2019/20.
- b. To approve the Letter of Representation for the Pension Fund Statement of Accounts 2019/20.

Reason for Proposal(s)

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

Andy Brown

Interim Corporate Director for Resources (S.151 Officer)

Wiltshire Council

Audit Committee

25 September 2020

Subject: Pension Fund Statement of Accounts 2019/20

Purpose of Report

1. This report presents the Pension Fund Statement of Accounts for the financial year 2019/20 for approval following the completion of the audit.

Relevance to the Council's Business Plan

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

Background

3. As part of the formal process of closing the Pension Fund's 2019/20 accounts, the Chief Financial Officer is required to approve the draft Statement of Accounts by 31 July. The Audit Committee is subsequently required to approve the audited accounts by 30 November.
4. Deloitte have completed their audit work and have confirmed that no items remain outstanding.
5. There were no material misstatements or errors found during the audit process. There are a few minor amendments to the accounts from those published as draft, mainly of a presentational nature.
6. At its meeting on 24 September 2020 the Wiltshire Pension Committee considered the Pension Fund accounts and recommended to this committee that the accounts be approved – minute number 187
<https://cms.wiltshire.gov.uk/ieListDocuments.aspx?CId=142&MId=13269&Ver=4>.

Letter of Representation

7. The International Standard on Auditing 580 requires auditors to obtain written representations from management and, where appropriate those charged with governance in an audit of the financial statements. This representation is a formal Management Representation letter to Deloitte and is currently progressing through Deloitte final audit partner and quality review and will be circulated as soon as this process is complete. The committee are requested to formally approve this representation. Once approved the letter will be passed to our auditors.

Next Steps – Plan of action

8. After approval of the Letter of Representation and the Statement of Accounts by this committee signed copies will be passed to Deloitte and following the receipt of the audit certificate the audited Pension Fund Statement of Accounts 2019/20 will be published and made available on the internet.

Overview and Scrutiny Engagement

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

Safeguarding Implications

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

Public Health Implications

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

Procurement Implications

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

Equalities Impact of the Proposal

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

Environmental and Climate Change Considerations

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

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

15. The Pension Fund annual accounts are required to be approved as part of the overall statutory requirement of the Pension Fund annual report and accounts process.

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

16. The audit is a statutory function and accounts must be prepared in accordance with regulation to represent a true and fair view of the financial position of the pension fund.

Financial Implications

17. The financial implications have been set out in the body of this report.

Legal Implications

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

Workforce Implications

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

Options Considered

20. The audit is a statutory function and accounts must be prepared in accordance with regulation to represent a true and fair view of the financial position of the pension fund.

Conclusions

21. The Committee are recommended to approve:

- a) The final audited Pension Fund Statement of Accounts 2019/20.
- b) The Letter of Representation for the Pension Fund Statement of Accounts 2019/20.

Andy Brown

Interim Corporate Director for Resources (Section 151 Officer)

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9 November 2020

Appendices

Appendix A: Audited Pension Fund Statement of Accounts 2019/20

To be circulated as soon as received and tabled at the meeting: Letter of Representation 2019/20

Background Papers

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

Wiltshire Pension Fund Committee meeting September 2020 – Agenda Item 12

Wiltshire Pension Fund

The Wiltshire Pension Fund ('the fund') is part of the LGPS and is administered by Wiltshire Council for local authorities within Wiltshire and other local government associated organisations. It meets the cost of pension benefits due to current and former employees of these organisations.

General

The scheme is governed by the [Public Service Pensions Act 2013](#). The fund is administered in accordance with the following secondary legislation:

- the [Local Government Pension Scheme Regulations 2013](#) (as amended)
- the [Local Government Pension Scheme \(Transitional Provisions, Savings and Amendment\) Regulations 2014](#) (as amended)
- the [Local Government Pension Scheme \(Management and Investment of Funds\) Regulations 2016](#).

It is a contributory defined benefit pension scheme administered by Wiltshire Council to provide pensions and other benefits for pensionable employees of Wiltshire Council, the town and parish councils in Wiltshire and a range of other scheduled and admitted bodies. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The fund is overseen by the Wiltshire Pension Fund Committee, which is a committee of Wiltshire Council.

Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Wiltshire Pension Fund include the following:

- Scheduled bodies, which are automatically entitled to be members of the fund.
- Admitted bodies, which participate in the fund under the terms of an admission agreement between the fund and the employer. Admitted bodies include voluntary, charitable and similar not-for-profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector

Membership details are set out as below:

Membership	2019/20	2018/19
Active	23,487	22,541
Pensioner & Dependents	18,150	17,222
Deferred	39,187	37,417
Total number of members in pension scheme	80,824	77,180

Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the [Local Government Pension Scheme Regulations 2013](#) and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2020. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2019.

Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the Consumer Prices Index.

A range of other benefits are also provided including early retirement, disability pensions and death benefits, as explained on [the LGPS website](#).

Responsibility for the Report

Wiltshire Council

The Council must arrange for the proper administration of the Wiltshire Pension Fund. It needs to ensure an economic, efficient and effective use of resources in carrying out this administration and that the Fund's investments are safeguarded.

The Council has delegated this responsibility to the Wiltshire Pension Fund Committee. It also, however, must ensure that one of its officers has responsibility for the financial aspects of that administration, this being the Associate Director of Finance.

Wiltshire Pension Fund Committee

There are seven elected members of the Committee, comprising five Wiltshire Councillors and two Swindon Borough Council members. In addition, there are two representatives of the admitted bodies and two observers representing staff interests. Details of the membership of the Committee in 2019/2020 are shown in the Wiltshire Pension Fund Annual Report.

Included amongst the powers delegated by the Council to the Committee are requirements to:

- arrange and keep under review the investments of the Fund through one or more properly authorised investment managers, and to
- appoint investment managers and external advisers as necessary to support the work of the Committee.

Local Pensions Board

The Local Pension Board was established in April 2015 to assist the Administering Authority in securing compliance with the scheme regulations and the effective and efficient governance and administration of the Fund. It is made up of 3 scheme members' representatives and 3 scheme employers' representatives along with a non-voting independent chairman. The LPB has an oversight function to ensure the Fund is compliant with the Pensions Regulator.

The Fund will liaise closely with the Local Pension Board, so they can fulfil their duties providing support and advice to the Administering Authority.

Chief Finance Officer

The Chief Finance Officer is responsible for preparing the financial statements of the Wiltshire Pension Fund, which must show the financial position of the Fund at the accounting date and its income and expenditure for the year.

In preparing the statements, suitable accounting policies must be selected and applied consistently, and judgements and estimates made where necessary that are reasonable and prudent and comply with the appropriate accounting Code of Practice.

Proper accounting records must be maintained and kept up to date and all reasonable steps must be taken to prevent and detect fraud and other irregularities. An anti-fraud and corruption and whistle blowing policy has been implemented for the Fund.

Audit

Deloitte LLP act as the external auditor of the Council, and therefore the pension fund.

Investment Management Policy

Overall responsibility for investment policy lies with the Wiltshire Pension Fund Committee, which reports directly to Wiltshire Council.

The Investment Strategy is reviewed regularly by the Fund, at least once every three years in line with the Government guidance.

The current strategy has the dual aim of increasing returns and reducing risk by increasing diversification and alternative approaches. Details of the strategy are provided in the Investment Strategy Statement (ISS) which can be supplied upon request or viewed at www.wiltshirepensionfund.org.uk.

Safe custody of all investments is the responsibility of State Street and as such, they are registered in the name of, and are held by, its nominee companies or, alternatively, by overseas agents.

DRAFT

The Wiltshire Pension Fund

Fund Account

For the year ended 31 March 2020

	Notes	2019/20 £'000	2018/19 £'000
Dealings with members, employers and others directly involved in the Fund			
Contributions	5a	119,936	108,207
Transfers in from other pension funds	5b	19,444	30,507
		139,380	138,714
Benefits	6	(91,621)	(89,608)
Payments to and on account of leavers	7	(11,136)	(4,002)
		(102,757)	(93,610)
Net additions from dealings with members		36,623	45,104
Management expenses	8 & 9	(37,221)	(21,152)
Net additions inc. Fund management expenses		(598)	23,952
Returns on investments			
Investment income	10	12,489	11,452
Taxes on income		(78)	(97)
Profits and losses on disposal of investments and changes in market value of investments	12	(127,856)	186,134
Net returns on investments		(115,445)	197,489
Net (decrease)/increase in the net assets available for benefits during the year		(116,043)	221,441
Opening net assets of the scheme		2,619,921	2,398,479
Closing net assets of the scheme		2,503,878	2,619,920

The following notes form an integral part of these financial statements

The Wiltshire Pension Fund

Net Asset Statement

At 31 March 2020

	Notes	31 March 2020 £'000	31 March 2019 £'000
Long Term Investments			
Brunel Pension Partnership		427	840
		427	840
Investment assets	12b		
Equities		0	432,614
Pooled investment vehicles		2,145,268	1,800,530
Pooled property investments		329,510	334,978
Cash held on deposit		17,950	15,321
Other investment balances		246	182
		2,492,974	2,583,625
Total Investment Assets		2,493,401	2,584,465
Investment liabilities	12b		
Amounts Payable for Purchases		0	(2,326)
		0	(2,326)
Total net investments		2,493,401	2,582,139
Current assets	17	28,917	42,155
Long term debtors	17a	0	965
Current liabilities	18	(10,645)	(5,339)
Long term liabilities	18a	(7,795)	0
Net assets of the scheme available to fund benefits at the end of the reporting period		2,503,878	2,619,920

Notes

Related notes form an integral part of these financial statements

1. Basis of Preparation

The statement of accounts summarises the fund's transactions for the 2019/20 financial year and its financial position at 31 March 2020. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2019/20* (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2019/20.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. IAS26 requires the actuarial present value of promised benefits to be disclosed. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. A separate report has been prepared by Hymans Robertson and is enclosed below after note 23.

The accounts have been prepared on an accruals basis except where otherwise stated, i.e. income and expenditure are accounted for as it is earned or incurred, rather than as it is received and paid.

The accounts have been prepared on a going concern basis.

2. Summary of Significant Accounting Policies

The principal accounting policies of the Fund are as follows:

Fund account – revenue recognition

a) Contributions

Contributions are received from employer bodies in respect of their own and their pensionable employees' contributions.

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with Local Government Pension Scheme regulations, using common percentage rates for all schemes which rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they relate.

Employer deficit funding contributions are accounted for on the basis advised by the fund actuary in the rates and adjustment certificate issued to the relevant employing body. Additional employers' contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in the year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

Employer augmentation contributions are accounted for in accordance with the agreement under which they are being paid.

b) Transfers to and from other schemes

Individual transfers in/out, i.e. those sums paid to, or received from, other pension schemes relating to previous periods of employment, have been brought into account on a cash basis. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (Note 5b).

Bulk (group) transfers are accounted for on an accrual's basis at the point when the members will be transferred in accordance with the terms of the transfer agreement.

c) Investment Income

- Dividends, interest and coupon receipts have been accounted for on an accruals basis. Income on pooled investments is accumulated and reflected in the valuation of units.
- Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- Changes in the value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund account – expense items

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

Refunds of contributions have been brought into account on the basis of all valid claims approved during the year.

e) Taxation

The fund is a registered public service scheme under Section 1(1) of Schedule 36 of the [Finance Act 2004](#) and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. As Wiltshire Council is the administering authority, VAT input tax is recoverable on all expenditure.

Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

f) Management expenses

The fund discloses its pension fund management expenses in accordance with the CIPFA guidance [Accounting for Local Government Pension Scheme Management Expenses \(2016\)](#) as shown below. All items of expenditure are charged to the fund on an accruals basis as follows:

Administrative expenses	All staff costs of the pensions administration team are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charges as expenses to the Fund.
Oversight and governance	All staff costs associated with governance and oversight are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.
Investment management expenses	Investment management expenses are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are invoiced directly these are included on an accruals basis. Where fees are netted off valuations by investment managers, these expenses are shown separately in Note 9 and the change in value of investments is grossed up to account for this. Transactions costs which have been passed through the investment portfolios (which include costs directly attributable to the Fund's investment portfolios, such as fees, commissions, stamp duty and other fees) are identified via year end transparency reporting provided by the managers, and are accounted for and disclosed separately in Note 9. Fees and costs associated with the underlying funds in multi-manager portfolios are also accounted for and disclosed separately in Note 9. The costs of the investment team are charged to the Fund, as well as a proportion of the time spent by officers on investment management activity.

Net Asset Statement

g) Financial assets

Wiltshire Pension Fund and the nine other shareholders each hold a 10% share in Brunel Pension Partnership Ltd (company number 10429110) so no fund is deemed to have a significant influence. This long-term investment has been included in the accounts at the Fund's share of the total equity in Brunel Pension Partnership as taken from the latest audited accounts.

All other financial assets are included in the accounts on a fair value basis in line with the SORP as at the reporting date using the valuations for the Fund's assets based on the figures provided by the Fund's custodian, State Street. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the fund account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13. For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

Valuation of Investments

Investments are shown in the accounts at market value, determined on the following basis:

- (i) **Quoted securities**
Quoted Securities have been valued at 31 March 2020 by the Fund's custodian using the bid price where a quotation was available on a recognised stock exchange or unlisted securities market.
- (ii) **Unquoted securities**
Unquoted securities have been valued according to the latest trades, professional valuation, asset values or other appropriate financial information.
- (iii) **Pooled investment vehicles**
Pooled investments are stated at bid price for funds with bid/offer spreads, or single price/net asset value where there are no bid/offer spreads, as provided by the investment manager.

h) Foreign Currency Transactions

All investments held in foreign currencies are shown at market value translated into sterling using the WM 4PM rate on 31 March 2020.

Foreign currency transactions are accounted for on the basis of the equivalent sterling value of the underlying transactions, by applying the relevant exchange rate ruling at the time. Any profit or loss arising on currency transactions either realised or unrealised, will be reflected in the Net Asset Statement.

i) Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

j) Financial liabilities

A financial liability is recognised in the net assets statement on the date the fund becomes party to the liability. The fund recognises financial liabilities relating to investment trading at fair value as at the reporting date, and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the Change in Value of Investments.

k) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of International Accounting Standard (IAS) 19 and relevant actuarial standards. As permitted under the Code, the fund has opted to disclose the actuarial present value of promised retirement benefits by way of a separate report which has been prepared by the fund's actuary Hymans Robertson and is enclosed below after note 23.

l) Additional Voluntary Contributions (AVCs)

The Wiltshire Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund. These are money purchase arrangements made by individual fund members under the umbrella of the Local Government Pension Scheme, to enhance pension benefits.

AVCs are not included in the accounts in accordance with Section 4(1)(b) of the [Local Government Pension Scheme \(Management and Investment of funds\) Regulations 2016](#) but are disclosed for information in note 19.

m) Contingent assets and contingent liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events.

Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the net asset statement but are disclosed by way of narrative in the notes.

3. Critical Judgements in Applying Accounting Policies

Pension Fund Liability

The net pension fund liability is re-calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS19.

Assumptions underpinning the valuations are agreed with the actuary and are summarised in the actuarial position statement. This estimate is subject to significant variances based on changes to the underlying assumptions.

Actuarial re-valuations are used to set future contribution rates and underpin the fund's most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

4. Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates are made considering historical experience, current trends and future expectations. However, because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates made.

The items in the net asset statement at 31 March 2020 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Unlisted assets, specifically pooled property investments (valued at £329m), and private infrastructure funds (valued at £63m)	<p>Quarterly valuation statements for the underlying funds in these portfolios are delivered a significant length of time after the quarter end, and consequently lagged valuations are included in the accounts. Due to particular uncertainty following the market falls experienced in March 2020, the managers for these portfolios were asked to provide estimates of impairments, which have been applied to the valuations. However, the true position will not be known for several months.</p> <p>The Fund's property investments are subject to an industry standard material uncertainty disclosure as at 31 March 2020. This disclosure reflects increased difficulty in determining property values when few comparable transactions have occurred. However, the trustees regard the market values as comparable to fair value.</p>	If valuations of the underlying property and infrastructure assets turn out to be lower than expected, then the value of the Fund's investments will have been overstated. A 10% fall in the valuations included in the accounts for these portfolios would result in a reduction of £35m in total Fund assets.

5a. Contributions receivable

	2019/20 £000	2018/19 £000
Employers' contributions		
- Normal	78,960	71,279
- Augmentation	2,248	1,625
- Deficit recovery contributions*	15,840	14,198
	97,048	87,102
Employees' contributions		
- Normal	22,726	20,941
- Additional contributions	162	164
	22,888	21,105
	119,936	108,207
Analysis of contributions by type of employer		
	2019/20 £000	2018/19 £000
<i>Contributions from employees (Including Additional Contributions)</i>		
- Wiltshire Council	8,347	7,724
- Other scheduled bodies	13,400	12,364
- Admitted bodies	1,141	1,017
	22,888	21,105
<i>Contributions from employers (Including Augmentations)</i>		
- Wiltshire Council	35,489	32,580
- Other scheduled bodies	52,057	46,876
- Admitted bodies	9,502	7,646
	97,048	87,102
Total contributions receivable	119,936	108,207

* Deficit funding contributions are being paid by the employer for the three years commencing from 1 April 2017 with a minimum specified in the Rates and Adjustment Certificate dated 31 March 2017 to improve the Fund's funding position. The recovery period at the last valuation over which the deficit funding is recovered is mainly 20 years for scheduled bodies and 14 years or the length of the employer's contract (whichever is the shorter) for admitted bodies.

5b. Transfers in from other pension funds

	2019/20 £000	2018/19 £000
Group transfers	9,305	25,003
Individual transfers	10,139	5,504
	19,444	30,507

The volume of transfers was higher in 2019/20, both due to timings of requests from members and prioritisation of workload within the pensions administration team. Additionally, several large transfers were processed during the year.

Group transfers in 2019/20 comprises an amount of £9.3m due from White Horse Federation. In 2018/19 group transfers included £25m from Dorset County Pension Fund in respect of a bulk transfer in of Dorset Fire civilians.

6. Benefits payable

	2019/20 £000	2018/19 £000
Pensions	77,241	72,224
Commutation and lump sum retirement benefits	13,087	15,168
Lump sum death benefits	1,293	2,216
	91,621	89,608
Analysis of benefits payable		
	2019/20 £000	2018/19 £000
<i>Pensions payable</i>		
- Wiltshire Council	39,161	37,330
- Other scheduled bodies	30,336	27,709
- Admitted bodies	7,744	7,185
	77,241	72,224
<i>Retirement and Death grants payable</i>		
- Wiltshire Council	5,817	7,152
- Other scheduled bodies	6,999	8,303
- Admitted bodies	1,564	1,929
	14,380	17,384
Total benefits payable	91,621	89,608

7. Payments to and on account of leavers

	2019/20 £000	2018/19 £000
Individual transfers	10,943	3,751
Refunds to members leaving service	195	250
State Scheme Premiums	(2)	1
	11,136	4,002

8. Management Expenses

	2019/20 £000	2018/19 £000
Administration costs	1,738	2,940
Investment Management expenses (Note 9)	34,662	18,070
Oversight & Governance costs	821	142
	37,221	21,152

The fund discloses its pension fund management expenses in accordance with the CIPFA guidance [Accounting for Local Government Pension Scheme Management Expenses \(2016\)](#).

8a. External Audit Costs

	2019/20 £000	2018/19 £000
Payable in respect of external audit	19	19
	19	19

External audit costs are also included in oversight and governance costs in note 8 above.

9. Investment management expenses

	2019/20 £000	2018/19 £000
Management fees	8,268	8,683
Performance related fees	13,095	2,283
Transaction and other costs (pooled funds)	4,972	2,714
Transaction and other costs (multi-manager portfolios)	737	604
Transaction and other costs (Segregated portfolios)	(34)	88
Fees and costs for underlying funds in multi-manager portfolios	3,861	2,668
Custody fees	193	86
Transition costs	2,550	33
Costs associated with investment pooling	888	617
Indirect costs incurred in managing investment portfolios	132	294
	34,662	18,070

In 2019/20, the Fund transitioned its active global equity portfolio into the Brunel pool. The previous manager charged a performance fee, which was calculated based on accumulated outperformance, with an annual cap. The cap was removed at the end of the contract, per the investment management agreement, which resulted in a large final fee. This will be paid in four annual instalments.

During 2019/20, the Fund also transitioned its passive global equity portfolio into the pool. These two transitions resulted in the much higher transition costs shown above compared to 2018/19.

10. Investment Income

	2019/20 £'000	2018/19 £'000
Income from equities	1,262	1,369
Pooled property investments	9,835	8,375
Pooled investments - unit trusts & other managed funds	111	162
Interest on cash deposits	201	950
Stock lending income	245	596
Other	835	0
Total before taxes	12,489	11,452

11. Stock Lending

During the year, the Council participated in a securities lending programme administered by State Street. Participation in this programme ended when the segregated global equities portfolio for which the programme operated transitioned over into the Brunel pool in November 2019. Securities in the beneficial ownership of the Council to a value of £0million (0% of the total fund value) were on loan at 31 March 2020. No collateral was held at 31 March 2020. Income earned from this programme amounted to £0.245 million in the year.

	2019/20 £m	2018/19 £m
WC securities on loan		46.8
<i>(percentage of total)</i>	0.0%	1.8%
WC collateral share of pool	0.0%	0.014%
Value of WC pooled share	0	51.0
Percentage of securities on loan	0.0%	108.9%
Income earned in year	0.245	0.596

12. Investments held at year end

	31 March 2020 £'000	31 March 2019 £'000
LONG TERM INVESTMENTS		
Brunel Pension Partnership	427	840
INVESTMENT ASSETS		
- Equities	0	432,614
- Pooled investment vehicles	2,145,268	1,800,530
- Pooled property investments	329,510	334,978
- Cash deposits	17,950	15,321
- Investment income due	6	28
- Recoverable tax	240	154
Total investment assets	2,493,401	2,584,465
INVESTMENT LIABILITIES		
- Amounts payable for purchases	0	(2,326)
Total investment liabilities	0	(2,326)
Net investment assets	2,493,401	2,582,139

12a. Reconciliation of Movements in Investments

	Value at 01 April 2019	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in market Value	Value at 31 March 2020
	£'000	£'000	£'000	£'000	£'000
Long term investments:					
- Brunel Pension Partnership	840	0	0	(413)	427
Funds held with Brunel:					
Pooled funds	409,784	1,414,164	(806,969)	(120,738)	896,241
Equities	432,614	13,111	(472,843)	27,118	0
Pooled Investment Vehicles					
- Other	1,390,746	1,481,839	(1,592,582)	(30,975)	1,249,028
- Property	334,978	16,809	(19,531)	(2,746)	329,510
	2,568,961	2,925,924	(2,891,925)	(127,754)	2,475,205
Other investment balances:					
- FX contracts	(1)			(2)	0
- Cash deposits	15,321			(100)	17,950
- Investment income due	29			0	6
- Tax reclaims due on investment income	154			0	240
- Payables for investment purchases	(2,326)			0	0
Net investment assets	2,582,139			(127,856)	2,493,401

	Value at 1 April 2018	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in market Value	Value at 31 March 2019
	£'000	£'000	£'000	£'000	£'000
Long term investments - Brunel Pension Partnership	840				840
Funds held with Brunel: Pooled funds	0	406,742	(234)	3,277	409,784
Equities Pooled Investment Vehicles	368,094	54,663	(55,383)	65,240	432,614
- Other	1,684,739	611,670	(1,000,856)	95,192	1,390,746
- Property	299,464	206,043	(192,692)	22,163	334,978
	2,353,138	1,279,118	(1,249,166)	185,871	2,568,961
Other investment balances					
- FX contracts	0			(1)	(1)
- Cash deposits	28,722			263	15,321
- Receivable for investment sales	10				0
- Investment income due	308				29
- Tax reclaims due on investment income	168				154
- Payables for investment purchases	(122)				(2,326)
Net investment assets	2,382,224			186,134	2,582,139

12b. Analysis of Investments

			31 March 2020 £'000	31 March 2019 £'000
LONG TERM ASSETS				
Brunel Pension Partnership				
			427	840
INVESTMENT ASSETS				
Equities				
Overseas	- Equities	- Quoted	0	432,614
			0	432,614
Pooled investment vehicles				
Unit Trusts				
UK	- Government bonds	- Quoted	598,308	424,140
UK	- Equities	- Quoted	0	86,480
Overseas	- Equities	- Quoted	1,058,972	702,307
Overseas	- Emerging Markets Multi-Asset	- Quoted	238,182	257,780
Overseas	- Multi Asset Credit	- Quoted	187,206	276,736
Overseas	- Property	- Quoted	209,259	167,237
Limited Liability Partnerships				
UK	- Fixed income	- Unquoted	3	1,531
Overseas	- Property	- Unquoted	120,250	167,741
Overseas	- Infrastructure	- Unquoted	62,598	51,556
			2,474,778	2,135,508
Cash				
Cash deposits	- UK		17,950	10,433
	- Overseas		0	4,888
			17,950	15,321
Other investment balances				
Debtors				
	- Outstanding dividend entitlements		6	28
	- Tax reclaims due on dividend income		240	154
			246	182
Total investment assets			2,493,401	2,584,465
Other investment balances				
Creditors				
	- Amounts payable for purchases		0	(2,326)
Total investment liabilities			0	(2,326)
Net investment assets			2,493,401	2,582,139

12c. Investments Analysed by Fund Manager

	31 March 2020	31 March 2019
	£'000	£'000
Investments managed by Brunel Pension Partnership asset pool:		
Brunel - UK Equity	0	66,052
Brunel - Multi Factor Equity	0	343,732
Brunel - Low Carbon Hedged Passive Equities	479,769	0
Brunel - Global High Alpha	416,472	0
	<hr/>	<hr/>
	896,241	409,784
Long-term investment - Brunel Pension Partnership	427	840
Investments managed outside of Brunel Pension Partnership asset pool:		
Baillie Gifford - Global Equity	240	436,612
CBRE Global Multi Manager - Property	347,080	343,114
Legal & General - Global Equity	0	132,922
Legal & General - Gilts	598,308	424,140
Barings - Dynamic Assets Allocation	33,096	246,080
Partners Group - Infrastructure	62,598	51,556
Investec - Emerging Markets	238,182	257,780
Loomis Sayles - Multi Asset Credit	187,206	116,345
Loomis Sayles - Absolute Return Bond Fund	0	160,391
M&G - Financing Fund	3	1,531
Magellan Select Infrastructure Fund	129,636	0
Cash held at custodian	384	1,044
	<hr/>	<hr/>
	1,596,733	2,171,515
Total	<hr/> 2,493,401	<hr/> 2,582,139

The following investments represent over 5% of the net assets of the fund.

Security	31 March 2020	
	Market value £m	% of total net assets
Brunel - GPCU MSCI World Low Carbon OFC	479.77	19.16%
Brunel - Global High Alpha	416.47	16.63%
Investec - Emerging Markets	238.18	9.51%
LSAA 2068 Index Linked Gilts	205.77	8.22%
LUAB 2062 Index Linked Gilts	205.54	8.21%
Loomis Sayles - Multi Asset Credit	187.21	7.48%
BSAR 2071 Gilt Fund	186.99	7.47%
MFG Select Infrastructure Fund	129.64	5.18%
	<hr/>	
	2,049.57	81.83%

Security	31 March 2019	
	Market value £m	% of total net assets
Investec - Emerging Markets	257.78	9.98
Barings - Dynamic Asset Allocation Fund	246.08	9.53
Legal & General - Multi Factor North America	225.94	8.75
LSAA 2068 Index Linked Gilts	213.56	8.27
LUAB 2062 Index Linked Gilts	210.58	8.16
Loomis Sayles Alpha Bond Fund	160.39	6.21
L&G World Equity Index	132.92	5.15
	1,447.25	56.1

13. Derivative Contracts

There are no balances to report for the 2019/20 financial year.

14. Fair value basis of valuation

All investments are held at fair value in accordance with the requirements of the Code and IFRS 13. The valuation bases are set out below. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. There has been no change in the valuation techniques used during the year.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Unquoted pooled investments - unit trusts	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Pooled investments - property funds	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
UK and Overseas property and infrastructure partnerships	Level 3	Valued using a number of different market and income valuation methods as well as comparable market transaction prices	Market transactions, market outlook, cash flow projections, last financings and multiple projections	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts

Unquoted equity holding in Brunel pool	Level 3	Valued as share of the company's equity as per the latest available audited financial statements	Earnings and revenue multiples, discount for lack of marketability, control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts
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Note on property assets:

Pooled property vehicles which are regularly traded are generally included in level 2. The current, ongoing economic uncertainty brought about by the coronavirus pandemic means that asset valuation techniques which rely on unobservable inputs are less certain at a time when market transactional activity is lower than normal. Level 3 assets are valued in line with the industry standard guidelines, which is the RICS methodology for property investments. Wiltshire Pension Fund consults annually with CBRE, who manage the portfolio of indirect property funds, about which level each fund should be classified within, and the analysis takes into consideration any changes in liquidity of the funds, and whether gating has been put in place. As a consequence, one fund, Industrial Property Investment Mutual Fund, was reclassified from Level 3 to Level 2 for 31 March 2020, as there was no gating in place, and three funds (CBRE UK Property PAIF, Standard Life Long Lease Property Fund and UBS Triton Property Unit Trust) were reclassified from Level 2 to Level 3, as there was gating in place. Some funds already held in Level 3 were also gated. The total market value of all funds which had gating in place as at 31 March 2020 was £103.7m.

Having analysed historical data and current market trends, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2020.

Sensitivity of assets valued at level 3

	Assessed valuation range (+/-)	Value at 31 March 2020 £'000	Value on increase £'000	Value on decrease £'000
Pooled property	2.49%	174,730	176,045	173,415
M&G Financing Fund	28.3%	3	4	2
Infrastructure	10.4%	62,598	69,086	56,110
Brunel Pension Partnership	0.0%	427	427	427
		237,758	245,562	229,954

14a. Fair value hierarchy

The Fund measures fair values using the following 3-level fair value hierarchy that reflects the quality and reliability of the inputs used in making the measurements used to determine the fair value:

- Level 1: Unadjusted quoted prices in an active market for identical assets or liabilities that the Fund can access at the measurement date.
- Level 2: Inputs other than quoted prices under Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3: Unobservable inputs for the asset or liability used to measure fair value that rely on the Funds own assumptions concerning the assumptions that market participants would use in pricing an asset or liability.

The tables below analyse financial instruments, measured at fair value at the end of the reporting period 31 March 2020 and 31 March 2019, by the level in the fair value hierarchy into which the fair value measurement is categorised. This has been produced from analysis provided by our custodian State Street, which is based on valuations provided by the investment managers.

2020

	£'000	£'000	£'000	£'000
	Level 1	Level 2	Level 3	Total
Brunel Pension Partnership			427	427
Pooled investment vehicles:				
- Other	0	2,082,667	62,601	2,145,268
- Property	0	154,780	174,730	329,510
Cash deposits	122	17,827	0	17,950
	122	2,255,274	237,758	2,493,154
Other investment balances				247
				2,493,401

2019

	£'000	£'000	£'000	£'000
	Level 1	Level 2	Level 3	Total
Brunel Pension Partnership	0	0	840	840
Equities	432,614	0	0	432,614
Pooled investment vehicles:				
- Other	0	1,747,442	53,087	1,800,529
- Property	0	167,237	167,741	334,978
Cash deposits	15,321	0	0	15,321
	447,935	1,914,679	221,668	2,584,282
Other investment balances				(2,143)
				2,582,139

Wiltshire Pension Fund determines that transfers between levels of the fair value hierarchy have occurred when the investment manager for those assets notifies the Fund's custodian of the change. During 2019/20 one pooled property asset was reclassified as Level 2 (from Level 3) following consultation with the investment manager, due to an error in the previous year. This is shown in Note 14b below.

14b. Reconciliation of fair value measurements within Level 3

The following tables present the movement in level 3 instruments for the year end 31 March 2020.

2020

	£'000
Opening balance	221,668
Adjustment for reclassifications	20,186
Total gains/losses	(11,761)
Purchases	21,444
Sales	(13,779)
Closing balance	<u>237,758</u>

15. Classification of Financial Instruments

The accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net asset statement heading.

2018/19			2019/20		
Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
£000	£000	£000	£000	£000	£000
Financial assets					
840			427		
432,614			0		
1,800,530			2,145,268		
334,978			329,510		
	22,184			25,422	
	182			247	
	965			0	
	35,293			21,445	
2,568,961	58,624	0	2,475,205	47,113	0
Financial liabilities					
		(2,326)			0
		(5,339)			(10,645)
		0			(7,795)
2,568,961	58,624	(7,665)	2,475,205	47,113	(18,440)

* The figure for the long-term investment in Brunel was stated at cost in 2018/19

Net gains and losses on financial instruments

2018/19		2019/20
£000		£000
Financial assets		
185,871	Fair value through profit and loss	(127,754)
263	Amortised cost - realised/ unrealised gains	(102)
186,134	Total	(127,856)

All realised gains and losses arise from the sale or disposal of financial assets which have been derecognised in the financial statements. The fund has not entered into any financial guarantees that are required to be accounted for as financial instruments

16. Nature and extent of risks arising from financial instruments

Risk and risk management

Responsibility for the Fund's risk management strategy rests with the Pension Fund Committee. The Fund's primary long-term risk is that its assets will fall short of its liabilities (ie promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole fund portfolio. The fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the fund manages its liquidity risk to ensure there is sufficient liquidity to meet the fund's forecast cash flows. The fund manages these investment risks as part of its overall pension fund risk management programme. The Committee obtains regular reports from each investment manager and its Investment Consultant on the nature of investments made and associated risks.

The analysis below is designed to meet the disclosure requirements of IFRS 7.

16.1. Market Risk

Market risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. This could be as a result of changes in market price, interest rates or currencies. The objective of the Funds Investment strategy is to manage and control market risk exposure within acceptable parameters, while optimising the return.

In general, excessive volatility in market risk is managed through diversification across asset class and investment manager. Each manager is also expected to maintain a diversified portfolio within their allocation.

Market Price Risk

Market price risk represents the risk that the value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting the market in general.

By diversifying investments across asset classes and managers, the Fund aims to reduce the exposure to price risk. Diversification of asset classes seeks to reduce correlation of price movements, whilst the appointment of specialist managers enables the Fund to gain from their investment expertise.

Market Price - Sensitivity Analysis

The sensitivity of the Fund's investments to changes in market prices has been analysed using the volatility of returns experienced by asset classes. The volatility data was provided by the Fund's custodian (State Street) and was calculated as the monthly volatility of returns using 36 months of historical data, where available. Where this data was not available, due to the Fund holding a portfolio for less than 36 months, historical data for the strategy was provided by the investment manager, or data for an appropriate benchmark was used. Such a measure is appropriate for measuring "typical" variations in the relative values of the assets and liabilities over short time periods. It is not appropriate for assessing longer term strategic issues. The analysis assumes that all other variables, in particular, interest rates and foreign exchange rates, remain constant

Movements in market prices would have increased or decreased the net assets valued at 31 March 2020 and 2019 by the amounts shown below.

As at 31 March 2020

	Value £'000	Volatility of return	Increase £'000	Decrease £'000
Baillie Gifford - Global Equity	240	16.48%	40	-40
Brunel - Global High Alpha	416,472	16.48%	68,638	-68,638
Brunel - Low Carbon Equities	479,769	12.16%	58,348	-58,348
CBRE Global Multi Manager - Property	347,080	2.49%	8,640	-8,640
Legal & General - Gilts	598,308	18.63%	111,465	-111,465
Barings - Dynamic Assets Allocation	33,096	10.05%	3,325	-3,325
Magellan - Listed Infrastructure	129,636	12.20%	15,816	-15,816
Partners Group - Infrastructure	62,598	10.36%	6,488	-6,488
Investec - Emerging Markets	238,182	10.78%	25,677	-25,677
Loomis Sayles - Multi Asset Credit	187,206	8.24%	15,432	-15,432
M&G - Financing Fund	3	28.32%	1	-1
Cash held at custodian	385	0.00%	0	0
Long-term investment - Brunel Pension Partnership	427	0.00%	0	0
	2,493,401		313,869	-313,869

As at 31 March 2019

	Value £'000	Volatility of return	Increase £'000	Decrease £'000
Baillie Gifford - Global Equity	436,612	16.11%	70,338	-70,338
CBRE Global Multi Manager - Property	343,114	2.76%	9,470	-9,470
Brunel Pensions Partnership - UK Equity	66,052	9.41%	6,215	-6,215
Legal & General - Gilts	424,140	17.30%	73,376	-73,376
Legal & General - Global Equity	132,922	10.40%	13,824	-13,824
Brunel Pensions Partnership - Multi Factor	343,733	10.38%	35,679	-35,679
Barings - Dynamic Assets Allocation	246,080	5.56%	13,682	-13,682
Partners Group - Infrastructure	51,556	10.61%	5,470	-5,470
Investec - Emerging Markets	257,780	12.22%	31,501	-31,501
Loomis Sayles - Multi Asset Credit	116,345	3.16%	3,677	-3,677
Loomis Sayles - Absolute Return Bond Fund	160,391	1.78%	2,855	-2,855
M&G - Financing Fund	1,531	31.78%	487	-487
Cash held at custodian	1,044	0.00%	0	0
Long-term investment - Brunel Pension Partnership	840	0.00%	0	0
	2,582,139		266,574	-266,574

16.2. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's exposure to interest rate movements from its investments, including those indirectly held in through pooled investment vehicles, in cash & cash equivalents, fixed interest and loans at 31 March 2020 and 2019 are provided below:

	31 March 2020
	£'000
Cash held locally and by managers	25,422
Multi-asset credit	187,206
Loans	3
	212,631

	31 March 2019
	£'000
Cash held locally and by managers	22,184
Fixed Interest Securities	276,736
Loans	1,531
	300,451

Interest Rate – Sensitivity Analysis

The Pension Fund recognises that interest rates vary and can impact on the fair value of the assets. The sensitivity of the Fund's investments to changes in interest rates has been analysed by showing the effect of a 100-basis point (1%) change in interest rates. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

As at 31 March 2020	Value £'000	Change in net assets	
		£'000	£'000
		+100 BP	-100 BP
Cash held on deposit	25,422	0	0
Fixed Interest Securities	187,206	(11,607)	11,607
Loans	3	0	0
	212,631	(11,607)	11,607

As at 31 March 2019	Value £'000	Change in net assets	
		£'000	£'000
		+100 BP	-100 BP
Cash held on deposit	22,184	0	0
Fixed Interest Securities	276,736	(6,680)	6,680
Loans	1,531	0	0
	300,451	(6,680)	6,680

A 1% increase in interest rates will reduce the fair value of the relevant net assets and vice versa. The loans identified are part of the M&G Financing Fund. Borrowers pay a fixed annual interest rate agreed at the outset. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances.

16.3 Currency Risk

Currency risk represents the risk that the fair value of financial instruments will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in a currency other than sterling. When sterling depreciates the sterling value of foreign currency denominated investments will rise and when sterling appreciates the sterling value of foreign currency denominated investments will fall.

The tables below show approximate exposures to each of the three major foreign currencies based on manager benchmarks and target allocations. This is based on the two global equity managers Baillie Gifford and Legal & General.

2020	US Dollar £'000	Euro £'000	
Net Currency Exposure	119,883	33,823	

2019	US Dollar £'000	Euro £'000	HKD £'000
Net Currency Exposure	423,420	94,325	49,973

Currency Risk – Sensitivity Analysis

The sensitivity of the Fund's investments to changes in foreign currency rates has been analysed using a 10% movement in exchange rates in either direction. This analysis assumes that all variables, in particular interest rates, remain constant.

A 10% strengthening or weakening of Sterling against the various currencies at 31 March 2020 and 31 March 2019 would have increased or decreased the net assets by the amount shown below

2020	Assets Held at Fair Value £'000	Change in net assets +10% £'000	-10% £'000
US Dollar	119,883	11,988	(11,988)
Euro	33,823	3,382	(3,382)
Net Currency Exposure	153,706	15,371	(15,371)

2019	Assets Held at Fair Value £'000	Change in net assets +10% £'000	-10% £'000
US Dollar	423,420	42,342	(42,342)
Euro	94,325	9,433	(9,433)
Hong Kong Dollar	49,973	4,997	(4,997)
Net Currency Exposure	567,718	56,772	(56,772)

The Fund hedges 50% of its overseas equity holdings therefore only a proportion of the gains/losses would be experienced. One important point to note is that currency movements are not independent of each other. If sterling strengthened generally it may rise against all the above currencies producing losses across all the currencies.

16.4 Credit Risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to meet their obligations and the Fund will incur a financial loss.

The Fund is exposed to credit risk through its investment managers, custodian and its daily treasury management activities. Credit risk is minimised through the careful selection and monitoring of counterparties.

Another source of credit risk is the cash balances held internally or by managers. The Pension Fund's bank account is held at HSBC, which holds an AA- long term fitch credit rating and it maintains its status as a well-capitalised and strong financial institution. The management of the cash held in this account is managed by the Council's Treasury Management Team in line with the Fund's Treasury Management Strategy which sets out the permitted counterparties and limits. Cash held by investment managers, besides those in pooled investment vehicles, is invested with the custodian in a diversified money market fund rated AAAm.

The Fund's exposure to credit risk at 31 March 2020 and 2019 is the carrying amount of the financial assets.

Summary	Balances as at	Balances as at 31
	31 March 2020	March 2019
	£000	£000
Cash held at custodian	17,950	15,321
Bank current account - HSBC	(357)	(250)
Money Market Funds	7,829	7,113
	25,422	22,184

Credit risk may also occur if an employing body not supported by central government does not pay contributions promptly, or defaults on its obligations. The pension fund has not experienced any actual defaults in recent years and the current practice is to obtain a guarantee before admitting new employers so that all pension obligations are covered in the event of that employer facing financial difficulties. All contributions due at 31 March 2020 and 31 March 2019 (£8.9m and £7.8m respectively) were received in the first two months of the financial year.

16.5 Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The main liabilities of the Fund relate to the benefits payable which fall due over a long period of time. The investment strategy reflects this and set out the strategic asset allocation of the Fund. Liquidity risk is mitigated by investing a proportion of the Fund in actively traded instruments in particular equities and fixed income investments. The Fund maintains a cash balance to meet operational requirements.

The following tables analyse the Fund's non-investment financial liabilities as at 31 March 2020 and 2019, grouped into relevant maturity dates.

2020

	Carrying Amount £'000	Less than 12 months £'000	Greater than 12 months £'000
Sundry creditors	15,543	7,748	7,795
Benefits payable	927	927	0
Other	1,970	1,970	0
	18,440	10,645	7,795

2019

	Carrying Amount £'000	Less than 12 months £'000	Greater than 12 months £'000
Sundry creditors	3,079	3,079	0
Benefits payable	947	947	0
Other	1,313	1,313	0
	5,339	5,339	0

17. Current assets

	31 March 2020 £000	31 March 2019 £000
Contributions due from employer organisations		
- Employees	1,814	1,674
- Employers	7,059	6,111
	8,873	7,785
Debtors (Magistrates)	0	965
Bulk transfer values receivable	9,305	25,003
Sundry debtors	2,865	2,133
Prepayments	402	370
	12,572	28,472
Cash balances	7,472	6,863
Less:		
Long Term debtors (Magistrates)	0	(965)
Current assets due in less than one year	28,917	42,155

Contributions due at the year-end have been paid to the Fund subsequent to the year end in accordance with the Rates & Adjustment Certificate.

On 8 April 2011 Wiltshire Pension Fund received confirmation from the Government Actuary's Department that they agreed to make a payment to the Fund to cover the liabilities in respect of the Magistrates Courts. In the past active members employed by the Magistrates Courts were transferred out of the LGPS but pensioners/deferred members remained in. The payment would be in 10 instalments over the next 10 years. The total amount of the remaining debt is £0.965m, included within sundry debtors, which represents the final instalment, repayable within one year.

17a. Long-term Debtors

	31 March 2020	31 March 2019
	£000	£000
Magistrates	0	965
Total	0	965

For details about this amount, please refer to the comment under Note 17.

18. Current Liabilities

	31 March 2020	31 March 2019
	£000	£000
Sundry creditors	7,748	3,079
Benefits payable	927	947
Wiltshire Council	1,970	1,313
	10,645	5,339

Amounts due to Wiltshire Council include costs incurred throughout the year, including corporate recharges and payroll.

18a. Long-term creditors

	31 March 2020	31 March 2019
	£000	£000
Manager fees	7,795	0
Total	7,795	0

This balance represents a final performance fee due to an investment manager on termination of their contract, due to transferring the portfolio into the Brunel pool. The fee is due in four annual instalments, one of which is due within one year, included in sundry creditors in note 18, and the remainder due over 2021-2023.

19. Additional Voluntary Contributions (AVCs)

AVC contributions are not included in the Fund's financial statements as they do not come under the requirements of Regulation 4(1)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 2016 regarding regulation 69(1)(a) of the Local Government Pension Scheme Regulations 2013.

Fund members paid contributions totalling £0.999 million (£0.934million in 2018/2019) into AVC funds held with Prudential during the year. At 31 March 2020, the value of funds invested on behalf of members with Prudential, the Fund's open AVC provider, was £4.1m (£3.8m at 31 March 2019).

20. Employer Related Assets

There were no employer related assets within the Fund during 2019/20.

21. Related Party Transactions

The Wiltshire Pension Fund is administered by Wiltshire Council. Consequently, there is a strong relationship between the Council and the Pension Fund.

The Council incurred costs of £1.819m (2018/2019: £1.477m) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Pension Fund and contributed £35.5m to the Fund in 2019/2020 (2018/2019: £32.6m). A balance of £2.0m was owed by the Pension Fund to the Council at year end.

Part of the pension fund cash holdings are invested in the money markets by the treasury management operations of Wiltshire Council, through a service level agreement. During the year to 31 March 2020, the fund had an average investment balance of £8.5m (31 March 2019: £6.9m), earning interest of £66k (2018/2019: £44k) in these funds.

Brunel Pension Partnership Limited (BPP Ltd.) was formed on the 14th October 2016 and oversees the investment of pension fund assets for Wiltshire, Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire and Somerset Funds.

Each of the 10 local authorities, including Wiltshire Pension Fund own 10% of BPP Ltd. In 2017/18 the Pension Fund paid BPP £840k and there was no further investment in 2018/19 or in 2019/20. The fair value of the shareholding as at 31st March 2020 was £0.427m.

Governance

Two members of the Pension Fund Committee are active members of the Pension Fund. One member of the Committee is a pensioner member of the Pension Fund.

Each member of the pension fund committee is required to declare their interests at each meeting. No declarations were made during the year.

22. Guaranteed Minimum Pension

The Guaranteed Minimum Pension (GMP) Rectification project (Stage 3) whereby LGPS pensions will be amended with the reconciled Stage 2 GMP information continues to be in an analysis phase. Automated recalculation of all individual GMP values based on a first principles approach has taken place, whereby members original values have been taken and revalued each year to arrive at a present-day amount. Comparison of the results of these recalculations is now underway against the GMP values currently being paid to pensioners & the impact of any changes identified. However, whilst the practical task of identifying the appropriate GMP value has moved forward, before any change affecting pensioners can be implemented clear guidance is required to ensure that those pensioners in payment who will be affected by the changes are treated fairly & appropriately.

Guidance is subject to several dependencies & the Fund along with other LGPSs in the South West continue to work with the Scheme Advisory Board to establish a national approach concerning the appropriate completion of this exercise. It is currently anticipated that on receipt of all the necessary guidance the Administering Authority to the Wiltshire Pension Fund will seek individual legal advice on the guidance received before making a final determination on the implementation arrangements to be applied.

The effect of LGPS pensions not showing the correct amount of GMP for its members means that their pensions will be increased by more than they should be. For LGPS members who have a State Pension Age (SPA) prior to 06/04/2016 their GMP should not be increased by the Fund in respect of their Pre-1988 GMP (This period being 06/04/1978 to 05/04/1988). In respect of their Post 1988 GMP element (This period being 06/04/1988 to 05/04/1997) it should only be increased by up to a maximum of 3% per annum. The Government will increase the State Pension for the member fully on their Pre-1988 GMP element and in respect of their Post 1988 GMP element only by the increased amount above 3% per annum, if the prevailing rate in CPI requires it.

Although these overpayments are costs to the Fund they have been included as expenditure in previous pension fund accounts, therefore no restatement is necessary. The Government has announced that future GMP

increases will be met in full by the Fund where a member's SPA falls between 06/04/2016 and 05/04/2021. We await further confirmation from the Government detailing how GMPs will be increased for those members whose SPA falls after 05/04/2021.

23. Contingent Liabilities and Contractual Commitments

Outstanding capital commitments (investments) at 31 March 2020 totalled £734.5m (£94.7m at 31 March 2019). £650.0m of these commitments relate to amounts committed to private equity, infrastructure, secured income and private debt portfolios managed by the Brunel Pool. The balance (£84.5m) relates to outstanding call payments due on unquoted limited partnership funds held in the infrastructure part of the portfolio. The amounts 'called' are irregular in both size and timing from the original commitment.

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

The "McCloud" case

On 21 December 2018, the Court of Appeal held that transitional protections that protected older judges and firefighters from the public sector pension scheme changes in 2015 were unlawfully discriminatory. This case is known as the 'McCloud case'.

On 27 June 2019, the Supreme Court refused the Government permission to appeal the McCloud case in respect of age discrimination and pension protection, and the [Government announced](#) it would work with employment tribunals to find a solution. On 26 March 2020, a [ministerial statement](#) confirmed that detailed proposals for removing the discrimination will be published later in 2020 and be subject to public consultation. It is likely that the remedy applied to the LGPS will involve extending the transitional protections to younger members in some way. The LGPS England & Wales Scheme Advisory Board (SAB) maintains a [McCloud page](#) on its website with regular updates, and is engaging with the Government and with Administering Authorities to discuss the remedy and its implementation. We will await further details to confirm the next steps in the process, and continue to keep members informed through newsletters and wiltshirepensionfund.org.uk.

Last year the Fund actuary's central estimate for the potential impact of the McCloud judgement on the pension fund liabilities for the Wiltshire Council Pool as at 31 March 2019 was an increase of approximately £2.7m. This year the impact has been updated to £1.9m, allowing for changes to overall membership and the assumptions made for the 2019 fund valuation. The estimate will be refined in future as new details about the potential remedy come to light. As well as the liability impact the remedy to the McCloud judgement will have a significant impact on administration costs and complexity, for potentially many decades to come. We have not sought to quantify these costs at this stage.

Similarly to the calculation carried out last year, the Fund's actuary has adjusted GAD's estimate of the estimated impact on liabilities to better reflect the Wiltshire Pension Fund's local assumptions, particularly salary increases and withdrawal rates. In carrying out the adjustment, we have made allowance for the assumptions adopted as at the 2019 formal valuation.

These numbers are high level estimates based on scheme level calculations and depend on several key assumptions.

Actuarial Statement in respect of IAS26 as at 31.03.2020

Introduction

CIPFA's Code of Practice on Local Authority Accounting 2019/20 requires Administering Authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits. I have been instructed by the Administering Authority to provide the necessary information for the Wiltshire Pension Fund ("the Fund").

The actuarial present value of promised retirement benefits is to be calculated similarly to the Defined Benefit Obligation under IAS19. There are three options for its disclosure in the pension fund accounts:

- showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit;
- as a note to the accounts; or
- by reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS19 and not the Fund's funding assumptions.

Present value of Promised Retirement Benefits

£m	Year ended	
	31 March 2020	31 March 2019
Active members	1,169	1,750
Deferred pensioners	905	929
Pensioners	1,294	1,107
Total	3,368	3,786

The promised retirement benefits at 31 March 2020 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2019. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

Note that the above figures at 31 March 2020 include an allowance for the "McCloud ruling", i.e. an estimate of the potential increase in past service benefits arising from this case affecting public service pension schemes.

The figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, I have not made any allowance for unfunded benefits.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the pension fund accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2020 and 31 March 2019. I estimate that the impact of the change in financial assumptions to 31 March 2020 is to decrease the actuarial present value by £323m. I estimate that the impact of the change in demographic and longevity assumptions is to decrease the actuarial present value by £88m.

Financial assumptions

Year ended (%p.a.)	31 Mar 2020	31 Mar 2019
Pension Increase Rate	1.9%	2.5%
Salary Increase Rate	2.3%	2.8%
Discount Rate	2.3%	2.4%

Longevity assumption

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and a long term rate of 1.25% p.a.. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	21.7 years	24.0 years
Future Pensioners*	22.5 years	25.5 years

*Future pensioners (assumed to be aged 45 at the latest formal valuation)

Please note that the longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

Commutation assumptions

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Sensitivity Analysis

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the liabilities are set out below:

Sensitivity to the assumptions for the year ended 31 March 2020	Approximate % Increase to liabilities	Approximate monetary amount (£m)
0.5% p.a. increase in the Pension Increase Rate	9%	303
0.5% p.a. increase in Salary Increase Rate	1%	23
0.5% decrease in Real Discount Rate	10%	328

The principal demographic assumption is the longevity assumption. For sensitivity purposes, I estimate that a 1 year increase in life expectancy would approximately increase the liabilities by around 3-5%.

Professional notes

This paper accompanies my covering report titled 'Actuarial Valuation as at 31 March 2020 for accounting purposes'. The covering report identifies the appropriate reliances and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Prepared by: -

Barry Dodds FFA

29 April 2020

For and on behalf of Hymans Robertson LLP

Schedule of Employer Bodies**Scheduled/ Resolution bodies**

Wiltshire Council
 Swindon Borough Council
 Dorset and Wiltshire Fire Authority
 Wiltshire Police PCC & CC
 Alderbury Parish Council
 Amesbury parish Council
 Blunsdon Parish Council
 Bradford-on-Avon Town Council
 Calne Town Council
 Central Swindon North Parish Council
 Central Swindon South Parish Council
 Chippenham Town Council
 Corsham Town Council
 Cricklade Town Council
 Devizes Town Council
 Downton Parish Council
 Durrington Town Council
 Haydon Wick Parish Council
 Highworth town council
 Hullavington Parish Council
 Idminster Parish Council
 Ludgershall Parish Council
 Malmesbury Town Council
 Marlborough Town Council
 Melksham Town Council
 Melksham Without Parish Council
 Mere Parish Council
 Purton Parish Council
 Redlynch Parish Council
 Royal Wootton Bassett Town Council
 Salisbury City Council
 St Andrews Parish Council
 Stratton St Margaret Parish Council
 Tidworth Town Council
 Trowbridge Town Council
 Wanborough Town Council
 Warminster Town Council
 Westbury Town Council
 West Swindon Parish Council
 Wilton Town Council
 Wroughton Parish Council
 Acorn Academy
 Activate Learning Education Trust
 Athelston Trust (Bradon Forest)
 Athelston Trust (Malmesbury Academy)
 Bishop Wordsworth Academy
 Blue Kite Academy
 Brunel SEN Multi Academy Trust
 Bybrook Valley Academy
 Commonweal Academy
 Corsham Secondary Academy
 Dauntsey Academy
 Diocese of Bristol Academy Trust
 Diocese of Salisbury Academy Trust
 Dorcan Technology Academy
 Eastrop Infants Academy
 Equa Multi Academy Trust
 Excaliber Academy
 Goddards Park Academy
 Grove Learning Trust
 Hardenhuish School
 Hazelwood Academy
 Highway Warneford Academy
 Holy Cross Catholic Primary
 Holy Family Catholic Academy
 Holy Rood Primary Academy

Holy Trinity Calne Academy
 Holy Trinity Academy – Great Cheverel
 John of Gaunt Academy
 King Alfred trust
 King William Academy
 Lethbridge Academy
 Magna Learning Partnership
 Malmesbury Primary Academy
 Millbrook Academy
 Morgan Vale & Woodfalls Academy
 New College
 Oasis Community Learning
 Peatmore Primary Academy
 Pewsey Vale Academy
 Pickwick Academy Trust
 Reach South Academy Trust
 River Learning Trust
 Royal Wootton Bassett Academy
 Salisbury Plain Multi Academy Trust
 Shaw Ridge Academy
 Sheldon Academy
 Somerset Road Academy Trust
 South Wilts Grammar School
 South Wilts UTC
 St Augustines School
 St Catherines Academy
 St Edmunds Calne
 St Josephs Academy Devizes
 St Josephs Academy Swindon
 St Laurence Academy
 St Leonards Academy
 St Mary's Swindon Academy
 Swindon College
 The Mead Primary Academy
 The Parks Academy Trust
 United Learning Trust
 Wansdyke Academy
 Westlea Academy
 White Horse Federation
 Wiltshire College
 Woodford Valley Academy

Admitted bodies

ABM Catering
 Adoption West
 Alina Homecare
 Agincare
 Aspens
 Aster Communities
 Aster Group
 Aster Property Management
 Atkins Global
 Brayborne Facilities Services
 Brunel Partnership
 Capita Business Services Ltd
 Care Home Select (CHS)
 Caterlink 1 Greendown School
 Caterlink 2 Zouch School
 Caterlink 3 WHF
 Caterlink 4 Gorsehill School
 Churchill Services 1
 Churchill Services 2
 CIPFA
 Collaborative Schools
 Community First
 Community Golf and Leisure Trust
 Create Studios
 Classes Abroad
 Deeland
 Direct Cleaning
 Direct Cleaning - Wansdyke
 Direct Cleaning - Westbury School
 Edwards and Wards – St Peters School
 Elixir UK
 Expedite
 FCC Environment
 First City Nursing
 Greenwich Leisure Ltd (GLL)
 GLL Oasis Leisure
 Great Western Hospital
 Greensquare (Westlea housing Association)
 Hills Group
 Idverde
 Imperial Cleaning 1
 Imperial Cleaning 2
 Innovate Services 2
 KGB Cleaning
 Mears Care East 2
 Mears Care North 1
 Oxford Health NHS Trust
 Order of St John
 Places for People Leisure
 Public Power Solutions
 Ringway
 Selwood Housing
 Sodexo 1
 Sodexo 2
 Somerset Care Ltd HTLAH
 Somerset Care Ltd HTLAH 2
 Spurgeons
 Swindon Dance
 Swindon Music Services
 Swindon Wildcats
 The Order of St John Care Trust
 Thera South West
 Turning Point
 Westlea Housing Association (Green Square)
 Wiltshire and Swindon Sports Partnership
 Wiltshire CCG
 Wyclean

These accounts form a summary from the Wiltshire Pension Fund Annual Report and Financial Statements publication. This provides information on its activities and a full detailed statement of its accounts. Requests for this report, or any other queries arising from the Wiltshire Pension Fund Accounts, should be addressed to the Chief Financial Officer, County Hall, Bythesea Road, Trowbridge, BA14 8JN.

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Wiltshire Pension Fund Committee

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 24 SEPTEMBER 2020 AT .

Present:

Cllr Steve Allsopp, Cllr Pauline Church (Vice-Chairman), Cllr Tony Deane (Chairman), Cllr Robert Jandy, Cllr Gordon King and Cllr Christopher Newbury

Also Present:

Tracy Adams, Andy Brown, Richard Bullen, Andy Cunningham, Jennifer Devine, Anthony Fletcher, Hill Gaston, Kieran Harkin and Ross Palmer

176 **Membership**

There were no impending changes to the membership of the Wiltshire Pension Fund Committee.

177 **Apologies for Absence**

Apologies were received from:

- Cllr George Jeans
- Mike Pankiewicz
- Chris Moore
- Stuart Dark

178 **Minutes**

Resolved

The Part 1 (public) minutes of the previous meeting held on 16 July 2020 were approved as a true and correct record.

179 **Review of Actions Log**

Richard Bullen, Fund Governance and Performance Manager, introduced the item and noted that the actions highlighted in yellow were due to be reviewed but not included in the meeting agenda. It was intended that the AVC review would be brought to a future meeting of the Committee.

180 **Declarations of Interest**

There were no declarations of interest.

181 **Chairman's Announcements**

There were no Chairman's Announcements.

182 **Public Participation**

Two public statements were received and read out by the Democratic Services Officer, Ellen Ghey.

Firstly, in response to statements and questions from Jane Laurie, the Head of Pension Fund Investments, Jennifer Devine, gave a verbal response that outlined the following points:

- The Pension Fund acknowledged Wiltshire Council's own carbon reduction targets and noted significant work in the definition of their own approach, policies, reporting and monitoring in regard to setting more defined and specific targets in the near future; details of which could be found in the Fund's 2019-20 Annual Report.
- Brunel's own work in regard to carbon reduction targets was explained to be driven by shareholder demands, and the evolution of the portfolios commented upon as potentially leading to amended targets.
- Work on climate change modelling was discussed and was noted to have looked at both the current strategic asset allocation and one with a more sustainable tilt, that would generate simulations of investment returns for these model portfolios against a number of climate change scenarios.
- It was noted that the results of the climate change modelling would be analysed, would consider all implications and would include communications with employer organisations via the Annual Report, with more direct engagement also considered.

Secondly, in response to a statement from Sigurd Reimers, Jennifer Devine gave a verbal response that outlined the following points:

- It was highlighted that investments in renewable energy was through exposure to public equities of companies that invest in renewable energy, or via holdings in renewable assets in the Fund's unlisted infrastructure portfolio.
- It was confirmed that future commitments to infrastructure would be managed via Brunel; the Fund's investment pooling company. £80m was clarified to have been committed over the next two years, 50% of which would be invested in renewable funds or directly in renewable assets.
- Wiltshire had also committed £250m to Brunel's secured income portfolio, £100m of which would be committed to a fund which invests in long term renewable energy projects such as solar, wind and biofuels.

- As a long-term investor, it was noted that the Committee assessed investment risks and understood that in order to secure future returns, investments would be made for the future, would include renewable energy sources and expected this to exposure to rise.
- It was clarified that there was no specific target to increase exposure at the current time, but that a lot of work had been made in the area.

One member of the Committee commented upon the poor performance of the fossil fuel sector and expressed surprise that the investment rate into renewables had remained at approximately 1%. Said member noted concerns at investments driven by non-financial matters and commented upon the need to choose outcomes that would bring the best returns to the beneficiaries of the Fund and not as purely a response to a climate strategy or agenda.

The Chairman noted that during a Brunel Oversight Board meeting it was clarified that the focus was to balance assets and liabilities and not be influenced by external pressures. Officers clarified that the Fund was a long-term investor and therefore needed to invest in a sustainable way in order to ensure positive investment returns into the future, and that securing the long term returns of the Fund was driving the move towards lower carbon and renewable investments.

183 **Minutes and Key Decisions of the Local Pension Board**

Resolved

The Part 1 (public) minutes, and recommendations arising, from the Local Pension Board meeting held on 6 August 2020 were approved.

184 **Training Item on Investments**

Hill Gaston, Mercer, delivered a presentation on investments that included the work commissioned on climate change modelling.

Within the presentation, the importance of climate change from an investor perspective, evidence of the global climate change crisis from the public perspective, and the evolving risks and opportunity across the Global Risks Landscape was discussed.

During the section that discussed investment objectives and the achievement of ESG goals, members questioned how returns had changed over time in regard to sustainable investment. In response, Mercer made reference to a study by Deutsche Asset Management and the University of Hamburg which provided academic evidence that suggested companies who integrated ESG factors into the investment process achieved a non-negative, positive to neutral performance correlation. As a follow up, it was asked whether these correlations were against traditional investment methods. It was clarified that the study in question considered different asset classes for ESG investments such as

emerging markets, corporate bonds and green real estate, and provided a more holistic and generalisable view point.

It was noted that sustainably focussed funds had outperformed their peers throughout COVID-19 with positive performance returns, but there were a lot of dependants such as different sectors and asset classes.

The difference between average American fossil fuel consumption in comparison with average European consumption was discussed and it was asked how the Wiltshire Pension Fund can exert more influence. It was suggested that in light of China's recent pledge to become carbon neutral by 2060, they would consider the market advantages of becoming a competitive leader ahead of the USA and would strive to transition quickly, which could in turn force the USA's hand to follow suit.

One member of the Committee questioned when the TCFD (Task Force on Climate-related Financial Disclosures) recommended framework would be written into UK law, to which it was clarified that exact timelines were uncertain, but it was confirmed that occupational pension schemes of greater than £5 billion in assets would be expected to report in line with the TCFD no later than the end of 2022, and schemes of £1-5 billion in assets would be expected to report in line by the end of 2023.

Another member of the Committee raised concerns as to the content of the Mercer presentation which they felt was slanted towards a political agenda as opposed to concentrating on politically neutral investment strategies. Officers reiterated that the intention of the presentation was to provide a wealth of background context and information to the work that Mercer would undertake, and that a more substantial and detailed report would be prepared for December. Said report would set out specific figures for the performance of the portfolio under different scenarios to enable informed decision making in regard to optimal strategic positioning.

Mercer's climate change approach and analysis was discussed in which different scenarios, risk factors and timeframes were discussed in regard to incremental 1°C temperature rises. Rapid changes to the market were noted with different stresses and strains due to the dynamic nature of climate change, along with the need for significant technological breakthroughs. Reference was made to the physical damages of climate change which included the rise of frequent hurricanes, the availability of natural resources, and how these manifestations would impact returns. It was confirmed that if the global warming trajectory shifted towards a 2°C - 4°C pathway then swift stress testing would be implemented to provide practicable results to redesign and align strategic asset allocations to resemble the current strategy and assist in the understanding of the key differences between results.

The four ways that Mercer would analysis the portfolio were discussed, and it was confirmed that the modelling would focus on the impact of the various scenarios on both the existing strategic asset allocation, and one with a more sustainable tilt. It would also consider asset classes to prioritise the risks and opportunities, would evaluate portfolio construction and would look at stress

testing as mentioned above. The possible outcomes of actions that Mercer recommended to implement as a result of the modelling were briefly discussed and the need for a strategic perspective to understand key risks and opportunities to enable a holistic approach to dealing with climate change risks was highlighted.

The Chairman reiterated that the Committee was the body that set the investment strategy and direction and that Brunel selects and monitors the Fund managers.

In response to a question from the Committee in regard to asset classes, the mitigation aspects of insurance linked securities and whether this would be included in the analysis, it was confirmed that the model showed negative results from those strategies. Officers noted that as a consequence of a past training item on strategic asset allocation that considered private debt, private equity and insurance linked securities, it was concluded that this asset class was too high a risk to the WPF as the confidence of returns into the future when considering climate change scenarios posed too much uncertainty.

Members noted their anticipation of a more detailed report and the results of the analysis.

Members took a comfort break from 11:40am – 11:50am.

As an aside, Richard Bullen, Fund Governance and Performance Manager, reminded members of a self-assessment review being circulated in October that would allow them to provide details of any training needs for 2021-22. An online training portal created by Hymans Robertson that included a series of modules was put forward to members, due to the inability to attend seminars and conferences, which would enable members to maintain their current knowledge and understanding across topical pension issues.

185 **Scheme, Legal, Regulatory and Fund Update**

Andy Cunningham, Head of Pension Administration and Relations, updated the Committee on the various Scheme, Legal, Regulatory and Fund developments.

Among the key updates discussed, exit caps were highlighted as being particularly challenging in respect of the proposed changes to the primary legislation. This meant that the Fund could be legally required to follow two pieces of legislation that contradicted one another for a period of time, in regard to the payment of exit and pension packages in line with the LGPS regulations. It was highlighted that more information such as timeframes was needed before further action could be taken. It was noted that advice was being sought from the Scheme Advisory Board and MHCLG, and that the risk had been increased on the risk register but as more information continued to come to light this would be reviewed again.

Members questioned the amount of people that were likely to be caught up in this process to which it was confirmed by officers that the impact on the Fund

would be minimal in terms of the number of members, but the impact on the individual scheme members themselves would be more significant. From an employer perspective it was noted that it was complicated for them to communicate with scheme members about the changes, and that timing in the short term was the biggest issue as organisations could be looking at redundancy exercises and this would cause a barrier to undertake such analysis due to the complexity of the legislative position.

The Vice-Chair confirmed that she would meet with both Andy Cunningham and Andy Brown, Director of Finance and Procurement, in the near future to understand the situation further in order to ensure that the impact on employers and scheme members was minimal.

Employer risk management was discussed, and it was noted that the Government had made changes that apply from 23 September 2020 and that the Fund needed to implement policy changes to reflect these (mainly to the Cessation Policy and Fund Strategy Statement). This had led to newly available options, notably employer contribution rates to change into valuation as long as certain conditions were met such as material changes in circumstances specific to each employer. These would be requested by an employer subject to the Fund's agreement, or the Fund could insist on a change in employer contribution rate.

The changes to the LGPS Regulations enable the Fund to implement a more flexible approach. An example of which was the ability to allow employers leaving the Fund to enter into an agreement to spread any cessation debt across a specified period of time. Additionally, the possibility to allow employers to delay the crystallisation of the final calculation was discussed.

It was confirmed that draft changes to the cessation policy was being undertaken and any proposals would be brought forth to the next Committee meeting.

The McCloud case was explored, and it was confirmed that further analysis was being undertaken to provide a targeted, proportional administrative approach to the issues faced. It was clarified that although the McCloud rulings would affect a small number of members, these members needed to be identified to avoid unnecessary administrative work. The cost impact was expected to be relatively small compared to the Fund as a whole, but it was reiterated that these were estimations due to the McCloud case's focus on the future circumstances of the members.

One member of the Committee questioned the differences to the impacts of McCloud on unfunded schemes as opposed to the LGPS. In response, the officer confirmed that from a financial and member perspective within unfunded schemes the impact would be bigger, but that was due to the significant changes and reforms made to those schemes in 2015. It was noted that any financial impacts despite being more significant would be less transparent due to the nature of the schemes being unfunded.

The Goodwin Case was introduced to the Committee; it was noted that it was similar to McCloud in so much as it was a discrimination case but instead related to sexual orientation, and was not as far advanced as the McCloud case. Although this would mean changes to the legislation the funding, administration and communicative costs were expected to be smaller than McCloud. It was confirmed that as soon as the case developed, and more information was available, it would be circulated to the Committee.

In respect to the Fund update, it was confirmed that an alternative investment strategy that was discussed in previous Committee meetings in the 2019 was now in place despite delays, with a few employers involved. It was clarified that this strategy was put in place as a tool to use in respect to employers in certain situations such as wanting to leave the Fund. This was noted as fitting well with the reforms that the Government had made as it provided employers with the ability to de-risk when leaving the Fund and allowed Fund officers to manage their exit in a more controlled manner.

A review of the employer ill health insurance policy would be taking place, looking at an alternative way to provide similar cover, which is more cost effective for employers. Work was being done with the actuary and a proposal would be brought back to Committee.

Resolved

The Committee noted the scheme, legal, regulatory and Fund update.

186 **Budget Monitoring**

Jennifer Devine, Head of Pension Fund Investments, introduced the report that presented the projected outturn on the Fund's financial activities against the 2020-21 budget, as at 30 June 2020.

Following conversations between Fund officers concerning investment manager fees, it was suggested that these should be omitted from the budget report and instead presented separately. Officers noted that this was to enable Committee members to focus on the budget's figures as the costs of managing the investment portfolios were such large amounts and detracted from the monitoring of the controllable budget in regard to potential under or overspends.

In response to a question from the Chairman, it was clarified that the projected underspend was £68k and it was explained that this was due to staffing costs, holding vacancies and restructuring, and because less legal advice was sought than anticipated.

Resolved

- 1) The Committee noted the projected outturn for 2020-21.**
- 2) The Committee approved that going forward, the costs of managing the investment portfolios are reported separately to the controllable budget, on an annual basis.**

187 **Fund Annual Report and Accounts**

Jennifer Devine, Head of Pension Fund Investments, introduced a report that updated members on the draft Annual Report and Accounts 2019-20.

It was noted that COVID-19 delayed the finalisation of the report, but it was confirmed that this was close to completion and no further material changes were anticipated. It was also noted that the Audit Report had not yet been signed off, so the Annual Report would be published as unaudited. This was due to the delays in respect to the approval of the Council's 2018-19 and 2019-20 accounts. In response to a question from one member, it was confirmed that the paper would make clear the reasoning behind the pending Audit Report in regard to the distinction between the Fund and Council accounts.

Officers stated that the paper had been circulated to members of the Board prior to the Committee meeting for feedback to which there was no changes suggested. Officers requested any further feedback from Committee members be emailed to Jennifer Devine.

Members of the Committee expressed positive notions towards the document and its quality.

Resolved

- 1) The Committee noted the attached annual report for the year to 31 March 2020.**
- 2) The Committee authorised the officers to make any necessary minor amendments to the annual report prior to publication, such as those to the reclassification of some property funds.**
- 3) The Committee approved the annual report for online publication.**
- 4) The Committee recommended to the Audit Committee that the accounts be approved.**

188 **Key Performance Indicators (KPIs)**

Andy Cunningham, Head of Pension Administration and Relations, introduced a revised report that summarised the latest KPIs for the period of 1 April 2020 to 30 June 2020, in a changed format.

It was noted that due to the timings of the meetings a full quarter had not yet passed, therefore the figures had not changed as such, but based on feedback during the last Committee meeting, changes had been made to the layout of the presented data.

The main changes described were: Appendix 3 now included a column which benchmarked processing times against the CIPFA measures; a new Appendix 4

and 5; revised methodology for the payment of refunds; and a separation between i-Connect and non i-Connect cases in regard to backlog work.

In response to a question from the Chairman in regard to increased workload in producing data, officers clarified that there was only a small increase but that this benefitted the Fund in the long term as it allowed to both ensure and measure the KPIs in line with national standards, CIPFA definitions and expectations.

Members questioned the progress of the migration and transferal of data from existing systems onto i-Connect. It was highlighted that the new Appendix 4 showed the current position and it was noted that as the bulk of work on the distribution of benefit statements had been completed, the focus was on the onboarding of employers. It was noted that work was being undertaken to onboard Swindon Borough Council which as the second biggest employer would bring the figures up significantly, although this would take some months.

Delays were cited as being as a result of the move to remote working, and the dual process of implementing and receiving McCloud data concurrently alongside the onboarding, which meant short-term delays but long-term time saving.

Resolved

The Committee noted the current situation and the Fund's plans for improvement.

189 **Annual Benefit Statements**

Andy Cunningham, Head of Pension Administration and Relations, introduced a report that summarised the outcome of this year's Annual Benefit Statements (ABS) exercise for the year ending 31 March 2020.

Officers explained that the legal deadline for statements to be distributed was 31 August each year, but that there was some flexibility on how to produce them in terms of posting to home addresses or onto an online portal where members were given the opportunity to sign in to receive it or to opt out and instead receive the paper copy. As the online portal would be linked to i-Connect it allowed members to view their financial position on a monthly basis which would be more up to date than the annual statement.

It was noted that due to the impact of COVID-19 on some participating employers, their returns were sent in late which led to Fund officers having less time to respond to queries and undertake standard data checks. These delays were cited as part of the reason for the goal of 99% active ABS being produced not being met. It was confirmed that the Fund's production rate was instead 96.9% which although less than target was an improvement on last year's 95%. It was noted that the onboarding of employers onto i-Connect would naturally improve this figure as well as it enabled the Fund to receive more up to date

records earlier in the year, spreading out the queries and make the work needed at the end of year minimal.

The remaining 3.1% of active ABS were confirmed to be focussed on being produced as quickly as possible. Additionally, 99.9% of deferred members' ABS were published but that a technical error meant that 0.1% did not receive their statement on time.

Resolved

The Committee noted the current situation and the Fund's plans for next year.

190 **Pension Fund Risk Register**

Richard Bullen, Fund Governance and Performance Manager, updated the Committee in relation to the changes made to the Fund's Risk Register.

It was noted that the items that went forth to the last meeting of the Local Pension Board were approved, however there were two issues that were raised as a result of the discussions. The first of which involved the Fund's cyber security which was subsequently raised from a Green to an Amber, and the second being the Brunel Pension Partnership's cost transparency.

Since the Board's review of the risk register in August, four risks had been updated on the report for consideration by the Pension Committee. These included the Goodwin case and the Public Sector Exit Caps which had been discussed thoroughly during Item 10, as well as the collection of payments for ceasing employers due to further Government changes in policy issues in September 2020, and the McCloud case following the release of a Government consultation in July 2020. It was briefly noted that Fund officers were awaiting more detailed information in a number of these areas to allow strategies to be put in place to understand and tackle these risks as a matter of practice.

Resolved

- 1) The Committee approved the attached Risk Register and accepted the recommendations for changes/actions made submitted by the Board in points 5 to 8.**
- 2) The Committee approved the four changes made to the Risk Register since the Board meeting on 6 August 2020. These changes are highlighted in italics within this report.**

191 **Administering Authority Discretions Policy**

Andy Cunningham, Head of Pension Administration and Relations, introduced a report from officers that proposed amendments to three of the Fund's regulatory discretions.

It was noted that the last time the Policy was approved was in December 2015. In parts of the LGPS Regulations, the Fund was afforded discretion over how

the rules of the Scheme operate, thus a degree of localised decision making was allowed.

An employer had approached the Fund and requested a change to the Policy which officers agreed to bring forth to Committee along with the other proposed changes as part of a wider review. The four discretions proposed to be changed were: acceptance of certain 'non-club' transfers in; death grants; child pensions; and medical certificate requirements for APCs. It was noted that officers wanted to undertake a review of the rest of the Policy and bring this back to the next Committee meeting in December 2020.

Officers responded to a question from the Vice-Chair which sought clarification as to the circumstances under which a private non-club pension would not be allowed to be transferred in. They explained that this would be open to agreement between the Fund and the employers on a case by case situation dependant on the context which meant in practice this restriction would be likely to affect only a small group of members.

Resolved

The Committee approved the proposed amendments to the Administering Authority Discretions Policy.

192 **Fraud Risk Prevention & Mitigation Measures**

Andy Cunningham, Head of Pension Administration and Relations, introduced a report that explained the current safeguards in place and available to officers, the Wiltshire Pension Fund Committee and Local Pension Board to identify and manage fraud in the WPF.

It was noted that this was brought forth to the Committee as a result of the conversations that arose during the last meeting of the Local Pension Board. Officers confirmed that they had identified and implemented measures and controls that limited the possibility of fraud occurring either in relation to officers, Committee members or other parties unrelated to the Fund who attempted to defraud a scheme member.

The Chairman asked if there had been an upsurge in people trying to access scheme member's pension payments, to which officers confirmed that there had been an increase of scams in that area. It was noted that such fraud was achieved through cold calls or doorstep sales people who had encouraged scheme members to transfer out their pension into fraudulent companies and subsequently had lost some or all of their funds. Officers reassured members that the Fund was required to have multiple levels of checks in place to ensure that the companies that scheme members wish to transfer in to were registered and legitimate to limit the risk of members losing their benefits, and that the Fund had taken action to make the checks more robust.

Resolved

The Committee noted the contents of the paper.

193 **Look Forward Plan Review**

Andy Cunningham, Head of Pension Administration and Relations, and Richard Bullen, Fund Governance and Performance Manager introduced the Look Forward Plan for the remainder of 2020-21 and highlighted the plans for the upcoming future meetings based on past cycles.

Officers noted that the internal audits were underway and as such, they should be in a position to present the findings at the next Committee meeting in December 2020.

Resolved

The Committee noted the plan for the remainder of 2020-21.

194 **Date of Next Meeting**

The next regular meeting of the Wiltshire Pension Fund Committee would be held on 17 December 2020.

195 **Urgent Items**

There were no urgent items.

196 **Exclusion of the Public**

One member of the Committee requested a formal vote via roll call take place to decide the resolution of the agenda item, after which it was:

Resolved

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Numbers 22 to 26 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 1 and 3 of Part 1 of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

Members took a break for lunch between 12:50pm – 13:20pm.

197 **Fund Data Security, Cyber Resilience & Business Continuity Planning**

Richard Bullen, Fund Governance and Performance Manager, introduced a paper that outlined the Fund's cyber security arrangements with its two key software providers, and its compliance with the Regulator's guidance.

198 **Brunel Pension Partnership Update**

Jennifer Devine, Head of Pension Fund Investments, introduced a report on the Brunel Pension Partnership governance arrangements.

199 **Minutes and Key Decisions of the Investment Sub-Committee and Local Pension Board**

Resolved

The Part 2 (private) minutes and recommendations arising, from the last meetings of the Investment Sub-Committee and Local Pension Board on 10 September 2020 and 6 August 2020 respectively were approved.

200 **Investment Quarterly Progress Report**

Jennifer Devine, Head of Pension Fund Investments, introduced a report in relation to the Fund's investment performance to 30 June 2020.

201 **Minutes**

Resolved

The Part 2 (private) minutes of the previous meeting held on 16 July 2020 were approved as a true and correct record.

(Duration of meeting: 10.30 am - 2.45 pm)

The Officer who has produced these minutes is Ellen Ghey of Democratic Services, direct line 01225 718259, e-mail ellen.ghey@wiltshire.gov.uk

Press enquiries to Communications, direct line (01225) 713114/713115

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Wiltshire Council

Report of Internal Audit Activity

Plan Progress 2020/21 – October 2020

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Agenda Item 12

Executive Summary

The Assistant Director is required to provide an annual opinion to support the Annual Governance Statement.

As part of our plan progress reports, we will provide an ongoing opinion to support the end of year annual opinion.

We will also provide details of any significant risks that we have identified in our work, along with the progress of mitigating previously identified significant risks by audit.

The contacts at SWAP in connection with this report are:

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Audit Opinion and Summary of Significant Risks

Audit Opinion:

This is our second quarterly update for 2020/21 and is the first update since we substantially re-started audit reviews following the pause in our work due to the COVID-19 pandemic. Reviews completed to date highlight that, in the majority of areas, risks are reasonably well managed with the systems of internal control working effectively.

Significant Risks:

There have been no new significant risks identified during this period.

Update to SWAP Audit Assurance Opinions and Definitions:

There are no industry-standard assurance opinions and definitions. However, in a recent paper, the Chartered Institute of Public Finance and Accountancy (CIPFA) made recommendations to standardise the opinions and the definitions of these. SWAP has chosen to adopt these recommendations and as such our previous Partial opinion has become Limited, and None has become No Assurance. Our Reasonable and Substantial opinions remain unchanged. Limited and No Assurance opinions are being treated as broadly similar opinions to our previous Partial and None opinions. There are new definitions for each of the four opinions and these can be found at the top of page 6 at the start of Appendix A.

Internal Audit Plan Progress 2020/2021

The Chief Executive Officer for SWAP reports performance on a regular basis to the SWAP Directors and Owner Bords.



SWAP Performance

SWAP performance is subject to regular review by both the Directors and Owners meetings. The respective outturn performance results for Wiltshire Council for the 2020/21 year (as at 30 October 2020) are as follows:

Performance Target	Average Performance
<u>Audit Plan – Percentage Progress*</u>	
Completed	41.2%
Work at Report Stage	2.4%
Fieldwork	28.2%
Scoping	7%
Yet to commence	21.2%
<p>* The above percentages are based on the internal audit work plan presented in July and September, covering the first nine months of the financial year and make the assumption that as at 30th June, one quarter of the internal audit resources have been utilised</p>	
<u>Quality of Audit Work</u>	
Overall Client Satisfaction <i>(Did our work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation)</i>	98%

Internal Audit Plan Progress 2020/2021

Added Value

Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.



Added Value

SWAP strives to add value wherever possible i.e. going beyond the standard expectations and providing something 'more' while adding little or nothing to the cost.

We are introducing and implementing the concept of *'Agile Auditing'*. With increased collaboration and a joint commitment with the service under review, it is possible to complete audits faster and more efficiently. We are extending this initiative, using it wherever possible in our audits this current financial year.

With the help of SWAP's two newly appointed Data Analysts, we are looking to include analysis of data as part of every audit where possible. This allows us not only the opportunity to test whole populations of data, but where this is not possible or appropriate, to be able to use data analytics to target our testing in a more effective way.

As further examples of adding value, we have also participated in benchmarking exercises using the Local Area Chief Auditor's Network (LACAN) which has delivered some useful benchmarking data. Furthermore, we are undertaking a piece of advisory work in liaison with management to produce a revised whistleblowing policy and procedure.

In addition, SWAP is continuing to progress the programme of Continuous Auditing. This is a method whereby audit testing of key controls of an areas or activity, is performed on a more frequent basis. It changes the audit approach from periodic reviews incorporating a small sample of transactions, to ongoing testing of a larger overall sample, with audit results produced shortly after testing. The benefits are a more reactive and timely approach to auditing which gives a continuous assurance on systems and processes throughout the year.

Internal Audit Plan Progress 2020/2021

Aged Analysis of Audit Recommendations Exceeding the Originally Agreed Target Implementation Date



Summary of Recommendations

Outstanding Audit Recommendations by Priority 2017/18, 2018/19, 2019/20 and 2020/21 Non Schools

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
3	0	1	5	3	50	59
2	0	1	0	0	18	19
1	0	0	0	0	0	0
Totals	0	2	5	3	78	86

Outstanding Audit Recommendations by Priority 2017/18, 2018/19, 2019/20 and 2020/21 Schools

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
3	0	5	1	1	58	65
2	0	1	0	4	22	27
1	0	0	0	0	0	0
Totals	0	6	1	5	80	92

Appendix C provides a summary of the outstanding Priority 1, 2 and 3 non-schools recommendations.

We keep our audit plans under regular review so as to ensure that we are auditing the right things at the right time.



Changes to the Audit Plan

We will regularly re-visit and adjust our programme of audit work to ensure that it matches the changing risk profile of the organisation’s operations, systems, and controls.

As a result of being able to bring new work into the plan part-way through the year, this means there have been fewer changes and amendments to the plan. However, rather than periodically presenting the committee with a static plan and proposed changes, we are looking to provide senior management and members with an improved, real-time solution to view planned audit work; including updates on audits added or removed, together with a risk assessment of the impact of removal on assurance. The solution is currently in production and we hope to bring an update on this to the next meeting of this Committee.

Full details of our current on-going work are detailed in Appendix B on page 8.

The role of SWAP as the internal auditors for Wiltshire Council is to provide independent assurance that the Council’s risk management, governance and internal control processes are operating effectively. In order for senior management and members to be able to appreciate the implications of the assurance provided within an audit report, SWAP provide an assurance opinion. We have four opinion ratings defined as follows:

Assurance Definitions	
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

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Advisory – As well as our opinion-based work we will provide consultancy services. The advice offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

In addition to the assurance definitions above we have also introduced an ‘assurance dial’ which indicates on a range of high medium or low where within the range of that assurance a particular audit assurance sits.



As can be seen in this example the assurance provided is low limited as the dial is sitting on the lower end of the limited scale. It could equally have been a medium limited assurance where the dial sits midway or high limited when it is sitting at the upper end close to the reasonable assurance.

We provide the Committee with details of the overall assurance opinion for all completed audits and they can be seen in the plan progress table in Appendix B below.

In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. Recommendations are prioritised from 1 to 3 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level. Each recommendation has been given a priority rating at service level with the following definitions:

Categorisation of Recommendations	
Priority 1	Findings that are fundamental to the integrity of the service’s business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.

Definitions of Risk	
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major 2 = Moderate 3 = Minor Recommendation		
						1	2	3
						Outstanding 2019/20 Plan Progress		
Reporting								
Healthy Organisation	Healthy Organisation	Q1-Q2	Discussion					
2020/21 Plan Progress								
Complete								
Follow Up	Direct Payments	Q2	Completed	Follow Up	N/A			
Follow Up	Gross Loans	Q2	Completed	Follow Up	N/A			
Advice	COVID Business Grants Spotlight Process Assurance Review	Q2	Completed	Advice and Guidance	N/A			
Advice	COVID Business Grants Red Team Process Assurance Review	Q2	Completed	Advice and Guidance	N/A			
Operational	Pension Fund Key Control Review	Q2	Completed	Reasonable	5		2	3
Grant Certification	Local Transport Capital Grants	Q2	Completed	Certification	N/A			
Grant Certification	Local Authority Bus Subsidy	Q2	Completed	Certification	N/A			
Grant Certification	COVID-19 Bus Services Support Grant	Q2	Completed	Certification	N/A			
Grant Certification	Public Health Grant	Q2	Completed	Certification	N/A			
Reporting								
ICT	Cyber Security Framework	Q2	Draft					

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major 2 = Moderate 3 = Minor Recommendation		
						1	2	3
						In Progress		
Grant Certification	Troubled Families	Q1-Q4	Ongoing					
Governance, Fraud & Corruption	National Fraud Initiative (NFI)	Q1-Q4	Advice and Guidance					
Grant Certification	Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund	Q2	Fieldwork					
Grant Certification	COVID-19 Bus Services Support Grant (Restart)	Q2	Scoping					
Operational	Brokerage - Adults	Q2	Fieldwork					
Operational	Brokerage - Children's	Q2	Fieldwork					
Key Control	Key Financial Controls - Continuous Assurance and Data Analytics	Q2	Scoping					
Grant Certification	COVID-19 Discretionary Grant	Q2	Fieldwork					
ICT	ICT Governance Review	Q2	Scoping					
Operational	Budget Management	Q2	Fieldwork					
Operational	Deprivation of Liberty Safeguards	Q3	Fieldwork					
Follow Up	Christ the King Catholic School Amesbury	Q3	Fieldwork					
Follow Up	School Theme HR & Payroll - Holt	Q3	Fieldwork					
Follow Up	School Theme HR & Payroll – St Patrick's	Q3	Fieldwork					

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major 2 = Moderate 3 = Minor Recommendation		
						1	2	3
						Follow Up	Adult Services – Court of Protection: Deputyship and Appointeeship for Service Users	Q3
Yet to Commence								
Grant Certification	Infection Control Funding Assurance	Q2						
Advisory	Assurance work over the Authority’s COVID-19 recovery plan; specifically gains made and lessons learnt	Q2						
Grant Certification	Test and Trace Service Support Grant	Q2						
Governance, Fraud & Corruption	Council Oversight of Maintained Schools	Q3						
Operational	Third Party Spend – Purchase to Pay	Q3						
Operational	Medium Term Financial Strategy	Q3						
Grant Certification	Additional Dedicated Home to School and College Grant	Q3						
Operational	Culture and Ethics	Q3						
Follow Up	Contract Management	Q3						

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Wiltshire Council Outstanding Recommendations 31.10.2020
Non Schools

Director ICT, Digital and Organisational Innovation							
Digital Transformation (Audit Report Issued 5th April 2019)							
Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
40975	We recommend that the Interim Director: Digital Transformation & IT ensures that the ICT Disaster Recovery Plan is updated in line with changes under the transformation programme.	2	Outstanding	30-Jun-19	28-Feb-21	Director Digital, Data & Technology	The need for this work is fully acknowledged and a thorough approach is planned, this will incorporate the transformation programme and Recovery work to date. Grant funding from DHCLG has been secured and a tender document for consultancy services is partially completed. Legal and Procurement are engaged and the intention is to go to market in Sept/Oct 2020 with a start date soon after, likely Nov/Dec 2020.

Interim Corporate Director Resources

Deferred Payments (Audit Report Issued 10th September 2019)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
39503 Page 228	We recommend that performance indicators relating to Deferred Payment Agreements are fed into both the Executive Director with responsibility for Finance and the Executive Director with responsibility for Adult Social Care's scorecards to ensure that there is sufficient reporting and oversight so that the figures can be challenged. Furthermore, the Section 151 Officer and Adult Care Directors should receive regular, at least quarterly, information on the current debt position for Deferred Payment Agreements.	2	Outstanding	31-Oct-19	31-Dec-20	Head of Finance, Adults	A review of the process for debt reporting is being undertaken and the oversight function will be considered to ensure the relevant stakeholders receive adequate reports of debts outstanding.
39501	We recommend that the DPA application form is improved to clarify what is expected by maintaining the property.	3	Outstanding	30-Nov-19	31-Dec-20	Head of Finance, Adults	Responsibility of Deferred Payment Agreements has recently transferred to the Head of Finance, Adults. The application form will be reviewed and improvements implemented where considered necessary.

39552	<p>We recommend that the process for allocating, undertaking and monitoring the 6 monthly review is revisited to ensure that reviews are undertaken in a timely manner. During this process, the Council should also seek assurance from the client that the property has been appropriately maintained and insured.</p> <p>We recommend that the process for allocating, undertaking and monitoring the 6 monthly review is revisited to ensure that reviews are undertaken in a timely manner. During this process, the Council should also seek assurance from the client that the property has been appropriately maintained and insured.</p>	3	Outstanding	30-Nov-19	31-Dec-20	Head of Finance, Adults	Responsibility of Deferred Payment Agreements has recently transferred to the Head of Finance, Adults. The process followed for the 6 monthly reviews will be reviewed and improvements implemented where considered necessary.
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Supply Chain Management (Audit Report Issued 17th January 2019)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
39455	We recommend that exit strategies are tailored to corresponding contracts.	3	Outstanding	30-Jun-19	30-Jun-20	Senior Category Manager	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.
39495	We recommend that Procurement documentation is updated to state a requirement for a current and periodically tested business continuity plan for each supplier.	3	Outstanding	30-Jun-19	30-Jun-20	Senior Category Manager	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.
39509	We recommend that the Council requests that Cyber Attack response is covered in its suppliers' business continuity plans with evidence of periodic testing.	3	Outstanding	30-Jun-19	30-Jun-20	Senior Category Manager	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.

39510	We recommend that the storage of contract documentation is reviewed to consider ease of location and review.	3	Outstanding	30-Nov-19	30-Jun-20	Senior Category Manager	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.
39653	We recommend that a written contingency plan is outlined for all contracts. This should be proportionate to the criticality of the supplier and the service provided.	3	Outstanding	31-Dec-19	30-Jun-20	Senior Category Manager	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.

Pensions (Audit Report Issued 30th April 2019)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
4108	We recommend that a full reconciliation be undertaken between Altair and SAP Payroll. This recommendation is carried over from last year's audit report.	3	Outstanding	01-Dec-19	31-Dec-20	Head of Pensions Administration and Relations	This work has not been completed and will be planned alongside other priority work to be delivered.
41008	As full implementation of the i-Connect system is several months away, we recommended that in the interim: A review of the current templates in use is completed to ensure that only relevant data is requested and the template framework is not editable; A review of the feedback process is undertaken for when employers are not complying (for documentation and late payments); and Ensure employers are aware of their GDPR responsibilities.	3	Outstanding	31-Mar-20	31-Dec-20	Head of Pensions Administration and Relations	All recommendations are planned to be reviewed and implemented where not already included within business practices by the end of the calendar year.
41020	We recommend that the Improvement Plan be put in place, as intended, to prioritise the workflow and reduce the backlog of work.	2	Outstanding	31-Mar-20	31-Dec-20	Head of Pensions Administration and Relations	All recommendations are planned to be reviewed and implemented where not already included within business practices by the end of the calendar year.

Pension Code of Practice 14 Compliance (Audit Report Issued 23rd July 2019)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
41851	We recommended that the Fund Governance and Compliance Manager complete random sample testing of the responses received in the self-assessment to confirm the responses are correct.	2	Outstanding	30-Jun-20	31-Dec-20	Fund Governance and Compliance Manager	A restructure of the team has recently been implemented and this recommendation will be implemented as roles and responsibilities are aligned.

Highways Contract - Use of Subcontractors (Audit Report Issued 16th January 2020)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
41877 Page 231	We recommend that the Council maintains it's own list of the sub-contractors it has approved to work on it's projects, so there is a full permanent record of the firms employed and more specifically any that have been excluded due to performance issues.	3	Outstanding	31-Mar-20	31-Dec-20	Category Manager, Place	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.

Contract Management - Street Lighting and Grounds Maintenance (Audit Report Issued 24th October 2029)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
42150	We recommend the Interim Director of Finance and Procurement ensure the Strategic Procurement Hub agree GDPR compliant supplemental terms with each of the Council's contractors.	3	Outstanding	31-Mar-20	31-Mar-21	Interim Corporate Director Resources	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.

Procurement Process Review (Audit Report Issued 25th September 2019)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
42426	We recommend that all required signatories must be sought and documented on the exemption form prior to orders being placed or work commissioned;	3	Outstanding	31-Mar-20	31-Mar-21	Interim Corporate Director Resources	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.
42428	We recommend that Directors should be reminded of their responsibility to provide all documentation to the Strategic Procurement Hub and no payments should be released until authorisation is in place.	3	Outstanding	31-Mar-20	31-Mar-21	Interim Corporate Director Resources	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.
42430	We recommend that the Council identify where the costs already incurred as part of the services provided by Glenesk should be posted and rectify where not correct.	3	Outstanding	31-Mar-20	31-Mar-21	Interim Corporate Director Resources	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.
42432	The budget arrangements between the three ASC Directors should be discussed and any underspends in other areas should be considered for virement.	3	Outstanding	31-Mar-20	31-Mar-21	Head of Finance, Adult Social Care	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.
42433	We recommend that all decision-making involving expenditure of public funds should be evidenced and retained.	3	Outstanding	31-Mar-20	31-Mar-21	Interim Corporate Director Resources	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.
42434	We recommend that evidence of the outcomes to support the expenditure on consultancy projects should be provided to Finance on a timely basis.	3	Outstanding	31-Mar-20	31-Mar-21	Interim Corporate Director Resources	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.

42435	We recommend that all Directors should have an appropriate understanding of their budget and should engage with the open-door policy with Finance should they require assistance.	3	Outstanding	31-Mar-20	31-Mar-21	Interim Corporate Director Resources	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.
42436	We recommend that the Strategic Procurement Hub should confirm the status of the other programmes of work with Glenesk. For those programmes where all the relevant paperwork has not yet been received, work should not commence with Glenesk until this has been completed. Directors should be reminded that it is their responsibility to submit the necessary paperwork, not the SPH's to request it.	3	Outstanding	31-Mar-20	31-Mar-21	Interim Corporate Director Resources	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.

Contract Management (Audit Report Issued 13th February 2020)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
42719	We recommend that the Strategic Procurement Hub ensures that the published Contracts Register is complete and that they liaise with Legal Services to decide who should filter the information that is published to ensure it complies with the Local Government Transparency Code.	3	Outstanding	31-Mar-20	31-Mar-21	Head of Procurement	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.
42720	We recommend that the Council's Legal Department holds all contract variation agreements. The Strategic Procurement Hub should forward all variation agreement documents that relate to GDPR to the Legal Department.	3	Outstanding	31-Mar-20	31-Mar-21	Head of Procurement	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.

42901	We recommend that Contract Managers ensure that performance of the contract is regularly measured against Key Performance Indicators that are determined at the pre-tender stage and included in the contract specification. Any underperformance should be reported in a timely manner.	3	Outstanding	31-Mar-20	31-Mar-21	Head of Procurement	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.
43007	We recommend that Contract Officers and staff involved in managing or monitoring contracts complete a declaration that documents any conflicts of interest as well as stating when they do not have an interest.	3	Outstanding	31-Mar-20	31-Mar-21	Head of Procurement	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.
42991	We recommend that the Strategic Procurement Hub liaise with Human Resources to document contract management responsibilities in the relevant job descriptions to ensure Officers are recruited with the required skills to effectively manage contracts for the Council.	3	Outstanding	31-Aug-20	31-Mar-21	Head of Procurement	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.

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Accounts Receivable (Audit Report Issued 19th January 2020)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
42722	We recommend that Accounts Receivable continue to develop and seek approval of the draft procedural guides that would allow for clear guidelines across all service areas.	3	Outstanding	29-Feb-20	31-Mar-20	Corporate Income and Admin Manager	The approval of new procedural guides is underway and it is expected that the roll-out of these will be complete by the end of the financial year.

42723	We recommend that all credit notes should have authorisation, and documented reasoning, attached in SAP in order to show clear segregation of duties. This should be enacted across all service areas - this will be incorporated within a different recommendation to ensure that one main procedural guide is created.	3	Outstanding	30-Jun-20	on-going	Corporate Income and Admin Manager	The new procedural guides will include requirements for processing credit notes. Monitoring will be in place following the roll-out of the new procedural guides to ensure that there is compliance and additional training provided where services require this.
43132	We recommend that invoices are raised with sufficient information, and in a timely manner, in order to ensure that the process for the customer, those chasing the debt, and those answering enquiries, is as easy and efficient as possible.	2	Outstanding	29-Feb-20	on-going	Corporate Income and Admin Manager.	The new procedural guides will include requirements for raising invoices. Monitoring will be in place following the roll-out of the new procedural guides to ensure that there is compliance and additional training provided where services require this.

Accounts Payable (Audit Report Issued 25th February 2020)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
43212	We recommend that Accounts Payable cleanse the data held on the P: Drive in line with Wiltshire Council's guide 'Records Management - Cleansing your information - deciding what to keep and what to delete' and GDPR guidance. A list of our findings has been provided to the Accounts Payable Manager.	3	Outstanding	30-Jun-20	31-Mar-21	Head of Procurement	The responsibility for Accounts Payable has recently transferred to the Head of Procurement. This recommendation will be considered alongside other improvement priorities.

43211	<p>We recommend that the Council should explore whether SAP capabilities will allow for the tasks outside of the Accounts Payable role to be moved from the APADMIN profile immediately in order to ensure that the system forces appropriate segregation of duties, and that additional manual checks become obsolete, therefore improving efficiencies within the team. If this is not possible, it should be taken into consideration when exploring options for the new ERP system and monitored appropriately until fully implemented.</p>	3	Outstanding	31-May-20	on-going - dependent on programme timelines	Head of Corporate Finance	<p>Roles, access and authorisations will be considered within the scope of the ERP replacement programme (Evolve). The design is dependent on the target operating model (TOM) and access and authorisation will be aligned to business roles.</p>
Page 236 43256	<p>We recommend that Accounts Payable receive confirmation from the notifier that all changes to vendor details have been verified at source, including addresses and bank details, to ensure accounts are being changed legitimately.</p>	2	Outstanding	31-Mar-20	31-Mar-21	Head of Procurement	<p>The responsibility for Accounts Payable has recently transferred to the Head of Procurement. This recommendation will be considered alongside other improvement priorities.</p>
43257	<p>We recommend that the Head of Corporate Finance investigates all access and enquire with ICT to ensure that all current users have appropriate Finance related permissions and are current employees within the Finance teams.</p> <p>Any users that have left the department should have their SAP privileges appropriately restricted. Additional scrutiny should be enforced in relation to the privileges of Council movers to ensure that they only hold permissions relevant to their current role.</p>	3	Outstanding	31-Aug-20	on-going - dependent on programme timelines	Head of Corporate Finance	<p>Roles, access and authorisations will be considered within the scope of the ERP replacement programme (Evolve). The design is dependent on the target operating model (TOM) and access and authorisation will be aligned to business roles.</p>

43258	We recommend that all exception reports are checked on a monthly basis and annotated in detail to evidence what actions have been taken as a result of the report. If there are no findings that require further action this should be noted on the report as confirmation. The reports should be checked and signed off by an independent officer such as the Head of Business Services, Finance.	3	Outstanding	31-Mar-20	31-Mar-21	Head of Procurement	The responsibility for Accounts Payable has recently transferred to the Head of Procurement. This recommendation will be considered alongside other improvement priorities.
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Main Accounting (Audit Report Issued 11th June 2020)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
43480 Page 237	We recommend that the Financial Manual is finalised, approved and published to the Council as a whole as soon as is practically possible. The published manual should be communicated to relevant officers to ensure they have an appropriate understanding of the practices they are required to follow.	2	Outstanding	30-Sep-20	31-Mar-21	Head of Corporate Finance	A corporate wide leadership training programme is currently being designed. The Financial Manual will be updated to support the Commercial and Financial elements of this training. The training will be used as the 're-launch' of this manual so that it can be effectively cascaded through the organisation.
43577	We recommend that in future years the Control Accounts spreadsheet should be modified to provide evidence that the accounts subject to monthly reconciliation have been reviewed in April, May and June.	3	Outstanding	31-Jul-20	30-Sep-20	Head of Corporate Finance	The Control Accounts monitoring spreadsheet now includes links to original reconciliation evidence. An additional review process is being implemented so that a sample is reviewed on a monthly basis to ensure outstanding items are being cleared in a timely manner and that continual process improvements can be implemented. This completion of this review process is dependant on the appointment of a Chief Accountant.

Programme Management (Audit Report Issued 4th October 2019)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
42099	We recommend that the existing framework is developed to capture all projects and programmes being delivered across the whole Council so there is consistency of approach and a clear corporate wide view.	2	Outstanding	30-Nov-19	31-Mar-21	Interim Corporate Director Resources	The responsibility for PMO has recently transferred to the Interim Director of Resources. A review will be undertaken to ensure all recommendations are considered in future work and activity.
42100	We recommend that a process is developed to capture the benefits to be realised from the start of a project. This should be continually reviewed throughout the life of the project to ensure the benefits set out at the project initiation stage have been realised and to identify improvement opportunities or the opportunity to halt/alter the project.	3	Outstanding	31-Dec-19	31-Mar-21	Interim Corporate Director Resources	The responsibility for PMO has recently transferred to the Interim Director of Resources. A review will be undertaken to ensure all recommendations are considered in future work and activity.
42101	We recommend that the lessons learned processes are reviewed and a set of key themes developed.	3	Outstanding	31-Dec-19	31-Mar-21	Interim Corporate Director Resources	The responsibility for PMO has recently transferred to the Interim Director of Resources. A review will be undertaken to ensure all recommendations are considered in future work and activity.
42102	We recommend that the Project Initiation Document (PID) is amended to include a Quality Management section. Furthermore, the Quality Assurance strategy should be reviewed to ensure quality is reviewed throughout the life of, and at the end of, each project.	3	Outstanding	30-Nov-19	31-Mar-21	Interim Corporate Director Resources	The responsibility for PMO has recently transferred to the Interim Director of Resources. A review will be undertaken to ensure all recommendations are considered in future work and activity.

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42103	We recommend that a new Project Board or similar is established to review and approve all projects established across the whole Council and ensure all projects demonstrate clear links to service plans and council objectives.	2	Outstanding	31-Mar-20	31-Mar-21	Interim Corporate Director Resources	The responsibility for PMO has recently transferred to the Interim Director of Resources. A review will be undertaken to ensure all recommendations are considered in future work and activity.
42344	We recommend that Governance Gateway Reviews are completed throughout the project to ensure it is still aligning with the benefits as set out initially.	3	Outstanding	31-Mar-20	31-Mar-21	Interim Corporate Director Resources	The responsibility for PMO has recently transferred to the Interim Director of Resources. A review will be undertaken to ensure all recommendations are considered in future work and activity.
42345	We recommend that there is a clear framework developed to ensure that lessons learnt are shared across the Council and all SRO's follow a consistent process.	3	Outstanding	31-Mar-20	31-Mar-21	Interim Corporate Director Resources	The responsibility for PMO has recently transferred to the Interim Director of Resources. A review will be undertaken to ensure all recommendations are considered in future work and activity.

Project Management Framework (Audit Report Issued 5th November 2018)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
38028	We recommend that the format of the 'Corporate' programmes report is updated to clearly distinguish between programme office data and other data and to provide brief updates from non-Programme office programmes reported at status Amber or Red.	3	Outstanding	31-Dec-18	31-Mar-21	Interim Corporate Director Resources	The responsibility for PMO has recently transferred to the Interim Director of Resources. A review will be undertaken to ensure all recommendations are considered in future work and activity.

Transformation Delivery - Lessons learnt (Audit Report Issued 27th October 2019)							
Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
42212	We recommend that the lessons that were learnt from phase one of the transformation project are agreed and form an action plan. The agreed lessons learnt should then be shared across the Council to help inform other transformation projects.	2	Outstanding	31-Mar-20	31-Mar-21	Interim Corporate Director Resources	The responsibility for PMO has recently transferred to the Interim Director of Resources. A review will be undertaken to ensure all recommendations are considered in future work and activity.

Transformation Delivery - Lessons learnt (Audit Report Issued 27th October 2019)							
Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
Page 240 42809	We recommend that the Council should ensure that all services are equipped with the knowledge of the available payment methods as well as costs relating to the differing methods to enable them to make appropriate decisions when choosing methods of payments for the services they provide. The Council should also ensure that services are offering all forms of payment available to the service in order to maximise income.	3	Outstanding	30-Sep-20		Chief Accountant	This recommendation will be addressed as part of the corporate wide leadership training programme and update to the Financial Manual. This can be seen in recommendation 43460.

Director Education & Skills**Traded Services with Schools (Audit Report Issued 6th March 2019)**

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
39704 Page 241	We recommend that the Council review the position of Traded Services with Schools and the roles and responsibilities of the service itself to ensure clear accountability & governance at all levels to include oversight, scrutiny and decision making.	2	Outstanding	31-Jul-19	01-Apr-21	Director of Education and Skills Traded Services Manager	9 September To date, the Traded Task Group has shaped the work undertaken to agree the details and transfer of the outdoor education centres to third party providers. In addition, it has reviewed the progress of the Traded Services delivery model and a report and presentation were delivered to Children's Select Committee on 10 March for member consideration. The committee was supportive of the approach, the transparency of the work completed and forward work plans. It was agreed that Traded Services will report back to the Children's Select regularly to update on actions completed and progress made. Democratic Services engaged to recommend governance framework following Children's Select Committee in March but has been delayed due to coronavirus. January 2021 next report due to Children's Select Committee (agreed prior to Coronavirus outbreak).

Director Housing & Commercial**Property Management - Third Party Income (Audit Report Issued 19th February 2019)**

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
39960 Page 242	<p>We recommend that the Council implements the Third-Party Charging Policy (and Approach to Asset Management) as a priority to ensure whilst still working within the principles of partnership, rental income is optimised.</p> <p>The Third-Party Charging Policy should include the decision process governing the letting of office space to ensure it is transparent, consistently applied and supports the reasons for any discounts or free lets applied. This should be complemented by a Corporate Concessionary Rent Policy, allowing the Council to be transparent in charging less than market charges.</p>	2	Outstanding	30-Jun-19	01-Dec-20	Head of Strategic Asset & Facilities Management and Asset Manager, Estates & Asset Use, Strategic Assets & FM.	Corporate leadership team have agreed an approach to charging health partners and that will form the basis of the charging policy to all third party organisations. That work is now part of the Council's organisational recovery programme.
39956	<p>We recommend that the Asset Manager ensures the Service adopts the full functions of Concerto as soon as possible to improve the raising of invoices from all the Council's property portfolio.</p>	2	Outstanding	31-Mar-20		Asset Manager – Asset Condition & Business Management and FM Delivery Manager – Building Management.	This recommendation is likely to be overtaken by the Evolve project and as such is pending

39666	We recommend that Service ensures ongoing reviews of all commercial properties are carried out to ascertain performance, including occupancy, comparing market rates and benchmarking.	3	Outstanding	30-Mar-20	01-Mar-21	Asset Manager, Estates & Asset Use, Strategic Asset & FM and Estate Manager, Strategic Asset & FM.	Reviews take place on regular basis but full review to be completed by end of financial year
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Maintenance of Property (Audit Report Issued 10th December 2018)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
39666 Page 243	We recommend that Facilities Management ensure they meet their contractual obligation to monitor all key performance indicators of each property maintenance contract to achieve good performance, value for money and good satisfaction from stakeholders. Key performance indicators that are not monitored should be reviewed to consider their application, replacement or deletion from the contractual agreement. The Procurement guidance on Contract Management should be finalised and made available on the relevant section of the intranet.	2	Outstanding	06-Dec-18	31-Jan-20	Facilities Management Delivery Manager	key performance indicators are being reviewed either to go to market or extend. This will be complete December 2020.

Director Communities & Neighbourhood Services**Passenger Transport (Audit Report Issued 8th October 2018)**

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
39374	We recommend that management resources are identified to carry out the periodic monitoring of contracts to ensure adequate performance during the contract term, including best value reviews.	2	Outstanding	28-Feb-19	16-Nov-20	Head of Passenger Transport	<p>Prior to lockdown, a mini-restructure of the team was started. As part of this, a post was created of "Contracts Officer" with the responsibility to oversee the procurement and contract management of the £27m per annum contract spend. However, this restructure was suspended due to the pandemic.</p> <p>The restructure is now back on track and hopefully, subject to CLT approval, recruitment can begin in the next couple of weeks.</p>

Director Commissioning

Adult Social Care Contracts (Audit Report Issued 21st June 2019)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
41378 Page 245	We recommend that the Commissioner – Community Services continues to develop and embed the governance structure for the Help to Live at Home Alliance Partnership to ensure key objectives and outcomes can be met. This should include documenting what levels of authority are required to approve procurement and commissioning decisions, and how this can be confirmed as not being circumvented. The governance board should also document how the achievement and performance of the HTLAH activity will be monitored, including frequency and reporting requirements.	2	Outstanding	31-Dec-19	30-Nov-20	Commissioning Programme Lead – Community Services	Partnership Board has been reconvened and the first board meeting took place on the 22nd October. It was agreed to meet monthly in the first instance to get us through winter pressures. Membership was agreed and the terms of reference were reviewed to ensure continued relevance. New amended terms of reference will be presented at the next partnership board along with the draft to the new contract monitoring & review tool kit in accordance with audit requirements.

<p>41379</p> <p>Page 246</p>	<p>We recommend that the Commissioner – Community Services ensures clear performance measures are put in place, and actively monitored, which can both measure and capture planned benefits and savings. This should include KPIs for the providers and internal support services.</p>	<p>2</p>	<p>Outstanding</p>	<p>30-Dec-19</p>	<p>31-Dec-20</p>	<p>Commissioning Programme Lead – Community Services</p>	<p>Monthly KPI returns are in place as of August 2020. A schedule has been drafted that takes a proportionate risk-based approach with the intention that all providers will be reviewed at least annually.</p> <p>The Schedule is RAG rated using a risk matrix to assess risk and a 3 level model with descriptors outlines what each level would mean to the provider.</p> <p>A quarterly monitoring tool has been drafted and that will form the basis for a quarterly dashboard. A self-assessment annual review form will be adapted and drafted along with QA reporting template/checklist.</p> <p>Officers across the commissioning directorate are progressing activity to establish a consistent approach for monitoring and reviewing across all teams.</p> <p>Schedule to be reviewed with HTLAH Partnership Board in November and intended to be being implemented by 01.01.21.</p>
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41414	We recommend that the Commissioner – Community Services ensures a supplier management framework is developed which identifies key suppliers in terms of capacity and capability. Business continuity plans and contingency plans should also be put in place for key suppliers.	2	Outstanding	31-Dec-19	31-Mar-21	Commissioning Programme Lead – Community Services	<p>In our monthly reporting we are collecting staffing data to assess capacity within the provider market. As part of the annual review providers will be asked to confirm business continuity plans are in place and up to date. This information had all been collated in March due to COVID.</p> <p>A repository of BC plans will be maintained for the top 20 suppliers and those suppliers in level 2 or above.</p> <p>Wider market concerns re: staffing and sustainability are addressed in the first instance through a business failure policy (in draft and available) and a contingency planning framework for market failure – due by 31.03.21.</p>
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Director Legal & Governance							
Corporate Complaints (Audit Report Issued 3rd July 2018)							
Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
38485	We recommend that a policy is implemented that informs all staff of the processes and procedures for dealing with a complaint, including guidance on when to pass the complaint to the Corporate Complaints department.	3	Outstanding	02-Jan-19	01-Apr-21	Public Law & Compliance Manager	Work is underway on a review of the council's corporate complaints procedure. This will be taken through CLT, Constitution Focus Group and Standards Committee before the end of this year with awareness raising and training of staff in January - March next year for implementation from 1 April 2021.
38659	We recommend that all Council staff are trained in the corporate complaints process, the information that may be required of them, the timescales involved and the importance of sticking to these timescales.	3	Outstanding	02-Jan-19	01-Apr-21	Public Law & Compliance Manager	As above

Officers Declarations of Interest, Gifts & Hospitality (Audit Report Issued 31st October 2018)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
36283	We recommend that declaring potential conflicts of interests, gifts & hospitality is covered during induction training for all staff.	3	Outstanding	31-Mar-19	31-Dec-20	Head of Legal Services	The employee register of interests, gifts and hospitality is being refreshed and will pick up all of the agreed actions. This will be completed and promoted with staff by 31 December 2020.
36284	We recommend that there a formal process of regular communication to remind staff and managers of the need to record potential conflicts of interest and the offering/acceptance of gifts & hospitality.	3	Outstanding	31-Mar-19	31-Dec-20	Head of Legal Services	As above
36285	We recommend that Close Personal Relationships should be reported through the online register of interests. Policy and guidance should be updated accordingly.	3	Outstanding	31-Mar-19	31-Dec-20	Head of Legal Services	As above
36286	We recommend that assessment procedures should include an email to the manager to advise when a potential conflict of interest has been registered.	3	Outstanding	31-Mar-19	31-Dec-20	Head of Legal Services	As above
36287	We recommend that the compliance team develop procedures to advise managers which members of their team have a current active declaration. This could be via an annual email or perhaps via a flag on a SAP/HR record.	3	Outstanding	31-Mar-19	31-Dec-20	Head of Legal Services	As above
36288	We recommend that the Managers are provided with guidance on how they can find out about existing declarations of interest.	3	Outstanding	31-Mar-19	31-Dec-20	Head of Legal Services	As above

36289	We recommend that archive policies and procedures should be developed. Consideration should be given to length of time to keep records of former officers and any records that are no longer current/accurate.	3	Outstanding	31-Mar-19	31-Dec-20	Head of Legal Services	As above
36290	We recommend that procedures are put in place to ensure the register entries is kept current.	3	Outstanding	31-Mar-19	31-Dec-20	Head of Legal Services	As above
36385	We recommend that guidance should be updated to include advice on the level of detail that should be included and of any mandatory information (such as estimated value and date hospitality received). It could also advise a minimum threshold for a declaration.	3	Outstanding	31-Dec-19	31-Dec-20	Head of Legal Services	As above
42389	We recommend that specific groups of staff to be required to make annual declarations of interests and these be reviewed by Heads of Service.	3	Outstanding	31-Dec-19	31-Dec-20	Head of Legal Services	As above

Data Breaches (Audit Report Issued 31st May 2019)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
40431	We recommend that policy documentation is reviewed and updated where appropriate.	3	Outstanding	30-Jun-19	31-Dec-20	Head of Legal Services	The Council's information governance policies are kept under review and updated when required. Specifically in relation to this audit the Data Protection and Subject Access Policy has been updated with a review date for March 2021 and we expect to complete the review of the Information Incident Management Policy by 31 December 2020.

Director Economic Development & Planning

Community Infrastructure Levy & S106 Agreements (Audit Report Issued 18th October 2019)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
39741 Page 250	<p>We recommend that evidence of a robust checking process is kept, to ensure that all planning applications are routinely assessed for CIL liability, so none are missed. This would include retention of records showing planning applications reviewed, with decision taken and by who, with regular random checks carried out by another experienced Officer to ensure a consistent approach, completeness of application coverage and accuracy in determination of whether liable or not.</p> <p>Also, to ensure a consistent approach and reinforce the checking process the procedures should be documented.</p>	3	Outstanding	31-Aug-20	30-Nov-20	Performance Delivery Manager	Ongoing. Currently records are being checked and processed manually, however with the implementation of the new IT system, monitoring reports will be available (Nov 2020)
39742	<p>We recommend that the central record of all CIL receipts and how the funds are split should be kept up to date to provide accurate information for all interested parties and to support the financial statements made in the Annual Report. This should also be supported by a regular reconciliation of the actual receipts and payments made through the Council's financial management system, which is signed and dated to validate its accuracy.</p>	3	Outstanding	31-Aug-20	31-Dec-20	Performance Delivery Manager	The Government have introduced an annual Infrastructure report which sets out all CIL receipts and how they are split. This will be published on the website by December 2020, and will be submitted to central government. There are also additional checks in Finance where vendor codes and SIO codes are cross referenced by planning application reference numbers.

Director Access & Reablement**Financial Assessments and Deprivation of Assets (Audit Report Issued 14th January 2020)**

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
42592 Page 251	We recommend the Team Manager Advice, Contact and FAB ensures that the FAB Team's procedures guidance documents and the Charging Policy are updated to document the new ways of working and reflect the new IT system. This should be made available for all staff to refer to in order to aid efficiencies.	3	Outstanding	31-Mar-20	01-Jan-21	Team Manager Advice, Contact and FAB.	FAB procedures are 70% complete and the new completion date is 1st January 2021. The delay has been due to the impact of additional priorities including: an extra 450 financial assessments related to Covid funding and the guidance and process required to support this work; the impact of training 3 new financial assessment officers using a virtual training plan/environment; the introduction of a new automated process for uplifting residential contributions (and subsequent change to procedures); current testing of a new Online Financial Assessment portal. The Charging Policy has been updated – the policy hasn't changed however the language has been reworded and it now fully reflects the way the team works (for example, a reduced reliance on home visiting, and a robust review process). We are awaiting a date for publishing this.

Court of Protection (Audit Report Issued 13th February 2019)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
<p>40680</p> <p>Page 252</p>	<p>We recommend that the Court of Protection Team Manager gives consideration to the most cost effective and efficient manner of document storage for the service.</p>	<p>3</p>	<p>Outstanding</p>	<p>31-Aug-19</p>	<p>31-Dec-20</p>	<p>Court of Protection Team Manager</p>	<p>At present there is work being carried out to look at the future storage under Caspar Cloud, an updated version of the current database (Caspar) that the team uses, it has a document storage facility. However, this has been put on hold by the owning company (Trojan) due to COVID-19. We are working with IT and Procurement on a timeline for this, once Trojan are ready to release this to the market. Additional funding will be required to upgrade the Caspar database to Casper Cloud and a business case will be written to set out the rationale for this. This will be completed by end of Dec 20 to determine most effective option and associated benefits. Full implementation of an enhanced IT system will require significant implication and be dependent on provider capacity.</p>

Director Learning Disabilities & Mental Health**Adult Social Care - CTPLD Pop Team Review (Audit Report Issued 6th March 2020)**

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
43177	We recommend that further testing is undertaken to ensure that the data reports from LiquidLogic are accurate and can be fully relied upon. This will increase efficiency and resilience as separate spreadsheets will not need to be maintained by a single person within each team. In addition, correct reporting structures should be embedded within the system.	2	Outstanding	01-Jun-20	30-Dec-20	Head of Service - CTPLD	<p>Accuracy issues with Liquid Logic continue. The Head of Service CTPLD is working with the Head of Quality and Performance to rectify these issues.</p> <p>A business support office is due to start with CTPLD on 01/11/2020. A key function of their role will be to ensure that data is accurate and can be relied on. They will also be reviewing and updating reporting structures within the system.</p>

Director Highways and Environment**Waste Management Contract (Audit Report Issued 6th July 2020)**

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
43484	We recommend that formal approval of the change to Lot 1 contract is approved by Cabinet and record of approval is held on file.	3	Outstanding	31-Jul-20	31-Dec-21	Head of Service – Waste Management	Officers have engaged with legal and democratic services to locate the decision document in relation to Lot 1. Consideration will be given to closing out this governance issue if the decision document cannot be located, potentially via Cabinet if necessary.

43482	We recommend that, for Lot 2, resolution and agreement of the outstanding financial model is obtained through receipt of the required information from the Contractor to ensure that the appropriate sums can be paid to the Contractor.	3	Outstanding	31-Aug-20	01-Mar-21	Head of Service – Waste Management	Further positive progress has been made on agreeing outstanding elements of the Lot 2 Financial Model. In practical terms, the onset of the Covid-19 pandemic has required the client team to focus on the operational service response over progressing the financial model. Open book reporting is improved although one major point of difference remains in respect of haulage. Risk amounts have been accrued and officers anticipate a resolution shall be reached through negotiation by March 2021.
Page 254 43485	We recommend that the Council seeks the required Open Book data from the Contractor to ensure that all financial models can be substantiated. If the Open Book data is not received the Contractor should be considered in breach of contract and appropriate actions taken to resolve.	3	Outstanding	06-Jul-20	Ongoing	Head of Service – Waste Management	The council has held a number of subject specific workshops with the contractors to isolate and document a number of outstanding “points of difference”. Some may become subject to the dispute resolution processes allowed for the contracts. Each party has produced position statements for joint review and the process is in train. Failure to provide adequate open book data is a feature of some of these disputes, so this is being progressed through formal channels.

Wiltshire Council

Proposed Internal Audit Plan Quarter 4 – 2020/21

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Agenda Item 13

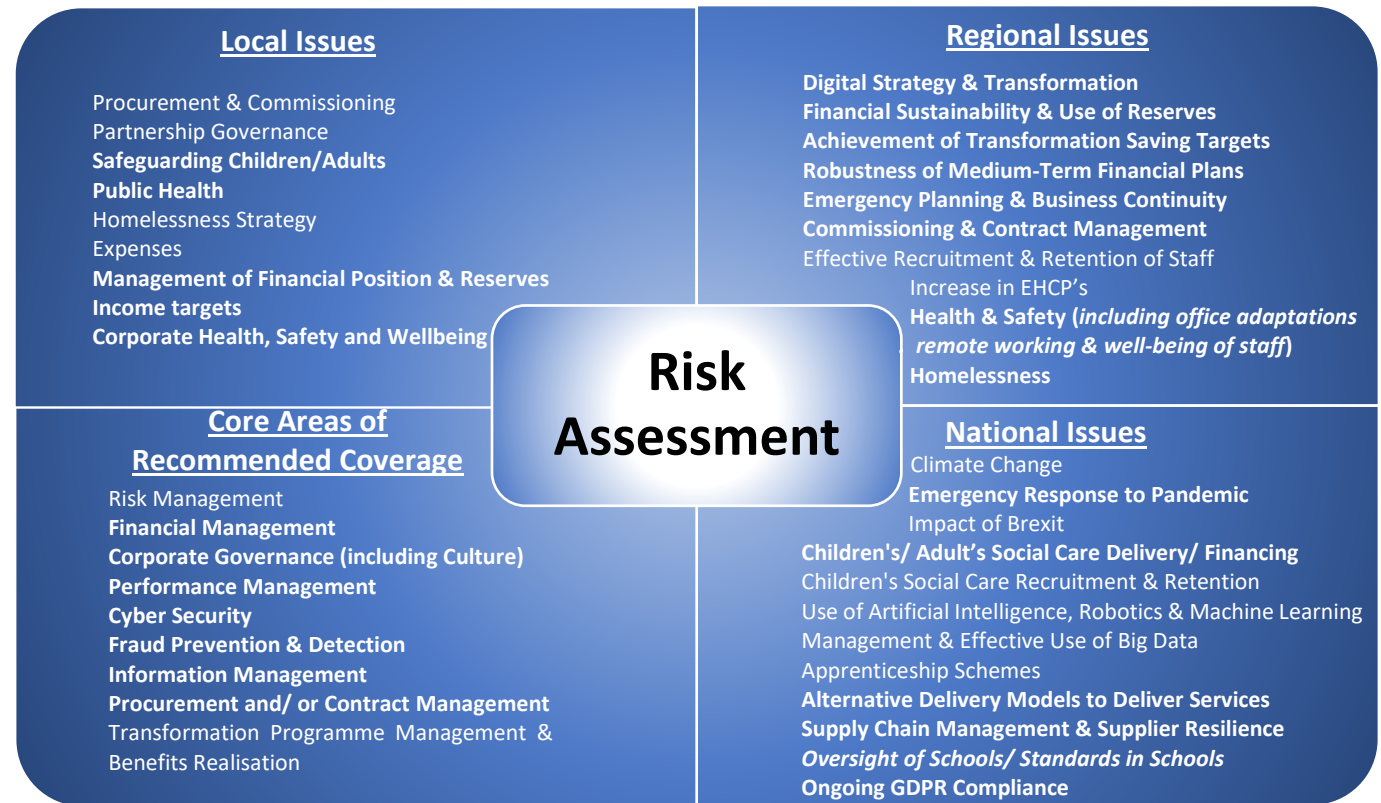
Our documented risk assessment helps to ensure that sufficient and appropriate areas are identified for consideration in our internal audit programme of work.

As above, it is the responsibility of the Authority’s Senior Leadership Team, and the Audit Committee to ensure that, with consideration of our risk assessment, the overall programme of work throughout the year contains sufficient and appropriate coverage.

Internal Audit Risk Assessment (updated)

Our original 2020/21 internal audit programme of work was based on the documented risk assessment below.

We have now updated this to highlight key areas where we believe the risk profile has increased following the COVID-19 pandemic (included in bold), as well as any new risk areas (included in italics):



It should be noted that the audit titles and high-level scopes included below are only indicative at this stage for planning our resources. At the start of each audit, an initial discussion will be held to agree the specific Terms of Engagement for the piece of work, which includes the objective and scope for the review.

Areas of Coverage and Brief Scope	Senior Leadership Team Lead	Priority (H, M, L) and Proposed Timing (Earlier, Later)
Data Breaches Review of process and benchmarking exercise to ascertain processes and thresholds used by other LAs.	Interim Corporate Director Resources	Medium / Later
IR35 Compliance Review to ensure compliance with IR35 in relation to Agency Staff.	Director HR & OD	High / Earlier
Climate Change This audit will review the Council's Climate Change plans including strategy and processes in place to achieve carbon neutral status by 2030.	Director Highways & Environment	Medium / Later
Adults Safeguarding A review of Adults Safeguarding to include the Safeguarding Vulnerable People's Partnership and the Safeguarding Adults Board.	Director Access & Reablement	High / Earlier
Missing Children This is a general audit of controls operating in this area as well as focus on the improvements suggested in a recent OFSTED report.	Director Families & Children	Medium / Later
Virtual Schools This audit is to provide assurance that appropriate governance, processes and procedures are in place to ensure that pupil premium is used to best effect and to confirm whether there are effective processes in place which ensure the Virtual School are consulted when Looked After Children (LAC) move placements.	Director Education & Skills	High / Earlier
Growth Hub Grant Certification review.	Interim Corporate Director Resources	Medium / Later
Community Safety Partnerships Review of the Council's current activities supporting the Community Safety Partnership (CSP), and consideration of the legislated requirements, CSP priorities and resilience, and delivery monitoring.	Acting Director Public Health	Medium / Later

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Proposed Internal Audit Plan: Quarter 4 - 2020/21

Commercialisation Strategy Audit to review the progress of the Service Commercialisation Review Plan with particular focus on the Stone Circle area.	Director Housing & Commercial	Medium / Later
School Audits Review of a selection of schools to determine from the financial health check review, the effectiveness of financial management, governance, and compliance with SFVS and Wiltshire Schools regulations.	Director Education and Skills	High / Earlier
COVID-19 Local Authority Compliance and Enforcement Grant Grant Certification review.	Acting Director Public Health	Medium / Later
ICT Work This time will be used to undertake more directed work based on the outcomes from the Cyber Security Framework Review.	Director ICT, Digital & Organisational Innovation	High / Earlier
Follow Up Work Follow up of audits awarded Partial or No Assurance opinions.	Various	Medium / Ongoing
National Fraud Initiative (NFI) To assist the Council in monitoring and investigation of matches	CLT	Medium / Ongoing
Assurance work over the Authority's COVID-19 recovery plan; specifically gains made and lessons learnt	CLT	High / Later
Further requested assurance/ advisory/ support work, as required	CLT	High / Ongoing
Reactive investigations & independent complaint support work, as required	CLT	Medium / Ongoing

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Audit and Governance Committee
Proposed Forward Work Plan - 2020/2021

Meeting Date	Item	Responsible Officer	Draft Report to CLT	Report Deadline	Publication Deadline
25 September 2020	SWAP Presentation - New Ways of Working	SWAP		16 Sep 2020	17 Sep 2020
	Q1/ Q4 IA Report	SWAP			
	Appointment of a member to the Constitution Focus Group	Chairman			
	18/19 accounts update report	Lizzie Watkin			
	Accounting Policies	Andy Brown/ Lizzie Watkin			

Meeting Date	Item	Responsible Officer	Draft Report to CLT	Report Deadline	Publication Deadline
18 November 2020	Report to those charged with Governance (ISA 260) 2019/2020	Deloitte		9 Nov 2020	10 Nov 2020
	Statement of Accounts 18/19	Lizzie Watkin/ Andy Brown			
	Annual Governance Statement 19/20	Ian Gibbons			
	Pension Assurance on Pension Fund accounts 19/20	Pension Fund Minutes			
	Grant Certification Report relating to teachers pay/pensions 2019/2020	KPMG			
	Q2 IA Report 2020/2021	SWAP			
	Update on New Ways of Working	SWAP			
	Risk and performance Management Policy – Update (postponed due to COVID)	Toby Elliott/ Martin Nicholls			
	Risk Management During Covid-19	Toby Elliott/ Martin Nicholls			
	Governance Action Log update	Ian Gibbons			
	Private Meeting with External Auditors (after committee)	Deloitte			

Meeting Date	Item	Responsible Officer	Draft Report to CLT	Report Deadline	Publication Deadline
10 February 2021	Statement of Accounts 19/20	Lizzie Watkin/ Andy Brown		1 Feb 2021	2 Feb 2021
	Grant Certification Report relating to teachers pay/pensions 2019/2020	KPMG			
	Q3 IA Report 2020/2021	SWAP			
	Corporate Governance Update	Ian Gibbons			
	Governance Action Log update	Ian Gibbons			
	Service Area Risk Presentation (TBD) (Possibly delay due to COVID)	TBC			
	Private Meeting with SWAP (after committee)	SWAP			

Meeting Date	Item	Responsible Officer	Draft Report to CLT	Report Deadline	Publication Deadline
Date TBC 2021 (Usually April)	Accounting Policies	Lizzie Watkin		TBC	TBC
	Q4 IA Report 2020/2021	SWAP			
	Draft Annual Governance Statement	Ian Gibbons			
	Corporate Governance Update	Ian Gibbons			
	Governance Action Log update	Ian Gibbons			
	Service Area Risk Presentation (TBD)	TBC			

Additional Items:

Date Agreed Item	Additional Items	Responsible Officer	Notes
Jul-20	School Governance Report	DSO	Details sought from Amanda Cripps, Governor Development Lead Education and Skills, and circulated to Committee
Oct-20	Redmond Report Briefing Paper	Lizzie Watkin	Lizzie to write briefing paper for committee once response from Government received.