

**Wiltshire Council**

**Annual Report and Statement of  
Accounts**

**2019/2020**

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## Leader's introduction

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

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

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

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

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

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

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

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

- Continuation of the adult social care transformation programme, including the transition to a new case management system;

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

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

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

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



**Cllr Philip Whitehead**  
Leader of Wiltshire Council  
xx February 2022

## Corporate Director of Resources Narrative Report

Wiltshire is a County with a proud heritage. The Council, like its peers and public sector partners has had to deal with a significant reduction in government funding and unprecedented increases in demand for services. In total Government funding has fallen significantly since 2009. Disproportionate increases in demand for services has compounded this with pressures of £45 million being contained and mitigated. Yet despite this, and through effective financial management, the Council has every year set and delivered a balanced budget. At the same time improving its performance in key areas.

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

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

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

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

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

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

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

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

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

### **Andy Brown**

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

## 2019/20 Financial and Performance Review

### Overall Financial Outturn

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

During 2019/20 we took regular monitoring forecast reports to senior management and Cabinet. These reports identified the need to take action in year to deliver a balanced budget, and as a result of those actions spending has once again been managed prudently to enable that position to be achieved.

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

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

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

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

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

### Impact on the Council's Assets and Liabilities

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

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

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

### Delivery of the Capital Programme

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

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

### Delivery of the Capital Programme (cont'd)

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

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

### Impact on Treasury Management and cash flow

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

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

### Pension Fund

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

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

### Financial Risks

The Council seeks to manage its financial risk through prudent controls, with business case assessments, always assessing the value of its assets and investments. Overall these risks are well managed, with the risks associated with the Council's borrowing and investment activities set out in Note 50 to the financial statements. There is £4.5 million set aside in provisions, mainly relating to insurance claims and Business Rates Retention Scheme appeals. More details are set out at Note 29 to the financial statements.

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

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

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

### General Fund and Earmarked Reserves

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



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

### General Fund and Earmarked Reserves (cont'd)

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

### Financial & activity / performance

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

The Council continues to face demand and inflationary pressures of circa £30 million per annum. To manage this challenge the Business Plan has had a clear prioritised focus that has helped shape both the areas of financial investment and drive for continual improvement in performance.

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

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

as well as needing to support businesses and suppliers.

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

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

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

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



## Annual Governance Statement

### Introduction

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

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

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

### Approval of the Annual Governance Statement 2019/20

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



Terence Herbert  
Chief Executive



Cllr Philip Whitehead  
Leader of Wiltshire Council

xx February 2022

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



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

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

Respect for the rule of law

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

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

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**. 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.

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 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.

Engaging with institutional stakeholders

**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**

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:

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

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.

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.

Determining and planning interventions

Optimising achievement of intended outcomes

### 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 Audit and Governance Committee monitor and review the effective development and operation of performance and risk management, receiving progress reports as required.

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

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

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

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

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

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

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

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

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

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

Implementing good practices in transparency and reporting

#### How we can improve

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

# Statements to the Accounts

# The Statement of Responsibilities for the Statement of Accounts

## The Council's Responsibilities

The Council is required to:

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

## The Chief Financial Officer's Responsibilities

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

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

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

## The Statement of the Chief Financial Officer

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

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

### Andy Brown

Corporate Director Resources (Section 151 Officer)

Wiltshire Council

xx February 2022

## Approval of the Statement of Accounts

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

### Councillor Richard Britton

Chairman of the Audit Committee

xx February 2022

## Independent Auditors' Report to the Members of Wiltshire Council

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

# KEY FINANCIAL STATEMENTS

## Comprehensive Income & Expenditure Statement

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

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

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

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

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

- Education and Skills reduced expenditure by £0.960 million.

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

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

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

## Movement in Reserves Statement

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

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

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

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

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

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

Balance at 1 April 2018

- Unusable Reserves reduced by £31.874 million.

Total Comprehensive Income and Expenditure

- General Fund Balance reduced by £0.960 million.

- Unusable Reserves increased by £5.040 million.

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

- General Fund Balance reduced by £0.960 million.

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

Balance at 30 July 2018

- Unusable Reserves increased by £11.945 million.



Total Comprehensive Income and Expenditure

- General Fund Balance reduced by £1.277 million.

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

- General Fund Balance reduced by £1.277 million.

## Balance Sheet

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

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

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

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

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

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

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

**Andy Brown**

Corporate Director Resources (Section 151 Officer)

xx February 2022

## Cash Flow Statement

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

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

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

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

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

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

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

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

## Expenditure & Funding Analysis Statement

This analysis shows how annual expenditure is used and funded from annual resources (government grants, rents, council tax and business rates) by the Council in comparison with the economic resources consumed or earned by the Council in accordance with generally accepted accounting practice. It shows how the expenditure is allocated for decision making purposes between the Council's services. Income and expenditure is shown more fully in the Comprehensive Income & Expenditure statement. 2018/2019 comparators have been realigned to reflect the new management structure for 2019/20.

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

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

\*\* In line with the adjustments to the Comprehensive Income and Expenditure Statement, the 2019/20 Finance segment (in columns 'Net Expenditure Chargeable to General Fund and HRA Balances' and 'Net Expenditure in the Comprehensive Income & Expenditure Statement') has been adjusted by £0.348 million to reflect the reduction in interest charged on the Monkton Park former PFI loan which has been reclassified and measured as a financial instrument (as opposed to a service concession). In addition this segment (in columns 'Net Expenditure Chargeable to General Fund and HRA Balances' and 'Net Expenditure in the Comprehensive Income & Expenditure Statement') has been adjusted by £2.305 million together with the Housing and Commercial Development segment (in columns 'Net Expenditure Chargeable to General Fund and HRA Balances' and 'Net Expenditure in the Comprehensive Income & Expenditure Statement') by £1.932 million to reflect

the reclassification of interest of £4.237 million now shown in the line Financial and Investment Income and Expenditure. The 2018/19 comparatives have not been restated because these adjustments are not material.

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

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

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

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

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

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

## Notes to the Core Financial Statements

### Introduction to the Explanatory Notes

The Statement of Accounts summarises the Council's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. The Statement of Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and the accounting policies are set out in the Notes to the Accounts Annex 1. For ease of reference, the notes to the core financial statement are grouped in functional areas.

### NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

#### Note 1a Revenue outturn

In respect of net revenue outturn, the Council's 2019/20 General Fund revised budget and actual spending figures were as below:

	Original Budget £m	Revised Budget £m	Actual £m	Difference £m
<b>Total General Fund (a)</b>	<b>332.378</b>	<b>332.378</b>	<b>332.022</b>	<b>(0.356)</b>
<b>Funded by:</b>				
Draw from General Fund reserves	0.000	0.000	(4.674)	(4.674)
Business Rates Retained	(58.500)	(58.500)	(58.193)	0.307
Council Tax	(252.580)	(252.580)	(252.580)	0.000
Social Care Levy	(18.417)	(18.417)	(18.417)	0.000
Collection Fund (Surplus)/Deficit Council Tax	(2.881)	(2.881)	(2.881)	0.000
Collection Fund (Surplus)/Deficit NNDR	0.000	0.000	4.367	4.367
<b>Total Funding (b)</b>	<b>(332.378)</b>	<b>(332.378)</b>	<b>(332.378)</b>	<b>0.000</b>
<b>Movement on General Fund (a) + (b)</b>	<b>0.000</b>	<b>0.000</b>	<b>(0.356)</b>	<b>(0.356)</b>

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

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

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

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

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

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

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

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

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

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

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

### Note 1c Income from Revenue Contracts

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

### Note 2 Exceptional Items

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

### Note 3 Other Operating Expenditure

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

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

### Note 4 Financing and Investment Income and Expenditure

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



- \* 2018/19 amounts have been restated to include income and expenditure in relation to investment properties, and financial instrument adjustments, which were previously shown within net cost of services in the Comprehensive Income and Expenditure Statement.
- \*\* £4.237 million interest payable previously reflected in net cost of services in relation to Monkton Park former PFI and Schools/Housing PFIs is now shown in Financial and Investment Income and Expenditure. The 2018/19 comparatives have not been restated because these adjustments are not material.
- \*\*\* 2018/19 amounts have been restated to reflect the Council's waste vehicles (being made available to the contractor to provide the waste services) being reclassified and remeasured as a finance lease - receivable (previously treated as REFCUS). The restatements are as follows:
- Interest and Investment Income increased by £0.220 million.

## Note 5 Taxation and Non-specific Grant Income

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

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

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

## Note 6 Grant Income

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

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

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

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

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

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

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

## Note 7 Dedicated Schools Grant

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

Details of the deployment of DSG receivable for 2019/20 and 2018/2019 are as follows:

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

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

**Note 8 Pooled Budgets****Partnerships Schemes under S31 Health Act: Better Care Fund**

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

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

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

This was funded from income and grants as follows:

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

**Note 9 Members' Allowances**

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

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

**Note 10 Officers' Remuneration**

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

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

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

**2019/2020 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 £	Compensation		Benefits in Kind £	Total Remuneration excluding pension contributions 2019/2020 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2019/2020 £
			Expense Allowances £	for loss of Office £				
Executive Director Adult Care, Public Health, Digital - Carlton Brand (Subnote A)	159,084	0	0	120,727	0	279,811	25,675	305,486
Chief Executive Officer - Place Alistair Cunningham (Subnote B)	156,297	0	2,881	0	0	159,178	32,822	192,000
Chief Executive Officer - People Terence Herbert (Subnote C)	156,297	0	1,275	0	0	157,572	32,822	190,394
<b>Total</b>	<b>471,678</b>	<b>0</b>	<b>4,156</b>	<b>120,727</b>	<b>0</b>	<b>596,561</b>	<b>91,319</b>	<b>687,880</b>

**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	Compensation		Benefits in Kind	Total Remuneration excluding pension contributions 2018/2019	Employers Pension Contributions	Total Remuneration including pension contributions 2018/2019
			Expense Allowances	for loss of Office				
	£	£	£	£	£	£	£	£
Executive Director, Adult Care, Public Health & Digital - Carlton Brand (see Subnote A)	154,290	0	0	0	0	154,290	30,858	185,148
<b>Total</b>	<b>154,290</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>154,290</b>	<b>30,858</b>	<b>185,148</b>

**2019/2020 Remuneration for Senior Employees - Salary is less than £150,000 but equal to or more than £50,000 per year** (Included in Officer's Remuneration Bandings)

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

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

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

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

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

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

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

**Subnote A:**

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

**Subnote B:**

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

**Subnote C:**

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

**Subnote D:**

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

**Subnote E:**

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

**Subnote F:**

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

**Subnote G:**

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

**Subnote H:**

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

**Exit Packages**

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

Exit Package Cost Band (including special payments) £	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020
							£	£
0-20,000	2	9	56	66	58	75	480,768	468,061
20,001-40,000	0	1	19	19	19	20	553,735	535,831
40,001-60,000	0	0	14	5	14	5	671,465	238,675
60,001-80,000	0	0	1	0	1	0	63,030	0
80,001-100,000	0	0	0	1	0	1	0	80,648
100,001-150,000	0	0	0	1	0	1	0	120,727
<b>Total</b>	<b>2</b>	<b>10</b>	<b>90</b>	<b>92</b>	<b>92</b>	<b>102</b>	<b>1,768,998</b>	<b>1,443,942</b>

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

**Note 11 External Audit Fees**

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

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

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

**Note 12 Related Parties**

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

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

**Members of the Council** have direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2019/2020 is shown in note 9. If a Member declares an interest in a transaction which involves the Council, these transactions are recorded in the Register of Members' Interests, open to public inspection at County Hall, Trowbridge. The register has been reviewed and Members have not disclosed any material transactions with related parties.

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

**Wiltshire Pension fund** – In 2019/20 the Council charged the fund £1.818 million (£1.478 million in 2018/19) for expenses incurred in administering the fund.

### Note 13 Note to the Funding Analysis

Adjustments to General Fund to add Expenditure or Income not Chargeable to taxations or rents and remove items which are only chargeable under statute as in the table below.

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

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



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

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

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

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

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

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

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

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

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

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

**Note 13c Other Differences**

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

**Note 14 Adjustments between accounting basis and funding basis under regulations**

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

2019/2020 Adjustments	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Unusable Reserves
	£000	£000	£000	£000	£000	£000
<b>Adjustments primarily involving the Capital Adjustment Account</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>						
Charges for depreciation of non-current assets	(22,323)	(12,232)				34,555
Charges for impairment/ revaluations of plant, property and equipment	(11,036)					11,036
Movements in the market value of Investment Properties	(86)					86
Amortisation of intangible assets	(429)					429
Revenue expenditure funded from capital under statute	(21,393)					21,393
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(24,056)	(1,719)				25,775
Flexible use of capital receipts to fund transformation expenditure - transfer of expenditure	(1,581)					1,581
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	12,552					(12,552)
Capital expenditure charged against the General Fund and HRA balances		4,257				(4,257)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement and Expenditure Statement	52,764				(52,764)	0
Application of grants to capital financing transferred to the Capital Adjustment Account					60,924	(60,924)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Capital receipts received for the sale of non-current assets reflected as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	9,442	6,440	(15,882)			0
Use of the Capital Receipts Reserve to finance new capital expenditure				7,695		(7,695)
Use of the Capital Receipts Reserve to finance repayment of HRA debt				8,000		(8,000)
Payments to the Government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(1,233)		1,233			0
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve</b>						
Transfer of deferred sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	215		(204)			(11)
<b>Adjustment primarily involving the Major Repairs Reserve</b>						
Posting of HRA resources from revenue to the Major Repairs Reserve		12,232		(12,232)		0
Use of the Major Repairs Reserve to finance new capital expenditure and depreciation				4,802		(4,802)
<b>Adjustment primarily involving the Financial Instruments Adjustments Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements*	351					(351)
<b>Adjustments primarily involving the Pensions Reserve</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 49)	(36,475)	(438)				36,913
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(2,370)					2,370
Amount by which non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	4,686					(4,686)
<b>Adjustment primarily involving the Accumulated Absences Account</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(409)	(11)				420
<b>Total Adjustments</b>	<b>(41,381)</b>	<b>8,529</b>	<b>842</b>	<b>(7,430)</b>	<b>8,160</b>	<b>31,280</b>

\* The 2019/20 General Fund and Unusable Reserves columns for the line 'Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements' have been adjusted by £0.348 million to reflect the write down of the loan premium as a result of Monkton Park former PFI loan being reclassified and measured as a financial instrument (as opposed to a service concession). The 2018/19 comparatives have not been restated because these adjustments are not material.

2018/2019 Adjustments Restated	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Unusable Reserves £000
<b>Adjustments primarily involving the Capital Adjustment Account</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>						
Charges for depreciation of non-current assets*/***	(23,656)	(12,153)				35,809
Charges for impairment/ revaluations of plant, property and equipment	(24,977)	(464)				25,441
Movements in the market value of Investment Properties	956					(956)
Amortisation of intangible assets	(323)					323
Revenue expenditure funded from capital under statute****	(15,221)					15,221
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement**	(39,335)	(1,989)				41,324
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment****	12,995					(12,995)
Capital expenditure charged against the General Fund and HRA balances		5,486				(5,486)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement and Expenditure Statement	88,096				(88,096)	0
Application of grants to capital financing transferred to the Capital Adjustment Account					78,347	(78,347)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Capital receipts received for the sale of non-current assets reflected as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement**	11,274	4,759	(16,033)			0
Use of the Capital Receipts Reserve to finance new capital expenditure			11,602			(11,602)
Use of the Capital Receipts Reserve to finance repayment of HRA debt			4,810			(4,810)
Payments to the Government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(917)		917			0
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve</b>						
Transfer of deferred sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	165		(269)			104
<b>Adjustment primarily involving the Major Repairs Reserve</b>						
Posting of HRA resources from revenue to the Major Repairs Reserve*		12,153		(12,153)		0
Use of the Major Repairs Reserve to finance new capital expenditure and depreciation				9,013		(9,013)
<b>Adjustment primarily involving the Financial Instruments Adjustments Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	2					(2)
<b>Adjustments primarily involving the Pensions Reserve</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 49)	(28,166)	(263)				28,429
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(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)
<b>Adjustment primarily involving the Accumulated Absences Account</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	439	(6)				(433)
<b>Total Adjustments</b>	<b>(20,748)</b>	<b>7,523</b>	<b>1,027</b>	<b>(3,140)</b>	<b>(9,749)</b>	<b>25,087</b>

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

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

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

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

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

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

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

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

Property, Plant and Equipment 2019/20	Council Dwellings & Garages inc land £000	Other Land & Buildings £000	Vehicles, Plant and Equipment £000	Infra-structure £000	Community Assets £000	Assets under Construction £000	Surplus Assets £000	Total Property, and Plant & Equipment £000
<b>Cost or Valuation</b>								
Opening Balance 1 April 2019	273,936	373,597	97,577	474,836	6,417	50,673	8,935	1,285,971
Additions	7,578	11,271	6,469	922	0	52,903	0	79,143
Derecognition - Disposals	(1,538)	(21,207)	(3,254)	0	(698)	0	(125)	(26,822)
Revaluation increases/ (decreases) recognised in Revaluation reserve	(11,565)	20,329	(3,086)	0	(943)	10	0	4,745
Revaluation increases/ (decreases) recognised in Surplus/ Deficit on provision of services	(174)	(41,180)	10	0	(215)	0	0	(41,559)
Category Adjustments & other movements	4	6,381	886	29,088	36	(40,288)	(4,259)	(8,152)
<b>At 31 March 2020</b>	<b>268,241</b>	<b>349,191</b>	<b>98,602</b>	<b>504,846</b>	<b>4,597</b>	<b>63,298</b>	<b>4,551</b>	<b>1,293,326</b>
<b>Depreciation and Impairments</b>								
Opening Balance 1 April 2019	(768)	(54,523)	(31,093)	(86,628)	(356)	0	(301)	(173,669)
Depreciation	(5,701)	(10,708)	(10,321)	(7,825)	0	0	0	(34,555)
Accumulated depreciation written back on derecognition of assets	0	5,200	3,072	0	10	0	0	8,282
Revaluation losses/impairment recognised in the surplus/deficit on provision of services, and Depreciation written out to the surplus/deficit on provision of services on revaluation	83	30,684	(28)	0	23	62	0	30,824
Revaluation losses/impairment recognised in the revaluation reserve, and Depreciation written out to the revaluation reserve on revaluation	5,533	(15,696)	8,449	0	103	0	0	(1,611)
Category Adjustments & other movements	0	0	0	0	0	0	300	300
<b>At 31 March 2020</b>	<b>(853)</b>	<b>(45,043)</b>	<b>(29,921)</b>	<b>(94,453)</b>	<b>(220)</b>	<b>62</b>	<b>(1)</b>	<b>(170,429)</b>
<b>Net Book Value at 31 March 2020</b>	<b>267,388</b>	<b>304,148</b>	<b>68,681</b>	<b>410,393</b>	<b>4,377</b>	<b>63,360</b>	<b>4,550</b>	<b>1,122,897</b>
<b>Net Book Value at 31 March 2019</b>	<b>273,168</b>	<b>319,074</b>	<b>66,484</b>	<b>388,208</b>	<b>6,061</b>	<b>50,673</b>	<b>8,634</b>	<b>1,112,302</b>

Property, Plant and Equipment 2018/19 Restated	Council Dwellings & Garages inc land £000	Other Land & Buildings £000	Vehicles, Plant and Equipment £000	Infra-structure £000	Community Assets £000	Assets under Construction £000	Surplus Assets £000	Total Property, and Plant & Equipment £000
<b>Cost or Valuation</b>								
Opening Balance 1 April 2018	308,500	464,328	225,137	436,386	6,856	62,806	9,890	1,513,903
Assets not in Council ownership/control*		(40,150)	(53,825)	(2)	(340)			(94,317)
PFI schools converted to Academies**		(31,874)						(31,874)
Restated Opening Balance 1 April 2018	308,500	392,304	171,312	436,384	6,516	62,806	9,890	1,387,712
Additions	8,810	21,855	7,211	9,095	0	36,140	1	83,112
Derecognition - Disposals*	(1,989)	(25,045)	(12,728)	0	(99)	0	(1,100)	(40,961)
Revaluation increases/ (decreases) recognised in Revaluation reserve**	(34,875)	(21,687)	(88,883)	0	0	0	123	(145,322)
Revaluation increases/ (decreases) recognised in Surplus/ Deficit on provision of services	(17,957)	(252)	19,696	0	0	0	0	1,487
Category Adjustments & other movements	11,447	6,422	969	29,357	0	(48,273)	21	(57)
<b>At 31 March 2019</b>	<b>273,936</b>	<b>373,597</b>	<b>97,577</b>	<b>474,836</b>	<b>6,417</b>	<b>50,673</b>	<b>8,935</b>	<b>1,285,971</b>
<b>Depreciation and Impairments</b>								
Opening Balance 1 April 2018	(37,677)	(109,693)	(150,144)	(78,892)	(696)	0	0	(377,102)
Assets not in Council ownership/control*		40,150	53,825	2	340			94,317
Restated Opening Balance 1 April 2018	(37,677)	(69,543)	(96,319)	(78,890)	(356)	0	0	(282,785)
Depreciation**	(5,659)	(11,373)	(11,016)	(7,738)	0	0	0	(35,786)
Accumulated depreciation written back on derecognition of assets*	0	4,311	1,401	0	0	0	0	5,712
Revaluation losses/Impairment recognised in the surplus/deficit on provision of services, and Depreciation written out to the surplus/deficit on provision of services on revaluation	14,236	(19,852)	(21,312)	0	0	0	0	(26,928)
Revaluation losses/Impairment recognised in the revaluation reserve, and Depreciation written out to the revaluation reserve on revaluation**	28,332	41,563	96,153	0	0	0	28	166,076
Category Adjustments & other movements	0	371	0	0	0	0	(329)	42
<b>At 31 March 2019</b>	<b>(768)</b>	<b>(54,523)</b>	<b>(31,093)</b>	<b>(86,628)</b>	<b>(356)</b>	<b>0</b>	<b>(301)</b>	<b>(173,669)</b>
<b>Net Book Value at 31 March 2019</b>	<b>273,168</b>	<b>319,074</b>	<b>66,484</b>	<b>388,208</b>	<b>6,061</b>	<b>50,673</b>	<b>8,634</b>	<b>1,112,302</b>
<b>Net Book Value at 31 March 2018</b>	<b>270,823</b>	<b>322,761</b>	<b>74,993</b>	<b>357,494</b>	<b>6,160</b>	<b>62,806</b>	<b>9,890</b>	<b>1,104,927</b>

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

Cost or Valuation

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

Depreciation and Impairments

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

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

Cost or Valuation

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

Depreciation and Impairments

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

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

### Capital Commitments

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

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

### Note 16 Information about Depreciation Methodologies

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

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

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



**Note 17 Capital Expenditure and Capital Financing**

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

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

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

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

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

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

## Note 18 Fixed Asset Valuation

Assets classified as Land & Buildings, excluding County Farms, are revalued as part of the Council's rolling programme for the revaluation of fixed assets. The valuations are carried out by an external valuer, Avison Young (UK) Limited.

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

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

The assets revalued during 2019/20 include:

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

All other assets will be revalued over the coming years as part of the rolling programme but have been revalued within the maximum 5 year rolling programme as dictated in the code of practice. The Council is not aware of any material change in the value of the remaining assets that were not revalued in 2019/20.

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

	Council Dwellings & Garages inc land £000	Other Land & Buildings £000	Vehicles, Plant and Equipment £000	Infra-structure £000	Community Assets £000	Assets under Construction £000	Surplus Assets £000	Total Property, and Plant & Equipment £000
Valued at historical cost		2,632	29,081	410,393		63,350		505,456
Valued at current value in:								
2019/2020	264,923	113,814	39,600		4,356	10	4,550	427,253
2018/2019*		115,919						115,919
2017/2018	2,465	71,244						73,709
2016/2017		73			21			94
2015/2016		466						466
<b>Book Value at 31 March 2020</b>	<b>267,388</b>	<b>304,148</b>	<b>68,681</b>	<b>410,393</b>	<b>4,377</b>	<b>63,360</b>	<b>4,550</b>	<b>1,122,897</b>

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

### Schools Assets

During the 2019/20 financial year any schools that became Academy schools have had their assets removed from the Balance Sheet. This is shown as a derecognition in the note for Property plant and equipment above. The Council does not recognise Academy, Voluntary Controlled and Voluntary Aided schools in its financial statements.

### Components and effect on depreciation

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

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

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

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

### **Note 19 Revaluation and Impairment Losses**

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

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

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

### **Note 20 Heritage Assets**

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

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

- **White Horse near Westbury**  
The White Horse in Westbury, a chalk cutting in the hill above Westbury has been in existence for over three hundred years and is owned and maintained by the Council and is kept for historical purposes. As it is not possible to remove or sell the asset a value has not been obtained. As it is such a specialised asset it would not be possible or relevant to put a value on this asset. Therefore this asset has been disclosed in this note only.
- **East Grafton Wilton Windmill**  
This windmill, built in 1821, is held for historic purposes being managed by the Wilton Windmill Society. As a specialised grade II listed building with a major need for ongoing repairs it is felt that it would have minimal value and the cost of obtaining the valuation would far exceed the benefit to the users. Therefore this asset has been disclosed in this note only.
- **Village lock-ups**  
Village lock-ups are historic buildings that were used for the temporary detention of people in England and Wales. A typical village lock-up is a small structure with a single door and a narrow slit window or opening. A number of these lock ups remain in various towns across Wiltshire. Many of these are owned and maintained by Wiltshire Council and so remain part of the Heritage Assets of the County. No formal valuation has been obtained for these sites as the costs of obtaining one would outweigh the benefits of doing so, and it is felt that they would not have any material value due to their size, condition and specialisation.
- **County Hall Members' Rooms Art**  
There is a small collection of items formally held in the Members' rooms at County Hall. These include various portraits and landscapes, as well as a stuffed Bustard in a stand. These are not on public display

but are kept for artistic reasons. These have been valued for insurance purposes in the past with values individually not exceeding £1,500 per item. The total value of these items is not material, nor is there a benefit to the user of the Statement of Accounts in obtaining updated valuations. Therefore these items have been disclosed in this note only.

- **Other items of Historical Interest**

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

## Note 21 Leases

### Authority as Lessor

#### Operating Leases

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

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

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

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

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

#### Finance Leases

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

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

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

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

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

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

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

#### Authority as Lessee

##### Operating Leases

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

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

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

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

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

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

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

*Finance Leases*

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

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

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

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

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

The PFI contract in relation to Monkton Park Offices was modified in January 2011 and only the loan associated with the capital and interest cost of building Monkton Park still has to be repaid. This is repaid directly to the Bank rather than to the former PFI joint vehicle. Therefore the liability on the balance sheet has been reclassified and measured as a financial instrument (as opposed to a service concession), and is now reported under the heading of borrowing on the Balance Sheet and is therefore no longer included in the table above.

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

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

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

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

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

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

**Housing PFI Scheme**

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

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

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

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

**Note 23 Investment Property**

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

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

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

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

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

## 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:

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

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

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

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



**Note 25 Assets Held for Sale**

The Council held the following amounts as assets held for sale as at 31 March 2020. The definition of an asset held for sale is one that is readily available for sale, the planned sale will occur within 12 months and that the property is being actively marketed.

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

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

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

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

**Note 26b Long Term Debtors**

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

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

### Note 27 Cash and Cash Equivalents

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

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

### Note 28 Short Term Creditors

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

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

### Note 29 Provisions

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

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

**Legal Claims**

The Council has made provisions in respect of legal claims which may become payable by the Council depending on the outcome of a small number of individual cases totalling £0.499 million. In order not to prejudice seriously the Council's position in these cases any further information has been withheld from this publication. It is currently expected that all of these claims will be settled during the 2020/2021 financial year.

**Insurance Claims**

An insurance provision is accounted for when it is probable that a cost will be incurred and a reliable estimate of the cost can be made. The insurance provision for 2019/2020 is made up of 23 claims totalling £1.176 million. These claims consisted of a mixture of Public and Employers' Liability claims and own Property claims.

The Council self-insures, with the Council meeting the first £0.100 million of each employers and public liability claim (£0.400 million from 1 April 2020) and up to £0.400 million for own property claims (£0.250 million from 1 April 2020). It is currently expected that all of these claims will be settled during 2020/2021.

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

**Termination Benefits**

As at 31 March 2020 the Council made a total provision of £0.978 million in respect of termination benefits, relating to redundancy costs for 6 employees. It is expected that all cases will be resolved during the first half of the 2020/2021 financial year.

**Business Rate Retention Scheme Appeals**

The Council is required to make provision for the costs associated with refunding business ratepayers with regard to current and prior year appeals against the rateable values of their properties on the rating list. The Council has estimated the total value of this provision to be £3.781 million as at 31 March 2020. This liability however, is shared between Wiltshire Council (49%), Central Government (50%) and Dorset and Wiltshire Fire & Rescue Authority (1%). The Council's share of this provision is therefore £1.853 million.

**Note 30 Financial Instruments**

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

**Financial Liabilities**

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

**Financial Assets**

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

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

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

2. *Fair Value through Other Comprehensive Income* - These assets are measured and carried at fair value. All gains and losses due to changes in fair value are accounted for through a reserve account with the balance debited or credited to the CIES when the asset is disposed of.
3. *Fair Value Through Profit or Loss* - These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

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

### Categories of Financial Instruments

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

Categories of Financial Assets	Long Term		Short Term	
	2019/2020 £000	2018/2019 £000	2019/2020 £000	2018/2019 £000
<b>Investments</b>				
At amortised cost:				
Principal			79,548	101,941
Accrued interest			272	336
<b>Total Investments</b>	<b>0</b>	<b>0</b>	<b>79,820</b>	<b>102,277</b>
<b>Cash and Cash Equivalents</b>				
At amortised cost:				
Principal			8,623	6,703
Accrued interest				
<b>Total Cash and Cash Equivalents</b>			<b>8,623</b>	<b>6,703</b>
<b>Debtors</b>				
At amortised cost:				
Trade receivables			26,837	25,094
Loss allowance			(8,689)	(9,303)
Loans and Advances	9,487	6,403		
<b>Included in Debtors<sup>1</sup></b>	<b>9,487</b>	<b>6,403</b>	<b>18,148</b>	<b>15,791</b>
<b>Total Financial Assets</b>	<b>9,487</b>	<b>6,403</b>	<b>106,591</b>	<b>124,771</b>
<b><sup>1</sup> Debtors Reconciliation to Balance Sheet</b>				
Included in Financial Assets	9,487	6,403	18,148	15,791
<i>Debtors that do not meet the definition of a financial asset:</i>				
Statutory Debtors			35,453	28,020
Prepayments			7,378	6,720
<b>Total Debtors</b>	<b>9,487</b>	<b>6,403</b>	<b>60,979</b>	<b>50,531</b>

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

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

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

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

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

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

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

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

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

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

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

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

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

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



**Note 33 Major Repairs Reserve**

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

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

**Note 34 Usable Capital Receipts Reserve**

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

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

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

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

**Note 35 Unusable Reserves**

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

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

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

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

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

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

**Note 36 Revaluation Reserve**

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

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

The reserve only contains revaluation gains accumulated since 1 April 2007, the date the reserve was created. Accumulated gains prior to this have been consolidated into the balance on the Capital Adjustment account.

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

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

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

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

### Note 37 Capital Adjustment Account

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

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

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

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

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

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

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

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

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

**Note 38 Pension Fund Liability**

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

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

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

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

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

## NOTES TO THE CASH FLOW STATEMENT

### Note 39 Cash Flow Operating Activities

#### Non-Cash Movements

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

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

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

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

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

- Depreciation reduced by £0.960 million.

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

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

#### Adjustment for items that are investing and financing activities

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

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

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

**Operating activities**

The cash flows for operating activities include the following items:

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

\* £4.237 million 2019/20 interest payable in relation to Monkton Park former PFI and Schools/Housing PFIs is now shown in the above table. The 2018/19 comparatives have not been restated because these adjustments are not material.

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

- Interest Payable increased by £0.220 million.

**Note 40 Cash Flow Investing Activities**

The investing activities include the following items:

	<b>2019/2020</b> <b>£000</b>	<b>2018/2019</b> <b>Restated*</b> <b>£000</b>
Purchase of Property, plant and equipment, investment property and intangible assets	87,804	88,451
(Proceeds)/Purchase of short-term investments	(22,457)	38,472
Proceeds from the sale of PPE and investment property	(15,882)	(16,033)
Cash receipts of capital grants	(52,764)	(88,096)
<b>Net cash flows from investing activities</b>	<b>(3,299)</b>	<b>22,794</b>

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

**Note 41 Cash Flow Financing Activities**

The financing activities include the following items:

	<b>2019/2020</b> <b>£000</b>	<b>2018/2019</b> <b>Restated*</b> <b>£000</b>
Increase in debtors in respect of Preceptors' and Government's shares of net cash for Council Tax and/or Non Domestic Rates	3,086	1,589
Net repayments of short term borrowing**	3,943	6,779
Net repayments of long term borrowing	2,360	(21,992)
Movement on PFI Contracts**	3,082	3,351
<b>Net cash flows from financing activities</b>	<b>12,471</b>	<b>(10,273)</b>

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

\*\* The 2019/20 £0.497 million repayment in relation to Monkton Park former PFI is now shown in the line net repayments of short term borrowing. See footnote to the Balance Sheet for more information on this restatement.

## NOTES RELATING TO ACCOUNTING DECISION-MAKING

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

For 2019/2020, there are a number of accounting policy changes that have been issued but not yet adopted. The standards introduced in the 2020/21 Code of Practice that have not yet been adopted are:

#### **Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures**

These amendments clarify that an entity applies IFRS 9 Financial Instruments including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. It is not expected that these amendments will have a material impact on the financial statements when they are applied from 1st April 2020.

#### **Annual Improvements to IFRS Standards**

The primary objective of these improvements is to enhance the quality of standards, by amending existing International Financial Reporting Standards and International Accounting Standards to clarify guidance and wording. It is not expected that these improvements will have a material impact on the financial statements when they are applied from 1st April 2020.

#### **Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement**

These amendments clarify that if a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.

This amendment does not need to be applied where its application is immaterial, and if material will only affect the amounts reported in the Comprehensive Income & Expenditure account, the Balance Sheet entries are unaffected by the amendment.

The updating of these assumptions only applies to changes from 1st April 2020. Based on the Council's actuary forecasts for the 2020/21 net pension liability, the impact of these changes based on the early retirements and bulk transfers that occurred in 2020/21 are not significant and hence the profit and loss account has not been remeasured at the date of the event (in the absence of any instruction or statutory guidance, we have measured significance based on 5% of active membership being affected by any event).

#### **IFRS16 Leases**

This standard will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities rather than expense the rental charge through the Comprehensive Income and Expenditure Statement. CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2021.

An estimated impact of this standard will need to be reported in the 2020/21 Statement of Accounts, so the Council is continuing to assess the potential impact. Whilst this review is continuing, it is currently not possible to estimate the likely impact, but it not expected that there will be a material impact on the financial statements.

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

### Note 43 Critical Judgements in applying accounting policies

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



The main critical judgement made in the Statement of Accounts relates to the impact of the Covid 19 pandemic. There is a general uncertainty about the longer term impact on the Council, the effect on services provided and there remains a degree of uncertainty about future levels of funding for local government for both Revenue and Capital funding.

However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision. These assumptions are included in the Council's Business Plan and this is being regularly reviewed in these constantly changing times.

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

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

The items in the Council's Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- **Property, Plant and Equipment and Investment Property**

The outbreak of Covid-19 has impacted global financial markets and as at the valuation date, less weight can be attached to previous market evidence to inform opinions of value. There is an unprecedented set of circumstances on which to base a judgement.

Valuations are therefore reported on the basis of 'material valuation uncertainty' as per the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the property, plant and equipment and investment property valuations. At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy.

A reduction in the estimated property, plant and equipment valuations would result in reductions to the Revaluation Reserve and/or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. A reduction in the estimated investment property valuations would result in a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement.

If the value of the Council's operational properties were to reduce by 10%, this would result in a charge to the Revaluation Reserve and/or Comprehensive Income and Expenditure Statement of approximately £40.8 million. A reduction in the Council's investment property valuation by 10%, would result in a charge to the Comprehensive Income and Expenditure Statement of approximately £2.3 million. Any such charges to the Comprehensive Income and Expenditure Statement would be subsequently reversed through the Movement in Reserves Statement so there would be no impact on General Fund Balances.

All operational buildings that were closed at the end of the year, due to the effects of the Covid 19 pandemic, have been reviewed for the effect on useful life. It is felt that although these assets were temporarily effected, the current best estimate is that the assets are still held ready to be used again, therefore there is no requirement for a general impairment in valuation.

A reduction in the estimate value of HRA dwellings would be a reduction in the Revaluation Reserve and/or a loss in the Comprehensive Income and Expenditure Statement. If the value of dwellings were to reduce by 10% this would lead to a reduction in value of about £26.8 million. Any such charges to the Comprehensive Income and Expenditure Statement would be subsequently reversed through the Movement in Reserves Statement so there would be no impact on HRA Balances.

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

If the useful life of assets is reduced or increased, depreciation increases or reduces respectively, and consequently the carrying amount of the assets' fall or increase, respectively. It is estimated that the annual depreciation charge for General Fund assets would increase or decrease by approximately £0.95 million for every year that useful lives had to be reduced or increased, respectively. This impact would be mitigated by the fact that depreciation is reversed out so has no impact on the level of Council Tax. For HRA assets the annual depreciation charge to HRA would increase or decrease by approximately £1.5 million for every year. Since the contribution to the Major Repairs Reserve equals the amount of HRA depreciation, any impact of a reduction or increase in HRA depreciation will impact of the bottom line of the HRA.

- **Fair measurements value**

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

Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in notes 51 and 52.

The Council uses the DCF model to measure the fair value of some of its investment properties and financial assets.

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

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

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

A reduction in the estimated valuations of investment properties would result in reductions to the Comprehensive Income and Expenditure Statement. If the value of the Council's investment properties were to reduce by 10%, this would result in a charge to the Comprehensive Income and Expenditure Statement of approximately £2.3 million. Any such charges to the Comprehensive Income and Expenditure Statement would be subsequently reversed through the Movement in Reserves Statement so there would be no impact on General Fund Balances.

- **Pensions Liability**

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

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

- **Arrears**

At 31 March 2020, the Council had a balance of short term debtors of £81.9 million. An allowance for expected credit losses of £21.1 million or around 26% of the debt has been made. See note 26 for further details.

An understatement of allowance for expected credit losses would lead to a future adjustment and impairment to be reflected. The impairment allowances held are based on policies adapted to historic experience and success rates experienced in collection. The nature of the debt and service area have been considered, however it is too early to reflect the uncertainty of the collection rates as a result of Covid-19. If collection rates were to deteriorate by 5% then the Council would need to review its policies on the calculation of its impairment allowance for doubtful debts. With the effects of the Covid 19

pandemic, and the consequential current economic climate it is difficult to assess the accuracy of this provision, but this will be continually kept under review.

- **Provisions**

At 31 March 2020, the Council had a balance of provisions totalling £4.5 million, made up of Legal Claims, Insurance Claims, Business Rate Retention Scheme Appeals and Termination Benefits. See note 29 for further details. The amount of the provisions are uncertain as they dependent on numerous factors including the likelihood of insurance claims being successful and amount to paid, businesses lodging an appeal, the outcome of appeal cases, whether appeals will result in any change to the rateable value and the amount by which the rateable value is changed if successful. If the total provision required is 10% greater than estimated, an increase of £0.35 million would be required to be charged to the Comprehensive Income and Expenditure Statement, which includes the Council's attributable share of Business Rate Retention Scheme Appeals.

## Note 45 Authorisation of Accounts for Issue

These Statement of Accounts will be considered and authorised by the Chief Financial Officer of Wiltshire Council on xx February 2022. The final audited version of these Statement of Accounts will be considered for approval by the Audit and Governance Committee at its meeting on 1 March 2022.

## Note 46 Events after the Balance Sheet Date

The Statement of Accounts were authorised by the Chief Financial Officer on xx February 2022. Events taking place after this date are not reflected in the financial statements or notes.

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

There are no adjusting events after the Balance Sheet date for 2019/20.

On the 23 March 2020 the UK was placed in lockdown to try and reduce the impact of the Covid-19 pandemic. The impact of the virus presents uncertainty for the UK and it's economy and Local Government as a sector. This event is non-adjusting for which no estimates of its financial effect on the reporting entry has been made.

## Note 47 Contingent Liabilities

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Council is required to disclose an estimate in respect of future costs that may occur that are not currently reflected in the financial statements. The Council has identified three contingent liabilities as at 31 March 2020.

- **Insurance Claims**

As at 31 March 2020 there are 19 insurance claims where liability has yet to be established. The estimated value of these claims should the Council be found liable in every instance is £0.884 million.

- **Legal Claim**

As at 31 March 2020 there was 1 legal claim pending a tribunal. The estimated value of this claim should the Council be found liable is £0.080 million.

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

### Teachers pension scheme

In 2019/20 the Council paid £12.04 million (£9.58 million in 2018/2019) to the Department for Education and Skills in respect of teachers' pension costs which represents 16.48% of teachers' pensionable pay for the period from April 2019 to August 2019 and 23.68% of teachers' pensionable pay for the period from September 2019 to March 2020. In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2019/20 these amounted to £2.35 million (£2.38 million in 2018/2019).

## Note 49 Defined benefit Pension Schemes

### Participation in Pensions Schemes

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

The Council participates in two pension schemes:

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

The following text in this note relates to the LGPS.

Liabilities for the LGPS have been assessed by Hymans Robertson, an independent firm of actuaries, on an actuarial basis using the projected unit method based on the full actuarial valuation of the fund carried at 31 March 2020.

The principal risks to the Council of the LGPS are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields, and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described below.

The cost of retirement benefits are in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions (on the basis required by the accounting standard IAS 19). However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement.

Formal actuarial valuations are carried out every three years, where each employer's assets and liabilities are calculated on a detailed basis, using individual member data, for cash contribution setting purposes. The 31 March 2019 formal valuations for English and Welsh LGPS Funds were concluded by 31 March 2020.

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

### Assets and liabilities in relation to Retirement Benefits

The underlying assets and liabilities for the retirement benefits attributable to the Council as at 31 March 2020 and 2019 are as follows:

<b>Local Government Pension Scheme</b>	<b>31 March 2020 £000</b>	<b>31 March 2019 £000</b>
Fair Value of Employer Assets	1,056,505	1,124,418
Present Value of Funded Liabilities	(1,499,566)	(1,682,916)
<b>Net (Under)/Overfunding in Funded Plans</b>	<b>(443,061)</b>	<b>(558,498)</b>
Present value of Unfunded Liabilities	(48,672)	(55,252)
<b>Net Asset/(Liability)</b>	<b>(491,733)</b>	<b>(613,750)</b>
Amount on balance sheet:		
Asset	1,056,505	1,124,418
Liability	(1,548,238)	(1,738,168)
<b>Net Liability Amount in Balance Sheet</b>	<b>(491,733)</b>	<b>(613,750)</b>

A more detailed breakdown is included in note 38.

**Information about the defined benefit obligation**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible using a stability overlay mechanism which dampens down short term market volatility subject to certain limits. The Pension Fund has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 19 years. Funding levels are monitored on an annual basis. The 31 March 2019 formal valuations for English and Welsh LGPS were concluded by 31 March 2020.

The scheme takes account of the national changes that were introduced to the scheme under the Public Services Pensions Act 2013. The Act provided for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants. Members started earning benefits under the new scheme from April 2014.

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

The weighted average duration of the defined benefit obligation for scheme members is shown below. The durations shown are for the funded obligations only and are as they stood at the most recent formal valuation as at 31 March 2019.

	Liability split £000	Liability split %	Average Age
Active members	468,395	31.2	51.0
Deferred members	386,243	25.8	52.0
Pensioner members	644,928	43.0	69.0
<b>Total</b>	<b>1,499,566</b>	<b>100.0</b>	

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

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

Assumptions as at Year Ended:	31 March 2020 % per annum	31 March 2019 % per annum
Pension Increase Rate	1.9%	2.5%
Salary Increase Rate	2.3%	2.8%
Discount Rate	2.3%	2.4%

**Assumptions on Mortality Rates**

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

	Males	Females
Current Pensioners	21.7 years	24.0 years
Future Pensioners	22.5 years	25.5 years

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

Year Ended	Prospective Pensioners	Pensioners
31 March 2020	CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.	CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25%

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

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

Asset Category	31 March 2020				31 March 2019			
	Quoted Prices in Active Markets £000	Prices not quoted in Active Markets £000	Total £000	%	Quoted Prices in Active Markets £000	Prices not quoted in Active Markets £000	Total £000	%
<b>Equity Securities:</b>								
Consumer	0	0	0	0%	23,342	0	23,342	2%
Manufacturing	0	0	0	0%	17,380	0	17,380	2%
Financial Institutions	0	0	0	0%	3,178	0	3,178	0%
Health & Care	0	0	0	0%	5,028	0	5,028	0%
Information Technology	0	0	0	0%	115,462	0	115,462	10%
Other	0	0	0	0%	9,399	0	9,399	1%
<b>Real Estate:</b>								
UK Property	0	88,371	88,371	8%	0	117,928	117,928	11%
Overseas Property	0	39,925	39,925	4%	0	25,691	25,691	2%
<b>Investment Funds &amp; Unit Trusts:</b>								
Equities	0	569,670	569,670	54%	0	591,598	591,598	53%
Bonds	0	271,772	271,772	26%	0	184,071	184,071	16%
Infrastructure	0	81,803	81,803	8%	0	19,855	19,855	2%
Other	0	221	221	0%	0	3,132	3,132	0%
<b>Cash &amp; Cash Equivalents:</b>								
All	4,743	0	4,743	0%	8,354	0	8,354	1%
<b>Total</b>	<b>4,743</b>	<b>1,051,762</b>	<b>1,056,505</b>	<b>100%</b>	<b>182,143</b>	<b>942,275</b>	<b>1,124,418</b>	<b>100%</b>

#### Projected defined benefit costs for the period to 31 March 2021

The projected amounts determined by the actuary to be charged to the Councils Comprehensive Income and Expenditure under IAS 19 in 2020/21 are as follows:

Period Ending 31 March 2021	Assets £000	Obligations £000	Net (Liability)/Asset £000 % of Payroll	
Projected Current Service Cost*	0	(46,247)	(46,247)	(35.3%)
<b>Total Service Costs</b>	<b>0</b>	<b>(46,247)</b>	<b>(46,247)</b>	<b>(35.3%)</b>
Interest Income on Plan Assets	24,238	0	24,238	18.5%
Interest Cost on Defined Benefit Obligation	0	(35,656)	(35,656)	(27.2%)
<b>Total Net Interest Cost</b>	<b>24,238</b>	<b>(35,656)</b>	<b>(11,418)</b>	<b>(8.7%)</b>
<b>Total included in Surplus/Deficit on Provision of Services</b>	<b>24,238</b>	<b>(81,903)</b>	<b>(57,665)</b>	<b>(44.0%)</b>

\* The current service cost includes an allowance for administration expenses of 0.8% of payroll. The monetary value is based on a projected payroll of £131.009 million.

The estimated employer contributions for the year to 31 March 2021 will be approximately £33.212 million.

#### Sensitivity Analysis

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions that are set out earlier in this note. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are shown below. These have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The approach taken in preparing the sensitivity analysis shown is consistent with that adopted in the previous year.

<b>Change in Assumptions as at 31 March 2020</b>	<b>Approximate % increase to Employer</b>	<b>Approximate monetary amount £000</b>
0.5% decrease in Real Discount Rate	9%	139,860
0.5% increase in the Salary Increase Rate	1%	10,191
0.5% increase in the Pension Increase Rate	8%	128,776

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

### **Note 50 Nature and Extent of risks arising from Financial Instruments**

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

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

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

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

#### **Credit Risk**

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

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

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

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

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

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

The full Investment Strategy for 2019/2020 was approved by Full Council on 26 February 2019 and is available on the Council's website.

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

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £102.249 million cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2020 that this was likely to crystallise.

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

#### **Amounts Arising from Expected Credit Losses**

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

The Expected Credit Loss for Individual Financial Assets (Fixed Term Deposits) recognised at amortised cost during 2019/20 is £2,876.

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

Impairments for all other assets have been calculated using an historical default table provided by Link Asset Services. As the impairment is immaterial there no need to recognise this in the financial statements.

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

#### **Credit Risk Exposure**

The Council has the following exposure to credit risk at 31 March 2020.

	<b>Credit Risk Rating</b>	<b>Gross Carrying Amount £000s</b>
12 month expected credit losses	AAA	30,534
	AA	0
	AA-	21,078
	A+	10,110
	A	18,070
	BBB	0
	Sub BBB	0
<b>Maximum Credit Risk Exposure</b>		<b>79,792</b>

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

During 2019/20 the Council held no collateral as security.

#### **Liquidity Risk**

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



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

Outstanding investments (£79.820 million) are all due to be repaid in less than one year.

### **Refinancing and Maturity Risk**

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

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to 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 2019/20):

	<b>Approved Minimum Limits</b>	<b>Approved Maximum Limits</b>	<b>Actual 31 March 2020</b>		<b>Actual 31 March 2019</b>	
			<b>£000s</b>	<b>%</b>	<b>£000s</b>	<b>%</b>
Less than 1 Year	0%	25%	6,726	2.0%	10,172	2.9%
Between 1 and 2 Years	0%	25%	10,926	3.2%	4,000	1.2%
Between 2 and 5 Years	0%	45%	28,620	8.4%	28,000	8.1%
Between 5 and 10 Years	0%	75%	49,226	14.5%	50,123	14.5%
More than 10 Years	0%	100%	243,897	71.9%	252,906	73.3%
<b>Total</b>			<b>339,395</b>	<b>100.0%</b>	<b>345,201</b>	<b>100.0%</b>

### **Market Risk – Interest Rate Risk**

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

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

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

Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

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

According to this assessment strategy, at 31 March 2020, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

<b>Effects of a 1% Increase in Interest Rates</b>	<b>2019/2020 £000</b>
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	0
Increase in Government grant receivable for financing costs	0
Impact on Surplus or Deficit on the Provision of Services	0
Share of overall impact debited to the HRA	0
Decrease in fair value of fixed rate investment assets	(246)
Impact on Other Comprehensive Income and Expenditure	0
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	54,487

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

#### **Market Risk - Price Risk**

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

#### **Market Risk - Foreign Exchange Risk**

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

### **Note 51 Fair Value**

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

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

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

Financial Liabilities	31 March 2020		31 March 2019	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<b>Long Term Borrowing:</b>				
Non-PWLB (Market)	(62,960)	(89,033)	(61,325)	(92,311)
PWLB	(269,709)	(318,629)	(273,704)	(334,191)
<b>Total Long Term Borrowing</b>	<b>(332,669)</b>	<b>(407,662)</b>	<b>(335,029)</b>	<b>(426,502)</b>
<b>Short Term Borrowing:</b>				
Non-PWLB (Market)	(1,212)	(1,714)	(656)	(987)
PWLB	(5,514)	(6,514)	(9,516)	(11,619)
<b>Total Short Term Borrowing</b>	<b>(6,726)</b>	<b>(8,228)</b>	<b>(10,172)</b>	<b>(12,606)</b>
<b>Total Borrowing Value</b>	<b>(339,395)</b>	<b>(415,890)</b>	<b>(345,201)</b>	<b>(439,108)</b>
Short Term Creditors	(128,492)	(128,492)	(95,689)	(95,689)
Long Term Creditors	(2,067)	(2,067)	(2,241)	(2,241)
<b>Total Financial Liabilities</b>	<b>(469,954)</b>	<b>(546,449)</b>	<b>(443,131)</b>	<b>(537,038)</b>

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

Financial Liabilities	31 March 2020		31 March 2019	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<b>Long Term Borrowing:</b>				
Non-PWLB (Market)	(62,960)	(138,099)	(61,325)	(114,363)
PWLB	(269,709)	(419,712)	(273,704)	(381,550)
<b>Total Long Term Borrowing</b>	<b>(332,669)</b>	<b>(557,811)</b>	<b>(335,029)</b>	<b>(495,913)</b>
<b>Short Term Borrowing:</b>				
Non-PWLB (Market)	(1,212)	(2,658)	(656)	(1,223)
PWLB	(5,514)	(8,581)	(9,516)	(13,266)
<b>Total Short Term Borrowing</b>	<b>(6,726)</b>	<b>(11,239)</b>	<b>(10,172)</b>	<b>(14,489)</b>
<b>Total Borrowing Value</b>	<b>(339,395)</b>	<b>(569,050)</b>	<b>(345,201)</b>	<b>(510,402)</b>
Short Term Creditors	(128,492)	(128,492)	(95,689)	(95,689)
Long Term Creditors	(2,067)	(2,067)	(2,241)	(2,241)
<b>Total Financial Liabilities</b>	<b>(130,559)</b>	<b>(130,559)</b>	<b>(97,930)</b>	<b>(97,930)</b>

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2020) arising from a commitment to pay interest to lenders above current market rates.

The Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the Council will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £275.223 million would be valued at £325.143 million. But, if the Council were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £428.293 million.

Financial Assets	31 March 2020		31 March 2019	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<b>Loans and Receivables:</b>				
Cash and Cash Equivalents	8,946	8,946	6,703	6,703
Short Term investment	79,820	79,820	102,277	102,277
<b>Total Loans and Receivables</b>	<b>88,766</b>	<b>88,766</b>	<b>108,980</b>	<b>108,980</b>
Short Term Debtors	60,884	47,133	50,531	39,421
Long Term Debtors	9,487	9,487	6,403	6,403
<b>Total Financial Assets</b>	<b>159,137</b>	<b>145,386</b>	<b>165,914</b>	<b>154,804</b>

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

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

## Note 52 Fair Value Measurement of Investment Properties

### Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2020 and 2019 are as follows:

Recurring fair value measurements using:	Quoted prices in active market for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2020 £000
Main Portfolio	0	0	23,099	23,099
Other	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>23,099</b>	<b>23,099</b>

  

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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>23,452</b>	<b>23,452</b>

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

- **Significant Unobservable Inputs Level 3**

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

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

- **Highest and Best Use of Investment Properties**

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

**Valuation Techniques**

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

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

	As at 31 March 2020	Valuation technique used to measure fair value	Unobservable inputs	Sensitivity
	£000			
<b>Main Portfolio</b>	23,099,000	Income Market Rentals Yields	Comparables Databases (Public & GVA Internal) Rents, yields, capital costs	Medium

**Valuation Process for Investment Properties**

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

## Notes to Accounts Annex 1 Accounting Policies

### i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2019/2020 financial year and its position at the year-end of 31 March 2020. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/2020 supported by International Financial Reporting Standards ("IFRS").

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

### ii. Accruals of Income and Expenditure

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

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

### iii. Provisions

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

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

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

### Landfill Allowance Schemes

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

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

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

### **Contingent Liabilities**

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

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

### **Contingent Assets**

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

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

## **iv. Reserves**

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

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

## **v. Government Grants and Contributions**

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

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

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

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

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

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

#### Community Infrastructure Levy

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

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

### **vi. Employee Benefits**

#### Benefits Payable During Employment

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

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

#### Termination Benefits

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

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

#### Post-Employment Benefits

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

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

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

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



The Local Government Pension Scheme

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

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

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

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

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

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

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

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

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are

accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

#### **vii. VAT**

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

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

The costs of overheads and support services are not recharged to services as part of normal management accounts reporting. Therefore, there 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; and
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use value ("EUV").

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

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

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

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

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

#### 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); and
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

#### 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; and
- Infrastructure – straight-line allocation over 60 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

#### 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; and
- amortisation of intangible fixed assets attributable to the service.

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

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

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

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

**xiv. Leases**

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

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

The Council as Lessee:Finance Leases

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

Lease payments are apportioned between:

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

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

Operating Leases

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

The Council as Lessor:Finance Leases

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

Lease rentals receivable are apportioned between:

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

Operating Leases

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

**xv. Financial Instruments**Financial Liabilities

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

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

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

#### Financial Assets

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

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

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, 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 plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis 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; and
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

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

- *Level 1 inputs* – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date;

- *Level 2 inputs* – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly; and
- *Level 3 inputs* – unobservable inputs for the asset.

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

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

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

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

**xviii. Private Finance Initiative (PFI) and similar contracts**

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

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

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

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

**xix. Exceptional Items**

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

**xx. Cash and Cash Equivalents**

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

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

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

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

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

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

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

Two types of events can be identified:

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

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

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

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

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

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

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

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

If items are of a material nature a separate external revaluation exercise would be commissioned and the assets carried at market value in the Balance Sheet; alternatively insurance valuations would be used to establish value. If this was the case these assets would be reviewed for impairment on a regular basis and the figures in the Balance Sheet updated accordingly. Any disposals would be treated in the same way as other assets. If the values of the assets are of limited or no value, then they will be disclosed in a note to the accounts only and not brought onto the



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

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

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

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

#### **xxvii. Fair value measurement**

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

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

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

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

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

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

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

#### **xxviii. Council Tax and Non-domestic Rates**

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

Accounting for Council Tax and Non-Domestic

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

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

## Housing Revenue Account

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

	NOTE	2019/2020		2018/2019 Restated*	
		£000	£000	£000	£000
<b>Income</b>					
Rents (gross):					
- dwellings		(24,757)		(24,371)	
- garages		(387)		(374)	
- other		(630)		(611)	
			(25,774)		(25,356)
Charges for services and facilities			(1,052)		(901)
<b>Total Income</b>			<b>(26,826)</b>		<b>(26,257)</b>
<b>Expenditure</b>					
Repairs and Maintenance			5,427		5,217
Supervision and Management:					
- general		3,260		2,895	
- special services		1,240		997	
			4,500		3,892
Increase in allowance for bad debts			526		334
Depreciation & Impairments of Fixed Assets					
- On dwellings	3	12,147		12,003	
- On garages	3	85		570	
- On other Assets	3	0		44	
			12,232		12,617
<b>Total Expenditure</b>			<b>22,685</b>		<b>22,060</b>
<b>Net Cost of Services per Income &amp; Expenditure Account</b>			<b>(4,141)</b>		<b>(4,197)</b>
HRA Services share of Corporate and Democratic Core			321		321
<b>Net Cost of HRA Services</b>			<b>(3,820)</b>		<b>(3,876)</b>
<b>HRA share of the operating income and expenditure in the whole Council Comprehensive Income and Expenditure Statement:</b>					
(Gain)/Loss on sale of HRA fixed assets			(4,721)		(2,770)
Interest Payable			3,587		3,672
Interest Receivable			(152)		(165)
<b>(Surplus)/Deficit for the Year on HRA services</b>			<b>(5,106)</b>		<b>(3,139)</b>

\* The gain/loss on sale of HRA fixed assets has been restated in 2018/19 to correct a presentational error

## Statement of Movement on the HRA Balances

	2019/2020 £000	2018/2019 £000
<b>Balance on the HRA at the end of the previous reporting period</b>	(13,567)	(17,951)
(Surplus)/ Deficit for year on HRA Income and Expenditure Account	(5,106)	(3,139)
<b>Adjustments between accounting basis and funding basis under statute:</b>		
HRA share of contributions to the Pensions Reserve (see note 6)	(438)	(263)
Transfer to/from Capital Adjustment Account <sup>1</sup>	(13,951)	(14,606)
Transfer to the Usable Capital Receipts Reserve	6,440	4,759
Transfer to the Major Repairs Reserve	12,232	12,153
HRA share of Transfer to/from Accumulated Absences Reserve	(11)	(6)
Revenue Contributions to Capital Expenditure	4,257	5,486
<b>Total</b>	<b>8,529</b>	<b>7,523</b>
<b>Net increase before transfers to/from earmarked reserves</b>	<b>3,423</b>	<b>4,384</b>
Transfer to/ from reserves	0	0
<b>(Increase)/decrease in the year on the HRA</b>	<b>3,423</b>	<b>4,384</b>
<b>Balance on the HRA at the end of the current reporting period</b>	<b>(10,144)</b>	<b>(13,567)</b>
<b>1Transfers to/from Capital Adjustment Account comprise:</b>		
	2019/2020 £000	2018/2019 £000
Reversal of depreciation, impairment and amortisation	(12,232)	(12,617)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(1,719)	(1,989)
<b>Total</b>	<b>(13,951)</b>	<b>(14,606)</b>

Note: the 2018/19 amounts have been restated to align to the amended presentation in the tables above. It should be noted this restatement has not changed HRA balances at 31 March 2019.

## Housing Revenue Account Notes

### Note 1 Housing Stock

Houses and Bungalows	31 March 2020	31 March 2019
- 1 bedroom	278	278
- 2 bedrooms	1,435	1,439
- 3 bedrooms	1,705	1,714
- 4+ bedrooms	131	132
<b>Flats</b>		
- 1 bedroom	950	947
- 2 bedrooms	734	734
- 3+ bedrooms	64	65
<b>Total dwellings as at 31 March</b>	<b>5,297</b>	<b>5,309</b>

The Council sold 31 houses during 2019/2020 under the right to buy scheme ("RTB"). The Council received a total before pooling of £3.134 million as capital receipts. The Council has also obtained an additional 19 houses as part of the Council House Build Programme in 2019/2020. The overall net decrease in council houses since 2018/2019 is therefore 12.

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

### Note 2 Arrears

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

	31 March 2020 £000	31 March 2019 £000
Rent arrears	2,295	1,698
Less:		
Rent payments in advance	(654)	(583)
Bad debt provision	(1,999)	(1,556)
<b>Net arrears position</b>	<b>(358)</b>	<b>(441)</b>

### Note 3 Movement of Housing Revenue Account Assets

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

Movement of HRA assets	Council Dwellings (Structures) £000	Council Dwellings (Services) £000	Council Dwellings (Land) £000	Other Property (Garages) £000	Total £000
Net Book Value 1 April 2019	168,489	32,663	102,129	2,550	305,831
Additions in Year	7,578	2,276	0	0	9,854
Disposals	(1,538)	(182)	0	0	(1,720)
Revaluations	(4,013)	3,643	(2,110)	0	(2,480)
Depreciation	(5,616)	(6,530)	0	(85)	(12,231)
Category Adjustments	4	0	0	0	4
<b>Balance of Net Book Value at 31 March 2020</b>	<b>164,904</b>	<b>31,870</b>	<b>100,019</b>	<b>2,465</b>	<b>299,258</b>

The Balance Sheet value of Council Dwellings (structures, services and land) as at 31 March 2020 was £296.793 million. This represents the valuation at existing use for social housing which is the value of the properties with a secured tenant continuing to live in the property paying social rents rather than market rents.

The Vacant Possession value (open market) of the properties at 31 March 2020 was £847.980 million. This represents the value of the houses if the property were sold without a secured tenant continuing in the property. Therefore it could be rented out at market rent so has a higher value. This figure has been discounted by a factor of 35% to get the Existing use value - social housing.

The difference between the Vacant Possession value and the Balance Sheet value of dwellings within the HRA shows the Economic Cost of providing Council Housing at less than open market rents. The Economic Cost of the properties at 31 March 2020 was £551.187 million.

#### Note 4 Financing of HRA capital expenditure

The total capital expenditure during the year and how it was financed is shown in the table below.

	2019/2020 £000	2018/2019 Restated* £000
Council Dwellings (Structures and Services)	8,398	8,993
Council House Build Programme	4,160	5,987
<b>Total HRA capital expenditure</b>	<b>12,558</b>	<b>14,980</b>
Revenue and Reserves	4,257	5,486
Other receipts (MRR)	4,802	9,013
Grants and Contributions	2,946	453
Capital Receipts	553	28
<b>Total HRA capital financing</b>	<b>12,558</b>	<b>14,980</b>

\* The 2018/19 amounts have been restated to include the total HRA capital expenditure and associated financing

#### Note 5 Major Repairs Reserve

The major repairs reserve is an earmarked fund to which the Council transfers an amount annually to support capital expenditure on council dwellings. The analysis of the movement on the reserve for the year is shown in the table below.

	2019/2020 £000	2018/2019 £000
Balance on the reserve at 1 April	(4,739)	(1,599)
Financing of capital expenditure in the year	4,802	9,013
Amount transferred to the reserve during the year	(12,232)	(12,153)
<b>Balance on the reserve at 31 March</b>	<b>(12,169)</b>	<b>(4,739)</b>

#### Note 6 Contribution to Pension Reserve

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

## Collection Fund

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

	NOTE	Non-Domestic Rates 2019/2020	Council Tax 2019/2020	Total 2019/2020 £000	Non-Domestic Rates 2018/2019	Council Tax 2018/2019	Total 2018/2019 £000
<b>Income</b>							
Council Tax	1		(346,945)	(346,945)		(328,735)	(328,735)
Non-Domestic Rates		(151,223)		(151,223)	(153,797)		(153,797)
Transferred from General Fund							
Transitional Relief		589		589	2,118		2,118
		<b>(150,634)</b>	<b>(346,945)</b>	<b>(497,579)</b>	<b>(151,679)</b>	<b>(328,735)</b>	<b>(480,414)</b>
<b>Disbursement</b>							
Precepts and Demands							
- Wiltshire Council		72,336	270,997		73,240	258,450	
- Police			38,369			33,302	
- Fire		1,476	13,927		1,495	13,283	
- Town and Parish Councils			21,702			19,804	
- Central Government		73,812			74,735		
				<b>492,619</b>			<b>474,309</b>
Share of surplus/(deficit) on Collection Fund							
- Wiltshire Council		(4,367)	2,881		(1,249)	5,506	
- Police			371			702	
- Fire		(89)	148		(25)	291	
- Central Government		(4,456)			(1,275)		
				<b>(5,512)</b>			<b>3,950</b>
Cost of collection allowance		621			621		
Movement in allowance for Bad Debts		(52)	561		(215)	276	
Write-offs		1,265	747		627	724	
Appeals		(64)			164		
Other transfers to general fund		588			1,623		
				<b>3,666</b>			<b>3,820</b>
<b>Fund surplus/(deficit) for the year</b>		<b>9,564</b>	<b>(2,758)</b>	<b>6,806</b>	<b>1,938</b>	<b>(3,603)</b>	<b>(1,665)</b>
		<b>150,634</b>	<b>346,945</b>	<b>497,579</b>	<b>151,679</b>	<b>328,735</b>	<b>480,414</b>
		<b>Non-Domestic Rates</b>	<b>Council Tax</b>	<b>Total</b>	<b>Non-Domestic Rates</b>	<b>Council Tax</b>	<b>Total</b>
Fund balance b/f		6,282	(3,973)	2,309	8,220	(7,576)	644
(Surplus)/deficit for year		(9,564)	2,758	(6,806)	(1,938)	3,603	1,665
Fund balance c/f	3	<b>(3,282)</b>	<b>(1,215)</b>	<b>(4,497)</b>	<b>6,282</b>	<b>(3,973)</b>	<b>2,309</b>

## Collection Fund Notes

### Note 1 Council Tax

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

The average amount of council tax required from a property in any tax band is the band D charge; the average for Wiltshire Council was £1,854.68 for 2019/20 multiplied by the ratio specified for that band. Ratios specified for the bands A to H are as follows:

Band	Ratio	Estimated No. of Taxable Properties after discounts	2019/2020 Band D Equivalent Dwellings	2018/2019 Band D Equivalent Dwellings
Band A Disabled	5/9	30	17	17
Band A	6/9	15,405	10,270	10,064
		15,435	10,287	10,081
Band B	7/9	29,993	23,328	23,069
Band C	8/9	43,444	38,617	38,199
Band D	9/9	33,207	33,207	32,770
Band E	11/9	26,107	31,909	31,466
Band F	13/9	15,996	23,106	22,832
Band G	15/9	10,166	16,944	16,797
Band H	18/9	1,150	2,300	2,305
			179,698	177,519
Adjustment for MOD contribution in lieu, new properties, & collection rate			6,315	5,186
<b>Council Tax Base</b>			<b>186,013</b>	<b>182,705</b>

### Note 2 National Non-Domestic Rates

The total non-domestic rateable value at 31 March 2020 was £390,056,478 (£387,042,044 at 31 March 2019). The national non-domestic multiplier for the year was 50.4p (49.3p in 2018/19) and the small business rates relief multiplier was 49.1p (48.0p in 2018/19).

### Note 3 Collection Fund Balance

The Council has to record transactions for council tax and non-domestic rates in the Collection Fund Account. The balance, as usable income, will be paid to the Council and its major preceptors in future years.

	Non-domestic Rates 31/03/2020 £000	Council Tax 31/03/2020 £000	Total 31/03/2020 £000	Non-domestic Rates 31/03/2019 £000	Council Tax 31/03/2019 £000	Total 31/03/2019 £000
Wiltshire Council	(1,608)	(1,019)	(2,627)	3,078	(3,389)	(311)
Police	0	(144)	(144)	0	(410)	(410)
Fire	(33)	(52)	(85)	63	(174)	(111)
Central Government	(1,641)	0	(1,641)	3,141	0	3,141
	<b>(3,282)</b>	<b>(1,215)</b>	<b>(4,497)</b>	<b>6,282</b>	<b>(3,973)</b>	<b>2,309</b>



## Glossary of Terms

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

### Accruals

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

### Amortisation

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

### Assets

These can be either:

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

### Balance Sheet

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

### Best Value

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

### Budget

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

### Billing Authority

An authority which bills and collects council tax and NDR for its area.

### Capital Adjustment Account (“CAA”)

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

### Capital Financing Requirement (“CFR”)

This shows the Council's overall capital financing requirement for General Fund and HRA – the underlying amount of borrowing the Council has incurred on its capital investment.

### Capital Expenditure

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

### Capital Receipts

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

### Cash Flow Statement

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

**CIPFA**

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

**Comprehensive Income and Expenditure Statement ("CIES")**

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

**Creditors**

Money owed by the Council to others.

**Collection Fund**

This statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and NDR.

**Debtors**

Money owed to the Council by others.

**Dedicated Schools Grant ("DSG")**

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

**Depreciation**

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

**Expenditure and Funding Analysis ("EFA")**

This show how annual expenditure is used and funded from resources by the Council in comparison with the resources consumed or earned by the Council in accordance with generally accepted accounting practices.

**Employee Costs**

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

**Exceptional Items**

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

**Extraordinary Items**

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

**General Fund**

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

**Government Grants**

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

**Government Grants Deferred**

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

**Gross Expenditure**

Expenditure before deducting any related income.

**Housing Revenue Account ("HRA")**

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

**Impairment**

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

**International Financial Reporting Standards (“IFRSs”)**

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

**Leases**

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

**Liabilities**

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

**Long Term Contracts**

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

**Local Government Accounting Code of Practice**

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

**Movement in Reserves Statement (“MIRS”)**

This statement shows the movement from the start to the end of the year on the different reserves held by the Council.

**Minimum Revenue Provision (“MRP”)**

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

**Major Repairs Reserve (“MRR”)**

The MRR is an earmarked fund to which the Council transfers an amount annually to support capital spending on council dwellings.

**Net Expenditure**

Gross expenditure less directly related income.

**Non-Domestic Rates (“NDR”)**

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

**Precept**

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

**Preceptor**

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

**Private Financing Initiative (“PFI”)**

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

**Provisions**

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

**Rateable Value**

Assessment by the Valuation Office Agency (“VOA”) of a property’s value from which rates payable are calculated.

**Reserves**

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

**Revaluation Reserve**

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

**Revenue Expenditure**

Day-to-day running costs of services.

**Revenue Income**

Day to day income received for services.

**Revenue Support Grant**

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

**Running Expenses**

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

**Usable Capital Receipts Reserve**

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

**Useful Life**

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

**Value Added Tax ("VAT")**

An indirect tax levied on vatiable goods and services.