

Narrative Report

1 Statutory Duty

The Council has a statutory duty to approve and publish a statement of accounts. The accounts cover a 12 month reporting position. These Accounts relate to the period 1 April 2015 to 31 March 2016.

The Statement of Accounts is by necessity presented in the very formal manner required by regulation, but in this report we can introduce the Council's finances in plainer terms.

2 Compliance with regulation

This document has been compiled by officers of the Council using information recorded on its systems, most notably its financial ledger, in line with recommended practice from the Chartered Institute of Public Finance and Accountancy (CIPFA). The format is largely prescribed. A glossary of the various terminologies is set out at the end of this statement.

3 Contents

The Accounting Statements comprises four Core Financial Statements. These are:

The Comprehensive Income and Expenditure Statement summarises the Council's day to day spend and money received for all services during the financial year. This sets out what the Council has spent.

The Balance Sheet is a snap shot in time showing the Council's assets, liabilities, balances and reserves at 31 March 2016.

Movement in Reserves Statement is a summary of the changes that have taken place in the bottom half of the Balance Sheet over the financial year.

The Cashflow Statement summarises the inflows and outflows of cash arising from transactions with third parties.

Notes to the Core Financial Statements follow these statements.

Additionally, the following supplementary financial statements are produced.

- The **Housing Revenue Account (HRA)**. This covers the Council's expenditure on Council housing. The Government requires that this be shown separately;
- The **Collection Fund**. This shows the rates and taxes that the Council has to collect, not only for itself, but also for the Government, the Office of the Police & Crime Commissioner for Wiltshire & Swindon, Wiltshire Fire & Rescue Service and Town & Parish Councils.

The Annual Governance statement sets out how the Council conducts its business, including an update on action taken and plans to improve its arrangements in the last 12 months and the future.

Auditor's opinion

Wiltshire Councils appointed external auditors are KPMG LLP. KPMG LLP have carried out their statutory audit. They have issued an unqualified opinion.

Accounting Policies

The Statement of Accounting Policies explains the basis for how we have recognised, measured and disclosed the financial transactions that relate to 2015/2016. Details of the accounting policies used are found in note 1 to the accounts.

Vision of the Council - How much does it cost to run (general fund)

In February 2016 Wiltshire Council adopted its Financial Plan 2016/2017. The Council is obliged by legislation to set a balanced budget with a resultant Council Tax and related fees and charges.

Members and officers review the plans and update the Financial Plan annually in order to set the budget and Council Tax.

The Council continues to face a continued increase in demand for services to the most vulnerable, as well as inflationary pressures and changes in Government policy and funding. The Council has worked hard to deliver performance savings and investment proposals in its plans.

Future Vision of the Council

Wiltshire Council Business Plan 2013/2017 was adopted by Cabinet in September 2013. The business plan sets out how the Council intends to meet future challenges whilst delivering the Council's vision to create stronger, more resilient communities.

The Council's priorities will also continue to focus on what Wiltshire Council and Wiltshire's communities fundamentally believe to be most important:

- To protect those who are most vulnerable
- To boost the local economy – creating and safeguarding jobs
- To support and empower communities to do more for themselves.

Revenue outturn

In respect of net revenue outturn, the Council's 2015/2016 General Fund revised budget and actual spending figures were as below:

	Original Budget £m	Revised Budget £m	Actual £m	Difference £m
Total General Fund (a)	314.983	314.983	314.917	(0.066)
Funded by:				
Draw from General Fund reserves			2.200	2.200
Formula Grant including Council Tax Freeze	(53.598)	(53.598)	(54.093)	(0.495)
Business Rates Retained	(52.542)	(52.542)	(50.147)	2.395
Collection Fund Transfer	(208.843)	(208.843)	(208.843)	0.000
Collection Fund (Surplus)/Deficit Ctax	0.000	0.000	(4.647)	(4.647)
Collection Fund (Surplus)/Deficit NNDR	0.000	0.000	0.554	0.554
Total Funding (b)	(314.983)	(314.983)	(314.976)	0.007
Movement on General Fund (a) + (b)	0.000	0.000	(0.059)	(0.059)

The overall underspend against the revised 2015/2016 budget was £0.066 million. More details about the Council's revenue spending on services are given, with notes, in the Comprehensive Income & Expenditure Statement and in note 10. The overall movement on the General Fund is a £0.058 million return to reserves.

Outturn Variances

The major variations of actual spend to budget will be added here.

Details of all variances, including more detailed explanations of the variances disclosed above, are included in the cabinet report that will be taken to Cabinet on Tuesday 14 June 2016. A full copy of the report will be available on the Wiltshire Council webpage under "Council and Democracy".

Pension Fund

The Council's employees are able to join the Local Government Pension Scheme. This is also administered by the Council. There are a range of factors that can affect the financial position of the Fund, most notably the level of income expected to be earned from investing funds.

The Scheme's actuary revalues the Fund every three years and we set out new contribution rates to ensure that we extinguish the liability to meet with the Council's commitment to maintaining a balanced fund over the long term.

The pension reserve is equivalent to the Council's share of the local government pension scheme. It is negative, meaning at the moment the fund is in deficit. It is not unusual for the pension reserve to have a shortfall. The future employee and employer contributions into the fund will, along with a hoped for better return on investment, ultimately meet this shortfall.

Further information on the Council's Pension Fund is set out in Note 61.

Where does the money come from?

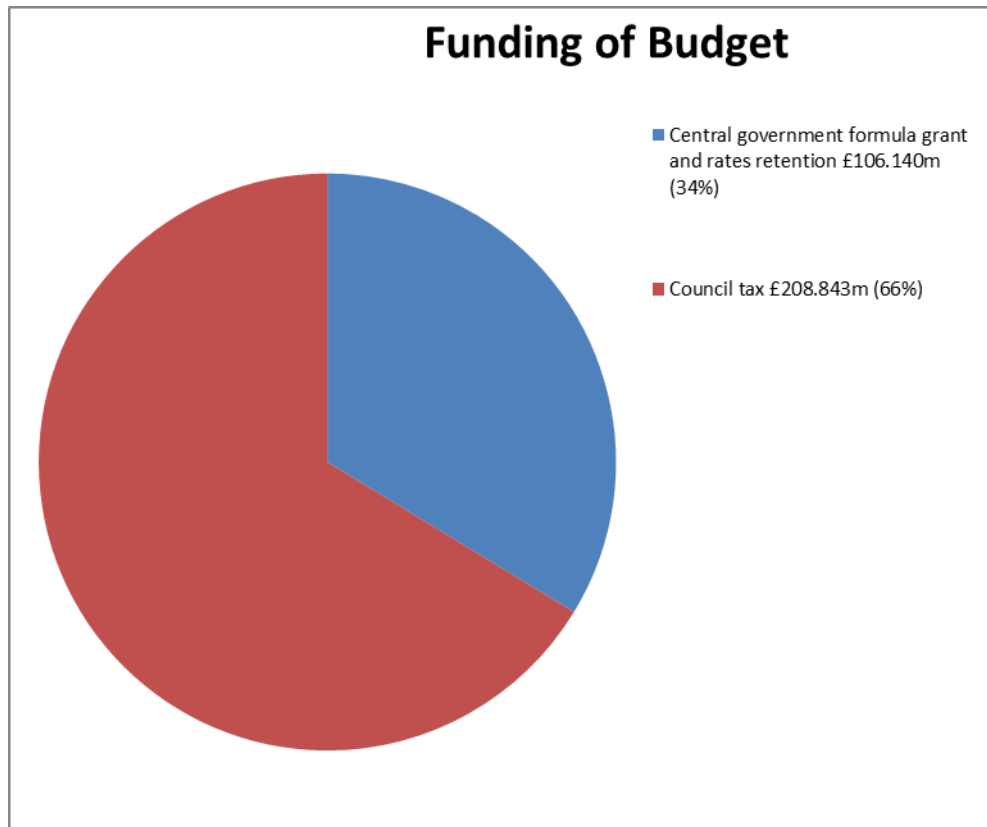
The budget requirement is the money we need to pay for services once we have taken into account money coming in from fees and charges and specific and general government grants.

In 2015/2016 the Council approved a need for a gross and net budget as follows:

	£m
Expenditure:	
Gross budgeted expenditure	893.438
Income:	
Ringfenced specific government grants (schools)	(279.162)
Ringfenced specific government grants (benefits)	(118.775)
Other income	(180.518)
Budget Requirement	<u>314.983</u>

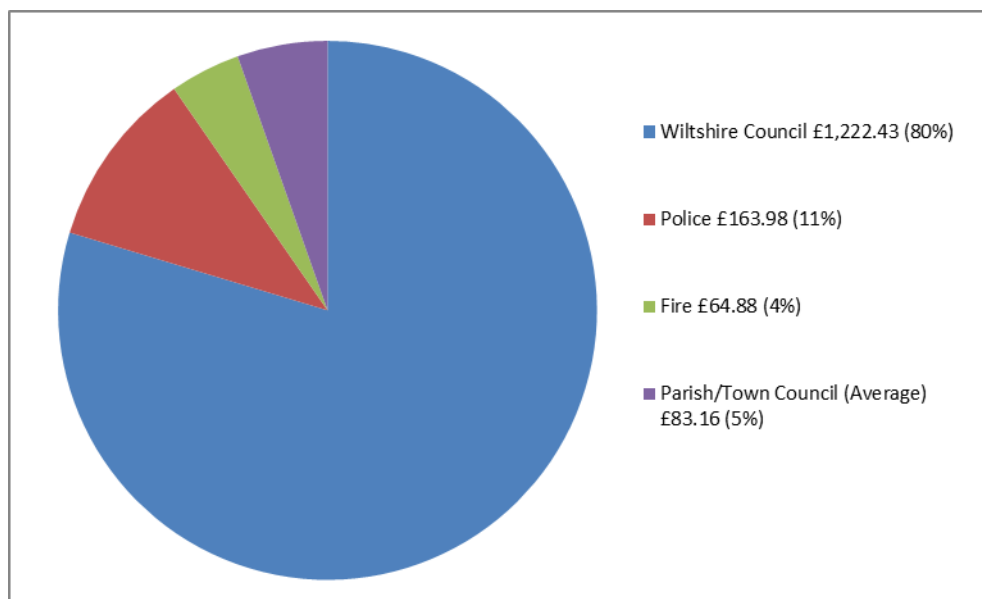
The net budget was funded from three main sources:

	£m
Central government formula grant and rates retention	(106.140)
Council tax	(208.843)
Collection fund surplus	0.000
Total funding	<u>(314.983)</u>



Council tax income collected from Wiltshire residents is the main source of funding for Wiltshire Council Services. Your council tax also contributes to the funding of your town, parish or city council, the Office of the Police and Crime Commissioner for Wiltshire & Swindon (Police) and Wiltshire Fire & Rescue Service (Fire).

Your council tax is collected by Wiltshire Council but it consists of components (precepts) charged by and redistributed to other authorities. The chart below shows how much of your council tax goes to each authority. Figures shown are based on an average Band D charge per year for 2015/2016. Total average Band D council tax is £1,534.45.



Council's Reserves

The Council has set up a number of reserves for specific purposes ('earmarked reserves'), for events we know are going to happen. We also have the General Fund Reserve that we keep to manage potential risks that we continually assess. If the General Fund Reserve is not needed to cover these risks then it is possible to use these as a one off to support spending. Details of the Council's usable reserves are reported in the Movement in Reserves Statement and further details in note 47.

The Council is also required to keep a number of unusable reserves, which whilst being large in value are not related to actual cash sums but are technical accounting requirements, such as the Capital Adjustment Reserve, the Revaluation Reserve and the Pension Reserve. Details of these unusable reserves are found in note 51.

Balance Sheet

The Balance Sheet shows what Wiltshire Council owns and is owed (its assets), what it owes (its liabilities), and its total equity/worth (equal to the sum of its assets and liabilities as at a particular point in time).

Here is a summarised version of Wiltshire Council's Balance Sheet as at 31 March 2016 compared to 31 March 2015 (the full Balance Sheet is disclosed on page 16). The overall reduction in net assets is largely due to an increase in the pension liability.

	31 March 2016		31 March 2015	
	£000	£000	£000	£000
Assets				
Council dwellings & garages	218,323		211,771	
Other land and buildings	365,504		384,923	
Infrastructure	311,206		260,296	
Other Long Term Assets	168,983		197,859	
Money owed to the Council due over the next 12 months	99,900		117,930	
		1,163,916		1,172,779
Liabilities				
Money owed by the Council due over the next 12 months	(124,081)		(111,026)	
Long Term Borrowing	(337,848)		(339,868)	
Pension Fund Liability	(543,446)		(617,189)	
Other Long Term Liabilities	(92,648)		(90,492)	
		(1,098,023)		(1,158,575)
Net Assets		65,893		14,204
Financed by:				
Usable Reserves	(102,511)		(108,518)	
Unusable Reserves	36,618		94,314	
Total Equity		(65,893)		(14,204)

Capital

Capital expenditure is the expenditure on items that are expected to last for more than 1 year, as opposed to revenue expenditure which is on the day to day running costs of the Council.

Capital expenditure in Wiltshire Council typically includes the expenditure on acquiring or enhancing its assets such as land, buildings, equipment, vehicles and ICT software.

The Council owns various items of land and buildings in the County that it uses for its own purposes, such as the 3 large office hubs County Hall at Trowbridge, Monkton Park in Chippenham and Bourne Hill in Salisbury. The Council also owns a number of other offices, leisure, youth and community centres, Council Housing in Salisbury, various highways depots, as well as fleets of refuse and highways vehicles.

The Council also owns a large number of community schools. Due to a number of schools transferring to academy status, the number and the value of schools land and buildings declared in the statement of accounts has decreased. The council also has infrastructure assets such as the County's road network, street lighting and land drainage. There is also a large investment portfolio used to generate income, including industrial estates, commercial estates, farms and shops. In total the value of all the council's fixed assets is around £1 billion. This is covered in more detail in the Council's balance sheet and associated notes.

The Council makes depreciation charges for the assets it owns, these costs reflect the use of the assets and are charged to the Comprehensive Income and Expenditure Statement. As these are technical adjustments they are reversed so they have no effect on Council tax payers.

The Council owns various highways and roads that are disclosed under "Infrastructure" in the Balance Sheet. These are currently valued at historic cost. Under new accounting requirements, these will be revalued in 2016/2017 Statement of Accounts to reflect the replacement value of the assets.

Expenditure

During 2015/2016 the Council spent a total of £114.847 million on its capital programme resulting in £85.346 million being added to its asset base and £29.501 million in the form of grants given to third parties or work on assets the Council does not own. The table below breaks down the expenditure into the different areas of the Council.

Capital Schemes by area	Amount spent £m
Education	22.702
Highways	41.36
Campus Schemes	14.91
Other Property	1.944
Housing	16.862
Wiltshire Online	10.166
Other Schemes	6.903
Total	114.847

Further details on how the Council spent its money on capital can be found in the 2015/2016 Capital Outturn report. This will be taken to Cabinet on 14 June 2016 and a full copy of the report will be available on the Wiltshire Council webpage under "Council and Democracy."

Examples of capital spend undertaken in 2015/2016 include:

Scheme area	Outputs
Education	Building of new schools Extensions to school buildings New boilers, roofs and rewiring schools Army rebasing
Highways	Resurfacing roads Local road safety schemes Replacement and refurbishment of bridges Drainage works A429 Malmesbury Access Improvements LTB Scheme A350 North of Chippenham Bypass Improvements
Health & Wellbeing Centres	Office rationalisation Fiver Rivers Salisbury Tisbury Woolmore Farm
Other Property	Building repairs & maintenance Rural Estates
Housing	Grants given to disabled householders to improve homes Refurbishment of Council Houses Council House Build programme Extra Care
Other Schemes	ICT Wiltshire Online Fleet Area Boards

Capital Funding

The Council funded its capital programme by a mixture of grants and other contributions, capital receipts and borrowing. Further information on how the Council financed its capital expenditure, the amount of debt paid off in the year and the underlying amount of additional borrowing it undertook is found in note 29. A breakdown of the amounts is shown below:

Funding source	Amount £m	Percentage of funding
Capital Grants & contributions	49.911	43%
Revenue Contributions (inc HRA)	12.003	10%
Capital Receipts	11.087	10%
Borrowing	41.846	36%
Total	114.847	100%

Borrowing for the capital programme is allowed under the Prudential Code for Capital. If borrowing is undertaken this has a direct link to revenue costs. If the Council borrows an additional £1.000 million this equates to an increase in the borrowing costs of the council of approximately £0.100 million. Therefore the Council only borrows when all other sources of funding have been exhausted and uses the optimum mix of funding sources to minimise the additional revenue costs of borrowing.

Housing Revenue Account (HRA)

The HRA is a statutory account that keeps all the transactions relating to the Council's housing stock separate from the main functions of the council. This is a ring fenced account to ensure all the HRA income from rents are used on the HRA and are not used to subsidise the general fund or vice versa.

There are over 5,200 individual houses and flats within the HRA and the income generated and costs incurred in the account are summarised below. Further details are found in the full HRA note within the statement of accounts.

Income & expenditure account 2015/2016	£000
Rents	(25,568)
Charges for Services and facilities	(605)
Total Income	(26,173)
Repairs and Maintenance of properties	6,138
Supervision and management costs	3,626
Capital Contributions	11,812
Accounting Adjustments	3,040
Total Expenditure	24,616
Deficit/(surplus) for the year	(1,557)

This surplus is before technical adjustments. The net effect is a transfer to HRA reserves of £2.317 million.

How we manage our finances

Financial management and reporting is facilitated by:

- Regular reports to Cabinet on the Council's Revenue Budget and Capital Programme;
- Regular review by the Corporate Leadership Team;
- Regular consideration of these reports by Overview and Scrutiny Committee;
- Budget monitoring by Service Managers;
- Compliance with the Council's Budgetary and Policy Framework, Financial Regulations and Financial Procedure Rules;
- Compliance with external requirements, standards and guidance;
- Publication of Statement of Accounts;
- Overseeing role of the Audit Committee.

The Council's financial management arrangements are consistent with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

Managing our investments and borrowings

The Council generates significant amounts through its investment and borrowing activities that it can invest to deliver a return to help reduce the costs of running the Council. This is because the Council often collects money in advance of when the payments need to go out, and holds significant levels of reserves. Rather than just leaving these amounts in its bank accounts where interest would be minimal, the Council is able to invest these in longer term investments with banks and other institutions.

The Council follows strict national guidelines when deciding where and how much to invest. This process is set out in our Annual Treasury Management Strategy which is approved annually by the Council. At its meeting on 24 February 2015 the Treasury Management Strategy 2015/2016 was approved and is also available on the Council website under "Council and Democracy".

This strategy restricts the level of individual investment, to spread the risk of who we invest with, and restricts us to only use institutions based in the UK.

Over the past 40 years the Council (Wiltshire County Council and the 4 districts before it became one Council in 2009) incurred considerable costs in building and supporting the development of housing, infrastructure and buildings in Wiltshire. That spending was partly funded from borrowing. The Council is continually monitoring its borrowing to ensure it manages all risks. The Council's Treasury Management Strategy sets this out in detail.

Further information on the way the Council's invests and borrows its monies, and manages the risks arising, are set out in Notes 62 to 64 as well as the Treasury Management Strategy.

Financial challenges for 2016/2017 and onwards – financial plan

The Council's Business Plan and a Financial Plan look at Wiltshire's financial position over the next four years.

Budget for 2016/2017 including Capital programme

The 2016/2017 revenue budget was set by Wiltshire Council on 23 February 2016. The net budget is £313.585 million and this has been allocated across services as follows:

	2016/2017 £m	2015/2016 £m
Adult Social Care Operations	86.366	79.785
Adult Care Commissioning, Safeguarding, Housing	5.622	8.147
Public Health & Public Protection	3.127	3.529
Children's Social Care, Integrated Youth & Preventative Services & 0-25 SEND Disability Service	48.972	46.463
Learning Disability	47.193	41.841
Quality Assurance, Commissioning & Performance, School & Early Years Effectiveness	11.538	10.860
Economic Development & Planning Services	3.617	4.208
Highways & Transport	28.095	25.255
Waste & Environment	36.855	36.765
Communications, Community Area Boards, Libraries, Arts, Heritage & Culture	5.873	6.562
Corporate Function & Procurement	4.877	5.308
Finance	2.617	2.668
Legal & Governance	2.507	2.353
People & Business Services	28.651	29.327
Corporate Directors	2.833	2.736
Corporate	(5.158)	9.176
Budget Requirement	313.585	314.983
Funded By:		
Central Government Funding (inc Business Rates Retention & RSG)	(88.861)	(106.140)
Council tax	(224.724)	(208.843)
Collection fund surplus	0.000	0.000
Total Funding	(313.585)	(314.983)

The Council's approved capital budget for the years 2016/2017 to 2018/2019 including the funding sources is shown below.

Updated Capital Programme 2016/2017 - 2018/2019 including indicative mix of funding available						
Capital schemes	Total Original Budget 2016/2017 - 2018/2019 £m	Indicative mix of funding available				
		Grants and Contributions £m	HRA funding £m	Capital Receipts £m	Borrowing £m	Total Funding £m
Education	67.422	67.422	0.000	0.000	0.000	67.422
Highways	112.780	77.708	0.000	10.677	24.395	112.780
Campus schemes	64.169	0.000	0.000	20.000	44.169	64.169
Other Property	15.857	1.000	0.000	7.557	7.300	15.857
Housing	81.153	8.410	70.157	2.586	0.000	81.153
Other Schemes	99.667	36.149	0.000	39.218	24.300	99.667
Total	441.048	190.689	70.157	80.038	100.164	441.048

Feedback & further information on the content of these accounts

The Statement of Accounts is intended to give the people, businesses, partners, employees and members of Wiltshire clear information about the Council's finances. Whilst accounts have to include large elements of technical data to comply with Accounting Standards, we believe that it is vital that we make it as easy as possible for people to read regardless of their background. We appreciate any comments you may have on the content and quality of these Accounts and your suggestions to improve them in future years.

Further information about the accounts may be made to

Chief Accountant
Finance
Wiltshire Council
County Hall
Trowbridge
Wiltshire
BA14 8JN

Or centralfinanceyearend@wiltshire.gov.uk

The full Statement of Accounts will be made available on the Council website. A Summary of the Accounts will also be published online. Interested members of the public have a statutory right to inspect the accounts before the audit is completed.

Concluding remarks

I would like to take the opportunity to thank all the staff who contributed to the early completion of the Statement of Accounts. Given the continual development of accounting standards and their complex nature, producing the accounts ready for approval by the Chief Finance Officer by 31 May, is a considerable achievement.



Michael Hudson, LLB (Hons), LLM, CPFA
Associate Director, Finance (Section 151 Officer)
Wiltshire Council 27 May 2016

The Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

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

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts. This has, under the CIPFA Code of Practice on Local Authority Accounting in Great Britain (the Code of Practice), to present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year to 31 March 2016.

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

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

The Chief Financial Officer has also:

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

The Statement of the Chief Finance Officer

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of Wiltshire Council at 31 March 2016 and the income and expenditure for the year ended 31 March 2016.

Michael Hudson

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

Cllr Tony Deane

Chairman, Audit Committee

To be signed at audit committee 27/7/2016

ANNUAL GOVERNANCE STATEMENT

Will be added once it has been approved

Independent Auditor's Report to the Members of Wiltshire Council

This will be added on completion of the audit

Movement in Reserves Statement

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

	General Fund Balance £000	Earmarked GF Reserves £000 Note 48	Housing Revenue Account £000	Capital Receipts Reserve £000 Note 50	Major Repairs Reserve £000 Note 49	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000 Note 51	Total Authority Reserves £000
Balance at 1 April 2015	(12,147)	(27,837)	(18,162)	(6,235)	(10,956)	(33,181)	(108,518)	94,314	(14,204)
Movement in reserves during 2015/16									
(Surplus) or deficit on provision of services	60,478	0	(1,557)	0	0	0	58,921	0	58,921
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	(110,610)	(110,610)
Total Comprehensive Expenditure and Income	60,478	0	(1,557)	0	0	0	58,921	(110,610)	(51,689)
Adjustments between accounting basis & funding basis under regulations	(59,077)	0	(760)	(1,482)	1,841	6,564	(52,914)	52,914	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	1,401	0	(2,317)	(1,482)	1,841	6,564	6,007	(57,696)	(51,689)
Transfers (to)/from Earmarked Reserves	(1,460)	1,460	0	0	0	0	0	0	0
(Increase)/Decrease in Year	(59)	1,460	(2,317)	(1,482)	1,841	6,564	6,007	(57,696)	(51,689)
Balance at 31 March 2016 carried forward	(12,206)	(26,377)	(20,479)	(7,717)	(9,115)	(26,617)	(102,511)	36,618	(65,893)

Further details of the movement of the General Fund are included in the Statement of Movement of General Fund Balances. Further details of the movement on the Housing Revenue Account are included in the HRA statement.

Comprehensive Income and Expenditure Statement

This account shows expenditure on and income from the Council's day to day activities. Expenditure includes salaries, wages, service and depreciation charges. It gives the cost of the main services provided by the Council. This statement is shown in a statutory format. Full details about how this ties back to the Council's regular budget monitoring reporting is shown in note 10.

	2015/2016		Net Expenditure £000	Expenditure (Restated) £000	2014/2015	
	Expenditure £000	Income £000			Income £000	Net Expenditure (Restated) £000
General Fund Services						
Central Services to the Public	5,949	(5,043)	906	6,669	(5,054)	1,615
Culture & Related Services	25,082	(7,340)	17,742	40,065	(6,817)	33,248
Environmental & Regulation	56,774	(7,681)	49,093	53,908	(5,678)	53,230
Planning Services	27,198	(10,336)	16,862	25,606	(11,333)	14,213
Children's and Education Services	368,495	(248,741)	119,754	365,726	(266,030)	99,696
Highways, Roads & Transport Services	43,468	(13,434)	30,034	42,203	(13,709)	28,494
Housing Services General Fund	130,880	(123,281)	7,599	133,934	(126,100)	7,834
Housing Services HRA	21,994	(26,174)	(4,180)	27,245	(25,666)	1,579
Adult Social Care	167,016	(24,994)	142,022	161,184	(22,903)	138,281
Public Health	16,688	(15,039)	1,649	14,311	(14,591)	(280)
Corporate & Democratic Core	12,792	(1,200)	11,592	12,062	(1,365)	10,697
Non-distributed Costs	12,366	(13,519)	(1,153)	18,528	(12,673)	5,855
Exceptional Costs - Office Downward Valuation			0	11,867	0	11,867
Net Cost of Service (See note 10)	888,662	(496,782)	391,870	918,308	(511,979)	406,329
Other operating Expenditure		Note 14	45,909			24,138
Financing and Investment Income and Expenditure		Note 15	31,917			34,017
Taxation and non-specific grant income		Note 16	(410,775)			(422,395)
(Surplus) Deficit on Provision of Services			58,921			42,089
(Surplus) or deficit on revaluation of Property, Plant and Equipment Assets			(17,732)			(31,714)
Actuarial (gains)/losses on pension assets / liabilities			(92,878)			98,437
Other Comprehensive Income and Expenditure			(110,610)			66,723
Total Comprehensive Income and Expenditure			(51,689)			108,812

Balance Sheet

This statement summarises the Council's assets and liabilities at 31 March for the years 2016 and 2015.

	NOTES	31 March 2016		31 March 2015
		£000	£000	£000
Property, Plant and Equipment	27			
Council Dwellings & Garages		218,323		211,771
Other Land and Buildings		365,504		384,923
Vehicles, Plant, Furniture and Equipment		55,587		62,141
Infrastructure		311,206		260,296
Community Assets		6,695		6,739
Assets Under Construction		61,572		74,513
Surplus Assets Not Held for Sale		12,110		5,297
			1,030,997	1,005,680
Investment Properties	37	25,143		27,990
Intangible Assets	38	3,167		3,182
Assets Held for Sale	39	1,567		15,023
Long Term Investments	63	0		0
Long Term Debtors	40	3,142		2,974
			33,019	
Long Term Assets			1,064,016	1,054,849
Current Assets				
Short Term Investments	63	22,538		42,927
Inventories		980		913
Short Term Debtors	41	56,897		59,869
Cash and Cash Equivalents	42	19,485		14,221
Current Assets			99,900	117,930
Current Liabilities				
Short Term Creditors	43	(83,236)		(92,288)
Bank Overdraft	44	0		0
Short Term Borrowing	46	(36,685)		(14,228)
Provisions	45	(4,160)		(4,510)
Current Liabilities			(124,081)	(111,026)
Long Term Liabilities				
Long Term PFI Creditors	36	(56,502)		(59,067)
Long Term Borrowing	46	(337,848)		(339,868)
Other Long Term Liabilities		(1,632)		(756)
Pension Fund Liability	54	(543,446)		(617,189)
Planning Deposits		(34,514)		(30,669)
Long Term Liabilities			(973,942)	(1,047,549)
Net Assets			65,893	14,204
Financed by				
Usable Reserves	47		(102,511)	(108,518)
Unusable Reserves	51		36,618	94,314
Total Reserves			(65,893)	(14,204)



Michael Hudson

Associate Director, Finance (Section 151 Officer)
27 May 2016

Cashflow Statement

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

	NOTES	2015/2016 £000	2014/2015 £000
Net (surplus) or deficit on the provision of services		58,921	42,089
Adjustments to net surplus or deficit on the provision of services for non-cash movements		(32,695)	(11,248)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	55	(12,246)	(12,596)
Net cash flows from Operating Activities		13,980	18,245
Investing Activities	56	451	(28,518)
Financing Activities	57	(20,437)	12,043
Net decrease or (increase) in cash and cash equivalents		(6,006)	1,770
Cash and cash equivalents at the beginning of the reporting period		14,221	15,991
Cash and cash equivalents at the end of the reporting period		20,227	14,221

Notes to the Core Financial Statements

For ease of reference, this year the notes to the core financial statement are grouped in functional areas.

NOTES RELATING TO ACCOUNTING POLICIES

Note 1 Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2015/2016 financial year and its position at the year-end of 31 March 2016. 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 2015/2016 and the Service Reporting Code of Practice 2015/2016, supported by International Financial Reporting Standards (IFRS).

ii. Accruals of Income and Expenditure

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

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

iii. Provisions

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

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

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

Provision for Back Pay Arising from Unequal Pay Claims

The Council has made a provision for the costs of settling claims for back pay arising from discriminatory payments incurred before the Council implemented its equal pay strategy.

However, statutory arrangements allow settlements to be financed from the General Fund in the year that payments actually take place, not when the provision is established. The provision is therefore balanced by an Equal Pay Back Pay Account created from amounts credited to the General Fund balance in the year the provision was made or modified. The balance on the Equal Pay Back Pay Account will be debited back to the General Fund balance in the Movement in Reserves Statement in future financial years as payments are made.

Landfill Allowance Schemes

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

iv. Reserves

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

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

v. Government Grants and Contributions

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

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

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

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

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

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

vi. Employee Benefits**Benefits Payable During Employment**

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

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

Termination Benefits

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

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

Post Employment Benefits

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

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

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

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

The Local Government Pension Scheme

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

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

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

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

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

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

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- gains or losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
- contributions paid to the Wiltshire pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

vii. VAT

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

viii. Overheads and Support Services

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

ix. Intangible Fixed Assets

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

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

x. Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

Depreciation

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

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

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Full details on componentisation are included in note 30.

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

xi. Investment Property

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

xii. Charges to Revenue for Non-Current Assets

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

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

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

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

xiii. Revenue Expenditure Funded From Capital Under Statute

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

xiv. Leases

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

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

The Council as Lessee**Finance Leases**

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

Lease payments are apportioned between:

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

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

Operating Leases

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

The Council as Lessor**Finance Leases**

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

Lease rentals receivable are apportioned between:

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

Operating Leases

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

xv. Financial Instruments

Financial Liabilities

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

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

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

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

Loans and receivables

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

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

the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

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

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

Available-for-Sale Assets

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

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

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

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

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

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

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

xvi. Inventories and Long Term Contracts

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

xvii. Interest in companies and other entities

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

xviii. Private Finance Initiative (PFI)

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

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

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

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

xix. Exceptional Items

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

xx. Cash and Cash Equivalents

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

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

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

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

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

xxii. Events after the Balance Sheet Date

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

Two types of events can be identified:

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

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

xxiii. Non-Compliance with Code of Practice

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

xxiv. Foreign Currency

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

xxv. Heritage Assets

The Council's Heritage Assets are assets that are kept to increase the knowledge, understanding and appreciation of the Council's history and local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below. The Council's collections of heritage assets are accounted for as disclosed in note 34.

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

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

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.

Note 2 Accounting Standards that have been issued but have not yet been adopted

For 2015/2016, there are a number of accounting policy changes that have been issued but not yet adopted. The standards introduced in the 2016/2017 Code of Practice that have not yet been adopted are:

- Amendments to IAS 19 Employee Benefits (Defined Benefit Plans; Employee Contributions)
- Annual Improvements to IFRSs 2010-2012 Cycle:
 - IFRS 3 Business Combinations
 - IFRS 8 operating Segments
 - IAS 16 Property, Plant and Equipment
 - IAS 24 Related Party Disclosures
- Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)
- Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)
- Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative)
- The changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis
- The changes to the format of the Pension Fund Account and the Net Assets Statement

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

Note 3 Critical Judgements in applying accounting policies

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

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

Note 4 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 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. The total depreciation charge made in 2015/2016 on PPE assets was £33 million so if the assumptions were to change this could have an effect on the amount of depreciation charged in future years. This would be mitigated by the fact that depreciation is reversed out so has no impact on the level of Council Tax.
Provisions	The Council has made a number of provisions in the accounts, totalling £4.610 million. These are based on current information and current likely settlement value. Provisions will need to be reviewed on a regular basis to ensure they are kept up to date. Further information is found in note 45.	An increase or decrease over the forthcoming year in either the total number of claims, appeals or the estimated average settlement would have the effect of changing the level of provision needed.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured and further details of the assumptions are in note 61.
Arrears	At 31 March 2016, the Council had a balance of debtors of £68 million. A bad debt provision of £11 million or around 16% of the debt has been made. In the current economic climate it is not certain that the provision will be sufficient.	An increase or decrease in collection rates would have the effect of changing the level of provision needed. See note 41 for further details.

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

Note 5 Authorisation of Accounts for Issue

These accounts were considered and authorised by the Chief Financial Officer of Wiltshire Council on 27 May 2016. The final audited version of these accounts will be considered by the Audit Committee at its meeting on 27 July 2016.

Note 6 Events after the Balance Sheet Date

The Statement of Accounts were authorised by the Chief Financial Officer on 31 May 2016. 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 2015/2016.

Note 7 Summary of Prior Year adjustments

There are no prior year adjustment in the accounts for 2015/2016.

NOTES TO MOVEMENT IN RESERVES STATEMENT

Note 8 Adjustments between accounting basis and funding basis under regulations

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

Reserve 2015/2016	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation of non-current assets	(21,789)	(11,812)				33,601
Charges for impairment/ revaluations of plant, property and equipment	(13,287)					13,287
Charges for impairment/ revaluations of investment properties	(1,883)					1,883
Movements in the market value of Investment Properties	393					(393)
Amortisation of intangible assets	(1,596)					1,596
Movements in the market value on Assets Held for Sale	(40)					40
Revenue expenditure funded from capital under statute	(29,501)					29,501
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(31,797)	885	(13,094)			44,006
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	15,051					(15,051)
Capital expenditure charged against the General Fund and HRA balances		3,975				(3,975)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement and Expenditure Statement	43,347				(43,347)	0
Application of grants to capital financing transferred to the Capital Adjustment Account					49,911	(49,911)
Adjustments primarily involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure			11,025			(11,025)
Reserve to finance the payments to the Government capital receipts pool	(790)		790			0
Adjustments primarily involving the Deferred Capital Receipts Reserve						
Transfer of deferred sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	319		(203)			(116)
Adjustment primarily involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA		6,187		5,625		(11,812)
Use of the Major Repairs Reserve to finance new capital expenditure and depreciation				(3,784)		3,784
Adjustment primarily involving the Financial Instruments Adjustments Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0					0
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 61)	(51,114)					51,114
Employer's pensions contributions and direct payments to pensioners payable in the year	31,967	12				(31,979)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(188)					188
Amount by which non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	172					(172)
Adjustment primarily involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,659	(7)				(1,652)
Total Adjustments	(59,077)	(760)	(1,482)	1,841	6,564	52,914

Reserve 2014/2015	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation of non-current assets	(27,660)	(16,580)				44,240
Charges for impairment/ revaluations of plant, property and equipment	(25,127)					25,127
Charges for impairment/ revaluations of investment properties	(903)					903
Movements in the market value of Investment Properties	1,176					(1,176)
Amortisation of intangible assets	(1,446)					1,446
Movements in the market value on Assets Held for Sale	(220)					220
Revenue expenditure funded from capital under statute	(21,710)					21,710
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	(11,424)	1,482	(6,957)			16,899
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	13,956					(13,956)
Capital expenditure charged against the General Fund and HRA balances	11	3,975				(3,986)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement and Expenditure Statement	54,330				(54,330)	0
Application of grants to capital financing transferred to the Capital Adjustment Account					44,995	(44,995)
Adjustments primarily involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure			11,315			(11,315)
Reserve to finance the payments to the Government capital receipts pool	(722)		722			0
Adjustments primarily involving the Deferred Capital Receipts Reserve						
Transfer of deferred sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	444		(180)			(264)
Adjustment primarily involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA		6,187		10,393		(16,580)
Use of the Major Repairs Reserve to finance new capital expenditure and depreciation				(11,709)		11,709
Adjustment primarily involving the Financial Instruments Adjustments Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(7)					7
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 61)	(49,907)					49,907
Employer's pensions contributions and direct payments to pensioners payable in the year	30,858	39				(30,897)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1,990					(1,990)
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	(272)					272
Adjustment primarily involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	4,514	(3)				(4,511)
Total Adjustments	(32,119)	(4,900)	4,900	(1,316)	(9,335)	42,770

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**Note 9 Revenue outturn**

In respect of net revenue outturn, the Council's 2015/2016 General Fund revised budget and actual spending figures were as below:

	Original Budget £m	Revised Budget £m	Actual £m	Difference £m
Total General Fund (a)	314.983	314.983	314.917	(0.066)
Funded by:				
Draw from General Fund reserves			2.200	2.200
Formula Grant including Council Tax Freeze	(53.598)	(53.598)	(54.093)	(0.495)
Business Rates Retained	(52.542)	(52.542)	(50.147)	2.395
Collection Fund Transfer	(208.843)	(208.843)	(208.843)	0.000
Collection Fund (Surplus)/Deficit Ctax	0.000	0.000	(4.647)	(4.647)
Collection Fund (Surplus)/Deficit NNDR	0.000	0.000	0.554	0.554
Total Funding (b)	(314.983)	(314.983)	(314.976)	0.007
Movement on General Fund (a) + (b)	0.000	0.000	(0.059)	(0.059)

The movement on the general fund of £0.059 million increase is shown in the Movement of Reserves Statement.

Note 10 Amounts reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice.

However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across services. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement);
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year; and
- expenditure on some support services is budgeted for centrally and not charged to services.

The income and expenditure of the Council's service blocks recorded in the budget monitoring reports for the year is as follows:

2015/2016	Employee	Other service	Total Expenditure	Fees, charges	Government	Total	Net
	expenses	expenses		& other service	Grants	Income	
	£000	£000	£000	£000	£000	£000	£000
Adult Care Operations	11,956	93,263	105,219	(20,215)	(1,030)	(21,245)	83,974
Adult Care Commissioning, Safeguarding & Housing	3,810	7,049	10,859	(1,197)	(3,812)	(5,009)	5,850
Public Health & Public Protection	12,206	14,539	26,745	(6,281)	(16,185)	(22,466)	4,279
Children's Social Care, Integrated Youth & Preventative Services & 0-25 SEND Disability Service	27,514	60,018	87,532	(2,995)	(29,076)	(32,072)	55,460
Learning Disability	5,979	42,313	48,292	(3,147)	(169)	(3,316)	44,976
Quality Assurance, Commissioning & Performance, School & Early Years Effectiveness	137,467	86,745	224,212	(27,869)	(183,443)	(211,312)	12,900
Economic Development & Planning Services	8,245	2,919	11,164	(6,273)	(508)	(6,781)	4,383
Highways & Transport	7,284	33,385	40,669	(13,895)	(984)	(14,879)	25,790
Waste & Environment	9,032	35,201	44,233	(5,959)	0	(5,959)	38,274
Communications, Community Area Boards, Libraries, Heritage & Arts	7,434	2,294	9,728	(1,518)	(13)	(1,531)	8,197
Corporate Function & Procurement	7,220	3,891	11,111	(3,273)	(355)	(3,628)	7,483
Finance	6,894	125,937	132,831	(122,912)	(6,963)	(129,875)	2,956
Legal & Governance	4,663	1,499	6,162	(1,694)	(1,132)	(2,826)	3,336
People & Business Services	15,298	21,721	37,019	(10,218)	0	(10,218)	26,801
Corporate Directors	1,016	2,041	3,057	(130)	0	(130)	2,927
Corporate	7,198	22,666	29,864	(2,347)	(37,996)	(40,333)	(10,469)
Total General Fund Budget	273,216	555,481	828,697	(229,924)	(281,656)	(511,580)	317,117
Housing Revenue Account (HRA)	2,559	23,779	26,338	(26,338)	0	(26,338)	0
TOTAL EXPENDITURE	275,775	579,260	855,035	(256,262)	(281,656)	(537,918)	317,117

Comparisons for 2014/2015 are as follows:

2014/2015	Employee	Other service	Total Expenditure	Fees, charges	Government	Total	Net
	expenses	expenses		& other service	Grants	Income	
	£000	£000	£000	£000	£000	£000	£000
Adult Care Operations	11,900	88,868	100,768	(18,440)	0	(18,440)	82,328
Adult Care Commissioning, Safeguarding & Housing	3,707	8,125	11,832	(1,353)	(4,017)	(5,370)	6,462
Public Health & Public Protection	11,535	13,552	25,087	(5,970)	(14,557)	(20,527)	4,560
Children's Social Care, Integrated Youth & Preventative Services & 0-25 SEND Disability Service	25,530	57,062	82,592	(2,292)	(28,627)	(30,919)	51,673
Learning Disability	5,656	41,019	46,675	(3,702)	0	(3,702)	42,973
Quality Assurance, Commissioning & Performance, School & Early Years Effectiveness	151,400	87,912	239,312	(28,918)	(198,957)	(227,865)	11,427
Economic Development & Planning Services	7,911	3,259	11,170	(6,397)	(688)	(7,085)	4,085
Highways & Transport	7,160	37,592	44,752	(13,748)	(1,117)	(14,865)	29,887
Waste & Environment	9,373	36,100	45,473	(4,257)	0	(4,257)	41,216
Communications, Community Area Boards, Libraries, Heritage & Arts	7,461	2,989	10,450	(1,629)	0	(1,629)	8,821
Corporate Function & Procurement	5,111	3,004	8,115	(2,191)	(65)	(2,256)	5,859
Finance	6,783	127,468	134,251	(124,640)	(8,017)	(132,657)	1,594
Legal & Governance	4,636	1,572	6,208	(1,787)	(928)	(2,715)	3,493
People & Business Services	18,526	26,301	44,827	(11,276)	(4)	(11,280)	33,547
Corporate Directors	871	2,008	2,879	(45)	0	(45)	2,834
Corporate	6,547	20,107	26,654	(2,143)	(22,465)	(24,608)	2,046
Total General Fund Budget	284,107	556,948	841,055	(228,788)	(279,482)	(508,270)	332,785
Housing Revenue Account (HRA)	2,555	17,060	19,615	(19,615)	0	(19,615)	0
TOTAL EXPENDITURE	286,662	574,008	860,670	(248,403)	(279,482)	(527,885)	332,785

Note 11 Reconciliation of Service Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of service income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2015/2016 £000
Net expenditure in the Service Analysis	317,117
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	75,668
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(915)
Cost of Services in Comprehensive Income and Expenditure Statement	391,870

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

	Department Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Allocation of Recharges £000	Net Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(256,262)	0	0	(7,466)	(263,728)		(263,728)
Interest and investment income	0	0	950	0	950	(950)	0
Income from council tax	0	0	0	0	0	(227,507)	(227,507)
Government grants and contributions	(281,656)	0	35,391	(728)	(246,993)	(183,268)	(430,261)
Total Income	(537,918)	0	36,341	(8,194)	(509,771)	(411,725)	(921,496)
Employee expenses	275,775	(2,188)		28,649	302,236	19,671	321,907
Other service expenses	579,260	30,173	(4,886)	17,133	621,730		621,730
Support Service recharges	0			(43,222)	(43,222)		(43,222)
Depreciation, amortisation and impairment	0	50,013	(6,187)	5,634	49,460		49,460
Interest Payments	0	(2,330)	(26,233)		(28,563)	13,196	(15,367)
Precepts & Levies	0				0	14,206	14,206
Payments to Housing Capital receipts pool (Gain) or Loss on Disposal of Fixed Assets	0	0	0	0	0	790	790
	0	0	0	0	0	30,913	30,913
Total expenditure	855,035	75,668	(37,256)	8,194	901,641	78,776	990,417
Surplus or deficit on the provision of services	317,117	75,668	(915)	0	391,870	(332,949)	58,921

In order to convert the regular budget monitoring reports taken to Cabinet into the proper statutory format required for the Comprehensive Income and Expenditure Statement in the statement of accounts, certain technical adjustments are required. A breakdown of the amounts not reported to management for decision making is included in the following table.

	2015/2016 £000
Adjustments relating to Pensions reporting	(536)
Adjustments relating to Accumulated Absences	(1,652)
Adjustments relating to contributions to Capital Expenditure	29,501
Adjustments relating to Capital Depreciation and Impairments	50,013
Adjustments relating to PFI schemes	(2,330)
Adjustments relating to Local Council Tax Support Grant	672
Total amounts not reported to management for decision making	75,668

Note 12 Exceptional items

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

The exceptional item in 2014/2015 was a downward valuation of £11.867 million that was charged to the Comprehensive Income and Expenditure Statement to reflect the build and refurbishment costs of the Corsham campus. This charge did not reflect a loss to the council as the downward valuation is reversed out so there is no effect on the general fund balance.

Note 13 Material Items of Income and Expense

Under the Code of Practice, if there are individual items that are material and have not been separately disclosed as an exceptional item on the face of the Comprehensive Income and Expenditure Statement, they should be disclosed separately in this note. Examples of material items that should be disclosed separately include major disposals and major reversal of provisions. The Council does not have any material individual items that require separate disclosure, all income and expenditure are disclosed as part of the Comprehensive Income and Expenditure Statement.

Note 14 Other Operating Expenditure

	2015/2016 £000	2014/2015 £000
Parish council precepts	14,206	13,474
Payments to the Government Housing Capital Receipts Pool	790	722
(Gains)/losses on the disposal of non-current assets	30,913	9,942
Total	45,909	24,138

Note 15 Financing and Investment Income and Expenditure

	2015/2016 £000	2014/2015 £000
Interest payable and similar charges	13,196	13,407
Impairment of Investments	0	(19)
Interest and investment income	(950)	(811)
Pension Interest Costs and expected return on pension assets	19,671	21,440
Total	31,917	34,017

Note 16 Taxation and Non Specific Grant Income

The Council received the following income in respect of General Government Grants and Council Tax.

	2015/2016 £000	2014/2015 £000
Council Tax Transfer	(208,843)	(204,555)
Collection Fund Surplus	(4,647)	(2,966)
Parish Council Precepts	(14,206)	(13,474)
Adjustment for statutory requirements	189	(1,990)
Council Tax Income	(227,507)	(222,985)
General Government Grants	(36,064)	(25,682)
Formula Grant including Council Tax Freeze	(54,093)	(65,472)
Business Rates Retention Scheme	(49,764)	(53,926)
Capital grants and contributions	(43,347)	(54,330)
Total	(410,775)	(422,395)

Note 17 Acquired and Discontinued Operations**Transferred Service**

There are no acquired or discontinued services in the year.

Note 18 Significant Trading Services

The Council ran no significant trading services during the year.

Note 19 Agency Income & Expenditure

Under section 101(I) of the Local Government Act 1972, (LGA 1972), a local authority may arrange for any other local authority to act as its agent and provide services. Wiltshire Council works in close partnership with many different local authorities but has no material amounts of agency income or expenditure.

Note 20 Pooled Budgets**Partnerships Schemes under S31 Health Act****Joint Procurement Arrangement**

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

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

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

In 2015/2016 Wiltshire Council had expenditure of £1.821 million and Wiltshire CCG had expenditure of £4.178 million. The total joint arrangement spend was £5.999 million.

Better Care Fund

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

Wiltshire Council and Wiltshire CCG have entered into a formal arrangement from 1 April 2015 to deliver services via the Better Care Fund.

In 2014/2015 this arrangement was operated under a shadow agreement. The expenditure in 2015/2016 via the Better Care Fund was as follows:

	2015/2016
	£000
Self Care, Self Support	2,003
Intermediate Care	8,352
Access, rapid response 7 day working	4,314
Care Bill	2,500
Protecting Social Care	9,183
Invest in Engagement with Heathwatch	100
Scheme Management	260
Return to Partners	2,770
Social Care Capital	2,433
Total Schemes	31,915

This was funded from income and grants as follows:

	2015/2016 £000
Wiltshire CCG BCF Contribution - Paid to Pool	(21,618)
Wiltshire CCG BCF Contribution - Retained by CCG	(5,455)
Wiltshire Council BCF Contribution	(1,833)
Wiltshire Council Adult Care contribution to carers	(576)
Disabled Facilities Grant	(1,418)
Social Care Capital	(1,015)
Total Income and Grants	(31,915)

Note 21 Members' Allowances

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

	2015/2016 £000	2014/2015 £000
Allowances	1,856	1,770
Expenses	82	90
Total	1,938	1,860

Note 22 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.

Remuneration Band £	2015/2016	2014/2015
	No. Employees	No. Employees
50,000-54,999	95	106
55,000-59,999	85	89
60,000-64,999	51	32
65,000-69,999	17	18
70,000-74,999	13	7
75,000-79,999	5	4
80,000-84,999	2	2
85,000-89,999	3	2
90,000-94,999	2	5
95,000-99,999	4	7
100,000-104,999	8	2
105,000-109,999	2	1
110,000-114,999	0	0
115,000-119,999	0	0
120,000-124,999	0	0
125,000-129,999	0	0
130,000-134,999	1	0
135,000-139,999	1	0
140,000-144,999	0	1
145,000-149,999	3	2
TOTAL	292	278

Notes:

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

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

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

2014/2015 Remuneration for Senior Employees - Salary is £150,000 or more per year (Included in Officer's Remuneration Bandings)

No officers had a salary in excess of £150,000 during 2014/2015.

2015/2016 Remuneration for Senior Employees - Salary is less than £150,000 but equal to or more than £50,000 per year (Included in Officer's Remuneration Bandings)

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

Subnote A:

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

Subnote B:

Corporate Director B is designated as the Director of Public Health and the Director of Adult Social Services for Wiltshire Council, both of which are required statutory roles.

Subnote C:

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

2014/2015 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) – comparators are only required for employees qualifying for the current year note.

Post Holder	Salary (including fees and allowances) £	Bonuses £	Expense Allowances £	Compensation for loss of Office £	Benefits in Kind £	Total Remuneration excluding pension contributions 2014/2015 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2014/2015 £
Corporate Director A(subnote A)	143,679	0	1,523	0	0	145,202	22,989	168,191
Corporate Director B(subnote A and B)	143,679	0	3,137	0	0	146,816	18,453	165,269
Corporate Director C(subnote A and C)	143,679	0	0	0	0	143,679	22,989	166,668
Associate Director Finance - s151 Officer	106,410	0	1,165	0	0	107,575	17,026	124,601
Associate Director Legal and Governance - Monitoring Officer	97,297	0	0	0	0	97,297	15,567	112,864
	634,744	0	5,825	0	0	640,569	97,024	737,593

Exit Packages

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

Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016
£							£	£
0-20,000	53	19	190	176	243	195	1,114,720	1,212,038
20,001-40,000	0	2	21	35	21	37	575,635	1,106,323
40,001-60,000	0	0	6	11	6	11	286,504	495,893
60,001-80,000	0	0	1	3	1	3	76,071	215,197
80,001-100,000	0	0	0	1	0	1	0	97,946
100,001-150,000	0	0	0	0	0	0	0	0
150,001-200,000	0	0	0	0	0	0	0	0
200,001-250,000	0	0	0	0	0	0	0	0
250,001-300,000	0	0	0	0	0	0	0	0
Total	53	21	218	226	271	247	2,052,930	3,127,397

Note 23 External Audit Fees

Wiltshire Council incurred the following fees in respect of external audit and statutory inspection with KPMG, in accordance with the Audit Commission Act 1998

	2015/2016 £000	2014/2015 £000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	167	223
Fees payable to the Audit Commission for certification of grant claims and returns	17	28
Fees Payable for additional work	10	0
Audit Commission Rebates	0	(53)
Total	194	198

Note 24 Dedicated Schools Grant**Reserves & balances held by schools****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 2011. 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 2015/2016 are as follows:

	Central Individual Schools		
	Expenditure £000	Budget (ISB) £000	Total £000
Final DSG for 2015/2016 before academy recoupment			(312,998)
Academy figure recouped for 2015/2016			131,706
Total DSG after academy recoupment for 2014/2015			(181,292)
Brought forward from 2014/2015			(1,490)
Agreed initial budget distribution in 2015/2016	(55,412)	(127,370)	(182,782)
In Year Adjustments	(268)		(268)
Final budgeted distribution for 2015/2016	(55,680)	(127,370)	(183,050)
Less actual central expenditure	55,089		55,089
Less actual ISB deployed to schools		127,370	127,370
Carry forward to 2015/2016	(591)	0	(591)

Note 25 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015/2016:

	2015/2016 £000	2014/2015 £000
Credited to Taxation and Non Specific Grant Income		
General Government Grants	(36,064)	(25,682)
Formula Grant including Council Tax Freeze	(54,093)	(65,472)
Business Rates Retention Scheme	(49,764)	(53,926)
Total	(139,921)	(145,080)
Credited to Services		
Dedicated Schools Grant	(181,292)	(193,168)
Public Health Grant	(16,108)	(14,587)
Pupil Premium Grant	(8,621)	(9,435)
Learning & Skills Council	(1,949)	(2,724)
Universal Infant Free School Meals	(4,714)	(3,142)
PFI	(7,541)	(7,541)
Housing Benefit & Council Tax Admin Grant	(2,006)	(2,248)
Other Grants	(28,176)	(20,254)
Other Contributions	(854)	(1,772)
Donations	(874)	(1,049)
Total	(252,135)	(255,920)
Total Grants, Contributions & Donations	(392,056)	(401,000)

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

	2015/2016 £000	2014/2015 £000
Revenue Grants to be returned (Creditor)		
Other Grants	0	0
Total	0	0

	2015/2016 £000	2014/2015 £000
Revenue Grants Receipts in Advance		
MOD Education Support Fund	(485)	0
Other Grants	(159)	(89)
Total	(644)	(89)

Note 26 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). Grants received from government departments are set out in the subjective analysis in Note 10 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2016 are shown in Note 25.

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2015/2016 is shown in note 21. 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.

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 2015/2016 the Council charged the fund £1.174 million (£1.076 million in 2014/2015) for expenses incurred in administering the fund.

During 2015/2016 various Wiltshire Council Councillors were also members of parish or town councils, police bodies and other bodies. Significant payments made to these bodies, where a Councillor has a registered interest in the relevant financial year, by Wiltshire Council are listed below. This includes significant housing benefit payments to housing associations in respect of their tenants.

	2014/2015 £000	2014/2015 £000
Amesbury Town Council	21	0
Aster/Sarsen	14,684	14,748
Balfour Beatty	44,434	41,025
Chippenham Town Council	71	63
Community First Wiltshire	676	695
Extended Services (Melksham)	27	0
Ezy's Taxis	111	88
Lady Margaret Hungerford Charities	20	23
Malmesbury Town Council	51	55
Melksham Without Parish Council	0	34
Royal United Hospital Bath	500	484
Royal Wootton Bassett Town Council	34	0
Salisbury City Council	324	294
Selwood Housing Association	16,425	16,584
Sheldon School, Chippenham	156	249
South Wiltshire Avon & Wiltshire Mental Health Partnership Trust	54	416
Trowbridge Town Council	213	326
Wiltshire Fire & Rescue Service	79	51
Wiltshire CCG	2,091	1,118
Wiltshire Police Authority/OPCC	32	76
Wiltshire Portage Service	123	92
Total	80,126	76,421

There are no significant amounts owed to bodies listed as Councillors' interests in 2015/2016 as at 31 March 2016.

BALANCE SHEET NOTES RELATING TO CAPITAL

Note 27 Property, Plant and Equipment (PPE)

	Council Dwellings & Garages in/land	Other Land & Buildings	Vehicles Plant and Equipment	Infra-structure	Community Assets	Assets under Construction	Surplus Assets	Total Property, and Plant & Equipment	PF included in FPE
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									
Opening Balance 1 April 2015	308,676	697,937	172,880	319,478	7,621	89,229	7,518	1,603,339	84,584
Additions	7,281	14,205	8,326	12,591	4	42,215		84,622	120
Derecognition - Disposals	(1,257)	(1,410)	(853)				(223)	(3,743)	
Derecognition - Other		(45,123)	(5,532)					(50,655)	
Revaluation increases recognised in the Revaluation Reserve	5,911	13,709	4,415		2		4,798	28,830	919
Revaluation decreases recognised in the Revaluation Reserve		(8,957)	(1,396)				(665)	(11,038)	
Category Adjustments	166	3,672	2,311	44,205		(55,155)	4,682	(120)	0
At 31 March 2016	320,777	674,033	180,151	376,274	7,627	76,288	16,085	1,651,235	85,623
Depreciation and Impairments									
Opening Balance 1 April 2015	(95,905)	(313,014)	(110,739)	(59,182)	(882)	(14,716)	(2,221)	(597,659)	(22,690)
Depreciation	(5,549)	(4,042)	(18,663)	(5,851)			841	(33,264)	(1,763)
Accumulated depreciation written back on derecognition of assets		18,845	5,108				20	23,973	
Revaluation losses/impairment recognised in the surplus/deficit on provision of services		(10,318)	(270)	(35)	(50)		(2,615)	(13,288)	0
At 31 March 2016	(102,454)	(308,529)	(124,564)	(65,068)	(982)	(14,716)	(3,975)	(620,238)	(24,453)
Net Book Value at 31 March 2016	218,323	365,504	55,587	311,206	6,645	61,572	12,110	1,030,997	61,170
Net Book Value at 31 March 2015	211,771	384,923	62,141	260,296	6,739	74,513	5,297	1,005,680	61,894

Note 28 Information about Depreciation Methodologies

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

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

The total depreciation charged to tangible Property Plant and Equipment fixed assets for 2015/2016 is £33,263,676.

Note 29 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 2016		31 March 2015	
	£000	£000	£000	£000
Opening Capital Financing Requirement		489,488		469,611
Capital Investment				
Plant Property & equipment Assets	84,502		73,808	
Plant Property & equipment PFI Assets	120		2,846	
Investment Properties	143		232	
Intangible assets	580		356	
Assets Held for Sale	2		47	
Revenue Expenditure Funded from Capital under Statute	29,501		21,710	
		114,848		98,999
Sources of Finance				
Government Grants	(49,911)		(44,995)	
Major Repairs Reserve	(8,028)		(4,870)	
New PFI scheme				
Capital Receipts	(11,087)		(11,315)	
Assets purchased through Revenue (inc HRA)	(3,975)		(3,986)	
Minimum Revenue Provision	(12,493)		(11,689)	
Voluntary Revenue Provision	(228)		(221)	
Minimum Revenue Provision - PFI Schemes	(2,330)		(2,046)	
		(88,052)		(79,122)
Closing Capital Financing Requirement		516,284		489,488
Explanation of Movements in the Year				
Increase / (decrease) in underlying need to borrow		26,796		19,877
Increase / (decrease) in Capital Financing Requirement		26,796		19,877

Note 30 Fixed Asset Valuation

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

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

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

The assets revalued during 2015/2016 include Primary Schools and Children's Centres as well as the Investment Estate and any new assets acquired during 2015/2016 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 2014/2015.

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		44,652	11,978	311,206	2,198	61,572		431,606
Valued at current value in:								
2015/2016	218,323	87,007	19,019		5		12,110	336,464
2014/2015		121,259	16,643		35			137,937
2013/2014		101,797	7,947		4,457			114,201
2012/2013		0						0
2011/2012		1,816						1,816
2010/2011		8,973						8,973
Book Value at 31 March 2016	218,323	365,504	55,587	311,206	6,695	61,572	12,110	1,030,997

Schools Assets

During the 2014/2015 financial year a number of schools have become Academy schools so their assets have been removed from the balance sheet. This is shown as a derecognition in the note for Property plant and equipment above. The Council does not recognise Academy, Voluntary Controlled and Voluntary Aided schools in its accounts.

Components and effect on depreciation

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

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

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

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

Note 31 Revaluation and Impairment Losses

As part of the valuation process, reductions in the value of our assets (where there have previously not been upward valuations) are charged as downwards revaluation losses charged to Property, Plant and Equipment. These are detailed by asset class in note 27. During 2015/2016 as part of the standard revaluation undertaken a number of buildings were revalued downwards; the largest of these being the newly built Greentrees Primary School.

Note 32 Capitalisation of Borrowing Costs

The Council has not capitalised any borrowing costs in the year.

Note 33 Construction Contracts

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

Description	As at 31 March	As at 31
	2016	March 2015
	£000	£000
Campus and operational delivery schemes	7,380	8,538
Highways	20,797	25,057
Other School construction projects	2,704	6,520
HRA- Refurbishment of Council Stock	1,242	831
Buildings Repair & Maintenance Programme	483	536
Fleet Vehicles		677
Housing	6,483	560
Economy	1,115	0
Total	40,204	42,719

Note 34 Heritage Assets

Heritage assets are a new classification of assets that have been recorded separately on the balance sheet since the 2011/2012 Statement of Accounts. These assets can be disclosed in a note to the accounts only if the cost of obtaining a valuation exceeds the benefit to the users of the accounts.

The definition of Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained 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. Historical buildings kept solely for their historical purpose would also count as heritage assets unless they were being used for operational purposes.

Unlike many other authorities 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.

The items that have been identified as heritage assets held by Wiltshire Council are disclosed below as required by the code.

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. They were often used for the confinement of drunks who were usually released the next day or to hold people being brought before the local magistrate. A typical village lock-up is a small structure with a single door and a narrow slit window or opening. Most lock-ups feature a dome or spire shaped roof and are commonly built from brick, large stones or timber. The village lock-up is found in a variety of shapes often round or polygonal in plan, usually freestanding but some are attached to or incorporated in other buildings. Variations in design, materials and appearance do occur although they were all built to perform the same function. A number of these lock ups remain in various towns across Wiltshire. Many of these are owned and maintained by Wiltshire Council and as such remain part of the Heritage Assets of the County. No formal valuation has been obtained for these sites as the costs of obtaining one would outweigh the benefits of doing so, and it is felt that they would not have any material value due to their size, condition and specialisation.

County Hall Members Rooms Art

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

Other items of Historical Interest

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

Note 35 Leases

Finance leases

A finance lease is a lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee.

The Council had no finance leases in 2015/2016.

Operating leases

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

Operating Lease payments in 2015/2016	2015/2016 £000
Plant, vehicles and equipment	99
Operating lease payments due in future years	2015/2016 £000
Amount due in 2016/2017	26
Amounts due in between 2017/2018 and 2021/2022	27
Amounts due after 2022/2023	0
	<u>53</u>
Asset Class	
Plant, vehicles and equipment	<u>53</u>

Leases held as investments

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

Note 36 Long Term Contracts including Private Financing Initiatives (PFI)

The total amount held in long term contracts (including PFIs) is in the following table.

	North Wilts Schools PFI £000	Monkton Park Modified PFI £000	Housing PFI £000	Total Long term contracts £000
Balance outstanding at 1 April 2015				0
Payments during the year to reduce capital liability				0
Liability outstanding 31 March 2016	0	0	0	0

North Wiltshire Schools PFI & Additional 6th Form Units.**Introduction**

In October 2000 the Council entered into a Private Finance Initiative (PFI) with White Horse Education Partnership (WHEP) to procure three new secondary schools. WHEP are responsible for maintaining and operating the facilities for 30 years from the date the first school became operational in March 2002.

Accounting treatment

The Accounting treatment in 2015/2016 follows the same process first shown in 2010/2011, i.e. to reflect the PFI as an on balance sheet PFI.

In 2015/2016 as in previous years, an estimate of the amount of the element of PFI payments that relates to repaying the finance liability has been made and taken from the net cost of services. In order to mitigate the effect of this on the general fund balances an equal charge for the additional Minimum Revenue Provision incurred has been made.

Funding

The funding for the annual PFI payment comes from the Council's own resources and a special government grant called a PFI credit. Over the life of the PFI project, the Council will receive PFI credits of £107 million (these relate to the main school buildings only not the sixth form units), which are credited to the revenue account in the year that they are received.

PFI Smoothing Fund Earmarked Reserve

This represents the excess of government grant over expenditure to date in respect of the Schools PFI. This is being carried forward to meet future years' commitments under the PFI contract.

Income and Expenditure

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. Possible future variations to the scheme as elements are added to or taken away from the scheme.

The funding of the unitary payment will come from the individual schools budget, the overall Schools Budget and a special government grant (the PFI credits referred to above).

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

Period	Liability £000	Interest £000	2015/2016		2014/2015
			Service charges £000	Total £000	Total £000
Within 1-5 years	5,280	7,748	17,088	30,116	29,960
Within 6-10 years	7,758	5,272	19,333	32,363	32,176
Within 11-15 years	11,398	1,686	21,823	34,907	34,685
Within 16-20 years	2,937	0	3,950	6,887	14,649
Within 21-25 years				0	0
Total	27,373	14,706	62,194	104,273	111,470

Over the life of the PFI project the Council will receive government grants of £107 million.

Monkton Park Offices Modified PFI Scheme

Introduction

North Wiltshire District Council entered into a long-term contract for the provision and management of Monkton Park offices. This contract is for a period of 25 years.

Accounting treatment

The full PFI contract was modified in January 2011. Therefore only the loan associated with the capital and interest cost of building Monkton Park still has to be repaid. This is repaid directly to the Bank rather than to the former PFI joint vehicle.

Income and Expenditure

The expenditure payable from 12 January 2011 onwards is the amount required for capital and interest only. Under the terms of the contract this amount increases by RPI plus 1% each January. The grant or PFI credit received is a fixed sum so an equalisation reserve has been set up to smooth this increase in charges over the contract term.

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

Period	Liability £000	Interest £000	2015/2016		2014/2015
			Total £000	Total £000	
Within 1-5 years	2,346	5,281	7,627	7,424	
Within 6-10 years	3,214	5,845	9,059	8,817	
Within 11-15 years	755	1,251	2,006	3,973	
Within 16-20 years	0	0	0	0	
Within 21-25 years	0	0	0	0	
Main Scheme Total	6,315	12,377	18,692	20,214	
Equalisation Fund	432	0	432	667	
Total	6,747	12,377	19,124	20,881	

Housing PFI Scheme

Introduction

A total of 242 units have been built under a housing PFI scheme at sites across the county.

Accounting Treatment

The asset values for the 242 units are included in the non-current assets in the balance sheet with an associated liability.

Income and Expenditure

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			2015/2016	2014/2015
	Liability £000	Interest £000	Total £000	Total £000
Within 1-5 years	5,175	5,800	10,975	11,249
Within 6-10 years	5,652	4,127	9,779	10,023
Within 11-15 years	6,872	1,850	8,722	8,939
Within 16-20 years	4,683	221	4,904	6,708
Within 21-25 years	0	0	0	0
Total	22,382	11,998	34,380	36,919

Note 37 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.

	2015/2016 £000	2014/2015 £000
Rental income from investment property	(2,637)	(2,506)
Direct operating expenses arising from investment properties	383	421
Net (Gain)/ Loss	(2,254)	(2,085)

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

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

	2015/2016 £000	2014/2015 £000
Balance at start of the year	27,990	27,337
Additions: Subsequent expenditure	143	232
Disposals	(615)	0
Gains from fair value adjustments	343	1,324
Losses from fair value adjustments	(10)	0
Impairments/losses	(1,883)	(903)
Transfers (to)/from Property, Plant and Equipment	(825)	0
Balance at end of the year	25,143	27,990

Note 38 Intangible Assets

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

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

	Carrying amount		Remaining Amortisation Period
	31 March 2016 £000	31 March 2015 £000	
SAP Finance/HR/Payroll system in sourcing	1,232	0	5 years
Workplace transformation IT software	458	958	1 -2 years
Planning System	625	839	3 years
Other items of software	852	1,385	1 - 5 years
Total	3,167	3,182	

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £1.596 million charged to revenue in 2015/2016 was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

	2015/2016 Purchased Software Licences £000	2014/2015 Purchased Software Licences £000
Gross carrying amounts	20,063	19,541
Accumulated amortisation	(16,881)	(15,435)
Net Carrying amount	3,182	4,106
Additions:		
Purchases	580	357
Amortisation for the period	(1,596)	(1,446)
Other changes	1001	165
Net carrying amount at end of year	3,167	3,182
Comprising:		
Gross carrying amounts	21,644	20,063
Accumulated amortisation	(18,477)	(16,881)
	3,167	3,182

Note 39 Assets Held for Sale

The Council held the following amounts as assets held for sale as at 31 March 2016. 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. The council has an ambitious asset disposal programme and has disposed of several assets in recent years, but the bulk of the disposals are anticipated to be realised during 2016/2017 or later in the programme. The Council does also recognise Surplus assets within Property Plant & Equipment where assets are not in use but are not currently planned to be disposed of.

	2015/2016 £000	2014/2015 £000
Balance at start of the year	15,023	24,464
Assets newly classified as held for sale	(54)	(6,019)
Depreciation	(375)	(656)
Assets Sold	(13,027)	(3,018)
Revaluations	0	252
Balance at end of the year	<u>1,567</u>	<u>15,023</u>

OTHER NOTES TO BALANCE SHEET**Note 40 Long Term Debtors**

	2015/2016 £000	2014/2015 £000
Mortgages	1,584	1,479
Long Term Loans to Staff	10	17
Other Long Term Loans	1,548	1,478
Total Long Term Debtors	<u>3,142</u>	<u>2,974</u>

Note 41 Short Term Debtors

These represent sums owed to the Council for supplies and services provided before 31 March 2016 but not received at that date.

	2015/2016 £000	2014/2015 £000
Other Local Authorities	5,751	5,859
Government Departments	10,351	11,722
NHS Bodies	4,023	4,775
Business Rates and Local Taxation	12,136	13,656
Tenants	1,270	1,420
Sundry Debtors	28,366	24,670
Payments in Advance	5,670	8,799
Total Debtors	<u>67,567</u>	<u>70,901</u>
Less: provision for bad debts		
General Fund debtors	(6,582)	(6,797)
Housing Rent arrears	(1,075)	(1,108)
Council Tax arrears	(2,655)	(2,718)
NDR Arrears	(358)	(409)
Total Bad Debt provisions	<u>(10,670)</u>	<u>(11,032)</u>
Net Debtors	<u>56,897</u>	<u>59,869</u>

Note 42 Cash and Cash Equivalent

This consists of the bank accounts of locally managed schools and the rest of the council's cash and bank accounts (see note 44).

	2015/2016 £000	2014/2015 £000
Cash & Bank	2,917	(1,867)
Schools' bank accounts	16,568	16,088
	<u>19,485</u>	<u>14,221</u>

Note 43 Short Term Creditors

These represent sums owed by the Council for supplies and services received before 31 March 2016 but not paid for at that date, or provisions created in accordance with the accounting policies.

	2015/2016 £000	2014/2015 £000
Other Local Authorities	(3,667)	(749)
Government Departments	(6,638)	(8,472)
NHS Bodies	(2,422)	(3,987)
Business Rates and Local Taxation	(44)	(83)
Sundry Creditors	(56,486)	(62,753)
Receipts in Advance	(8,828)	(9,441)
Accumulated Absences	(5,151)	(6,803)
	<u>(83,236)</u>	<u>(92,288)</u>

Note 44 Bank Overdraft

There is no cash overdraft on the Council's main bank accounts at 31 March 2016 (overdrawn as at 31 March 2015 by £1.867 million). This is included in the cash and cash equivalent figures in note 42.

Note 45 Provisions

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

	Legal Claims £000	Insurance Claims £000	Business Rate Retention Scheme Appeals £000	Termination Benefits £000	Land Charges £000	Carbon Reduction £000	Other £000	Total £000
Balance at 1 April 2015	(954)	(913)	(1,693)	(302)	(517)	(88)	(43)	(4,510)
Additional provisions made in 2015/2016	(148)	(655)	(1,748)	(84)	0	88	0	(2,547)
Amounts Used in 2015/2016	0	241	1,693	302	371	0	0	2,607
Unused amounts reversed in 2015/2016	80	210	0	0	0	0	0	290
Balance at 31 March 2016	<u>(1,022)</u>	<u>(1,117)</u>	<u>(1,748)</u>	<u>(84)</u>	<u>(146)</u>	<u>0</u>	<u>(43)</u>	<u>(4,160)</u>

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 £1.022 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 2016/2017 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 2015/2016 is made up of 23 claims totalling £1.117 million. The provision levels are set in the following ways:

- Property Damage. The estimated cost of reinstatement (often supported by an independent contractors repair/replacement estimate) or the actual cost based on replacement/repair invoices presented.
- Personal Injury. Based on the insurers' own reserve calculation for the claim. Where insurers are not handling the claim, a 'flat' figure of £10,000 is used.

The 23 claims consisted of a mixture of Public and Employers Liability claims and own Property claims.

The Council self insures, with the Council meeting the first £0.100 million of each employers and public liability claim and between £0.100 million and £0.250 million for own property claims. There are other risks the Council does not insure against and examples of these include computer breakdown and loss of computer data, and employment practices. It is currently expected that all of these claims will be settled during 2016/2017.

Insurance claims where liability has yet to be established are detailed in note 58.

Termination Benefits

The Council is required to make a provision for termination benefits at the earlier of the following dates:

- when the Council can no longer withdraw an offer of termination benefits to an employee
- when the Council recognises costs for a restructuring (as defined by accounting guidelines) and involves the payment of termination benefits

As at 31 March 2016 the Council made a total provision of £0.084 million in respect of termination benefits for 4 employees. It is expected that all cases will be resolved during the first half of the 2016/2017 financial year.

Land Charges

Central Government instructed in July 2010 that as of August 2010, Local Authorities will no longer be allowed to charge a fee for personal searches of the local land charges register as charging a fee does not comply with the Environmental Information Regulations 2004. Where a fee has been charged from January 2005 (when the regulations came into effect) onwards, refunds may be liable, depending on each claims individual circumstances. Financial assistance in the form of a Central Government grant is intended to ease the burden of the potential liabilities that Wiltshire Council and other Local Authorities may incur. Wiltshire Council estimated the original liability to be £0.400 million but based on further information received in 2014/2015 this provision was been increased to £0.517 million. During 2015/2016 payments totalling £0.317 million were made, leaving a balance of £0.146 million. It is expected that these remaining claims will be resolved during 2016/2017.

Carbon Reduction

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. The scheme's introductory phase lasted until 31 March 2014 and Phase 2 commenced from 1 April 2014 and Wiltshire Council continues to be registered for this scheme.

The Council purchases a quantity of allowances at the start of each year based on estimated usage for the year. At the end of the year a further estimation is carried out as to whether or not the original purchase of allowances is likely to be sufficient. If it is estimated that the number of allowances purchased is less than the amount that will be required then the Council is required to create a provision in respect of the extra allowances it must purchase during the "buy to comply" window that opens in July. However, if the amount of allowances purchased is estimated to be more than those actually required then the balance is transferred to inventory (stock) on the balance sheet which can then be used in future years.

As at 31 March 2016 it is estimated that the Council purchased £0.089 million extra allowances than will be required in respect of 2015/2016. This balance of unused allowances has been carried forward under Inventories on the Balance Sheet. The actual amount required will not be known until July 2015 when the "buy to comply" window opens.

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 £3.568 million as at 31 March 2016. This liability however, is shared between Wiltshire Council (49%), Central Government (50%) and Wiltshire and Swindon Fire Authority (1%). The Council's share of this provision is therefore £1.748 million.

Other Provisions

All other provisions are individually insignificant and are expected to be used during 2016/2017.

Note 46 Borrowing

An analysis of loans by maturity is as follows:

	2015/2016 £000	2014/2015 £000
Short Term Borrowing		
Maturing within 1 year	(14,209)	(14,228)
Long Term Borrowing		
Maturing in 1 to 2 years	(10,000)	(12,000)
Maturing in 2 to 5 years	(26,810)	(22,810)
Maturing in 5 to 10 years	(48,123)	(42,000)
Maturing in more than 10 years	(252,915)	(263,058)
Total Maturing after 1 year	<u>(337,848)</u>	<u>(339,868)</u>
Total Borrowing	<u><u>(352,057)</u></u>	<u><u>(354,096)</u></u>

The total borrowing can be further analysed by lender category:

	2015/2016 £000	2014/2015 £000
Lenders		
Public Works Loans Board	(290,041)	(292,069)
Money Market	(62,016)	(62,027)
	<u>(352,057)</u>	<u>(354,096)</u>

Note 47 Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Note 8.

Reserve	Note	2015/2016 £000	2014/2015
General Fund		(12,206)	(12,147)
Earmarked Reserves	48	(26,377)	(27,837)
Housing Revenue Account Balance		(20,479)	(18,162)
Major Repairs Reserve	49	(9,115)	(10,956)
Usable Capital Receipts Reserve	50	(7,717)	(6,235)
Capital Grants and Contributions		(26,617)	(33,181)
Unapplied Account			
Total Usable Reserves		<u><u>(102,511)</u></u>	<u><u>(108,518)</u></u>

Note 48 Transfers to/ from Earmarked reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2015/2016.

Reserve	2014/2015	Movement	2015/2016
	£000	in 2015/2016	£000
PFI Reserve	(4,416)	112	(4,304)
Insurance Reserve	(3,315)	4	(3,311)
Locally Managed Schools' Balances - to be spent on educational services	(9,724)	1,088	(8,636)
Elections Reserve	(330)		(330)
Area Board Reserve	(191)	131	(60)
Revenue Grants Earmarked Reserve	(5,518)	(176)	(5,694)
Digital Inclusion	(183)		(183)
PFI Housing Scheme Earmarked Reserve	(3,092)	112	(2,980)
Transformation Reserve	(736)	736	0
Action 4 Wiltshire Reserve	(180)	15	(165)
Business Plan Priority Funding Reserve	(141)	141	0
Economic Development & Planning Reserve	(11)	(3)	(14)
Single voice of Customer Reserve		(700)	(700)
Total	(27,837)	1,460	(26,377)

Note 49 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.

	2015/2016	2014/2015
	£000	£000
Transfer to Capital	8,028	4,871
HRA Depreciation	(11,812)	(16,580)
Transfer to HRA	5,625	10,393
Movement in Year	1,841	(1,316)
Balance at 1 April	(10,956)	(9,640)
Balance at 31 March	(9,115)	(10,956)

Note 50 Usable Capital Receipts Reserve

	2015/2016		2014/2015
	£000	£000	£000
Amounts Receivable in year			
- disposal of land and buildings	(12,111)		(5,785)
- Other capital receipts - mortgages	(204)		(181)
- Other capital receipts	(254)		(449)
- Housing Pooled Capital Receipt	(790)		(722)
		(13,359)	(7,137)
Amounts applied to finance new capital investment in year			
- capital receipts utilised	11,087		11,315
- transfer to I&E equal to contribution to Housing Pooled Capital receipt	790		722
		11,877	12,037
Movement in Year		(1,482)	4,900
Balance at 1 April		(6,235)	(11,135)
Balance at 31 March		(7,717)	(6,235)

Note 51 Unusable Reserves

Reserve	Note	2015/2016		2014/2015	
		£000	£000	£000	£000
Revaluation Reserve	52	(175,666)		(194,500)	
Capital Adjustment Account	53	(333,853)		(332,816)	
Financial Instruments Adjustment Account		956		956	
Deferred capital receipts		(1,738)		(1,622)	
Pensions Reserve	54	543,446		617,189	
Collection Fund Adjustment Account		(1,678)		(1,696)	
Accumulated Absences Account		5,151		6,803	
Total Unusable Reserves		36,618		94,314	

Note 52 Revaluation Reserve

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

Revaluation Reserve	2015/2016		2014/2015	
	£000	£000	£000	£000
Revised balance at 1 April	(194,500)		(175,493)	
Upward revaluation of assets	(29,173)		(42,538)	
Downward revaluations not charged to surplus/ deficit on the provision of services	11,441		10,824	
Surplus or deficit on revaluation of non-current assets not posted to surplus/ deficit on the provision of services	(212,232)		(207,207)	
Difference between fair value depreciation and historic cost depreciation	10,724		7,401	
Accumulated gains on assets sold or scrapped	25,842		5,306	
Balance at 31 March	(175,666)		(194,500)	

Note 53 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.

	2015/2016	2014/2015
	£000	£000
Opening balance at 1 April	(332,816)	(350,356)
Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure account		
- charges for depreciation of non-current assets	33,599	44,240
- adjustment for additional depreciation re Foundation Schools		0
- charges for impairment/ revaluations of plant, property and equipment	15,211	25,127
- charges for impairment of investment properties		903
- gains in fair value on Investment properties	(393)	(1,176)
- movements in value on assets held for sale	0	220
- amortisation of intangible assets	1,596	1,446
- revenue expenditure funded from capital under statute	29,501	21,710
- disposals	44,067	16,899
	<hr/>	<hr/>
Adjusting amounts written out of Revaluation Reserve	(36,566)	(12,707)
	<hr/>	<hr/>
Net written out amount of the cost of non-current assets consumed in the year	(245,801)	(253,694)
	<hr/>	<hr/>
Capital financing applied in the year		
-Use of capital receipts reserve to finance new capital expenditure	(11,087)	(11,315)
-Use of major repairs reserve to finance new capital expenditure	(8,028)	(4,870)
-capital grants and contributions credited to the comprehensive income and expenditure statement applied to capital financing	(25,808)	(29,310)
-application of grants to capital financing from capital grants unapplied account	(24,103)	(15,685)
-statutory provision for the financing of capital investment charged against the general fund and HRA balances	(15,051)	(13,956)
-capital expenditure charged against the general fund and HRA balances	(3,975)	(3,986)
	<hr/>	<hr/>
Balance at 31 March	(333,853)	(332,816)

Note 54 Movement in Pension Surplus/ Deficit during the year

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

	Period ended 31 March 2016			Period ended 31 March 2015		
	Assets	Liabilities	Net (liability)/ asset	Assets	Liabilities	Net (liability)/ asset
	£000	£000	£000	£000	£000	£000
Fair value of employer assets	844,248		844,248	744,193		744,193
Present value of funded liabilities		(1,399,444)	(1,399,444)		(1,186,006)	(1,186,006)
Present value of unfunded liabilities		(61,993)	(61,993)		(57,929)	(57,929)
Opening Position	844,248	(1,461,437)	(617,189)	744,193	(1,243,935)	(499,742)
Service cost						
Current service cost*		(35,886)	(35,886)		(28,971)	(28,971)
Past service cost (including curtailments)		(258)	(258)		(301)	(301)
Effect of settlements	(6,072)	10,773	4,701	(1,366)	2,171	805
Total service cost	(6,072)	(25,371)	(31,443)	(1,366)	(27,101)	(28,467)
Net interest						
Interest income on plan assets	26,755		26,755	31,909		31,909
Interest cost on defined benefit obligation		(46,426)	(46,426)		(53,349)	(53,349)
Impact of asset ceiling on net interest	0	0	0	0	0	0
Total net interest	26,755	(46,426)	(19,671)	31,909	(53,349)	(21,440)
Total defined benefit cost recognised in Profit or (Loss)	20,683	(71,797)	(51,114)	30,543	(80,450)	(49,907)
Cashflows						
Plan participants' contributions	7,856	(7,856)	0	7,722	(7,722)	0
Employer contributions	28,311		28,311	27,186		27,186
Contributions in respect of unfunded benefits	3,668		3,668	3,711		3,711
Benefits paid	(40,889)	40,889	0	(40,698)	40,698	0
Unfunded benefits paid	(3,668)	3,668	0	(3,711)	3,711	0
Expected closing position	860,209	(1,496,533)	(636,324)	768,946	(1,287,698)	(518,752)
Remeasurements						
Change in demographic assumptions		0	0		0	0
Change in financial assumptions		125,546	125,546		(179,806)	(179,806)
Other experience		21,921	21,921		9,088	9,088
Return on assets excluding amounts included in net interest	(54,589)		(54,589)	72,903		72,903
Total remeasurements recognised in Other Comprehensive Income (OCI)	(54,589)	147,467	92,878	72,903	(170,718)	(97,815)
Effect of business combination and disposals	0	0	0	2,399	(3,021)	(622)
Fair value of employer assets	805,620		805,620	844,248		844,248
Present value of funded liabilities		(1,293,695)	(1,293,695)		(1,399,444)	(1,399,444)
Present value of unfunded liabilities		(55,371)	(55,371)		(61,993)	(61,993)
Closing position	805,620	(1,349,066)	(543,446)	844,248	(1,461,437)	(617,189)

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

NOTES TO THE CASHFLOW STATEMENT**Note 55 Cash Flow Operating Activities**

The cash flows for operating activities include the following items:

	2015/2016 £000	2014/2015 £000
Interest Received	(950)	(811)
Interest Payable	13,196	13,407

Note 56 Cash Flow Investing Activities

	2015/2016 £000	2014/2015 £000
Purchase of Property, plant and equipment, investment property and intangible assets	77,473	64,990
Investments - Purchase of and deposits made	544,398	706,089
Investments - Sale of and returning of deposits made	(564,802)	(738,047)
Proceeds from sale of property, plant and equipment, investment property and intangible assets	(13,271)	(7,220)
Other receipts from investing activities	(43,347)	(54,330)
Net Cash flows from investing activities	451	(28,518)

Note 57 Cash Flow Financing Activities

	2015/2016 £000	2014/2015 £000
Cash Receipts of short and long term borrowing	(20,437)	12,043
Net cash flows from financing activities	(20,437)	12,043

OTHER NOTES**Note 58 Contingent Liabilities**

The Council is required to show an estimate of future costs that may occur that are not currently reflected in the accounts. The estimate of the costs is a contingent liability. The council has identified the following contingent liability at 31 March 2016:

Insurance Claims

As at 31 March 2016 there are 33 insurance claims where liability has yet to be established. The estimated value of these claims should the Council be found liable in every instance is £1.141 million

Note 59 Contingent Assets

A Contingent Asset is defined as a possible asset that arises from a past event and whose existence will be confirmed only by the occurrence of one or more future events not wholly within the Council's control. This is not recognised in the Comprehensive Income and Expenditure Statement or Balance Sheet because prudence cautions that the gain might never be realised.

The council has identified no contingent assets at 31 March 2016.

Note 60 Pension Schemes Accounted for as defined contribution Schemes**Teachers pension scheme**

In 2015/2016 the Council paid £16.22 million to the Department for Education and Skills in respect of teachers' pension costs which represent 14.1% of teachers' pensionable pay. In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2015/2016 these amounted to £2.45 million.

Note 61 Defined benefit Pension Schemes**Participation in Pensions Schemes**

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

The Council participates in two pension schemes:

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

Liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, on an actuarial basis using the projected unit method based on the full actuarial valuation of the fund carried at 31 March 2013.

Pension costs have been charged to the Comprehensive Income and Expenditure Statement on the basis required by IAS 19, contributions payable to the Wiltshire Council pension scheme are based on a 2013 actuarial valuation report dated 31 March 2016. These IAS 19 amounts are then reversed out by a contribution to/from the Pensions reserve, so that they have no impact on the Council Tax.

Assets and liabilities in relation to Retirement Benefits

The underlying assets and liabilities for the retirement benefits attributable to the Council as at 31 March 2016 are as follows:

Local Government Pension Scheme	31 March 2016	31 March 2015
	£000	£000
Fair Value of Employer Assets	805,620	844,248
Present Value of Funded Liabilities	(1,293,695)	(1,399,444)
Net (Under)/Overfunding in Funded Plans	(488,075)	(555,196)
Present value of Unfunded Liabilities	(55,371)	(61,993)
Net Asset/(Liability)	(543,446)	(617,189)
Amount on balance sheet		
Asset	805,620	844,248
Liability	(1,349,066)	(1,461,437)
Liability Amount in Balance Sheet	(543,446)	(617,189)

A more detailed breakdown is included in note 54.

Information about the defined benefit obligation

	Liability split		Duration
	£000	%	
Active members	557,692	43.1	24.7
Deferred members	259,286	20.0	23.1
Pensioner members	476,717	36.9	12.1
Total	1,293,695	100.0	18.3

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

Pension Assumptions**Financial Assumptions**

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

Assumptions as at Year Ended:	31 March 2016 % per annum	31 March 2015 % per annum
Pension Increase Rate	2.2%	2.4%
Salary Increase Rate	4.2%	4.3%
Discount Rate	3.5%	3.2%

Assumptions on Mortality Rates

Life expectancies are based on the PFA92 and PMA92 tables are projected as follows:

	Males	Females
Current Pensioners	22.3 years	24.5 years
Future Pensioners	24.1 years	26.9 years

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

Year Ended	Prospective Pensioners	Pensioners
31 March 2014	CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.	CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25%

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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 2016				31 March 2015			
	Quoted Prices in Active Markets £000	Prices not quoted in Active Markets £000	Total £000	%	Quoted Prices in Active Markets £000	Prices not quoted in Active Markets £000	Total £000	%
Equity Securities:								
Consumer	21,668	0	21,668	3%	19,725	0	19,725	2%
Manufacturing	12,709	0	12,709	2%	13,688	0	13,688	2%
Financial Institutions	4,543	0	4,543	1%	3,620	0	3,620	1%
Health & Care	5,578	3	5,581	1%	6,165	60	6,225	1%
Information Technology	99,603	0	99,603	12%	87,038	0	87,038	10%
Other	3,343	0	3,343	0%	5,502	0	5,502	1%
Debt Securities:								
Corporate Bonds (investment grade)	0	0	0	0%	1,191	67,260	68,451	8%
Corporate Bonds (non investment grade)	0	0	0	0%	0	2,226	2,226	0%
UK Government	0	0	0	0%	0	3,282	3,282	0%
Other	0	0	0	0%	15	12,217	12,232	1%
Real Estate:								
UK Property	0	99,106	99,106	12%	10,861	74,134	84,995	10%
Overseas Property	0	2,660	2,660	0%	0	4,421	4,421	1%
Investment Funds & Unit Trusts:								
Equities	0	345,996	345,996	43%	0	374,821	374,821	44%
Bonds	0	131,214	131,214	16%	0	52,544	52,544	6%
Hedge Funds	0	0	0	0%	0	16,262	16,262	2%
Commodities	0	6,800	6,800	1%				
Infrastructure	0	64,609	64,609	8%	0	4,383	4,383	1%
Other	0	4,832	4,832	1%	58,319	6,607	64,926	8%
Derivatives:								
Foreign Exchange	0	0	0	0%	(220)	0	(220)	0%
Other	0	0	0	0%	0	0	0	0%
Cash & Cash Equivalents								
All	2,956	0	2,956	0%	20,119	8	20,127	2%
Total	150,400	655,220	805,620	100%	226,023	618,225	844,248	100%

Projected defined benefit costs for the period to 31 March 2017

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

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

Period Ended 31 March 2016	Assets £000	Obligations £000	Net (Liability)/Asset £000 % of Payroll	
Projected Current Service Cost	0	30,817	(30,817)	(25.1%)
Total Service Costs	0	30,817	(30,817)	(25.1%)
Interest Income on Plan Assets	28,816	0	28,816	23.4%
Interest Cost on Defined Benefit Obligation	0	47,825	(47,825)	(38.9%)
Total Net Interest Cost	28,816	47,825	(19,009)	(15.5%)
Total included in Profit or Loss	28,816	78,642	(49,826)	(40.6%)

Sensitivity Analysis

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

Change in Assumptions as at 31 March 2016	Approximate % increase to Employer	Approximate monetary amount (£)
0.5% decrease in Real Discount Rate	10%	132,225
1 year increase in member life expectancy	3%	40,472
0.5% increase in the Salary Increase Rate	3%	34,308
0.5% increase in the Pension Increase Rate	7%	96,382

Further information can be found in the Wiltshire Pension Fund annual report 2015/2016 which is available on request. Requests for this report, or any other queries arising from the Wiltshire Pension Fund Accounts, should be addressed to the Associate Director, Finance, Wiltshire Council, County Hall, Bythesea Road, Trowbridge, BA14 8JN.

Note 62 Nature and Extent of risks arising from Financial Instruments**Risk**

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.

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 contracts with a treasury adviser, regularly reviewing credit ratings of potential organisations and their respective country's ratings incorporating all three main credit rating agencies, together with other 'tools' used to assess the credit quality of institutions such as credit default swaps. The Council uses this information to assess institutions with which it may place deposits or from which it may borrow, including interest rate forecasts for both borrowing and investment, together with setting a 'benchmark' borrowing rate. The Council's investment policy is 'aimed' at the prudent investment of surplus cash balances to optimise returns whilst, first, ensuring the security of capital and liquidity of investments. However, the Council, like any other organisation, can be exposed to financial risk. Examples of the main risks are shown below.

Credit Risk

The credit risk that counterparties are unable to repay investments could impinge on the Council's ability to meet its financial liabilities. Investment counterparty risk is controlled by the use of appropriate criteria to assess and monitor credit risk. The Council has an established and regularly updated lending list, which categorises counterparties according to country, type, sector, maximum investment (individually and as a group) and the maximum duration of the investment.

Liquidity Risk

Liquidity Risk arises due to the uncertainty of liquidity in the market within which the Council "deals" and the Council's own liquidity position. The Council maintains a maturity analysis of financial assets and liabilities within its treasury management system and regularly monitors the maturity of assets and liabilities.

Market Risk

Market Risk is the risk that the value of the Council's investments decrease due to market factors, such as interest rate risk (changes in the level of interest rates). Within the context of the financial instruments that the Council currently holds, it does not have significant exposure to equity risk (changes in share prices), currency risk (foreign exchange rate movements) and commodity risk (changes in the price of e.g. grain, metals etc.).

The Council's strategies take account of the forecast movement in interest rates and allow sufficient flexibility to vary the strategy if movements in interest rates are not in line with forecasts.

Refinancing Risk

Refinancing risk is the risk that the Council cannot, when required (e.g. to finance the Capital Programme), refinance by borrowing to repay existing debt because of the prohibitive rates for refinancing a loan. The majority of the Authority's borrowing is undertaken through the Public Works Loans Board (PWLB), a Government organisation that lends to local authorities. Information, including regular updates, provided by treasury advisers enables the Council to manage and monitor forecast borrowing rates and to support decisions in respect of the restructuring of loans.

Exposure to Risk - Summary Data

Credit Risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after the application of this initial criteria. Details of the Investment Strategy can be found on the Council's website.

This Council uses the creditworthiness service provided by Capita Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, 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 2015/2016 was approved by Full Council on 23 February 2016 and is available on the Council's website.

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

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £22.5 million (all short term investments) 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 Authority's deposits, but there was no evidence at the 31 March 2016 that this was likely to crystallise.

The following table shows the percentage of Investments by country, Sovereign rating and credit rating category (based on Fitch Credit Ratings), the diversification of the Council's investments and the maximum invested with an individual borrower by country and within each credit rating category.

Country	Sovereign Rating	Credit Rating Category	Type of Institution	Duration	Investment Held %	maximum invested with Single Counterparty %
N/A	N/A	AAA - £15m	Money Market Fund	0-2 yrs	64.02	64.02
N/A	N/A	AAA - £15m	Money Market Fund	0-2 yrs	0.01	0.01
Sweden	AAA	F1+/AA- - £8m	Overseas Banks	0-1 yr	0.07	0.07
Germany	AAA	F1/A - £8m	Overseas Banks	6 Months	35.77	35.77
Iceland	No Rating	No Rating	Overseas Banks	N/A	0.13	0.13
					100.00	

The credit ratings in the above table are those that were applicable on 31 March 2016. The outstanding investments shown include a small percentage held in an escrow account in Iceland, awaiting release dependent upon the timing of the relaxation/cessation of capital controls preventing its release.

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 and bonds.

Investments in money market funds make up 64% of the Council's total outstanding investments at 31 March 2016 and the balance of 36% are invested overseas. Any institutions, which, after 31 March 2016, no longer fall within the minimum investment criteria laid down in the Council's Annual Investment Strategy have subsequently been removed and any outstanding investments terminated at the earliest opportunity.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2016	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2016 %	Estimated maximum exposure to default and uncollectability	Estimated maximum exposure at 31 March 2016
	A	B	C	(A x C)	
Deposits with banks and financial institutions	27,438,448	0	0	0	0
Bonds	0	0	0	0	0
Debtors	0	0	0	0	0

No credit limits were exceeded during the reporting period.

The Council does not normally allow credit for customers.

Collateral - During the reporting period, 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 the Council will be unable to raise finance to meet its commitments under financial instruments.

At 31 March 2016 Wiltshire Council had a mixture of PWLB and market loans outstanding. The balance sheet gives details of the split between loans payable within one year and the spread of longer term loans (loans that are outstanding for more than one year). The following table shows the detailed maturity analysis of debt outstanding at the Balance Sheet date and the average rate of interest. The table shows that, including the PWLB loans taken out for the HRA Self Financing Settlement, the overall average interest rate is 3.769%.

31 March 2016 Term of Loan	Market Loans (at the effective interest rate)	PWLB Loans (including Accrued Interest)	Total Amount Outstanding (including Accrued Interest)	Average Rate of Interest	Percentage of Total Loans	Temporary Loans	Soft Loan
Within 1 Year	667,312	13,541,598	14,208,910	3.695%	4.0%	20,000,000	2,472,500
Between 1 and 2 Years	0	10,000,000	10,000,000	4.020%	2.8%	0	0
Between 2 and 5 Years	0	26,810,000	26,810,000	1.754%	7.6%	0	0
Between 6 and 10 Years	0	48,123,038	48,123,038	2.913%	13.7%	0	0
Between 11 and 15 Years	0	49,000,000	49,000,000	3.641%	13.9%	0	0
More than 15 Years	61,348,728	142,566,144	203,914,872	4.258%	58.0%	0	0
	62,016,040	290,040,780	352,056,820	3.769%	100.0%	20,000,000	2,472,500

31 March 2015 Term of Loan	Market Loans (at the effective interest rate)	PWLB Loans (including Accrued Interest)	Total Amount Outstanding (including Accrued Interest)	Average Rate of Interest	Percentage of Total Loans	Temporary Loans	Soft Loan
Within 1 Year	656,329	13,571,627	14,227,956	3.375%	4.0%	0	0
Between 1 and 2 Years	0	12,000,000	12,000,000	3.695%	3.4%	0	0
Between 2 and 5 Years	0	22,810,000	22,810,000	2.831%	6.4%	0	0
Between 6 and 10 Years	0	42,000,000	42,000,000	2.839%	11.9%	0	0
Between 11 and 15 Years	0	49,123,038	49,123,038	3.395%	13.9%	0	0
More than 15 Years	61,370,431	152,564,281	213,934,712	4.276%	60.4%	0	0
	62,026,760	292,068,946	354,095,706	3.837%	100.0%	0	0

Market loans are Lender Option Borrower Option (LOBO) loans, which give the lender the option at certain dates to vary the interest rate, at which point the Council may choose to accept the new rate of interest or repay the loan and if necessary refinance the loan, the aim being to refinance the loan at a more favourable rate of interest. LOBOs are included within the period that reflects the contracted maturity date (as opposed to the option date) in accordance with the Statement of Recommended Practice (SORP). On this basis all LOBOs fall within the "More than 15 Years" maturity period. Any accrued interest is shown as payable within one year, as per the SORP.

The soft loan, for the sum of £2,472,500, shown in 2015-16 relates to a loan, payable within one year, the Council received, at an interest rate (in this case 0%), which is below prevailing market rates and rates that the Council could borrow at, at the balance sheet date. The loan was provided by South West Local Enterprise Partnership under the Growing Places Revolving Infrastructure Fund, which provides capital funding to improve the timing of infrastructure delivery. The funds have been drawn down at various stages between March 2013 and December 2015 for capital development associated with phase two of Castledown Business Park at Tidworth Road Ludgershall. As at 31 March 2016, when the soft loan was initially recognised, a gain is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will not be incurred over the life of the instrument, resulting in a higher amortised cost than the outstanding principal. Interest is debited at the higher (than the rate payable to the SWLEP - 0%) effective rate of interest, as the amounts of interest debited and the notional gain in 2015-16 are the same, the amortised cost of the loan remains the same in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest payable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account.

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's 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
- 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 (approved by Council in the Treasury Management Strategy):

	Approved Minimum Limits		Approved Maximum Limits		Actual 31 March 2016		Actual 31 March 2015	
					£000s	%	£000s	%
Less than 1 Year	0%	15%	14,228.0	3.4%	14,228.0	4.0%		
Between 1 and 2 Years	0%	15%	10,000.0	2.9%	12,000.0	3.4%		
Between 2 and 5 Years	0%	45%	26,810.0	7.7%	22,810.0	6.4%		
Between 5 and 10 Years	0%	75%	48,123.0	13.8%	42,000.0	11.9%		
More than 10 Years	0%	100%	252,914.8	72.2%	263,057.7	74.3%		
			352,075.8	100.0%	354,095.7	100.0%		

The Council's policy is to limit the amount of long term loans maturing in any one financial year to a maximum of 15%. Currently the maximum is 4.2% (£14.810 million (£10 million General Fund and £4.810 million HRA) in 2018-19).

The total value of loans has decreased in 2015/16. This mainly reflects the maturity of a £2 million PWLB loan during the financial year, which was not refinanced.

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
- 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, subject to influences from Government grants (i.e. HRA). 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 the 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.

Wiltshire Council is mainly exposed to interest rate risk (in terms of financial instruments, the Council has little or no exposure to equity risk, currency risk or commodity risk). At 31 March 2016 the Council held £22.5 million in short term investments and £4.9 million in an overnight treasury account classified as and shown within cash and cash equivalents (including accrued interest), at various interest rates.

Where interest rates decrease at a time when the Council has cash "tied up" in short term investments there is an opportunity benefit, which reflects the benefit that has been gained because the Council has been able to invest at the higher rate of interest. If interest rates had been below rates obtained on the investments outstanding at 31 March 2016 and the investments had matured prior to that date, interest taken to the Comprehensive Income and Expenditure Statement could have been less than the interest actually credited to the account. Of course, the opposite could have been true if interest rates had risen.

The fair value of the Council's short term investments has been calculated using market rates at 31 March 2016. This valuation is not significantly different from the carrying amount of the investments in the accounts.

The average interest rate receivable on all short term investments held at 31st March 2016 was 0.56%. If the average rate of interest had increased by 0.50% one month prior to 31st March 2016, the additional interest that could have been credited to the Comprehensive Income and Expenditure Statement and the Council would have

been £10,000 "better off" than if the funds were invested at the lower rate. With the benefit of hindsight, market conditions at the balance sheet date indicate that interest rates didn't fluctuate significantly between the issue dates of the investments and 31 March 2016.

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

Foreign exchange risk - Under normal circumstances, the Council has no financial assets or liabilities denominated in foreign currencies and, therefore, has no exposure to loss arising from (adverse) movements in exchange rates. However, the Council currently has foreign exchange exposure relating to a small part of the first repayment from the Icelandic bank, Landsbanki Winding-up Board, which was paid in Icelandic Kroner (ISK) and is being held in an interest bearing escrow account in Iceland, due to continuing currency controls preventing the release of the funds. The value of the deposit at 31 March 2016 was £28,865.29, including accrued interest. Under the International Accounting Standard 21 (IAS 21), the amount held has been translated using the exchange rate as at 31 March 2016 in accordance with rates quoted by the Icelandic Central Bank and, due to the movement in the exchange rate, a small exchange gain of £3,421.57 has been recognised in the Comprehensive Income and Expenditure Statement.

Note 63 Fair Value

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost (in long term assets/liabilities with accrued interest in current assets/liabilities). 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 and other loans payable, borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. As the Debt Management Office provides a transparent approach allowing the exit cost to be calculated without undertaking a repayment or transfer it is appropriate to disclose the exit price. As an alternative, we have assessed the cost of taking a new loan at PWLB new loan rates applicable to existing loans on the Balance Sheet date (which could be viewed as a proxy for transfer value)
- for non-PWLB loans payable, prevailing market rates have been applied to provide the fair value
- for loans receivable prevailing benchmark market rates have been used to provide the fair value
- no early repayment or impairment is recognised
- where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount
- the fair value of trade and other receivables is taken to be the invoiced or billed amount

All the financial assets are classed as Loans and Receivables and held with Money Market Funds and Notice Accounts. The financial liabilities are held with PWLB and Market lenders. All of these investments and borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, we have used a financial model valuation provided by Capita Asset Services. This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses New Borrowing Rates to discount the future cash flows

The fair values, based on new borrowing rates, are compared with the carrying amounts in the following table:

Financial Liabilities	31 March 2016		31 March 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long Term Loans:				
Market Loans	62,016,040	80,499,130	62,026,760	78,347,114
PWLB Loans	290,040,780	332,382,257	292,068,946	332,388,840
		0	0	0
Total Long Term Loans	352,056,820	412,881,387	354,095,706	410,735,954
Temporary Loans	20,000,000	20,003,823	0	0
Soft Loan	2,472,500	2,442,505	0	0
Total Loans Value	374,529,320	435,327,715	354,095,706	410,735,954
Short Term Creditors	0	0	0	0
Short Term Finance Leases	0	0	0	0
Long Term Creditors	0	0	0	0
Long Term Finance Leases	0	0	0	0

The fair values at 31 March 2016, based on the alternative premature repayment borrowing rates (provided by Capita Asset Services) are shown in the following table:

Financial Liabilities	31 March 2016	
	Carrying Amount	Fair Value
Long Term Loans:		
Market Loans	62,016,040	100,651,783
PWLB Loans* (see below)	290,040,780	373,718,879
Total Long Term Loans	352,056,820	474,370,662
Temporary Loans	20,000,000	20,005,864
Soft Loan	2,472,500	2,467,361
Total Loans Value	374,529,320	496,843,887
Short Term Creditors	0	0
Short Term Finance Leases	0	0
Long Term Creditors	0	0
Long Term Finance Leases	0	0

The fair value of loans outstanding, provided by PWLB, based on a premature repayment rate, is £373,702,304.

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, currently, shows a notional future loss (based on economic conditions at 31 March 2016) arising from a commitment to pay interest to lenders above current market rates.

However, the authority 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 authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the premature repayment borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £290,040,780 would be valued at £373,718,879. But, if the authority 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 £83,255,732

Financial Assets	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Loans and Receivables:				
Long Term Investments	0	0	0	0
Short term Investments	22,538,427	22,540,357	42,927,267	42,944,689
Cash and Cash Equivalents	4,900,020	4,900,020	0	0
Total Loans and Receivables	27,438,447	27,440,377	42,927,267	42,944,689
Short Term Debtors	0	0	0	0
Long Term Debtors	0	0	0	0
Total Financial Assets	27,438,447	27,440,377	42,927,267	42,944,689

The fair value of the assets is slightly higher than the carrying amount because the Council's portfolio of investments includes a fixed rate deposit where the interest rate receivable is higher than the comparable rates available for similar deposits in the market at the balance sheet date.

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

The effect on the fair value of a 1% increase in market interest rates would be:

Financial Liabilities	31 March 2016		31 March 2015	
	Carrying Amount	Fair Value (at Discount/Market Rate plus 1%)	Carrying Amount	Fair Value (at Discount/Market Rate plus 1%)
Long Term Loans:				
Market Loans	62,016,040	65,674,812	62,026,760	63,933,849
PWLB Loans	290,040,780	296,161,438	292,068,946	295,199,736
Total Long Term Loans	352,056,820	361,836,250	354,095,706	359,133,585
Temporary Loans	20,000,000	19,994,646	0	0
Soft Loans	2,472,500	2,418,617	0	0
Total Loans Value	374,529,320	384,249,513	354,095,706	359,133,585
Short Term Creditors	0	0	0	0
Short Term Finance Leases	0	0	0	0
Long Term Creditors	0	0	0	0
Long Term Finance Leases	0	0	0	0
Total Financial Liabilities	374,529,320	384,249,513	354,095,706	359,133,585
Loans and Receivables:				
Long Term Investments	0	0	0	0
Short term Investments	22,538,427	22,537,728	42,927,267	42,871,411
Cash and Cash Equivalents	4,900,020	4,900,020	0	0
Total Loans and Receivables	27,438,447	27,437,748	42,927,267	42,871,411
Short Term Debtors	0	0	0	0
Long Term Debtors	0	0	0	0
Total Financial Assets	27,438,447	27,437,748	42,927,267	42,871,411

In terms of loans, this results in a lower fair value because of the effect on premiums and discounts that would be payable/receivable as a result of the early repayment of debt (i.e. at 31 March 2016). Where there is an increase in the discount rates this will increase discounts receivable and reduce premiums payable on early repayment of loans.

Note 64 Fair Value of Non current Assets

This new note is being prepared with the valuer and will be updated when complete.

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	2015/2016		2014/2015	
		£000	£000	£000	£000
Income					
Rents (gross):					
- dwellings		(25,021)		(24,555)	
- garages		(333)		(324)	
- other		(214)	(25,568)	(186)	(25,065)
Charges for services and facilities			(605)		(601)
Total Income			(26,173)		(25,666)
Expenditure					
Repairs and Maintenance			6,138		6,124
Supervision and Management:					
- general		2,544		2,778	
- special services		1,082	3,626	1,310	4,088
Rent rebates			0		0
Negative Subsidy payment to Secretary of State			0		0
Increased provision for bad debts			96		132
Depreciation & Impairments of Fixed Assets					
- On dwellings	3	11,612		16,380	
- On garages	3	148		148	
- On other Assets	3	52		52	
			11,812		16,580
Total Expenditure			21,672		26,924
Net Cost Of Services per Income & Expenditure Account			(4,501)		1,258
HRA Services share of Corporate and Democratic Core			321		321
Net Cost Of HRA Services			(4,180)		1,579
(Gain)/Loss on sale of HRA fixed assets			(886)		(1,482)
Interest Payable			3,673		3,673
Interest:					
- on mortgages		(54)		(47)	
- on balances		(110)	(164)	(89)	(136)
(Surplus)/Deficit for the Year on HRA services			(1,557)		3,634

Statement of Movement on the HRA Balances

	2015/2016 £000	2014/2015 £000
Balance on HRA at the end of previous year	(18,162)	(16,896)
(Surplus)/ Deficit for year on HRA Income and Expenditure Account	(1,557)	3,634
Adjustments between accounting basis and funding basis under statute	(760)	(4,900)
Net (increase)/decrease before transfers to/ from reserves	(2,317)	(1,266)
Transfer to/ from reserves	0	0
Net (increase)/decrease in year on HRA	(2,317)	(1,266)
Balance on HRA at the end of current year	(20,479)	(18,162)

Note to Statement of Movement on the HRA Balances

	2015/2016 £000	2014/2015 £000
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA balance for the year		
Gain/(Loss) on sale of HRA fixed assets	885	1,482
Items not included in the HRA Income and Expenditure Account but included from the movement on HRA balance for the year		
Transfer to/from Major Repairs Reserve note 5	(5,625)	(10,393)
Transfer to/from Pension Reserve note 6	12	39
Transfer to/from accumulated absences	(7)	(3)
Revenue Contributions to Capital Expenditure	3,975	3,975
Net Additional amount required by statute to be credited to the HRA balance for the year	(760)	(4,900)

Housing Revenue Account Notes

1 Housing Stock

Houses and Bungalows	31 March 2016	31 March 2015
- 1 bedroom	278	278
- 2 bedrooms	1,430	1,434
- 3 bedrooms	1,772	1,789
- 4+ bedrooms	141	143
Flats		
- 1 bedroom	918	918
- 2 bedrooms	692	694
- 3+ bedrooms	68	68
Total dwellings as at 31 March	5,299	5,324

The council sold 25 houses during 2015/2016 under the right to buy scheme (RTB), for which the council received a total before pooling of £1,875,200 as capital receipts.

The figures above do not include the PFI housing units recently brought on stream. Further information on these PFI dwellings is found in the PFI note.

2 Arrears

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

	31 March 2016 £000	31 March 2015 £000
Rent arrears	1,132	1,167
less rent payments in advance	(500)	(437)
less bad debt provision	(1,075)	(1,108)
Net arrears position	(443)	(378)

3 Movement of Housing Revenue Account Assets

	Council Dwellings (Structures) £000	Council Dwellings (Services) £000	Council Dwellings (Land) £000	Other Property (Garages) £000	Other Equipment £000	Total £000
Net Book Value 1 April 2015	128,966	24,991	78,178	3,564	199	235,898
Additions in Year	6,082	4,273	1,199			11,554
Disposals	(1,257)					(1,257)
Revaluations	4,559	2,765	1,353			8,677
Depreciation	(5,364)	(6,248)		(148)	(52)	(11,812)
Category Adjustments	166					166
Balance at 31 March 2016	133,152	25,781	80,730	3,416	147	243,226

The Balance Sheet value of Council Dwellings (structures, services and land) as at 31 March 2016 was £239,663,437. 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 of the properties at 31 March 2016 was £773,107,868. This represents the value of the houses if the property were sold without a secured tenant continuing in the property. Therefore it could be rented out at market rent so has a higher value. This figure has been discounted by a factor of 31% to get the Existing use value - social housing.

The difference between the Vacant Possession value and the Balance Sheet value of dwellings within the HRA shows the Economic Cost of providing Council Housing at less than open market rents. The Economic Cost of the properties at 31 March 2016 was £533,444,431.

The value of land valued in the HRA which is included in the balance sheet value of the council dwellings is £80,729,633.

4 Financing of HRA capital expenditure

	2015/2016 £000
Revenue and Reserves	3,975
Other receipts (MRR)	9,859
	13,834
Council Dwellings (Structures and Services)	11,554
Plant & Equipment	0
Asset under Construction	2,280
	13,834

5 Major Repairs Reserve

	2015/2016 £000	2014/2015 £000
Brought forward at 1 April	(9,640)	(5,694)
Transfer to Capital	8,028	2,242
HRA Depreciation	(11,812)	(12,760)
Transfer to HRA	5,625	6,572
Carried forward at 31 March	<u>(7,799)</u>	<u>(9,640)</u>

6 Contribution to Pension Reserve

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

The Collection Fund

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

NOTE	Non-Domestic			Non-Domestic		
	Rates 2014/2015	Council Tax 2014/2015	Total 2014/2015 £000	Rates 2013/2014	Council Tax 2013/2014	Total 2013/2014 £000
Income						
Council Tax		(268,120)	(268,120)		(262,181)	(262,181)
Non-Domestic Rates	(142,729)		(142,729)	(138,888)		(138,888)
Transferred from General Fund						
Transitional Relief	985		985	(362)	(6)	(368)
	<u>(141,794)</u>	<u>(268,120)</u>	<u>(409,914)</u>	<u>(139,255)</u>	<u>(262,187)</u>	<u>(401,442)</u>
Disbursement						
Precepts and Demands						
- Wiltshire Council	68,532	208,843		69,573	204,555	
- Police		28,015		0	26,927	
- Fire	1,399	11,084		1,420	10,646	
- Town/Parish Councils		14,206		0	13,474	
- Central Government	69,981			70,993	0	
			402,010			397,588
Share of surplus/(deficit) on Collection Fund						
- Wiltshire Council	(555)	4,647		(2,658)	2,966	
- Police		612		0	383	
- Fire	(11)	242		(54)	151	
- Central Government	(566)			(2,713)	0	
			4,369			3,500
Cost of collection allowance	622			616		
Provision for Bad Debts	(105)	(78)		(92)	156	
Write offs	1,124	764		1,236	549	
Appeals	112			376		
Other transfers to general fund	923			1,048		
Interest on overpayments	38			64		
			3,400			3,953
Funds surplus/(deficit) for the year	350	(215)	135	(554)	2,380	1,826
	<u>141,794</u>	<u>268,120</u>	<u>409,914</u>	<u>139,255</u>	<u>262,187</u>	<u>406,867</u>
Fund Balance						
	Non-Domestic		Total	Non-Domestic		Total
	Rates	Council Tax		Rates	Council Tax	
Fund balance of	8,443	(6,915)	1,528	7,889	(4,535)	3,354
(Surplus)/deficit for year	(350)	215	(135)	554	(2,380)	(1,826)
Fund balance of	<u>8,093</u>	<u>(6,700)</u>	<u>1,393</u>	<u>8,443</u>	<u>(6,915)</u>	<u>1,528</u>

Notes to the Collection Fund

1 Council Tax

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

The average amount of Council Tax required from a property in any tax band is the band D charge, average for Wiltshire Council was £1,534.45 for 2015/2016 multiplied by the ratio specified for that band. Ratios specified for the bands A to H are as follows:

Band	Estimated No. of Taxable Properties after discounts	Band D Equivalent Dwellings	Ratio
Band A Disabled	27	15	5/9
Band A	13,535	9,023	6/9
	13,562	9,038	
Band B	27,618	21,481	7/9
Band C	40,318	35,838	8/9
Band D	30,927	30,927	9/9
Band E	24,320	29,725	11/9
Band F	15,035	21,717	13/9
Band G	9,684	16,140	15/9
Band H	1,115	2,229	18/9
		167,095	
		3,748	
		<u>170,843</u>	

Adjustment for MOD contribution in lieu, new properties, & collection rate

Council Tax Base 2015/2016

2 National Non-Domestic Rates

The total non-domestic rateable value at 31 March 2016 was £368,870,595. The national non domestic multiplier for the year was 49.3p and the small business rates relief multiplier was 48.0p.

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. This is the first year the Non-Domestic Rates have been treated in this way.

	Non-domestic Rates 31/03/2015 £000	Council Tax 31/03/2015 £000	Total 31/03/2015 £000	Non-domestic Rates 31/03/2015 £000	Council Tax 31/03/2015 £000	Total 31/03/2015 £000
Wiltshire Council	3,966	(5,643)	(1,677)	4,137	(5,833)	(1,696)
Police	0	(757)	(757)	0	(775)	(775)
Fire	81	(300)	(219)	84	(307)	(223)
Central Government	4,046	0	4,046	4,222	0	4,222
	<u>8,093</u>	<u>(6,700)</u>	<u>1,393</u>	<u>8,443</u>	<u>(6,915)</u>	<u>1,528</u>

Glossary

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

Accruals

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

Amortisation

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

Assets

These can be either:

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

Balance Sheet

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

Best Value

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

Budget

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

Capital Expenditure

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

Capital Receipts

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

Cashflow Statement

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

CIPFA

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

Code of Practice

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

Comprehensive Income and Expenditure Statement (CI&ES)

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

Creditors

Money owed by the Council to others.

Debtors

Money owed to the Council by others.

Dedicated Schools Grant (DSG)

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

Depreciation

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

Employee Costs

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

Exceptional Items

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

Extraordinary Items

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

General Fund

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

Government Grants

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

Government Grants Deferred

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

Gross Expenditure

Expenditure before deducting any related income.

Housing Revenue Account (HRA)

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

Impairment

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

IFRSs

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

Leases

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

Liabilities

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

Long Term Contracts

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

Minimum Revenue Provision (MRP)

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

Major Repairs Allowance (MRA)

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

Net Expenditure

Gross expenditure less directly related income.

Non-Domestic Rates (NDR)

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

Precept

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

Preceptor

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

Private Financing Initiative (PFI)

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

Provision for Credit Liabilities (PCL)

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

Provisions

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

Rateable Value

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

Reserves

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

Revaluation Reserve

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

Revenue Expenditure

Day to day running costs of services.

Revenue Income

Day to day income received for services.

Revenue Support Grant

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

Running Expenses

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

Service Reporting Code of Practice (SeRCOP)

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

Usable Capital Receipts Reserve

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

Useful Life

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

Value Added Tax (VAT)

An indirect tax levied on vatable goods and services.