

***Contents of the 2004-05 Statement of Accounts***

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## Explanatory Foreword

This Statement of Accounts is produced by the County Treasurer and contains the County Council's accounts for the financial year ended 31 March 2005. Publication of these accounts is required under the Accounts and Audit Regulations 2003 and the Code of Practice on Local Authority Accounting, which also specify the format and content of the accounts. The requirements of CIPFA's Best Value Accounting Code of Practice 2000 (BV ACOP 2000) apply to the 2004-05 Statement of Accounts. The BV ACOP complements the Code of Practice on Local Authority Accounting and provides an authoritative guide to financial accounting for local authorities within the best value environment.

## Summary of the 2004-05 Financial Year

The County Council's budget for 2004-05 was set at £375.829 million, an increase of 3.5% on the previous year. The Department of Children and Education (DCE) had a brought forward over spend of £1.031 million. It was recommended to Cabinet that £1.600 million of funds be transferred to the revenue account from capital financing reserves, of this £0.600 million was to be used to assist the DCE recovery plan.

During the year a number of spending pressures were identified by the monthly budget monitoring process. In November Cabinet took the decision to reduce departmental budgets by £1.488 million to provide against projected over spends. The pressure continued throughout the year and despite finding savings in the region of £1.300 million, DCE overspent by a net £1.621 million.

The net overspend for the year was £1.531 million (some other departments had an under spend). Cabinet took the decision to release a further £1.300 million from capital financing reserves to the revenue account. Cabinet approved the write off to reserves of all but £0.293 million of the DCE overspend, the department is preparing a plan to recover this amount during 2005-06.

The table below summarises the outturn position compared to the approved budget.

## Revenue Account Summary

The following table summarises the expenditure and income for the year: -

	2004-05 Original Budget £000	2004-05 Revised Budget £000	2004-05 Actual £000	2004-05 Difference £000	2003-04 Actual £000
Operating Costs during the year	375,829	375,966	377,497	-1,531	365,313
Income from government grant and local taxpayers	<u>375,829</u>	<u>375,829</u>	<u>375,829</u>	<u>0</u>	<u>362,999</u>
Additions to/Withdrawals from balances	0	-137	-1,668	1,531	-2,314
Expenditure met from Reserves			2,875	-2,875	
County Fund balance at start of year	5,819	5,819	5,161	658	7,475
County Fund balance at end of year	<u><u>5,819</u></u>	<u><u>5,682</u></u>	<u><u>6,368</u></u>	<u><u>-686</u></u>	<u><u>5,161</u></u>

The County Fund balance at 31 March 2005 is £6.368 million and includes all under spending identified at the year-end. In June 2005 the Cabinet agreed that a net under spend of £1.057 million from 2004-05 should be available to fund services in 2005-06, this includes the £0.293 million overspend to be recovered by DCE. The net effect is an decrease in the available County Fund to £5.311 million in 2004-05.

## Wiltshire County Council Pension Fund

Wiltshire County Council is a member of the Wiltshire Pension Fund. Every three years the fund is valued by the scheme's actuary and employer contributions are set. The most recent valuation of the fund was completed at 31 March 2004, this has set the employer rates which are aimed at recovering the deficit over the medium to long term.

An amendment was implemented in the discount rate charged during the year which has resulted in an increase in the liabilities of the Scheme of £64.600 million. This amendment is in line with guidance issued by CIPFA.

**Capital Expenditure Summary**

Capital expenditure in the year was £58.816 million, £4.563 million less than the approved capital budget. Of this under spending, £4.416 million represents delays in cash payments on schemes in progress, which will now be spent in 2005-06. The program was financed from borrowing, capital receipts, grants and developer contributions.

Increasingly more of the capital programme is funded from earmarked resources. Expenditure in 2004-05 includes £12.8 million on the improvement of schools through New Deals for Schools and Devolved Formula grants, £0.623 million earmarked grant for the Early Excellence Centre at Warminster Forest Green Nursery, £22.4 million on improving the highways network as part of the Local Transport Plan which has been agreed with the Government, and £2.3 million for the grant funded National Knowledge Management Project which Wiltshire County Council manage.

Expenditure during the year from discretionary resources included: -

West Wiltshire Secondary School Expansion:	£1.9 million for significant extensions at existing secondary schools.
Sherston Primary School	£1.5 million on improved accommodation.
Additional Accommodation:	£0.8 million on providing additional school places for increasing pupil numbers.
Learning Disabilities Best Value Review	£1.0 million to improve respite care services for people with learning difficulties.

**Borrowing Summary**

Long term loans outstanding increased during the year by £36.946 million, largely due to the take up of new loans totalling £40 million. These were taken to fund the requirements of the 2004-05 capital programme and that of previous years which had been financed, in the short term, by repayment of temporary investments. No borrowing was taken from Public Works Loan Board (PWLB) but the new loans, of a type known as LOBOs (Lender's Option Borrower Option), were taken direct from the banking sector. £3.054 million of maturing PWLB loans were repaid during the year.

Mike Prince  
County Treasurer

**Statement of Responsibilities for the Statement of Accounts****The Authority's Responsibilities**

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the County Treasurer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

**The County Treasurer's Responsibilities**

The County Treasurer is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practice as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice").

In preparing this Statement of Accounts, the County Treasurer has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice or, disclosed any non-compliance.

The County Treasurer has also:

- kept proper accounting records that were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the statement of accounts on pages 5 to 45 present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2005.

Mike Prince  
County Treasurer  
June 2005

These accounts were approved, subject to audit, at the meeting of the Final Accounts Committee of the County Council on 30 June 2005.

Mrs Jane Scott  
Leader of Wiltshire County Council  
Date

## Statement of Accounting Policies

The general principles adopted in compiling the accounts of the County Council are in accordance with the recommendations of The Chartered Institute of Public Finance and Accountancy (CIPFA). They accord with CIPFA's Code of Practice on Local Authority Accounting 2000, and also with the guidance notes issued on the application of the Statements of Standard Accounting Practice (SSAPs), Financial Reporting Standards (FRSs), and Urgent Issues Task Force (UITF) abstracts as far as they are applicable. All are maintained on an historic cost basis. Any significant non-compliance is disclosed in the notes that follow.

### Fixed Assets

These are valued as follows: -

<u>Type of Asset</u>	<u>Basis of Valuation</u>
Infrastructure assets	Should be shown at historic cost, less depreciation. In the absence of such information, the valuation at 1 April 1994 was based on the loans pool debt outstanding at that date. Expenditure incurred since is shown at historic cost, less depreciation. The assumed useful life of infrastructure assets is deemed to be 60 years. Depreciation is on a straight-line basis.
Operational assets	Shown at either net current replacement cost or net realisable value based on existing use, depending on the type of asset. The assumed useful life for permanent buildings is deemed to be 60 years, portable buildings are deemed to have useful life of 20 - 30 years. Plant and equipment are valued based on the deemed useful life and is usually between 5 and 10 years. Depreciation for all assets is on a straight-line basis except for portable buildings, where 35% is depreciated in the first year, with the remaining balance on a straight-line basis over the remaining useful life.
Non-operational assets and surplus assets	Shown at either net current replacement cost or net realisable value, depending on the type of asset.

Fixed assets were originally valued on 1 April 1994 and since then have been re-valued on a four year rolling programme, with each district being re-valued once in each 4 year period. The valuation this year was carried out by the council's own valuers from the Environmental Services Department under the authorisation of the Urban Estates Manager, who is a Chartered Surveyor. The valuation of the County Farms is carried out by Cluttons Limited Liability Partnership, a firm of Chartered Surveyors. Valuations are prepared in accordance with the Royal Institute of Chartered Surveyors "Red Book" and the Association of Chief Estate Surveyors Rural Practice Branch Guidance.

### Treatment of Leases

The Council no longer has finance leases in respect of equipment. Property lease rentals are charged directly to service revenue accounts.

### Deferred Charges

These arise from expenditure which may properly be deferred, but which does not result in, or remain matched with, tangible assets. An example is capital expenditure on aided schools.

### Basis of Charging for Capital

Service revenue accounts and trading accounts are charged annually with a capital charge for all fixed assets used. The Code of Practice requires that these capital charges include a provision for depreciation of the assets during the year and an interest charge comparable with the interest that could be earned on an investment of equivalent value to the assets. In order to comply with The Code of Practice 2002, depreciation is charged on buildings and equipment. Assets are written down to their deemed residual value over their useful economic life, on a straight-line basis. Useful economic life, in the case of buildings is determined by the valuers at revaluation, or in the case of equipment it is determined at the point of acquisition, in accordance with guidance issued in The Code of Practice 2002.

### Internal Interest

Surplus monies arising from capital and revenue transactions may be utilised in lieu of borrowing from external sources. Memorandum interest on the average level of this internal borrowing is calculated by using the Local Authority 7-Day Notice Rate to enable an overall average borrowing rate to be calculated for the year.

**Capital Receipts**

Capital receipts from the disposal of assets, that have not been set aside for the redemption of debt or used to finance new capital expenditure, are held in the usable capital receipts reserve. In recent years the practice has been for 50% of usable capital receipts to be applied and for the reserve to have a nil balance.

**Debtors and Creditors**

The accounts of the County Council are maintained on an accruals basis. Where actual amounts due are not known at the end of April, estimated amounts have been included. This policy is consistently applied each year and therefore does not have a material effect on this year's accounts.

**Discontinued and Acquired Operations**

The administration and funding of the Magistrates Courts Service was transferred to the Department for Constitutional Affairs on 1 April 2005, this is therefore shown as a discontinued operation during the year.

On 1 October 2004 the arrangements surrounding WS Connexions were transferred to Wiltshire County Council. This has meant that the Council now provides all of the administration for Connexions and receives income from the other bodies involved in the project.

**Contingent Assets and Contingent Liabilities**

No provision is made in the accounts for contingent assets or contingent liabilities where it is not practicable to estimate the amount involved or if there is considerable uncertainty over the possible outcome. However, where the amounts are likely to be material, the nature of the contingency is disclosed in a note to the accounts.

**Exceptional Items, Extraordinary Items and Prior Year Adjustments**

Exceptional items are included in the cost of the service to which they relate unless they are so material that fairer representation of the accounts is given by separate disclosure. Extraordinary items are included on the face of the consolidated revenue account. Prior year adjustments are accounted for in the year that they are identified and will be included in the cost of the service to which they relate unless they are so material that fairer representation of the accounts is given by separate disclosure. These items are also disclosed in a note to the consolidated revenue account.

**Stocks and Work in Progress**

Stocks are generally valued at the lower of actual cost or net realisable value, which accords with the requirements of the Code of Practice and SSAP 9. An average or standard cost is applied to calculate the cost. Work in progress on any uncompleted jobs, where the actual or estimated valuation of the job exceeds £5,000, is taken into the accounts at cost. Adjustments are made for attributable profits less any foreseeable losses and any payments received or receivable.

**Government Grants**

Grants in respect of revenue expenditure are included in the accounts in the year in which the related expenditure was charged. SSAP 4 requires that grants in respect of capital expenditure be credited to the revenue account over the useful life of the assets financed by those grants. Grants used to finance depreciable tangible assets since 1 April 1994 have been treated in accordance with SSAP 4. Prior to this, the Council did not comply with the standard to the extent that capital grants were used to reduce the cost of the assets; the resultant reduced annual charges to revenue were based on a period of approximately 25 years rather than the useful life of the assets.

**Research and Development Expenditure**

Research and development expenditure is written off in the year that it is incurred.

**Cost of Support Services**

All costs of a management and administrative nature have been fully recharged to all services in order to reflect the true cost of administering these services. The Corporate and Democratic Core is identified as a separate service, in accordance with CIPFA recommendations. This relates to costs that arise from the operation of the Council as a multifunction authority, which are not directly attributable to any one service. The basis of allocation used in 2004-05 was as follows: -

<u>Cost</u>	<u>Basis of Allocation</u>
Democratic Representation	Number of attendances for each committee
Administrative Buildings	An accommodation charge based on floor area occupied, including depreciation on buildings. There is an additional postage charge based on actual recorded usage.
Professional Services	The Environmental Services Department charges professional fees to the capital and building maintenance programmes in accordance with national rates in use in the building industry.
Other Support Services	Charges are subject to service level agreements between the support services and the client departments.

**Provisions**

Provisions relate to liabilities, or losses, that are likely to be incurred but there is uncertainty as to the size and timing of those liabilities. Their purpose should be specific and should be charged to the revenue account of the service for which the expenditure would be incurred. The Provision for Credit Liabilities is slightly different and is explained below.

**Provision for Credit Liabilities**

Part IV of the Local Government and Housing Act 1989, which deals with the control of local authority capital expenditure and finance, requires local authorities to provide for credit liabilities arising from capital commitments, including the redemption of loan debt. A minimum annual provision has to be made from the revenue account, but the provision from capital receipts formerly required under the Act ceased from 1 September 1998. These transactions are part of the Capital Financing Reserve, but the provision for credit liabilities still needs to be disclosed as a memorandum account.

**Provision for Bad and Doubtful Debts**

Provisions in the balance sheet are at the Chief Officers' discretion, but where present are included at the CIPFA recommended levels unless otherwise stated.

**Reserves**

The County Council holds several earmarked reserves, in addition to the general County Fund balance. Generally, a reserve is a sum set aside from revenue which does not relate to a specific liability, but which may be earmarked for future expenditure.

**VAT**

Only irrecoverable VAT is included in revenue or capital expenditure.

**County Fund**

This is the main Fund of the County Council into which the precept, government grants, and other income are paid and from which the cost of providing services is met. The balance on the Fund is the surplus of the County Council's revenue income over its revenue expenditure.

**Local Government Pension Fund for Wiltshire**

This is administered by the County Council. A complete set of accounts and details of its nature, investment performance and actuarial position are reported separately in the Wiltshire Pension Fund Annual Report 2004-05, although a summary is given on pages 37 to 44.

**Pensions**

The pension costs that are charged to the accounts in respect of the Authority's employees are equal to the contributions paid to the funded pension scheme for these employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

These costs have been determined on the basis of contribution rates that are set to meet 100% of the liabilities of the Pension Fund, in accordance with relevant Government regulations. The County Council complies with the accounting requirements of UKGAAP in accounting for pension costs as laid down in FRS 17, and the liabilities included within the balance sheet are in accordance with the guidance given by the Wiltshire Pension Fund Actuary.

**Endowment and Trust Funds**

The County Council administers seventeen such funds. They mostly consist of small sums received from private individuals, which have been invested by the County Council in order to provide an annual income. Two of the funds are of significant size and three others exceed £100,000. They do not form part of the County Council's accounts, but are shown on page 45.

**Investments**

The investments are shown in the Consolidated Balance Sheet at their historic cost.

**Deferred Liabilities**

The outstanding value of property leases is shown in the balance sheet as a deferred liability. The figure at 31 March 2005 is based on the actual value of lease payments outstanding.

**Foreign Currency Transactions**

Foreign currency transactions are accounted for on the basis of the equivalent sterling value of the underlying transaction, by applying the relevant exchange rate ruling at the time. Where overseas securities are acquired with currency either previously purchased directly or accruing from the sale of securities, the sterling book cost of the new security will be based on the exchange rate ruling at the time of purchase of that security. Any profit or loss arising on currency transactions will be reflected in the balance sheet, either as a realised or unrealised profit.

**Post Balance Sheet Events**

Events which occur after the balance sheet date and concern conditions which did not exist at that time are disclosed in a note to the accounts if their effect is likely to be material.

**Private Finance Initiative (PFI)**

Contract payments in respect of PFI contracts are charged to the revenue account in the year in which they are due. Reimbursements in respect of these contracts, such as government grants, are credited to the revenue account in which they are receivable.



## The Consolidated Revenue Account

	Gross Spending 2004-05 £000	Gross Income 2004-05 £000	Net Spending 2004-05 £000	Net Spending 2003-04 £000
Expenditure on Services				
<i>Continuing Operations</i>				
Central Services to the Public	1,869	913	956	949
Cultural, Environment and Planning Services	28,164	4,270	23,894	22,376
Education Services	294,267	69,769	224,498	211,125
Highways, Roads and Transport Services	35,027	4,539	30,488	26,866
Housing Services	485	250	235	279
Social Services	144,737	52,844	91,893	82,860
Corporate and Democratic Core	4,832	1,495	3,337	4,232
Non Distributed Costs	702	0	702	700
Discontinued Operations - Magistrates Courts	1,211		1,211	
Acquired Operations - Connexions	2,871	2,871	0	
Net cost of services	514,165	136,951	377,214	349,387
Precepts & Levies*			1,793	14,686
Trading account surpluses & deficits			1,589	-22
Extraordinary Item & Prior Year Adjustment			0	0
Net expenditure on asset management revenue account			-12,731	-11,343
Interest and investment income			-188	-496
Pension interest cost and expected return on pensions assets			3,000	6,600
Net Operating Expenditure			370,677	358,812
Contributions to/from(-) insurance reserve			165	-121
Contributions to/from(-) pensions reserve			-869	-1,173
Contribution to/from(-) other earmarked reserves			-226	3,895
Financing of Capital Expenditure			1,940	2,819
Reconciling amount for provisions for loan repayment			2,935	1,081
Amount to be met from Government grant and local taxation			374,622	365,313
Council precepts			-142,637	-140,437
General government grants			-110,008	-106,443
Non-domestic rates redistribution			-123,926	-116,192
Transfers (from) / to the Collection fund in respect of surpluses/deficits			742	73
Total Deficit/Surplus (-) for the Year			-1,207	2,314
Change in County Fund Balance				
Balance at 1 April			5,161	7,475
Deficit (-)/Surplus for the Year			1,207	-2,314
Balance at 31 March			6,368	5,161

\*The Precepts & Levies figure in 2003-04 included the precept £13.058 million to the Wiltshire and Swindon Fire Brigade. The Brigade became a Precepting authority in 2004-05 and is no longer funded through Wiltshire County Council.

**Notes to the Consolidated Revenue Account****1. CIPFA Best Value Accounting Code of Practice - Service Expenditure Analysis**

The Accounting Code of Practice requires expenditure to be reported according to the CIPFA Best Value Accounting Code

	Gross Expenditure	Gross Income Excluding Grants	Grant Income	Net Spending	Net Spending
	2004-05 £000	2004-05 £000	2004-05 £000	2004-05 £000	2003-04 £000
<b>Central services to the Public</b>					
Registration Births, Deaths & Marriages	809	448	0	361	386
Elections	0	0	0	0	0
Emergency Planning	262	0	195	67	50
Local Land Charges	270	270	0	0	0
General Grants, Bequests & Donations	528	0	0	528	513
<b>Cultural and Related Services</b>					
Culture & Heritage	1,427	232	161	1,034	963
Recreation & Sport	1,078	363	0	715	606
Open Spaces	274	5	0	269	108
Library service	6,827	867	0	5,960	5,547
<b>Environmental Services</b>					
Flood Defence and Land drainage	251	0	0	251	2,209
Agricultural Services	1,007	826	0	181	226
Consumer Protection	1,519	47	59	1,413	1,238
Waste disposal	12,706	949	60	11,697	9,198
<b>Planning and Development Services</b>					
Development control	556	57	0	499	366
Planning policy	1,007	12	79	916	1,032
Environmental initiatives	140	0	0	140	145
Economic development	1,372	28	525	819	738
<b>Individual School Funds</b>					
<b>Primary Schools</b>					
Delegated Budgets	85,279	120	0	85,159	74,661
Devolved Grants	13,594	13,094	4,739	-4,239	1,228
LEA / Corporate expenditure	48,745	91	17,441	31,213	28,831
<b>Secondary Schools</b>					
Delegated Budgets	88,144	343	0	87,801	68,137
Devolved Grants	5,319	26	22,615	-17,322	1,012
LEA / Corporate expenditure	12,572	857	1,699	10,016	9,092
<b>Special Schools</b>					
Delegated Budgets	6,562	291	0	6,271	5,197
Devolved Grants	501	49	638	-186	18
LEA / Corporate expenditure	1,876	154	319	1,403	1,255

## 1. CIPFA Best Value Accounting Code of Practice - Service Expenditure Analysis

Continued

	Gross Expenditure	Gross Income Excluding Grants	Grant Income	Net Spending	Net Spending
	2004-05 £000	2004-05 £000	2004-05 £000	2004-05 £000	2003-04 £000
<b>Non-School Funding</b>					
Strategic management of non-school services	4,346	479	603	3,264	3,114
Pre-School Education	11,509	-21	3,574	7,956	6,302
Youth Service	3,107	595	144	2,368	3,043
Adult and Community Learning	1,836	843	660	333	0
Support for Students	1,694	334	82	1,278	0
Other Non-schools Funding	12,054	50	2,821	9,183	9,235
<b>Highways, Roads &amp; Transport Services</b>					
Transport planning, policy and strategy	3,229	1,318	0	1,911	2,122
Highways/roads (structural)	4,450	84	0	4,366	3,505
Construction	9,948	49	0	9,899	7,453
Highways/roads (routine)	6,569	523	0	6,046	6,247
Street Lighting	1,502	0	0	1,502	1,460
Winter Maintenance	2,307	273	0	2,034	1,974
Traffic management and road safety	1,683	200	0	1,483	1,459
Public Transport	5,339	432	1,660	3,247	2,646
<b>Housing Services</b>					
General Fund (Other Council Property)	485	250	0	235	279
<b>Adult and Community Services</b>					
Service Strategy	421	0	0	421	302
C&F - Commissioning	8,404	429	1,079	6,896	5,900
C&F - Children Looked After	12,057	788	0	11,269	8,856
C&F - Family Support Services	1,775	189	0	1,586	1,205
C&F - Youth Justice	990	157	372	461	372
C&F - Other Services	1,532	18	0	1,514	-233
Older People (Age 65+)	54,419	11,237	9,155	34,027	33,507
Adult Care - Physical or Sensory Disability	10,449	840	1,801	7,808	6,928
Adult Care - Learning Disability	36,773	10,604	3,815	22,354	21,424
Adult Care - Mental Health Needs	6,880	426	2,050	4,404	3,528
Asylum Seekers	34	0	22	12	0
Other Adult Care Services	1,467	0	738	729	599
Supported People	9,031	0	9,023	8	-2
Supported Employment	505	101	0	404	474
<b>Corporate and Democratic Core</b>					
Democratic Representation & Management	3,144	1,495	0	1,649	1,378
Corporate Management	2,899	0	0	2,899	2,854
<b>Non Distributed Cost</b>	702	0	0	702	700
<b>Net Cost of Services</b>	<u>514,165</u>	<u>50,822</u>	<u>86,129</u>	<u>377,214</u>	<u>349,387</u>
<b>Other Operating Income &amp; Expenditure</b>					
Precepts & Levies	2,071	278	0	1,793	14,686
Trading account surpluses & deficits	20,455	18,866	0	1,589	-22
Asset Management Revenue Account	-23,782	-11,051	0	-12,731	-11,343
Interest and Investment Income	1,280	1,468	0	-188	-496
Extraordinary Item & Prior Year Adjustment	0	0	0	0	0
Pension interest cost and expected return on pensions assets	3,000	0	0	3,000	6,600
<b>Cost of Other Operating Expenditure</b>	<u>3,024</u>	<u>9,561</u>	<u>0</u>	<u>-6,537</u>	<u>9,425</u>
<b>TOTAL EXPENDITURE</b>	<u><u>517,189</u></u>	<u><u>60,383</u></u>	<u><u>86,129</u></u>	<u><u>370,677</u></u>	<u><u>358,812</u></u>

The analysis of expenditure by County Council Services is as follows:

	Gross Spending	Gross Income Excluding Grants	Grant Income	Net Spending	Net Spending
	2004-05 £000	2004-05 £000	2004-05 £000	2004-05 £000	2003-04 £000
Children and Education	312,603	19,259	56,704	236,640	227,516
Environmental Services	65,407	5,654	2,660	57,093	49,660
Central and Library Services	16,471	2,844	161	13,466	5,308
Adult and Community Services	119,684	23,065	26,604	70,015	66,904
	<u>514,165</u>	<u>50,822</u>	<u>86,129</u>	<u>377,214</u>	<u>349,387</u>
Other Operating Expenditure	<u>3,024</u>	<u>9,561</u>	<u>0</u>	<u>-6,537</u>	<u>9,425</u>
Net Operating Expenditure				<u><u>370,677</u></u>	<u><u>358,812</u></u>

## 2. The Asset Management Revenue Account

The net expenditure on this account represents the difference between the interest charged to service revenue accounts

	2004-05 £000	2003-04 £000
Analysis of net expenditure		
Depreciation	4,816	4,162
Amortisation of Deferred Charges	0	609
Capital Charges to revenue accounts	-21,466	-19,632
Interest Paid	6,235	5,675
Contributions from external organisations	-1,539	-1,603
Amortisation of capital grants & developer contributions	-777	-554
	<u>-12,731</u>	<u>-11,343</u>

## 3. Finance and Operating Leases

The Council holds various capital assets under finance leases or leases that otherwise rank as credit arrangements under Government capital finance controls. Rentals paid in the year in respect of these were £0.307 million, all of which related to property leases.

The Council also has the use of assets under the terms of operating leases. The amount paid under these leases in 2004-05 and the amounts required in future years are as follows: -

	2004-05 £000	2005-06 £000	2006-07 £000	2003-04 £000
Corporately arranged leases	687	577	322	480
Departmentally arranged leases	684	709	729	279
Vehicle leases	641	641	641	650
Total leasing commitments	<u>2,012</u>	<u>1,926</u>	<u>1,691</u>	<u>1,409</u>

## 4. Section 137 Expenditure

Section 137 of the Local Government Act 1972 as amended by Schedule 2 of the Local Government and Housing Act 1989, empowers a local authority to spend up to £1.90 per head of the relevant population for the benefit of its area or its inhabitants on items for which it has no other powers to spend and where there are no statutory prohibitions on spending. The County Council did not incur any expenditure under this provision in 2004-05.

**5. Audit Fees**

The audit of the Statement of Accounts is carried out by the Audit Commission and the following fees were payable during 2004-05 in accordance with the Audit Commission Act 1998.

	2004-05 £000	2003-04 £000
External Audit Services	233	229
Statutory Inspection	64	63
Certification of grant claims and returns	71	80
	<u>367</u>	<u>372</u>

**6. Expenditure on Publicity**

The table below shows the expenditure by the Council on certain categories of publicity and is published in accordance with Section 5(1) of the Local Government Act 1986. These categories are:

- Staff advertising
- Costs of staff wholly or mainly engaged on publicity
- Other publicity, including press notices and newspapers or periodicals published by or on behalf of the Council.

	2004-05 £000	2003-04 £000
Environmental Services	712	502
Children and Education	652	574
Central and Library Services	713	671
Adult and Community Services	315	317
	<u>2,392</u>	<u>2,064</u>

**7. Income from Bodies Under the Local Authority (Goods and Services) Act 1971**

This Act provides for public bodies to provide goods and services to one another on a trading basis. In 2004-05 the County Council's income from the activities covered by the Act was as follows: -

	Income 2004-05 £000	Associated Expenditure 2004-05 £000	Income 2003-04 £000
Other Local Authorities	895	765	801
Police Authority	253	43	276
Other Public Bodies (including Parish Councils)	345	41	264
	<u>1,493</u>	<u>850</u>	<u>1,341</u>

**8. Teachers' Pensions**

In 2004-05 the County Council paid £14.731 million to the Department for Education and Skills in respect of teachers' pension costs, which represents 13.5% of teachers' pensionable pay. In addition, the County Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2004-05 these amounted to £1.769 million.

## 9. Pensions for Other Employees

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

The Authority participates in 2 pension schemes:

- The Local Government Pension Scheme for civilian employees, administered by Wiltshire County Council – this is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets.
- The Teacher's 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's payments as they eventually fall due. The liability for this scheme falls upon central government.

In 2004-05, pension costs have been charged to the consolidated revenue account on the basis required by FRS 17, contributions payable to the Wiltshire County Council pension scheme are based on an actuarial valuation at 31 March 2005. The last full actuarial valuation was on 31 March 2004.

In 2004-05 the County Council paid an ongoing employer's contribution of £15.231 million into the Pension Fund, representing 20.7% of pensionable pay. The contribution rate is determined by the Fund's actuary based on triennial valuations, the last review being at 31 March 2004. Under Pension Fund Regulations contributions rates are set to meet 100% of the overall liabilities of the Fund.

Further information can be found in the Wiltshire Pension Fund Annual Report 2004-05, which is available on request.

## 10. Minimum Revenue Provision for the Repayment of External Loans

The Local Government and Housing Act 1989 requires local authorities to charge to the revenue account an amount equal to 4% of the credit ceiling, as a minimum provision for the repayment of external debt. In 2004-05 the amount charged by the County Council was £6.370 million.

## 11. Members' Allowances

The total amount of members' allowances paid in 2004-05 in respect of basic allowance, special responsibility and attendance allowance was £0.448 million.

**12. Officers' Emoluments**

The Accounts and Audit Regulations require disclosure of the numbers of officers whose remuneration in 2004-05 exceeded £50,000, analysed into bands of £10,000. In some cases the remuneration of an officer may exceed £50,000 or fall into a higher band than it would otherwise as a result of redundancy payments.

Remuneration	Number of Officers (including redundancy payments) 2004-05	Number of Officers (excluding redundancy payments) 2004-05	Number of Officers (including redundancy payments) 2003-04	Number of Officers (excluding redundancy payments) 2003-04
£120,000 - £129,999	1	1	0	0
£110,000 - £119,999	0	0	0	0
£100,000 - £109,999	0	0	1	1
£90,000 - £99,999	1	1	1	1
£80,000 - £89,999	5	5	5	5
£70,000 - £79,999	7	7	7	7
£60,000 - £69,999	19	19	11	11
£50,000 - £59,999	37	37	38	36
	<u>69</u>	<u>69</u>	<u>63</u>	<u>61</u>

**13. Related Party Transactions**

Related Parties of a Local Authority include Central Government, Other Local Authorities and Precepting Bodies, Subsidiary and Associated Companies, Joint Ventures, Pension Funds, Members and Chief Officers: -

**Central Government**

Details of transactions with Central Government are given throughout the Statement of Accounts.

**Other Local Authorities and Bodies**

During 2004-05 various members of the County Council were also members of district, parish or town councils. Wiltshire County Council made the following payments during the year.

	£000
West Wiltshire District Council	839
North Wiltshire District Council	717
Kennet District Council	555
Salisbury District Council	730
Devizes Town Council	40
Trowbridge Town Council	122

The Council also had transactions with the following authorities:- Aldbourne Parish Council, Box Parish Council, Bradford on Avon Town Council, Chippenham Town Council, Corsham Town Council, Marlborough Town Council, Melksham Town Council, Mere Parish Council, Warminster Town Council, Westbury Town Council.

**Wiltshire and Swindon Fire Authority**

Several County Council members were members of the authority during 2004-05 and a chief officer's wife is the Brigade accountant.

**Wiltshire Magistrates Courts**

A levy of £0.759 million was paid during 2004-05.

**Wiltshire Police Authority**

Several members of the County Council were members of the authority during 2004-05. A chief officer is treasurer to the authority. During the year Wiltshire County Council made payments of £1.851 million.

**Other Bodies**

During 2004-05 the following payments were made:-

£0.040 million to Carer Support North Wilts, of which a County Councillor is treasurer.  
£0.039 million to Bournemouth Orchestra, of which a County Councillor is a member.  
£0.047 million to Salisbury Museum, two Members are involved with the Museum.  
£0.081 million to Salisbury Playhouse, of which an employee is a Councillor and another Councillor is on the board.  
£0.057 million to Greenacres Trust, of which a County Councillor is a director .  
£0.071 million to Tidworth Development Trust, of which a County Councillor is a member .  
£0.065 million to the University of Bath, where a Councillor and a Chief Officer are both lecturers/professors.  
£0.584 million to Westlea Housing Association, a County Councillor is involved with the Association.  
£1.411 million to Alabare Christians Care Centres, a County Councillor is involved with the Centre.  
£0.070 million to the Local Government Association, of which three County Councillors are members.  
£0.059 million and £0.004 million to respectively the Salisbury Diocesan Board of Finance and Board of Education, of which a County Councillor is a member of both boards.  
£0.420 million to National Children's Homes, a close relative of a Chief Officer is a manager.

Wiltshire County Council has also had transactions with the Kennet and Avon Canal Trust, the Wiltshire Rural Music School during the year. One or more County Councillors are involved with each of these organisations.

**14. Exceptional Items****Libraries and Heritage**

A provision of £0.054 million has been established in connection with possible legal costs and compensation payable from an employment tribunal case.

The case is of a nature for which there is no ceiling on the potential amount of compensation payable. However, advice has been taken from the County Council's legal section and the provision set at a reasonable level should the case be lost.

**Department of Adult and Community Services**

On 27 July 2000, the Court of Appeal upheld a decision of the High Court that local authorities could not lawfully charge for services provided under Section 117 of the Mental Health Act 1983. An appeal against this decision was made to the House of Lords by four local authorities, but was dismissed in July 2002. A provision of £0.665 million was made in the 2001-02 Statement of Accounts for the potential liability arising for the refund of fees with interest. Repayments to clients began in the last quarter of 2002-03, to date £0.535 million has been repaid and the remaining provision is now £0.312 million.

This item is not shown separately on the Consolidated Revenue Account but within the Department for Adult and Community Services expenditure lines.

**15. Implementation of the Euro**

There has been no expenditure on the implementation of the Euro in 2004-05.

**16. Joint Arrangement****Wiltshire and Swindon Connexions Service**

From 1 October 2004 Wiltshire County Council became the lead body for the Connexions Service which contracts with a number of providers to provide a range of services to young people aged 14-19. There is no revenue contribution from the County Council and the Connexions service is 100% grant funded by the DfES. All management and administration costs incurred by the County Council are charged to the Connexions budget.

Wiltshire County Council also continues to act as a provider for some of these services and thus received grant from Connexions of £2.8m in 2004-05 for those direct services. Again, there is no revenue contribution from the County Council, however, there is a considerable, "in-kind" cost arising from this element of the service. The majority of this cost relates to staff and premises of statutory service teams within the Department for Children and Education.

**Church of England and the Roman Catholic Church**

An arrangement exists between Wiltshire County Council and both Church organisations. The Church provides the school building for use by Wiltshire County Council and the Council meets the teaching and running costs of the school.

**Areas of Outstanding Natural Beauty (AONB)**

Wiltshire County Council has the responsibility for the management of staff, offices and accounts for two AONB : Cranborne Chase & West Wiltshire Downs, and North Wessex Downs. 75 % of the costs for each of these areas is funded by the Countryside Agency and the remaining 25% by the local authorities within the AONB's boundary.

In addition Wiltshire County Council has contributed to the running costs of The Cotswolds AONB, this is run by an independent body The Cotswolds AONB Conservation Board.



The running cost in 2004-05 for Cranborne Chase & West Wiltshire Downs was £167,065. Wiltshire County Council contributed £15,808 in 2004-05 for core costs. The other local authorities involved are: Dorset County Council, East Dorset District Council, Hampshire County Council, Mendip District Council, New Forest District Council, North Dorset District Council, Salisbury District Council, Somerset County Council, South Somerset District Council and West Wiltshire District Council.

The running costs in 2004-05 for North Wessex Downs was £260,916. Wiltshire County Council contributed £8,220 in 2004-05 for core costs. The other authorities involved are: Basingstoke District Council, British Waterways, Hampshire County Council, Kennet District Council, North Wiltshire District Council, Oxfordshire County Council, South Oxfordshire District Council, Swindon Borough Council, Test Valley District Council, Vale of White Horse District Council and West Berkshire District Council.

The running costs in 2004-05 for The Cotswolds AONB was in the region of £602,857. Wiltshire County Council contributed £6,892 during the year. The other authorities involved are: Bath & North East Somerset District Council, Cheltenham Borough Council, Cherwell District Council, Cotswold District Council, Gloucestershire County Council, Oxfordshire County Council, North Wiltshire District Council, South Gloucestershire District Council, Stratford upon Avon District Council, Stroud District Council, Tewkesbury District Council, Warwickshire County Council, West Oxfordshire District Council, Wychavon District Council, West Wiltshire District Council and Worcestershire County Council.

#### **Kennet & Avon Canal**

The Council is in a partnership arrangement with British Waterways to fund maintenance and enhancements to the Kennet & Avon Canal. All local authorities through which the canal passes will contribute to the maintenance of the canal, Wiltshire County Council makes an annual contribution of £82,500. The contribution will continue at this rate plus inflation until 2017. British Waterways in conjunction with the Kennet & Avon Canal Trust will allocate this money to enhance the tourism and environmental benefits of the canal.

#### **Cotswold Water Park**

The Council in partnership with Cotswold District Council, Gloucester County Council, Swindon Borough Council and North Wiltshire District Council form the Cotswold Water Park Joint Committee. The Council contributes £36,000 annually to the committee, the committee in turn provides funding to The Cotswold Water Park Society (a charitable company which manages the park area and its facilities). The Society is developing the water park area to provide improved tourism and a better natural environment.

### **17. Long Term Contracts**

#### **Waste Contract**

The Council is committed to making contract payments to Hills Minerals & Waste Ltd estimated at £8.7 million for the financial year 2005-06 for the provision of waste services including recycling. The contract expires in 2016 and the actual level of payments per annum under the contract depends on the quantities of waste disposed of during the year.

#### **Grounds Maintenance, Cleaning and Catering Contract**

The Council is committed to making contract payments to Sodexo Ltd estimated at £3.2 million for the financial year 2005-06 for the provision of grounds maintenance, cleaning and catering services including school meals. The contract expires in 2008 and the actual level of payments per annum under the contract depends on the quantities of school meals actually taken and the agreed level of inflation allowed for each year.

#### **Highways Maintenance Contract**

The Council is committed to making contract payments to Ringway Parkman Ltd estimated at £4.6 million for the financial year 2005-06 for the provision of highways maintenance services. The contract expires in 2006 and the actual level of payments per annum under the contract depends on actual works completed and the agreed level of inflation allowed for each year.

#### **Property Maintenance and Capital Works Contract**

The Council is committed to making contract payments to Mouchel Parkman Ltd estimated at £1.0 million for the financial year 2005-06 for the provision of property maintenance, capital works and minor capital works services. The contract expires in 2006 and the actual level of payments per annum under the contract depends on the type and cost of works ordered and carried out.

#### **Residential Homes**

The Council has a contract with the Order of St John Trust for the block purchase of a specified number of residential and respite placements. In 2005-06 the total commitment is estimated to be £4.496 million. The same contract also commits to the purchase of day care places at a net cost to the Council of approximately £1.161 million.

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

The Council is committed to making average annual payments estimated at £5.3 million (range £4.3 million to £6.3 million p.a.) for a period of 30 years, from March 2002, under a PFI contract with the White Horse Education Partnership for the provision and services to three new secondary schools at Chippenham, Wootton Bassett and Malmesbury.

**18. Pooled Budgets Established under Mental Health Act 1999**

An agreement between the Wiltshire Health Authority and Wiltshire County Council established a pooled fund in 2001-02. The objectives of this fund are set out in the Section 31 Mental Health Act 1999. They are to: -

- Improve commissioning arrangements for the benefit of users, carers, and providers
- Manage the total resources for Mental Health services within one arrangement
- Increase the quality and quantity of service in Swindon and Wiltshire
- Meet the requirements of the National Service Framework for Mental Health services and the National Service Framework for Older People, the National Plan for the NHS and any Government policies in a coherent and comprehensive way.
- To meet the requirements for Best Value of the County Council and any other value for money responsibilities of either party.

The following extract summarises the pooled budget activities in 2004-05: -

	Gross Expenditure £ million	Gross Income £ million	Net Expenditure £ million
2004-05	52.939	52.764	0.175
2003-04	47.032	47.291	-0.259

Wiltshire County Council made a contribution of £11.529 million towards the pooled budget in 2004-05. The net over spend of £0.175 million has been reallocated to over /under spends between the parties in relation to FRS9.

**19. Pooled Budget PCT Integrated Management & Intermediate Care**

New arrangements with the Primary Care Trusts, started in January 2004 for the South Wiltshire and West Wiltshire Districts, with North District starting from April 2004. The Pooled Budgets are administered by the relevant PCT.

The Objectives of these pools are to provide efficiencies between Health and Social Services with regard to integrated management and Intermediate care.

**Contribution by Wiltshire County Council**

	Gross Expenditure £ million	Gross Income £ million	Net Expenditure £ million	
<b>Intermediate Care (Pool)</b>				
South Wiltshire	0.980	1.065	-0.085	Under Spend
West Wiltshire	0.518	0.558	-0.040	Under Spend
Kennet & North Wiltshire	0.691	0.756	-0.065	Under Spend
2004-05	2.189	2.379	-0.190	
Intermediate Care (WCC) only	0.312	-	0.312	Over Spend
<b>Integrated Management (Pool)</b>				
South Wiltshire	0.431	0.466	-0.035	Under Spend
West Wiltshire	0.413	0.401	0.012	Over Spend
Kennet & North Wiltshire	0.482	0.497	-0.015	Under Spend
2004-05	1.326	1.364	-0.038	
Integrated Management (WCC) only	0.214	-	0.214	Over Spend

Wiltshire County Council made a contribution of £1.326 million to Integrated Management for the 3 Pools and a contribution of £2.189 million to Intermediate Care for the 3 Pools for the year 04-05. There are various over and under spends on the various pools.

**20. Pooled Budget PCT and Social Services for Integrated Community Equipment Services**

An Agreement between Primary Care Trusts and Wiltshire County Council established a pooled Fund in 2004-05 in relation to Aids and Adaptations. The objectives of these pools are to provide efficiencies between Health and Social Services in the use of aids and adaptations and economies of scale.

The pooled budget is administered by Wiltshire County Council on behalf of the three PCTs.

		Gross Expenditure £ million	Gross Income £ million	Net Expenditure £ million	
<b>Integrated Community Equipment Services</b>					
South Wiltshire	2004-05	0.534	0.479	0.055	Over Spend
West Wiltshire	2004-05	0.469	0.456	0.013	Over Spend
Kennet & North Wiltshire	2004-05	0.838	0.820	0.018	Over Spend
		1.841	1.755	0.086	

Wiltshire County Council made a contribution of £0.828 million towards the pooled budget in 2004-05. The net over spend of £0.086 million is monies owed by the PCTs to the pool at the year end.

## The Consolidated Balance Sheet as at 31 March 2005

	Note	2004-05 £000	2004-05 £000	2003-04 £000
Fixed Assets	1		453,233	422,794
Deferred Charges	2		0	16,055
Long Term Debtors	3		13,548	14,440
Asset related to defined benefit pension schemes	16		251,200	218,700
<b>Total Long Term Assets</b>			<b>717,981</b>	<b>671,989</b>
Current Assets				
Stocks and Work in Progress	4	206		209
Debtors	5	29,288		28,587
Short Term Investments	6	43,650		12,900
Cash in Hand	7	19,854	92,998	17,150
<b>Total Assets</b>			<b>810,979</b>	<b>730,835</b>
Current Liabilities				
Creditors	8	51,048		51,941
Deposits	9	2,676		2,660
Temporary Loans	10	11,718		5,206
Cash Overdrawn	11	2,307	67,749	3,239
<b>Total Assets less Current Liabilities</b>			<b>743,230</b>	<b>667,790</b>
Long Term Borrowing	10	141,360		110,414
Deferred Liability - Finance Leases	12	727		4,081
Government Grants Deferred		26,089		17,928
Liability related to defined benefit pension schemes	16	431,200	599,376	336,400
<b>Total Assets less Liabilities</b>			<b>143,854</b>	<b>198,968</b>
Fixed Asset Restatement Reserve	13		87,355	123,617
Capital Financing Reserve	14		168,573	136,224
Usable Capital Receipts Reserve	15		16,943	8,137
Pensions Reserve	16		-180,000	-117,700
Earmarked Reserves	17		31,154	29,277
Deferred Credit-Swindon Debt Outstanding	18		13,461	14,252
County Fund Balance			6,368	5,161
<b>Total Equity</b>			<b>143,854</b>	<b>198,968</b>

## 1.1 Movement in Fixed Assets

	Land and buildings £000	Operational assets Vehicles and Equipment £000	Infrastructure assets £000	Non operational assets £000	Total £000
Gross Book Value 1 April 2004	291,623	7,016	116,453	24,606	439,698
Expenditure in year	7,672	901	26,332	0	34,905
Disposals in year	-4,959	-214	0	0	-5,173
Revaluations	4,965	0	0	0	4,965
Gross Book Value 31 March 2005	299,301	7,703	142,785	24,606	474,395
Depreciation to 1 April 2004	2,577	3,137	11,190	0	16,904
Depreciation for year	1,411	535	2,870	0	4,816
Depreciation written off upon revaluation	-345	0	0	0	-345
Depreciation written off upon disposal	-3	-210	0	0	-213
Depreciation to 31 March 2005	3,640	3,462	14,060	0	21,162
Net Book Value 31 March 2005	295,661	4,241	128,725	24,606	453,233
Net Book Value 31 March 2004	289,046	3,879	105,263	24,606	422,794

## 1.2 Capital Expenditure

	Land and buildings 2004-05 £000	Vehicles and Equipment 2004-05 £000	Grants and Advances 2004-05 £000	Total 2004-05 £000	Total 2003-04 £000
Environmental Services					
- County Farms	165	0	0	165	205
- Gypsy Sites	419	0	0	419	342
- Highways	27,911	0	0	27,911	30,056
- Refuse Disposal	0	0	0	0	0
- Other	590	245	0	835	978
Children and Education	24,503	258	0	24,761	17,062
Central and Library Services					
- Administration of Justice	44	31	0	75	461
- Libraries	400	16	0	417	0
- Other	0	28	2,708	2,736	8,516
Adult and Community Services	1,365	0	133	1,498	593
	55,397	578	2,841	58,816	58,213

Included within Capital Expenditure is some expenditure which legislation classifies as capital, but which does not result in the creation of a fixed asset. This expenditure includes grants and financial assistance to others and expenditure on property not owned by the authority. Also included within this figure is project expenditure which only maintains the asset in its current state of repair but does not enhance the valuation.

## 1.3 Financing of Capital Expenditure

	2004-05 £000	2003-04 £000
Covered by Credit Approvals		
- loan	22,317	26,569
- credit arrangements	0	0
- provision for credit liabilities	6,370	5,298
Usable Capital Receipts	8,153	9,649
Capital Grants and developer contributions	26,005	16,941
Capital Reserve	0	0
Unfinanced expenditure brought forward	-4,029	-4,273
Unfinanced expenditure carried forward	0	4,029
	<b>58,816</b>	<b>58,213</b>

## 1.4 Capital Disposals

	Land and buildings Sold 2004-05 £000	Vehicles and Equipment Sold 2004-05 £000	Non operational Sold 2004-05 £000	Total Disposals 2004-05 £000	Land and buildings Sold 2003-04 £000
Environmental Services					
- County Farms	4,614	0	0	4,614	1,635
- Transport and Highways	25	0	0	25	197
Children and Education	13,077	0	0	13,077	8,787
Central and Library Services	3,001	0	0	3,001	50
Adult and Community Services	1,020	0	0	1,020	70
	<b>21,737</b>	<b>0</b>	<b>0</b>	<b>21,737</b>	<b>10,739</b>

The table above shows the value of cash received in respect of those assets disposed of during the year, costs of sale amounted to £0.206 million, giving net receipts of £21.531 million.

## 1.5 Proceeds from Sale of Fixed Assets

	2004-05 £000	2004-05 £000	2003-04 £000
Income from Disposal of Fixed Assets		21,737	10,739
Costs of Sale		206	187
Net Receipts		<b>21,531</b>	<b>10,552</b>
Gross Value of Fixed Assets Disposed of	5,173		
Less: Depreciation Written off on Disposal	<b>213</b>	<b>4,960</b>	<b>675</b>
Net Proceeds from Disposal of Fixed Assets		<b>16,571</b>	<b>9,877</b>

The disposal proceeds include the sale of a school site for £11.430 million that was valued at £0.071 million, the valuation was based on existing use as a school and playing fields, whereas the site was sold with planning permission for housing, thus realising a much greater price than its valuation would have suggested.

## 1.6 Significant Commitments under Capital Contracts

The value of significant commitments under capital contracts, in which amounts of greater than £100,000 are contracted to be paid after 31 March 2005, was £9.527 million. Included in this amount are the following major items:-

	£ million
Provision of Bus Shelters	4.533
Westwood St Thomas School, Salisbury - New administration block	1.165
The Mead School, Trowbridge - 7 class room extension	1.030
Britford Park & Ride, Salisbury	1.011

### 1.7 Statement of Physical Assets

This Statement indicates the broad categories of fixed assets owned by the County Council. The Code only requires that a broad summary of assets should be shown.

	2004-05	2003-04
Land (hectares)	3,015	3,221
Buildings (numbers)		
- Primary Schools	163 *	96
- Secondary Schools	15 *	16
- Special Schools	6	6
- Adult Education Centre	1	1
- Youth and Community	17	18
- Sports and Leisure	6	6
- Administrative and Magistrates Courts	24	24
- Adult and Community Services	43	46
- Libraries	15	16
- Gypsy Sites	5	5
- Highways and WDS Depots	12	12
- County Farms	51	60

\* All schools (including Voluntary Aided and Voluntary Controlled Schools) have been included where the County Council owns either the playing fields, some mobiles, or both, even where the total value of assets at a site is less than £50,000.

Buildings included above (except those schools referred to above) are those valued at £50,000 or more.

	2004-05	2003-04
Roads (km)		
- Principal County Roads	550	550
- Other County Roads	3,815	3,797

The maintenance of the Motorways and Trunk Roads transferred to WS Atkins from 1 April 1999.

	2004-05	2003-04
Vehicles, Plant and Equipment (numbers)		
- Vans	8	8
- Lorries	23	14
- Kerbside Collectors	16	6
- Tractors	0	0
- Land Rovers	7	5
- Mobile Libraries	4	4
- Mini Buses	53	52
- Gritters	52	49

The figures above show only assets valued at more than the "de minimus" value of £10,000.

### 1.8 Assets Held Under Capital Leases

The County Council's fixed assets include a number of items held under finance leases. These may be summarised as follows:

	Gross Book Value £000	Accumulated Depreciation £000	Net Book Value £000
Property	670,500	0	670,500
	<u>670,500</u>	<u>0</u>	<u>670,500</u>

### 1.9 Valuation of Fixed Assets

Fixed assets are included in the Consolidated Balance Sheet at their current value, as described in the Statement of Accounting Policies. An analysis is given below. A rolling programme of revaluation ensures that each property is revalued at least every 5 years. Valuations are carried out by the County Council's own valuers, who are RICS qualified.

	2004-05 £000	2003-04 £000
Operational Assets	302,248	292,925
Infrastructure Assets	128,725	105,263
Non-operational Assets	22,260	24,606
	<u>453,233</u>	<u>422,794</u>

Valuations have been included for the value of all playing fields and mobile classrooms owned by the County Council at Voluntary Aided and Voluntary Controlled Schools, but not the buildings as these are owned by Church organisations.

The County Council has provided three secondary schools under the terms of a PFI Contract (see note to Revenue Account no. 16). Under the requirements of FRS 5, these properties are excluded from the balance sheet for the County Council, and so are not included in the Valuation of Fixed Assets shown here.

### 2. Deferred Charges

The Deferred Charges represent capital expenditure on school buildings (Voluntary Aided, Voluntary Controlled and Foundation schools) which the County Council does not own and hence they do not appear in its Fixed Assets.

	Balance 01-Apr-04 £000	Expenditure in year £000	Charged to Revenue in year £000	Balance 31-Mar-05 £000
Total 2004-05	16,055	0	-16,055	0
Total 2003-04	9,516	7,148	-609	16,055

Under the Statement of Recommended Practice issued by CIPFA for 2004-05 the definition of deferred charges requires that unless the authority controls the economic benefits resulting from the expenditure it should be written off in the year in which it is incurred. The deferred charges as at 31 March 2004 related to capital expenditure on school buildings which the Council does not own and have therefore been written off to the Fixed Asset Restatement Reserve in the 2004-05 accounts.

### 3. Long Term Debtors

	2004-05 £000	2003-04 £000
Car loans to staff	0	6
Deferred consideration for C.P.D. Ltd	0	106
Long term advances of pay to staff	0	1
Adaptation Loans	68	75
Swindon share of debt outstanding (see Note 18)	13,480	14,252
	<u>13,548</u>	<u>14,440</u>

### 4. Stocks and Work in Progress

	2004-05 £000	2003-04 £000
Environmental Services	167	163
Children and Education	29	41
Central and Library Services	9	4
Adult and Community Services	1	1
	<u>206</u>	<u>209</u>



**5. Debtors**

These represent sums owed to the County Council for supplies and services provided before 31 March 2005, but not received at that date.

**5.1 Analysis of Debtors by Category**

	2004-05 £000	2003-04 £000
Government Departments	7,461	4,282
General Debtors	16,618	14,759
Payments in Advance	5,328	10,382
Provision for Bad Debts	-119	-836
	<u>29,288</u>	<u>28,587</u>

**5.2 Analysis of Debtors by Service**

	2004-05 £000	2003-04 £000
Environmental Services	2,206	1,300
Children and Education	7,152	9,149
Central and Library Services	12,384	11,641
Adult and Community Services	6,496	5,958
Mental Health Pooled Budgets	1,050	539
	<u>29,288</u>	<u>28,587</u>

**6. Investments**

These are shown at Book Value, less any provision for losses in value of marketable securities, as follows:

	2004-05 £000	2003-04 £000
Short Term Investments	43,650	12,900
	<u>43,650</u>	<u>12,900</u>

**7. Cash in Hand**

This is made up of the value of imprest accounts used by County Council establishments for small purchases and the bank accounts of locally managed schools.

	2004-05 £000	2003-04 £000
County Council imprest accounts	1,500	109
Schools' bank accounts	18,354	17,041
	<u>19,854</u>	<u>17,150</u>

**8. Creditors**

These represent sums owed by the County Council for supplies and services received before 31 March 2005 but not paid for at that date, or provisions created in accordance with the accounting policies. The total also includes items whose accounting treatment has not yet been determined and which are held in suspense accounts.

**8.1 Analysis of Creditors by Category**

	2004-05 £000	2003-04 £000
Government Departments	5,506	8,781
General Creditors	40,344	32,049
Suspense Accounts	4	1,047
Payments Received in Advance	4,420	9,118
Provisions	774	946
	<u>51,048</u>	<u>51,941</u>

**8.2 Analysis of Creditors by Service**

	2004-05 £000	2003-04 £000
Environmental Services	13,677	9,286
Children and Education	12,347	13,104
Central and Library Services	17,006	17,105
Adult and Community Services	8,018	9,446
	<u>51,048</u>	<u>51,941</u>

**8.3 Movement in Provisions**

A provision of £0.388 million relates to interest payments due to landowners where the County Council gained land entry more than one year ago. Payments will be made when the County Council valuers and the landowners have agreed the final valuation.

	Balance at 01-Apr-04 £'000	Movements in year £'000	Balance at 31-Mar-05 £'000
Highways Land Compensation Claims	388	-327	61
Redundancy Costs	104	-104	0
	<u>492</u>	<u>-431</u>	<u>61</u>

**9. Deposits**

Deposits consist mainly of cash received from developers in lieu of bonds or as contributions to road improvements. They are repayable with interest, and the figure shown includes accrued interest.

**10. Borrowing****10.1 Analysis of Loans by Maturity**

	2004-05 £000	2003-04 £000
Less than 1 year		
Short Term Borrowing	2,664	2,152
Long Term Borrowing	9,054	3,054
Total Less Than One Year	11,718	5,206
More than 1 year		
Between 1 and 2 years	9,054	3,054
Between 2 and 5 years	24,362	12,412
Between 5 and 10 years	43,301	18,011
Between 10 and 15 years	5,583	4,583
More than 15 years	59,060	72,353
Total More Than One Year	141,360	110,413
Total Borrowing	153,078	115,619

**10.2 Analysis of Loans by Type**

	Balance 01-Apr-04 £000	Raised £000	Repaid £000	Balance 31-Mar-05 £000
Short Term Borrowing				
Pension Fund	2,150	513	0	2,663
Other	0	0	0	0
	2,150	513	0	2,663
Long Term Borrowing				
Public Works Loan Board	101,469	0	3,054	98,415
Banks & Building Societies	12,000	40,000	0	52,000
	113,469	40,000	3,054	150,415
Total Borrowing	115,619	40,513	3,054	153,078

**10.3 Provision for Credit Liabilities (Memorandum Account)**

Government regulations introduced on Local Authority capital expenditure and financing, with effect from 1 April 1990, under part IV of the Local Government and Housing Act 1989, include the requirement to provide for the future redemption of credit liabilities, primarily debt. The regulations require an annual Minimum Revenue Provision of 4% of the authority's long term borrowing limit or "credit ceiling". The Council no longer sets aside 50% of its capital receipts, this element is instead paid into the Pension Fund to reduce its deficit, under a special dispensation obtained from the former DTLR.

	2004-05 £000	2003-04 £000
Balance at 1 April 04	0	0
Minimum revenue provision	6,370	5,298
Provision from capital receipts	239	62
	<hr/> 6,609	<hr/> 5,360
Less financing of new expenditure	6,609	5,360
Less net repayment of external debt	0	0
Balance at 31 March 05	<hr/> <hr/> 0	<hr/> <hr/> 0

The provision has been debited with net loan repayments and capital expenditure justified by credit approvals.

**11. Cash Overdrawn**

The County Council's accounts show a cash overdrawn position of £2.307 million. However, the actual net cleared cash balance on the corporate bank accounts was a debit of £0.011 million. This difference is due to unpresented cheques and BACS payments, and uncleared cheques paid into the bank account on the 30th and 31st of March.

**12. Deferred Liability - Finance Leases**

This represents the value of future years' liabilities for finance and property lease rentals.

	Discounted Value £000	Actual Value £000
Outstanding finance lease rentals at 31 March 2005	727	3,537
Outstanding finance lease rentals at 31 March 2004	1,776	4,081

The Prudential Framework issued by CIPFA requires that SSAP 21 definitions are adopted for all leases entered into after 1 April 2004. To ensure consistent treatment of leases in the accounts, all existing leases have been reviewed in line with SSAP 21, this resulted in a revaluation of deferred liabilities relating to finance leases as at 31 March 2004 from £4.081 million to £1.042 million. The further reduction to £0.727 million relates to changes during 2004-05.

**13. Fixed Asset Restatement Reserve**

	2004-05 £000	2003-04 £000
Balance at 1 April 04	123,617	97,805
Asset and deferred charges disposals	-4,961	-203
Capital expenditure not added to assets	-23,910	-19,034
Revaluation adjustments	5,310	44,611
Deferred liability adjustment	3,354	438
Write off of deferred charges (see note 2)	-16,055	0
Balance at 31 March 05	<hr/> <hr/> 87,355	<hr/> <hr/> 123,617

**14. Capital Financing Reserve**

The Capital Financing Reserve is credited with all sources of finance for capital expenditure, other than loans. It also incorporates the amounts formerly included in the Provision for Credit Liabilities.

	2004-05 £000	2003-04 £000
Balance at 1 April 04	136,224	114,388
Capital expenditure financed from the Capital Reserve	0	0
Capital expenditure financed from capital receipts	8,153	9,649
Reserved capital receipts	4,572	62
Release of deferred capital grants & developer contributions	1,263	608
Provision from revenue*	1,554	1,136
Amortisation of deferred charges	0	-609
Adjustment for capital grant on non-asset expenditure	16,518	10,990
Other adjustments	289	0
Balance at 31 March 05	<u>168,573</u>	<u>136,224</u>

\*This is the amount by which the Minimum Revenue Provision exceeds the depreciation charges.

**15. Usable Capital Receipts Reserve**

Capital receipts are funds received by the County Council from the sale of capital assets and repayments of grants and advances. Until 1 September 1998, the Local Government and Housing Act 1989 provisions required that, where sale proceeds were £6,000 or higher, 75% of capital receipts relating to Home Office Services, and 50% of other Capital Receipts, were set aside or "reserved" as a provision for credit liabilities, this primarily being for the redemption of debt. However, the County Council has decided to retain this policy on a voluntary basis. Since 2001-02, the amounts set aside at the year-end have been held in this reserve instead of being used for the redemption of debt.

	Balance 01-Apr-04 £000	Receipts £000	Reserved £000	Applied £000	Balance 31-Mar-05 £000
Environmental Services	3,100	2,274	0	-5,097	277
Children and Education	4,044	13,021	0	-2,467	14,598
Central and Library Services	978	1,495	0	-519	1,954
Adult and Community Services	15	169	0	-70	114
Release of Capital Contingency Reserve		0	0	0	0
	<u>8,137</u>	<u>16,959</u>	<u>0</u>	<u>-8,153</u>	<u>16,943</u>

**16. Wiltshire County Council Pension Fund assets and liabilities**

The details of assets and liabilities of the Wiltshire County Council pension fund are detailed below:

	Local Government Pension Scheme	
	2004-05	2003-04
	£000	£000
Estimated Liabilities in Scheme	431,200	336,400
Estimated Assets in Scheme	251,200	218,700
Net Asset / Liability (-)	<u>-180,000</u>	<u>-117,700</u>

The movement in surplus / deficit in the pension fund is summarised below: -

	Year to 31 March 2005	Year to 31 March 2004
	£000	£000
Deficit at the beginning of the year	-117,700	-144,077
Current service cost	-12,400	-8,900
Employer contributions	15,800	22,800
Contributions in respect of unfunded benefits	2,400	2,600
Past service costs	-400	-500
Impact of settlements and curtailments	-300	-200
Expected return on employer assets	15,600	12,500
Interest on pension scheme liabilities	-18,600	-19,100
Actual return less expected return on pension scheme assets	9,400	20,500
Experience gains and losses arising on the scheme liabilities	-9,200	-2,610
Changes in financial assumptions underlying the present value of the scheme liabilities	-64,600	
Employer body adjustment		-713
Deficit at end of year	<u>-180,000</u>	<u>-117,700</u>

During 2003-04 the real discount rate adopted was 3.5% per annum, as advised by CIPFA, this rate was changed to 5.5% per annum as required by new guidance issued by CIPFA. This change has had the effect of increasing the liability by £64.6 million

History of experience Gains and Losses	Year to 31 March 2005		Year to 31 March 2004	
	£000		£000	
Actual return less expected return on pension scheme assets	9,400	3.8% of assets	20,500	9.4% of assets
Experience losses arising on the scheme liabilities	-9,200	2.1% of liabilities	-2,610	1.0% of liabilities
Changes in financial assumptions	-64,400			
Actuarial losses recognised above	<u>-64,200</u>	14.9% of liabilities	<u>17,890</u>	5.3% of liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels, etc. The County Council Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. The main assumptions used in their calculations are:

	Local Government Pension Scheme	
	2004-05	2003-04
Rate of Inflation	2.9%	2.9%
Rate of Increase in salaries	4.4%	4.4%
Rate of increase in pensions	2.9%	2.9%
Rate for discounting scheme liabilities	5.4%	6.5%

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

	2004-05	2003-04
Equity Investments	70.0%	70.3%
Bonds	19.0%	18.0%
Property	8.0%	7.3%
Cash	3.0%	4.4%
	<u>100.0%</u>	<u>100.0%</u>

The expected assets, annual return and long-term return for the fund is shown below: -

Assets	Long Term Return % per Annum	Fund Value at 31 March 2005 £000	Expected Annual Return £000	Fund Value at 31 March 2004 £000
Equities	7.7%	562,700	43,328	501,300
Bonds	4.8%	157,300	7,550	128,200
Property	5.7%	68,900	3,927	52,300
Cash	4.8%	22,000	1,056	31,600
	6.9%	810,900	55,862	713,400

The asset value shown here (£810.9 million) is an extract from Hymans Robertson's FRS 17 report. To meet the required timetable, Hymans were sent provisional data on a cash basis. The Net Assets Statement on page 42 (£814.4 million) is based on final data on an accruals basis (i.e. including debtors and creditors) so the figures are slightly different. In addition to this, the percentage split between assets has changed slightly between the two, due to a change in the accounting treatment of Foreign Exchange transactions associated with overseas bonds.

## 17. Earmarked Reserves

### 17.1 Movement in Reserve Account Balances

	Balance 01-Apr-04 £000	Transfer to / from Revenue £000	Balance 31-Mar-05 £000
Capital Reserve (see below)	5,428	-960	4,468
Insurance Reserve (see below)	3,511	164	3,675
Locally Managed Schools' Balances	13,711	1,172	14,883
Printing and Copying Accrued Surplus	45	-20	25
Corporate Services Department	150	120	270
Finance Department	534	-52	482
Environmental Services Department	263	-79	184
Home Office Services Underspending	13	-13	0
Chief Executive	13	0	13
PFI Reserve	4,178	1,325	5,503
Invest to Save Fund	392	-295	97
Gypsy Recovery	0	0	0
Wiltshire Direct Services Residual Costs	24	0	24
Free School Meals	228	109	337
Sickness Insurance Scheme	529	368	897
Connexions	0	222	222
Staff Development	0	70	70
Conservation Centre Specialist Equipment	0	4	4
	29,019	2,135	31,154
Pooled Budget established under Mental Health Act 1999	259	-259	0
	29,278	1,876	31,154

### 17.2 Capital Reserve

The Capital Reserve has been established to finance future capital expenditure of the County Council, contributions being paid into the reserve from revenue.

	Balance 01-Apr-04 £000	Income £000	Applied £000	Balance 31-Mar-05 £000
Reserve balance 1 April	5,428	0	0	5,428
Contribution from Revenue	0	1,940	0	1,940
Contribution to Revenue	0	-2,900	0	-2,900
	5,428	-960	0	4,468

**17.3 Insurance Reserve and Self Insurance Account**

The County Council has established a Self-Insurance Account, effective from 1 April 1994, in which premiums and expenses are paid and income and reimbursements collected. Liability for claims is shared between the Council and outside insurers, with the Council's annual liability being capped. The surplus or deficit on this account is transferred to the Insurance Reserve.

	2004-05 £000	2003-04 £000
Premiums charged to Services	2,018	1,368
Other contribution from Revenue Account	165	131
	<u>2,183</u>	<u>1,500</u>
Less		
Premiums paid to Insurers	1,179	920
Claims During Year		
- Employer's / Public Liability	582	488
- Fire and All Risks	104	60
- Risk Management	10	5
- Other	1	0
- Other expenses	143	148
	<u>164</u>	<u>-121</u>

Surplus / deficit (-) for year

The movements in the year on the Insurance Reserve were as follows:

	2004-05 £000	2003-04 £000
Balance on Insurance Reserve at 1 April 04	3,511	3,632
Transfer from Self Insurance Account	164	-121
Transfer to Revenue Account	0	0
Balance at 31 March 05	<u>3,675</u>	<u>3,511</u>

**18. Deferred Credit - Swindon Share of Outstanding Debt**

Under the terms of the Local Government Reorganisation, no outstanding debt was transferred to Swindon Borough Council. However, Swindon is required to service its share of the outstanding debt at 31 March 1997. The annual contribution from Swindon is based on its share of the credit ceiling at this date. In effect, the County Council has a long-term debtor for this amount and the equity is correspondingly increased by this deferred credit. The debtor and the deferred credit will be written down each year as the contributions are paid.

**19. Analysis of Net Assets Employed**

The net assets, as shown below, represent the local taxpayers' "equity" in the County Council.

	Balance 01-Apr-04 £000	County Fund £000	Balance 31-Mar-05 £000
Fixed Asset Restatement Reserve	123,617	-36,262	87,355
Capital Financing Reserve	136,224	32,349	168,573
Usable Capital Receipts	8,137	8,806	16,943
Pensions Reserve	-117,700	-62,300	-180,000
Earmarked Reserves	29,278	1,876	31,154
Deferred Credit	14,252	-791	13,461
County Fund Balance	5,161	1,207	6,368
	<u>198,969</u>	<u>-55,115</u>	<u>143,854</u>

**20. Foundation Schools**

The School Standards and Framework Act 1998 changed the status of Grant Maintained schools to Foundation Schools maintained by the Local Education Authority. The change for funding purposes took effect from 1 April 1999. Fixed Assets and Long Term Liabilities remain vested in the Governing Bodies of individual Foundation schools and therefore values and amounts have not been consolidated in this Balance Sheet. In this authority's area there are 23 Foundation schools.



## The Statement of Total Movements in Reserves

	Capital Reserves			
	Fixed Asset Restatement Reserve £000	Capital Financing Reserve £000	Usable Capital Receipts £000	Deferred Credit £000
Balance at 1 April 04	123,617	136,224	8,137	14,252
Net Surplus/Deficit(-)	-	-	-	791
Unrealised gain/loss on asset revaluations	-	-	-	-
Impairment losses on fixed assets arising from revaluation	-	-	-	-
Disposals of Fixed Assets Value of Assets Disposed of Proceeds of Disposals	-4,961 -	-	-	- -
Financing of Fixed Assets	-	8,153	-8,153	-
Balance at 31 March 05	<u>118,656</u>	<u>144,377</u>	<u>-16</u>	<u>13,461</u>

	Revenue Reserves			Total Equity £000
	Pensions Reserve £000	County Fund £000	Earmarked Reserves £000	
Balance at 1 April 04	-117,700	5,161	29,278	<b>198,970</b>
Net Surplus/Deficit(-)	-62,300	1,207	1,876	<b>-60,008</b>
Unrealised gain/loss on asset revaluations	-	-	-	<b>0</b>
Impairment losses on fixed assets arising from revaluation	-	-	-	<b>0</b>
Disposals of Fixed Assets Value of Assets Disposed of Proceeds of Disposals	- -	- -	- -	<b>-4,961</b> <b>0</b>
Financing of Fixed Assets	-	-	-	<b>0</b>
Balance at 31 March 05	<u>-180,000</u>	<u>6,368</u>	<u>31,154</u>	<u><b>134,001</b></u>

## The Cash Flow Statement for 2004-05

	2004-05 £000	2003-04 £000
Revenue Activities		
Cash Outflows		
Cash paid to and on behalf of employees	-260,744	-343,206
Other operating costs	-238,358	-91,855
	-499,102	-435,061
Cash Inflows		
Disbursements from the Collection Fund	141,895	140,364
Non-domestic rate income	123,926	116,192
Revenue Support Grant	110,008	106,443
Other government grants	90,595	73,092
Cash received for goods and services	45,756	10,755
	13,079	11,785
Returns on Investments and Servicing of Finance		
Cash Outflows		
Interest paid	-6,235	-5,675
Cash Inflows		
Interest received	188	496
Contributions from other authorities	1,539	1,603
	-4,508	-3,576
Capital Activities		
Cash Outflows		
Purchase of fixed assets	-58,816	-58,213
Cash Inflows		
Sale of fixed assets	16,959	10,490
Capital grants	26,005	17,368
	-15,851	-30,355
Net transfer of cash to(-)/from other authorities	0	0
Net cash outflow before financing	-7,280	-22,146
Management of Liquid Resources		
Net Increase/Decrease (-) in Short-term Deposits	16	678
	16	678
Financing		
Cash Outflows		
Repayment of amounts borrowed	-3,054	-41,242
Cash Inflows		
New loans raised	40,000	8,000
New short term loans	513	35,355
	37,459	2,113
Increase/Decrease(-) in cash	30,195	-19,355

**Notes to the Cash flow Statement****1. Introduction**

The Accounts and Audit regulations require local authorities to produce a statement of source and application of funds. The Cash Flow Statement satisfies this requirement. The statement includes all the County Council's operations, revenue and capital, excluding internal transactions. It thus shows total income and total expenditure, and how the difference between the two was financed.

**2. Movement in Cash and Cash Equivalents**

	Movement 2003-04 £000	Balance 01-Apr-04 £000	Movement 2004-05 £000	Balance 31-Mar-05 £000
Cash in Hand	140	17,150	2,704	19,854
Cash Overdrawn	2,207	-3,239	932	-2,307
Investments	-21,700	12,900	30,750	43,650
	<u>-19,353</u>	<u>26,811</u>	<u>34,386</u>	<u>61,197</u>

**3. Reconciliation of Revenue Cash Movements to the Consolidated Revenue Account**

	2004-05 £000	2003-04 £000
Surplus/Deficit (-) on Revenue Account	1,207	-2,314
Non-Cash Transactions Reversed Out		
Contributions from reserves	4,776	6,593
Capital expenditure financed from revenue	0	0
Minimum revenue provision for credit liabilities	7,751	5,244
Movements in Balance Sheet Items (See Below)		
Movement in long term debtors	101	96
Movement in debtors	-701	-4,898
Movement in stocks	3	201
Movement in creditors	-893	3,232
Movement in other balances	-777	56
Movement in provisions and other balances	0	0
Items Shown Under Servicing of Finance		
Interest	6,047	5,179
Contributions from other authorities	-1,539	-1,603
Net Cash Inflow from Revenue Activities	<u>15,975</u>	<u>11,786</u>

**4. Analysis of Balance Sheet Movements**

	Long Term Debtors £000	Debtors £000	Stock £000	Creditors £000
Movement in Balance Sheet	892	-701	3	-893
Less movements not affecting revenue :-				
Deferred Credit / Capital Creditors	-791			-777
Effect on Revenue	<u>101</u>	<u>-701</u>	<u>3</u>	<u>-1,670</u>

## 5. Analysis of Government Grants

	2004-05 £000	2003-04 £000
Children and Education		
- Standards Fund (DfES)	13,281	11,041
- Schools Standards Grant	8,136	7,506
- Learning & Skills Council	14,703	14,713
- Teachers Pay Threshold	6,727	5,777
- Formula Capital	5,342	
- Early Years	3,193	1,362
- Connexions	2,821	
- Other Education	2,500	1,510
Environmental Services		
- Civil Defence	195	195
- Rural Bus	1,227	1,173
- Rural Bus Challenge	433	1,681
- Economic Development	525	640
- Other Environmental Services	280	204
Central and Library Services		
- Magistrates' Courts	4,344	3,799
- Libraries	284	0
Adult and Community Services		
- Delayed Discharge	1,121	371
- Mental Health	816	782
- Quality Protects (Mainstream)	0	1,075
- Residential Care Allowance	4,773	1,819
- Preserved Rights	4,528	4,167
- Supported People	9,023	9,067
- Other Social Services	6,343	5,996
	<u>90,595</u>	<u>72,878</u>

## ***The Wiltshire Pension Fund Management Policies***

### **Responsibility for the report**

#### **Wiltshire County Council**

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

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

#### **Wiltshire Pension Fund Committee**

There are eight elected members of the Committee, comprising five County Councillors, two Swindon Borough Council members, and one member representing the four District Councils within Wiltshire. In addition, there is a representative of the admitted bodies and two observers representing staff interests. Details of the membership of the Committee in 2004-05 are shown in Appendix (d) of the Wiltshire Pension Fund Annual Report.

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

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

#### **County Treasurer**

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

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

Proper accounting records must be maintained and kept up to date, and all reasonable steps must be taken to prevent and detect fraud and other irregularities. An anti-fraud and corruption and whistle blowing policy have been implemented for the Fund.

#### **Audit Commission**

The Audit Commission is responsible for reporting to the County Council that an audit of the Financial Statements of the Wiltshire Pension Fund has been completed. The pension fund forms a part of these Financial Statements.

### **Investment Management Policy**

Overall responsibility for investment policy lies with the County Council's Wiltshire Pension Fund Committee, which reports directly to the County Council.

Up to September 2002, the Fund was invested through balanced mandates with three different managers: Schroder Investment Management Ltd, Baillie Gifford and Capital International. However, on 26 March 2002, the Committee had agreed a revised investment strategy, stemming from the 2001 actuarial valuation results. The new arrangements aim to increase the scope for higher investment returns without increasing the Fund's overall exposure to risk, and to more accurately reflect the liability profile of the Fund in the way that it is invested. Details of the strategy are provided in the Fund's Statement of Investment Principles in Appendix (e) of the Wiltshire Pension Fund Annual Report.

Implementation of the revised investment strategy involved the commencement of new mandates with five specialist investment managers. Two existing managers (Baillie Gifford and Capital International) were retained and three new ones were appointed. These appointments followed a rigorous tendering exercise, including presentations by the short-listed bidders to the Committee. The full list is as follows:

<u>Company</u>	<u>Mandate</u>	<u>Share of Fund</u>
Baillie Gifford	Global Equity	25%
Capital International	Global Equity	25%
Northern Trust Global	Global Equity "Manager of Managers"	20%
Western Asset Management	Bonds	20%
ING Real Estate	Property	10%

During the year, the managers transacted purchases of £209.8 million and sales of £149.3 million. The value of assets under management at 31 March 2005 was £808.5 million, broken down by managers as follows:

Baillie Gifford	£204.2 million
Capital International	£203.8 million
ING Real Estate	£82.6 million
Northern Trust Global	£158.9 million
Western Asset Management	£159.0 million
Total	<u>£808.5 million</u>

Safe custody of all investments are the responsibility of The Northern Trust Company and as such, are registered in the name of, and are held by, its nominee companies or, alternatively, by overseas agents. The exception at 31 March 2005 was a temporary cash deposit of £2.7 million that was placed with Wiltshire County Council.

The County Council participates in a securities lending programme administered by Northern Trust. Securities in the beneficial ownership of the Council to a value of £95.8 million (12% of the total) were on loan at 31 March 2005. Collateral for these securities is held in a pooled form, the Wiltshire Pension Fund's share (2.21%) representing a value of £100.1 million (104.49%). Income earned from this programme amounted to £0.089 million in the year.

## The Wiltshire Pension Fund Accounting Policies

### Compliance with Recommended Practice

The general principles adopted in compiling the accounts of the Wiltshire Pension Fund follow the recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA). Specifically, they follow the Statement of Recommended Practice on Financial Reports for Pension Schemes and the CIPFA Code of Practice on Local Authority Accounting, updated in 2003, and also with the guidance notes issued on the application of the Statements of Standard Accounting Practice (SSAPs) and Financial Reporting Standards (FRSs). Significant points or variations from compliance are detailed below.

### Basis of Preparation

The accounts have been prepared on an accruals basis, income and expenditure being accounted for as it is earned or incurred, rather than as it is received and paid. The benefits payable and refunds of contributions, however, have been brought into account on the basis of all valid claims approved during the year.

No account is taken of liabilities to pay pensions and other benefits after the year-end. Transfer values, which are those sums paid to, or received from, other pension schemes relating to previous periods of employment, have been brought into account on a cash basis.

### Investments

These are shown in the accounts at market value. Reported changes in the market value of investments over the year of account include realised gains or losses arising upon the disposal of investments during the year.

Costs incurred on the acquisition of investments, such as stamp duty and commission, are treated as part of the purchase cost of investments.

Investment management expenses are based on the quarter end market value of the investments held. The fees paid are determined by the agreed fee scales for each individual manager.

### Administration Expenses

A proportion of the relevant officers' salaries, salary on-costs and general overheads, have been charged to the Fund on the basis of time spent on Fund administration.

### Taxation

The Fund is an exempt approved fund under the Finance Act 1970, and as such, is not liable for UK income tax on investment income, nor capital gains tax. As Wiltshire County Council is the administering authority, VAT input tax is recoverable on all expenditure.

Income earned from investments in stocks and securities in the USA is exempt from US tax, and is not subject to withholding tax. Most tax deducted from income on European investments is also recoverable.

### Foreign Currency Transactions

Foreign currency transactions are accounted for on the basis of the equivalent sterling value of the underlying transactions, by applying the relevant exchange rate ruling at the time. Where overseas securities are acquired with currency either previously purchased directly or accruing from the sale of securities, the sterling book cost of the new security will be based on the exchange rate ruling at the time of the purchase of that security. Any profit or loss arising on currency transactions either realised or unrealised, will be reflected in the balance sheet.

**Additional Voluntary Contributions (AVCs)**

The accounts of the Fund do not include transactions in respect of AVCs. These are money purchase arrangements made by individual Scheme members under the umbrella of the Local Government Pension Scheme, to enhance pension benefits. Scheme members over the age of fifty may elect to buy service with their AVC funds, such transactions being included within transfers into the Fund.

Scheme members paid contributions totalling £X.XXX million (£0.248 million in 2003-04) into their AVC funds during the year. At the year-end, the value of funds invested on behalf of Scheme members totalled £X.XXX million (£2.368 million as at 31 March 2004), made up as follows:

**At the time of going to print the value of AVCs was not known, these numbers will be included within the final accounts when they are presented in September. The values given below are therefore only provisional.**

	£ million
<i>Equitable Life Assurance Society</i>	
- With Profits Fund	1.354
- Unit Linked Managed Fund	0.282
- Building Society Fund	0.071
<i>Clerical Medical Funds</i>	
- With Profits Fund	0.063
- Unit Linked Managed Fund	0.365
<i>NPI Funds</i>	
- Managed Fund	0.017
- With Profits Fund	0.135
- Global Care Unit Linked Fund	0.037
- Cash Deposit Fund	0.044

**Related Party Transactions**

Related parties to the Wiltshire Pension Fund include all the Admitted Bodies within the Fund (see Schedule of Employer bodies on page 44), members of the Wiltshire Pension Fund Committee and the County Treasurer. There have been no financial transactions between any of these parties and the Fund apart from the routine contributions and benefits payable that are defined by statutory regulation and are therefore not within the direct control of any party. All these transactions are included within the accounting statements given in the following pages.



## The Wiltshire Pension Fund

## Fund Account

	2004-05 £000	2003-04 £000
CONTRIBUTIONS AND BENEFITS		
Contributions receivable		
- from employees	13,925	12,961
- from employers	42,326	56,226
Transfers in	10,604	7,863
Total income	66,855	77,050
Benefits payable		
- Pensions	30,413	28,713
- Retirement grants	4,706	3,970
- Death benefits	861	613
Payments to and on account of leavers		
- Transfers out	5,395	5,182
- Contribution refunds	315	713
Administration expenses	665	573
Total expenditure	42,355	39,764
Net additions from dealings with members	24,500	37,286
RETURN ON INVESTMENTS		
Investment income	20,043	17,025
Change in market value of Investments	60,563	112,153
Investment expenses	-1,943	-1,771
Net returns on investments	78,663	127,407
NET INCREASE IN FUND DURING YEAR	103,163	164,693
Opening net assets of the Scheme	711,198	546,505
Closing net assets of the Scheme	814,361	711,198

## Net Asset Statement

	31-Mar-05 £000	31-Mar-04 £000
INVESTMENT ASSETS		
Quoted securities		
- UK fixed interest Government bonds	22,709	20,438
- UK fixed interest Corporate bonds	72,937	63,060
- Overseas fixed interest Government bonds	24,557	18,369
- Overseas fixed interest Corporate bonds	0	0
- UK index linked Government bonds	16,522	21,634
- UK index linked Corporate bonds	4,306	1,468
- Overseas index linked Government bonds	6,692	3,104
- UK equities	233,601	205,080
- Overseas equities	130,287	122,626
Managed funds		
- UK equities	93,620	80,800
- Overseas equities	95,958	64,883
- UK property	80,760	67,239
Cash held on deposit		
- Sterling Cash	18,508	18,144
- Overseas Cash	10,776	1,916
Total of investments held	811,233	708,761
NET CURRENT ASSETS		
Sundry debtors	3,730	3,152
Less Sundry creditors	-602	-715
Total net current assets	3,128	2,437
Total net assets	814,361	711,198

## Analysis of Contributions Receivable and Benefits Payable

	31-Mar-05 £000	31-Mar-04 £000
<b>CONTRIBUTIONS RECEIVABLE</b>		
Contributions from employees		
Wiltshire County Council	4,595	4,188
Other scheduled bodies	8,167	7,566
Admitted bodies	1,163	1,207
	<u>13,925</u>	<u>12,961</u>
Contributions from employers		
Wiltshire County Council	15,836	22,691
Other scheduled bodies	23,160	30,399
Admitted bodies	3,330	3,136
	<u>42,326</u>	<u>56,226</u>
<b>Total contributions receivable</b>	<u>56,251</u>	<u>69,187</u>
<b>BENEFITS PAYABLE</b>		
Pensions payable		
Wiltshire County Council	12,988	12,470
Other scheduled bodies	16,162	15,115
Admitted bodies	1,263	1,128
	<u>30,413</u>	<u>28,713</u>
Retirements and death grants payable		
Wiltshire County Council	1,876	1,783
Other scheduled bodies	3,064	2,560
Admitted bodies	627	240
	<u>5,567</u>	<u>4,583</u>
<b>Total benefits payable</b>	<u>35,980</u>	<u>33,296</u>

**Schedule of Employer Bodies****Scheduled Bodies**

Wiltshire County Council  
Swindon Borough Council  
Kennet District Council  
North Wiltshire District Council  
Salisbury District Council  
West Wiltshire District Council  
Wiltshire Police Authority  
Wiltshire & Swindon Fire Authority  
Wiltshire Magistrates Courts Service  
Wiltshire Probation Service  
Thamesdown Passenger Transport  
Amesbury Parish Council  
Blunsden St Andrew Parish Council  
Bradford on Avon Town Council  
Calne Town Council  
Chippenham Town Council  
Corsham Town Council  
Cricklade Town Council  
Devizes Town Council  
Haydon Wick Parish Council  
Highworth Town Council  
Malmesbury Town Council  
Marlborough Town Council  
Melksham Town Council  
Melksham Without Parish Council  
Mere Parish Council  
Purton Parish Council  
Stratton St Margaret Parish Council  
Trowbridge Town Council  
Warminster Town Council  
Westbury Town Council  
Wilton Town Council  
Wootton Bassett Town Council  
Wroughton Parish Council  
New College  
Salisbury College  
Swindon College  
Wiltshire College

**Admitted Bodies**

Action for Blind People  
CIPFA  
Cleanaway Ltd  
Community First  
Connexions  
North Wiltshire Leisure Limited  
Rethink  
Ridgeway Community  
Salisbury and South Wilts Museum  
Sarsen Housing Association  
Silbury First  
Silbury Group  
The Order of St John Care Trust  
United Response  
West Wiltshire Housing Society  
Westlea Housing Association  
Wiltshire Archaeological Society  
Wiltshire Community Foundation

<p>These accounts form a summary extract from the Wiltshire Pension Fund Annual Report and Financial Statements publication. This provides information on its activities and a full detailed statement of its accounts. Requests for this report, or any other queries arising from the Wiltshire Pension Fund accounts, should be addressed to the County Treasurer, County Hall, Bythesea Road, Trowbridge, BA14 8JJ.</p>
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**Trust Funds**

The County Council directly administers 17 endowment and trust funds, mostly consisting of relatively small sums of money received from private individuals in order to benefit, for example, the blind. The total Fund balances at 31 March 2005, which are not included in the Balance Sheet, amounted to £5,545,389. These are summarised below:

	Balance 01-Apr-04 £000	Income £000	Gain/(loss) on Expenditure £000	Balance revaluation £000	31-Mar-05 £000
Charity of William Llewellyn Palmer (to support education in Bradford on Avon)	1,082	46	-36	99	1,191
Withy Trust (support for scholars, "rich in merit poor in pocket")	179	8	-7	16	196
Edwin Young Collection (to maintain a picture gallery in Salisbury)	299	11	-13	25	322
John Creasey Museum (to perpetuate the name of this famous local author)	138	13	-17	10	144
William 'Doc' Couch (to support the under privileged, including the disabled)	3,254	100	-132	246	3,468
Other Miscellaneous Funds	219	12	-16	12	227
	<u>5,171</u>	<u>190</u>	<u>-221</u>	<u>408</u>	<u>5,548</u>

The balances as at 1 April 2004 have been restated for a prior year adjustment on The Calne Library Trust which has been included under Other Miscellaneous Funds. This reflects proceeds from a disposal which was not previously stated within the accounts for 2003-04.

Most of the endowment and trust funds are accounted for on a cash basis in accordance with standard accounting policies recommended by the Charity Commission. The only trust fund accounted for on an accruals basis is the William "Doc" Couch trust fund. This is in accordance with Charity Commission requirements for funds of that size.

All trust funds with gross income of more than £10,000 are subject to an independent examination by a firm of Chartered Accountants (at the time of publishing these accounts the audits were still in progress).

**Trust Fund Assets**

	Market Value 31-Mar-05 £000	Market Value 31-Mar-04 £000
Government Fixed Interest	1	1
Managed Funds - Bonds	989	741
Managed Funds - Equities	3,261	3,382
Property	378	150
Cash *	406	406
Hedge Funds	469	449
Other	44	42
	<u>5,548</u>	<u>5,171</u>

\* The cash balance as at 1 April 2004 has been restated for a prior year adjustment on The Calne Library Trust. This reflects proceeds from a disposal which was not previously stated within the accounts for 2003-04.

## Statement on the System of Internal Control

### Scope of Responsibility

Wiltshire County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. We also have a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which our functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, we are also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the County Council's functions and which includes arrangements for the management of risk.

### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the County Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control described in this statement has been in place for the year ended 31 March 2005, and up to the date of signature of the statement by the Chief Executive and Leader of the Council.

### The Internal Control Environment

The Council's internal control environment is made up of a series of strategic and operational controls.

The key purposes and elements of the Council's internal control environment are set out below.

Documents referred to are available from the Council or may be viewed on the Council's website ([www.wiltshire.gov.uk](http://www.wiltshire.gov.uk)).

#### **Establishing and monitoring the achievement of the County Council's objectives.**

The Council's aims and key priorities are set out in its Performance & Improvement Plan 2004, and its Medium Term Financial Plan. These reflect the long term priorities agreed by the Wiltshire Strategic Board, which the Council has adopted as its Community Strategy.

The Council's priorities are reflected in service plans, work plans and in managers' and staff personal targets. These form part of an integrated planning cycle that includes service planning, annual budget setting, and regular corporate review of performance and spending.

The Council operates a corporate appraisal system for staff which monitors individual performance against corporate and service targets.

The Council has a Learning and Development Strategy which aims to ensure that learning and development activity is properly planned, managed and driven by the Council's objectives.

These measures allow members and managers to monitor achievement of the corporate objectives.

#### **Facilitating policy and decision-making.**

The County Council's Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.

The Constitution defines the role and responsibilities of the key players in the decision-making process – the Council, Cabinet, and Committees, including the Regulatory Committee, Overview and Scrutiny Committee and the Standards Committee.

In May 2004 the Council agreed a revised scheme of delegation for officers.

The Constitution is kept under regular review by the Monitoring Officer and the Standards Committee.

#### **Ensuring compliance with established policies, procedures, laws and regulations.**

The Constitution contains detailed rules and procedures which regulate the conduct of the Council's business. These include:

- Council Rules of Procedure
- Budget and Policy Framework Procedure
- Financial Regulations and Procedure Rules
- Contract Regulations
- Members' Code of Conduct
- Officers' Code of Conduct

- Corporate Complaints Procedure

Managers are required under the Officers' Scheme of Delegation to ensure that operational decisions are taken in accordance with these requirements.

The statutory officers - the Head of Paid Service (Chief Executive), the Monitoring Officer (Solicitor to the Council) and the Chief Finance Officer (County Treasurer) - together with the Council's Legal Unit have a key role in monitoring and ensuring compliance with the Council's regulatory framework and the law.

The Council has a comprehensive Risk Management Strategy. This involves the identification and assessment of risks and controls at service, major project and corporate levels.

The Performance & Improvement Plan analyses the major risks to achieving the Council's objectives and how to manage them. These are monitored monthly by the Corporate Management Board.

All reports to Cabinet include an assessment of risk.

The Corporate Risk Management Group is taking further steps to ensure that risk management is fully embedded into the Council's operational management.

The Council's Whistle Blowing Policy and its Anti Fraud and Corruption Policy provide additional safeguards. Following a review by the Standards Committee the Whistle Blowing Policy has been strengthened to increase its effectiveness.

Compliance is also monitored through the work of the following:

- Internal Audit
- Overview and Scrutiny Committee, its sub-committees and task groups
- Standards Committee
- External Audit and Inspection Agencies.

**Ensuring the economical, effective and efficient use of resources, and secure continuous improvement in the way functions are exercised. Performance management.**

The Council's Performance & Improvement Plan is a key tool for these purposes. It provides information about progress and plans for delivery, and is used throughout the year to monitor progress. It is supported by a comprehensive management system which cascades priorities, key targets and milestones through service plans, and the Council's Change Programme.

Monthly financial performance monitoring reports to Cabinet include service standards. This enables Members to review performance in the context of approved budgets and the Medium Term Financial Plan. Performance against key performance indicators is monitored quarterly.

The Performance Scrutiny Task Group provides a useful challenge to the Council's planning, target setting and achievement.

The Council has a Procurement Strategy which is designed to ensure the efficient and effective use of resources.

#### **Facilitating the County Council's financial management and reporting**

The Council achieves this by:

- Monthly reports to Cabinet on the Council's Revenue Budget and Capital Programme
- Monthly budget monitoring reports to Service Managers
- Compliance with the Council's Budgetary and Policy Framework Procedure, Financial Regulations and Financial Procedure Rules
- Compliance with external requirements, standards and guidance
- Publication of Statement of Accounts
- Overseeing role of the Final Accounts Committee.

The Council's internal control environment is reinforced by the role and work of:

- the Overview and Scrutiny Management Committee, its sub-committees and task groups
- the Standards Committee
- Internal Audit, through implementation of the Internal Audit Plan
- the Audit Commission, through the Audit and Inspection Plan and Annual Audit and Inspection Letter
- External inspection regimes (CPA; OFSTED, SSI).

#### **Review of Effectiveness**

The Council has a responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. This review will be informed by the work of the internal auditors and the Chief Officers and senior managers throughout t

**Chief Officers' Assurance Statements**

Chief Officers have completed annual assurance statements on internal control arrangements in their departments. They are responsible for monitoring and reviewing internal controls as an integral part of the risk management process.

**Internal Audit**

The annual Internal Audit Plan is based on an assessment of risk areas, using the most up to date sources of risk information. The plan is agreed with the County Treasurer and Chief Officers, and presented to the Standards Committee, which also receives reports of progress against the plan throughout the year. The Internal Audit Annual Report summarises the results and conclusions of the audit work throughout the year, and provides an audit opinion on the internal control environment for each department, and for the County Council as a whole.

Whilst Internal Audit is unable to give an absolute assurance, the results of the audits completed during the year support an overall audit opinion that internal control is in place and is operating satisfactorily in relation to the various systems and procedures reviewed. There have been no instances of fundamental weaknesses coming to light during the year, and satisfactory progress is being made to address and implement recommendations arising from previous audit reports.

There are no significant internal control issues arising from the work of Internal Audit.

**External Audit and Inspection**

The latest Comprehensive Performance Assessment (CPA) from the Audit Commission, reported at the end of 2004, rated the Council as 'Good' overall, representing an improvement on the earlier assessment from 2002. In addressing those areas previously seen as capable of improvement, the CPA Report recognised that the Council has achieved significant progress in a number of important areas.

It now has an effective performance management framework, and there is a clear link between the priorities identified by the community strategy and those adopted by the Council. These are reflected in service plans, work plans and in managers' and staff personal targets. In addition, the Council has introduced an effective corporate appraisal system which monitors individual performance against corporate and service targets. These developments help the Council to monitor achievement of its corporate objectives.

The Council has developed a comprehensive action plan in response to issues raised in the latest CPA. This is intended to achieve further improvements in a range of areas as follows:

- Communications
- Medium-term Financial Planning
- IT Infrastructure and Systems
- Management of Human Resources
- Risk Management
- Project Management.

The Audit Commission's Annual Audit and Inspection Letter for 2004 continued to emphasise the positive achievements of the County Council over the past year. It recognised the Council's leadership as strong and firmly focussed on improving services important to the local community. The Council was seen to be managing its performance well and applying what it has learnt to improving its services further.

The Audit Commission did not identify any significant weaknesses in the Council's internal control arrangements. The letter was presented to the Standards Committee and the Cabinet in March 2005.

The Audit Commission has also issued an Interim Audit Report for 2004-05, setting out the results of further audit work in relation to core financial processes and financial aspects of corporate governance. The overall conclusion is that the Council's core processes are sound, and that it has satisfactory arrangements for ensuring proper conduct of its financial affairs. Areas cited for further improvement were:

- Strengthening controls over ordering and purchasing arrangements
- Revising the reporting mechanisms for Internal Audit.

**Significant Internal Control Issues**

The Accounts and Audit Regulations 2003 introduced the requirement for there to be a review, at least annually, of the effectiveness of internal control. This means that the Council must address its overall internal control environment in a comprehensive, all-embracing manner.

In carrying out this review, we again need to draw attention to the following specific areas first mentioned in last year's Statement on Internal Control. In both areas we are committed to developing our management processes further, and will continue working to achieve the necessary improvements for the future.



**Risk Management**

The Council's risk management strategy has been developed into a framework of management arrangements, supported by a corporate risk register, aimed at ensuring that risks are regularly identified and effectively managed across all departments. The Corporate Risk Management Group has now established a quarterly reporting of key strategic risks to the Corporate Management Board.

However, there remains a need to improve the consistency of risk reporting and risk management activity within departments, and to demonstrate that risks are being systematically identified and managed in all cases. Further work will therefore continue in these areas to ensure risk management becomes properly embedded into the Council's management arrangements during 2005-06.

**Budgetary Control**

In common with many other authorities, the Council continues to face an increasing demand in children's services, which brings with it ongoing pressure on our budget in this area. The integration of our children's services has brought this challenge clearly into focus, and demonstrates a continuing need to manage these budgetary pressures at a corporate level. We must therefore continue to focus our budgetary control arrangements particularly in this area of increasing demand.

Keith Robinson  
Chief Executive  
September 2005

Jane Scott  
Leader of the Council  
September 2005

## Independent Auditor's Report to Wiltshire County Council

I have audited the statement of accounts on pages 2 to 36 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 5 to 8 and the Pension Fund accounts, on pages 37 to 44, which have been prepared in accordance with the accounting policies applicable to pension funds set out on pages 39 to 40.

This report is made solely to Wiltshire County Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 54 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission.

### Respective Responsibilities of the County Treasurer and the Auditors

As described on page 4 the County Treasurer is responsible for the preparation of the statement of accounts in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2004. My responsibilities, as independent auditor, are established by statute, the Code of Audit Practice issued by the Audit Commission and my profession's ethical guidance.

I report to you my opinion as to whether the statement of accounts present fairly:

- the financial position of the Council and its income and expenditure for the year,
- the financial transactions of its Pension Fund during the year and the amount and disposition of the Fund's assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year.

I review whether the statement on internal control on pages 46 to 49 reflects compliance with CIPFA's guidance 'The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003' published on 2 April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider whether the statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures. My review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

I read the other information published with the statement of accounts and consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the statement of accounts.

### Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant auditing standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the statement of accounts is free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion, I evaluated the overall adequacy of the presentation of the information in the financial statements.

### Opinion

In my opinion the statement of accounts present fairly the financial position of Wiltshire County Council as at 31 March 2005 and its income and expenditure for the year then ended.

**Opinion on the pension fund accounts**

In my opinion the statement of accounts presents fairly the financial position of Wiltshire County Council as at 31 March 2005 and its income and expenditure for the year then ended.

In my opinion the financial statements present fairly the financial transactions of Wiltshire Pension Fund during the year ended 31 March 2005, and the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year.

**Certificate**

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Signature: .....

Date: .....

Brian Bethell  
District Auditor  
Audit Commission  
Westward House  
Lime Kiln Close  
Stoke Gifford  
Bristol  
BS34 8SU