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Explanatory Foreword

This Statement of Accounts is produced by the Chief Financial Officer and contains the County Council's accounts for the financial year ended 31 March 2007. 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 2006-07 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 2006-07 Financial Year

The Council set a net revenue budget for the year 2006-07 on 13 February 2007 of £219.791 million, which increased to £221.342 following the approval of investment plans for rollovers of under spending in 2005-06. Spending pressures in the year in relation to health and adult social care services led to a corporate recovery plan to address a potential shortfall of £11 million. The Department of Adult and Community Services reviewed budgets and service delivery to achieve a reduction in expenditure. Budget transfers from other departments were made following implementation of efficiency measures and one-off savings. Many of the changes delivered savings earlier and of greater value than originally estimated, resulting in a net under spending in the year of £1.7 million

There are a number of technical changes to the Statement of Accounts deriving from changes in the Statement of Recommended practice (SORP) for local authority accounting. These include changes to the way the cost of assets and debt financing are shown in the accounts, although there is no net impact on the revenue account and county fund

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: -

	2006-07 Original Budget £000	2006-07 Revised Budget £000	2006-07 Actual £000	2006-07 Difference £000	2005-06 Actual £000
Operating Costs during the year	219,791	221,342	222,301	-959	419,881
Income from government grant and local taxpayers	<u>219,791</u>	<u>219,791</u>	<u>220,531</u>	<u>-740</u>	<u>410,035</u>
Additions to/Withdrawals from balances	0	-1,551	-1,770	219	-9,846
County Fund balance at start of year	6,392	6,392	7,632	-1,240	6,368
Adjustment relating to SoRP 2006 disclosure requirements		1,946	1,946		11,109
County Fund balance at end of year	<u><u>6,392</u></u>	<u><u>6,787</u></u>	<u><u>7,808</u></u>	<u><u>-1,021</u></u>	<u><u>7,632</u></u>

The County Fund balance at 31 March 2007 is £7.808 million and includes all under spending identified at the year-end. In June 2006 the Cabinet agreed that a net under spend of £1.387 million from 2006-07 should be available to fund services in 2007-08. This will decrease the available balance to £6.421 million in 2007-08.

Wiltshire County Council Pension Fund

While the County Council's pension fund deficit is estimated to be £145 million using the FRS17 basis of valuation, the strategy is to have the fund balanced by 2020. In 2006-07 the County Council maintained its contribution at the rates advised by our actuaries, Hymans Robertson, at 20.7% of pensionable pay, and also ensure that all liabilities in terms of early payment of benefits were met in full.

Capital Expenditure Summary

Capital expenditure in the year was £48.548 million, £8.497 million less than the approved capital budget. Of this under spending, £7,921 million represents delays in cash payments on schemes in progress, which will now be spent in 2007-08. The programme was financed from borrowing, capital receipts, grants and developer contributions.

Increasingly more of the capital programme is funded from earmarked resources. Expenditure in 2006-07 includes £11.7 million on the improvement of schools through New Deals for Schools and Devolved Formula grants, £18.043 million on improving the highways network as part of the Local Transport Plan which has been agreed with the Government and £1.134 million for the building of the New Melksham George Ward School.

Expenditure during the year from discretionary resources included: -

Wiltshire and Swindon History Centre	£4.7 million to relocate the service to new purpose built premises in Chippenham.
Rowdeford Extension	£1.2 million to provide permanent accommodation for the Autistic Spectrum Disorder Centre at Rowdeford.
County Farms Investment Works	£1.2 million to update existing county farms to meet minimum requirements and to enable the rationalisation of the portfolio to generate additional capital receipts.
Professional fees and associated costs for Major Highways Schemes	£0.8 million for the improvement and development of Local Transport.

Borrowing Summary

Long term loans outstanding increased during the year by £7.905 million. New loans totalling £59.64 million were taken up to fund the requirements of the 2006-07 capital programme (£19 million), for restructuring the premature repayment of existing loans (£36.5 million), to finance the purchase of equipment instead of leasing finance (£0.14 million) and to finance requirements of the 2007-08 capital programme (£4 million).

All of the new borrowing was taken from Public Works Loan Board (PWLB). £51.735 million of PWLB loans were repaid during the year, however this figure also includes £11.877m of PWLB debt that was transferred from Wiltshire County Council to Swindon Borough Council.

Sandra Schofield
Chief Financial Officer

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 Chief Financial Officer..
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

The Chief Financial Officer's Responsibilities

The Chief Financial Officer 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 Chief Financial Officer 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 Chief Financial Officer 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 49 present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2007.

Sandra Schofield
Chief Financial Officer
June 2007

These accounts were approved, subject to audit, at the meeting of the Final Accounts and Audit Committee of the County Council on 28 June 2007.

Mrs Jane Scott
Leader of Wiltshire County Council
28 June 2007

The Income and Expenditure Account

	Gross Spending 2006-07 £000	Gross Income 2006-07 £000	Net Spending 2006-07 £000	Net Spending 2005-06 £000
Expenditure on Services				
<i>Continuing Operations</i>				
Central Services to the Public	2,089	939	1,150	1,386
Court Services	745	213	532	563
Cultural, Environment and Planning Services	34,203	8,422	25,781	24,681
Education Services	367,288	325,843	41,445	234,463
Highways, Roads and Transport Services	31,619	4,892	26,727	25,915
Housing Services	8,853	8,610	243	252
Social Services	153,689	41,666	112,023	104,914
Corporate and Democratic Core	6,896	1,140	5,756	5,545
Non Distributed Costs	1,173	0	1,173	1,820
Acquired Operations - WASSP			0	-320
Net cost of services	606,555	391,725	214,830	399,219
Disposal of fixed assets (surpluses) and losses				
Trading account (surpluses) and deficits			22	-394
Interest payable and similar charges			9,654	9,295
Interest and investment income			-5,448	-4,737
Pension interest cost and expected return on pensions assets			3,243	5,818
Extraordinary Item and Prior Year Adjustment			0	10,680
Net Operating Expenditure			222,301	419,881
Council precepts			-158,829	-150,042
General government grants			-51,073	-124,803
Non-domestic rates redistribution			-9,805	-134,606
Transfers from (-) / to the Collection fund in respect of surpluses/deficits			-824	-584
Total Deficit/Surplus (-) for the Year			1,770	9,846

The Statement of Movement on the General Fund Balance

	Net Spending 2006-07 £000	Net Spending 2005-06 £000
Surplus for the year on the Income and Expenditure Account	-1,770	-9,846
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the County Fund Balance for the year	1,946	11,109
Increase in County Fund balance for the year	176	1,264
County Fund Balance brought forward	7,632	6,368
County Fund Balance carried forward	7,808	7,632

General Fund Balance Reconciliation

Net additional amount required to be credited to the General Fund balance for the year	<u>-1,946</u>	<u>-11,109</u>
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Comprising

Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund balance for the year

Depreciation and impairment of fixed assets	-10,905	-7,829
Government Grants Deferred amortisation	1,884	1,503
Write downs of deferred charges to be financed from capital resources	-7,490	-6,356
Net profit / loss (-) on sale of fixed assets	3,364	-8,486
Net charges made for retirement benefits in accordance with FRS 17	<u>-3,920</u>	<u>1,089</u>
	<u>-17,067</u>	<u>-20,079</u>

Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the Movement on the General Fund Balance for the year

Minimum revenue provision for capital financing	7,853	6,856
Capital expenditure charged in-year to the General Fund Balance	2,092	1,980
Employer's contributions payable to the Wiltshire Pension fund and retirement benefits payable direct to pensioners	<u>0</u>	<u>0</u>
	<u>9,945</u>	<u>8,836</u>

Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year.

Voluntary revenue provision for capital financing	989	760
Net transfer to or from earmarked reserves		
Contributions to/from(-) insurance reserve	100	279
Contribution to/from(-) other earmarked reserves	<u>4,087</u>	<u>-905</u>
	<u>5,176</u>	<u>134</u>

Statement of Total Recognised Gains and Losses

	2006-07 £000	2005-06 £000
Surplus for the year on the Income and Expenditure Account		
Surplus arising on the revaluation of fixed assets		
Actuarial (gains)/losses on pension fund assets and liabilities		
Total recognised gains for the year	<u> </u>	<u> </u>

The Consolidated Balance Sheet as at 31 March 2007

	Note	2006-07 £000	2006-07 £000	2005-06 £000
Fixed Assets	19		540,194	500,980
Deferred Charges	20		0	0
Long Term Debtors	21		<u>63</u>	<u>12,742</u>
Total Long Term Assets			540,257	513,722
Current Assets				
Stocks and Work in Progress	22	229		234
Debtors	23	38,191		32,611
Short Term Investments	24	70,500		54,800
Cash in Hand	25	<u>17,084</u>	<u>126,004</u>	<u>20,360</u>
Total Assets			666,261	621,727
Current Liabilities				
Creditors	26	63,021		55,585
Deposits	27	3,645		2,395
Temporary Loans	28	3,022		12,375
Cash Overdrawn	29	<u>4,429</u>	<u>74,117</u>	<u>3,287</u>
Total Assets less Current Liabilities			592,145	548,085
Provisions	30	3,346		2,769
Long Term Borrowing	28	189,296		171,987
Deferred Liability - Finance Leases	31	432		425
Government Grants Deferred		24,139		22,268
Capital Contribution		9,637		8,171
Liability related to defined benefit pension schemes	35	<u>145,037</u>	<u>371,887</u>	<u>185,230</u>
Total Assets less Liabilities			<u>220,257</u>	<u>157,235</u>
Fixed Asset Restatement Account	32		128,306	119,241
Capital Financing Account	33		189,171	164,332
Usable Capital Receipts Reserve	34		2,785	6,106
Pensions Reserve	35		-145,037	-185,230
Earmarked Reserves	36		37,224	32,485
Deferred Credit-Swindon Debt Outstanding	37		0	12,669
County Fund Balance			7,808	7,632
Total Equity			<u>220,257</u>	<u>157,235</u>

The Cash Flow Statement for 2006-07

	2006-07 £000	2005-06 £000
Revenue Activities		
Cash Outflows		
Cash paid to and on behalf of employees		-275,458
Other operating costs		-304,423
		<hr/> -579,881
Cash Inflows		
Disbursements from the Collection Fund		150,626
Non-domestic rate income		134,606
Revenue Support Grant		124,803
Other government grants		95,018
Cash received for goods and services		93,188
		<hr/> 18,360
Returns on Investments and Servicing of Finance		
Cash Outflows		
Interest paid		-7,987
Cash Inflows		
Interest received		1,763
Contributions from other authorities		1,666
		<hr/> -4,558
Capital Activities		
Cash Outflows		
Purchase of fixed assets		-59,300
Cash Inflows		
Sale of fixed assets		5,325
Capital grants		17,419
Developers contributions		2,273
		<hr/> -34,283
Net transfer of cash to(-)/from other authorities		
		<hr/> -20,481
Management of Liquid Resources		
Net Increase/Decrease (-) in Short-term Deposits		-281
		<hr/> -281
Financing		
Cash Outflows		
Repayment of amounts borrowed		-26,624
Cash Inflows		
New loans raised		52,200
New short term loans		5,708
		<hr/> 31,284
Increase/Decrease(-) in cash		<hr/> 10,522

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 (SSAP), Financial Reporting Standards (FRS), 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 Bruton Knowles, Chartered Surveyors under the authorisation of the Urban Estates Manager. 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

Under the Statement of Recommended Practice issued by CIPFA 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.

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.

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 2006-07 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 2006-07, although a summary is given on pages 42 to 49.

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 UK GAAP 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 fifteen 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 50.

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 2007 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.

Notes to the Income and Expenditure 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

	Gross Expenditure	Gross Income Excluding Grants	Grant Income	Net Spending	Net Spending
	2006-07 £000	2006-07 £000	2006-07 £000	2006-07 £000	2005-06 £000
Central services to the Public					
Registration Births, Deaths & Marriages	997	510	0	487	671
Elections	85	0	0	85	74
Emergency Planning	342	71	-19	290	206
Local Land Charges	136	377	0	-241	-103
General Grants, Bequests & Donations	529	0	0	529	538
Court Services					
Coroners' Court Services	745	213	0	532	563
Cultural and Related Services					
Culture & Heritage	1,580	310	3	1,267	953
Recreation & Sport	1,242	364	0	878	664
Open Spaces	263	3	0	260	417
Tourism	108	5	0	103	0
Library service	8,397	748	37	7,612	6,413
Environmental Services					
Flood Defence and Land drainage	462	0	0	462	303
Agricultural Services	-2,648	648	0	-3,296	-1,390
Consumer Protection	1,574	55	72	1,447	1,387
Waste disposal	19,017	4,032	517	14,468	13,405
Planning and Development Services					
Development control	877	84	100	693	667
Planning policy	1,195	56	0	1,139	1,070
Environmental initiatives	239	15	0	224	84
Economic development	1,897	480	893	524	708
Individual School Funds					
Primary Schools					
Delegated Budgets	110,726	0	99,878	10,848	87,554
Devolved Grants	11,069	11,856	23,294	-24,081	-4,080
LEA / Corporate expenditure	52,693	104	18,683	33,906	30,170
Secondary Schools					
Delegated Budgets	116,396	0	106,682	9,714	91,943
Devolved Grants	13,499	13,989	12,116	-12,606	-17,951
LEA / Corporate expenditure	18,218	239	2,571	15,408	8,003
Special Schools					
Delegated Budgets	9,608	0	8,412	1,196	6,895
Devolved Grants	830	1,058	878	-1,106	-256
LEA / Corporate expenditure	2,807	8	1,440	1,359	-509

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

Continued

	Gross Expenditure	Gross Income Excluding Grants	Grant Income	Net Spending	Net Spending
	2006-07 £000	2006-07 £000	2006-07 £000	2006-07 £000	2005-06 £000
Non-School Funding					
Strategic management of non-school service	4,200	467	613	3,120	2,580
Pre-School Education	14,419	0	14,261	158	8,665
Youth Service	4,772	1,113	0	3,659	1,981
Adult and Community Learning	1,124	928	0	196	42
Support for Students	1,213	242	144	827	1,157
Other Non-schools Funding	5,714	0	6,867	-1,153	17,949
Highways, Roads & Transport Services					
Transport planning, policy and strategy	3,302	776	0	2,526	2,605
Highways/roads (structural)	6,079	245	0	5,834	-3,668
Construction	496	82	0	414	11,541
Highways/roads (routine)	8,395	648	0	7,747	6,454
Street Lighting	2,161	0	0	2,161	1,965
Winter Maintenance	3,259	253	0	3,006	2,320
Traffic management and road safety	2,218	583	0	1,635	1,479
Public Transport	5,709	472	1,833	3,404	3,219
Housing Services					
General Fund (Other Council Property)	529	302	0	227	197
Supported People	8,324	0	8,308	16	55
Adult and Community Services					
Service Strategy	711	0	0	711	286
C&F - Commissioning	3,319	77	1,759	1,483	6,229
C&F - Children Looked After	11,640	0	0	11,640	14,831
C&F - Family Support Services	11,920	27	0	11,893	2,349
C&F - Youth Justice	847	378	43	426	107
C&F - Other Services	406	0	0	406	1,968
Older People (Age 65+)	64,902	13,444	6,311	45,147	40,373
Adult Care - Physical or Sensory Disability	11,172	1,059	578	9,535	10,091
Adult Care - Learning Disability	37,950	11,319	2,010	24,621	22,972
Adult Care - Mental Health Needs	6,977	455	1,212	5,310	5,192
Asylum Seekers	553	0	213	340	-8
Other Adult Care Services	3,092	22	2,759	311	126
Supported Employment	200	0	0	200	398
Corporate and Democratic Core					
Democratic Representation & Management	5,904	1,140	0	4,764	2,474
Corporate Management	992	0	0	992	3,071
Non Distributed Cost	1,173	0	0	1,173	1,820
Net Cost of Services	606,555	69,257	322,468	214,830	399,219
Other Operating Income & Expenditure					
Precepts & Levies	0	0	0	0	0
Trading account surpluses & deficits	5,930	5,382	526	22	-394
Extraordinary Item & Prior Year Adjustment	0	0	0	0	10,680
Asset Management Revenue Account	0	0	0	0	0
Interest payable and similar charges	9,654	0	0	9,654	9,295
Interest and Investment Income	-5,448	0	0	-5,448	-4,737
Pension interest cost and expected return on pensions assets	3,243	0	0	3,243	5,818
Cost of Other Operating Expenditure	13,379	5,382	526	7,471	20,662
TOTAL EXPENDITURE	619,934	74,639	322,994	222,301	419,881

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

	Gross Spending	Gross Income Excluding Grants	Grant Income	Net Spending	Net Spending
	2006-07 £000	2006-07 £000	2006-07 £000	2006-07 £000	2005-06 £000
Children and Education	368,947	30,305	297,711	40,931	259,627
Environmental Services	71,342	14,007	3,588	53,747	43,426
Central and Library Services	36,694	-1,354	-9	38,057	16,681
Adult and Community Services	129,572	26,299	21,178	82,095	79,485
	<u>606,555</u>	<u>69,257</u>	<u>322,468</u>	<u>214,830</u>	<u>399,219</u>
Other Operating Expenditure	<u>13,379</u>	<u>5,382</u>	<u>526</u>	<u>7,471</u>	<u>20,662</u>
Net Operating Expenditure				<u>222,301</u>	<u>419,881</u>

2. Extraordinary Item and Prior Year Adjustment

The SoRP 2006 requires the County Council to restate its primary statements to bring them in line with International Accounting Standards. This has resulted in an extraordinary item in 2005-06 of £10.68 million being disclosed. This amount relates to the transfer of the assets of the former Magistrates' Courts Service to the Lord Chancellors' Department for nil consideration. The majority of the funding for these assets initially came from the Home Office which funded 80% of all costs relating to Magistrates' Courts Services.

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 £0.233 million, of which £0.043 million (£0.043 million in 2005-06) related to property leases. The reduction in property lease obligations results from the use of SSAP 21 test for defining finance leases introduced by the Prudential Code.

Future commitments of finance leases are: -

	£000
Amounts payable within the next year	67
Amounts payable in the second to fifth years	261
Aggregate amounts payable thereafter	3,092

The Council also has the use of assets under the terms of operating leases. The amount paid under these leases in 2006-07 and the amounts required in future years are as follows: -

	2006-07	2007-08	2008-09	2005-06
	£000	£000	£000	£000
Corporately arranged leases	322	14	13	577
Departmentally arranged leases	614	157	159	637
Vehicle leases	373	383	389	421
Total leasing commitments	<u>1,308</u>	<u>554</u>	<u>562</u>	<u>1,635</u>

4. Audit Fees

The audit of the Statement of Accounts is carried out by the Audit Commission and the following fees were payable during 2006-07 in accordance with the Audit Commission Act 1998.

	2006-07	2005-06
	£000	£000
External Audit Services	238	203
Statutory Inspection	0	13
Certification of grant claims and returns	32	38
	<u>270</u>	<u>254</u>

5. 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.

	2006-07	2005-06
	£000	£000
Environmental Services	735	687
Children and Education	457	754
Central and Library Services	636	601
Adult and Community Services	108	110
	<u>1,936</u>	<u>2,152</u>

6. 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 2006-07 the County Council's income from the activities covered by the Act was as follows: -

	Income 2006-07 £000	Associated Expenditure 2006-07 £000	Income 2005-06 £000	Associated Expenditure 2005-06 £000
Other Local Authorities	541	549	848	421
Police Authority	226	30	271	49
Fire Authority	59	0	64	0
Other Public Bodies (including Parish Councils)	626	24	696	113
	<u>1,451</u>	<u>603</u>	<u>1,879</u>	<u>583</u>

7. Teachers' Pensions

In 2006-07 the County Council paid £16.365 million to the Department for Education and Skills in respect of teachers' pension costs, which represents 13.5% (14.1% from 1 January 2007) 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 2006-07 these amounted to £1.926 million.

8. 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 Teachers' Pension Scheme – this is an unfunded scheme, meaning that there are no investments assets built up to meet the provisions liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. The liability for this scheme falls upon central government.

In 2006-07, pension costs have been charged to the income and expenditure 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 2007. The last full actuarial valuation was on 31 March 2004.

In 2006-07 the County Council paid an ongoing employer's contribution of £20.125 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 2006-07, which is available on request.

9. Minimum Revenue Provision for the Repayment of External Loans

The Local Government and Housing Act 1989 requires local authorities to charge to revenue an amount equal to 4% of the credit ceiling, as a minimum provision for the repayment of external debt. In 2006-07 the amount charged by the County Council was £7.853 million.

10. Members' Allowances

The total amount of members' allowances paid in 2006-07 in respect of basic allowance, special responsibility and attendance allowance was £0.584 million.

11. Officers' Emoluments

The Accounts and Audit Regulations require disclosure of the numbers of officers whose remuneration in 2006-07 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) 2006-07	Number of Officers (excluding redundancy payments) 2006-07	Number of Officers (including redundancy payments) 2005-06	Number of Officers (excluding redundancy payments) 2005-06
£150,000 - £159,999	1	0	0	0
£140,000 - £149,999	1	1	0	0
£130,000 - £139,999	0	0	1	1
£120,000 - £129,999	1	0	0	0
£110,000 - £119,999	0	0	0	0
£100,000 - £109,999	0	0	1	1
£90,000 - £99,999	2	3	1	1
£80,000 - £89,999	4	4	4	4
£70,000 - £79,999	16	16	8	8
£60,000 - £69,999	27	27	24	24
£50,000 - £59,999	69	68	49	48
	<u>121</u>	<u>119</u>	<u>88</u>	<u>87</u>

12. 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, County Councillors and Chief Officers: -

Central Government

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

Other Local Authorities and Bodies

During 2006-07 various County Councillors were also members of district, parish or town councils. Wiltshire County Council made the following payments during the year.

	£000
Kennet District Council	2,031
North Wiltshire District Council	1,021
Salisbury District Council	1,234
West Wiltshire District Council	413
Amesbury Town Council	12
Devizes Town Council	41
Trowbridge Town Council	25

The Council also had transactions with the following authorities:- Box Parish Council, Bradford on Avon Town Council, Calne Town Council, Chippenham Town Council, Marlborough Town Council, Tidworth Town Council, and Warminster Town Council.

Wiltshire and Swindon Fire Authority

Several County Councillors were members of the authority during 2006-07.

Wiltshire Police Authority

Several County Councillors were members of the authority during 2006-07. During the year Wiltshire County Council made payments of £2.711 million.

Wiltshire Pension Fund

Several County Councillors were members of the Pension Fund Committee during 2006-07. A Chief Officer is also a member of the Committee.

Other Bodies

During 2006-07 the following payments were made:-

£1.091 million to the West Wiltshire Housing Society, a County Councillor is a member of the board.

£0.617 million to Care Ltd, of which a County Councillor is a member.

£0.294 million to Community First, where a County Councillor is a member of the Village Hall Grants Panel.

£0.064 million to Tidworth Development Trust, of which a County Councillor is a member.

£0.050 million to Salisbury Playhouse, of which a County Councillor is on the board.

£0.039 million to Salisbury & South Wilts Museum, a County Councillor is involved with the Museum.

Wiltshire County Council has also had transactions with the Wiltshire Wildlife Trust, the Kennet and Avon Canal Trust, North Wessex Downs AONB and Cranborne Chase AONB during the year. One or more County Councillors are involved with each of these organisation.

13. Exceptional and Extraordinary Items**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 £0.401 million has been repaid and the remaining provision is now £0.264 million.

14. Joint Arrangements**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, this was £5.2 million in 2006-07. 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 £0.57m in 2006-07 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.

With effect from 1st April 2006, Swindon will be funded separately and the formula funding paid directly to Swindon Borough Council and the joint arrangement will cease.

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 Natural England 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 2006-07 for Cranborne Chase & West Wiltshire Downs was £227,410. Wiltshire County Council contributed £8,000 in 2006-07 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 2006-07 for North Wessex Downs was £318,876. Wiltshire County Council contributed £8,724 in 2006-07 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 2006-07 for The Cotswolds AONB in their draft final accounts was approximately £1.398. Wiltshire County Council contributed £7,312 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 Borough 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 £82,990. 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 £35,700 in 2006-07 to the committee, who 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.

Rural Renaissance

The Rural Renaissance programme is a regional funding programme, operated by the South West of England Regional Development Agency (RDA), targeted at the economic regeneration of the South West region. The RDA delegate responsibility for the delivery of the programme to various sub-regional partnerships across the South West. Wiltshire County Council have taken the role of accountable body for the delivery of the Rural Renaissance Programme in the sub-region of Wiltshire and Swindon. This means that Wiltshire County Council are responsible for ensuring the appropriate use of Rural Renaissance Funds in the Wiltshire and Swindon area. Progress is reported quarterly to the RDA.

Wiltshire and Swindon Sports Partnership (WASSP)

Wiltshire and Swindon Sports Partnership (WASSP) transferred to Wiltshire County Council from Kennet District Council on 1st February 2006, which provides a range of sports and sports related services to the community. There is no revenue contribution from the County Council, the service being funded from grants received mainly from Sport England, but also from national governing bodies such as the Football Association and other local authorities. The main costs relate to salaries, professional fees, equipment, supplies and services.

Care in the Community

Care in the Community Joint Funded Placements with the Primary Care Trust (PCT) exist for Learning Disability clients and a contract is now in place for 2007-08. The value paid by the PCT for 2006-07 was £8.483 million

Intermediate Care

Integrated Management and Intermediate Care were S31 Pools, hosted by the Primary Care Trust (PCT) in 2005-06. The pools ceased at the end of 2005-06 financial year. In 2006-07 a new Intermediate Care S31 Agreement (31 March 2006 to 31 March 2009) with regards Community Support Workers with the Primary Care Trust is in place, this is not based on a specific monetary contribution but a number of workers to work with Health in a joint arrangement capacity. The value paid for 2006-07 was £.748 million

Wiltshire Customer First Partnership

Wiltshire County Council and the District Councils, together with the Police and Fire & Rescue Service have entered into a partnership to provide the best possible service for our customers. It aims to ensure that customer service delivery in Wiltshire is of a high professional standard, customer focussed, easily accessible, cost effective and right first time. The Partnerships budget is £0.2 million of which Wiltshire County Council contribute £0.03 million.

15. Long Term Contracts**Waste Contract**

The Council is committed to making contract payments to Hills Minerals & Waste Ltd estimated at £9.7 million for the financial year 2007-08 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 and new kerbside initiatives.

Grounds Maintenance, Cleaning and Catering Contract

The Council is committed to making contract payments to Sodexo Ltd estimated at £3.4 million for the financial year 2007-08 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 Works Contract

The Council is committed to making contract payments to Ringway Infrastructure Services Ltd estimated at £15 million per annum following the re-letting of its Highways works contract in June 2006. The contract expires in May 2011. 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.

Highways Services Contract

The Council is committed to making contract payments to Mouchel Parkman Ltd estimated at £4.5 million per annum following the re-letting of its Highways services contract in June 2006. The contract expires in May 2011. The actual level of payments per annum under the contract depends on actual work 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 both Bailey Partnership and Ridge & Partners for the provision of consultancy services in respect of the management of property maintenance works, capital works and minor capital works. These are estimated to amount, in total, to £0.4 million for the financial year 2007-08. The contracts are both for a three year period commencing in 2006 with an option for two annual extensions, to be decided by mutual agreement. The contract is based on a Schedule of Rates and the actual level of payments each year, and to each contractor, will vary depending upon the work undertaken.

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 2007-08 the total commitment is estimated to be £10.988 million.

Placements and Domiciliary Care

The Council has multiple block contracts with service providers for Placements and Domiciliary Care. In 2007-08 the total commitment is estimated at £11.739 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 per annum) 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 secondary schools at Chippenham, Wootton Bassett and Malmesbury.

Information Technology Contract

The County Council has a contract with Steria Plc the support and maintenance of PCs and other ICT infrastructure. The value of this contract is £2.4 million per year.

16. Pooled Budgets Established under Mental Health Act 1999

An agreement between the Avon and Wiltshire Mental Health Partnership 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 2006-07, up to the Pool's cessation at the end of September 2006.

	Gross Expenditure £ million	Gross Income £ million	Net Expenditure £ million
2006-07	14.998	14.998	0.000
2005-06	56.337	56.072	0.265

Wiltshire County Council made a contribution of £3.764 million towards the pooled budget in 2006-07. The various parties to the pool have been repaid or made contributions to bring the pool back to a zero balance.

17. Pooled Budget PCT Integrated Management & Intermediate Care

These pools ceased at the end of the 2005-06 financial year, although a joint arrangement still exists. The pools were with the Primary Care Trusts and South, West and North Wiltshire Districts. The Pooled Budgets were administered by the relevant PCT.

The Objectives of these pools was to provide efficiencies between Health and Social Services with regard to integrated management and Intermediate care. The pools were governed by section 31 of the Health Act 1999.

Total Income and Expenditure of the Pool

		Gross Expenditure £ million	Gross Income £ million	Net Expenditure £ million	
<i>Intermediate Care (Pool)</i>					
South Wiltshire	2006-07	0.000	0.000	0.000	
West Wiltshire		0.000	0.000	0.000	
Kennet & North Wiltshire		0.000	0.000	0.000	
		0.000	0.000	0.000	
South Wiltshire	2005-06	2.136	2.161	-0.025	Under Spend
West Wiltshire		1.300	1.369	-0.069	Under Spend
Kennet & North Wiltshire		1.415	1.407	0.008	Over Spend
		4.851	4.937	-0.086	
<i>Integrated Management (Pool)</i>					
South Wiltshire	2006-07	0.000	0.000	0.000	
West Wiltshire		0.000	0.000	0.000	
Kennet & North Wiltshire		0.000	0.000	0.000	
		0.000	0.000	0.000	
South Wiltshire	2005-06	0.758	0.764	-0.006	Under Spend
West Wiltshire		0.678	0.636	0.042	Over Spend
Kennet & North Wiltshire		0.784	0.748	0.036	Over Spend
		2.220	2.148	0.072	

Contribution by Wiltshire County Council

Intermediate Care (Pool)

South Wiltshire	2006-07
West Wiltshire	
Kennet & North Wiltshire	

Gross Expenditure £ million	Gross Income £ million	Net Expenditure £ million
0.000	0.000	0.000
0.000	0.000	0.000
0.000	0.000	0.000
0.000	0.000	0.000
1.008	1.028	-0.020
0.602	0.634	-0.032
0.880	0.875	0.005
2.490	2.537	-0.047

Under Spend
Under Spend
Over Spend

Integrated Management (Pool)

South Wiltshire	2006-07
West Wiltshire	
Kennet & North Wiltshire	

0.000	0.000	0.000
0.000	0.000	0.000
0.000	0.000	0.000
0.000	0.000	0.000
0.445	0.449	-0.004
0.439	0.408	0.031
0.534	0.510	0.024
1.418	1.367	0.051

Under Spend
Over Spend
Over Spend

18. Mede-Quip (Community Equipment Pooled Budget)

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 this pool is to provide efficiencies between Health and Social Services in the use of aids and adaptations and economies of scale.

The PCTs merged on 1 October 2006 and a new S31 agreement exists, replacing the three separate S31 agreements. The pooled budget is administered by Wiltshire County Council on behalf of the Wiltshire PCT.

Integrated Community Equipment Services

Wiltshire Pool	2006-07
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Gross Expenditure £ million	Gross Income £ million	Net Expenditure £ million
1.715	1.731	-0.016
1.715	1.731	-0.016
0.497	0.482	0.015
0.502	0.510	-0.008
0.745	0.797	-0.052
1.744	1.789	-0.045

Under spend

Over Spend
Under Spend
Under Spend

Wiltshire County Council made a contribution of £0.661 million towards the pooled budget in 2006-07. Under spends owed to the pool parties (DCS £0.006 million and PCT £0.010 million) will be carried forward into 2007-08.

Notes to the Consolidated Balance Sheet**19.1 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 2006	350,818	11,308	163,750	2,587	528,463
Expenditure in year	23,432	2,185	18,842	2,285	46,744
Disposals in year	-2,258	-482	0	-687	-3,427
Revaluations	5,032	0	0	0	5,032
Gross Book Value 31 March 2007	<u>377,024</u>	<u>13,011</u>	<u>182,592</u>	<u>4,185</u>	<u>576,812</u>
Depreciation to 1 April 2006	5,495	4,710	17,279	0	27,484
Depreciation for year	4,921	2,450	3,533	0	10,904
Depreciation written off upon disposal	-1,308	-462	0	0	-1,770
Depreciation written off upon revaluation	0	0	0	0	0
Depreciation to 31 March 2007	<u>9,108</u>	<u>6,698</u>	<u>20,812</u>	<u>0</u>	<u>36,618</u>
Net Book Value 31 March 2007	<u>367,916</u>	<u>6,313</u>	<u>161,780</u>	<u>4,185</u>	<u>540,194</u>
Net Book Value 31 March 2006	<u>340,053</u>	<u>6,598</u>	<u>146,471</u>	<u>7,858</u>	<u>500,980</u>

19.2 Capital Expenditure

	Land and buildings 2006-07 £000	Vehicles and Equipment 2006-07 £000	Grants and Advances 2006-07 £000	Total 2006-07 £000	Total 2005-06 £000
Environmental Services					
- County Farms	1,510	0	0	1,510	1,371
- Gypsy Sites	0	0	0	0	346
- Highways	19,743	0	0	19,743	22,119
- Refuse Disposal	0	0	0	0	0
- Other	811	0	0	811	951
Children and Education	18,708	191	0	18,899	24,875
Central and Library Services					
- Administration of Justice	0	0	0	0	0
- Libraries	5,030	0	0	5,030	5,004
- Other	0	1,031	437	1,468	3,721
Adult and Community Services	<u>867</u>	<u>21</u>	<u>199</u>	<u>1,086</u>	<u>913</u>
	<u>46,669</u>	<u>1,243</u>	<u>635</u>	<u>48,548</u>	<u>59,299</u>

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 it's current state of repair but does not enhance the valuation.

19.3 Financing of Capital Expenditure

	2006-07 £000	2006-07 £000	2005-06 £000
Opening Capital Financing Requirement		190,578	172,999
Capital Investment			
- Operational Assets	41,058		52,944
- Non Operational Assets	0		0
- Deferred Charges	7,490		6,356
		48,548	59,300
Sources of Finance			
- Government Grants and Contributions	16,051		19,359
- Capital Receipts	9,549		14,968
- Direct Revenue Financing	1,073		0
- Minimum Revenue Provision	7,853		6,856
- Voluntary Revenue Provision	803		538
		35,329	41,721
Closing Capital Financing Requirement		203,797	190,578
Explanation of movements in year			
Increase in underlying need to borrow (supported by Government financial assistance)		11,325	16,419
Increase in underlying need to borrow (unsupported by Government financial assistance)		1,894	1,161
Increase / (decrease) in Capital Financing Requirement		13,219	17,580

19.4 Capital Disposals

	Land and buildings Sold 2006-07 £000	Vehicles and Equipment Sold 2006-07 £000	Non operational Sold 2006-07 £000	Total Disposals 2006-07 £000	Land and buildings Sold 2005-06 £000
Environmental Services					
- County Farms	3,667	0	0	3,667	1,568
- Transport and Highways	0	0	0	0	759
Children and Education	1,054	0	0	1,054	2,137
Central and Library Services	39	0	1,547	1,586	0
Adult and Community Services	0	0	0	0	925
	4,760	0	1,547	6,307	5,389

The table above shows the value of cash received in respect of those assets disposed of during the year, costs of sale amounted to £0.104 million, giving net receipts of £6.203 million.

19.5 Proceeds from Sale of Fixed Assets

	2006-07 £000	2006-07 £000	2005-06 £000
Income from Disposal of Fixed Assets		5,675	5,389
Costs of Sale		103	71
Net Receipts		<u>5,572</u>	<u>5,318</u>
Gross Value of Fixed Assets Disposed of	2,670		14,410
Less: Depreciation Written off on Disposal	<u>462</u>	<u>2,208</u>	<u>606</u>
			13,804
Net Proceeds from Disposal of Fixed Assets		<u><u>3,364</u></u>	<u><u>-8,486</u></u>

19.6 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 2007, was £8.960 million. Included in this amount are the following major items:-

	£ million
Malmesbury Primary School	3.004
Other school construction projects	4.071

At year end approximately £41 million of contracts were in the process of being tendered for the construction of new school buildings, this includes the construction of a new secondary school in Melksham.

19.7 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.

	2006-07	2005-06
Land (hectares)	2,763	2,977
Buildings (numbers)		
- Primary Schools	167 *	165
- Secondary Schools	10 *	15
- Special Schools	6	6
- Adult Education Centre	1	1
- Youth and Community	17	16
- Sports and Leisure	7	6
- Administrative	22	19
- Adult and Community Services	38	42
- Libraries	15	15
- Gypsy Sites	5	5
- Highways Depots	15	13
- County Farms	43	48

* 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. The reduction in the number of secondary schools is due to the closure of middle schools following the Three Tier Review.

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

	2006-07	2005-06
Roads (km)		
- Principal County Roads	574	550
- Other County Roads	3,830	3,826

These figures do not include motorways or trunk roads as these are maintained by the Highways Agency.

	2006-07	2005-06
Vehicles, Plant and Equipment (numbers)		
- Vans	7	9
- Lorries	24	25
- Kerbside Collectors	24	22
- Land Rovers	7	7
- Mobile Libraries	4	4
- Mini Buses	56	56
- Cars	49	45
- Gritters	49	45

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

19.8 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 £000	Accumulated £000	Net Book £000
Property	628	5	623
	<u>628</u>	<u>5</u>	<u>623</u>

19.9 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 Bruton Knowles, Chartered Surveyors, who are RICS qualified.

	2006-07 £000	2005-06 £000
Operational Assets	374,229	346,651
Infrastructure Assets	161,780	146,471
Non-operational Assets	4,185	7,858
	<u>540,194</u>	<u>500,980</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. 17). 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.

The value of non-operational assets is allocated as shown below

	2006-07 £000	2005-06 £000
Investment properties	1,087	1,774
Assets under construction	1,805	5,270
Surplus assets held for disposal	1,293	813
	<u>4,185</u>	<u>7,857</u>

20. 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-06 £000	Expenditure in year £000	Charged to Revenue in year £000	Balance 31-Mar-07 £000
2006-07	<u>0</u>	<u>7,490</u>	<u>-7,490</u>	<u>0</u>
2005-06	<u>0</u>	<u>6,356</u>	<u>-6,356</u>	<u>0</u>

21. Long Term Debtors

	2006-07 £000	2005-06 £000
Car loans to staff	21	19
Long term advances of pay to staff	0	0
Adaptation Loans	42	53
Swindon share of debt outstanding (see Note 37)	0	12,669
	<u>63</u>	<u>12,741</u>

22. Stocks and Work in Progress

	2006-07 £000	2005-06 £000
Environmental Services	213	222
Children and Education	10	10
Central and Library Services	6	2
Adult and Community Services	0	0
	<u>229</u>	<u>234</u>

23. Debtors

These represent sums owed to the County Council for supplies and services provided before 31 March 2007, but not received at that date.

23.1 Analysis of Debtors by Category

	2006-07 £000	2005-06 £000
Government Departments	9,364	2,758
General Debtors	18,840	18,621
Payments in Advance	8,069	9,106
Provision for Bad Debts	-761	-581
Landfill Allowances	2,679	2,707
	<u>38,191</u>	<u>32,611</u>

23.2 Analysis of Debtors by Service

	2006-07 £000	2005-06 £000
Environmental Services	5,753	5,797
Children and Education	13,954	8,886
Central and Library Services	15,918	10,616
Adult and Community Services	2,279	4,551
Mental Health Pooled Budgets	287	2,761
	<u>38,191</u>	<u>32,611</u>

24. Investments

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

	2006-07 £000	2005-06 £000
Short Term Investments	70,500	54,800
	<u>70,500</u>	<u>54,800</u>

£14 million of the increase in short term investments is due to long term borrowing maturing during 2006-07 in order to finance capital projects. The spending on these projects has subsequently slipped and so the cash has been invested until required

25. 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.

	2006-07 £000	2005-06 £000
County Council imprest accounts	118	131
County Fund	27	106
Schools' bank accounts	16,939	20,123
	<u>17,084</u>	<u>20,360</u>

26. Creditors

These represent sums owed by the County Council for supplies and services received before 31 March 2007 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.

26.1 Analysis of Creditors by Category

	2006-07 £000	2005-06 £000
Government Departments	10,300	6,693
General Creditors	44,370	40,609
Suspense Accounts	0	0
Payments Received in Advance	6,344	5,793
Landfill Allowances	2,007	2,490
	<u>63,021</u>	<u>55,585</u>

26.2 Analysis of Creditors by Service

	2006-07 £000	2005-06 £000
Environmental Services	15,492	17,099
Children and Education	14,250	12,423
Central and Library Services	23,399	14,493
Adult and Community Services	9,880	11,570
	<u>63,021</u>	<u>55,585</u>

27. 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.

28. Borrowing**28.1 Analysis of Loans by Maturity**

	2006-07 £000	2005-06 £000
Less than 1 year		
Short Term Borrowing	3,022	2,972
Long Term Borrowing	11,415	9,403
Total Less Than One Year	<u>14,437</u>	<u>12,375</u>
More than 1 year		
Between 1 and 2 years	2,625	5,369
Between 2 and 5 years	16,069	18,606
Between 5 and 10 years	35,065	44,662
Between 10 and 15 years	0	5,750
More than 15 years	124,123	97,600
Total More Than One Year	<u>177,882</u>	<u>171,987</u>
Total Borrowing	<u>192,319</u>	<u>184,362</u>

28.2 Analysis of Loans by Type

	Balance 01-Apr-06 £000	Raised £000	Repaid £000	Balance 31-Mar-07 £000
Short Term Borrowing				
Pension Fund	2,972	50	0	3,022
Other	0	12,000	12,000	0
	<u>2,972</u>	<u>12,050</u>	<u>12,000</u>	<u>3,022</u>
Long Term Borrowing				
Public Works Loan Board	124,391	59,640	51,734	132,297
Banks and Building Societies	57,000	0	0	57,000
	<u>181,391</u>	<u>59,640</u>	<u>51,734</u>	<u>189,297</u>
Total Borrowing	<u>184,363</u>	<u>71,690</u>	<u>63,734</u>	<u>192,319</u>

28.3 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".

	2006-07 £000	2005-06 £000
Balance at 1 April 06	0	0
Minimum revenue provision	7,853	6,856
Voluntary revenue provision	803	538
Provision from capital receipts	1,265	0
Contributions from revenue for credit arrangements	196	0
	<u>10,117</u>	<u>7,394</u>
Less financing of new expenditure	8,656	7,394
Less credit arrangements liabilities	196	0
Less net repayment of external debt	1,265	0
Balance at 31 March 07	<u>0</u>	<u>0</u>

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

29. Cash Overdrawn

The County Council's accounts show a cash overdrawn position of £4.429 million. However, the actual net cleared cash balance on the corporate bank accounts was a debit of £0.026 million. This difference is due to unrepresented cheques and BACS payments, and uncleared cheques paid into the bank account on the 30th and 31st of March.

30. Movement in Provisions

The County Council has a liability to pay compensation claims in connection with the Calne Northern Distributor Road following the outcome of a recent court case. In the Calne case the total value of claims submitted is £1.25m. However an assessment has been made by County Council staff, based on experience of settled claims in respect of the Semington – Melksham by pass, of the likely level of payments which will be finally due. The assessment is that the total of claims should not exceed £500,000. we also have a liability relating to the Semington Bypass subsequent to claims from residents adjacent to the new road, which are in the process of being settled.

	Balance at 01-Apr-06 £'000	Movements in year £'000	Balance at 31-Mar-07 £'000
Semington Compensation Claims	1,575	-184	1,391
Calne Northern Distributor Road Compensation Claims	0	500	500
Highways Land Compensation Claims	288	-217	71
S.117 Mental Health Act 1983	279	-15	264
Works at Youth Development Centres	0	100	100
Outstanding loans with DC's re Sports Provision	60	0	60
Magistrates Courts	0	85	85
Payroll	83	0	83
Schools provisions	161	-161	0
Insurance Claims	0	401	401
Pension Provision	188	-188	0
Secondary ASD Centre Start up	100	0	100
Other Provisions	35	256	291
	<u>2,769</u>	<u>577</u>	<u>3,346</u>

31. Deferred Liability - Finance Leases

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

Future commitments of finance leases are: -

	2006-07		2005-06	
	Principal £000	Interest £000	Principal £000	Interest £000
Amounts payable within the next year	11	56	181	51
Amounts payable in the second to fifth years	37	224	20	155
Aggregate amounts payable thereafter	384	2,708	224	2,171
	<u>432</u>	<u>2,988</u>	<u>425</u>	<u>2,377</u>

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 of the leases disclosed above comply with SSAP 21.

32. Fixed Asset Restatement Account

	2006-07 £000	2005-06 £000
Balance at 1 April 2006	119,241	116,531
Asset and deferred charges disposals	-1,996	-13,894
Capital expenditure not added to assets	-6,973	-15,369
Revaluation adjustments	18,034	31,893
Deferred liability adjustment	0	80
Balance at 31 March 2007	<u>128,306</u>	<u>119,241</u>

33. Capital Financing Account

The Capital Financing Account 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.

	2006-07 £000	2005-06 £000
Balance at 1 April 2006	164,332	140,591
Capital expenditure financed from the Capital Reserve	1,073	0
Capital expenditure financed from capital receipts	8,284	14,968
Reserved capital receipts	1,265	0
Release of deferred capital grants & developer contributions	1,999	1,503
Provision from revenue*	-2,249	-434
Amortisation of deferred charges	-7,490	-6,356
Adjustment for capital grant on non-asset expenditure	9,893	13,838
Write off of deferred charges (see note 2)	11,877	0
Other adjustments	187	222
Balance at 31 March 2007	<u>189,171</u>	<u>164,332</u>

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

34. 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-06 £000	Receipts £000	Reserved £000	Applied £000	Balance 31-Mar-07 £000
Environmental Services	1,421	3,610	0	-3,340	1,691
Children and Education	2,617	1,038	0	-1,496	2,159
Central and Library Services	1,941	1,555	0	-3,435	61
Adult and Community Services	127	25	0	-13	139
Release of Capital Contingency Reserve	0	0	1,265	0	-1,265
	<u>6,106</u>	<u>6,228</u>	<u>1,265</u>	<u>-8,284</u>	<u>2,785</u>

35. 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	
	2006-07	2005-06
	£000	£000
Estimated Liabilities in Scheme	516,842	509,211
Estimated Assets in Scheme	371,805	323,981
Net Asset / Liability (-)	<u>-145,037</u>	<u>-185,230</u>

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

	Year to 31-Mar-07 £000	Year to 31-Mar-06 £000
Deficit at the beginning of the year	-185,230	-180,000
Current service cost	-19,477	-14,424
Employer contributions	19,905	17,291
Contributions in respect of unfunded benefits	2,287	2,347
Past service costs	-495	-148
Impact of settlements and curtailments	-830	-1,604
Expected return on employer assets	21,962	17,624
Interest on pension scheme liabilities	-25,205	-23,442
Actual return less expected return on pension scheme assets	-5,230	43,474
Experience gains and losses arising on the scheme liabilities	19,395	6,687
Changes in financial assumptions underlying the present value of the scheme liabilities	27,881	-53,035
Deficit at end of year	<u>-145,037</u>	<u>-185,230</u>

History of experience Gains and Losses	Year to 31-Mar-07 £000	Year to 31-Mar-06 £000	Year to 31-Mar-05 £000	Year to 31-Mar-04 £000	Year to 31-Mar-03 £000
Actual return less expected return on pension scheme assets	-5,230	43,474	9,400	20,500	-56,900
Percentage of assets	-1.4%	13.4%	3.8%	9.4%	-33.5%
Experience losses arising on the scheme liabilities	19,395	6,687	-9,200	-4,500	-34,100
Percentage of liabilities	3.8%	1.3%	-2.1%	-1.3%	-10.9%
Changes in financial assumptions	27,881	-53,035	-64,600	0	0
Percentage of liabilities	8.1%	-0.6%	-14.9%	4.8%	-29.1%
Actuarial losses recognised above	<u>42,046</u>	<u>-2,874</u>	<u>-64,400</u>	<u>16,000</u>	<u>-91,000</u>

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	
	2006-07	2005-06
Rate of Inflation	3.2%	3.1%
Rate of Increase in salaries	4.7%	4.6%
Rate of increase in pensions	3.2%	3.1%
Rate for discounting scheme liabilities	5.4%	4.9%

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:

	2006-07	2005-06
Equity Investments	69%	71%
Bonds	19%	18%
Property	10%	9%
Cash	2%	2%
	<u>100%</u>	<u>100%</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-Mar-04 £000	Expected Annual Return £000	Fund Value at 31-Mar-06 £000
Equities	7.8%	780,488	60,878	726,910
Bonds	4.9%	211,233	10,350	190,086
Property	5.8%	109,572	6,355	93,399
Cash	4.9%	22,947	1,124	19,028
		<u>1,124,240</u>	<u>78,708</u>	<u>1,029,423</u>

The asset value shown here (£1,124.2 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 47 (£1131.253 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.

Changes to the local government pension scheme

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. Our actuaries have taken the view that 25% of the retiring employees have taken tax-free cash up to the Her Majesties Revenue & Customs limit. Consequently the valuation of the Council's retirement benefit liabilities as at 31 March 2006 is calculated after these changes to the pension scheme.

36. Earmarked Reserves**36.1 Movement in Reserve Account Balances**

	Balance 01-Apr-06 £000	Transfer to / from Revenue £000	Balance 31-Mar-07 £000
Capital Reserve (see below)	3,448	520	3,968
Insurance Reserve (see below)	3,954	100	4,054
Revenue Budget Contingency Reserve	366	-366	0
Locally Managed Schools' Balances	17,223	121	17,344
Printing and Copying Accrued Surplus	-19	19	0
Department of Resources	198	389	587
Local Authority Business Growth Incentive	0	661	661
Environmental Services Department	280	156	435
PFI Reserve	3,518	400	3,918
Invest to Save Fund	968	262	1,230
Redundancy Reserve	268	1,112	1,380
Landfill Allowance Trading Scheme Reserve	217	454	671
Free School Meals	381	84	465
Sickness Insurance Scheme	980	209	1,189
WASSP	320	-73	247
Connexions	377	153	530
Libraries Operating Reserves	5	38	43
Delayed Transfer of Care	0	500	500
	<u>32,485</u>	<u>4,739</u>	<u>37,224</u>

36.2 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-06 £000	Income £000	Applied £000	Balance 31-Mar-07 £000
Reserve balance 1 April	4,468	0	0	4,468
Contribution from Revenue	1,980	2,092	0	4,072
Contribution to Revenue	-3,000	0	1,072	-4,072
Provision for compensation claims relating to Calne Northern Distributor Road	0	0	500	-500
	<u>3,448</u>	<u>2,092</u>	<u>1,572</u>	<u>3,968</u>

36.3 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.

	2006-07 £000	2005-06 £000
Premiums charged to Services	2,409	2,193
Other contribution from Revenue Account	<u>210</u>	<u>182</u>
	2,619	2,375
Less		
Premiums paid to Insurers	1,149	1,106
Claims During Year		
- Employer's / Public Liability	608	405
- Fire and All Risks	196	404
- Risk Management	0	12
- Other	4	6
- Other expenses	162	165
- Provisions for claims in progress	401	0
	<u>99</u>	<u>277</u>
Surplus / deficit (-) for year	<u>99</u>	<u>277</u>

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

	2006-07 £000	2005-06 £000
Balance on Insurance Reserve at 1 April 06	3,953	3,675
Transfer from Self Insurance Account	99	277
Transfer to Revenue Account	0	0
	<u>4,052</u>	<u>3,953</u>
Balance at 31 March 07	<u>4,052</u>	<u>3,953</u>

37. 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 was required to pay interest on its share of the outstanding debt as at 31 March 1997. The annual contribution from Swindon were based on its share of the credit ceiling at this date. On the 31 March 2007 Swindon paid the outstanding balance in full, this included all interest that was due up to this point.

38. Analysis of Net Assets Employed

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

	Balance 01-Apr-06 £000	County Fund £000	Balance 31-Mar-07 £000
Fixed Asset Restatement Reserve	119,241	9,065	128,306
Capital Financing Reserve	164,332	24,839	189,171
Usable Capital Receipts	6,106	-3,321	2,785
Pensions Reserve	-185,230	40,193	-145,037
Earmarked Reserves	32,485	4,739	37,224
Deferred Credit	12,669	-12,669	0
County Fund Balance	7,632	176	7,808
	<u>157,235</u>	<u>63,022</u>	<u>220,257</u>

39. 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.

40. Contingent Liability

The Council is in the process of going through a pay reform exercise, that is likely to result in additional revenue costs in future years. It may also give rise to claims for pay discrimination, where employees on equivalent grades have been paid at different rates dependant on their gender. The accounts should only recognise a liability when a claim exists, and at this time there are none.

Notes to the Cashflow Statement**41. 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.

42. Movement in Cash and Cash Equivalents

	Movement 2005-06 £000	Balance 01-Apr-06 £000	Movement 2006-07 £000	Balance 31-Mar-07 £000
Cash in Hand	352	20,360		
Cash Overdrawn	-980	-3,287		
Investments	11,150	54,800		
	<u>10,522</u>	<u>71,873</u>	<u>0</u>	<u>71,873</u>

43. Reconciliation of Revenue Cash Movements to the Consolidated Revenue Account

	2006-07 £000	2005-06 £000
Surplus/Deficit (-) on Revenue Account		1,264
Non-Cash Transactions Reversed Out		
Contributions from reserves		1,075
Capital expenditure financed from revenue		6,356
Minimum revenue provision for credit liabilities		2,763
Movements in Balance Sheet Items (See Below)		
Movement in long term debtors		14
Movement in debtors		-3,323
Movement in stocks		-28
Movement in creditors		7,151
Movement in other balances		-1,503
Movement in provisions and other balances		0
Items Shown Under Servicing of Finance		
Interest		6,257
Contributions from other authorities		-1,666
Net Cash Inflow from Revenue Activities	<u> </u>	<u>18,360</u>

44. Analysis of Balance Sheet Movements

	Long Term Debtors £000	Debtors £000	Stock £000	Creditors £000
Movement in Balance Sheet				
Less movements not affecting revenue :-				
Deferred Credit / Capital Creditors				
Effect on Revenue	<u> </u>	<u> </u>	<u> </u>	<u> </u>

45. Analysis of Government Grants

	2006-07 £000	2005-06 £000
Children and Education		
- Dedicated Schools Grant (DSG)		0
- Standards Fund (DfES)		14,454
- Schools Standards Grant		8,393
- Learning & Skills Council		17,605
- Teachers Pay Threshold		7,356
- Formula Capital		7,876
- Early Years		4,916
- Connexions		5,422
- LPSA		0
- Children and Families		2,189
- Other Education		751
Environmental Services		
- Rural Bus		1,275
- Rural Bus Challenge		242
- Economic Development		939
- Waste Performance and Efficiency		197
- Other Environmental Services		315
Central and Library Services		
- Libraries		28
Adult and Community Services		
- Delayed Discharge		763
- Mental Health		850
- Residential Care Allowance		2,198
- Preserved Rights		2,907
- Supported People		8,813
- Carers		1,333
- Access & Systems		4,427
- National Treatment Association		
- Other Social Services		1,769
		95,018

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 Chief Financial Officer.

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 2006-07 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.

Chief Financial Officer

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

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

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

The current mandates (as at 31 March 2007) are the result of the revised investment strategy agreed by the Wiltshire Pension Fund Committee in February 2005. The new strategy has the dual aim of increasing returns and reducing risk by increasing diversification and alternative approaches. Details of the strategy are provided in the Fund's Statement of Investment Principles (SIP) - the Wiltshire Fund's SIP can be supplied upon request or viewed at www.wiltshirepensionfund.org.uk/investment-principles.

The full list of manages is as follows:

<u>Company</u>	<u>Mandate</u>	<u>Share of Fund</u>
Baillie Gifford	Regional Equity	12.5%
Baillie Gifford	Global Equity	12.5%
Capital International	Regional Equity	20.0%
Capital International	Absolute Income Grower (Equities / Bonds)	10.0%
Northern Trust Global	Global Equity "Manager of Managers"	15.0%
Western Asset Management	Bonds	20.0%
ING Real Estate	Property	10.0%

During the year, the managers transacted purchases of £422.7 million and sales of £283 million. The value of assets under management at 31 March 2007 was £1,124.9 million, broken down by managers as follows:

Baillie Gifford	£281.3 million
Capital International	£343.7 million
ING Real Estate	£170.1 million
Northern Trust Global	£198.0 million
Western Asset Management	£131.8 million
Total	<u>£1,124.9 million</u>

Safe custody of all investments are now the responsibility of ABN AMRO Mellon (previously 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 2007 was a temporary cash deposit of £3 million that was placed with Wiltshire County Council.

The County Council participates in a securities lending programme administered by ABN AMRO Mellon (previously Northern Trust). Securities in the beneficial ownership of the Council to a value of £2.9 million (0.26% of the total) were on loan at 31 March 2007. Collateral for these securities is held in a pooled form, the Wiltshire Pension Fund's share (0.08%) representing a value of £3.1 million (106.64%). Income earned from this programme amounted to £0.101 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 (SSAP) and Financial Reporting Standards (FRS). 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.

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 49), members of the Wiltshire Pension Fund Committee and the Chief Financial Officer. 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.

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 £0.157 million (£0.190 million in 2005-06) into their AVC funds during the year. At the year-end, the value of funds invested on behalf of Scheme members totalled £2.958 million (£2.930 million as at 31 March 2006), made up as follows:

	£ million
<i>Equitable Life Assurance Society</i>	
- With Profits Fund	1.231
- Unit Linked Managed Fund	0.366
- Building Society Fund	0.069
<i>Clerical Medical Funds</i>	
- With Profits Fund	0.139
- Unit Linked Managed Fund	0.802
<i>NPI Funds</i>	
- Managed Fund	0.023
- With Profits Fund	0.201
- Global Care Unit Linked Fund	0.075
- Cash Deposit Fund	0.052

The Wiltshire Pension Fund**Fund Account**

	2006-07 £000	2005-06 £000
CONTRIBUTIONS AND BENEFITS		
Contributions receivable		
- from employees	15,746	14,882
- from employers	53,289	48,765
Transfers in	8,576	10,939
Total income	<u>77,611</u>	<u>74,586</u>
Benefits payable		
- Pensions	34,508	32,585
- Retirement grants	7,229	5,243
- Death benefits	1,028	887
Payments to and on account of leavers		
- Transfers out	6,923	6,866
- Contribution refunds	179	497
Administration expenses	942	895
Total expenditure	<u>50,809</u>	<u>46,973</u>
Net additions from dealings with members	<u>26,802</u>	<u>27,613</u>
RETURN ON INVESTMENTS		
Investment income	30,681	25,073
Change in market value of Investments	29,199	183,861
Investment expenses	-3,806	-2,531
Net returns on investments	<u>56,074</u>	<u>206,403</u>
NET INCREASE IN FUND DURING YEAR	<u>82,876</u>	<u>234,016</u>
Opening net assets of the Scheme	1,048,377	814,361
Net increase in fund during the year	82,876	234,016
Closing net assets of the Scheme	<u>1,131,253</u>	<u>1,048,377</u>

Net Asset Statement

	31-Mar-07 £000	31-Mar-06 £000
INVESTMENT ASSETS		
Quoted securities		
- UK fixed interest Government bonds	44,012	26,698
- UK fixed interest Corporate bonds	86,639	102,022
- Overseas fixed interest Government bonds	31,345	4,398
- Overseas fixed interest Corporate bonds	5,274	0
- UK index linked Government bonds	16,359	15,101
- UK index linked Corporate bonds	6,022	5,623
- Overseas index linked Government bonds	0	28,174
- Overseas index linked Corporate bonds	1,393	0
- UK equities	262,915	288,981
- Overseas equities	323,785	245,434
Managed funds		
- UK equities	97,362	93,939
- Overseas equities	91,903	102,515
- UK fixed interest Corporate bonds	10,989	0
- Overseas fixed interest Government bonds	7,868	0
- UK property	117,369	90,255
Cash held on deposit		
- Sterling Cash	23,291	23,467
- Overseas Cash	1,415	18,875
Total of investments held	<u>1,127,941</u>	<u>1,045,482</u>
NET CURRENT ASSETS		
Sundry debtors	4,267	3,737
Less Sundry creditors	-955	-842
Total net current assets	<u>3,312</u>	<u>2,895</u>
Total net assets	<u><u>1,131,253</u></u>	<u><u>1,048,377</u></u>

Analysis of Contributions Receivable and Benefits Payable

	31-Mar-07 £000	31-Mar-06 £000
CONTRIBUTIONS RECEIVABLE		
Contributions from employees		
Wiltshire County Council	5,506	5,163
Other scheduled bodies	8,960	8,518
Admitted bodies	1,280	1,200
	<u>15,746</u>	<u>14,881</u>
Contributions from employers		
Wiltshire County Council	20,125	17,353
Other scheduled bodies	28,373	27,396
Admitted bodies	4,791	4,015
	<u>53,289</u>	<u>48,764</u>
Total contributions receivable	<u>69,035</u>	<u>63,645</u>
BENEFITS PAYABLE		
Pensions payable		
Wiltshire County Council	12,294	13,592
Other scheduled bodies	19,978	17,529
Admitted bodies	2,236	1,464
	<u>34,508</u>	<u>32,585</u>
Retirements and death grants payable		
Wiltshire County Council	3,239	1,469
Other scheduled bodies	4,089	4,101
Admitted bodies	929	560
	<u>8,257</u>	<u>6,130</u>
Total benefits payable	<u>42,765</u>	<u>38,715</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
Wanborough 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

ABM Catering Ltd
Action for Blind People
Capita Business Services Ltd
CIPFA
Cleanaway Ltd
Community First
Connexions
Corsham Area Development Trust
North Wiltshire Leisure Limited
Rethink
Ridgeway Community
Salisbury and South Wilts Museum
Sarsen Housing Association
Silbury First
Silbury Group
Swindon Dance
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 Chief Financial Officer, County Hall, Bythesea Road, Trowbridge, BA14 8JN.</p>
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Trust Funds

The County Council directly administers 15 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 2007, which are not included in the Balance Sheet, amounted to £6,832,756. These are summarised below:

	Balance 01-Apr-06 £000	Income £000	Gain/(loss) on Expenditure £000	Balance revaluation £000	31-Mar-07 £000
Charity of William Llewellyn Palmer (to support education in Bradford on Avon)	1,401	50	-43	42	1,450
Withy Trust (support for scholars, "rich in merit poor in pocket")	228	8	-7	8	237
Edwin Young Collection (to maintain a picture gallery in Salisbury)	377	17	-14	9	389
John Creasey Museum (to perpetuate the name of this famous local author)	166	29	-30	-3	162
William 'Doc' Couch (to support the under privileged, including the disabled)	4,102	135	-110	208	4,335
Other Miscellaneous Funds	258	11	-4	-5	260
	<u>6,532</u>	<u>250</u>	<u>-208</u>	<u>259</u>	<u>6,833</u>

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 balance sheets for the trusts which are cash accounted include investments at market value and the profit therefore refers to unrealised profits on investments and other movements on investments. As the Trusts are cash accounted no debtors or creditors are reflected. Assets and liabilities are shown on a statement within the individual Trust accounts. 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 this summary these audits were still in progress).

Trust Fund Assets

	Market Value 31-Mar-07 £000	Market Value 31-Mar-06 £000
Government Fixed Interest	1	1
Managed Funds - Bonds	959	1,009
Managed Funds - Equities	4,345	4,105
Property	513	451
Cash	602	406
Hedge Funds	353	398
Other	48	49
	<u>6,821</u>	<u>6,419</u>

Statement on the System of Internal Control

This is presented elsewhere on this agenda and will be incorporated into the final statement of accounts.

Independent Auditor's Report to Wiltshire County Council**Opinion on the financial statements**

I have audited the financial statements and pension fund accounts of Wiltshire County Council for the year ended 31 March 2007 under the Audit Commission Act 1998. The financial statements comprise the Consolidated Revenue Account, the Consolidated Balance Sheet, the Statement of Total Movements in Reserves, the Cash Flow Statement and the related notes. The pension fund accounts comprise the Fund Account, the Net Assets Statement, and the related notes. The financial statements and pension fund accounts have been prepared under the accounting policies set out within them.

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 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Chief Finance Officer and auditors

The Chief Finance Officer's responsibilities for preparing the financial statements, including the pension fund accounts, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005 are set out in the Statement of Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements and the pension fund accounts present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006:

- The financial position of the Authority and its income and expenditure for the year; and
- The financial transactions of its pension fund during the year and the amount and disposition of the fund's assets

I review whether the statement on internal control reflects compliance with CIPFA's guidance 'The Statement of 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, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

I read other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) 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 judgments made by the Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority'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 financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my/our opinion:

- The financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial position of the Authority as at 31 March 2007 and its income and expenditure for the year then ended; and
- The pension fund accounts present fairly, in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial transactions of the Pension Fund during the year ended 31 March 2007, and the amount and disposition of the fund's assets and liabilities as at 31 March 2007, other than liabilities to pay pensions and other benefits after the end of the scheme year.

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

28 September 2007.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources**Authority's Responsibilities**

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

Under the Local Government Act 1999, the authority is required to prepare and publish a best value performance plan summarising the authority's assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

I am required by section 7 of the Local Government Act 1999 to carry out an audit of the authority's best value performance plan and issue a report:

- Certifying that I/we have done so;
- Stating whether I/we believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- Where relevant, making any recommendations under section 7 of the Local Government Act 1999.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and I am satisfied that, having regard to the criteria for principal local authorities specified by the Audit Commission and published in July 2005, in all significant respects, Wiltshire County Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2007.

Best Value Performance Plan

I issued my statutory report on the audit of the authority's best value performance plan for the financial year 2006/07 on **xxxx**. I did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

Auditors' responsibilities

Auditors have a duty under the Audit Commission Act 1998 to consider whether, in the public interest, to report on any matter that comes to their attention in the course of the audit in order for it to be considered by the body concerned or brought to the attention of the public.

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.

Brian Bethell
District Auditor
Westward House
Lime Kiln Close
Stoke Gifford
Bristol
BS34 8SU
28 September 2007.