

AGENDA

Meeting: Audit
Place: Kennet Room - County Hall, Trowbridge BA14 8JN
Date: Thursday 31 July 2014
Time: 10.00 am

Please direct any enquiries on this Agenda to David Parkes of Democratic Services, County Hall, Trowbridge, direct line (01225) 718220 or email david.parkes@wiltshire.gov.uk

All public reports referred to on this agenda are available on the Council's website at www.wiltshire.gov.uk .

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

Membership:

Cllr Richard Britton (Vice Chairman)
Cllr Rosemary Brown
Cllr Tony Deane (Chairman)
Cllr Stewart Dobson
Cllr Julian Johnson
Cllr Stephen Oldrieve

Cllr Linda Packard
Cllr Sheila Parker
Cllr David Pollitt
Cllr James Sheppard
Cllr Helen Osborn

Non-Voting Members

Cllr Jane Scott OBE and Cllr Dick Tonge

Substitutes

Cllr Terry Chivers
Cllr Peter Evans
Cllr Nick Fogg MBE
Cllr Mike Hewitt
Cllr George Jeans
Cllr David Jenkins

Cllr Jacqui Lay
Cllr Dr Helena McKeown
Cllr John Noeken
Cllr Jeff Osborn
Cllr Mark Packard
Cllr Ian West

Part I

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

1 Apologies and Membership Changes

2 Chairman's Announcements

To receive any announcements through the Chairman.

3 Minutes of the Previous Meeting (*Pages 1 - 6*)

To confirm and sign the minutes of the Audit Committee meeting held on 24 June 2014.

4 Members' Interests

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

5 Public Participation and Committee Members' Questions

The Council welcomes contributions from members of the public.

Statements

If you would like to make a statement at this meeting on any item on this agenda, please register to do so at least 10 minutes prior to the meeting. Up to 3 speakers are permitted to speak for up to 3 minutes each on any agenda item. Please contact the officer named on the front of the agenda for any further clarification.

Questions

To receive any questions from members of the public or members of the Council received in accordance with the constitution. Those wishing to ask questions are required to give notice of any such questions in writing to the officer named on the front of the agenda (acting on behalf of the Director of Resources) no later than 5pm on **24 July 2014**. Please contact the officer named on the front of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent.

Details of any questions received will be circulated to Committee members prior to the meeting and made available at the meeting and on the Council's website.

6 KPMG - Report to those charged with governance (Pages 7 - 30)

A report is to be received from KPMG 'to those charged with governance' (ISA 260) 2013/14.

7 The Annual Governance Statement (Pages 31 - 58)

The Associate Director for Legal and Governance to ask the Audit Committee to approve the Annual Governance Statement (AGS) for 2013 -14 for publication with the Statement of Accounts.

8 Statement of Accounts (Pages 59 - 182)

The Associate Director for Finance and the Principal Accountant to present the Draft Statement of Accounts in respect of the 2013/2014 financial year for Wiltshire Council.

9 IA First Quarter Update (Pages 183 - 222)

This progress report presents the Committee with an update on the performance of the Internal Audit (IA) Section.

10 Forward Work Programme

To note the Forward Work Programme

11 Date of next meeting

To note that the next regular meeting of the Committee will be held on 30 September 2014.

12 Urgent Items

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

Part II

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

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AUDIT COMMITTEE

DRAFT MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 24 JUNE 2014 AT KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

Cllr Richard Britton (Vice Chairman), Cllr Rosemary Brown, Cllr Tony Deane (Chairman), Cllr Mike Hewitt (Substitute), Cllr David Jenkins (Substitute), Cllr Stephen Oldrieve, Cllr Helen Osborn, Cllr David Pollitt and Cllr James Sheppard

Non-Voting Members:

Cllr Jane Scott OBE and Cllr Dick Tonge

16 Apologies and Membership Changes

Apologies received from Cllr Stewart Dobson, Cllr Julian Johnson, Cllr Linda Packard and Cllr Sheila Parker.

Cllr David Jenkins substituted for Cllr Linda Packard. Cllr Mike Hewitt substituted for Cllr Julian Johnson.

17 Minutes of the Previous Meeting

Resolved:

To confirm and sign the minutes of the previous meeting held on 11 March as a true and accurate record of the meeting.

18 Chairman's Announcements

The Chairman encouraged Members to engage in training as the Committee required specialised knowledge. The Chairman requested feedback from Members in regards to which training they feel they would benefit from. The need for substitutes to also attend was stated.

The Corporate Support Manager spoke to the Committee in regards to risk management. The process of benchmarking with other local authorities to see similarities and differences was raised. It was stated that the risk guidance had been revised. The need to be open and honest about risks was raised and what was required to mitigate them. Planned combined officer and Member training

was discussed to give a whole system approach. Zurich, as insurers, were working as external consultants to provide training and advice. It was noted that Zurich have vast experience with other authorities.

19 **Members' Interests**

No interests were declared.

20 **Public Participation and Committee Members' Questions**

There were no members of the public present or councillors' questions.

21 **Annual Governance Statement**

The Associate Director of Law and Governance stated that the Annual Governance Statement was a statutory requirement. The layout of the Statement was explained and it was stated that Associate Director's input would be collated. Any issue that arose would be in the final version of the Statement in July. It was explained that 'section E' of the Statement set out significant governance issues.

Clarification was sought over the nature of the Annual Governance Statement. It was explained that it was part of the statement of accounts which is intended for public consumption.

The elderly and vulnerable were discussed and it was asked what action had been taken to address their issues in relation to the cost of their care. It was stated that the Overview and Scrutiny Management Committee would look at the overall care package for individuals.

Financial management controls were discussed, as well as the Safeguarding Peer Challenge planned for October 2014. The external peer review was also raised which ensured commitments were being met.

A need to highlight any future changes to the Statement was raised by Members.

Resolved:

To receive and note the contents of the Annual Governance Statement.

22 **SWAP IA Annual Report**

The Director of Planning for SWAP addressed the Audit Committee. It was stated that the report highlighted audit's performance and sought to ensure that the control environment was reasonable. No significant concerns were raised and Internal Audit had produced many recommendations. The Committee heard

that SWAP was reviewed by their own code of practice. It was stated that the audit plan for the year had been delivered but there was concern over time limits for issuing reports.

The Associate Director for Finance thanked Members for their input.

The layout of the SWAP report was explained to the Committee. Concerns had been raised with some aspects of control environments which were to be followed up by the Committee. Levels of customer feedback were extremely high and the importance of such feedback was emphasised.

Members were given the opportunity to ask questions of SWAP. It was stated that the effectiveness of audit should not be in the number of recommendations made but the implementation of those recommendations which would provide a far more meaningful indication of the effectiveness of internal audit. The diversion of resources to internal control was also discussed. Potential underlying issue with planning were raised, as well as matching resources with deliverables.

Clarification was required to make internal audit plans for next year more transparent. In response, it was stated that an update would be provided each quarter. The need to move from paper to digital reports was also discussed.

Draft report percentages were also raised and an explanation was provided as to why they were lower. In response, it was stated that IA were working to improve this and that there was a new reporting structure which required reports to go through a report clearing process.

Resolved:

To receive and note the contents of the SWAP IA Annual Report.

23 **KPMG - External Audit Interim Report 2013/14**

The interim audit report was introduced by KPMG and progress was said to be good. Issues on the SAP system were discussed and also the focus on headline messages. There had been issues with SAP user access; detailed testing had been performed to mitigate this. KPMG stated that Internal Audit was of an appropriate standard and that they had performed their own testing on financial controls.

It was stated that KPMG met with SWAP throughout the year and they had reviewed the internal audit protocol together. Key risk areas were identified in the audit plan in March around pensions and property; a report on this would be produced in July. No danger areas were raised in the report.

KPMG were now looking at moving forward to the signing of accounts and they were well placed to meet the change.

Corporate Director, Carlton Brand, provided clarity on the insourcing of SAP and that the design of the system needed to meet the requirements of KPMG. It was stated that work would continue with KPMG to provide assurances around the controls that were already in place. Cost reductions were also expected to enable rechanneling of funds into frontline services.

Resolved:

To receive and note the contents of the External Audit Interim Report 2013/14.

24 **KPMG - External Audit Progress Report & Technical Update**

The Committee heard that regular meetings were held with officers to discuss accounting issues. Meetings were also held with IA to check up on any potential issues. Final audit was to be presented in July and this was to be a practical document in relation to what KPMG had done and how they had gone about it.

Ensuring value for money was discussed, as well as the valuation of property. It was explained that funds invested into a property did not necessarily result in an increase in the property's value.

The Department of Health and housing revenue were also raised. Funding streams were discussed, as well as work with the Clinical Care Commission groups in regards to spending on health. Discussion continued to investment into social housing and local growth funding for building new homes.

The Leader of the Council provided clarity on NHS funding. It was explained that this was not new money and was instead to be used to help those in hospital be cared for within the community.

Finally, KPMG stated that any inappropriate response from an accepted external audit recommendation would be raised with the Audit Committee.

External audit was to be out for tender in 2017 at the earliest and there was stability in the audit fee.

Resolved:

To receive and note the contents of the External Audit Progress Report and Technical Update.

25 **KPMG - External Audit Fee Letter for 2014/15**

Resolved:

To receive and note the contents of the External Fee Letter for 2014/15.

26 **Forward Work Programme**

Resolved:

To receive and note the Forward Work Programme.

27 **Date of Next Meeting**

Resolved:

The date of the next meeting was to be 31 July 2014 at 10:00 in the Kennet Room, County Hall.

28 **Urgent Items**

There were no urgent items.

(Duration of meeting: 10.30 - 11.50 am)

The Officer who has produced these minutes is David Parkes, of Democratic Services, direct line (01225) 718220, e-mail david.parkes@wiltshire.gov.uk

Press enquiries to Communications, direct line (01225) 713114/713115

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WILTSHIRE COUNCIL

AUDIT COMMITTEE

31 JULY 2014

Subject: KPMG: REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260) 2013/2014

Cabinet member: Dick Tonge – Finance, Performance and Risk

Key Decision: No

Purpose of Report

1. To present KPMG's "Report to those charged with governance" to the Audit Committee and to invite Members to consider their response. KPMG will attend the meeting of the Audit Committee to present the report and to respond to any queries.

Background

2. This report has been prepared by the Council's external auditor (KPMG) and it summarises the conclusions and key issues arising from the recent audit of the Council's financial statements and their assessment of the Council's arrangements to secure value for money (vfm) in its use of resources.

Main Considerations for the Council

3. The headlines are incorporated into section two of the KPMG report. These are summarised as follows:
 - KPMG anticipates issuing an unqualified audit opinion.
 - KPMG identified two audit adjustment to the draft financial statements, which relates to a technical accounting adjustment. This is due to a new accounting code requirement to net cash and overdrafts on the balance sheet. This adjustment only affects the presentation of the balance sheet and does not affect either the cost of providing services or the net worth of the Council. This has been adjusted by the Council.

- KPMG concluded that the council maintained the strength of its financial reporting process and draft financial statements were available three weeks earlier on 9 June 2014.
- KPMG have concluded that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. KPMG anticipates issuing an unqualified VFM audit opinion.

Risk Assessment

4. There are no direct risk implications associated with this report.

Equality and Diversity Impact of the Proposal

5. None have been identified as arising directly from this report.

Environmental Impact of the Proposal

6. There are no direct environmental implications associated with this report.

Financial Implications

7. KPMG's Report to those charged with Governance is relevant to the Council's financial arrangements.

Legal Implications

8. KPMG's Report to those charged with Governance is relevant to the Council's legal arrangements.

Recommendations

9. That the Audit Committee considers the ISA 260 report from external auditors in its receipt of the draft accounts for 2013/2014. Based upon that advice, and subject to any issues raised as a result of that consideration, the Audit Committee delegates the signing of the letter of the management representation letter to the Chairman of the Audit Committee.

Reason for Recommendations

10. To present KPMG's Report to those charged to governance to the Audit Committee and to invite Members to consider their response.

MICHAEL HUDSON

Service Director, Finance

Report Author: Matthew Tiller – Chief Accountant

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

None.

Appendices:

Appendix A - KPMG REPORT TO THOSE CHARGED WITH GOVERNANCE
(ISA 260) 2013/2014

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cutting through complexity™

Report to those charged with governance (ISA 260) 2013/14

Wiltshire Council

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July 2014



The contacts at KPMG in connection with this report are:

Darren Gilbert

Director

KPMG LLP (UK)

Tel: 0292 046 8205

darren.gilbert@kpmg.co.uk

Tara Westcott

Senior Manager

KPMG LLP (UK)

Tel: 0117 905 4358

tara.westcott@kpmg.co.uk

Adam Bunting

Assistant Manager

KPMG LLP (UK)

Tel: 0117 905 4470

adam.bunting@kpmg.co.uk

Report sections

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Appendices

1. Key issues and recommendation	15
2. Audit differences	16
3. Declaration of independence and objectivity	17

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document which is available on the Audit Commission's website at www.auditcommission.gov.uk.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Darren Gilbert, the appointed engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk, who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to complaints@audit-commission.gsi.gov.uk. Their telephone number is 0303 4448 330.

This document summarises:

- the key issues identified during our audit of the financial statements for the year ended 31 March 2014 for both the Authority and its pension fund; and
- our assessment of the Authority's arrangements to secure value for money in its use of resources.

Scope of this report

This report summarises the key findings arising from:

- our audit work at Wiltshire Council ('the Authority') in relation to the Authority's 2013/14 financial statements and those of the Local Government Pension Scheme it administers ('the Fund'); and
- our work to support our 2013/14 value for money (VFM) conclusion.

Financial statements

Our *External Audit Plan 2013/14*, presented to you in March 2014, set out the four stages of our financial statements audit process.



We previously reported on our work on the first two stages in our *Interim Audit Report 2013/14* presented in June 2014.

This report focuses on the third stage of the process: substantive procedures. Our on site work took place during June 2014.

It also includes any additional findings in respect of our control evaluation which we have identified since we issued our *Interim Audit Report 2013/14*.

We are now in the final phase of the audit, the completion stage. Some aspects of this stage are also discharged through this report.

VFM conclusion

Our *External Audit Plan 2013/14* explained our risk-based approach to VFM work and we included early findings in our *Interim Audit Report 2013/14*. We have now completed the work to support our 2013/14 VFM conclusion. This included:

- assessing the potential VFM risks and identifying the residual audit risks for our VFM conclusion;
- considering the results of any relevant work by the Authority and other inspectorates and review agencies in relation to these risk areas; and
- carrying out additional risk-based work.

Structure of this report

This report is structured as follows:

- **Section 2** summarises the headline messages.
- **Section 3** sets out our key findings from our audit work in relation to the 2013/14 financial statements of the Authority and the Fund.
- **Section 4** outlines our key findings from our work on the VFM conclusion.

Our recommendations are included in **Appendix 1**. We have also reviewed your progress in implementing prior recommendations and this is detailed in **Section 3**.

Acknowledgements

We would like to take this opportunity to thank officers and Members for their continuing help and co-operation throughout our audit work.

This table summarises the headline messages for the Authority and the Fund. Sections three and four of this report provide further details on each area.

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<p>Proposed audit opinion</p>	<p>We anticipate issuing an unqualified audit opinion on the Authority's financial statements. We will also report that the wording of your Annual Governance Statement accords with our understanding.</p> <p>We also anticipate issuing an unqualified audit opinion in relation to the Fund's financial statements, as contained both in the Authority's Statement of Accounts and the Pension Fund Annual Report.</p>
<p>Audit adjustments</p>	<p>Our audit identified a total of two audit adjustments. The impact of these adjustments is to:</p> <ul style="list-style-type: none"> ■ Decrease the value of current assets by £1.3 million; and ■ Decrease the value of current liabilities by £1.3 million. <p>There is no impact upon either the net worth of the Authority or the General Fund Balance. We have included a full list of significant audit adjustments at Appendix 2. All of these were adjusted by the Authority.</p> <p>We identified a number of presentational adjustments required to ensure that the accounts are compliant with the <i>Code</i>. These have also been corrected by the Authority in the most recent version of the Authority's financial statements.</p> <p>Our audit of the Fund did not identify any material misstatements. We identified a small number of presentational changes in the accounts which have been amended by the Authority.</p> <p>We have raised one recommendation for the Authority to strengthen their controls around their rolling revaluation programme. The details of this are set out in Appendix 1.</p>
<p>Key financial statements audit risks</p>	<p>We review risks to the financial statements of the Authority and the Fund on an ongoing basis.</p> <p>Since we presented our <i>External Audit Plan 2013/14</i> in March 2014 we have identified one additional risk area in relation to the accounting required for the completed Housing PFI. Details of this are included in Section 3 of this report.</p> <p>We have worked with officers throughout the year to discuss specific risk areas. The Authority has addressed all issues appropriately.</p>
<p>Accounts production and audit process</p>	<p>Despite significantly advancing the accounts production timetable by over three weeks for both the Authority and Fund accounts, the Authority has maintained the strength of its financial reporting process and draft accounts were available for us to review on the 9 June 2014.</p> <p>The quality of working papers provided to us by Finance and the Pension team were of a high standard and met the standards specified in our <i>Accounts Audit Protocol</i>. However, we did encounter some delays during the financial statements audit as a result of key staff working across multiple sites. We have discussed this with the Associate Director of Finance and identified improvements for next year.</p> <p>The Authority has implemented all of the recommendations in our <i>ISA 260 Report 2012/13</i> relating to the financial statements.</p>

This table summarises the headline messages. The remainder of this report provides further details on each area.

<p>Completion</p>	<p>At the date of this report our audits of the financial statements of both the Authority and the Fund are substantially complete. The areas that remain outstanding are:</p> <ul style="list-style-type: none"> • Revised copy of the Annual Governance Statement; • Audit of the Whole of Government Accounts; and • A signed management representation letter which covers the financial statements of both the Authority and the Fund. <p>Before we can issue our opinion the Authority needs to have seen through their inspection period for local elector to inspect the accounts.</p> <p>We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the Authority's and the Fund's financial statements.</p>
<p>VFM conclusion and risk areas</p>	<p>We have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.</p> <p>We therefore anticipate issuing an unqualified VFM conclusion.</p>

Our audit of the Authority's financial statements identified a total of two audit adjustments.

The impact of these adjustments is to:

- Decrease the value of current assets by £1.3 million; and
- Decrease the value of current liabilities by £1.3 million.

There is no impact upon either the net worth of the Authority, or the General Fund Balance.

We have identified no issues in the course of the audit of the Fund that are considered to be material.

Proposed audit opinion

We anticipate issuing an unqualified audit opinion on the Authority's financial statements following approval of the Statement of Accounts by the Audit Committee.

Audit differences

In accordance with ISA 260 we are required to report uncorrected audit differences to you. We also report any material misstatements which have been corrected and which we believe should be communicated to you to help you meet your governance responsibilities.

Our audit identified a total of two significant audit differences, which we set out in **Appendix 2**. These have been corrected by the Authority and are included in the most recent version of the Authority's financial statements.

The tables on the right illustrate the total impact of audit differences on the Authority's movements on the General Fund for the year and Balance Sheet as at 31 March 2014.

There is no net impact on the General Fund as a result of audit adjustments identified.

In addition, we identified a number of presentational adjustments required to ensure that the accounts are compliant with the *Code of Practice on Local Authority Accounting the United Kingdom 2013/14* ('the Code'). These have also been corrected by the Authority in the most recent version of the Authority's financial statements.

Pension fund audit

Our audit of the Fund did not identify any material misstatements.

We anticipate issuing an unqualified audit opinion following approval of the Statement of Accounts by the Audit Committee.

We identified a small number of presentational adjustments required to ensure that the accounts are compliant with the *Code*. These have been corrected by the Authority.

Movements on the General Fund 2013/14

£m	Pre-audit	Post-audit	Net impact variance
Deficit on the provision of services	50,943	50,943	-
Adjustments between accounting basis & funding basis under Regulations	(56,460)	(56,460)	-
Transfers to/from earmarked reserves	6,294	6,294	-
Decrease in General Fund	777	777	-

Balance Sheet as at 31 March 2014

£m	Pre-audit	Post-audit	Net impact variance
Property, plant and equipment	928,307	928,307	-
Other long term assets	60,363	60,363	-
Current assets	151,174	149,866	(1,308)
Current liabilities	(116,930)	(115,622)	1,308
Long term liabilities	(946,638)	(946,638)	-
Net worth	76,276	76,276	-
General Fund	(11,865)	(11,865)	-
Other usable reserves	(95,972)	(95,972)	-
Unusable reserves	31,561	31,561	-
Total reserves	(76,276)	(76,276)	-

The wording of your Annual Governance Statement accords with our understanding.

We anticipate issuing an unqualified audit opinion in relation to the Fund's financial statements.

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Annual Governance Statement

We have reviewed the Annual Governance Statement and confirmed that:

- it complies with *Delivering Good Governance in Local Government: A Framework* published by CIPFA/SOLACE; and
- it is not misleading or inconsistent with other information we are aware of from our audit of the financial statements.

We have made a number of comments to Officers on the content around the Governance Issues disclosed within the document. We have requested that some additional information is included in order to help the reader understand the background of the issues.

Pension Fund Annual Report

We have reviewed the Pension Fund Annual Report & Accounts and confirm that:

- the financial and non-financial information it contains is not inconsistent with the financial information contained in the audited financial statements.

We anticipate issuing an unqualified opinion on the Pension Fund Annual Report & Accounts at the same time as our opinion on the Statement of Accounts.

We have worked with officers throughout the year to discuss specific risk areas. The Authority has addressed the issues appropriately.


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In our *External Audit Plan 2013/14*, presented to you in March, we identified the key risks affecting the Authority's and the Fund's 2013/14 financial statements. We have now completed our testing of these areas and set out our evaluation following our substantive work.

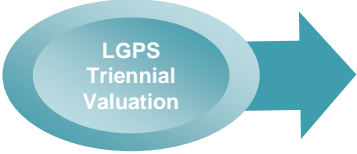

During the course of our audit we identified one additional risk as a result of the completion of the Authority's Housing PFI Scheme. We have provided further details of this risk on the following page.

The table below sets out our detailed findings for each of the risks that are specific to the Authority. Each of these relates to the financial statements of the Authority, we did not identify any specific risks for Wiltshire Pension Fund.

Additionally, we considered the risk of management override of controls, which is a standard risk for all organisations. In response to this risk, we performed controls testing and substantive audit procedures which included testing of journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual. We did not identify any issues from our work.

Key audit risk	Issue	Findings
	<p>Over recent years the Authority has been undertaking a rationalisation of its estate. This has seen significant reductions in the number of properties occupied by the Authority and will continue to do so throughout in 2014/15 and beyond. Through discussions with officers we identified that the Authority has encountered delays in relation to the vacation of sale of a number of properties (for example the Shurnhold site). As a result of this, there is an increased likelihood that the Authority will be holding vacant properties as at the year end, some of which will be classified as "held for sale".</p> <p>Where properties have been vacated, there is a risk that the value previously recorded on the Fixed Asset Register is no longer appropriate and that an impairment may have arisen. This risk increases as the duration of vacancy lengthens.</p>	<p>We reviewed the progress the Authority has made in relation to its estates strategy and undertook detailed testing in relation to both disposals and assets classified as held for sale. We have also held discussions with Officers on the status of the hubs and campuses to ensure that assets are being recorded in the correct asset category. From our testing we did not identify any issues in relation to the accounting entries made during the year.</p> <p>There are still a large number of properties to be disposed of under the Authority's estates strategy and we will continue to monitor the progress made in relation to this as part of our work for 2014/15.</p>

We have worked with officers throughout the year to discuss specific risk areas. The Authority has addressed the issues appropriately.

Key audit risk	Issue	Findings
	<p>During the year, the Local Government Pension Scheme for Wiltshire (the Pension Fund) has undergone a triennial valuation with an effective date of 31 March 2013, in line with the Local Government Pension Scheme (Administration) Regulations 2008. The Authority's share of pension assets and liabilities is determined in detail, and a large volume of data is provided to the actuary in order to carry out this triennial valuation.</p> <p>The IAS 19 numbers to be included in the financial statements for 2013/14 will be based on the output of the triennial valuation rolled forward to 31 March 2014. For 2014/15 and 2015/16 the actuary will then roll forward the valuation for accounting purposes based on more limited data.</p> <p>There is an audit risk that the data provided to the actuary for this exercise is inaccurate, which could lead to errors in the actuarial figures in the accounts. Most of the data is provided to the actuary by the Authority, which both participates in and administers the Pension Fund.</p>	<p>We have undertaken detailed testing to ensure that the Authority has correctly accounted for the results of the triennial valuation. Our work identified that the past service costs of £2.297 million had been included within finance & investment income & expenditure. These costs should have been allocated to non-distributed costs within net cost of services. This is purely a re-allocation within the Income & Expenditure Account and does not affect the General Fund balance. This adjustment forms part of our audit adjustments set out in Appendix 2.</p> <p>We have also confirmed that appropriate processes and controls have been implemented to ensure that data provided for the purposes of the valuation is accurate and complete. Our testing has identified no issues in relation to the operation effectiveness of these controls.</p> <p>In order to provide the actuarial valuation, Mercers made a series of assumptions in relation to factors such as discount rates, salary inflation and mortality figures. We have benchmarked these assumptions against our expectations and found no significant issues.</p>
	<p>During the year, the Authority completed the development of its new Housing PFI. This has resulted in the recognition of additional housing assets on the Authority's balance sheet as well as the related PFI liabilities.</p> <p>The accounting standards applicable to PFI schemes require a number of accounting entries which include an element of complexity. As a result, there is an increased risk in relation to the valuation of both the assets and liabilities.</p>	<p>The Authority completed its PFI scheme during the year, with a total of 242 units now in use. As a result the Authority recognised £16.952 million of assets within its balance sheet for the remaining units that were completed in year.</p> <p>We have confirmed that the Authority has accounted for the PFI scheme accurately and in line with the Code. Our detailed testing identified no issues.</p>

We have noted consistency in the quality of the accounts and the supporting working papers.

Officers dealt efficiently with audit queries and the audit process has been completed within the planned time scales.

The Authority has implemented all of the recommendations in our *ISA 260 Report 2012/13*.

Accounts production and audit process

ISA 260 requires us to communicate to you our views about the significant qualitative aspects of the Authority's accounting practices and financial reporting. We also assessed the Authority's process for preparing the accounts and its support for an efficient audit.

We considered the following criteria:

Element	Commentary
Accounting practices and financial reporting	<p>Despite significantly advancing the accounts production timetable by over three weeks, the Authority has maintained the strength of its financial reporting process.</p> <p>We consider that accounting practices are appropriate.</p>
Completeness of draft accounts	<p>We received a complete set of draft accounts on 6 June 2014. The draft Annual Governance Statement was subsequently provided on 19 June 2014.</p> <p>A number of presentational changes were made during the course of the audit to the draft accounts in order to ensure compliance with the Code.</p>
Quality of supporting working papers	<p>Our <i>Accounts Audit Protocol</i>, which we issued on 19 March 2014 and discussed with the Chief Accountant, set out our working paper requirements for the audit.</p> <p>The quality of working papers provided was of a high standard and met the standards specified in our <i>Accounts Audit Protocol</i>.</p>

Element	Commentary
Response to audit queries	<p>Officers resolved audit queries in a reasonable time.</p> <p>Some delays arose, however, as a result of staff working across multiple sites. We have discussed this with the Associate Director of Finance and identified improvement for next year.</p>
Pension fund audit	<p>The audit of the Fund was completed alongside the main audit and was therefore brought forward by over three weeks in order to meet the financial statement timetable.</p> <p>The quality of the working papers provided was of high standard and were clear and easy to follow. Pension team officers were responsive to audit queries as they arose.</p> <p>There are no specific matters to bring to your attention relating to the audit.</p>

Prior year recommendations

As part of our audit we have specifically followed up the Authority's progress in addressing the recommendations in last years ISA 260 report.

The Authority has implemented all of the recommendations in our *ISA 260 Report 2012/13*.

We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the Authority's and the Fund's financial statements.

Before we can issue our opinion we require a signed management representation letter.

Once we have finalised our opinions and conclusions we will prepare our Annual Audit Letter and close our audit.

Declaration of independence and objectivity

As part of the finalisation process we are required to provide you with representations concerning our independence.

In relation to the audit of the financial statements of Wiltshire Council and Wiltshire Pension Fund for the year ending 31 March 2014, we confirm that there were no relationships between KPMG LLP and Wiltshire Council and Wiltshire Pension Fund, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Audit Commission's requirements in relation to independence and objectivity.

We have provided a detailed declaration in **Appendix 3** in accordance with ISA 260.

Management representations

You are required to provide us with representations on specific matters such as your financial standing and whether the transactions within the accounts are legal and unaffected by fraud. We have provided a template to the Associate Director of Finance for presentation to the Audit Committee. We require a signed copy of your management representations before we issue our audit opinion.

We have requested specific representations in relation to the valuation of fixed assets and the appropriateness of the Authority's testing for impairments in relation to such assets.

Other matters

ISA 260 requires us to communicate to you by exception 'audit matters of governance interest that arise from the audit of the financial statements' which include:

- significant difficulties encountered during the audit;
- significant matters arising from the audit that were discussed, or subject to correspondence with management;
- other matters, if arising from the audit that, in the auditor's

professional judgment, are significant to the oversight of the financial reporting process; and

- matters specifically required by other auditing standards to be communicated to those charged with governance (e.g. significant deficiencies in internal control; issues relating to fraud, compliance with laws and regulations, subsequent events, non disclosure, related party, public interest reporting, questions/objections, opening balances etc).

We have just one matter to note. As part of the Local Government Finance Act 2012, the Government implemented a Business Rate Retention Scheme from April 2013, whereby the collection and distribution of Non Domestic Rates (NDR) is collected and distributed via the Collection Fund (this has previously been managed nationally).

We have noted that this year the Authority has reported a deficit on the NDR element of the Collection Fund of £7.9 million. This has led to an overall deficit on the Collection Fund of £4.9 million.

The Authority submitted its NNDR 1 form at the start of the financial year which stated the forecasted business rate income for the year. This is based on a complex formula and a number assumptions were made by the Authority. This was due to very little guidance being issued by the DCLG in this area. During the year, the Authority made payments to/from the Collection Fund based on their forecasted income. After the year end, the Authority is required to submit a NNDR 3 which shows the final outturn position. Due to the number of assumptions that were made at the start of the year this has left the NDR balance in deficit.

The Authority has an obligation to make up the deficit but this is borne by the Collection Fund and distributed to preceptors in future years through the declaration of a surplus or deficit on the fund.

The Authority has confirmed that a more robust process for 2014/15 has been implemented.

There are no others matters which we wish to draw to your attention in addition to those highlighted in this report or our previous reports relating to the audit of the Authority's 2013/14 financial statements.

Our VFM conclusion considers how the Authority secures financial resilience and challenges how it secures economy, efficiency and effectiveness.

We have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Background

Auditors are required to give their statutory VFM conclusion based on two criteria specified by the Audit Commission. These consider whether the Authority has proper arrangements in place for:

- securing financial resilience: looking at the Authority’s financial governance, financial planning and financial control processes; and
- challenging how it secures economy, efficiency and effectiveness: looking at how the Authority is prioritising resources and improving efficiency and productivity.

We follow a risk based approach to target audit effort on the areas of greatest audit risk. We consider the arrangements put in place by the Authority to mitigate these risks and plan our work accordingly.

The key elements of the VFM audit approach are summarised in the diagram below.

Work completed

We performed a risk assessment earlier in the year and have reviewed this throughout the year.

The following page include further details of our VFM risk assessment and our specific risk-based work.

Conclusion

We have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

VFM criterion	Met
Securing financial resilience	✓
Securing economy, efficiency and effectiveness	✓



We have identified a number of specific VFM risks.

In all cases we are satisfied that external or internal scrutiny provides sufficient assurance that the Authority's current arrangements in relation to these risk areas are adequate.

Work completed

In line with the risk-based approach set out on the previous page, and in our *External Audit Plan* we have:


- assessed the Authority's key business risks which are relevant to our VFM conclusion;
- identified the residual audit risks for our VFM conclusion, taking account of work undertaken in previous years or as part of our financial statements audit;
- considered the results of relevant work by the Authority, other inspectorates and review agencies in relation to these risk areas; and

- completed specific local risk based work.

Key findings


Below we set out the findings in respect of those areas where we have identified a residual audit risk for our VFM conclusion.

We concluded that we needed to carry out additional work for some of these risks. This work is now complete and we also report on this below.

Key VFM risk	Risk description and link to VFM conclusion	Assessment
	<p>As at the end of December 2013, the Authority was forecasting an overspend against its 2013/14 budget by approximately £0.5 million. This is after the identification of £3.6 million of additional savings and a £2.8m capitalisation direction in relation to voluntary redundancy costs.</p> <p>The original 2013/14 budget included a savings programme totalling £27.7 million and a drawdown of £1.7 million from the General Fund Reserve. In addition, the Authority has estimated that a further £23 million of savings will need to be delivered in 2014/15, to address the ongoing reductions to local authority funding. Against a backdrop of continued demand pressures in Adult Social Care and Children's Services it has become more and more difficult to deliver these savings in a way that secures longer term financial and operational sustainability.</p> <p>This is relevant to both the financial resilience and economy, efficiency and effectiveness criteria of the VFM conclusion.</p>	<p>Specific risk based work required: Yes</p> <p>Despite challenging savings targets for the year, the Authority's final outturn position was an under spend against budget of £0.397 million. In addition, the Authority utilised £0.777 million of General Fund balances instead of £1.7 million they were predicting.</p> <p>The Authority has continued to develop savings plans which require savings from all service areas, and has identified additional savings plans in order to compensate for budget pressures in relation to Adult Services, particularly Disability Services, and Childrens' Social Care. These cost pressures are in line with those experienced by other authorities throughout the country and, as a result, are not indicative of poor arrangements within Wiltshire.</p> <p>Performance against savings targets has been monitored throughout the year as part of the budget monitoring process in order to allow for such cost pressures to be effectively managed,</p>

We have identified a number of specific VFM risks.


In all cases we are satisfied that external or internal scrutiny provides sufficient assurance that the Authority's current arrangements in relation to these risk areas are adequate.

Key VFM risk	Risk description and link to VFM conclusion	Assessment
	<p>During 2012/13 the Authority completed the construction of its new office building, representing the first phase of the renovation of County Hall. As the result of the valuation report produced by GVA Grimley, a downward revaluation of £14.7 million was required.</p> <p>The Authority's officers informed us that there was the potential that a similar issue was likely to arise in relation to the completion of the second phase of the County Hall renovation during 2013/14. This would result in the second consecutive year of significant investments being made in relation to assets which were subsequently valued below cost.</p> <p>We considered how the Authority has assured itself that the overall renovation project represents value for money through the benefits obtained as a result of its completion.</p> <p>This is relevant to the economy, efficiency and effectiveness criteria of the VFM conclusion.</p>	<p>Specific risk based work required: Yes</p> <p>An impairment was required in relation the second phase of the County Hall renovation, to the value of £4.333 million. This was significantly lower than that experienced in relation to phase 1. As a result, it was not necessary to disclose this separately on the face of the Comprehensive Income & Expenditure Statement as an exceptional item.</p> <p>As part of the Authority's four year rolling revaluation exercise, a number of class of assets were revalued during the year. This has led to a number significant impairment charges to the Income & Expenditure Account this year, particularly for some school assets. Even though these do then reverse out to the CAA so that there is no impact on the General Fund, such large movements within the year are notable. We have raised a recommendation within Appendix 1 in relation to this.</p> <p>As a result of the move to four main hubs (including the refurbished County Hall) the Authority has been able to dispose of 30 assets to date, generating capital receipts of £2.9 million. There are a further 74 assets to be disposed of (15 of which are in a position to be sold already) which are expected to generate receipts of £23.2 million.</p> <p>The disposal of assets has enabled the Authority to make annual maintenance and lease payment savings of £0.9 million to date. This is expected to rise to annual savings of £6.6 million once the disposal scheme has been completed.</p> <p>In addition to the financial benefits of the strategy, the renovation of the County Hall has enabled a modernisation of working methods, created a central contact point for the public as well as a more attractive public facility and made integrated working with other providers more assessable (e.g. MASH).</p>

We have identified a number of specific VFM risks.

In all cases we are satisfied that external or internal scrutiny provides sufficient assurance that the Authority's current arrangements in relation to these risk areas are adequate.

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Key VFM risk	Risk description and link to VFM conclusion	Assessment
	<p><i>(continued)</i></p>	<p>We have gained audit evidence from testing a sample of balances surrounding fixed assets and in particular reviewed additions, disposals, assets held for sale and revaluations.</p> <p>We have also held a number of discussion with Officers and reviewed supporting documentation on the hubs and campuses and the potential saving realised during the year and going forward.</p>

Appendix 1: Key issues and recommendation

We have given our recommendation a risk rating and agreed what action management will need to take.

The Authority should closely monitor progress in addressing specific risks and implementing our recommendation.

We will formally follow up this recommendation next year.

Priority rating for recommendations		
<p>1 Priority one: issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.</p>	<p>2 Priority two: issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	<p>3 Priority three: issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>

No.	Risk	Issue and recommendation	Management response / Responsible officer / Due date
1	2	<p>Rolling Revaluation Programme</p> <p>Like most authorities, the Authority operates a rolling revaluation programme. This aims to secure the revaluation of all land and buildings over a four year period, with different assets classes assessed in each individual year.</p> <p>Whilst the Code allows for revaluations to be undertaken in such a way, it states that “revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using the fair value at the end of the reporting period”.</p> <p>Our audit work identified a class of assets (e.g. Schools) that had large impairments during the year as a result of the revaluation exercise. For example, Melksham Oak Secondary School had an asset value of £3.8m in 2010. During 2010 this school had a significant amount of construction work performed which increased its value to £18.6m. The School was formally valued in 2014 with a value of £5m, this has resulted in an impairment of £13.6m this year.</p> <p>Whilst it is not usual to have these impairments the Code expects Authorities to assess carrying values of assets at the end of each year even though they might not have been formally valued.</p> <p>Recommendation</p> <p>Consider how to gain assurance over the material accuracy of valuations for assets which have not been revalued during the year as part of the rolling valuation programme. An option may be to revalue a percentage of assets each year where construction has been performed rather than performing valuation on only specified asset classes each year.</p>	<p>Management response</p> <p>A procedure will be designed as part of the valuation process for 2014/15 closedown.</p> <p>Responsible Officer</p> <p>Matthew Tiller</p> <p>Due Date</p> <p>March 2015.</p>

This appendix sets out the significant audit differences.

These have all been corrected in the financial statements.

We are required by ISA 260 to report all uncorrected misstatements, other than those that we believe are clearly trivial, to those charged with governance (which in your case is the Audit Committee). We are also required to report all material misstatements that have been corrected but that we believe should be communicated to you to assist you in fulfilling your governance responsibilities.

Corrected audit differences – Authority

The following table sets out the significant audit differences identified by our audit of Wiltshire Council's financial statements for the year ended 31 March 2014. These have been corrected in the most recent version of the Authority's financial statements.

No.	Income and Expenditure Statement	Movement in Reserves Statement	Impact			Basis of audit difference
			Assets	Liabilities	Reserves	
1			Cr Cash & Cash Equivalents (£1,308k)	Dr Bank Overdraft £1,308k		In prior years the Authority has disclosed its overdraft position separately to its cash and cash equivalents. Under the 2013/14 Code, it is a requirement to present a net cash position unless the overdraft is not part of the Authority's cash management approach. This adjustment is so that a net cash and cash equivalents position is disclosed on the balance sheet.
2	Cr Finance & Investment Income & Expenditure (£2,297k) Dr Non-Distributed Costs (Expenditure) £2,297k					The past service costs associated with the Authority's share of the Wiltshire Pension Fund had been included within finance & investment income & expenditure. These costs should have been allocated to non-distributed costs within net cost of services.
	-	-	Cr (£1,308k)	Dr £1,308	-	Total impact of adjustments

The Code of Audit Practice requires us to exercise our professional judgement and act independently of both the Commission and the Authority.

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Requirements

Auditors appointed by the Audit Commission must comply with the *Code of Audit Practice* (the 'Code') which states that:

"Auditors and their staff should exercise their professional judgement and act independently of both the Commission and the audited body. Auditors, or any firm with which an auditor is associated, should not carry out work for an audited body that does not relate directly to the discharge of auditors' functions, if it would impair the auditors' independence or might give rise to a reasonable perception that their independence could be impaired."

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code, the detailed provisions of the Statement of Independence included within the Audit Commission's *Standing Guidance for Local Government Auditors* ('Audit Commission Guidance') and the requirements of APB Ethical Standard 1 *Integrity, Objectivity and Independence* ('Ethical Standards').

The Code states that, in carrying out their audit of the financial statements, auditors should comply with auditing standards currently in force, and as may be amended from time to time. Audit Commission Guidance requires appointed auditors to follow the provisions of ISA (UK & I) 260 *Communication of Audit Matters with Those Charged with Governance* that are applicable to the audit of listed companies. This means that the appointed auditor must disclose in writing:

- Details of all relationships between the auditor and the client, its directors and senior management and its affiliates, including all services provided by the audit firm and its network to the client, its directors and senior management and its affiliates, that the auditor considers may reasonably be thought to bear on the auditor's objectivity and independence.
- The related safeguards that are in place.

- The total amount of fees that the auditor and the auditor's network firms have charged to the client and its affiliates for the provision of services during the reporting period, analysed into appropriate categories, for example, statutory audit services, further audit services, tax advisory services and other non-audit services. For each category, the amounts of any future services which have been contracted or where a written proposal has been submitted are separately disclosed. We do this in our *Annual Audit Letter*.

Appointed auditors are also required to confirm in writing that they have complied with Ethical Standards and that, in the auditor's professional judgement, the auditor is independent and the auditor's objectivity is not compromised, or otherwise declare that the auditor has concerns that the auditor's objectivity and independence may be compromised and explaining the actions which necessarily follow from his. These matters should be discussed with the Audit Committee.

Ethical Standards require us to communicate to those charged with governance in writing at least annually all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place that, in our professional judgement, may reasonably be thought to bear on our independence and the objectivity of the Engagement Lead and the audit team.

General procedures to safeguard independence and objectivity

KPMG's reputation is built, in great part, upon the conduct of our professionals and their ability to deliver objective and independent advice and opinions. That integrity and objectivity underpins the work that KPMG performs and is important to the regulatory environments in which we operate. All partners and staff have an obligation to maintain the relevant level of required independence and to identify and evaluate circumstances and relationships that may impair that independence.

We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the Authority's financial statements.

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Acting as an auditor places specific obligations on the firm, partners and staff in order to demonstrate the firm's required independence. KPMG's policies and procedures regarding independence matters are detailed in the *Ethics and Independence Manual* ('the Manual'). The Manual sets out the overriding principles and summarises the policies and regulations which all partners and staff must adhere to in the area of professional conduct and in dealings with clients and others.

KPMG is committed to ensuring that all partners and staff are aware of these principles. To facilitate this, a hard copy of the Manual is provided to everyone annually. The Manual is divided into two parts. Part 1 sets out KPMG's ethics and independence policies which partners and staff must observe both in relation to their personal dealings and in relation to the professional services they provide. Part 2 of the Manual summarises the key risk management policies which partners and staff are required to follow when providing such services.

All partners and staff must understand the personal responsibilities they have towards complying with the policies outlined in the Manual and follow them at all times. To acknowledge understanding of and adherence to the policies set out in the Manual, all partners and staff are required to submit an annual ethics and independence confirmation. Failure to follow these policies can result in disciplinary action.

Auditor declaration

In relation to the audit of the financial statements of Wiltshire Council and Wiltshire Pension Fund for the financial year ending 31 March 2014, we confirm that there were no relationships between KPMG LLP and Wiltshire Council and Wiltshire Pension Fund, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Audit Commission's requirements in relation to independence and objectivity.



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Wiltshire Council

Audit Committee

31 July 2014

Annual Governance Statement 2013-14

Purpose

1. To ask the Audit Committee to approve the Annual Governance Statement (AGS) for 2013 -14 for publication with the Statement of Accounts.

Background

2. The Council is required, as part of its annual review of the effectiveness of its governance arrangements, to produce an AGS for 2013-14. This will be signed by the Leader of the Council and the Corporate Directors, after final approval by the Audit Committee on 31 July 2014. The AGS will form part of the Annual Statement of Accounts for 2013-14.
3. Based on advice from the Chartered Institute of Public Finance and Accountancy (CIPFA), the AGS should include:
 - an acknowledgement of responsibility for ensuring there is a sound system of governance, incorporating the system of internal control;
 - an indication of the level of assurance that the systems and processes that comprise the Council's governance arrangements can provide;
 - a brief description of the key elements of the governance framework, including reference to group activities where those activities are significant;
 - a brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements;
 - an outline of the actions taken, or proposed, to deal with significant governance issues, including an agreed action plan.

4. The AGS for Wiltshire Council should demonstrate how the Council is meeting the six principles of good governance adopted in its Code of Corporate Governance. These principles are:
 - Focusing on the purpose of the Council and on outcomes for the community, creating and implementing a vision for the local area;
 - Engaging with local people and other stakeholders to ensure robust public accountability;
 - Ensuring that members and officers work together to achieve a common purpose with clearly defined functions and roles;
 - Promoting high standards of conduct and behaviour, and establishing and articulating the Council's values to members, staff, the public and other stakeholders;
 - Taking informed, risk based and transparent decisions which are subject to effective scrutiny; and
 - Developing the capacity of members and officers to be effective in their roles.
5. The AGS is primarily retrospective. It reports on the assurance framework and measures in place for the financial year 2013-14, but must take account of any significant issues of governance up to the date of publication of the Statement of Accounts in July 2014. The AGS should outline the actions taken or proposed to address any significant governance issues identified.
6. The AGS is drafted by members of the Governance Assurance Group, which comprises senior officers who have lead roles in corporate governance and a member representative from the Audit Committee.
7. The evidence for the AGS comes from a variety of sources, including assurance statements from associate directors, relevant lead officers within the organisation, internal and external auditors and inspection agencies.
8. A draft AGS was considered by the Audit Committee on 24 June 2014, by the Standards Committee on 9 July 2014 and by Cabinet on 22 July 2014. The AGS has been revised to reflect the comments received from these bodies and from the Council's external auditors, KMPG LLP.

Proposed AGS 2012/13

9. A copy of the proposed AGS for 2013/14 is attached at Appendix 1. Material changes since the last meeting of the Audit Committee are as follows:
 - Amendment of paragraphs 10, 38 and 83 to ensure consistency in the wording of the Council's priorities in the Business Plan;
 - Paragraph 16 - 'The Constitution is reviewed regularly' changed to '.. is reviewed on an ongoing basis ...'
 - Paragraph 47 - changed to accurately reflect KPMG LLP's role in considering the arrangements to secure value for money (VFM) in the use of resources;
 - Paragraph 71 – this refers to the key findings in KPMG's Annual Audit Letter 2012-13;
 - Paragraphs 83 and 84 – 'significant governance issue' is defined in paragraph 83 and the wording of the significant governance issues identified in paragraph 84 has been expanded to provide further context.
10. The draft AGS reflects the elements described in paragraph 3 of this report and has regard to revised guidance from CIPFA.
11. Section C of the AGS describes the Council's governance framework for the relevant period, namely April 2013 to date.
12. Section D provides a review of the effectiveness of the Council's governance framework. This section has been structured to reflect the key governance principles set out in the Council's Code of Corporate Governance.
13. The council's internal auditors have given an overall audit opinion of reasonable assurance on the effectiveness of the council's control environment for 2013-14 – see paragraph 70 of the AGS.
14. Section E of the draft AGS requires the Council to identify any significant internal control issues affecting the Council during the relevant period.
15. CIPFA guidance suggests that an internal control issue is to be regarded as significant if:
 - the issue has seriously prejudiced or prevented achievement of a principal objective;

- the issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
- the issue has led to a material impact on the accounts;
- the audit committee, or equivalent, has advised that it should be considered significant for this purpose;
- the Head of Internal Audit has reported on it as significant, for this purpose, in the annual opinion on the internal control environment;
- the issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation;
- the issue has resulted in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.

16. The following have been identified as significant governance issues:

- Delivery of the Council's Business Plan 2013-17;
- Information Governance;
- Safeguarding Children and Young People;

17. Details on these issues are set out in paragraph 84 of the draft AGS.

18. The Assurance Group has reviewed assurance statements from directors in relation to their services. There are no significant governance issues identified, other than those set out in Section E.

Financial implications

19. There are no financial implications arising directly from the issues covered in this report.

Risk Assessment

20. Ongoing review of the effectiveness of the Council's governance arrangements is an important part of the Council's arrangements for managing risk.

Environmental Impact

21. There is no environmental impact regarding the proposals in this report.

Equality and Diversity Impact

22. There are no equality and diversity issues arising from this report.

Reasons for the Proposal

23. To approve the AGS 2013-14 for publication in accordance with the requirements of the Audit and Accounts Regulations

Proposal

24. The Audit Committee is, therefore, asked to approve the AGS for publication with the Statement of Accounts.

Ian Gibbons

Associate Director Legal and Governance and Monitoring Officer

Report Authors: Ian Gibbons and Marie Lindsay, Ethical Governance Officer

Unpublished documents relied upon in the production of this report.

The CIPFA Finance Advisory Network - The Annual Governance Statement

Appendices:

Appendix 1 Annual Governance Statement 2013-14

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APPENDIX 1

Annual Governance Statement

2013-14



Draft 8

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Review of Effectiveness

Focus on the purpose of the authority and on outcomes for the community, creating and implementing a vision for the local area

Engaging with local people and other stakeholders to ensure robust public accountability

Ensuring that councillors and officers work together to achieve a common purpose with clearly defined functions and roles

Promoting high standards of conduct and behaviour, and establishing and articulating the authority's values to members, staff, the public and other stakeholders

Taking informed, risk based and transparent decisions which are subject to effective scrutiny

Developing the capacity of councillors and officers to be effective in their roles

Section E

Significant Governance Issues

A. Scope of Responsibility

1. Wiltshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
2. In discharging this overall responsibility, the Council is also responsible for putting in place proper arrangements for the governance of its affairs, including the management of risk, and facilitating the effective exercise of its functions.

B. The Purpose of the Governance Framework

3. The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and the activities through which the Council accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
4. The assurance framework and the system of internal control are significant parts of that framework. They are designed to manage risk to a reasonable level. They cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The assurance framework and the system of internal control are based on an ongoing process that is designed to:
 - a. identify and prioritise the risks to the achievement of the Council's policies, aims and objectives;
 - b. evaluate the likelihood of those risks being realised;
 - c. assess the impact of the risks if they are realised;
 - d. manage the risks efficiently, effectively and economically.
5. The assurance framework also provides a mechanism for monitoring and implementing a system of continuous governance improvement.
6. The governance framework has been in place at the Council for the year ended 31 March 2014 and up to the date of approval of the Statement of Accounts for 2013/14.

C. The Governance Framework

7. The Council's governance framework comprises a broad range of strategic and operational controls, which work together to ensure the sound operation of the Council. The key elements are summarised below.
8. Documents referred to are available from the Council or may be viewed on the Council's website (www.wiltshire.gov.uk).
9. The review of the Council's governance arrangements, through the Annual Governance Statement, has taken account of best practice identified in the CIPFA/Solace guidance Delivering Good Governance in Local Government, Addendum 2012.

Purpose and Planning

10. In September 2013 the council adopted a new Business Plan for 2013-17 with the following priorities:

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

11. These priorities serve to deliver the council's vision to create stronger and more resilient communities.

12. The Business Plan is supported by a Financial Plan, which demonstrates how it will be funded. The management of the Council's strategic risks helps achieve the Council's objectives.

Policy and Decision-Making Framework

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

14. The Constitution defines the role and responsibilities of the key bodies in the decision-making process - the Council, Cabinet, and Committees, including the Strategic Planning Committee, Area Planning Committees, Licensing Committee, Overview and Scrutiny Committees, Standards Committee, Audit Committee, Staffing Policy Committee, Officer Appointments Committee and Area Boards.

15. The Council has established a Health and Well-being Board in accordance with requirements under the Health and Social Care Act 2012. The Board is a committee of the council with a strategic leadership role in promoting integrated working between the council and the NHS, and in relation to public health services. It is the key partnership and focal point for strategic decision making about the health and well-being needs of the local community. The council has also established the Wiltshire Police and Crime Panel to review and scrutinise decisions of the Police and Crime

Commissioner. The Panel is a joint committee with Swindon Borough Council.

16. The Constitution is reviewed on an ongoing basis by the Monitoring Officer and the Standards Committee through its Constitution Focus Group to ensure that it reflects changes in the law and remains fit for purpose.
17. The Leader and Cabinet are responsible for discharging the executive functions of the Council, within the budget and policy framework set by the Council, and some of this is delegated to Area Boards.
18. The Council publishes a Forward Work Plan once a month giving details of all matters anticipated to be considered by the Cabinet over the following 4 months, including items which constitute a key decision.¹
19. Schemes of Delegation are in place for Cabinet Committees, Cabinet Members and Officers to facilitate efficient decision-making. The Leader has established three Cabinet Committees - the Cabinet Capital Assets Committee, Cabinet Transformation Committee and the Cabinet Business Relief Committee.
20. The Council has established 18 area committees known as Area Boards. Each area board exercises local decision making under powers delegated by the Leader.
21. The Council's overview and scrutiny arrangements consist of a management committee and 3 select committees covering Children's Services, Environment, and Health. These committees establish standing and ad hoc task groups to undertake detailed reviews. Rapid scrutiny exercises also provide opportunities where there are time constraints. Scrutiny member representatives can also be appointed to boards of major projects to exercise lay challenge. Partners and contractors also contribute to the scrutiny process.
22. These arrangements serve to hold the Cabinet, its Committees, individual Cabinet Members and officers to public account for their executive policies, decisions and actions.

¹ 'Key decisions' are defined in Paragraph 9 of Part 1 of the Constitution. They include any decision that would result in the closure of an amenity or total withdrawal of a service; any restriction of service greater than 5%; any action incurring expenditure or producing savings greater than 20% of a budget service area; any decision involving expenditure of £500,000 or more, (subject to certain exceptions), any proposal to change the policy framework; any proposal that would have a significant effect on communities in an area comprising two or more electoral divisions.

23. The Standards Committee is responsible for:

- promoting and maintaining high standards of conduct by Members and Officers across the Council;
- determination of complaints under the Members' Code of Conduct;
- oversight of the Constitution, overview of corporate complaints handling and Ombudsman investigations, and the whistle blowing policy;

24. The Council has adopted a Code of Conduct for members and established arrangements for dealing with complaints under the code for Wiltshire unitary and parish councillors, including the appointment of 3 independent persons in accordance with the statutory requirements.

25. The Council has in place arrangements for considering complaints made about the conduct of the Police and Crime Commissioner for Wiltshire.

26. The Audit Committee is responsible for:

- monitoring and reviewing the Council's arrangements for corporate governance, risk management and internal control;
- reviewing the Council's financial management arrangements and approving the annual Statement of Accounts;
- focusing audit resources
- monitoring the effectiveness of the internal and external audit functions;
- monitoring the implementation of agreed management actions arising from audit reports.

Wiltshire Pension Fund

27. The Wiltshire Pension Fund is overseen by the Wiltshire Pension Fund Committee. This Committee has its delegated power from the full Council, rather than the Executive (Cabinet), so as to avoid any conflict of interest (e.g. in relation to the setting of employer contributions).

28. This Committee is responsible for all aspects of the fund, including:

- the maintenance of the fund;
- preparation and maintenance of policy, including funding and investment policy;
- management and investment of the fund;
- appointment and review of investment managers;
- monitoring of the audit process.

29. The Wiltshire Pension Fund Committee exercises its responsibilities in relation to investment management when it sets investment policy and appoints/monitors external investment managers.

Regulation of Business

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

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

31. The statutory officers - the Head of Paid Service (see footnote ² below), the Solicitor to the Council / Monitoring Officer and the Chief Finance Officer have a key role in monitoring and ensuring compliance with the Council's regulatory framework and the law. The statutory officers are supported in this role by the Council's HR, legal, governance and democratic services, finance and procurement teams, and also by the internal audit service.

32. Internal Audit services in Wiltshire are provided through a partnership with South West Audit Partnership.

33. The following bodies have an important role in ensuring compliance:

- Audit Committee
- Overview and Scrutiny Committees and Task Groups
- Standards Committee
- Internal Audit (this function is provided externally by the South West Audit Partnership (SWAP))
- External Audit and Inspection Agencies.

34. The Council has established a Governance Assurance Group whose membership is composed of senior officers with lead responsibility for key areas of governance and assurance, together with an elected member who is the vice-chair of the Audit Committee. Other officers and members attend by invitation to provide the Group with information about issues on which it is seeking assurance. Officers can also bring any concerns about the Council's governance arrangements forward to the Group for consideration.

². The Corporate Leadership Team comprises the three Corporate Directors, supported by the Chief Finance Officer / Section 151 Officer, Solicitor to the Council / Monitoring Officer, Associate Director People and Business Services and the Associate Director of Communications, Community Area Boards, Libraries Arts and Heritage. The statutory role of Head of Paid Service is rotated between the three corporate directors every four months.

35. The Governance Assurance Group meets monthly and has a forward work plan. It is responsible for gathering evidence for and drafting the Annual Governance Statement. It identifies any potential significant governance issues throughout the year, and seeks assurance on the effectiveness of measures to address these. It has a key role in promoting and supporting sound governance across the organisation and reports as required to the Corporate Leadership Team.

Management of Resources, Performance and Risk

Financial Management

36. Financial management and reporting is facilitated by:

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

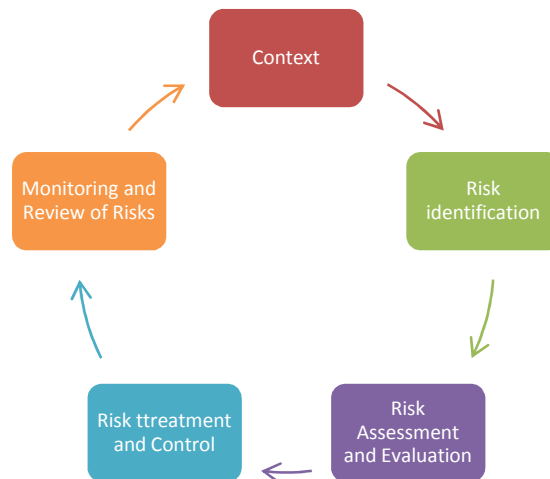
37. The Council's financial management arrangements are consistent with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government, issued in 2010.

Performance and Risk Management Reporting

38. At the heart of the Business Plan 2013 – 2017 is the vision to create stronger and more resilient communities and sets out how we plan to achieve this and outlines our key priorities which are to continue to:

- Protect those who are most vulnerable;
- Boost the local economy – creating and safeguarding jobs;
- Support and empower communities to do more for themselves.

39. Measuring success is about how we will know we are performing well and moving in the right direction to achieve our vision and priorities. A Strategic Performance and Risk Management Board has been established to take the strategic lead on the development and review of the corporate planning cycle including the performance and risk management approach. Risk management is a central part of the Council's strategic management and the Board will review the Risk Management Strategy on an annual basis to ensure that risk management arrangements remain effective.
40. The Corporate Leadership Team receives six monthly performance and risk reports detailing the risks that impact upon the strategic objectives of the Council. The Audit Committee receives reports every six months on the effectiveness of the risk management processes within the Council and its partnerships. Exception reports are submitted as and when required.
41. Risks are identified and monitored by service areas. Risks that are deemed significant are referred to the Operational Performance and Risk Management Group in the first instance for challenge and review. Reports are issued on the corporate risks through the Council's reporting arrangements. Training on Risk Management is delivered to Members annually, including the development of specific training for staff involved in risk management arrangements as a result of their work. The diagram below demonstrates the cycle of managing risk.



42. The risks associated with major projects are managed through project management arrangements with regular reporting to the relevant boards and member bodies. Any significant or corporate risks are also considered by the Operational Performance & Risk Management Group and included within the Corporate Risk Register where appropriate.

43. The Council's Business Continuity Policy provides a framework to maintain and develop business continuity arrangements at both corporate and service levels. It sets out the responsibilities of different management levels and groups as part of this process.

Internal Audit

44. The main role of Internal Audit is to provide an independent and objective opinion on the Council's control environment.

45. Internal Audit has the following additional responsibilities:

- providing support to the Chief Finance Officer in meeting his responsibilities under Section 151 of the Local Government Act 1972, to make arrangements for the proper administration of the Council's financial affairs;
- investigating any allegations of fraud, corruption or impropriety;
- advising on the internal control implications of proposed new systems and procedures.

46. The annual Internal Audit Plan is based on an assessment of risk areas, using the most up to date sources of risk information, in particular the Council's Corporate and Service Risk Registers. The Plan is agreed with Corporate Directors, and presented to the Audit Committee for approval. The Committee receives reports of progress against the plan throughout the year. The Internal Audit Annual Report summarises the results and conclusions of the audit work throughout the year, and provides an audit opinion on the internal control environment for the Council as a whole.

External Audit and Inspections

47. The Council is subject to audit by its external auditors, KPMG LLP, specifically in relation to the Council's financial statements and the arrangements to secure value for money (VFM) in the use of resources. It is also subject to reviews by external inspection agencies, OFSTED, and the Care Quality Commission (CQC). The outcomes of external audit work and inspections are used to help strengthen and improve the Council's internal control environment and help secure continuous improvement.

48. In September 2013 the authority was the subject of a peer review challenge. A further visit is planned for later in 2014.

49. The challenge covered five core components: understanding of the local context and priority setting, political and managerial leadership, financial planning and viability, governance and decision making and organisational capacity. In addition the peer team was asked to focus on how the Council was transforming Wiltshire through innovation in three particular areas.

50. The council's key strengths were identified as follows:

- A very strong respect and high regard for the Council leader.
- A strong and trusted relationship between officers and elected members with a clear appreciation that the council is strongly member led.
- The council has a good reputation in the community. Its vision 'to create stronger and more resilient communities' has resonance locally. Parish and town councils, volunteers and voluntary sector organisations speak positively about the purposeful intent of the council to delegate responsibilities and enable local people and groups to do more for themselves.
- A highly engaged workforce with a real sense of pride in the organisation.

51. Recommendations included addressing the budget gap for 2015/16 and beyond, clarifying the desired outcomes for area boards, improving the effectiveness of scrutiny, strengthening performance management and working closely with the CCG to ensure shared visions and plans. Action is being taken to implement these recommendations.

52. The council has also undergone a peer review challenge of its adult social care Help to Live at Home programme. The initial findings are positive and the full report is awaited.

Associate Directors' Assurance Statements

53. Associate directors' assurance statements have been reviewed by members of the Governance Assurance Group and no significant governance issues have been identified other than those included in Section E.

Monitoring Officer

54. The Monitoring Officer has not made any adverse findings in the course of the exercise of his statutory responsibilities.

D. Review of Effectiveness

55. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Council's internal audit function, and also by reports of external auditors and other review agencies and inspectorates.

56. The key principles of corporate governance are set out in the Council's Code of Corporate Governance as follows:

- Focusing on the purpose of the Council and on outcomes for the community, creating and implementing a vision for the local area;
- Engaging with local people and other stakeholders to ensure robust public accountability;
- Ensuring that members and officers work together to achieve a common purpose with clearly defined functions and roles;
- Promoting high standards of conduct and behaviour, and establishing and articulating the Council's values to members, staff, the public and other stakeholders;
- Taking informed, risk based and transparent decisions which are subject to effective scrutiny; and
- Developing the capacity of members and officers to be effective in their roles.

57. The effectiveness of the Council's assurance framework and system of internal control is assessed against these six principles.

Focus on the purpose of the Council and on outcomes for the community, creating and implementing a vision for the local area

58. The Council's vision and priorities are set out in its Business Plan 2013-2017. This is consistent with the long term priorities that are set out in the Community Plan 2011-2026.

Engaging with local people and other stakeholders to ensure robust public accountability

59. The development of Wiltshire's area boards has played a key role in ensuring robust public accountability and democratic engagement in Wiltshire. The devolved governance arrangements are set out in the Council's Constitution. In 2014 a comprehensive review of the Area Boards was undertaken to more closely align governance arrangements with the aspirations set out in the Council's business plan. The conclusions and recommendations arising from the review were adopted by the Council on 22nd April 2014 (Cabinet minute no. 47).

60. The Council monitors the performance of the area boards in a number of ways:

- Public reporting on all issues and grant applications referred to the boards through online systems (including a new grants evaluation process in 2014);
- Periodic scrutiny reviews and audit of financial arrangements;
- Feedback received following events;
- An annual satisfaction survey of people attending area board meetings;
- The Area Boards self evaluation process; and
- Ongoing lean systems reviews.

61. The Council seeks to align the resources delegated to area boards with the needs of local communities and to assess the impact of its devolved governance arrangements through the Joint Strategic Assessment process. This involves the prioritisation of issues by the local community, action and resource allocation by the area boards and the use of the boards' collaborative influence to initiate community-led action in the area. In 2014, revised arrangements were put in place to capture and monitor the effectiveness of this process, through improved reporting to the Health and Wellbeing Board.

Ensuring that councillors and officers work together to achieve a common purpose with clearly defined functions and roles

62. The Constitution sets out clearly the roles and responsibilities of Councillors and Officers in the decision making process.

63. The Council has adopted a Councillor and Officer Relations Protocol which:

- outlines the essential elements of the relationship between councillors and officers;
- promotes the highest standards of conduct;
- clarifies roles and responsibilities;
- ensures consistency with the law, codes of conduct and the Council's values and practices; and

- identifies ways of dealing with concerns by councillors or officers.

Promoting high standards of conduct and behaviour, and establishing and articulating the authority's values to members, staff, the public and other stakeholders

64. All staff are required to meet high standards of ethical conduct under the Officers' Code of Conduct.
65. The Council has a code of conduct for officers which is underpinned by a behaviours framework. This framework clearly articulates the behaviours expected of council officers, and is explicitly referred to in recruitment and performance appraisal processes.
66. The Council has adopted a code of conduct for Councillors and arrangements for dealing with member misconduct complaints under the requirements of the Localism Act 2011. The effectiveness of the code is kept under review by the Standards Committee.
67. The Council has established arrangements for receiving and investigating complaints about the Police and Crime Commissioner for Wiltshire.
68. The Council's Governance Service is responsible for customer complaints, access to information legislation, operation of the agreed arrangements under the new standards regime, and the promotion of good governance within the Council and with key partners, including the town and parish councils of Wiltshire. This helps to ensure that robust governance arrangements are supported across the Council.

Internal Audit

69. Internal Audit represents an important element of the Council's internal control environment, and to be effective it must work in accordance with the Code of Practice for Internal Audit in Local Government, which lays down the mandatory professional standards for the internal audit of local authorities.
70. The Internal Audit Annual Report and Opinion 2013 -14 summarises the results and conclusions of the audit work throughout the year, and provides an independent audit opinion on the internal control environment for the Council as a whole. The Council's internal auditors, SWAP, have given an overall audit opinion of reasonable assurance on the adequacy and effective operation of the Council's control environment for 2012-13.

External Audit

71. The Council's external auditors, KPMG LLP, published their Annual Audit Letter 2012-13 in October 2013. Key findings included an unqualified value for money conclusion for 2012-13 and an unqualified opinion on the Council's financial statements. There were no high priority recommendations arising from their audit work for 2012-13.

72. The latest report to those charged with governance, issued by KPMG LLP in respect of Wiltshire Council for 2013/14, is the interim report, in advance of the full report, which summarises the key issues arising from the interim work at Wiltshire Council in relation to the 2013/14 financial statements and the work to support the 2013/14 value for money conclusions.

73. The report highlights the key messages as follows:

- The organisational control environment is effective overall;
- Good progress has been made during the year in improving the overall IT control environment;
- In relation to those controls reviewed, the key financial systems are sound;
- In relation to the work on the financial controls, the external auditor is able to place reliance upon the work of Internal Audit;
- The overall process for the preparation of the financial statements is strong.

74. KPMG LLP's report to those charged with governance for 2013/2014 will be tabled at the meeting of the Audit Committee on 31 July 2014.

Taking informed, risk based and transparent decisions which are subject to effective scrutiny

75. Cabinet Members and Officers exercising delegated powers are required to take decisions in accordance with their respective schemes of delegation. The Leader's protocol for decision-making by Cabinet Members ensures transparency by requiring publication of the intention to make a decision on 5 clear days' notice and the final decision.

76. The Partnership Protocol and Register captures the Council's partnership arrangements. As of May 2014 the number of partnerships in operation is 42. During 14/15 a review of the protocol will be conducted. Once completed all arrangements will be reviewed with service areas to check all are aware

of the requirements of the revised protocol and all partnerships are captured.

77. Since implementing the recommendations of a major review in May 2012 to increase the effectiveness of the Overview and Scrutiny function, a single work programme has been developed in discussion with Cabinet members and senior management under the control of the Management Committee which focused on Council priorities. It aims for early dialogue enabling most of its work to support policy development and pre-decision scrutiny in the Council. The peer challenge review undertaken in September 2013 made a number of recommendations relating to Overview and Scrutiny. As a consequence a closer alignment has been made between its work and the Council's Business Plan 2013-17 with a stronger focus on better outcomes for communities and residents. This includes supporting delivery of the Plan's objectives and monitoring the investments and efficiencies in the corresponding Financial Plan.

78. The work undertaken by the Audit Committee this year has included:

- review and approval of the Annual Governance Statement for 2012-13;
- review and approval of the Statement of Accounts for 2012-13 and 2013-14 - due to a change in timings, it has been possible for the current years' accounts to also be included in this year's Assurance Governance Statement;
- review of the work and findings of Internal Audit, including the Annual Report and audit opinion on the control environment;
- review of the Council's risk management arrangements;
- review of the work and findings of external audit, including the Annual Audit Letter and Report to Those Charged with Governance.

79. The successful transfer of the Public Health team into the authority in April 2013 offered an opportunity to strengthen our response to both business continuity and emergency planning - to learn from their experience and expertise and to ensure the Council is able to respond to Public Health emergencies. During 2013-14 the Emergency Planning and Resilience teams have been restructured to ensure the structures are fit for purpose. In addition organisational resilience has been strengthened through the introduction of Corporate Director and Associate Director on call arrangements.

Developing the capacity of councillors and officers to be effective in their roles

80. The Council is committed to the ongoing development of its Councillors and recognises the importance of building up their capacity and

effectiveness.

81. The Council's Councillor Development Policy:

- Establishes Councillors' individual training needs and protocols and allocates budget according to the Council's priorities;
- Ensures equality of access to funds and training events;
- Evaluates the effectiveness of councillor development annually to inform the prioritisation and allocation of funding for future years.

82. A "People Strategy" is in place to support delivery of the business plan and the transformation programme, and priorities to continue embedding the Behaviours Framework and developing the culture of the council are clearly outlined in the strategy. An action plan that outlines the activities needed to deliver the aims of the People Strategy is reviewed regularly and updated annually to ensure the actions are aligned with the priorities in the business plan. The People Strategy outlines priority areas for action which are critical to the delivery of this plan, ensuring that the Council has the workforce capacity it needs to work in different ways and successfully meet current and future challenges.

E) Significant Governance Issues

83. An internal control issue is regarded as significant if:

- the issue has seriously prejudiced or prevented achievement of a principal objective;
- the issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
- the issue has led to a material impact on the accounts;
- the audit committee, or equivalent, has advised that it should be considered significant for this purpose;
- the Head of Internal Audit has reported on it as significant, for this purpose, in the annual opinion on the internal control environment;
- the issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation;
- the issue has resulted in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.

84. The following have been identified as significant governance issues for the purposes of this Statement:

Delivery of the Council's Business Plan 2013-17

Last year the council published its Business Plan 2013-17 that sets out what the council plans to deliver over the next four years. The vision to create stronger and more resilient communities will underpin the work and provide a clear focus to the actions taken. The priorities will also continue to focus on

- Protecting those who are most vulnerable;
- Boosting the local economy – creating and safeguarding jobs;
- Supporting and empowering communities to do more themselves.

The Wiltshire Council Business Plan 2013-2017 identified pressures of £120 million over four years due to reductions in funding from central government and predicted increase in service demands and inflation. The Business Plan outlines how the Council will work innovatively to realign £120m over the four years to deliver our priorities.

Delivering the Business Plan remains a significant challenge given an increasing demand for key services, such as care for vulnerable children and adults, and highways maintenance, as well as rising inflation costs, and less money from central Government. In order to achieve this, the Council will continue to embrace change and adopt a transformational and innovative approach, aligning resources to priorities and challenging if or how services are provided. This will be underpinned by effective performance, financial and workforce information and sound risk management.

Information Governance

In February 2013 the Corporate Leadership Team agreed an action plan to strengthen and improve its information governance arrangements to ensure that risks to the council's information assets were more effectively managed. A number of priority actions have been put in place, including the appointment of a Corporate Director as the Council's Senior Information Risk Owner (SIRO), the establishment of an Information Governance Assurance Group and the introduction of an on-line register of data incidents. The on-line register has been publicised to staff and is working effectively. In addition the council has recently established the Information Management Transformational Board to oversee the delivery of improvements in the council's information management arrangements. The council's Data Protection Policy has been refreshed. From the beginning of July 2014 the council has started a phased roll out of mandatory on-line training programme for all staff, including agency staff, on data protection and good practice in information management. The Information Commissioner will be invited to conduct an information governance audit in order to provide an overview of other steps that may be taken to reinforce the improvement programme already in place.

Safeguarding Children and Young People

In March 2012 OFSTED inspected Wiltshire's safeguarding and looked after children's services and issued an improvement notice in respect of safeguarding arrangements. The council implemented an improvement plan, overseen by a Safeguarding Improvement Board. OFSTED re-inspected in the summer of 2013.

Following the re-inspection the improvement notice was lifted, and the last meeting of the Safeguarding Improvement Board was held on 5 April 2014. A Peer Review of the Wiltshire Children Safeguarding Board (WCSB) took place in December 2013. This judged that the WCSB was able to fulfill its statutory duties. The Lead Member and Corporate Director (who is the statutory Director of Children's Services) receive 6 weekly highlight reports on progress. A Safeguarding and Child Protection Improvement Group has been established, chaired by the Associate Director for Operational Children's Services. The Safeguarding Scrutiny Task Group will continue to meet until October 2015. The Council will continue to have a relentless focus on safeguarding improvement, and in order to monitor progress this safeguarding remains a significant governance issue this year. A safeguarding Peer Challenge will take place in October 2014.

Jane Scott

Leader of the Council

Corporate Directors

Dated

**WILTSHIRE COUNCIL
AUDIT COMMITTEE**

31 JULY 2014

WILTSHIRE COUNCIL: STATEMENT OF ACCOUNTS 2013/2014

Purpose of Report

1. To present the Draft Statement of Accounts in respect of the 2013/2014 financial year for Wiltshire Council.

Policy Considerations

2. The Council is required to prepare an annual Statement of Accounts and to arrange for them to be audited and reported in accordance with the Accounts and Audit Regulations 2013, and the 2013/2014 Code of Practice on Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Background and Introduction

3. The Audit Commission Act 1998, the Code of Audit Practice (issued by the Audit Commission) and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom set out the requirements for the production and publication of the annual Statement of Accounts.
4. The regulations for the adoption of the Statement of Accounts do not require for Members to adopt the draft Statement of Accounts. The draft Statement of Accounts are required to be certified by the Chief Finance Officer within three months of the financial year end (by 30 June 2014). The Statement of Accounts are then subject to external audit by the Council's appointed auditors (KPMG) before the final set is brought to Members for final approval by 30 September 2014.
5. This adoption process ensures that there is external independent scrutiny of the figures in the Statement of Accounts before they are brought to Members. KPMG are required to report on amendments from the draft Statement of Accounts submitted for audit to the final version presented to Members. This report is elsewhere on the agenda.
6. The Statement of Accounts is attached as Appendix A.

Key Issues Arising

7. The final outturn on the general fund reported to Cabinet on 17 June 2014 was an underspend of £0.397 million. This resulted in a total draw from reserves for the General Fund of £0.777 million, after an approved draw from reserves of £1.400 million and £0.226 million extra Government grant. Further details of this were reported to Cabinet on 17 June 2014 in the Revenue Outturn Report.
8. The Comprehensive Income & Expenditure Statement summarises the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from local taxation. Authorities raise taxation to cover expenditure in accordance with regulations. This is different from the accounting cost. The Movement in Reserves Statement reflects the true cost to council tax payers of services provided.
9. The deficit on the provision of services in the Comprehensive Income and Expenditure Statement is adjusted by various technical adjustments between the accounting basis and funding basis under regulations, as well as taking into account transfers to/from earmarked reserves. In this way, the expenditure in the outturn report reconciles to the deficit on provision of services. More details are given in notes 9 and 10 of the Statement of Accounts.
10. These draft accounts are open for inspection for the general public from 6 August 2014 to 2 September 2014. The committee is requested to delegate signing of the accounts to the Chairman of the Audit Committee and the Associate Director, Finance pending the outcome of the inspection period, if there were any issues we would bring the accounts back to the September Audit Committee.

Risk Assessment

11. There are no direct risk implications associated with this report.

Equality and Diversity Impact of the Proposal

12. None have been identified as arising directly from this report.

Environmental Impact of the Proposal

13. There are no direct environmental implications associated with this report.

Financial Implications

14. There are no direct financial implications associated with this report.

Legal Implications

15. There are no direct legal implications associated with this report.

Recommendations

16. That the Audit Committee receives the draft Statement of Accounts for 2013/2014.
17. The Audit Committee delegates the signing of the letter of the statement of Responsibilities for the Statement of Accounts to the Chairman of the Audit Committee and Associate Director, Finance, pending the outcome of the inspection period.

Reason for Recommendations

18. The Audit Committee are aware of the Statement of Accounts for 2013/2014.

MICHAEL HUDSON
Services Director, Finance

REPORT AUTHOR
MATTHEW TILLER – CHIEF ACCOUNTANT

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

Appendices:

Appendix A Draft Statement of Accounts 2013/2014

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Explanatory Foreword

1 Statutory Duty

The Council has a statutory duty to approve and publish a statement of accounts. The accounts cover a 12 month reporting position. These Accounts relate to the period 1 April 2013 to 31 March 2014.

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

2 Compliance with regulation

This document has been compiled by officers of the Council using information recorded on its systems, most notably its financial ledger, in line with recommended practice from the Chartered Institute of Public Finance and Accountancy (CIPFA). The format is largely prescribed. A glossary of the various terminology is set out in pages 85 to 88.

3 Contents

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

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

The Balance Sheet is a snap shot in time showing the Council's assets, liabilities, balances and reserves at 31 March 2014.

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

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

Notes to the Core Financial Statements follow these statements.

Additionally, the following supplementary financial statements are produced.

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

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

Auditor's opinion

To be updated after completion of the audit.

Accounting Policies

The Statement of Accounting Policies explains the basis for how we have recognised, measured and disclosed the financial transactions that relate to 2013/2014. Details of the accounting policies used are found in note 1 to the accounts.

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

In February 2014 Wiltshire Council adopted its Financial Plan 2014/2015. The Council is obliged by legislation to set a balanced budget with a resultant Council Tax and related fees and charges.

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

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

Future Vision of the Council

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

The Council's vision is to create strong and resilient communities. The Council's priorities will also continue to focus on what Wiltshire Council and Wiltshire's communities fundamentally believe to be most important:

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

Revenue outturn

In respect of net revenue outturn, the Council's 2013/2014 General Fund revised budget and actual spending figures were as below:

	Original Budget £m	Revised Budget £m	Actual £m	Difference £m
Total General Fund (a)	340.518	340.518	340.121	(0.397)
Draw from General Fund reserves (b)			1.400	1.400
Funded by:				
Formula Grant including Council Tax Freeze	(76.018)	(76.018)	(76.016)	0.002
Business Rates Retained	(50.573)	(50.573)	(51.046)	(0.473)
Collection Fund Transfer	(201.182)	(201.182)	(201.182)	0.000
Collection Fund (Surplus)/Deficit	(1.700)	(1.700)	(1.695)	0.005
Council Tax Freeze Grant	(2.229)	(2.229)	(2.218)	0.011
Other Funding Grants	(8.816)	(8.816)	(8.587)	0.229
Total Funding (c)	(340.518)	(340.518)	(340.744)	(0.226)
Movement on General Fund (a) +(b) + (c)	0.000	0.000	0.777	0.777

The overall underspend against the revised 2013/2014 budget was £0.397 million. More details about the Council's revenue spending on services are given, with notes, in the Comprehensive Income & Expenditure Statement and in note 10. The overall movement on the General Fund is a £0.777 million draw from reserves.

Outturn Variances

The major variations of actual spend to budget were:

- A £3.851 million overspend on Disabilities services. This overspend had been projected throughout the year and reflects the cost of care packages.
- A £1.290 million overspend on Children's Social Care.
- A £2.395 million underspend on Capital Financing due to increased capital reprogramming into 2014/2015.

Details of all variances, including more detailed explanations of the variances disclosed above, are included in the cabinet report that was taken to Cabinet on Tuesday 17 June 2014. A full copy of the report is available on the Wiltshire Council webpage under "Council and Democracy".

Pension Fund

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

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

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

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

Where does the money come from?

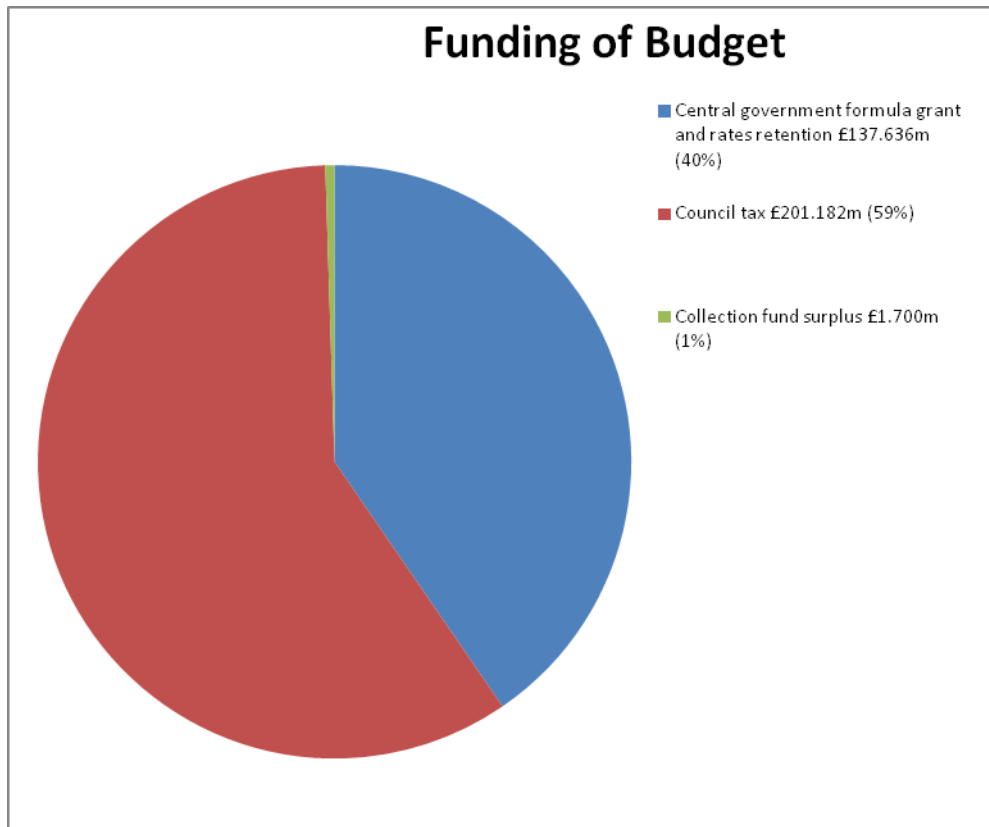
The budget requirement is the money we need to pay for services once we have taken into account money coming in from fees and charges and specific and general government grants.

In 2013/2014 the Council approved a need for a gross and net budget as follows:

	£m
Expenditure:	
Gross budgeted expenditure	865.348
Income:	
Ringfenced specific government grants (schools)	(265.476)
Ringfenced specific government grants (benefits)	(117.407)
Other income	(141.947)
Budget Requirement	<u>340.518</u>

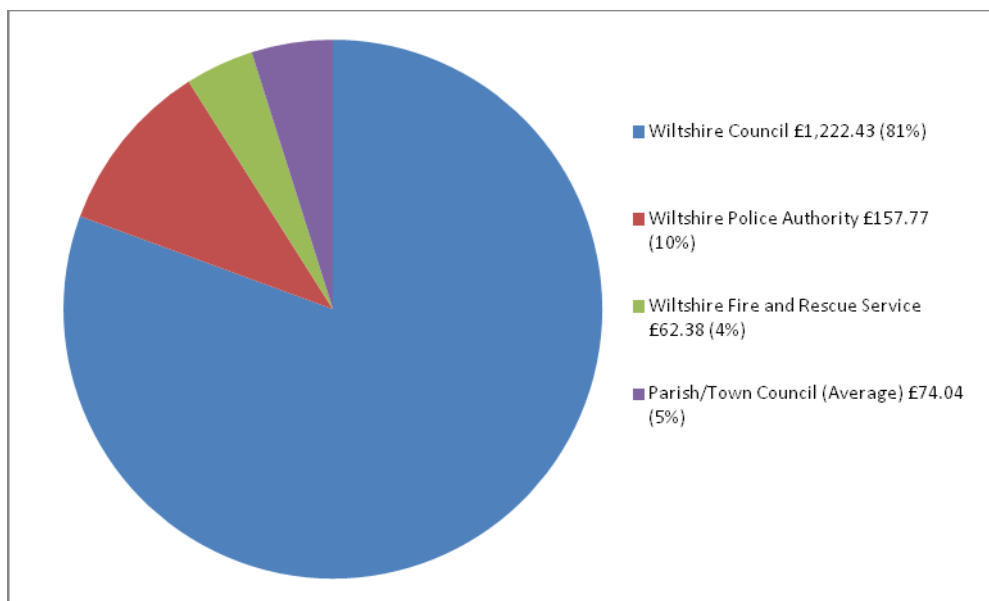
The net budget was funded from three main sources:

	£m
Central government formula grant and rates retention	(137.636)
Council tax	(201.182)
Collection fund surplus	(1.700)
Total funding	<u>(340.518)</u>



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

Your council tax is collected by Wiltshire Council but it consists of components (precepts) charged by and redistributed to other authorities. The chart below shows how much of your council tax goes to each authority. Figures shown are based on an average Band D charge per year for 2013/2014. Total average Band D council tax is £1,516.62.



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

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

Balance Sheet

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

Here is a summarised version of Wiltshire Council's Balance Sheet as at 31 March 2014 compared to 31 March 2013 (the full Balance Sheet is disclosed on page 18). The overall reduction in net assets is largely due to an increase in the pension liability.

	31 March 2014		31 March 2013	
	£000	£000	£000	£000
Assets				
Council dwellings & garages	199,301		201,081	
Other land and buildings	353,174		357,786	
Infrastructure	261,841		256,636	
Other Long Term Assets	174,354		143,282	
Money owed to the Council due over the next 12 months	149,866		154,130	
		1,138,536		1,112,915
Liabilities				
Money owed by the Council due over the next 12 months	(115,622)		(122,033)	
Long Term Borrowing	(351,889)		(363,900)	
Pension Fund Liability	(499,742)		(464,895)	
Other Long Term Liabilities	(95,007)		(72,941)	
		(1,062,260)		(1,023,769)
Net Assets		76,276		89,146
Financed by:				
Usable Reserves	(107,837)		(90,032)	
Unusable Reserves	31,561		886	
Total Equity		(76,276)		(89,146)

Capital

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

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

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

The Council also owns a large number of community schools. Due to a number of schools transferring to academy status, the number and the value of schools land and buildings declared in the statement of accounts has decreased. The council also has infrastructure assets such as the County's road network, street lighting and land drainage. There is also a large investment portfolio used to generate income, including

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industrial estates, commercial estates, farms and shops. In total the value of all the council's fixed assets is around £1 billion. This is covered in more detail in the Council's balance sheet and associated notes.

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

Expenditure

During 2013/2014 the Council spent a total of £91m on its capital programme resulting in £76m being added to its asset base and £15m in the form of grants given to third parties or work on assets the Council does not own. In addition to this £16m of assets were recognised as the Housing PFI units are now complete. The table below breaks down the expenditure into the different areas of the Council.

Capital Schemes by area	Amount spent £m
Education	20.204
Highways	23.229
Campus and Operational Delivery	20.382
Other Property	2.427
Housing	11.963
Other	12.496
Total	90.701

Further details on how the Council spent its money on capital can be found in the 2013/2014 Capital Outturn report. This was taken to Cabinet on 17 June 2014 and a full copy of the report is available on the Wiltshire Council webpage under "Council and Democracy."

Examples of capital spend undertaken in 2013/2014 includes:

Scheme area	Outputs
Education	Sarum Academy works approaching completion Extensions to school buildings New boilers, roofs and rewiring schools
Highways	Resurfacing roads Local road safety schemes Replacement and refurbishment of bridges Drainage works Salisbury Marketplace scheme underway
Campus	Monkton park offices refurbished Corsham Campus progressing Enhanced ICT network
Housing	Grants given to disabled householders to improve homes New kitchens and bathrooms in Council houses
Other	Digital inclusion project contracts signed and work commencing

Capital Funding

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

Funding source	Amount £m	Percentage of funding
Capital Grants & contributions	48.509	53%
Revenue Contributions (inc HRA)	6.433	7%
Capital Receipts	14.211	16%
Borrowing	21.548	24%
Total	90.701	100%

Capital receipts are generated from the Council disposing of its assets. During 2013/2014 a total of £22 million was generated from general asset disposal sales and under the Council Housing Right to Buy (RTB) Scheme. The larger capital receipts include significant receipts, such as from the sales of the Oxford Road site in Calne. Included within the receipts a total of 38 properties were sold under Right to Buy in 2013/2014. Of the £22 million, £14.212 million, as above, was used to fund capital expenditure, with the remainder being held over to finance capital expenditure in 2014/2015.

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

Housing Revenue Account (HRA)

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

There are over 5,400 individual houses and flats within the HRA and the income generated and costs incurred in the account are summarised below. Further details are found in the full HRA note within the statement of accounts.

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Income & expenditure account 2013/2014	£000
Rents	(24,134)
Charges for Services and facilities	(589)
Total Income	(24,723)
Repairs and Maintenance of properties	4,800
Supervision and management costs	3,068
Interest payable on Self financing debt	3,673
Capital Contributions	10,163
Accounting Adjustments	352
Total Expenditure	22,056
Deficit/(surplus) for the year	(2,667)

How we manage our finances

Financial management and reporting is facilitated by:

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

The Council's financial management arrangements are consistent with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government, issued in 2010.

Managing our investments and borrowings

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

The Council follows strict national guidelines when deciding where and how much to invest. This process is set out in our Annual Treasury Management Strategy which is approved annually by the Council. At its meeting on 26 February 2013 the Treasury Management Strategy 2013/2014 was approved and is also available on the Council website under "Council and Democracy".

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

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

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

Financial challenges for 2013/2014 and onwards – financial plan

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

Budget for 2014/2015 including Capital programme

The 2014/2015 revenue budget was set by Wiltshire Council on 25 February 2014. The net budget is £333.063 million and this has been allocated across services as follows:

	2014/2015 £m	2013/2014 £m
Adult Social Care Operations	121.607	117.558
Adult Care Commissioning, Safeguarding, Housing	6.505	6.677
Public Health & Public Protection	3.075	3.157
Children's Social Care, Integrated Youth & Preventative Services & 0-25 SEN/Disability Service	46.352	43.982
Quality Assurance, Commissioning & Performance, School & Early Years Effectiveness	11.167	12.087
Economic Development & Planning Services	3.968	4.623
Highways & Transport	27.656	30.669
Environment & Leisure	40.133	41.026
Communications, Community Area Boards, Libraries, Arts, Heritage & Culture	6.598	7.213
Corporate Function & Procurement	5.548	5.981
Finance	3.178	3.980
Legal & Governance	2.710	3.132
People & Business Services	20.610	21.688
Transformation Programme	15.773	16.458
Corporate	18.183	22.287
Budget Requirement	333.063	340.518
Funded By:		
Central Government Funding (inc Business Rates Retention & RSG)	(125.542)	(137.636)
Council tax	(204.555)	(201.182)
Collection fund surplus	(2.966)	(1.700)
Total Funding	(333.063)	(340.518)

The Council's approved capital budget for the years 2014/2015 to 2017/2018 including the funding sources is shown below.

Updated Capital Programme 2014/2015 - 2017/2018 including indicative mix of funding available						
Capital schemes	Total Original Budget 2014/2015 - 2017/2018 £m	Indicative mix of funding available				
		Grants and Contributions £m	HRA funding £m	Capital Receipts £m	Borrowing £m	Total Funding £m
Education	52.769	44.452	0.000	1.300	7.017	52.769
Highways	113.758	65.334	0.000	0.000	48.424	113.758
Campus schemes	59.474	0.400	0.000	16.135	42.939	59.474
Other Property	10.000	0.000	0.000	0.000	10.000	10.000
Housing	53.103	5.052	44.952	1.803	1.296	53.103
Other Schemes	54.496	6.613	0.000	15.501	32.382	54.496
Total	343.600	121.851	44.952	34.739	142.058	343.600

Feedback & further information on the content of these accounts

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

Further information about the accounts may be made to

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

Or centralfinanceyearend@wiltshire.gov.uk

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

12 Concluding remarks

I would like to take the opportunity to thank all the staff who contributed to the early completion of the Statement of Accounts. Given the continual development of accounting standards and their complex nature, producing the accounts ready for approval by the Chief Finance Officer by 4 June, is a considerable achievement.



Michael Hudson, LLB (Hons), LLM, CPFA
Associate Director, Finance (Section 151 Officer)
Wiltshire Council 31 July 2014

The Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

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

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts. This has, under the CIPFA Code of Practice on Local Authority Accounting in Great Britain (the Code of Practice), to present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year to 31 March 2014.

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

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

The Chief Financial Officer has also:

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

The Statement of the Chief Finance Officer

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of Wiltshire Council at 31 March 2014 and the income and expenditure for the year ended 31 March 2014.

To be signed after approval

Michael Hudson

Associate Director, Finance (Section 151 Officer)

Wiltshire Council

Cllr Tony Deane

Chairman, Audit Committee

ANNUAL GOVERNANCE STATEMENT

This is elsewhere on the agenda and will be incorporated into the final published statement of accounts once approved by Members

Independent Auditor's Report to the Members of Wiltshire Council

We have audited the financial statements of Wiltshire Council for the year ended 31 March 2014 on pages 15 to 84. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

This report is made solely to the members of the Authority, as a body, in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's and the Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the *Explanatory Foreword* and the *Annual Report* to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2014 and of the Authority's expenditure and income for the year then ended;
- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2014 and the amount and disposition of the fund's assets and liabilities as at 31 March 2014, other than liabilities to pay pensions and other benefits after the end of the scheme year; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.
-

Matters on which we are required to report by exception

The Code of Audit Practice 2010 for Local Government Bodies requires us to report to you if:

- the annual governance statement set out on page 12 does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- the information given in the explanatory foreword and the content of the Annual Report for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- any matters have been reported in the public interest under section 8 of Audit Commission Act 1998 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under section 11 of the Audit Commission Act 1998; or
- any other special powers of the auditor have been exercised under the Audit Commission Act 1998.

We have nothing to report in respect of these matters.

Conclusion on Wiltshire Council's 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 review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that, in all significant respects, Wiltshire Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.

Certificate

We certify that we have completed the audit of the financial statements of Wiltshire Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice 2010 for Local Government Bodies issued by the Audit Commission.

Darren Gilbert
for and on behalf of KPMG LLP, Appointed Auditor
Chartered Accountants
100 Temple Street
Bristol
BS1 6AG

Movement in Reserves Statement

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

	General Fund Balance £000	Earmarked GF Reserves £000 Note 48	Housing Revenue Account £000	Capital Receipts Reserve £000 Note 50	Major Repairs Reserve £000 Note 49	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000 Note 51	Total Authority Reserves £000
Balance at 1 April 2013	(12,642)	(28,161)	(14,229)	(4,372)	(5,694)	(24,934)	(90,032)	886	(89,146)
Movement in reserves during 2013/14									
(Surplus) or deficit on provision of services	50,943	0	(1,160)	0	0	0	49,783	0	49,783
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	(36,913)	(36,913)
Total Comprehensive Expenditure and Income	50,943	0	(1,160)	0	0	0	49,783	(36,913)	12,870
Adjustments between accounting basis & funding basis under regulations	(56,460)	0	(1,507)	(6,763)	(3,946)	1,088	(67,588)	67,588	0
	(5,517)	0	(2,667)	(6,763)	(3,946)	1,088	(17,805)	30,675	12,870
Net (Increase)/Decrease before Transfers to Earmarked Reserves									
Transfers (to)/from Earmarked Reserves	6,294	(6,294)	0	0	0	0	0	0	0
(Increase)/Decrease in Year	777	(6,294)	(2,667)	(6,763)	(3,946)	1,088	(17,805)	30,675	12,870
Balance at 31 March 2014 carried forward	(11,865)	(34,455)	(16,896)	(11,135)	(9,640)	(23,846)	(107,837)	31,561	(76,276)

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

Comprehensive Income and Expenditure Statement

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

	2013/2014			2012/2013		
	Expenditure £000	Income £000	Net Expenditure £000	Expenditure £000	Income £000	Net Expenditure £000
General Fund Services						
Central Services to the Public	7,619	(4,281)	3,338	33,448	(30,864)	2,584
Culture & Related Services	26,856	(8,078)	18,778	27,350	(7,362)	19,988
Environmental & Regulation	55,237	(6,158)	49,079	61,938	(6,618)	55,320
Planning Services	23,057	(11,473)	11,584	24,434	(9,208)	15,226
Children's and Education Services	370,673	(252,662)	118,011	344,876	(247,125)	97,751
Highways, Roads & Transport Services	53,865	(18,471)	35,394	43,479	(14,621)	28,858
Housing Services General Fund	143,062	(125,361)	17,691	139,131	(121,291)	17,840
Housing Services HRA	21,051	(24,723)	(3,672)	20,341	(24,262)	(3,921)
Public Health	13,399	(13,286)	113	0	0	0
Adult Social Care	156,329	(19,796)	136,533	149,878	(19,768)	130,110
Corporate & Democratic Core	14,668	(1,649)	13,019	13,866	(1,645)	12,221
Non-distributed Costs	13,262	(6,951)	6,311	7,914	(9,475)	(1,561)
Exceptional Costs - Office Downward Valuation	0	0	0	14,716	0	14,716
Net Cost of Service (See note 10)	899,068	(492,889)	406,179	881,371	(492,239)	389,132
Other operating Expenditure		Note 13	22,456			43,566
Financing and Investment Income and Expenditure		Note 14	35,402			26,584
Taxation and non-specific grant income		Note 15	(414,254)			(420,347)
(Surplus)/ Deficit on Provision of Services			49,783			38,935
(Surplus) or deficit on revaluation of Property, Plant and Equipment Assets			(50,726)			(4,377)
Actuarial (gains)/losses on pension assets / liabilities			13,813			81,706
Other Comprehensive Income and Expenditure			(36,913)			77,329
Total Comprehensive Income and Expenditure			12,870			116,264

Balance Sheet

This statement summarises the Council's assets and liabilities at 31 March for the years 2014 and 2013.

	NOTES	31 March 2014 Wiltshire Council		31 March 2013 Wiltshire Council
		£000	£000	£000
Property, Plant and Equipment	27			
Council Dwellings & Garages		199,301		201,081
Other Land and Buildings		353,174		357,786
Vehicles, Plant, Furniture and Equipment		60,623		70,120
Infrastructure		261,841		256,636
Community Assets		6,740		6,357
Assets Under Construction		43,293		24,844
Surplus Assets Not Held for Sale		3,335		3,355
			928,307	920,179
Investment Properties	37	27,337		25,436
Intangible Assets	38	4,106		5,157
Assets Held for Sale	39	24,464		4,463
Long Term Investments	63	1,041		1,117
Long Term Debtors	40	3,415		2,433
			60,363	
Long Term Assets			988,670	958,785
Current Assets				
Short Term Investments	63	73,931		66,521
Inventories		1,032		995
Short Term Debtors	41	58,912		70,793
Cash and Cash Equivalents	42	15,991		15,821
Current Assets			149,866	154,130
Current Liabilities				
Short Term Creditors	43	(95,585)		(95,267)
Bank Overdraft	44	0		(19,109)
Short Term Borrowing	46	(14,250)		(2,237)
Provisions	45	(5,787)		(5,420)
Current Liabilities			(115,622)	(122,033)
Long Term Liabilities				
Long Term PFI Creditors	36	(61,363)		(45,468)
Long Term Borrowing	46	(351,889)		(363,900)
Other Long Term Liabilities		(996)		(1,672)
Pension Fund Liability	54	(499,742)		(464,895)
Planning Deposits		(32,648)		(25,801)
Long Term Liabilities			(946,638)	(901,736)
Net Assets			76,276	89,146
Financed by				
Usable Reserves	47		(107,837)	(90,032)
Unusable Reserves	51		31,561	886
Total Reserves			(76,276)	(89,146)



Michael Hudson

Associate Director, Finance (Section 151 Officer) 31 July 2014

Cashflow Statement

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

	NOTES	2013/2014 £000	2012/2013 £000
Net (surplus) or deficit on the provision of services		49,783	38,935
Adjustments to net surplus or deficit on the provision of services for non-cash movements		(64,891)	(17,726)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	55	(12,947)	(12,813)
Net cash flows from Operating Activities		(28,055)	8,396
Investing Activities	56	8,778	15,714
Financing Activities	57	(2)	(30)
Net decrease or (increase) in cash and cash equivalents		(19,279)	24,080
Cash and cash equivalents at the beginning of the reporting period		(3,288)	20,792
Cash and cash equivalents at the end of the reporting period		15,991	(3,288)

Notes to the Core Financial Statements

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

NOTES RELATING TO ACCOUNTING POLICIES

Note 1 Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2013/2014 financial year and its position at the year-end of 31 March 2014. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2013 in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/2014 and the Service Reporting Code of Practice 2013/2014, supported by International Financial Reporting Standards (IFRS).

ii. Accruals of Income and Expenditure

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

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

iii. Provisions

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

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

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

Provision for Back Pay Arising from Unequal Pay Claims

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

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

Landfill Allowance Schemes

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

iv. Reserves

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

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

v. Government Grants and Contributions

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

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

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

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

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

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

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

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

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

Termination Benefits

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

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

Post Employment Benefits

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

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

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

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

The Local Government Pension Scheme

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

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

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

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

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

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

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

credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

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

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

Discretionary Benefits

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

vii. VAT

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

viii. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2013/2014. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of Corporate and Democratic Core (costs relating to the Council's status as a multifunctional, democratic organisation) and Non Distributed Costs (the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale). These two cost categories are defined in the Code of Practice and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

ix. Intangible Fixed Assets

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

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

x. Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

xi. Investment Property

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

xii. Charges to Revenue for Non-Current Assets

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

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

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

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

xiii. Revenue Expenditure Funded From Capital Under Statute

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

xiv. Leases

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

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

Operating Leases

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

The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

Operating Leases

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

xv. Financial Instruments

Financial Liabilities

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

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

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

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

Loans and receivables

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of

the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

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

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

Available-for-Sale Assets

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

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

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

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

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

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

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

xvi. Inventories and Long Term Contracts

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

xvii. Interest in companies and other entities

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

xviii. Private Finance Initiative (PFI)

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

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

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

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

xix. Exceptional Items

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

xx. Cash and Cash Equivalents

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

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

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

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

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

xxii. Events after the Balance Sheet Date

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

Two types of events can be identified:

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

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

xxiii. Non-Compliance with Code of Practice

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

xxiv. Foreign Currency

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

xxv. Heritage Assets

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

If items are of a material nature a separate external revaluation exercise would be commissioned and the assets carried at market value in the balance sheet, alternatively insurance valuations would be used to establish value. If this was the case these assets would be reviewed for impairment on a regular basis and the figures in the balance sheet updated accordingly. Any disposals would be treated in the same way as other assets. If the values of the

assets are of limited or no value then they will be disclosed in a note to the accounts only and not brought into the balance sheet with a value. This decision is made based on whether the cost of obtaining a valuation exceeds the benefits to the users of the accounts.

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

xxvi. Carbon Reduction Commitment scheme

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in its introductory phase which will last until 31 March 2014. The Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the costs of the Council's services and is apportioned to services on the basis of energy consumption.

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

For 2013/2014, there are a number of accounting policy changes that have been issued but not yet adopted. These include changes around:

- **IFRS 10 Consolidated Financial Statements (May 2011)**
- **IFRS 11 Joint Arrangements (May 2011)**
- **IFRS 12 Disclosures of Interests in Other Entities (May 2011)**
- **IAS 27 Separate Financial Statements (as amended in May 2011)**
- **IAS 28 Investments in Associates and Joint Ventures (as amended in May 2011)**
- **IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (as amended in December 2011)**
- **IAS 1 Presentation of Financial Statements (as amended in May 2011)**

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

Note 3 Critical Judgements in applying accounting policies

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

- There remains a degree of uncertainty about future levels of funding for local government for both Revenue and Capital funding. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision. These assumptions are included in the Council's Business Plan.
- A total of £12m by predecessor authorities was invested in Heritable and Landsbanki banks before they both collapsed in 2008. Further details of the impacts of this are in note 64.

Note 4 Assumptions made about the future and other major sources of estimation uncertainty

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

The items in the Council's Balance Sheet at 31 March 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. The total depreciation charge made in 2013/2014 on PPE assets was £38 million so if the assumptions were to change this could have an effect on the amount of depreciation charged in future years. This would be mitigated by the fact that depreciation is reversed out so has no impact on the level of Council Tax.
Provisions	The Council has made a number of provisions in the accounts, totalling £5.787 million. These are based on current information and current likely settlement value. Provisions will need to be reviewed on a regular basis to ensure they are kept up to date. Further information is found in note 45.	An increase or decrease over the forthcoming year in either the total number of claims or the estimated average settlement would have the effect of changing the level of provision needed.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured and further details of the assumptions are in note 61.
Arrears	At 31 March 2014, the Council had a balance of debtors of £69 million. A bad debt provision of £11 million or around 14% of the debt has been made. In the current economic climate it is not certain that the provision will be sufficient.	An increase or decrease in collection rates would have the effect of changing the level of provision needed. See note 41 for further details.

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

Note 5 Authorisation of Accounts for Issue

These accounts were considered and authorised by the Chief Financial Officer of Wiltshire Council on the 4 June 2014. The final audited version of these accounts were considered and approved by the Audit Committee at its meeting on 31 July 2014.

Note 6 Events after the Balance Sheet Date

The Statement of Accounts were authorised by the Chief Financial Officer and the Audit Committee on 31 July 2014. Events taking place after this date will not reflected in the financial statements or notes.

Where events taking place before this date provided information about conditions existing at 31 March 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There are no adjusting or non adjusting events after the balance sheet date for 2013/2014.

Note 7 Summary of Prior Year adjustments

No prior year adjustments have been made during 2013/2014.

NOTES TO MOVEMENT IN RESERVES STATEMENT**Note 8 Adjustments between accounting basis and funding basis under regulations**

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

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation of non-current assets	(25,806)	(12,760)				38,566
Charges for impairment/ revaluations of plant, property and equipment	(40,631)					40,631
Charges for impairment/ revaluations of investment properties	(2,381)					2,381
Movements in the market value of Investment Properties	1,460					(1,460)
Amortisation of intangible assets	(3,184)					3,184
Movements in the market value on Assets Held for Sale	(1,183)					1,183
Revenue expenditure funded from capital under statute	(13,833)					13,833
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(10,645)	1,040	(21,479)			31,084
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	12,950					(12,950)
Capital expenditure charged against the General Fund and HRA balances	216	3,975				(4,191)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement and Expenditure Statement	47,421				(47,421)	0
Application of grants to capital financing transferred to the Capital Adjustment Account					48,509	(48,509)
Adjustments primarily involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure			14,211			(14,211)
Reserve to finance the payments to the Government capital receipts pool	(666)		666			0
Adjustments primarily involving the Deferred Capital Receipts Reserve						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	180		(161)			(19)
Adjustment primarily involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA		6,188		6,572		(12,760)
Use of the Major Repairs Reserve to finance new capital expenditure and depreciation				(10,518)		10,518
Adjustment primarily involving the Financial Instruments Adjustments Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(21)					21
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 61)	(52,123)					52,123
Employer's pensions contributions and direct payments to pensioners payable in the year	31,032	57				(31,089)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	2,496					(2,496)
Amount by which non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	(3,865)					3,865
Adjustment primarily involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	2,123	(7)				(2,116)

Reserve 2012/2013	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation of non-current assets	(26,795)	(10,708)				37,503
Charges for impairment of plant, property and equipment	(26,108)					26,108
Charges for impairment of investment properties	(4,766)					4,766
Movements in the market value of Investment Properties	492					(492)
Amortisation of intangible assets	(2,918)					2,918
Revenue expenditure funded from capital under statute	(15,027)					15,027
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(30,325)	560	(13,718)			43,483
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	14,618					(14,618)
Capital expenditure charged against the General Fund and HRA balances	1,448	3,400				(4,848)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement and Expenditure Statement	45,737				(45,737)	0
Application of grants to capital financing transferred to the Capital Adjustment Account					39,415	(39,415)
Adjustments primarily involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure			10,321			(10,321)
Reserve to finance the payments to the Government capital receipts pool	(648)		648			0
Adjustments primarily involving the Deferred Capital Receipts Reserve						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	116		(233)			117
Adjustment primarily involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA		5,977		4,731		(10,708)
Use of the Major Repairs Reserve to finance new capital expenditure and depreciation				(9,634)		9,634
Adjustment primarily involving the Financial Instruments Adjustments Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(57)					57
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 61)	(34,380)					34,380
Employer's pensions contributions and direct payments to pensioners payable in the year	28,951	99				(29,050)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(823)					823
Adjustment primarily involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	11,492	4				(11,496)
Total Adjustments	(38,993)	(668)	(2,982)	(4,903)	(6,322)	53,868

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Note 9 Revenue outturn

In respect of net revenue outturn, the Council's 2013/2014 General Fund revised budget and actual spending figures were as below:

	Original Budget £m	Revised Budget £m	Actual £m	Difference £m
Total General Fund (a)	340.518	340.518	340.121	(0.397)
Draw from General Fund reserves (b)			1.400	1.400
Funded by:				
Formula Grant including Council Tax Freeze	(76.018)	(76.018)	(76.016)	0.002
Business Rates Retained	(50.573)	(50.573)	(51.046)	(0.473)
Collection Fund Transfer	(201.182)	(201.182)	(201.182)	0.000
Collection Fund (Surplus)/Deficit	(1.700)	(1.700)	(1.695)	0.005
Council Tax Freeze Grant	(2.229)	(2.229)	(2.218)	0.011
Other Funding Grants	(8.816)	(8.816)	(8.587)	0.229
Total Funding (c)	(340.518)	(340.518)	(340.744)	(0.226)
Movement on General Fund (a) +(b) + (c)	0.000	0.000	0.777	0.777

The movement on the general fund of £0.777 million decrease is shown in the Movement of Reserves Statement.

Note 10 Amounts reported for Resource Allocation Decisions

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

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

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

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

2013/2014	Employee expenses £000	Other service expenses £000	Total Expenditure £000	Fees, charges & other service income £000	Government Grants £000	Total Income £000	Net Expenditure £000
Adult Care Operations	17,798	123,532	141,330	(19,633)	0	(19,633)	121,697
Adult Care Commissioning, Safeguarding & Housing	3,448	6,209	9,657	(955)	(3,637)	(4,632)	5,025
Public Health & Public Protection	7,002	11,732	18,734	(1,251)	(13,274)	(14,525)	4,209
Children's Social Care, Integrated Youth & Preventative Services & 0-25 SEND Disability Service	24,451	52,591	77,042	(2,206)	(26,978)	(29,184)	47,858
Quality Assurance, Commissioning & Performance, School & Early Years Effectiveness	155,704	78,591	234,295	(25,417)	(196,770)	(222,187)	12,108
Economic Development & Planning Services	8,375	3,246	11,621	(6,289)	(394)	(6,683)	4,938
Highways & Transport	8,095	40,186	48,281	(15,037)	(4,193)	(19,230)	29,051
Environment & Leisure	15,786	35,099	50,885	(11,127)	0	(11,127)	39,758
Communications, Community Area Boards, Libraries, Arts, Heritage & Culture	6,224	2,601	8,825	(1,815)	0	(1,815)	7,010
Corporate Function & Procurement	3,253	3,611	6,864	(306)	(35)	(341)	6,523
Finance	7,475	127,599	135,074	(123,702)	(7,903)	(131,605)	3,469
Legal & Governance	4,433	1,449	5,882	(1,753)	(179)	(1,932)	3,950
People & Business Services	9,594	17,607	27,201	(4,749)	(2)	(4,751)	22,450
Transformation Programme	11,307	9,189	20,496	(4,140)	(1)	(4,141)	16,355
Corporate	6,638	26,148	32,786	(1,710)	(15,356)	(17,066)	15,720
Total General Fund Budget	289,553	539,390	828,973	(220,130)	(268,722)	(488,852)	340,121
HRA	2,390	16,267	18,657	(18,657)	0	(18,657)	0
TOTAL EXPENDITURE	291,973	555,657	847,630	(238,787)	(268,722)	(507,509)	340,121

The Council was restructured in 2013/2014. Comparisons for 2012/2013 are shown in the previous Council structure, as follows

2012/2013	Employee expenses £000	Other service expenses £000	Total Expenditure £000	Fees, charges & other service income £000	Government grants £000	Total Income £000	Net Expenditure £000
Adult Care Operations	18,574	116,288	134,862	(17,169)	(2,408)	(19,577)	115,285
Adult Care Commissioning	2,106	1,110	3,216	(69)	(145)	(214)	3,002
Communities, Libraries, Heritage & Arts	5,719	4,123	9,842	(1,190)	(248)	(1,438)	8,404
Strategic Housing	2,485	4,670	7,155	(971)	(1,931)	(2,902)	4,253
Neighbourhood Services	14,958	18,221	33,179	(15,313)	(442)	(15,755)	17,424
Children & Families	16,524	24,127	40,651	(1,130)	(1,732)	(2,862)	37,789
Schools & Learning	15,891	43,109	59,000	(6,678)	(31,492)	(38,170)	20,830
Children's Services Commissioning & Performance	160,600	51,485	212,085	(18,657)	(188,360)	(207,017)	5,068
Policy, Performance & Partnership	351	11	362	(3)	0	(3)	359
Finance	8,548	155,163	163,711	(151,063)	(6,713)	(157,776)	5,935
Legal & Democratic	5,508	2,043	7,551	(784)	(31)	(815)	6,736
Communications	1,168	1,058	2,226	(42)	(20)	(62)	2,164
HR & Organisational Development	4,264	337	4,601	(1,192)	(8)	(1,200)	3,401
Business Services	11,658	15,525	27,183	(6,718)	0	(6,718)	20,465
Transformation Programme	2,436	15,218	17,654	(789)	0	(789)	16,865
Economy and Enterprise	2,759	3,009	5,768	(489)	(1,011)	(1,500)	4,268
Development Services	5,314	736	6,050	(5,117)	(11)	(5,128)	922
Strategic Services, Highways and Transport	4,171	29,401	33,572	(3,938)	(3,498)	(7,436)	26,136
Waste	6,751	26,058	32,809	(3,192)	0	(3,192)	29,617
Public Health & Protection	4,491	794	5,285	(1,237)	(90)	(1,327)	3,958
Digital Inclusion	139	46	185	0	(40)	(40)	145
Corporate Directors	911	163	1,074	(37)	0	(37)	1,037
Corporate	7,223	22,586	29,809	(12,780)	(24,524)	(37,304)	(7,495)
Total General Fund Budget	302,549	535,281	837,830	(248,558)	(262,704)	(511,262)	326,568
HRA	2,609	21,793	24,402	(24,402)	0	(24,402)	0
TOTAL EXPENDITURE	305,158	557,074	862,232	(272,960)	(262,704)	(535,664)	326,568

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

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

	2013/2014
	£000
Net expenditure in the Service Analysis	340,121
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	92,014
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(28,253)
Cost of Services in Comprehensive Income and Expenditure Statement	403,882

Reconciliation to Subjective Analysis

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

	Department Analysis	Amounts not reported to management for decision making	Amounts not included in I&E	Allocation of Recharges	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(220,130)	0	0	(4,443)	(224,573)	(224,573)
Interest and investment income	0	0	1,539	0	1,539	0
Income from council tax	0	0	0	0	0	(219,776)
Government grants and contributions	(268,722)	0	15,273	(741)	(254,190)	(448,668)
Total Income	(488,852)	0	16,812	(5,184)	(477,224)	(893,017)
Employee expenses	289,583	(6,420)	0	27,099	310,262	335,600
Other service expenses	539,390	15,017	(12,937)	29,102	570,572	570,572
Support Service recharges	0	0	0	(58,925)	(58,925)	(58,925)
Depreciation, amortisation and impairment	0	84,485	(6,188)	7,908	86,205	86,205
Interest Payments	0	(1,068)	(25,940)	0	(27,008)	(13,108)
Precepts & Levies	0	0	0	0	0	12,185
Payments to Housing Capital receipts pool	0	0	0	0	0	666
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	9,605
Total expenditure	828,973	92,014	(45,065)	5,184	881,106	942,800
Surplus or deficit on the provision of services	340,121	92,014	(28,253)	0	403,882	49,783

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

	2013/2014
	£000
Adjustments relating to Pensions reporting	(4,304)
Adjustments relating to Accumulated Absences	(2,116)
Adjustments relating to contributions to Capital Expenditure	13,617
Adjustments relating to Capital Depreciation and Impairments	84,485
Adjustments relating to PFI schemes	(1,068)
Draw from General Fund Reserves	1,400
Total amounts not reported to management for decision making	92,014

Note 11 Exceptional items

No exceptional items have been shown in the Statement of Accounts in 2013/2014. In 2012/2013 a downward valuation of £14 million was charged as an exceptional item to the Comprehensive Income and Expenditure Statement to reflect the refurbishment costs of the former Modern Extension County Hall (MECH) including relocating the library from East wing and creating a new coffee shop and Atrium area. This charge did not reflect a loss to the council as the downward valuation is reversed out so there is no effect on the general fund balance. In 2013/2014 charges for downward revaluations have been made including the Old County Hall refurbishment costs completed in 2013/2014 however these are not significant enough to warrant treatment as an exceptional item. These costs have been charged to the relevant services as part of the Comprehensive Income and Expenditure Statement.

Note 12 Material Items of Income and Expense

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

Note 13 Other Operating Expenditure

	2013/2014 £000	2012/2013 £000
Parish council precepts	12,185	13,154
Payments to the Government Housing Capital Receipts Pool	666	647
Gains/losses on the disposal of non-current assets	9,605	29,765
Total	22,456	43,566

Note 14 Financing and Investment Income and Expenditure

	2013/2014 £000	2012/2013 £000
Interest payable and similar charges	13,900	13,881
Impairment of Investments	(586)	(106)
Interest and investment income	(953)	(1,068)
Pension Interest Costs and expected return on pension assets	23,041	13,877
Total	35,402	26,584

Note 15 Taxation and Non Specific Grant Income

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

	2013/2014 £000	2012/2013 £000
General Government Grants	(23,860)	(35,572)
Formula Grant including Council Tax Freeze	(123,197)	(103,744)
Council Tax Income	(219,776)	(235,294)
Capital grants and contributions	(47,421)	(45,737)
Total	(414,254)	(420,347)

Council Tax Income is made up of £201,182,138 for Council Tax Transfer, £1,694,783 for Collection Fund Surplus, £12,184,967 for Parish Council Precepts and a (£2,496,411) adjustment in accordance with statutory requirements.

Note 16 Acquired and Discontinued Operations

There are no acquired or discontinued operations in this year.

Note 17 Significant Trading Services

The Council ran no significant trading services during the year.

Note 18 Agency Income & Expenditure

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

Note 19 Transport Act 2000

Income and expenditure is split between on-street and off-street sources. The off-street forms part of the General Fund whereas on-street income is required statutorily to be ring-fenced and used solely for transportation expenditure. This note shows the amount received and expended on the on-street account during 2013/2014.

	2013/2014 £000	2012/2013 £000
On Street Parking		
Expendure During the Year	1,478	1,476
Income During the Year	(1,432)	(1,421)
Movement in Year	<u>46</u>	<u>55</u>

Note 20 Pooled Budgets

Partnerships Schemes under S31 Health Act

Joint Procurement Arrangement

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

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

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

In 2013/2014 Wiltshire Council had expenditure of £1.859 million and Wiltshire CCG had expenditure of £3.450 million. The total joint arrangement spend was £5.309 million.

Note 21 Members' Allowances

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

	2013/2014 £000	2012/2013 £000
Allowances	1,732	1,620
Expenses	92	98
Total	1,824	1,718

Note 22 Officers' Remuneration

The Council is required to disclose the number of employees who received taxable remuneration from Wiltshire Council in excess of £50,000 for the year. These figures include Wiltshire Council employees as well as teaching and non-teaching employees employed directly by Wiltshire Council Schools.

Remuneration Band £	2013/2014 No. Employees	2012/2013 No. Employees
50,000-54,999	124	119
55,000-59,999	82	98
60,000-64,999	46	34
65,000-69,999	13	7
70,000-74,999	10	16
75,000-79,999	12	8
80,000-84,999	3	5
85,000-89,999	4	6
90,000-94,999	8	5
95,000-99,999	3	2
100,000-104,999	1	0
105,000-109,999	2	1
110,000-114,999	0	0
115,000-119,999	0	1
120,000-124,999	2	0
125,000-129,999	0	1
130,000-134,999	3	2
135,000-139,999	0	0
140,000-144,999	3	0
145,000-149,999	1	0
Other bands:		
230,000-234,999		1
TOTAL	317	306

Notes:

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

2013/2014 Remuneration for Senior Employees - Salary is £150,000 or more per year
(Included in Officer's Remuneration Bandings)

No officers had a salary in excess of £150,000 during 2013/2014.

2012/2013 Remuneration for Senior Employees - Salary is £150,000 or more per year
(Included in Officer's Remuneration Bandings)

No officers had a salary in excess of £150,000 during 2012/2013.

2013/2014 Remuneration for Senior Employees - Salary is less than £150,000 but equal to or more than £50,000 per year (Included in Officer's Remuneration Bandings)

Post Holder	Salary (including fees and allowances) £	Bonuses £	Expense Allowances £	Compensation for loss of Office £	Benefits in Kind £	Total Remuneration excluding pension contributions 2013/2014 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2013/2014 £
Corporate Director A (subnote A)	139,096	0	2,205	0	0	141,301	20,864	162,165
Corporate Director B (subnote A and B)	139,067	0	1,532	0	0	140,599	19,469	160,068
Corporate Director C (subnote A and C)	134,503	0	0	0	0	134,503	20,175	154,678
Associate Director Finance - s151 Officer	108,585	0	1,080	0	0	109,665	16,327	125,992
Associate Director Legal and Governance - Monitoring Officer	90,728	0	0	0	0	90,728	13,609	104,337
Head of Paid Service (subnote A)	89,174	0	0	0	0	89,174	13,376	102,550
	701,153	0	4,817	0	0	705,970	103,820	809,790

Subnote A:

As of November 2013, the statutory role of Head of Paid service is discharged between the three Corporate Directors on a four month rotational basis. The officer discharged with this role prior to November 2013 has been included in this note on a full year basis.

Subnote B:

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

Subnote C:

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

2012/2013 Remuneration for Senior Employees - Salary is less than £150,000 but equal to or more than £50,000 per year (Included in Officer's Remuneration Bandings) – comparators are only required for employees qualifying for the current year note.

Post Holder	Salary (including fees and allowances) £	Bonuses £	Expense Allowances £	Compensation for loss of Office £	Benefits in Kind £	Total Remuneration excluding pension contributions 2012/2013 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2012/2013 £
Corporate Director A	130,556	0	1,518	0	0	132,074	19,583	151,657
Corporate Director C	130,556	0	0	0	0	130,556	19,583	150,139
Associate Director Finance - s151 Officer	108,585	0	422	0	0	109,007	16,288	125,295
Associate Director Legal and Governance - Monitoring Officer	88,030	0	0	0	0	88,030	13,204	101,234
Head of Paid Service	85,224	0	550	0	0	85,774	12,784	98,558
	542,951	0	2,490	0	0	545,441	81,442	626,883

Exit Packages

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014
£							£	£
0-20,000	33	13	204	230	237	243	1,713,181	2,459,604
20,001-40,000	5	0	47	104	52	104	1,338,219	2,943,419
40,001-60,000	0	0	13	42	13	42	631,110	2,037,928
60,001-80,000	0	0	3	18	3	18	208,552	1,219,493
80,001-100,000	0	0	0	12	0	12	0	1,039,127
100,001-150,000	0	0	0	5	0	5	0	590,752
150,001-200,000	0	0	2	1	2	1	333,940	181,455
200,001-250,000	0	0	0	0	0	0	0	0
250,001-300,000	0	0	1	0	1	0	264,933	0
Total	38	13	270	412	308	425	4,489,935	10,471,778

Note 23 External Audit Fees

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

	2013/2014 £000	2012/2013 £000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	222	222
Fees payable to the Audit Commission for certification of grant claims and returns	23	35
Fees Payable for additional work	32	31
Total	277	288

Note 24 Dedicated Schools Grant**Reserves & balances held by schools****Dedicated Schools Grant**

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the Council's area. DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2011. The Schools Budget includes elements for a range of educational services provided on a Council-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2013/2014 are as follows:

	Central Individual Schools		
	Expenditure £000	Budget (ISB) £000	Total £000
Final DSG for 2013/2014 before academy recoupment			(303,113)
Academy figure recouped for 2013/2014			105,144
Total DSG after academy recoupment for 2013/2014			(197,969)
Brought forward from 2012/2013			(2,389)
DSG Adjustment re 2012/2013			211
Agreed initial budget distribution in 2013/2014	(52,278)	(147,869)	(200,147)
Final budgeted distribution for 2013/2014	(52,278)	(147,869)	(200,147)
Less actual central expenditure	49,318		49,318
Less actual ISB deployed to schools		147,869	147,869
Carry forward to 2014/2015	(2,960)	0	(2,960)

Note 25 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2013/2014:

	2013/2014 £000	2012/2013 £000
Credited to Taxation and Non Specific Grant Income		
General Government Grants	(23,860)	(35,572)
Business Rates Retention Scheme	(123,197)	(103,744)
Total	(147,057)	(139,316)
Credited to Services		
Dedicated Schools Grant	(197,969)	(201,496)
Public Health Grant	(13,261)	0
Pupil Premium Grant	(7,215)	(10,214)
Learning & Skills Council	(2,832)	(4,655)
PFI	(7,541)	(5,909)
Benefits Admin Grant	(2,393)	(2,572)
Other Grants	(19,931)	(13,229)
Other Contributions	(4,605)	(5,750)
Donations	(1,145)	(1,218)
Total	(256,892)	(245,043)
Total Grants, Contributions & Donations	(403,949)	(384,359)

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

	31 March 2014 £000	2012/2013 £000
Revenue Grants to be returned (Creditor)		
Other Grants	(13)	(396)
Total	(13)	(396)

	31 March 2014 £000	2012/2013 £000
Revenue Grants Receipts in Advance		
Other Grants	(22)	(113)
Total	(22)	(113)

	31 March 2014 £000	2012/2013 £000
Capital Grants Receipts in Advance		
Other Capital Grants	0	0
Other Capital Contributions	0	0
Total	0	0

Note 26 Related Parties

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

UK Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 10 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2014 are shown in Note 25.

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2013/2014 is shown in note 21. If a Member declares an interest in a transaction which involves the Council, these transactions are recorded in the Register of Members' Interests, open to public inspection at County Hall, Trowbridge.

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

Wiltshire Pension fund – In 2013/2014 the Council charged the fund £1.076 million (£0.975 million in 2012/2013) for expenses incurred in administering the fund.

During 2013/2014 various Wiltshire Council Councillors were also members of parish or town councils, police bodies and other bodies. Significant payments made to these bodies, where a Councillor has a registered interest in the relevant financial year, by Wiltshire Council are listed below. This includes significant housing benefit payments to housing associations in respect of their tenants.

	2013/2014	2012/2013
	£000	£000
Amesbury Town Council	0	24
Aster/Sarsen	13,426	13,478
Calne Town Council	0	45
Chippenham Town Council	42	70
Community Firsy Wiltshire	846	0
Devizes Town Council	0	36
Ezy's Taxis	143	152
Green Square/Westlea Housing Association	0	15,947
Great Western Hospital Trust	0	613
Jephson Housing Association	0	696
Lady Margaret Hungerford Charities	76	23
North West Wiltshire & Devizes Portage	48	0
Royal United Hospital Bath	407	0
Royal Wootton Bassett Town Council	51	0
Salisbury City Council	310	0
Salisbury NHS Trust	0	91
Selwood Housing Association	16,180	16,537
Sheldon School, Chippenham	190	0
Trowbridge Town Council	385	234
Wales & West Utilities	56	0
Wiltshire and Swindon Fire Authority	35	0
Wiltshire Music Service	0	92
Wiltshire Police Authority/OPCC	68	433
Wiltshire Wildlife Trust	0	324
Total	32,263	48,795

Significant amounts owed to bodies listed as Councillor interest's in 2013/2014 were as follows (these amounts are included in Short Term Creditors on the Balance Sheet):

	2013/2014
	£000
Royal United Hospital Bath	83
Salisbury City Council	(53)
Total	30

BALANCE SHEET NOTES RELATING TO CAPITAL

Note 27 Property, Plant and Equipment (PPE)

	Council Dwellings & Garages inc land £000	Other Land & Buildings £000	Vehicles, Plant and Equipment £000	Infra-structure £000	Community Assets £000	Assets under Construction £000	Surplus Assets £000	Total Property, and Plant & Equipment £000	PFI included in PPE £000
Cost or Valuation									
Opening Balance 1 April 2013	288,111	602,966	139,096	304,524	7,097	39,560	3,912	1,385,266	66,161
Additions	3,353	36,158	6,848	7,234	0	35,563	0	89,156	16,952
Derecognition - Disposals	(1,725)	(1,652)	(1,797)	0	(651)	0	0	(5,825)	0
Derecognition - Other		(30,305)	(1,124)					(31,429)	0
Revaluation increases recognised in the Revaluation Reserve	4,221	36,512	6,323	0	1,717	0	0	48,773	0
Revaluation decreases recognised in the Revaluation Reserve	(2,768)	(9,898)	(478)	0	(544)	0	0	(13,688)	0
Category Adjustments	0	7,636	(569)	3,520	1	(17,114)	0	(6,526)	19
At 31 March 2014	291,192	641,417	148,299	315,278	7,620	58,009	3,912	1,465,727	83,132
Depreciation and Impairments									
Opening Balance 1 April 2013	(87,030)	(245,180)	(68,976)	(47,888)	(740)	(14,716)	(557)	(465,087)	(9,749)
Depreciation	(4,861)	(9,210)	(18,555)	(5,549)	0	0	(20)	(38,195)	(1,478)
Accumulated depreciation written back on derecognition of assets	0	4,771	1,722	0	0	0	0	6,493	0
Revaluation losses/impairment recognised in the surplus/deficit on provision of services	0	(38,624)	(1,867)	0	(140)	0	0	(40,631)	(9,742)
At 31 March 2014	(91,891)	(288,243)	(87,676)	(53,437)	(880)	(14,716)	(577)	(537,420)	(20,969)
Net Book Value at 31 March 2014	199,301	353,174	60,623	261,841	6,740	43,293	3,335	928,307	62,163
Net Book Value at 31 March 2013	201,081	357,786	70,120	256,636	6,357	24,844	3,355	920,179	56,412

Note 28 Information about Depreciation Methodologies

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

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

The total depreciation charged to tangible Property Plant and Equipment fixed assets for 2013/2014 is £38,194,969.

Note 29 Capital Expenditure and Capital Financing

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

	31 March 2014		31 March 2013	
	£000	£000	£000	£000
Opening Capital Financing Requirement		462,616		461,013
Capital Investment				
Plant Property & equipment Assets	72,204		55,487	
Plant Property & equipment PFI Assets	16,952		7,451	
Investment Properties	3,255		20	
Intangible assets	1,381		1,346	
Asset Held for Sale	28		0	
Revenue Expenditure Funded from Capital under Statute	13,833		15,027	
		107,653		79,331
Sources of Finance				
Government Grants	(48,509)		(39,416)	
Major Repairs Reserve	(2,242)		(1,074)	
New PFI scheme	(16,952)		(7,451)	
Capital Receipts	(14,211)		(10,321)	
Assets purchased through Revenue (inc HRA)	(4,191)		(4,848)	
Minimum Revenue Provision	(11,383)		(13,065)	
Voluntary Revenue Provision	(499)		(556)	
Minimum Revenue Provision - PFI Schemes	(1,055)		(981)	
Minimum Revenue Provision - Finance leases	(13)		(16)	
		(99,055)		(77,728)
Closing Capital Financing Requirement		471,214		462,616
Explanation of Movements in the Year				
Increase / (decrease) in underlying need to borrow		8,598		1,605
Increase / (decrease) in Capital Financing Requirement		8,598		1,605

Note 30 Fixed Asset Valuation

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

County Farms have been revalued in 2013/2014 by a qualified Internal valuer. The previous valuation was undertaken in 2008/2009.

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

The assets revalued during 2013/2014 include Secondary Schools, Car Parks, Youth centres as well as the Investment Estate and any new assets acquired during 2013/2014 or significantly altered. All other assets will be revalued over the coming years as part of the rolling programme but have been revalued within the maximum 5 year rolling programme as dictated in the code of practice. The Council is not aware of any material change in the value of the remaining assets that were not revalued in 2013/2014.

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

	Council Dwellings & Garages inc land £000	Other Land & Buildings £000	Vehicles, Plant and Equipment £000	Infra-structure £000	Community Assets £000	Assets under Construction £000	Surplus Assets £000	Total Property, and Plant & Equipment £000
Valued at historical cost	4,812	17,313	23,611	261,581	3,134	43,293	2,375	356,119
Valued at current value in:								
2013/2014	145,707	105,175	23,801		3,565			278,248
2012/2013	32,715	74,417	5,311	260	41			112,744
2011/2012	16,067	65,384	7,900				960	90,311
2010/2011		36,006						36,006
2009/2010		54,879						54,879
Book Value at 31 March 2014	199,301	353,174	60,623	261,841	6,740	43,293	3,335	928,307

Schools Assets

During the 2013/2014 financial year a number of schools have become Academy schools so their assets have been removed from the balance sheet. This is shown as a derecognition in the note for Property plant and equipment above. The largest derecognition relates to Sarum Academy in Salisbury which was held as an asset under construction until the additional buildings at the school were opened and the buildings transferred to the Academy. The Council does not recognise Academy, Foundation, Voluntary Controlled and Voluntary Aided schools in its accounts.

Components and effect on depreciation

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

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

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

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

Note 31 Revaluation and Impairment Losses

As part of the valuation process, reductions in the value of our assets (where there have previously not been upward valuations) are charged as downwards revaluation losses charged to Property, Plant and Equipment. These are detailed by asset class in note 27. During 2013/2014 as part of the standard revaluation undertaken a number of buildings were revalued downwards, including the Old County Hall building. This is covered in more detail in note 11.

Note 32 Capitalisation of Borrowing Costs

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

Note 33 Construction Contracts

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

Description	As at 31 March	As at 31
	2014	March 2013
	£000	£000
Campus and operational delivery schemes	6,844	11,474
Highways	27,846	16,635
Sarum Academy	0	4,570
Other School construction projects	4,642	3,365
HRA - Refurbishment of Council Stock	588	3,049
Buildings Repair & Maintenance Programme	0	562
Oil to Biomass Schemes	0	523
Gypsy and Traveller project	1,029	0
Waste Schemes	522	0
Total	41,471	40,178

Note 34 Heritage Assets

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

The definition of Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Typical examples of Heritage assets would include works of art, statues, archaeological sites, military or scientific equipment. Historical buildings kept solely for their historical purpose would also count as heritage assets unless they were being used for operational purposes.

Unlike many other authorities Wiltshire Council does not have extensive museum collections as most of the museums in the county are owned by other bodies. Therefore the Council does not have a significant collection of art or other antiquities that need to be disclosed on the balance sheet with a value.

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

White horse near Westbury

The White Horse in Westbury, a chalk cutting in the hill above Westbury has been in existence for over three hundred years and is owned and maintained by the Council and is kept for historical purposes. As it is not possible to remove or sell the asset a value has not been obtained. As it is such a specialised asset it would not be possible or relevant to put a value on this asset. Therefore this asset has been disclosed in this note only.

East Grafton Wilton Windmill

This windmill, built in 1821, is held for historic purposes being managed by the Wilton Windmill Society. As a specialised grade II listed building with a major need for ongoing repairs it is felt that it would have minimal value and the cost of obtaining the valuation would far exceed the benefit to the users. Therefore this asset has been disclosed in this note only.

Village Lock ups

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

County Hall Members Rooms Art

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

Other items of Historical Interest

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

Note 35 Leases**Finance leases**

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

The Council had two finance leases remaining in 2013/2014 and the final payments of £13,000 were made during the year. There are no finance lease currently outstanding.

Operating leases

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

Operating Lease payments in 2013/2014	2013/2014 £000
Plant, vehicles and equipment	585
Operating lease payments due in future years	2013/2014 £000
Amount due in 2014/2015	262
Amounts due in between 2015/2016 and 2019/2020	145
Amounts due after 2020/2021	0
	407
Asset Class	
Plant, vehicles and equipment	407

Leases held as investments

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

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

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

	North Wilts Schools PFI £000	Monkton Park Modified PFI £000	Housing PFI £000	Total Long term contracts £000
Balance outstanding at 1 April 2013	29,691	8,326	7,451	45,468
Payments during the year to reduce capital liability	(714)	(343)	0	(1,057)
Newly acquired PFI housing contract	0	0	16,952	16,952
Liability outstanding 31 March 2014	28,977	7,983	24,403	61,363

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

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

Accounting treatment

The Accounting treatment in 2013/2014 follows the same process first shown in 2010/2011, i.e. to reflect the PFI as an on balance sheet PFI.

In 2013/2014 as in previous years, an estimate of the amount of the element of PFI payments that relates to repaying the finance liability has been made and taken from the net cost of services. In order to mitigate the effect of this on the general fund balances an equal charge for the additional Minimum Revenue Provision incurred has been made.

Funding

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

PFI Smoothing Fund Earmarked Reserve

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

Income and Expenditure

Payments are made to the PFI contractors as monthly unitary payments. These payments are commitments and can vary subject to indexation, reductions for performance and availability failures. Possible future variations to the scheme as elements are added to or taken away from the scheme.

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

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

Period	Liability	Interest	Service charges	2013/2014 Total	2012/2013 Total
	£000	£000	£000	£000	£000
Within 1-5 years	4,527	8,632	16,411	29,570	29,069
Within 6-10 years	6,651	6,516	18,568	31,735	31,194
Within 11-15 years	9,772	3,405	21,008	34,185	33,599
Within 16-20 years	7,946	281	13,593	21,820	28,822
Within 21-25 years				0	0
Total	28,896	18,834	69,580	117,310	122,684

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

Monkton Park Offices Modified PFI Scheme

Introduction

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

Accounting treatment

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

Income and Expenditure

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

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

Period	Liability	Interest	2013/2014 Total	2012/2013 Total
	£000	£000	£000	£000
Within 1-5 years	2,068	5,106	7,174	6,905
Within 6-10 years	2,834	5,687	8,521	8,200
Within 11-15 years	2,181	3,680	5,861	9,741
Within 16-20 years	0	0	0	0
Within 21-25 years	0	0	0	0
Total	7,083	14,473	21,556	24,846

New Housing PFI Scheme

Introduction

A total of 242 units are planned for the new housing PFI scheme at sites across the county. As at 31 March 2013 a total of 69 units had been completed with tenants in residence. During 2013/2014 the remaining units were opened and all 242 units are now in use.

Accounting Treatment

In 2012/2013 the assets for the 69 units were added to the balance sheet with an associated liability. During 2013/2014 the asset values for the remaining 173 units have been added to the balance sheet with an associated liability.

Income and Expenditure

Payments are made to the PFI contractors as monthly unitary payments. These payments are commitments and can vary subject to indexation, reductions for performance and availability failures.

The funding of the unitary payment will come from a government grant (the PFI credits referred to above), as well as a Council contribution.

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

Period	Liability £000	Interest £000	2013/2014	2012/2013
			Total £000	Total £000
Within 1-5 years	4,907	6,563	11,470	2,807
Within 6-10 years	5,395	4,835	10,230	2,828
Within 11-15 years	6,455	2,667	9,122	2,852
Within 16-20 years	7,391	752	8,143	2,880
Within 21-25 years	254	0	254	676
Total	24,402	14,817	39,219	12,043

Note 37 Investment Property

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

	2013/2014 £000	2012/2013 £000
Rental income from investment property	(2,485)	(2,417)
Direct operating expenses arising from investment properties	552	598
Net (Gain)/ Loss	<u>(1,933)</u>	<u>(1,819)</u>

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

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

	2013/2014 £000	2012/2013 £000
Balance at start of the year	25,436	29,690
Additions: Subsequent expenditure	3,255	20
Disposals	(245)	0
Gains from fair value adjustments	1,216	492
Losses from fair value adjustments	(2,381)	(4,766)
Transfers (to)/from Property, Plant and Equipment	56	0
Balance at end of the year	<u>27,337</u>	<u>25,436</u>

Note 38 Intangible Assets

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

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

	Carrying amount		Remaining Amortisation Period
	31 March 2014 £000	31 March 2013 £000	
SAP Finance/HR/Payroll system	0	2,316	Nil
Workplace transformation IT software	1,510	1,645	4 - 5 years
Planning System	974	0	5 years
Other items of software	1,622	1,196	1 - 5 years
Total	4,106	5,157	

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £3.184m charged to revenue in 2013/2014 was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

	2013/2014 Purchased Software Licences £000	2012/2013 Purchased Software Licences £000
Gross carrying amounts	17,408	16,062
Accumulated amortisation	(12,251)	(9,333)
Net Carrying amount	5,157	6,729
Additions:		
Purchases	1,381	1,346
Amortisation for the period	(3,184)	(2,918)
Other changes	752	0
Net carrying amount at end of year	4,106	5,157
Comprising:		
Gross carrying amounts	19,541	17,408
Accumulated amortisation	(15,435)	(12,251)
	4,106	5,157

Note 39 Assets Held for Sale

The Council held the following amounts as assets held for sale as at 31 March 2014. The definition of an asset held for sale is one that is readily available for sale, the planned sale will occur within 12 months and that the property is being actively marketed. A number of individual assets met this criteria, including the former George Ward school/Shurnhold Offices in Melksham, Browfort offices in Devizes, as well as some depots and farm land. The council has an ambitious asset disposal programme and has disposed of several assets in recent years, but the bulk of the disposals are anticipated to be realised during 2014/2015 or later in the programme. The Council does also recognise Surplus assets within Property Plant & Equipment where assets are not in use but are not currently planned to be disposed of.

	2013/2014 £000	2012/2013 £000
Balance at start of the year	4,463	2,480
Assets newly classified as held for sale	5,748	4,463
Depreciation	(1,554)	(67)
Assets Sold	(79)	(2,413)
Revaluations	15,886	0
Balance at end of the year	<u>24,464</u>	<u>4,463</u>

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

	2013/2014 £000	2012/2013 £000
Mortgages	1,231	1,223
Long Term Loans to Staff	12	28
Other Long Term Loans	2,172	1,182
Total Long Term Debtors	<u>3,415</u>	<u>2,433</u>

Note 41 Short Term Debtors

These represent sums owed to the Council for supplies and services provided before 31 March 2014 but not received at that date.

	2013/2014 £000	2012/2013 £000
Other Local Authorities	3,574	4,463
Government Departments	14,556	11,220
NHS Bodies	1,218	2,596
Business Rates and Local Taxation	14,452	10,858
Tenants	1,440	1,164
Sundry Debtors	28,404	22,454
Payments in Advance	5,809	27,534
Total Debtors	<u>69,453</u>	<u>80,289</u>
Less: provision for bad debts		
General Fund debtors	(6,302)	(5,902)
Housing Rent arrears	(1,190)	(1,096)
Council Tax arrears	(2,594)	(2,498)
NDR Arrears	(455)	0
Total Bad Debt provisions	<u>(10,541)</u>	<u>(9,496)</u>
Net Debtors	<u>58,912</u>	<u>70,793</u>

Note 42 Cash and Cash Equivalent

This consists of the value of imprest accounts used by Council establishments for small purchases and the bank accounts of locally managed schools.

	2013/2014 £000	2012/2013 £000
Cash & Bank	334	0
Schools' bank accounts	15,657	15,821
	<u>15,991</u>	<u>15,821</u>

Note 43 Short Term Creditors

These represent sums owed by the Council for supplies and services received before 31 March 2014 but not paid for at that date, or provisions created in accordance with the accounting policies.

	2013/2014 £000	2012/2013 £000
Other Local Authorities	(793)	(2,613)
Government Departments	(9,372)	(7,864)
NHS Bodies	(4,341)	(1,601)
Business Rates and Local Taxation	(641)	0
Sundry Creditors	(62,085)	(58,733)
Receipts in Advance	(7,039)	(11,026)
Accumulated Absences	(11,314)	(13,430)
	<u>(95,585)</u>	<u>(95,267)</u>

Note 44 Bank Overdraft

The Council main bank accounts shows no cash overdrawn position at 31 March 2014 (31 March 2013: £19.109 million). The reason for the significant movement between years is due to the April 2013 cheque advance to schools being paid on 27 March 2013 in order to ensure the funds are in the schools bank accounts on 2 April 2013. The April 2014 cheque advance was processed through the bank in April 2014.

Note 45 Provisions

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

	Legal Claims £000	Insurance Claims £000	Business Rate Retention Scheme Appeals £000	Termination Benefits £000	Land Charges £000	Carbon Reduction £000	Other £000	Total £000
Balance at 1 April 2013	(2,606)	(605)	0	(450)	(400)	(385)	(974)	(5,420)
Additional provisions made in 2013/2014	0	(593)	(1,509)	(161)	0	(453)	(700)	(3,416)
Amounts Used in 2013/2014	506	258	0	287	4	385	275	1,715
Unused amounts reversed in 2013/2014	970	76	0	163	0	0	125	1,334
Balance at 31 March 2014	<u>(1,130)</u>	<u>(864)</u>	<u>(1,509)</u>	<u>(161)</u>	<u>(396)</u>	<u>(453)</u>	<u>(1,274)</u>	<u>(5,787)</u>

Legal Claims

The Council has made provisions in respect of legal claims which may become payable by the Council depending on the outcome of a small number of individual cases totalling £1.130 million. In order not to prejudice seriously the Council's position in these cases any further information has been withheld from this publication. It is currently expected that all of these claims will be settled during the 2014/2015 financial year.

Insurance Claims

An insurance provision is accounted for when it is probable that a cost will be incurred and a reliable estimate of the cost can be made. The insurance provision for 2013/2014 is made up of 23 claims totalling £0.864 million. The provision levels are set in the following ways:

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

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

The Council self insures, with the Council meeting the first £0.100 million of each employers and public liability claim and between £0.100 million and £0.250 million for own property claims. There are other risks the Council does not insure against and examples of these include computer breakdown and loss of computer data, and employment practices. It is currently expected that the all of these claims will be settled during 2014/2015.

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

Termination Benefits

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

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

As at 31 March 2014 the Council made a total provision of £0.161 million in respect of termination benefits for 8 employees. It is expected that all cases will be resolved during the first half of the 2014/2015 financial year.

Land Charges

Central Government instructed in July 2010 that as of August 2010, Local Authorities will no longer be allowed to charge a fee for personal searches of the local land charges register as charging a fee does not comply with the Environmental Information Regulations 2004. Where a fee has been charged from January 2005 (when the regulations came into effect) onwards, refunds may be liable, depending on each claims individual circumstances. Financial assistance in the form of a Central Government grant is intended to ease the burden of the potential liabilities that Wiltshire Council and other Local Authorities may incur. Wiltshire Council estimated the original liability to be £400,000.

Carbon Reduction

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. The scheme's introductory phase which lasted until 31 March 2014. Phase 2 commences from 1 April 2014 and Wiltshire Council is registered for this scheme. The Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The estimated liability was calculated as £453,312.

Business Rate Retention Scheme Appeals

The Council is required to make provision for the costs associated with refunding business ratepayers with regard to current and prior year appeals against the rateable values of their properties on the rating list. The Council has estimated the total value of this provision to be £3.080 million as at 31 March 2014. This liability however, is shared between Wiltshire Council (49%), Central Government (50%) and Wiltshire and Swindon Fire Authority (1%). The Council's share of this provision is therefore £1.509 million.

Other Provisions

All other provisions are individually insignificant and are expected to be used during 2014/2015.

Note 46 Borrowing

An analysis of loans by maturity is as follows:

	2013/2014 £000	2012/2013 £000
Short Term Borrowing		
Maturing within 1 year	(14,250)	(2,237)
Long Term Borrowing		
Maturing in 1 to 2 years	(12,015)	(12,017)
Maturing in 2 to 5 years	(26,810)	(34,015)
Maturing in 5 to 10 years	(40,000)	(34,810)
Maturing in more than 10 years	(273,064)	(283,058)
Total Maturing after 1 year	<u>(351,889)</u>	<u>(363,900)</u>
Total Borrowing	<u><u>(366,139)</u></u>	<u><u>(366,137)</u></u>

The total borrowing can be further analysed by lender category:

	2013/2014 £000	2012/2013 £000
Lenders		
Public Works Loans Board	(304,110)	(304,123)
Money Market	(62,029)	(62,014)
	<u>(366,139)</u>	<u>(366,137)</u>

Note 47 Usable Reserves

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

Reserve	Note	2013/2014 £000	2012/2013 £000
General Fund		(11,865)	(12,642)
Earmarked Reserves	48	(34,455)	(28,161)
Housing Revenue Account Balance		(16,896)	(14,229)
Major Repairs Reserve	49	(9,640)	(5,694)
Usable Capital Receipts Reserve	50	(11,135)	(4,372)
Capital Grants and Contributions		(23,846)	(24,934)
Unapplied Account			
Total Unusable Reserves		<u><u>(107,837)</u></u>	<u><u>(90,032)</u></u>

Note 48 Transfers to/ from Earmarked reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2013/2014.

Reserve	2012/2013	Movement	2013/2014
	£000	in 2013/2014 £000	£000
PFI Reserve	(4,661)	162	(4,499)
Insurance Reserve	(4,450)	300	(4,150)
Locally Managed Schools' Balances - to be spent on educational services	(9,268)	(772)	(10,040)
Office Work Place Transformation Reserve	(228)		(228)
Housing Preferred Development Partners	(42)		(42)
Criminal Records Bureau System Reserve	(8)		(8)
Elections Reserve	(600)	435	(165)
Street Lighting Reserve	(100)		(100)
Area Board Reserve	(35)	(150)	(185)
Revenue Grants Earmarked Reserve	(5,130)	(4,124)	(9,254)
Energy Efficiency Reserve	(39)		(39)
Digital Inclusion	(183)		(183)
PFI Housing Scheme Earmarked Reserve	(1,588)	(1,598)	(3,186)
Transformation Reserve	(1,336)		(1,336)
Action 4 Wiltshire Reserve	(180)		(180)
YPSS Continuing Service Reserve	(313)	313	0
Business Plan Priority Funding Reserve	0	(860)	(860)
Total	(28,161)	(6,294)	(34,455)

Note 49 Major Repairs Reserve

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

	2013/2014 £000	2012/2013 £000
Transfer to Capital	2,242	1,074
HRA Depreciation	(12,760)	(10,708)
Transfer to HRA	6,572	4,731
Movement in Year	(3,946)	(4,903)
Balance at 1 April	(5,694)	(791)
Balance at 31 March	(9,640)	(5,694)

Note 50 Usable Capital Receipts Reserve

	2013/2014		2012/2013
	£000	£000	£000
Amounts Receivable in year			
- disposal of land and buildings	(20,661)		(12,922)
- Other capital receipts - mortgages	(161)		(233)
- Other capital receipts	(153)		(148)
- Housing Pooled Capital Receipt	(666)		(648)
		(21,641)	(13,951)
Amounts applied to finance new capital investment in year			
- capital receipts utilised	14,212		10,321
- transfer to I&E equal to contribution to Housing Pooled Capital receipt	666		648
		14,878	10,969
Movement in Year		(6,763)	(2,982)
Balance at 1 April		(4,372)	(1,390)
Balance at 31 March		(11,135)	(4,372)

Note 51 Unusable Reserves

Reserve	Note	2013/2014		2012/2013
		£000	£000	£000
Revaluation Reserve	52	(175,493)		(132,802)
Capital Adjustment Account	53	(303,616)		(342,879)
Financial Instruments Adjustment Account		950		928
Deferred capital receipts		(1,359)		(1,340)
Pensions Reserve	54	499,742		464,895
Collection Fund Adjustment Account		23		(1,346)
Accumulated Absences Account		11,314		13,430
Total Unusable Reserves		31,561		886

Note 52 Revaluation Reserve

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

Revaluation Reserve	2013/2014		2012/2013
	£000	£000	£000
Revised balance at 1 April		(132,802)	(144,894)
Upward revaluation of assets	(65,344)		(12,137)
Downward revaluations not charged to surplus/ deficit on the provision of services	14,618		7,760
Surplus or deficit on revaluation of non-current assets not posted to surplus/ deficit on the provision of services		(183,528)	(149,271)
Difference between fair value depreciation and historic cost depreciation		3,393	3,189
Accumulated gains on assets sold or scrapped		4,642	13,280
Balance at 31 March		(175,493)	(132,802)

Note 53 Capital Adjustment Account

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

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

	2013/2014		2012/2013
	£000	£000	£000
Revised balance at 1 April		(342,879)	(385,446)
Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure account			
- charges for depreciation of non-current assets		38,566	37,503
- charges for impairment/ revaluations of plant, property and equipment		40,631	26,108
- charges for impairment of investment properties		2,381	4,766
- gains in fair value on Investment properties		(1,460)	(492)
- movements in value on assets held for sale		1,183	0
- amortisation of intangible assets		3,184	2,918
- revenue expenditure funded from capital under statute		13,833	15,027
- disposals		31,084	43,483
		<hr/>	<hr/>
Adjusting amounts written out of Revaluation Reserve		(8,035)	(16,469)
		<hr/>	<hr/>
Net written out amount of the cost of non-current assets consumed in the year		(221,512)	(272,602)
		<hr/>	<hr/>
Capital financing applied in the year			
-Use of capital receipts reserve to finance new capital expenditure		(14,212)	(10,321)
-Use of major repairs reserve to finance new capital expenditure		(2,242)	(1,074)
-capital grants and contributions credited to the comprehensive income and expenditure statement applied to capital financing		(32,222)	(30,279)
-application of grants to capital financing from capital grants unapplied account		(16,287)	(9,137)
-statutory provision for the financing of capital investment charged against the general fund and HRA balances		(12,950)	(14,618)
-capital expenditure charged against the general fund and HRA balances		(4,191)	(4,848)
		<hr/>	<hr/>
Balance at 31 March		(303,616)	(342,879)

Note 54 Movement in Pension Surplus/ Deficit during the year

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

	Period ended 31 March 2014			Period ended 31 March 2013		
	Assets £000	Liabilities £000	Net (liability)/ asset £000	Assets £000	Liabilities £000	Net (liability)/ asset £000
Fair value of employer assets	680,175		680,175	618,758		618,758
Present value of funded liabilities		(1,080,964)	(1,080,964)		(996,617)	(996,617)
Present value of unfunded liabilities		(64,106)	(64,106)			0
Opening Position as at 31 March 2013	680,175	(1,145,070)	(464,895)	618,758	(996,617)	(377,859)
Service cost						
Current service cost*		(27,710)	(27,710)		(22,466)	(22,466)
Past service cost (including curtailments)		(2,297)	(2,297)		(1,135)	(1,135)
Effect of settlements	(1,571)	2,496	925	(6,746)	9,599	2,853
Total service cost	(1,571)	(27,511)	(29,082)	(6,746)	(14,002)	(20,748)
Net interest						
Interest income on plan assets	30,385		30,385	29,404		29,404
Interest cost on defined benefit obligation		(53,426)	(53,426)		(47,325)	(47,325)
Impact of asset ceiling on net interest	0	0	0	0	0	0
Total net interest	30,385	(53,426)	(23,041)	29,404	(47,325)	(17,921)
Total defined benefit cost recognised in Profit or (Loss)	28,814	(80,937)	(52,123)	22,658	(61,327)	(38,669)
Cash flows						
Plan participants' contributions	7,448	(7,448)	0	7,598	(7,598)	0
Employer contributions	27,472		27,472	25,568		25,568
Contributions in respect of unfunded benefits	3,617		3,617	3,482		3,482
Benefits paid	(41,698)	41,698	0	(36,436)	36,436	0
Unfunded benefits paid	(3,617)	3,617	0	(3,482)	3,482	0
Expected closing position	702,211	(1,188,140)	(485,929)	638,146	(1,025,624)	(387,478)
Remeasurements						
Change in demographic assumptions		(21,966)	(21,966)		0	0
Change in financial assumptions		(27,335)	(27,335)		(117,240)	(117,240)
Other experience		(6,494)	(6,494)		(2,206)	(2,206)
Return on assets excluding amounts included in net interest	41,982		41,982	42,029		42,029
Total remeasurements recognised in Other Comprehensive Income (OCI)	41,982	(55,795)	(13,813)	42,029	(119,446)	(77,417)
Fair value of employer assets	744,193		744,193	680,175		680,175
Present value of funded liabilities		(1,186,006)	(1,186,006)		(1,080,964)	(1,080,964)
Present value of unfunded liabilities		(57,929)	(57,929)		(64,106)	(64,106)
Closing position as at 31 March 2014	744,193	(1,243,935)	(499,742)	680,175	(1,145,070)	(464,895)

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

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

The cash flows for operating activities include the following items:

	2013/2014 £000	2012/2013 £000
Interest Received	(953)	(1,068)
Interest Payable	13,900	13,881

Note 56 Cash Flow Investing Activities

	2013/2014 £000	2012/2013 £000
Purchase of Property, plant and equipment, investment property and intangible assets	70,225	57,807
Investments - Purchase of and deposits made	710,120	633,464
Investments - Sale of and returning of deposits made	(702,615)	(615,803)
Proceeds from sale of property, plant and equipment, investment property and intangible assets	(21,821)	(14,016)
Other receipts from investing activities	(47,131)	(45,738)
Net Cash flows from investing activities	8,778	15,714

Note 57 Cash Flow Financing Activities

	2013/2014 £000	2012/2013 £000
Cash Receipts of short and long term borrowing	(2)	(30)
Net cash flows from financing activities	(2)	(30)

OTHER NOTES

Note 58 Contingent Liabilities

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

Termination Benefits

Due to management restructuring a number of employees will have been placed at risk and offered quotes for voluntary redundancy at the time of the balance sheet date without the agreement being reached that the redundancy will be granted. This creates a contingent liability for the Council. The estimated maximum exposure is £0.972 million but the actual figure is likely to be significantly lower than this.

Insurance Claims

As at 31 March 2014 there are 22 insurance claims where liability has yet to be established. The estimated value of these claims should the Council be found liable in every instance is £1.238 million

Note 59 Contingent Assets

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

The only contingent asset to note for the year ended 31 March 2014 relates to VAT.

VAT – Off-Street Car Parking

The Council is pursuing a possible retrospective claim for reimbursement from HM Revenues and Customs (HMRC) for output tax paid over in respect of 'off street' car parking income.

The council cannot pursue this claim until the 'Isle of Wight' case has been resolved. Although the First Tier (Tax) Tribunal found in favour of HMRC, the Isle of Wight Council (and Others) submitted an appeal against this decision. The case went to the Upper Tribunal (Tax and Chancery) in April 2014, but the decision has yet to be released.

Should the final decision fall in favour of the Isle of Wight (plus others), and Wiltshire Council subsequently win its own tribunal case, the amount of overpaid VAT due to the Council would be in the region of £17.7million.

Note 60 Pension Schemes Accounted for as defined contribution Schemes

Teachers pension scheme

In 2013/2014 the Council paid £15.57 million to the Department for Education and Skills in respect of teachers' pension costs which represents 14.1% of teachers' pensionable pay. In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2013/2014 these amounted to £2.43 million.

Note 61 Defined benefit Pension Schemes

Participation in Pensions Schemes

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

The Council participates in two pension schemes:

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

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

Pension costs have been charged to the Comprehensive Income and Expenditure Statement on the basis required by IAS 19, contributions payable to the Wiltshire Council pension scheme are based on a 2013 actuarial valuation report dated 31 March 2014. These IAS 19 amounts are then reversed out by a contribution to/from the Pensions reserve, so that they have no impact on the Council Tax.

Assets and liabilities in relation to Retirement Benefits

The underlying assets and liabilities for the retirement benefits attributable to the Council as at 31 March 2014 are as follows:

Local Government Pension Scheme	31 March 2014 £000	31 March 2013 £000
Fair Value of Employer Assets	744,193	680,175
Present Value of Funded Liabilities	(1,186,006)	(1,080,964)
Net (Under)/Overfunding in Funded Plans	(441,813)	(400,789)
Present value of Unfunded Liabilities	(57,929)	(64,106)
Net Asset/(Liability)	(499,742)	(464,895)
Amount on balance sheet		
Asset	744,193	680,175
Liability	(1,243,935)	(1,145,070)
Liability Amount in Balance Sheet	(499,742)	(464,895)

A more detailed breakdown is included in note 54.

Information about the defined benefit obligation

	Liability split		Duration
	£000	%	
Active members	425,488	35.9%	24.7
Deferred members	244,065	20.6%	23.1
Pensioner members	516,453	43.5%	12.0
Total	1,186,006	100.0%	18.8

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

Pension Assumptions**Financial Assumptions**

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

Assumptions as at Year Ended:	31 March 2014 % per annum	31 March 2013 % per annum
Pension Increase Rate	2.8%	2.8%
Salary Increase Rate	4.6%	5.1%
Discount Rate	4.3%	4.5%

Assumptions on Mortality Rates

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

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

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

Year Ended	Prospective Pensioners	Pensioners
31 March 2013	Year of birth, medium cohort and 1% pa minimum improvements from 2010	Year of birth, medium cohort and 1% pa minimum improvements from 2010

Pension Assets**Fair value of employer assets**

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

Asset Category	31 March 2014				31 March 2013			
	Quoted Prices in Active Markets £000	Prices not quoted in Active Markets £000	Total £000	%	Quoted Prices in Active Markets £000	Prices not quoted in Active Markets £000	Total £000	%
Equity Securities:								
Consumer	22,162	0	22,162	3%	21,620	0	21,620	3%
Manufacturing	13,505	0	13,505	2%	18,861	0	18,861	3%
Financial Institutions	8,652	0	8,652	1%	6	0	6	0%
Health & Care	4,381	315	4,696	1%	5,067	716	5,783	1%
Information Technology	80,526	0	80,526	11%	54,556	0	54,556	8%
Other	3,165	0	3,165	0%	2,776	0	2,776	0%
Debt Securities:								
Corporate Bonds (investment grade)	1,067	54,111	55,178	7%	312	57,010	57,322	9%
Corporate Bonds (non investment grade)	0	1,918	1,918	0%	0	1,439	1,439	0%
UK Government	0	6,214	6,214	1%	0	6,849	6,849	1%
Other	2,200	8,333	10,533	1%	0	10,002	10,002	1%
Real Estate:								
UK Property	0	64,463	64,463	9%	0	63,674	63,674	9%
Overseas Property	0	3,907	3,907	1%	0	5,044	5,044	1%
Investment Funds & Unit Trusts:								
Equities	0	364,256	364,256	49%	0	339,656	339,656	50%
Bonds	0	35,796	35,796	5%	0	35,874	35,874	6%
Hedge Funds	0	38,542	38,542	5%	0	34,168	34,168	5%
Infrastructure	0	3,657	3,657	1%	0	1,751	1,751	0%
Other	0	5,529	5,529	1%	0	5,218	5,218	1%
Derivatives:								
Foreign Exchange	0	(2,121)	(2,121)	0%	0	0	0	0%
Other	61	0	61	0%	(178)	0	(178)	0%
Cash & Cash Equivalents								
All	23,551	3	23,554	2%	15,752	2	15,754	2%
Total	159,270	584,923	744,193	100%	118,772	561,403	680,175	100%

Projected defined benefit costs for the period to 31 March 2015

The estimated employer contributions for the year to 31 March 2015 will be approximately £24.143 million.

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

Period Ended 31 March 2015	Assets £000	Obligations £000	Net (Liability)/Asset £000	% of Payroll
Current Service Costs	0	27,265	(27,265)	(23.7%)
Total Service Costs	0	27,265	(27,265)	(23.7%)
Interest Income on Plan Assets	31,781	0	31,781	27.6%
Interest Cost on Defined Benefit Obligation	0	53,257	(53,257)	(46.2%)
Total Net Interest Cost	31,781	53,257	(21,476)	(18.6%)
Total included in Profit or Loss	31,781	80,522	(48,741)	(42.3%)

Sensitivity Analysis

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

Change in Assumptions as at 31 March 2014	Approximate % increase to Employer	Approximate monetary amount (£)
0.5% decrease in Real Discount Rate	9%	113,423
1 year increase in member life expectancy	3%	37,318
0.5% increase in the Salary Increase Rate	2%	30,392
0.5% increase in the Pension Increase Rate	7%	81,777

Further information can be found in the Wiltshire Pension Fund annual report 2013/2014 which is available on request. Requests for this report, or any other queries arising from the Wiltshire Pension Fund Accounts, should be addressed to the Associate Director, Finance, Wiltshire Council, County Hall, Bythesea Road, Trowbridge, BA14 8JN.

Note 62 Nature and Extent of risks arising from Financial Instruments

Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
 - the Council's overall borrowing
 - Its maximum and minimum exposures to fixed and variable rates
 - Its maximum and minimum exposures to the maturity structure of its debt
 - Its maximum annual exposures to investments maturing beyond a year
- by approving an investment strategy for the forthcoming year, setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These are required to be reported and approved at or before the Council's annual Council Tax and budget setting meeting or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, in the annual treasury report and on a quarterly basis.

The Annual Treasury Management Strategy 2013/2014, which incorporates the prudential indicators, was approved by the Council on 26 February 2013 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2013/2014 was set at £559.4 million. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was set at £548.7 million. This is the expected level of debt and other long term liabilities during the year.
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 35% respectively, based on the Council's net debt.
- the maximum and minimum exposures to the maturity structure of debt were set at 15% and 0% for less than one year and one to two years; 45% and 0% for two to five years; 75% and 0% for five to ten years and 100% and 0% for in excess of 10 years, respectively.

- These policies are implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies (Treasury Management Practices - TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed periodically.

The Annual Investment Strategy sets out the Council's investment policy, together with the minimum requirements for "high credit rating". The latest Treasury Management Strategy 2014/2015 was approved by the Council at its meeting on 25 February 2014 and is available on the Council's Website under committee papers relating to the Cabinet meeting on 11 February 2014, agenda item number 8 on pages 169-251 of the reports pack.

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

Credit Risk

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

Liquidity Risk

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

Market Risk

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

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

Refinancing Risk

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

Exposure to Risk - Summary Data**Credit Risk**

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

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

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

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

The full Investment Strategy for 2013/2014 was approved by Full Council on 26 February 2013 and is available on the Council's website.

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

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £76.5 million (long term investments of £1.1 million plus short term investments of £73.9 million plus cash and cash equivalents of £1.5 million) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2014 that this was likely to crystallise.

The following table shows the percentage of Investments (including an overnight account classified as cash or cash equivalents in the balance sheet) by country, Sovereign rating and credit rating category (based on Fitch Credit Ratings), the diversification of the Council's investments and the maximum invested with an individual borrower by country and within each credit rating category.

Country	Sovereign Rating	Credit Rating Category	Type of Institution	Duration	Investment Held %	Maximum Invested with Single Counterparty %
N/A	N/A	AAA - Max. £15million	Money Market Funds (MMF)	0-2 Years	47.44	19.11
United Kingdom	AA+	F1+/AA - Max. £8million	UK Banks	0-1 Year	1.94	1.94
United Kingdom	AA+	F1+/AA - Max. £8million	UK Banks	0-6 Months	10.38	10.38
United Kingdom	AA+	Government Backed - Max. £8m	UK Banks	0-1 Year	6.51	6.51
United Kingdom	AA+	Government Backed - Max. £8m	UK Banks	N/A	10.40	10.40
Canada	AAA	F1+/AA - Max. £8million	Overseas Banks	0-1 Year	10.38	10.38
Singapore	AAA	F1+/AA - Max. £8million	Overseas Banks	0-2 Years	10.38	10.38
Sweden	AAA	F1+/AA - Max. £8million	Overseas Banks	0-1 Year	0.03	0.03
UK Subsidiary (Iceland)/Iceland	No Rating	No Rating	Overseas Banks	N/A	2.54	2.54
					100.00	

The credit ratings in the above table are those that were in existence on 31 March 2014. The outstanding investments shown include those with Icelandic banks, which were still outstanding, but did not have credit ratings on 31 March 2014. The table also includes an outstanding investment in a Government backed bank (Ulster Bank), the credit status of which was suspended by our advisers following the completion of a review by RBS and a downgrade by one of the rating agencies (Moody's) on 13 March 2014 and is shown in the above table as "N/A"

in terms of duration. Ulster Bank, however, remains government backed (as part of the partially owned Royal Bank of Scotland (RBS) Group) and still retains parental support as at 31 March 2014.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

Investments in UK institutions make up just over 29% of the Council's total outstanding investments at 31 March 2014, just over 23% invested overseas, the balance (nearly 48%) being held in money market funds. Any institutions, which, after 31 March 2014, no longer fall within the minimum investment criteria laid down in the Council's Annual Investment Strategy have subsequently been removed and any outstanding investments terminated at the earliest opportunity.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions. The table includes funds invested overnight, shown as cash and cash equivalents on the face of the balance sheet, but excludes Icelandic deposits, which the Council has impaired down, using the net present value approach, to the expected level of repayments based on the latest available guidance, including LAAP 82 updates.

	Amount at 31 March 2014	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2014 %	Estimated maximum exposure to default and uncollectabi lity	Estimated maximum exposure at 31 March 2014
	A	B	C	(AxC)	
Deposits with banks and financial institutions	75,332,883	0	0	0	0
Bonds	0	0	0	0	0
Debtors	0	0	0	0	0

No credit limits were exceeded during the reporting period.

The Council does not normally allow credit for customers. The past due amounts for both debtors and the outstanding Icelandic bank investments can be analysed as follows.

	31/03/2014 Debtors	31/03/2014 Investments	31/03/2014 Total
Less than three months	0	(11,604)	(11,604)
Three to six months	0	(17,629)	(17,629)
Six months to one year	0	127,194	127,194
More than one year	0	1,040,558	1,040,558
Total	0	1,138,519	1,138,519

The figure in the "Less than three months" and "Three to six months" categories are credits, which reflects (notional) accrued interest receivable in that period. There are no repayments expected during this period.

Collateral - During the reporting period, the Council held no collateral as security.

Liquidity Risk

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

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover

annual expenditure. There is therefore no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

At 31 March 2014 Wiltshire Council had a mixture of PWLB and market loans outstanding. The balance sheet gives details of the split between loans payable within one year and the spread of longer term loans (loans that are outstanding for more than one year). The following table shows the detailed maturity analysis of debt outstanding at the Balance Sheet date and the average rate of interest. The table shows that, including the PWLB loans taken out for the HRA Self Financing Settlement, the overall average interest rate is 3.787%.

Term of Loan	Market Loans (at the effective interest rate)	PWLB Loans (including Accrued Interest)	Total Amount Outstanding (including Accrued Interest)	Percentage of Total Loans	Average Rate of Interest
Within 1 Year	647,679	13,602,026	14,249,705	3.9%	3.002%
Between 1 and 2 Years	0	12,014,565	12,014,565	3.3%	3.375%
Between 2 and 5 Years	0	26,810,000	26,810,000	7.3%	3.469%
Between 6 and 10 Years	0	40,000,000	40,000,000	10.9%	2.590%
Between 11 and 15 Years	0	50,123,038	50,123,038	13.6%	3.350%
More than 15 Years	61,380,933	161,560,445	222,941,378	61.0%	4.203%
	62,028,612	304,110,074	366,138,686	100.0%	3.787%

The Council's policy is to limit the amount maturing in any one financial year to a maximum of 15%. Currently the maximum is 3.6% (£13 million in both 2052/2053 and 2053/2054).

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

Refinancing and Maturity Risk

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

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council's approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council in the Treasury Management Strategy):

	Approved Minimum Limits		Approved Maximum Limits		Actual 31 March 2014		Actual 31 March 2013	
					£000s	%	£000s	%
Less than 1 Year	0%	15%	14,249.7	3.9%	2,236.9	0.6%		
Between 1 and 2 Years	0%	15%	12,014.6	3.3%	12,017.5	3.3%		
Between 2 and 5 Years	0%	45%	26,810.0	7.3%	34,014.6	9.3%		
Between 5 and 10 Years	0%	75%	40,000.0	10.9%	34,810.0	9.5%		
More than 10 Years	0%	100%	273,064.4	74.6%	283,057.6	77.3%		
			366,138.7	100.0%	366,136.6	100.0%		

Market Risk

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

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

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

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

Wiltshire Council is mainly exposed to interest rate risk (in terms of financial instruments, the Council has little or no exposure to equity risk, currency risk or commodity risk). At 31 March 2014 the Council held £76.5 million (including accrued interest, less impairment) in investments, at various interest rates. This comprised £73.9 million short term investments and £1.5 million invested overnight classified as cash and cash equivalents and £1.1 million investments classified as long term, being anticipated Icelandic deposits repayable in more than one year.

Where interest rates decrease at a time when the Council has cash "tied up" in short term investments there is an opportunity benefit, which reflects the benefit that has been gained because the Council has been able to invest at the higher rate of interest. If interest rates had been below rates obtained on the investments outstanding at 31 March 2014 and the investments had matured prior to that date, interest taken to the Comprehensive Income and Expenditure Statement could have been less than the interest actually credited to the account. Of course, the opposite could have been true if interest rates had risen.

The fair value of the Council's long and short term investments has been calculated using the latest guidance (including LAAP 82 updates) in respect of the expected repayments from Icelandic investments and market rates at 31 March 2014 in the case of other short term investments. This valuation is not significantly different from the carrying amount of the investments in the accounts.

The average interest rate receivable on all short term investments held at 31 March 2014 was 0.50%. If the average rate of interest had increased by 0.5% one month prior to 31 March 2014, the additional interest that could

have been credited to the Comprehensive Income and Expenditure Statement and the Council would have been £31,000. With the benefit of hindsight, market conditions at the balance sheet date indicate that interest rates didn't fluctuate significantly between the issue dates of the investments and 31 March 2014.

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

Foreign exchange risk - Under normal circumstances, the Council has no financial assets or liabilities denominated in foreign currencies and, therefore, has no exposure to loss arising from (adverse) movements in exchange rates. However, the Council currently has foreign exchange exposure relating to a small part of the first repayment from Landsbanki Winding-up Board, which was paid in Icelandic Kroner (ISK) and is being held in an interest bearing escrow account in Iceland, due to continuing currency controls preventing the release of the funds. The value of the deposit at 31 March 2014 was £25,265.07, including accrued interest. Under the International Accounting Standard 21 (IAS 21), the amount held has been translated using the exchange rate as at 31 March 2014 in accordance with the LAAP Bulletin 82 and, due to the movement in the exchange rate, a small exchange gain of £122 has also been recognised in Comprehensive Income and Expenditure Statement.

Note 63 Fair Value

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost (in long term assets/liabilities with accrued interest in current assets/liabilities). Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- for loans from the PWLB and other loans payable, borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures
- for loans receivable prevailing benchmark market rates have been used to provide the fair value
- no early repayment or impairment is recognised
- where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount
- the fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair values for loans and receivables have been determined by reference to similar practices, as above, which provide a reasonable approximation for the fair value of a financial instrument, and includes accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

The fair values of the financial assets are shown below, which comprise long and short term investments and 'trade' debtors. Long term investments represent the anticipated repayments due in more than one year from the Council's outstanding Icelandic investments, based on the latest information available. Short term investments include anticipated repayments due in less than one year from the Council's outstanding Icelandic investments based on the latest information available.

Class	Fair Value				Carrying Amount
	Long Term Investments	Short Term Investments	Cash and Cash Equivalents	Total	
Loans and Receivables:					
Long Term Investments	1,040,558	0	0	1,040,558	1,040,558
Short Term Investments	0	65,932,186	0	65,932,186	65,908,201
Cash and Cash Equivalents	0	0	1,500,008	1,500,008	1,500,008
Total Loans and Receivables	1,040,558	65,932,186	1,500,008	68,472,752	68,448,767
Available for sale financial assets	0	8,022,634	0	8,022,634	8,022,634
Total	1,040,558	73,954,820	1,500,008	76,495,386	76,471,401
Trade Debtors	0	0	0	0	0
Total Financial Assets	1,040,558	73,954,820	1,500,008	76,495,386	76,471,401

The difference in the valuations of loans and receivables is attributable to fixed interest instruments receivable being held by the Council whose interest rate is higher than the prevailing rate estimated to be available at 31 March 2014. This increases the fair value of loans and receivables.

Fair values for each class of financial liabilities are shown below.

Market loans (Lender Option Borrower Options - LOBOs) are valued using a net present value approach, which provides an estimate of the value of payments in the future in today's terms, at discount rates obtained from the market on 31 March 2014, using bid prices where applicable, and include accrued interest.

The Council's main debt liability is with the Public Works Loan Board (PWLb), which is valued, in accordance with the CIPFA Code of Practice 2013, at the PWLB's new borrowing rate as at 31 March 2014. There is an alternative valuation, as used by PWLB, being the premature repayment rate, which results in a different fair value. CIPFA Code of Practice Guidance Notes confirm that it is acceptable to use either or both rates for the fair value reported in the notes to the accounts. The alternative valuation published by PWLB has also been included below.

Class	Fair Value	Carrying Amount
Market Loans	61,366,536	62,028,612
PWLB Loans	299,818,003*	304,110,074
Total Value	361,184,539	366,138,686
Trade Creditors	0	0
Bank Overdraft	0	0
Total Financial Liabilities	361,184,539	366,138,686

*The fair value of loans outstanding, based on premature repayment rate, is £334,762,556 (provided by PWLB).

The fair value is lower than the carrying amounts because of the effect of discounts that would be receivable as a result of the early repayment of debt (i.e at 31 March 2014)

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

Investments	Fair Value (at Discount/Market Rate plus 1%)			
	Long Term Investments	Short Term Investments	Cash & Cash Equivalents	Total
Loans and Receivables:				
Long Term Investments	1,040,558	0	0	1,040,558
Short term Investments	0	65,851,426	0	65,851,426
Cash and Cash Equivalents	0	0	1,500,008	1,500,008
Total Loans and Receivables	1,040,558	65,851,426	1,500,008	68,391,992
Available for sale financial assets	8,022,634	0	0	8,022,634
Total	9,063,192	65,851,426	1,500,008	76,414,626
Trade Debtors	0	0	0	0
Total Financial Assets	9,063,192	65,851,426	1,500,008	76,414,626

	Fair Value (at Discount/Market Rate plus 1%)
Loans	
Market Loans	51,278,930
PWLB Loans	268,986,397
Total Loans Value	320,265,327
Trade Creditors	0
Bank Overdraft	0
Total Financial Liabilities	320,265,327

In terms of loans, this results in a lower fair value because of the effect on premiums and discounts that would be payable/receivable as a result of the early repayment of debt (i.e. at 31 March 2014). Where there is an increase in the discount rates this will increase discounts receivable and reduce premiums payable on early repayment of loans.

Note 64 Impairment of Investments

Early in October 2008, the Icelandic Banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries Heritable and Kaupthing Singer went into administration. The Council had deposited £12 million with two of the Icelandic Banks (£9 million with the UK subsidiary, Heritable and £3 million with the Icelandic parent bank, Landsbanki). Since the previous financial years financial statements (i.e. between 1 April 2013 and 31 March

2014) the Council has received one further interim dividend from the administrators of Heritable bank, bringing the total repayments (up to 31 March 2014) from Heritable to nearly £8.5 million (94%). A further repayment has also been received from the Winding-up Board of the former Landsbanki Islands hf bank, bringing total recoveries from Landsbanki to nearly £1.7 million (53%). A proportion of the first repayment received in the previous financial year was paid in Icelandic Kronur (ISK), having a GBP equivalent value of approximately £23,000, which, due to currency restrictions, remains held in Iceland in an interest bearing escrow account. Given that this money is not readily convertible to known amounts of cash it cannot be regarded as a cash equivalent. The Council is, therefore, obligated to consider it to be a new short term investment in its own right, as per CIPFA guidance in LAAP 82 Update 6, and to show it as such in short term investments, including accrued interest, at the exchange rate applicable on 31 March 2014. The outstanding Icelandic investments are shown in the accounts, at their impaired values, under various maturity dates as follows:

Bank	Date Invested	Maturity Date	Amount Invested	Interest Rate	Carrying Amount	Repayments	Impairment
Heritable Bank(1)	24/09/2008	07/10/2008	3,000,000	6.00%	0	2,820,520	179,480
Heritable Bank(2)	24/09/2008	14/10/2008	3,000,000	6.00%	0	2,820,520	179,480
Heritable Bank(3)	25/09/2008	28/10/2008	2,000,000	6.00%	0	1,880,347	119,653
Heritable Bank(4)	07/09/2008	10/10/2008	1,000,000	5.42%	0	989,236	60,764
Landsbanki	04/06/2008	02/03/2009	3,000,000	6.10%	1,138,519	1,603,302	258,179

The impairment has been adjusted in 2013/2014 to reflect the latest available information from the relevant administrators, the Local Government Association and CIPFA as outlined below. The available information in respect of timings and payments to be made by the administrator is not definitive and it is likely that further adjustments will be made to the accounts in future years.

Heritable Bank

Heritable bank was a UK registered bank under English law. The company was placed in administration on 7 October 2008. Since the previous year's financial statements the Council has received an additional interim dividend payment of principal totalling just over £1.5 million, bringing the total dividend paid to date to approximately 94% of the claim. Current information suggests that there may not be any further distributions from the administrators, the expected percentage total repayment having been recovered. The carrying amounts/recoverable amounts at 31 March 2014 are, therefore, shown as zero.

Landsbanki Islands hf

Landsbanki was an Icelandic bank, placed into administration on 7 October 2008. The Council received a repayment, in a 'basket' of three currencies (GBP, Euros and US Dollars (USD) in September 2013. The total principal amount received, following conversion, was £0.149 million. This brings the total amount received from the Winding-up Board of Landsbanki to nearly £1.7 million (including interest). As part of the first repayment (in December 2011) there was an ISK element, which, on conversion at the time of the receipt, equated to approximately £23,000. Pending the withdrawal of currency controls, this is still being held in Iceland in an escrow account and has been reclassified as a new investment and is shown in the accounts at its revalued amount, including accrued interest, as at 31 March 2014. The revaluation resulted in a small foreign exchange gain of £122, due to a movement in the ISK/£ exchange rate between the date of the last revaluation (31 March 2013) and the end of the financial year 2013/2014. In accordance with the International Accounting Standard (IAS 21, paragraph 23a) the gain in ISK has been translated at the closing rate (i.e. the spot exchange rate at 31 March 2014 as per guidance from the LGA and Bevan Brittan Solicitors). This foreign exchange gain is also shown in the accounts.

The Winding-up Board announced on 9 March 2012 that it anticipated that recoveries in the administration of Landsbanki would exceed the book value of priority claims by around ISK 121bn, taking account of the sale of its holding in Iceland Foods, some 9% higher than the value of priority claims. It is, therefore considered likely that, as priority creditors, local authorities will recover 100% of their deposits, subject to potential future foreign currency exchange fluctuations and Icelandic capital controls. On this basis, the following assumptions have been made in respect of the timing of further recoveries (based on the latest guidance including LAAP 82 updated):

Date	Repayment	Date	Repayment
December 2014	5.32%	December 2019	5.32%
December 2015	5.32%	December 2020	5.32%
December 2016	5.32%	December 2021	5.32%
December 2017	5.32%	December 2022	5.32%
December 2018	5.32%		

The carrying amounts of the investments included in the Balance Sheet have been calculated using the present value of expected repayments, discounted at the investment's original interest rate. Based on the previous LAAP, updated for current indicative information, the following repayment schedule has been used to estimate the recoverable amount at 31 March 2014:

Date	Repayment Percentage	
December 2014	5.32%	166,828
December 2015	5.32%	166,828
December 2016	5.32%	166,828
December 2017	5.32%	166,828
December 2018	5.32%	166,828
December 2019	5.32%	166,828
December 2020	5.32%	166,828
December 2021	5.32%	166,828
December 2022	5.32%	166,828

The following notional interest amounts have been credited directly to the Comprehensive Income and Expenditure Statement as at 31 March 2014:

Bank	Credited in 2013/2014	Received in 2013/2014
Heritable Bank (1)	12,386	0
Heritable Bank (2)	12,386	0
Heritable Bank (3)	8,256	0
Heritable Bank (4)	3,747	0
Landsbanki	76,412	0

Note 65 Trust Funds

The Council administers a Trust Fund related to specific services. The majority of the funds are invested externally and the balance is invested with the Council. The trust funds were brought forward as below:

	2013/2014	2012/2013
	£000	£000
Charity of William Llewellyn Palmer	1,738	1,603
Edwin Young Collection	446	395
John Creasey Museum	175	184
Westbury Public Baths	605	620
King George V Playing Field	269	274
Other Miscellaneous Funds	109	110
	3,342	3,186

A breakdown of the movements in year is included in the following table:

	Balance 31 March 2014	Income	Loss on expenditure	Balance revaluation	Balance 31 March 2013
	£000	£000	£000	£000	£000
Charity of William Llewellyn Palmer	1,738	55	(36)	115	1,603
Edwin Young Collection	446	53	(22)	20	395
John Creasey Museum	175	8	(19)	2	184
Westbury Public Baths	605	98	(113)	0	620
King George V Playing Field	269	0	(5)	0	274
Other Miscellaneous Funds	109	4	0	(5)	110
	3,342	218	(194)	132	3,186

The Trust Fund Assets were valued at 31 March 2014 and the external investments were:

Trust Fund Assets	Market Value 31 March 2014	Market Value 31 March 2013
	£000	£000
Government Fixed Interest	1	1
Managed Funds - Bonds	442	467
Managed Funds - Equities	1,800	1,640
Property	876	896
Cash	175	132
Debtors/(Creditors)	0	2
Other	48	48
	3,342	3,186

Housing Revenue Account

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

	NOTE	2013/2014		2012/2013	
		£000	£000	£000	£000
Income					
Rents (gross):					
- dwellings		(23,730)		(22,726)	
- garages		(313)		(339)	
- other		(91)	(24,134)	(179)	(23,244)
Charges for services and facilities			(589)		(782)
Total Income			<u>(24,723)</u>		<u>(24,026)</u>
Expenditure					
Repairs and Maintenance			4,800		4,185
Supervision and Management:					
- general		2,127		3,383	
- special services		941	3,068	1,218	4,601
Rent rebates			0		1
Negative Subsidy payment to Secretary of State			0		8
Increased provision for bad debts			102		281
Depreciation & Impairments of Fixed Assets					
- On dwellings	3	12,598		10,558	
- On garages	3	148		148	
- On other Assets	3	14		2	
			12,760		10,708
Total Expenditure			<u>20,730</u>		<u>19,784</u>
Net Cost Of Services per Income & Expenditure Account			<u>(3,993)</u>		<u>(4,242)</u>
HRA Services share of Corporate and Democratic Core			321		321
Net Cost Of HRA Services			<u>(3,672)</u>		<u>(3,921)</u>
(Gain)/Loss on sale of HRA fixed assets			(1,040)		(560)
Interest Payable			3,673		3,673
Interest:					
- on mortgages		(43)		(42)	
- on balances		(78)	(121)	(99)	(141)
(Surplus)/Deficit for the Year on HRA services			<u>(1,160)</u>		<u>(949)</u>

Statement of Movement on the HRA Balances

	2013/2014 £000	2012/2013 £000
Balance on HRA at the end of previous year	(14,229)	(12,612)
(Surplus)/ Deficit for year on HRA Income and Expenditure Account	(1,160)	(949)
Adjustments between accounting basis and funding basis under statute	(1,507)	(668)
Net (increase)/decrease before transfers to/ from reserves	(2,667)	(1,617)
Transfer to/from reserves	0	0
Net (increase)/decrease in year on HRA	(2,667)	(1,617)
Balance on HRA at the end of current year	(16,896)	(14,229)

Note to Statement of Movement on the HRA Balances

	2013/2014 £000	2012/2013 £000
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA balance for the year		
Gain/(Loss) on sale of HRA fixed assets	1,040	560
Items not included in the HRA Income and Expenditure Account but included from the movement on HRA balance for the year		
Transfer to/from Major Repairs Reserve note 5	(6,572)	(4,731)
Transfer to/from Pension Reserve note 6	57	99
Transfer to/from accumulated absences	(7)	4
Revenue Contributions to Capital Expenditure	3,975	3,400
Net Additional amount required by statute to be credited to the HRA balance for the year	(1,507)	(668)

Housing Revenue Account Notes

1 Housing Stock

Houses and Bungalows	31 March 2014	31 March 2013
- 1 bedroom	278	279
- 2 bedrooms	1,440	1,448
- 3 bedrooms	1,815	1,839
- 4+ bedrooms	145	145
Flats		
- 1 bedroom	919	920
- 2 bedrooms	698	701
- 3+ bedrooms	68	69
Total dwellings as at 31 March	5,363	5,401

The council sold 38 houses during 2013/2014 under the right to buy scheme (RTB), for which the council received a total before pooling of £2,916,000 as capital receipts.

The figures above do not include the PFI housing units recently brought on stream. These units under the PFI scheme are not part of the HRA they are part of the General Fund housing provision. 69 units were released to tenants during 2012/2013 and a further 173 units were released in 2013/2014. Further information on these PFI dwellings is found in the PFI note.

2 Arrears

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

	31 March 2014 £000	31 March 2013 £000
Rent arrears	1,253	1,151
less rent payments in advance	(444)	(308)
less bad debt provision	(1,190)	(1,096)
Net arrears position	(381)	(253)

3 Movement of Housing Revenue Account Assets

	Council Dwellings (Structures) £000	Council Dwellings (Services) £000	Council Dwellings (Land) £000	Other Property (Garages) £000	Other Equipment £000	Total £000
Net Book Value 1 April 2013	122,736	23,654	74,485	3,861	25	224,761
Additions in Year	2,253	3,667			258	6,178
Disposals	(1,725)					(1,725)
Revaluations	630	3,664	823			5,117
Depreciation	(4,713)	(7,885)		(148)	(14)	(12,760)
Category Adjustments	1,771		(1,771)			0
Balance at 31 March 2014	120,952	23,100	73,537	3,713	269	221,571

The Balance Sheet value of Council Dwellings (structures, services and land) as at 31 March 2014 was £217,590,042. This represents the valuation at existing use for social housing which is the value of the properties with a secured tenant continuing to live in the property paying social rents rather than market rents.

The Vacant Possession value of the properties at 31 March 2014 was £701,903,362. This represents the value of the houses if the property were sold without a secured tenant continuing in the property. Therefore it could be rented out at market rent so has a higher value. This figure has been discounted by a factor of 31% to get the Existing use value - social housing.

The difference between the Vacant Possession value and the Balance Sheet value of dwellings within the HRA shows the Economic Cost of providing Council Housing at less than open market rents. The Economic Cost of the properties at 31 March 2014 was £484,313,320.

The value of land valued in the HRA which is included in the balance sheet value of the council dwellings is £73,536,978.

4 Financing of HRA capital expenditure

	2013/2014 £000
Revenue and Reserves	3,975
Other receipts (MRR)	2,209
	6,184
Council Dwellings (Structures and Services)	5,920
Plant & Equipment	258
Asset under Construction	6
	6,184

5 Major Repairs Reserve

	2013/2014 £000	2012/2013 £000
Brought forward at 1 April	(5,694)	(791)
Transfer to Capital	2,242	1,074
HRA Depreciation	(12,760)	(10,708)
Transfer to HRA	6,572	4,731
Carried forward at 31 March	<u>(9,640)</u>	<u>(5,694)</u>

6 Contribution to Pension Reserve

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

The Collection Fund

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

	NOTE	Non-Domestic Rates 2013/2014	Council Tax 2013/2014	Total 2013/2014 £000	Non-Domestic Rates 2012/2013	Council Tax 2012/2013	Total 2012/2013 £000
Income							
Council Tax	1		(255,151)	(255,151)		(275,966)	(275,966)
Non-Domestic Rates		(136,878)		(136,878)	(133,189)		(133,189)
Transferred from General Fund							
Transitional Relief		(66)	(9)	(75)		(10)	(10)
		<u>(136,944)</u>	<u>(255,160)</u>	<u>(392,104)</u>	<u>(133,189)</u>	<u>(275,976)</u>	<u>(409,165)</u>
Disbursement							
Payment to national police re Non-Domestic Rates	2				132,954		132,954
Precepts and Demands							
- Wiltshire Council		68,522	201,182			221,268	
- Police		0	25,965			28,558	
- Fire		1,398	10,266			11,291	
- Town/ Parish Councils		0	12,185			13,154	
- Central Government		69,921	0				
				389,439		0	274,271
Share of surplus/(deficit) on Collection Fund							
- Wiltshire Council			1,695			1,695	
- Police			219			219	
- Fire			86			86	
			<u>2,000</u>			<u>2,000</u>	
Cost of collection allowance	2	618			618		
Provision for Bad Debts		(222)	122			203	
Write offs		1,429	494		(383)	473	
Appeals		3,080					
Other transfers to general fund		87					911
				5,608			
Fund surplus/(deficit) for the year	2	(7,889)	2,946	(4,943)	0	(971)	(971)
		<u>136,944</u>	<u>255,160</u>	<u>392,104</u>	<u>133,189</u>	<u>275,976</u>	<u>409,165</u>
Fund balance b/f		0	(1,589)	(1,589)	0	(2,560)	(2,560)
(Surplus)/deficit for year		7,889	(2,946)	4,943	0	971	971
Fund balance c/f	3	<u>7,889</u>	<u>(4,535)</u>	<u>3,354</u>	<u>0</u>	<u>(1,589)</u>	<u>(1,589)</u>

Notes to the Collection Fund

1 Council Tax

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

The average amount of Council Tax required from a property in any tax band is the band D charge, average for Wiltshire Council was £1,516.62 for 2013/2014 multiplied by the ratio specified for that band. Ratios specified for the bands A to H are as follows:

Band	Estimated No. of Taxable Properties after discounts	Band D Equivalent Dwellings	Ratio
Band A Disabled	49	27	5/9
Band A	18,725	12,483	6/9
	18,774	12,510	
Band B	33,452	26,019	7/9
Band C	43,777	38,913	8/9
Band D	31,322	31,322	9/9
Band E	24,147	29,513	11/9
Band F	14,821	21,408	13/9
Band G	9,405	15,675	15/9
Band H	1,045	2,091	18/9
		177,451	
Adjustment for MOD contribution in lieu, new properties, local council tax support & collection rate		(12,875)	
Council Tax Base 2013/2014		164,576	

2 National Non-Domestic Rates

The total non-domestic rateable value at 31 March 2014 was £355,283,532. The national non domestic multiplier for the year was 47.1p and the small business rates relief multiplier was 46.2p.

3 Collection Fund Balance

The Council has to record transactions for Council Tax and Non-Domestic Rates in the Collection Fund Account. The balance, as usable income, will be paid to the Council and its major preceptors in future years. This is the first year the Non-Domestic Rates have been treated in this way.

	Non-domestic Rates 31/03/2014 £000	Council Tax 31/03/2014 £000	Total 31/03/2014 £000	Council Tax 31/03/2013 £000
Wiltshire Council	3,866	(3,843)	23	(1,346)
Police	0	(496)	(496)	(174)
Fire	79	(196)	(117)	0
Central Government	3,944	0	3,944	(69)
	7,889	(4,535)	3,354	(1,589)

Glossary

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

Accruals

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

Amortisation

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

Assets

These can be either:

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

Balance Sheet

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

Best Value

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

Budget

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

Capital Expenditure

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

Capital Receipts

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

Cashflow Statement

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

CIPFA

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

Code of Practice

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

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Comprehensive Income and Expenditure Statement (CI&ES)

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

Creditors

Money owed by the Council to others.

Debtors

Money owed to the Council by others.

Dedicated Schools Grant (DSG)

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

Depreciation

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

Employee Costs

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

Exceptional Items

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

Extraordinary Items

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

General Fund

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

Government Grants

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

Government Grants Deferred

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

Gross Expenditure

Expenditure before deducting any related income.

Housing Revenue Account (HRA)

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

Impairment

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

IFRSs

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

Leases

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

Liabilities

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

Long Term Contracts

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

Minimum Revenue Provision (MRP)

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

Major Repairs Allowance (MRA)

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

Net Expenditure

Gross expenditure less directly related income.

Non-Domestic Rates (NDR)

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

Precept

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

Preceptor

An authority entitled to demand money of the Collection Fund. The preceptors on Wiltshire District Council's Collection Fund are the Council itself (including City Area Special Levy), Wiltshire County Council, Wiltshire Police Authority, Wiltshire & Swindon Fire Authority and Parish Councils.

Private Financing Initiative (PFI)

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

Provision for Credit Liabilities (PCL)

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

Provisions

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

Rateable Value

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

Reserves

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

Revaluation Reserve

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

Revenue Expenditure

Day to day running costs of services.

Revenue Income

Day to day income received for services.

Revenue Support Grant

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

Running Expenses

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

Service Reporting Code of Practice (SeRCOP)

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

Usable Capital Receipts Reserve

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

Useful Life

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

Value Added Tax (VAT)

An indirect tax levied on vatable goods and services.

Wiltshire Pension Fund

The Fund is administered by Wiltshire Council for local authorities within Wiltshire and other local government associated organisations. It meets the cost of pension benefits due to current and former employees of these organisations. The current membership as at 31 March 2014 included 21,655 active members, 13,729 pensioners and 22,262 deferred members.

Responsibility for the Report

Wiltshire Council

The 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 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 Associate Director Finance.

Wiltshire Pension Fund Committee

There are seven elected members of the Committee, comprising five Wiltshire Councillors and two Swindon Borough Council members. In addition, there are two representatives of the admitted bodies and two observers representing staff interests. Details of the membership of the Committee in 2013/2014 are shown in the Wiltshire Pension Fund Annual Report.

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

- arrange and keep under review the 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 Finance Officer

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

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

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

Actuarial Statement

This statement has been prepared in accordance with Regulation 34(1) of the Local Government Pension Scheme (Administration) Regulations 2008, and chapter 6 of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the UK 2013/2014.

Description of Funding Policy

The funding policy is set out in the latest Wiltshire Council Funding Strategy Statement (FSS). In summary, the key funding principles are as follows:

- to ensure the long-term solvency of the Fund, using a prudent long term view. This will ensure that sufficient funds are available to meet all members' /dependents' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (NB this will also minimise the costs to be borne by Council Tax payers)
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

The FSS sets out how the administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable.

For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is still a better than 2 in 3 chance that the Fund will return to full funding over 20 years.

Funding Position as at the last formal valuation

The most recent actuarial valuation carried out under Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008 was as at 31 March 2013. This valuation revealed that the Fund's assets, which at 31 March 2013 were valued at £1,484 million, were sufficient to meet 71% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2013 valuation was £610 million.

Individual employers' contributions for the period 1 April 2014 to 31 March 2017 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Methods used to value the liabilities

Full details of the methods and assumptions used are described in the actuary's report dated 31 March 2014.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2013 valuation were as follows:

Financial Assumptions	Rate at 31 March 2013	
	Nominal	Real
Discount rate	4.6%	2.1%
Pay increase	4.3%	1.8%
Price Inflation/Pension increases	2.5%	0.0%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Funds VitaCurves with improvements in line with the CMI_2010 model, assuming the current rate of improvements has reached a peak and will converge to a long term rate of 1.25%p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

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

*Currently aged 45

Copies of the 2013 valuation report and Funding Strategy Statement are available on request from Wiltshire Council, the administering authority to the Fund.

Experience over the year since April 2013

Experience has been slightly better than expected since the last valuation (excluding the effect of any membership movements). Real bond yields have risen and assets returns have been broadly in line with that expected meaning that funding levels are likely to have improved since the 2013 valuation.

The next actuarial valuation will be carried out as at 31 March 2016. The Funding Strategy statement will also be reviewed at that time.

Audit

The Audit Commission has appointed KPMG to act as the external auditor of the Council, and therefore the pension fund.

Investment Management Policy

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

The Investment Strategy is revised annually by the Fund. The latest Strategic review was undertaken during 2011, new mandates have been implemented resulting from this.

The current strategy has the dual aim of increasing returns and reducing risk by increasing diversification and alternative approaches. Details of the strategy are provided in the 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 managers as at 31 March 2014 were:

Company	Mandate	Share of Fund
Baillie Gifford	Global Equity	15.0%
CBRE Global Multi Manager	Property	13.0%
Western Asset Management	Bonds	10.5%
Barings	Absolute Return Fund	10.0%
Legal & General	Passive UK Equity	12.5%
Legal & General	Global Equities	10.0%
Legal & General	Government Bonds	5.0%
Legal & General	Fundamental Equities	12.5%
Jubilee Advisors	Long-Short Equities	5.0%
Partners Group	Infrastructure	5.0%
M&G Investment Management	UK Companies Financing Fund	1.5%

During the year, the managers transacted purchases of £911.9 million (£1,325.6m 2012/13) and sales of £897.9 million (£1,293.4m 2012/13). The value of assets under management at 31 March 2014 was £1,631.4 million, broken down by managers as follows:

Legal & General	£723.9 million
Baillie Gifford	£255.9 million
Western Asset Management	£178.2 million
CBRE Global Multi Manager	£177.9 million
Barings Asset Management	£181.1 million
Edinburgh Partners	£0.0 million
Jubilee Advisors	£86.1 million
M&G Investment Management	£12.8 million
Berenberg Bank	£9.8 million
Partners Group	£5.6 million
Capital International	£0.1 million
Total	£1,631.4 million

		£ million	% of Fund total
Geographical analysis	United Kingdom	689.5	42.2
	North America	140.3	8.6
	Europe	59.8	3.7
	Asia, ex Japan	5.1	0.3
	Other - Overseas	55	3.4
	Other - Pooled Funds	681.7	41.8
		1,631.4	100.0
Sector analysis	Equities	1081.4	67.0
	Fixed interest bonds	164.3	10.1
	Cash & Derivatives	31.1	1.9
	Property	170.9	9.7
	Long-Short Hedge Fund	86.1	5.3
	Infrastructure	5.6	0.4
	Index linked bonds	92.0	5.6
	1,631.4	100.0	

Safe custody of all investments are the responsibility of BNY Mellon and as such, are registered in the name of, and are held by, its nominee companies or, alternatively, by overseas agents.

Fund Account For the year ended 31 March 2014	Notes	2013/2014 £000	2012/2013 £000
Contributions and benefits			
Contributions receivable	5	79,128	77,083
Individual transfers		2,902	4,551
		82,030	81,634
Benefits payable	6	(76,669)	(68,351)
Payments to and on account of leavers	7	(4,789)	(4,156)
Administrative expenses	8	(1,509)	(1,382)
		(82,967)	(73,889)
Net additions from dealings with members		(937)	7,745
Returns on investments			
Investment income	9	18,377	24,774
Change in market value of investments	11	136,981	120,124
Investment management expenses	12	(3,170)	(3,529)
Net returns on investments		152,188	141,369
Net Increase in the fund during the year		151,251	149,114
Opening Net Assets of the Fund		1,493,913	1,344,799
Closing net assets of the Fund		1,645,164	1,493,913

The Wiltshire Pension Fund

Net Asset Statement At 31 March 2014	Notes	31 March 2014	31 March 2013
		£000	£000
INVESTMENT ASSETS	11		
Fixed interest securities		163,143	162,030
Index linked securities		933	2,435
Equities		267,461	236,695
Pooled investment vehicles		997,888	895,984
Property		170,936	149,468
Derivative assets		2,649	1,871
Cash held on deposit		26,042	29,809
Other investment balances		3,465	3,509
		<u>1,632,517</u>	<u>1,481,801</u>
INVESTMENT LIABILITIES	11		
Derivatives liabilities		(1,066)	(1,313)
Total net investments		<u>1,631,451</u>	<u>1,480,488</u>
Current assets	13	18,150	15,797
Current liabilities	14	(4,437)	(2,372)
Net assets of the Fund at 31 March		<u>1,645,164</u>	<u>1,493,913</u>

The accounts summarise the transactions of the Fund and deal with the net assets at the disposal of Wiltshire Council. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial position of the Fund, which does take account of such obligations, is dealt with in the actuarial statements and these accounts should be read in conjunction with these.

Notes**Forming part of the financial accounts****1. Basis of Preparation**

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013/2014 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

IAS26 requires the actuarial present value of promised benefits to be disclosed. A separate report has been prepared by Hymans Robertson and is enclosed below after note 19. The Chancellor's budget statement on 22 June 2010 declared that future pension increases should be linked to the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). The report after note 19 has been prepared on the CPI basis.

The accounts have been prepared on an accruals basis except where otherwise stated, i.e. income and expenditure is accounted for as it is earned or incurred, rather than as it is received and paid.

2. Accounting Policies

The principal accounting policies of the Fund are as follows:

Contributions

Contributions are received from employer bodies in respect of their own and their pensionable employees' contributions. Employers' contributions (for both Normal and Deficit Funding) are prescribed in the Actuary's Rates and Adjustment Certificate following the review of the Fund's assets and liabilities during the triennial valuation. The Employees' contributions are included at the rates prescribed by the Local Government Pension Scheme Regulations.

Employer augmentation contributions are accounted for in accordance with the agreement under which they are being paid.

Benefits and Refund of Contributions

The benefits payable and refunds of contributions have been brought into account on the basis of all valid claims approved during the year.

Transfers to and from Other Schemes

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.

Investment Income

Dividends, interest and coupon receipts have been accounted for on an accruals basis. Income on pooled investments is accumulated and reflected in the valuation of units.

Valuation of Investments

Investments are shown in the accounts at market value, determined on the following basis:

- (i) **Quoted securities**
Quoted Securities have been valued at 31 March 2014 by the Fund's custodian using the bid price where a quotation was available on a recognised stock exchange or unlisted securities market.
- (ii) **Unquoted securities**
Unquoted securities have been valued according to the latest trades, professional valuation, asset values or other appropriate financial information.
- (iii) **Pooled investment vehicles**
Pooled investments are stated at bid price for funds with bid/offer spreads, or single price/net asset value where there are no bid/offer spreads, as provided by the investment manager.
- (iv) **Fixed Interest Stocks**
Fixed interest stocks are valued on a clean basis. Accrued income is accounted for within investment income.
- (v) **Derivative Contracts**
Derivatives are stated at market value. Exchange traded derivatives are stated at market values determined using quoted prices. For exchange traded derivative contracts which are assets, market value is based on quoted bid prices. For exchange traded derivative contracts which are liabilities, market value is based on quoted offer prices.

Over the Counter (OTC) derivatives are stated at market value using pricing models and relevant market data as at the year end date.

Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

All gains and losses arising on derivative contracts are reported within 'Change in 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.

Foreign Currency Translation

All investments held in foreign currencies are shown at market value translated into sterling using the WM 4PM rate on 31 March 2014.

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 Net Asset Statement.

Investment Management Expenses

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.

Acquisition Costs of Investments

Transaction costs are charged as part of investment management expenses. These include costs charged directly to the fund such as fees, commissions, stamp duty and other fees.

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 a registered pension scheme for tax purposes and as such is not liable for UK income tax on investment income, nor capital gains tax. As Wiltshire 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.

Additional Voluntary Contributions (AVCs)

The accounts of the Fund in accordance with regulation 5 (2) (C) of the Pension Scheme (Management and Investment of Funds) Regulations 1998 do not include transactions in respect of AVCs. These are money purchase arrangements made by individual Fund members under the umbrella of the Local Government Pension Scheme, to enhance pension benefits.

3. Critical Judgement in Applying Accounting Policies

Pension Fund Liability

The pension fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in the actuarial position statement (on page 89). This estimate is subject to significant variances based on changes to the underlying assumptions.

4. Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

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

The items in the net asset statement at 31 March 2014 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Debtors	At 31 March 2014, the fund had a balance of £18.1m for debtors (£5.8m relate to a long term debtor). A review of significant balances suggested that no impairment is currently necessary. However, in the current economic climate, it is not certain that all debts will be paid.	If collection rates deteriorate it may be necessary for an allowance to be included in the accounts for doubtful debts.
Hedge Fund of Funds	The fund of funds is valued at the sum of the fair values provided by the administrators of the underlying funds plus adjustments that the fund of funds directors or independent administrators judge necessary. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total hedge fund of funds value in the financial statements is £86.1m. There is a risk that this investment may be under or overstated in the accounts. Using the volatility data provided by the Fund's investment advisor the fund of funds valuation may be over/understated by £6.8m.

5. Contributions Receivable

	2013/2014 £000	2012/2013 £000
Employer		
- Normal	46,466	46,169
- Augmentation	3,513	2,080
- Deficit Funding*	11,498	11,122
Members		
- Normal	17,404	17,448
- Additional Contributions	247	264
	79,128	77,083
Analysis of contributions receivable		
	2013/2014 £000	2012/2013 £000
<i>Contributions from employees (Including Additional Contributions)</i>		
- Wiltshire Council	7,396	7,610
- Other scheduled bodies Admitted bodies	8,887 1,368	8,075 2,027
	17,651	17,712
<i>Contributions from employers (Including Augmentations)</i>		
- Wiltshire Council	27,499	26,099
- Other scheduled bodies - Admitted bodies	27,841 6,137	25,481 7,791
	61,477	59,371
Total contributions receivable	79,128	77,083

* Deficit funding contributions are being paid by the employer for the three years commencing from 1 April 2011 with a minimum specified in the Rates and Adjustment certificate dated 25 March 2011 in order to improve the Fund's funding position. The recovery period at the last valuation over which the deficit funding is recovered is mainly 20 years for scheduled bodies and 14 years or the length of the employer's contract (whichever is the shorter) for admitted bodies.

6. Benefits payable

	2013/2014 £000	2012/2013 £000
Pensions	59,388	55,875
Commutation and lump sum retirement benefits	16,023	11,549
Lump sum death benefits	1,258	927
	76,669	68,351
Analysis of benefits payable	2013/2014 £000	2012/2013 £000
<i>Pensions payable</i>		
- Wiltshire Council	32,187	30,558
- Other scheduled bodies	22,891	21,120
- Admitted bodies	4,310	4,197
	59,388	55,875
<i>Retirement and Death grants payable</i>		
- Wiltshire Council	8,146	4,847
- Other scheduled bodies	7,719	5,241
- Admitted bodies	1,416	2,388
	17,281	12,476
Total benefits payable	76,669	68,351

7. Payments to and on account of leavers

	2013/2014 £000	2012/2013 £000
Individual transfer out to other schemes	4,775	4,154
Refunds to members leaving service	13	6
State Scheme Premiums	1	(4)
	4,789	4,156

8. Administrative expenses

	2013/2014 £000	2012/2013 £000
Administration and processing	1,165	1,057
Actuarial fees	277	196
Audit fees	40	71
Legal and other professional fees	27	58
	1,509	1,382

9. Investment Income

	2013/2014	2012/2013
	£000	£000
<i>Quoted securities</i>		
- UK fixed interest bonds (coupon receipts)	7,759	8,061
- Overseas fixed interest bonds (coupon receipts)	369	40
- UK index linked bonds (coupon receipts)	13	16
- UK equities	421	370
- Overseas equities	1,938	4,791
 <i>Pooled Investment Vehicles</i>		
- UK equities	0	0
- Overseas equities	94	2,713
- UK fixed interest corporate bonds	0	0
- Overseas fixed interest bonds	0	0
- UK property	7,655	8,615
- Infrastructure	35	39
 <i>Cash held on deposit</i>		
- Sterling Cash	93	129
- Overseas Cash	0	0
	18,377	24,774

10. Stock Lending

The Council participates in a securities lending programme administered by BNY Mellon. Securities in the beneficial ownership of the Council to a value of £27.7 million (1.7% of the total) were on loan at 31 March 2014. Collateral for these securities is held in a pooled form, the Wiltshire Pension Fund's share (0.14%) representing a value of £30.6 million (110.4%). Income earned from this programme amounted to £0.043 million in the year.

	2013/2014	2012/2013
	£ million	£ million
WPF Securities on loan	27.7	0.0
<i>(percentage of total)</i>	1.70%	0.00%
WPF Collateral share of pool	0.14%	0.00%
Value of WPF pooled share	30.6	0
Percentage of securities on loan	110.4%	0.0%
Income earned in year	0.043	0.056

11. Investments

Reconciliation of investments held at beginning and end of year

	Value at 01 April 2013	Purchases at cost & derivative payments	Sales Proceeds and derivative receipts	Change in Market Value	Value at 31 March 2014
	£000	£000	£000	£000	£000
Fixed interest securities	162,030	42,762	(36,937)	(4,712)	163,143
Index linked securities	2,435	5,922	(7,471)	47	933
Equities	236,695	280,879	(296,643)	46,530	267,461
Pooled funds:					
- Other	895,984	184,123	(146,934)	64,715	997,888
- Property	149,468	35,921	(23,785)	9,332	170,936
Derivative assets					
- Futures	(386)	347	(703)	693	(49)
- Options	0	0	0	0	0
- Forward FX	944	64,808	(91,298)	27,178	1,632
	1,447,170	614,762	(603,771)	143,783	1,601,944
Cash deposits	29,809	297,106	(294,086)	(6,787)	26,042
Other Investment Balances	3,509	0	(29)	(15)	3,465
	1,480,488	911,868	(897,886)	136,981	1,631,451

	Value at 01 April 2012	Purchases at cost & derivative payments	Sales Proceeds and derivative receipts	Change in Market Value	Value at 31 March 2013
	£000	£000	£000	£000	£000
Fixed interest securities	144,117	39,286	(34,478)	13,105	162,030
Index linked securities	627	2,975	(1,226)	59	2,435
Equities	426,513	429,346	(621,460)	2,296	236,695
Pooled funds:					
- Other	546,157	398,926	(163,331)	114,232	895,984
- Property	154,161	27,592	(27,893)	(4,392)	149,468
Derivative assets					
- Futures	(330)	2,536	(2,298)	(294)	(386)
- Options	0	0	0	0	0
- Forward FX	5,668	49,921	(48,753)	(5,892)	944
	1,276,913	950,582	(899,439)	119,114	1,447,170
Cash deposits	46,805	374,990	(392,990)	1,004	29,809
Other Investment Balances	4,466	0	(963)	6	3,509
	1,328,184	1,325,572	(1,293,392)	120,124	1,480,488

The PRAG guidance, Accounting for Derivatives in Pension Schemes, recommends that derivatives are set out separately in the investment reconciliation table for reasons of clarity and are reconciled on a 'net' basis as opposed to 'gross' as reported in the Net Assets Statement.

Transaction costs have been debited through the Fund Account and have been disclosed as part of the Investment Management Expenses. Costs are also borne by the Fund in relation to transactions in pooled investment vehicles. However, such costs are taken into account in calculating the bid/offer spread of these investments and are not therefore separately identifiable.

Details of investments held at year end

	31 March 2014 £000	31 March 2013 £000
INVESTMENT ASSETS		
<i>Fixed Interest Securities</i>		
- UK fixed interest Government bonds	7,131	14,897
- UK fixed interest Corporate bonds	146,856	146,901
- Overseas fixed interest Government bonds	5,026	0
- Overseas fixed interest Corporate bonds	2,378	232
- Emerging markets government bonds	1,752	0
	163,143	162,030
<i>Index Linked Securities</i>		
- UK index linked Corporate bonds	933	2,435
	933	2,435
<i>Equities</i>		
- UK equities	23,865	23,640
- Overseas equities	243,596	213,055
	267,461	236,695
<i>Pooled Investment Vehicles</i>		
- UK equities	226,922	219,821
- Overseas equities	586,997	518,961
- UK fixed interest Government bonds	0	0
- UK fixed interest Corporate bonds	0	0
- Overseas fixed interest Government bonds	169	177
- Overseas fixed interest Corporate bonds	950	978
- UK index linked Government bonds	91,085	76,875
- Property	170,936	149,468
- Long-Short Hedge Fund	86,138	75,364
- Infrastructure	5,627	3,808
	1,168,824	1,045,452
<i>Cash held on deposit</i>		
- Sterling Cash	25,427	25,591
- Overseas Cash	615	4,218
	26,042	29,809
<i>Other Investment Balances</i>		
- Derivatives Assets	2,649	1,871
- Outstanding dividend entitlements	3,162	2,998
- Recoverable tax	303	511
	6,114	5,380
INVESTMENT LIABILITIES		
- Derivatives Liabilities	(1,066)	(1,313)
	1,631,451	1,480,488
Total of investments held		
NET CURRENT ASSETS & LIABILITIES		
Current Assets	18,150	15,797
Current Liabilities	(4,437)	(2,372)
	13,713	13,425
Total net current assets	1,645,164	1,493,913

Objectives and Policies

The Wiltshire Pension Fund committee have authorised the use of derivatives by their investment managers as part of the investment strategy for the Fund.

The main objective for the use of key classes of derivatives and the policies followed during the year are summarised as follows:

Options – The Fund allows two of its managers to invest in options as part of their portfolio construction to assist them in achieving performance targets. These options are limited to ‘Over-the-Counter’ contracts purchased on major exchanges and must not exceed specified limits. Option exposures are limited and hedged through the use of futures.

Futures – The Fund allows a number of its managers to invest in futures, within specified exposure limits, as part of their overall portfolio construction to assist them in achieving performance targets.

Forward foreign exchange – In order to maintain an appropriate diversification of investments within the Fund and take advantage of overseas investment returns a proportion of the investment portfolio is invested overseas. To balance the risk of investing in foreign currencies a dynamic currency hedging programme, using forward foreign contracts, is in place to reduce the currency exposure of the overseas investments. The overseas equity investments are hedged this way.

The Fund had the following derivative contracts outstanding at the year end relating to its fixed interest investment and dynamic currency mandate. The details are:

<u>Future Contracts</u>					
Nature	Nominal Amount	Duration	Economic Exposure	Asset value at year end	Liability value at year end
	£000		£000	£000	£000
Fixed Income Security					
UK Long Gilt	(68)	Expires Jun 14	(7,448)		(49)
				0	(49)

Forward Cash Currency Contracts

Contract	Settlement date	Currency bought	Currency sold	Asset value at	Liability value
				£000	£000
Forward OTC	0 to 6 months	Sterling	Australian Dollar		(113)
Forward OTC	0 to 6 months	Sterling	Brazil Real		(67)
Forward OTC	0 to 6 months	Sterling	Canadian Dollar	15	
Forward OTC	0 to 6 months	Sterling	Chilean Peso		(4)
Forward OTC	0 to 6 months	Danish Krone	Sterling		(1)
Forward OTC	0 to 6 months	Sterling	Danish Krone	64	
Forward OTC	0 to 6 months	Euro	Sterling		(85)
Forward OTC	0 to 6 months	Sterling	Euro	710	
Forward OTC	0 to 6 months	Hong Kong Dollar	Sterling		(35)
Forward OTC	0 to 6 months	Sterling	Hong Kong Dollar	96	
Forward OTC	0 to 6 months	Sterling	Indian Rupee		(12)
Forward OTC	0 to 6 months	Sterling	Indonesian Rupiah		(2)
Forward OTC	0 to 6 months	Sterling	Israeli Shekel	5	
Forward OTC	0 to 6 months	Japanese Yen	Sterling		(180)
Forward OTC	0 to 6 months	Sterling	Japanese Yen	442	
Forward OTC	0 to 6 months	Sterling	Malysian Ringgit		(1)
Forward OTC	0 to 6 months	Sterling	Mexican New Peso		(3)
Forward OTC	0 to 6 months	Sterling	New Taiwan Dollar	7	
Forward OTC	0 to 6 months	Sterling	New Turkish Lira		(7)
Forward OTC	0 to 6 months	Sterling	New Zealand Dollar		(1)
Forward OTC	0 to 6 months	Sterling	Norwegian Krone	6	
Forward OTC	0 to 6 months	Sterling	Russian Ruble (new)		(45)
Forward OTC	0 to 6 months	Sterling	Singapore Dollar		(1)
Forward OTC	0 to 6 months	Sterling	South African Comm Rand		(14)
Forward OTC	0 to 6 months	Sterling	South Korean Won		(13)
Forward OTC	0 to 6 months	Swedish Krona	Sterling		(117)
Forward OTC	0 to 6 months	Sterling	Swedish Krona	270	
Forward OTC	0 to 6 months	Sterling	Swiss Franc	98	
Forward OTC	0 to 6 months	Sterling	Thailand Baht	2	
Forward OTC	0 to 6 months	US Dollar	Sterling		(316)
Forward OTC	0 to 6 months	Sterling	US Dollar	934	
				2,649	(1,017)

Financial Instruments

Classification of financial instruments

The accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net asset statement heading. No financial assets were reclassified during the accounting period.

As at 31 March 2014

	Designated as Fair value through Profit and Loss	Loans and Receivables	Financial liabilities at amortised cost
	£000	£000	£000
Financial assets			
Fixed interest securities	163,143	0	0
Index linked securities	933	0	0
Equities	254,703	12,758	0
Pooled investment vehicles	997,888	0	0
Property	170,936	0	0
Derivative assets	2,649	0	0
Cash held on deposit	0	31,448	0
Other Investment balances	3,465	0	0
Debtors	0	12,744	0
	1,593,717	56,950	0
Financial Liabilities			
Derivative Liabilities	(1,066)	0	0
Creditors	0	(4,437)	0
	(1,066)	(4,437)	0
	1,592,651	52,513	0

As at 31 March 2013

	Designated as Fair value through Profit and Loss	Loans and Receivables	Financial liabilities at amortised cost
	£000	£000	£000
Financial assets			
Fixed interest securities	162,030	0	0
Index linked securities	2,435	0	0
Equities	225,346	11,349	0
Pooled investment vehicles	895,984	0	0
Property	149,468	0	0
Derivative assets	1,871	0	0
Cash held on deposit	0	33,226	0
Other Investment balances	3,509	0	0
Debtors	0	12,380	0
	<u>1,440,643</u>	<u>56,955</u>	<u>0</u>
Financial Liabilities			
Derivative Liabilities	(1,313)	0	0
Creditors	0	(2,372)	0
	<u>(1,313)</u>	<u>(2,372)</u>	<u>0</u>
	<u>1,439,330</u>	<u>54,583</u>	<u>0</u>

Net gains/(losses) on financial instruments

	2014 £000	2013 £000
Financial assets		
Fair value through profit and loss	136,981	120,874
Loans and receivable	(6,770)	994
Financial liabilities		
Fair value through profit and loss	(714)	(1,744)
Loans and receivable		
Total	<u>129,497</u>	<u>120,124</u>

Financial Risk Disclosure

As an LGPS Pension Fund, the Fund's objective is to achieve a relatively stable "real" return above the rate of inflation over the long term. In order to achieve this objective the Fund holds financial instruments such as securities (equities, bonds), property, pooled funds (collective investment schemes) and cash and cash equivalents. The Fund's activities expose it to a variety of financial risks including Market Risk, Credit Risk and Liquidity Risk.

All the Fund's investments are managed by appointed Investment Managers. All investments are held by BNY Mellon who acts as custodian on behalf of the Fund. Each investment manager is required to invest the assets managed by them in accordance with the terms of a written investment mandate or pooled fund prospectus.

The Wiltshire Pension Fund Committee has determined that these managers are appropriate for the Fund and is in accordance with its investment strategy. The Committee obtains regular reports from each investment manager and its Investment Consultant on the nature of investments made and associated risks.

The analysis below is designed to meet the disclosure requirements of IFRS 7.

a) Market Risk

Market risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. This could be as a result of changes in market price, interest rates or currencies. The objective of the Funds Investment strategy is to manage and control market risk exposure within acceptable parameters, while optimising the return.

In general excessive volatility in market risk is managed through diversification across asset class and investment manager. Each manager is also expected to maintain a diversified portfolio within their allocation.

1) Market Price Risk

Market price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting the market in general.

By diversifying investments across asset classes and managers, the Fund aims to reduce the exposure to price risk. Diversification of asset classes seeks to reduce correlation of price movements, whilst the appointment of specialist managers enables the Fund to gain from their investment expertise.

Market Price - Sensitivity Analysis

The sensitivity of the Fund's investments to changes in market prices have been analysed using the volatility of returns experienced by asset classes. The volatility data has been provided by the Fund's Investment Advisor (Mercers) and is broadly consistent with a one-standard deviation movement. The volatility is measured by the (annualised) estimated standard deviation of the returns of the assets relative to the liability returns. Such a measure is appropriate for measuring "typical" variations in the relative values of the assets and liabilities over short time periods. It is not appropriate for assessing longer term strategic issues. The analysis assumes that all other variables, in particular, interest rates and foreign exchange rates, remain constant.

Movements in market prices would have increased or decreased the net assets valued at 31 March 2014 and 2013 by the amounts shown below.

As at 31 March 2014	Value £000	Volatility of return	Increase £000	Decrease £000
Baillie Gifford - Global Equity	255,917	17.30%	44,274	(44,274)
CBRE - Property	177,857	15.10%	26,856	(26,856)
Western Asset Management - Corporate Bonds	178,243	4.00%	7,130	(7,130)
Legal & General - Equity	226,922	17.00%	38,577	(38,577)
Legal & General - Gilts	91,085	8.10%	7,378	(7,378)
Legal & General - Global Equity	179,435	17.30%	31,042	(31,042)
Legal & General - Fundamentals	226,424	17.30%	39,171	(39,171)
Jubilee Advisors - Long/Short Hedge Funds	86,138	7.90%	6,805	(6,805)
Barings - Dynamic Assets Allocation	181,139	12.10%	21,918	(21,918)
Partners Group - Infrastructure	5,626	15.20%	855	(855)
M&G - Financing Fund	12,758	0.00%	0	0
Berenberg Bank - Dynamic Currency Fund	9,838	0.00%	0	0
Capital International - Global Equity	46	0.00%	0	0
Capital International - Absolute Income Grower	23	0.00%	0	0
	1,631,451		224,006	(224,006)

As at 31 March 2013	Value £000	Volatility of return	Increase £000	Decrease £000
Baillie Gifford - Global Equity	227,940	17.00%	38,750	(38,750)
CBRE - Property	162,841	10.80%	17,587	(17,587)
Western Asset Management - Corporate Bonds	173,712	6.70%	11,639	(11,639)
Legal & General - Equity	219,821	16.60%	36,490	(36,490)
Legal & General - Gilts	76,875	11.00%	8,456	(8,456)
Legal & General - Global Equity	164,554	17.00%	27,974	(27,974)
Legal & General - Fundamentals	84,958	17.00%	14,443	(14,443)
Edinburgh Partners - Global Equity	120,759	17.00%	20,529	(20,529)
Jubilee Advisors - Long/Short Hedge Funds	75,365	10.90%	8,215	(8,215)
Barings - Dynamic Assets Allocation	150,774	12.00%	18,093	(18,093)
Partners Group - Infrastructure	3,811	30.00%	1,143	(1,143)
M&G - Financing Fund	11,349	0.00%	0	0
Berenberg Bank - Dynamic Currency Fund	7,482	0.00%	0	0
Capital International - Global Equity	135	0.00%	0	0
Capital International - Absolute Income Grower	112	0.00%	0	0
	<u>1,480,488</u>		<u>203,319</u>	<u>(203,319)</u>

2) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's exposure to interest rate movements from its investments in cash & cash equivalents, fixed interest and loans at 31 March 2014 and 2013 are provided below.

31 March 2014	
£000	
Cash held on deposit	26,042
Fixed Interest Securities	163,143
Loans	12,758
	<u>201,943</u>
31 March 2013	
£000	
Cash held on deposit	29,809
Fixed Interest Securities	162,030
Loans	11,349
	<u>203,188</u>

Interest Rate – Sensitivity Analysis

The Pension Fund recognises that interest rates vary and can impact on the fair value of the assets. The sensitivity of the Fund's investments to changes in interest rates has been analysed by showing the affect of a 100 basis point (1%) change in interest rates. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

As at 31 March 2014	Value £000	Change in net assets	
		£000	£000
		+100 BP	-100 BP
Cash held on deposit	26,042	260	(260)
Fixed Interest Securities	163,143	(13,084)	13,084
Loans	12,758	0	0
	<u>201,943</u>	<u>(12,824)</u>	<u>12,824</u>

As at 31 March 2013	Value £000	Change in net assets	
		+100 BP £000	-100 BP £000
Cash held on deposit	29,809	298	(298)
Fixed Interest Securities	162,030	(13,108)	13,108
Loans	11,349	0	0
	203,188	(12,810)	12,810

A 1% increase in interest rates will reduce the fair value of the relevant net assets and vice versa. The loans identified are part of the M&G Financing Fund. Borrowers pay a fixed annual interest rate agreed at the outset.

3) Currency Risk

Currency risk represents the risk that the fair value of financial instruments will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in a currency other than sterling. When sterling depreciates the sterling value of foreign currency denominated investments will rise and when sterling appreciates the sterling value of foreign currency denominated investments will fall.

Currently Wiltshire Pension Fund has a dynamic hedging arrangement in place. This reduces the volatility of returns over the long term.

The tables below show approximate exposures to each of the three major foreign currencies based on manager benchmarks and target allocations. This is based on the two global equity managers Baillie Gifford and Legal & General.

2014	US Dollar	Euro	Yen
Benchmark Weights	17.85%	7.40%	3.17%
	£'000	£'000	£'000
Net Currency Exposure	291,676	120,887	51,842

2013	US Dollar	Euro	Yen
Benchmark Weights	18.00%	6.60%	3.20%
	£'000	£'000	£'000
Net Currency Exposure	266,904	97,108	47,408

Currency Risk – Sensitivity Analysis

The sensitivity of the Fund's investments to changes in foreign currency rates have been analysed using a 10% movement in exchange rates in either direction. This analysis assumes that all variables, in particular interest rates, remain constant.

A 10% strengthening or weakening of Sterling against the various currencies at 31 March 2014 and 31 March 2013 would have increased or decreased the net assets by the amount shown below.

2014	Assets Held at Fair Value £000	Change in net assets	
		+10% £000	-10% £000
US Dollar	291,676	29,168	(29,168)
Euro	120,887	12,089	(12,089)
Yen	51,842	5,184	(5,184)
Net Currency Exposure	464,405	46,441	(46,441)

2013	Assets Held at Fair Value £000	Change in net assets	
		+10% £000	-10% £000
US Dollar	266,904	26,690	(26,690)
Euro	97,108	9,711	(9,711)
Yen	47,408	4,741	(4,741)
Net Currency Exposure	411,420	41,142	(41,142)

As the Fund has a dynamic hedging arrangement in place only a proportion of the gains/losses would be experienced. One important point to note is that currency movements are not independent of each other. If sterling strengthened generally it may rise against all the above currencies producing losses across all the currencies.

b) Credit Risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to meet their obligations and the Fund will incur a financial loss.

The Fund is exposed to credit risk through its investment managers, custodian and its daily treasury management activities. Credit risk is minimised through the careful selection and monitoring of counterparties.

A securities lending programme is run by the Fund's custodian, BNY Mellon, who manage and monitor the counterparty risk, collateral risk and the overall lending programme. The minimum level of collateral for securities on loan is 102%, however more collateral may be required depending upon the type of transaction. This level is assessed daily to ensure it takes account of market movements. The current collateral Wiltshire Pension Fund accepts is AAA rated supranational debt, AA rated debt and FTSE 350 Equity DBV. Securities lending is capped by investment regulations and statutory limits are in place to ensure that no more than 35% of eligible assets can be on loan at any one time.

Forward currency contracts are entered into by the Fund's currency overlay manager – Berenberg. These contracts are subject to credit risk in relation to the counterparties of the contracts which are primarily banks. The responsibility for these contracts rests with Berenberg. Prior to appointment full due diligence was undertaken, they are regulated by BaFin (the German equivalent of FCA) and meet the requirements set out in the LGPS (Management and Investment of Funds) Regulations 2009.

Another source of credit risk is the cash balances held internally or by managers. The Pension Fund's bank account is held at HSBC, which holds an AA- long term credit rating and it maintains its status as a well capitalised and strong financial institution. The management of the cash held in this account is managed by the Council's Treasury Management Team in line with the Fund's Treasury Management Strategy which sets out the permitted counterparties and limits. Cash held by investment managers is invested with the custodian in a diversified money market fund rated AAAM.

The Fund's exposure to credit risk at 31 March 2014 and 2013 is the carrying amount of the financial assets.

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2014

	£000
Fixed interest securities	163,143
Index linked securities	933
Derivative assets	1,583
Cash held on deposit	26,042
Other investment balances	3,465
Current assets	18,150
	<u>213,316</u>

2013

	£000
Fixed interest securities	162,030
Index linked securities	2,435
Derivative assets	558
Cash held on deposit	29,809
Other investment balances	3,509
Current assets	15,797
	<u>214,138</u>

c) Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The main liabilities of the Fund relate to the benefits payable which fall due over a long period of time. The investment strategy reflects this and set out the strategic asset allocation of the Fund. Liquidity risk is mitigated by investing a proportion of the Fund in actively traded instruments in particular equities and fixed income investments. The Fund maintains a cash balance to meet operational requirements.

The following tables analyses the Fund's financial liabilities as at 31 March 2014 and 2013, grouped into relevant maturity dates.

2014	Carrying Amount £000	Less than 12 months £000	Greater than 12 months £000
Accounts Payable	93	93	0
Benefits Payable	1,348	1,348	0
Sundry Creditors	2,996	2,996	0
	<u>4,437</u>	<u>4,437</u>	<u>0</u>

2013	Carrying Amount £000	Less than 12 months £000	Greater than 12 months £000
Accounts Payable	26	26	0
Benefits Payable	819	819	0
Sundry Creditors	1,527	1,527	0
	<u>2,372</u>	<u>2,372</u>	<u>0</u>

Fair Value Hierarchy

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Unadjusted quoted prices in an active market for identical assets or liabilities that the Fund has the ability to access at the measurement date.

- Level 2: Inputs other than quoted prices under Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability used to measure fair value that rely on the Funds own assumptions concerning the assumptions that market participants would use in pricing an asset or liability.

The tables below analyse financial instruments, measured at fair value at the end of the reporting period 31 March 2014 and 31 March 2013, by the level in the fair value hierarchy into which the fair value measurement is categorised. This has been produced from analysis provided by our custodian BNY Mellon.

2014	£000	£000	£000	£000
	Level 1	Level 2	Level 3	Total
Fixed Interest Securities	2,359	160,784		163,143
Index Linked Securities		933		933
Equities	254,112		13,349	267,461
Pooled Funds:				0
- Other		992,261	5,627	997,888
- Property		138,154	32,782	170,936
Derivative assets				0
- Futures	(49)			-49
- Options				0
- Forward FX	1,632			1,632
	258,054	1,292,132	51,758	1,601,944
Cash Deposits	26,038	4		26,042
Other Investment balances	3,465			3,465
	287,557	1,292,136	51,758	1,631,451

2013	£000	£000	£000	£000
	Level 1	Level 2	Level 3	Total
Fixed Interest Securities	679	161,351		162,030
Index Linked Securities		2,435		2,435
Equities	223,788		12,907	236,695
Pooled Funds:				0
- Other		892,176	5,585	897,761
- Property		132,508	15,183	147,691
Derivative assets				0
- Futures	(386)			-386
- Options				0
- Forward FX	944			944
	225,025	1,188,470	33,675	1,447,170
Cash Deposits	29,805	4		29,809
Other Investment balances	3,509			3,509
	258,339	1,188,474	33,675	1,480,488

During 2013/14 there were no transfers between level 1 and 2 of the fair value hierarchy.

The following tables present the movement in level 3 instruments for the year end 31 March 2014 and 31 March 13.

113

2014	£000
Opening balance	33,675
Total gains/losses	16,668
Purchases	3,614
Sales	-2,199
Transfer out of Level 3	0
Closing balance	<u><u>51,758</u></u>

2013	£000
Opening balance	11,582
Total gains/losses	12,911
Purchases	12,771
Sales	-3,589
Transfer out of Level 3	0
Closing balance	<u><u>33,675</u></u>

12 Investment management expenses

	2013/2014	2012/2013
	£000	£000
Administration, management and custody	2,852	3,200
Transaction Costs	277	289
Performance measurement services	41	40
	<u><u>3,170</u></u>	<u><u>3,529</u></u>

13 Current assets

	31 March 2014	31 March 2013
	£000	£000
Contributions due from other authorities and bodies		
- Employees	1,362	767
- Employers	4,072	2,501
Income due from external managers and custodians	0	0
Debtors (Magistrates)	5,790	6,755
Other	1,520	2,357
Cash balances	5,406	3,417
	<u><u>18,150</u></u>	<u><u>15,797</u></u>
Less:		
Long term debtors (Magistrates)	5,790	6,755
Net Current Assets	<u><u>12,360</u></u>	<u><u>9,042</u></u>

Contributions due at the year end have been paid to the Fund subsequent to the year end in accordance with the Rates & Adjustment certificate.

14 Current Liabilities

	31 March 2014 £000	31 March 2013 £000
Managers / Custody fees	943	764
HMRC	661	607
Other	2,833	1,001
	4,437	2,372

15. Additional Voluntary Contributions (AVCs)

Fund members paid contributions totalling £0.433 million (£0.371 million in 2012/13) into their AVC funds during the year. At the year end, the value of funds invested on behalf of Fund members totalled £3.293 million (£3.152 million in 2012/13), made up as follows:

	£ million
<i>Equitable Life Assurance Society</i>	
- With Profits Fund	0.849
- Unit Linked Managed Fund	0.271
- Building Society Fund	0.037
<i>Clerical Medical Funds</i>	
- With Profits Fund	0.217
- Unit Linked Managed Fund	0.986
<i>NPI Funds</i>	
- Managed Fund	0.030
- With Profits Fund	0.108
- Global Care Unit Linked Fund	0.051
- Cash Deposit Fund	0.032
<i>Prudential</i>	
- With Profits Cash Accumulation Fund	0.267
- Deposit Fund	0.121
- Diversified Growth Fund	0.097
- Equity Passive	0.002
- Long Term Growth Fund	0.093
- Pre-Retirement Fund	0.077
- Property Fund	0.055
	3.293

As mentioned earlier, AVC investments are not included in the Fund's financial statements.

16. Employer Related Assets

There are no employer related assets within the Fund.

17. Related Party Transactions

The Wiltshire Pension Fund is administered by Wiltshire Council. Consequently there is a strong relationship between the council and the pension fund.

The council incurred costs of £1.076m (2012/13: £0.975m) in relation to the administration of the fund and was subsequently reimbursed by the fund for these expenses. The council is also the single largest

employer of members of the pension fund and contributed £26m to the fund in 2013/14 (2011/12: £25m). A balance of £1.2m was owing to the Pension Fund by the Council at year end.

Part of the pension fund cash holdings are invested on the money markets by the treasury management operations of Wiltshire Council, through a service level agreement. During the year to 31 March 2014, the fund had a average investment balance of £3.4m (31 March 2013: £2.8m), earning interest of £18k (2012/13: £22k) in these funds.

Governance

There are two members of the pension fund committee L Croft and T Jackson that are active members of the pension fund. These individuals are the employer bodies' representatives.

18. Guaranteed Minimum Pension

The Fund continues to make progress on updating the details of Guaranteed Minimum Pensions (GMP) that were not previously shown on member's records.

GMP elements of member's LGPS pension are not increased by the Fund for Pre 1988 GMP (in respect of the period 06/04/1978 to 05/04/1988) but for Post 1988 (in respect of the period 06/04/1988 to 05/04/1997) it is increased by a maximum of 3%. The Government increase the State Pension for the member fully on the Pre 1988 GMP element and for Post 1988 GMP element it is only increased if CPI is above 3%.

The effect of LGPS pensions not showing the correct amount of GMP for its members would mean that their pension would be increased by more than it should be.

Although these overpayments are costs to the Fund they have been included as expenditure in previous pension fund accounts, therefore no restatement is necessary.

19. Contingent Liabilities and Contractual Commitments

Outstanding capital commitments (investments) at 31 March 2014 totalled Euro 42.725m (31 March 2013: 45,266m).

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the infrastructure part of the portfolio. The amounts 'called' are irregular in both size and timing from the original commitment.

Actuarial Statement in respect of IAS26 as at 31.03.2014**Introduction**

CIPFA's Code of Practice on Local Authority Accounting 2013/14 requires administering authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits.

The actuarial present value of promised retirement benefits is to be calculated similarly to the defined obligation under IAS19. There are three options for its disclosure in pension fund account:

- Showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit;
- As a note to the accounts; or
- By reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS19 and not the Pension Fund's funding assumptions.

I have been instructed by the Administering Authority to provide the necessary information for the Wiltshire Council Pension Fund, which is in the remainder of this note.

Balance sheet

Year ended	31 Mar 2014	31 Mar 2013
	£m	£m
Present Value of Promised Retirement Benefits	2,452	2,285

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2013. I estimate this liability at 31 March 2014 comprises £986m in respect of employee members, £523m in respect of deferred pensioners and £944m in respect of pensioners. The approximation involved in the roll forward model means that the split of scheme liabilities between the three classes of member may not be reliable. However, I am satisfied the aggregate liability is a reasonable estimate of the actuarial present value of the benefit promises. I have not made any allowance for unfunded benefits.

The above figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the accounts of the Pension Fund. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report as required by the Code of Practice. These are given below. I estimate that the impact of the change of assumptions to 31 March 2014 is to increase the actuarial present value by £109m.

Financial assumptions

My recommended financial assumptions are summarised below:

Year ended	31 Mar 2014	31 Mar 2013
	% p.a.	% p.a.
Inflation/Pension Increase Rate	2.8%	2.8%
Salary Increase Rate*	4.6%	5.1%*
Discount Rate	4.3%	4.5%

**Salary increases are 1% p.a. nominal until 31 March 2015 reverting to the long term thereafter*

Longevity assumption

As discussed in the accompanying report, life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI_2010 model, assuming the current rate of improvements has reached a peak and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

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

**Future pensioners are assumed to be currently aged 45*

Please note that the assumptions have changed since the previous IAS26 disclosure for the Fund.

Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Professional notes

This paper accompanies my covering report titled 'Actuarial Valuation as at 31 March 2014 for IAS19 purposes' dated 22 April 2014. The covering report identifies the appropriate reliances and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Catherine McFadyen FFA
16 May 2014
For and on behalf of Hymans Robertson LLP

Schedule of Employer Bodies**Scheduled/Resolution bodies**

Wiltshire Council
 Swindon Borough Council
 Wiltshire & Swindon Fire Authority
 Wiltshire Police Authority
 Wiltshire Probation Service
 Alderbury Parish Council
 Amesbury Parish Council
 Blunsdon St Andrews 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
 Royal Wootton Bassett Town Council
 Salisbury City Council
 Steeple Ashton Parish Council
 Stratton St Margaret Parish Council
 Trowbridge Town Council
 Wanborough Town Council
 Warminster Town Council
 Westbury Town Council
 Wilton Town Council
 Wroughton Parish Council
 Bishop Wordsworth Academy
 Bybrook Valley Academy
 Churchfield Academy
 Colebrook Infants Academy
 Commonweal Academy
 Corsham Primary Academy
 Corsham Secondary Academy
 Dauntseys Academy
 Devizes Academy
 Diocese of Bristol Academy Trust
 Diocese of Salisbury Academy Trust
 Dorcan Technology Academy
 Eastrop Infants Academy
 Education Fellowship
 Excalibur Academy
 Goddards Park Academy
 Gorse Hill Academy
 Hardenhuish School Ltd
 Hazelwood Academy
 Highworth Warneford Academy

Holy Family Academy
 Holy Rood Infants Academy
 Holy Rood Junior Academy
 Holy Trinity Calne Academy
 Holy Trinity Devizes Academy
 John Bentley Academy
 John of Gaunt Academy
 King William Academy
 Kingdown Academy
 Kingsdown Academy
 Lavington Academy
 Lethbridge Academy
 Lydiard Academy
 Malmesbury Academy
 Malmesbury Primary Academy
 The Manor Academy
 The Mead Primary Academy
 Millbrook Academy
 Morgan Vale Academy
 New College
 Oasis Community Learning
 Peatmoor Primary Academy
 Pewsey Vale Academy
 Ridgeway Academy
 Rowde Academy
 Royal Wootton Bassett School
 Sarum Academy
 Sevenfields Academy
 Shaw Ridge Academy
 Sheldon Academy
 South Wilts Grammar School
 Southfield Junior Academy
 Springfields Academy
 St Augustine's School
 St Catherine's Academy
 St Edmund's Calne Academy
 St Edmunds Girls Academy Salisbury
 St Joseph's Academy Devizes
 St Joseph's Academy Swindon
 St Laurence Academy
 St Leonard's Academy
 St Mary's Swindon Academy
 Swindon College
 United Learning Trust
 Wansdyke Academy
 Wellington Academy
 Westlea Academy
 White Horse Academies
 Wiltshire College
 Woodford Valley Academy

Admitted bodies

4 Children
 ABM Catering Ltd
 Action for Blind People
 Agincare
 Aster Communities
 Aster Group
 Aster Living
 Aster Property Management
 Atkins Ltd
 Balfour Beatty
 Barnardos
 Capita Business Services Ltd
 Care & Support Swindon (SEQOL)
 Caterlink
 CIPFA
 Collaborative Schools
 Community First
 Crime Reduction Initiatives
 DC Leisure
 Direct Cleaning
 Elior UK
 Enara
 FCC Environment
 Great Western Hospitals
 Greenwich Leisure Ltd
 Host
 Innovate Services
 Leonard Cheshire
 Lifeways
 Mainline Contract Services
 Mears Care Ltd
 Nuffield Health
 Plains Partnership
 The Order Of St John Care Trust
 Oxford Health NHS Trust
 Salisbury and South Wilts Museum
 Selwood Housing
 Seren Group
 Somerset Care Ltd
 Southern Health NHS Foundation Trust
 Swindon Commercial Services
 Swindon Dance
 Visit Wiltshire
 Westlea Housing Association
 Wiltshire and Swindon Sports Partnership
 Wiltshire CCG

These accounts form a summary from the Wiltshire Pension Fund Annual Report and Financial Statements publication. This provides information on its activities and a full detailed statement of its accounts. Requests for this report, or any other queries arising from the Wiltshire Pension Fund Accounts, should be addressed to the Chief Financial Officer, County Hall, Bythesea Road, Trowbridge, BA14 8JN.

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WILTSHIRE COUNCIL

AGENDA ITEM NO.

AUDIT COMMITTEE

31st July 2014

INTERNAL AUDIT 2014/15 1st QUARTER UPDATE REPORT

Purpose of the Report

1. This progress report presents the Committee with an update on the performance of the Internal Audit (IA) Section. In particular, it provides a summary of:
 - the outcomes of audits completed during the period,
 - the results and outcomes of follow-up reviews carried out during the period, to assess the extent and adequacy of management action taken in response to audit reports from the previous year
 - an update on the delivery of the 2014/15 IA Plan, including audits in-progress which should be finalised and reported to the next Committee meeting and any deferred audits.

Executive Summary

2. A total of 27 audit assignments from the 2013-14 plan have been completed since the update provided in March 2014. A further 18 audit assignments from the 2013-14 plan are in progress and of these, 12 are at draft report stage. In addition 15 audits from the 2014-15 plan have commenced.
3. Overall IA concluded as per its assurance definitions at page 9 of the SWAP report at Appendix A of this report that the majority of its findings were of reasonable assurance.
4. From this work no potential very high significant 'corporate' risks have been identified.
5. There was 1 audit review where no assurance was provided and 4 audit reviews that were afforded partial assurance.

6. Overall, 124 recommendations have been made by IA since the March 2014 update, broken down as follows:

Year	Priority 5	Priority 4	Priority 3	Priority 2	Priority 1	Total reported
2013/14 carry forward audits	1	35	69	18	1	124
Percentage	1%	28%	56%	15%	1%	

7. Appendix B shows audits grouped by current status and highlighted as Red, Amber or Green.
8. Internal Audit have agreed other additional work relating to central government returns.
9. Overall the performance of SWAP is on track with the partnership performance measures.

Proposal

10. Members are asked to note the findings from IA audits to date.

Reasons for Proposals

11. To ensure an effective IA function and strong control environment.

Michael Hudson
Associate Director, Finance, S.151 Officer

Report author: Michael Hudson
 01225 713601
 michael.hudson@wiltshire.gov.uk

Unpublished documents relied upon in the preparation of this Report: None.

Appendices: A – IA Third Progress Report 2014/15
 B – IA detailed Audit Plan and monitoring statement 2014/15
 C – Significant Corporate Risks
 D – Summary of audits deemed ‘Partial / No’ assurance
 E – Recommendations Not Accepted / Outstanding
 F – Schedule of Audit Work



Wiltshire Council

Report of Internal Audit Activity 2014/15

July 2014

Contents

The contacts at SWAP in connection with this report are:

Gerry Cox

Chief Executive

Tel: 01935 385906

gerry.cox@southwestaudit.co.uk

David Hill

Director of Planning

Tel: 01935 385906

david.hill@southwestaudit.co.uk

Denise Drew

Audit Manager

Tel: 01225 712702

denise.drew@southwestaudit.co.uk

Suella Coman

Audit Manager

Tel: 01225 712704

suella.coman@southwestaudit.co.uk

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The Chief Executive of SWAP is required to provide an opinion to support the Annual Governance Statement.

“risks are generally well managed and the systems of internal control are working effectively”

Audit Opinion

Overall, based on the work completed to date this financial year, I can report that risks are generally well managed and the systems of internal control are working effectively. Management respond positively to internal audit suggestions for improvements and corrective action is often taken quickly, wherever this is possible or practical.

Our audit activity is split between:

- **Operational Audits**
- **Key Control Audits**
- **Governance, Fraud & Corruption Audits**
- **IT Audits**
- **Special Reviews**

Role of Internal Audit and Audit Work

The Internal Audit service for Wiltshire Council is provided by South West Audit Partnership (SWAP). SWAP is a Local Authority controlled company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS). The Partnership is also guided by the Internal Audit Charter approved by this Committee.

Internal Audit provides an independent and objective opinion on the Authority's governance, risk and control environment by evaluating its effectiveness.

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Associate Director, Finance (Section 151 Officer), following consultation with the Corporate Leadership Team and External Auditors. This year's Audit Plan was reported to this Committee at its meeting on 11th March 2014.

Key Control Audits are undertaken in quarter three of each year and these are planned in conjunction with the Council's External Auditor to assist in their assessment of the Council's financial control environment. This reduces the overall cost of audit to the Council.

Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, risk and control. This audit assignment activity is broken down into various categories of work as outlined in the bullet points shown in the column on the left of this page.

Outturn to Date:

We rank our recommendations on a scale of 1 to 5, with 1 being minor or administrative concerns to 5 being areas of major concern requiring immediate corrective action

“There have been 124 recommendations raised since our last update.

“There has been no non-assurance opinions issued”

Internal Audit Work Programme

The schedule provided at Appendix B contains a list of all audits as agreed in the Annual Audit Plan 2014/15 and any remaining work from the 2013/14 plan. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed on pages 9 and 10 of this document.

To assist the Committee in its important monitoring and scrutiny role, in those cases where weaknesses have been identified in service/function reviews that are considered to represent significant service risks, a summary of the key audit findings that have resulted in them receiving a ‘Partial Assurance Opinion’ have been summarised in Appendix D.

However, in circumstances where findings have been identified which are considered to represent significant corporate risks to the Council, due to their importance, these issues are separately summarised in Appendix C.

Appendix E includes any recommendations made which were not agreed by management. The report also includes recommendations made and agreed but which are still outstanding 3 months after the final report has been issued. Please note action may be outstanding if implementation dates are not yet due.

Outturn to date:

Efficiencies and Added Value

Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.

“Audits have added value through recommending improvements that will deliver more efficient processes.”

Efficiencies and Added Value

Primarily Internal Audit is an assurance function and will remain as such. However, Members requested that we provide them with examples of where we have “added value” to a particular service or function under review. In response to this we have changed our approach and internal processes and will now formally capture at the end of each audit where we have “added value”.

The SWAP definition of “added value” is “it refers to extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something "more" while adding little or nothing to its cost”.

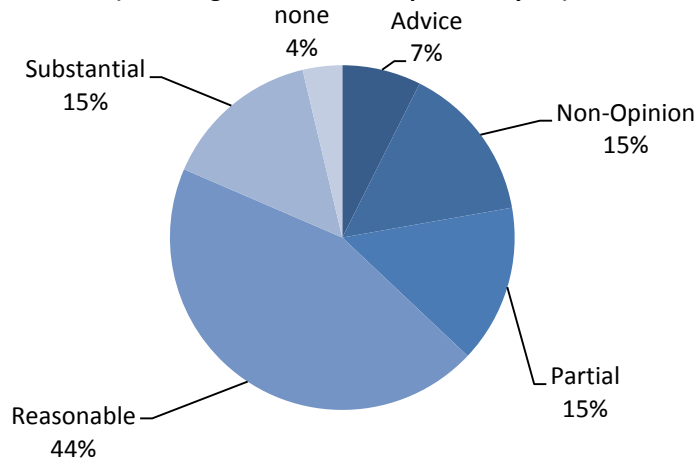
As we complete our operational audit reviews and through our governance audit programmes across SWAP we seek to bring information and best practice to managers to help support their systems of risk management and control. Work of particular note this quarter includes:

1. **Childrens Safeguarding** – assurance gained that the safeguarding improvement plan (if implemented as planned) will address the risks and recommendations of the safeguarding internal audit.
2. **Foster Carers Reports** – attendance at operational team meeting to explain issues identified in the audit.
3. **Information Security** – an issue was identified by audit. As a result, management action was taken to alleviate the risk. Audit also in attendance at both the Information Assurance Steering Group and the Transformational Information Management Board.
4. **Information Assurance** – the current split of Assurance Officers under Governance and also Operational IT meant that previously no overview of Information Assurance had taken place as a whole function.
5. **Programme Office** – advice given on expected controls in the implementation of a new IT application.

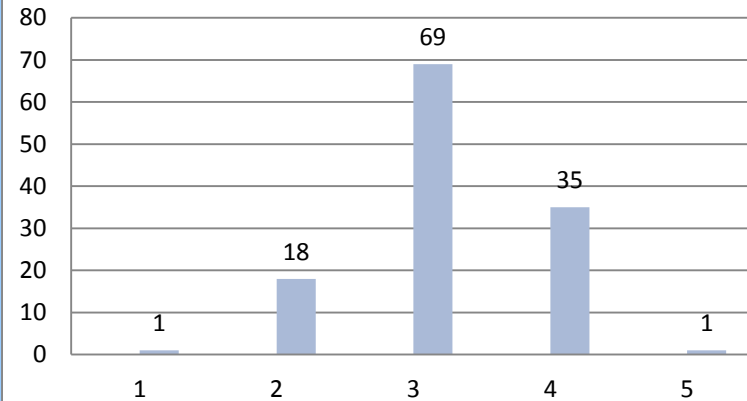
Summary of Control Assurance and Recommendations

Control Assurance % by Category

(including 13/14 work completed in year)



Audit Recommendations by Priority



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Summary of Internal Audit Work to date

27 audit assignments from the 2013-14 plan have been completed since the progress reported to Committee in March 2014. An analysis of assurances given and recommendations made is provided above. 18 audit assignments from the 2013-14 plan are yet to reach completion. 15 audits from the 2014-15 plan have commenced. These are detailed in Appendix B of this report.

Members also requested an analysis of the number of recommendations made (priority 3, 4, 5) against the number outstanding. Since the 1st April 2013 185 recommendations have been made and there remain 38 outstanding 3 months after report issue date, see Appendix E.

Performance:

The Chief Executive of SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.

“More work is needed to improve the timeliness of issuing final reports”

SWAP Performance

SWAP now provides the Internal Audit service for 12 Councils and also many subsidiary bodies. SWAP performance is subject to regular monitoring review by both the Board and the Members Meeting. The respective outturn performance results for Wiltshire Council for the 2013/14 year are as follows;

Performance Target	Average Performance
<p><u>Audit Plan – Percentage Progress</u> 13/14 Percentage completion 90% or more</p>	100%
<p><u>Draft Reports</u> Issued within 5 working days Issued within 10 working days</p>	55% 69%
<p><u>Final Reports</u> Issued within 10 working days of discussion of draft report.</p>	29%
<p><u>Quality of Audit Work</u> Customer Satisfaction Questionnaire</p>	82%

Performance:

The Chief Executive of SWAP reports performance on a regular basis to the SWAP Management and Boards.

SWAP Performance

At the close of each audit review a Customer Satisfaction Questionnaire is sent out to the service manager or nominated officer. The aim of the questionnaire is to gauge satisfaction against timeliness; quality; and professionalism. As part of the Balanced Scorecard presented to the SWAP Management Board, a target of 85% is set where 75% would represent a score of good. The current accumulative feedback for Wiltshire Council is 82%.

We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time.

Approved Amendments to Annual Audit Plan 2014-15

Planned audit work is as detailed in Appendix B. Audit work remains under constant review to ensure that, if necessary, internal audit resources can also be targeted at emerging issues in a timely manner. Any changes that are required are agreed with the Associate Director Finance (Section 151) and are reported to the Committee.

During the first quarter specific requests for Internal Audit support has resulted in a requirement to complete additional audit work. At present these additions are covered from the agreed contingency allowance or from deferred or removed audits.

The additional work agreed so far for the 2014-15 year covers review activity in the following area:





- Carbon Reduction Commitment Scheme.

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;

- Substantial
- Reasonable
- Partial
- None

Audit Framework Definitions

Control Assurance Definitions

Substantial		I am able to offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
Reasonable		I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial		I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
None		I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time.

Audit Framework Definitions

- Priority 5: Findings that are fundamental to the integrity of the unit’s business processes and require the immediate attention of management.
- Priority 4: Important findings that need to be resolved by management.
- Priority 3: The accuracy of records is at risk and requires attention.
- Priority 2: Minor control issues have been identified which nevertheless need to be addressed.
- Priority 1: Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

Definitions of Risk

Risk	Reporting Implications
Low	Issues of a minor nature or best practice where some improvement can be made.
Medium	Issues which should be addressed by management in their areas of responsibility.
High	Issues that we consider need to be brought to the attention of senior management.
Very High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.

Audit No.	Directorate / Service	Audit Area	Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft issued	Proposed Final	Final Issued	No. of recs	Recommendations					Comments
													5	4	3	2	1	
DEFERRED WORK 2013 - 14 (STATUS AMBER) - DEFERRED WORK IS ALWAYS AGREED WITH THE S151 OFFICER																		
	Corporate & Procurement	Procurement	Operational	Corporate Procurement	April 2014	Deferred											A corporate review of procurement is currently being undertaken. Audit work deferred until 2015/16 when the review will have been completed, recommendations considered and actioned.	
	Finance	Imprest Accounts	Operational	Imprest Year End returns	April 2014	Deferred											Audit deferred until 2015/16 pending implementation of previous recommendations.	
	People & Business Services	Training Records	Operational	Training Records	April 2014	Deferred											A corporate wide review of training requirements is currently underway. Audit work deferred until quarter 4 when the review has been completed and recording arrangements agreed.	
	Finance	Disposal of Assets	Operational	Disposal of Assets	April 2014	Deferred											Deferred to quarter 3 due to review of assets currently taking place	
AUDITS PLANNED BUT NOT YET STARTED (STATUS AMBER)																		
	People & Business Services	Absence Management	Operational	Absence Management	April 2014	Created											Service area currently subject to another audit, timing under review	
	Core Cross-Cutting	Corporate Governance	Governance, Fraud & Corruption	Corporate Governance	April 2014	Created											Waiting for client to confirm to start	
	Children's Social Care	Youth Centres	Operational	Unofficial Fund Accounting/Procedures	April 2014	Created											Awaiting outcome of Service Review in this area	
	Adult Social Care Operations	Adult Social Care	Operational	Monitoring Capacity of Social Workers	April 2014	Created											Postponed to align with an identical audit in Children's Services to better enable sharing of good practice.	
CARRIED FORWARD 2013 - 14 IN PROGRESS (STATUS AMBER)																		
	Adult Social Care Operations	Vulnerable Adults	Follow Up	Vulnerable Adults follow up	2013/14	In Progress												
	Children's Social Care	Care Placements	Follow Up	Care Placements Follow Up	2013/14	In Progress												
	Adult Care Commissioning & Monitoring	Continuing Health Care	Operational	Continuing Health Care	2013/14	In Progress												
	Children's Social Care	Children's safeguarding	Follow Up	Children's Safeguarding Follow Up	2013/14	In progress												
	People & Business Services	Restructuring & Redundancies	Operational	Voluntary redundancies	2013/14	In Progress												
	Core Cross-Cutting	Disclosure and Barring Service (DBS)	Operational	Disclosure and Barring Service (DBS)	2013/14	Discussion Document												
	Legal & Democratic	Electoral Services	ICT	Xpress Payroll	2013/14	Draft												
	Children's Social Care	Child Placements	Operational	Independent Reviewing Process	2013/14	Draft												
	Children's Social Care	Foster Carers	Operational	Foster Carer Reports	2013/14	Draft												
	Information Services	IT Infrastructure	Key Control	Corporate ICT Processes	2013/14	Draft												
	Environment, Waste & Leisure	Leisure	Operational	Legionella and COSHH	2013/14	Draft												
	Schools & Learning	Benchmarking	School	Schools - Benchmarking	2013/14	Draft												
	Schools & Learning	Payment Cards	School	Schools - Payment Cards	2013/14	Draft												
	Core Cross-Cutting	Expenses Fraud	Operational	Members Expense Claims	2013/14	Draft												

Audit No.	Directorate / Service	Audit Area	Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft issued	Proposed Final	Final Issued	No. of recs	Recommendations					Comments
													5	4	3	2	1	
	Finance	General Ledger & Financial Accounting	Key Control	General Ledger & Financial Accounting	2013/14	Draft												
	People & Business Services	Workforce	Operational	Employment Tracking	2013/14	Draft												
	Information Services	Systems Administration	ICT	Systems Administration	2013/14	Draft												
	Information Services	Information Security	ICT	Sharepoint Security	2013/14	Draft												
AUDITS PLANNED BUT NOT YET STARTED (STATUS GREEN)																		
	Information Services	Asset Management	ICT	Configuration Management Database	July 2014	created												
	Adult Social Care Operations	Care Homes	Operational	Contract Monitoring	July 2014	created												
	Core Cross-Cutting	Corporate Governance	Governance, Fraud & Corruption	Risk and Performance Management	July 2014	created												
	Economic Development & Planning	Development Control	Operational	Planning Applications	July 2014	created												
	People & Business Services	Expense Claims	Operational	Expense Claims - HMRC	July 2014	created												
	Legal & Democratic	Information Management	Governance, Fraud & Corruption	Information Management	July 2014	created												
	Environment, Waste & Leisure	Leisure Centres	Operational	Leisure Centres - Income	July 2014	created												
	Corporate & Procurement	Procurement	Operational	e-procurement	July 2014	created												
	Transformation	Programme Office	Governance, Fraud & Corruption	Wilts on line project	July 2014	created												
	Children's Commissioning & Performance	Safeguarding (Child Protection)	Operational	Safeguarding	July 2014	created												
	Finance	Trust Funds	Operational	Trust Funds Administration	July 2014	created												
	Finance	VAT	Operational	Payment and Recovery of VAT	July 2014	created												
	Children's Social Care	Transitions	Operational	Transitions	October 2014	created												
	People & Business Services	Absence Management	Operational	Absence Management 2	October 2014	created												
	Adult Care Commissioning & Monitoring	Housing Rents	Key Control	Housing Rents	October 2014	created												
	Adult Social Care Operations	Care Management & Quality	Operational	Reassessments and Reviews	October 2014	created												
	Corporate & Procurement	Business Plan	Operational	Budget monitoring - delivery of savings	October 2014	created												
	Environment, Waste & Leisure	Waste Collection	Operational	Waste Collection	October 2014	created												
	Finance	Accounts Payable	Key Control	Accounts Payable	October 2014	created												
	Finance	Council Tax	Key Control	Council Tax	October 2014	created												

Audit No.	Directorate / Service	Audit Area	Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft issued	Proposed Final	Final Issued	No. of recs	Recommendations					Comments
													5	4	3	2	1	
	Finance	Accounts Receivable	Key Control	Accounts Receivable	October 2014	created												
	Finance	General Ledger & Financial Accounting	Key Control	GL & Financial Accounting	October 2014	created												
	Finance	Housing & Council Tax Benefits	Key Control	Housing & Council Tax Benefits	October 2014	created												
	Finance	Non Domestic Rates	Key Control	NDR	October 2014	created												
	Finance	Payroll	Key Control	Payroll	October 2014	created												
	Finance	Pensions	Key Control	Pensions	October 2014	created												
	Finance	Treasury Management	Key Control	Treasury Management	October 2014	created												
	Information Services	Civica Cash Receipting	ICT	Civica Cash Receipting	October 2014	created												
	Information Services	IT Infrastructure	ICT	Corporate ICT Processes	October 2014	created												
	Information Services	Active Directory	ICT	Active Directory	October 2014	created												
	Information Services	Northgate Benefit System	ICT	IT - Revenues & Benefits (Northgate)	October 2014	created												
	Information Services	QL Housing Management System	ICT	IT - QL	October 2014	created												
	Information Services	SAP IT Key Control	ICT	IT - SAP	October 2014	created												
	Environment, Waste & Leisure	Fleet	Operational	Depots	January 2015	created												
	Legal & Democratic	Information Assurance	Operational	Quality Assurance Checks	January 2015	created												
	Children's Social Care	Referrals & Assessments	Operational	Common Assessment Framework	January 2015	created												
	Adult Care Commissioning & Monitoring	Safeguarding (Adults)	Operational	Safeguarding	January 2015	created												
	Adult Social Care Operations	Care Homes	Operational	Client Property	January 2015	created												
	Adult Social Care Operations	Management Review	Operational	DCS Care Home	January 2015	created												
	Children's Social Care	Capacity of Social Care Workers	Operational	Capacity to deliver front line services.	January 2015	created												
	Children's Social Care	Looked After Children	Operational	Looked After Children	January 2015	created												
	Corporate & Procurement	Business Plan	Operational	Service Plan Delivery	January 2015	created												
	Corporate & Procurement	Performance Management	Operational	Data Quality	January 2015	created												
	Corporate & Procurement	Procurement	Operational	Tendering Procedures	January 2015	created												
	Environment, Waste & Leisure	Waste Management & Landfill Strategy	Operational	Waste Disposal/Recycling	January 2015	created												

Audit No.	Directorate / Service	Audit Area	Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft issued	Proposed Final	Final Issued	No. of recs	Recommendations					Comments
													5	4	3	2	1	
	Finance	Revenues & Benefits	Operational	Welfare Reform Act	January 2015	created												
	Information Services	Asset Management	ICT	Software Licensing	January 2015	created												
	Information Services	HelpDesk	ICT	Helpdesk Targets & Performance	January 2015	created												
	Legal & Democratic	Information Security	ICT	Information Security Breaches	January 2015	created												
	People & Business Services	Employment Tracking	Operational	Employment Tracking	January 2015	created												
	People & Business Services	Occupancy Data	Operational	Occupancy Data	January 2015	created												
	Transformation	Campus Programme	Operational	Campus Programme	January 2015	created												
PROJECTS CURRENTLY IN PROGRESS - NO ISSUES TO REPORT (STATUS GREEN)																		
	Highways & Transport	Car Parking Services	Operational	Residential Parking Permits	April 2014	In Progress		03/09/2014										
	Adult Care Commissioning & Medication	Court of Protection	Operational	Court of Protection	April 2014	In Progress		04/08/2014										
	Economic Development & Planning	Development Control	Operational	S.106 monies/Community Infrastructure Levy (CIL)	April 2014	In Progress		TBC										
	Public Health & Public Protection	Emergency Planning	Operational	Emergency Planning	April 2014	In Progress		19/08/2014										
	Public Health & Public Protection	Environmental Health	Operational	Private Water Supplies	April 2014	In Progress		22/07/2014										
	Finance	Imprests	Operational	Unannounced imprest sites visits	April 2014	In Progress		N/A										
	Client Support	Planning, Reporting & Advice	Advice	Planning, Reporting & Advice, including schools support	2014/15	In Progress		N/A										
	Schools & Learning	Schools	School	Individual Schools Audits	2014/15	In Progress		N/A										
	Public Health & Public Protection	Public Health	Grant Certification	Public Health Grant Certification	April 2014	In Progress		04/08/2014										
	Finance	Pensions	Operational	Administration of Pensions	April 2014	In Progress		19/09/2014										
	Environment, Waste & Leisure	Neighbourhood	Grant Certification	Local Sustainable Transport Fund Grant Certification	April 2014	In Progress		N/A										
	People & Business Services	Carbon Reduction Commitment Scheme	Operational	Carbon Reduction Commitment Scheme	April 2014	In Progress		28/07/2014										
	Legal & Democratic	Information Assurance	Advice	Corporate Information Groups	April 2014	In Progress		N/A										
	Highways & Transport	Highways	Operational	Highways & Streetscene Contract	July 2014	In Progress		01/09/2014										
	Children's Social Care	Special Educational Needs & Disability (SEND)	Operational	SEN Provision	April 2014	In Progress		30/09/2014										
CARRIED FORWARD 2013 - 14 WORK COMPLETED (STATUS GREEN)																		
	People & Business Services	Strategic Property Services	Operational	Energy Management	April 2013	Final	Reasonable					0	0	0	0	0	0	

Audit No.	Directorate / Service	Audit Area	Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft issued	Proposed Final	Final Issued	No. of recs	Recommendations					Comments
													5	4	3	2	1	
	Finance	Treasury Management	Key Control	Treasury Management	October 2013	Final	Substantial					0	0	0	0	0	0	
	Information Services	SAP IT Key Control	Key Control	SAP IT Key Control	October 2013	Final	Reasonable					19	0	1	15	3	0	
	Information Services	Civica Cash Receipting	ICT	Civica Cash Receipting	October 2013	Final	Partial					17	0	5	11	1	0	
	Legal & Democratic	Freedom of Information, Data Protection Act	Operational	Departmental management of Freedom of Information Requests, Subject Access Requests and Complaints	July 2013	Final	Reasonable					5	0	0	2	3	0	
	Legal & Democratic	Litigation Management	Follow Up	Litigation Management Follow Up	July 2013	Final	Follow Up					0	0	0	0	0	0	
	Economic Development & Planning	Economic Development	Follow Up	Enterprise Network Project Follow Up	July 2013	Final	Follow Up					0	0	0	0	0	0	
	Highways & Transport	Highways	Follow Up	Highways Follow Up	January 2014	Final	Follow Up					0	0	0	0	0	0	
	Communications & Communities	Area Boards, Communities	Special Investigation	Investigation Area Board Grant	November 2013	Final	Non Opinion					0	0	0	0	0	0	
	Finance	Imprests/Cash Remote Offices	Governance, Fraud & Corruption	Unannounced imprest visits	April 2013	Final	Non Opinion					0	0	0	0	0	0	
	Environment, Waste & Leisure	Waste Management & Landfill Strategy	Operational	Waste Strategy	July 2013	Final	Advice					0	0	0	0	0	0	
	Children's Social Care	Adoption & Fostering	Grant Certification	Adoption Grant	June 2013	Final	Reasonable					0	0	0	0	0	0	
	Transformation	BDUK Broadband	Operational	BDUK Broadband	October 2013	Final	Advice					0	0	0	0	0	0	
	Information Services	Information Management	ICT	File Storage (Manual Files)	April 2013	Final	Non Opinion					9	1	4	4	0	0	
	Children's Social Care	Troubled Families	Operational	Troubled Families	October 2013	Final	Substantial					1	0	0	1	0	0	
	Adult Care Commissioning & Monitoring	Housing Rents	Operational	Housing Rents	October 2013	Final	Partial					16	0	6	7	3	0	
	Economic Development & Planning	Economic Development	Governance, Fraud & Corruption	Partnerships Governance/LEP	October 2013	Final	Follow Up					0	0	0	0	0	0	
	Finance	Pensions	Key Control	Pensions	October 2013	Final	Substantial					0	0	0	0	0	0	
	Finance	Payroll	Key Control	Payroll	October 2013	Final	Reasonable					8	0	1	4	3	0	
	Finance	Revenues & Benefits	Operational	Welfare reform Act	July 2013	Final	Reasonable					4	0	0	3	0	1	
	Finance	Council Tax	Key Control	Council Tax	October 2013	Final	Reasonable					6	0	0	3	3	0	
	Finance	Accounts Receivable	Key Control	Accounts Receivable	October 2013	Final	Substantial					2	0	1	0	1	0	
	Finance	Housing & Council Tax Benefits	Key Control	Housing & Council Tax Benefits	October 2013	Final	Reasonable					5	0	0	5	0	0	
	Finance	Accounts Payable	Key Control	Accounts Payable	October 2013	Final	Reasonable					0	0	0	0	0	0	
	People & Business Services	Workplace Transformation	Operational	Flexible Working	October 2013	Final	Reasonable					3	0	1	2	0	0	
	Information Services	QL Housing Management System	Key Control	WC_QL Housing Management System	October 2013	Final	No					21	0	11	10	0	0	

Audit No.	Directorate / Service	Audit Area	Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft issued	Proposed Final	Final Issued	No. of recs	Recommendations					Comments
													5	4	3	2	1	
	Information Services	Northgate Benefit System	Key Control	Northgate Benefit System	October 2013	Final	Reasonable					7	0	1	5	1	0	
	Corporate & Procurement	Major Contracts	Operational	Contract Clauses	July 2013	Final	Partial					5	1	3	1	0	0	
	Schools & Learning	Unofficial Funds	Operational	Unofficial Fund Accounting/Procedures	July 2013	Final	Partial					5	0	5	0	0	0	
	Environment, Waste & Leisure	Fleet	Operational	Fleet	July 2013	Final	Reasonable					0	0	0	0	0	0	
	Adult Care Commissioning & Services	Homes 4 Wiltshire	Non Opinion	Homes 4 Wiltshire	July 2013	Final	Non Opinion					7	0	1	6	0	0	

Schedule of Potential Significant Risks Identified from Internal Audit Work during the period 1 April 2014 – 30 June 2014

NEW RISKS IDENTIFIED DURING THE PERIOD 1 APRIL 2014 TO 30 JUNE 2014								
Ref	No	Name of Audit	Weaknesses Found	Risk Identified	Recommended Action	Managers Agreed Action	Agreed Date of Action	Managers Update
NONE IDENTIFIED FROM INTERNAL AUDIT WORK DURING THIS PERIOD								

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AUDIT TITLE	AUDITORS OPINION
Housing Rents	<p>The audit opinion reflects continued weaknesses in rent arrears recovery arrangements. It is evident from significantly increased balances for both current and former tenant arrears that continued restructuring and unfilled posts has impacted greatly on the service and the efficiency of recovery actions.</p> <p>Audit recognises that the service has redeveloped its approach towards arrears recovery by establishing a dedicated, specialist income team which has only recently become fully staffed. This should seek to improve future arrangements as should a number of other future planned, pre-emptive arrangements detailed further in this report.</p>
Civica Cash Receipting	<p>No significant findings are reported again for finance key controls. Arrangements in place in respect of reconciliations between SAP debtors and Civica cash receipting, monthly bank reconciliation and also reconciliation between Civica and SAP general ledger are considered appropriate.</p> <p>Whilst assurance can be placed on finance controls reviewed, these all fall later in the scheme of controls operated overall and can only provide assurance in respect of timeliness and completeness of transferred balances between Civica, SAP and bank.</p> <p>A number of recommendations are made in respect of ICT key controls regarding user account administration, policy and procedure governing appropriate and authorised access. Many of these remain outstanding from last year’s key control review and this is reflected in the reported audit opinion.</p>
Contract Clauses	<p>From the sample of contracts reviewed, most contained the relevant clauses, however, where these are not present or used inconsistently, this may leave the Council vulnerable to challenge. Incorrect or incomplete Freedom of Information clauses could put the Council at risk of non-compliance with the Information Commissioner's Office. Recommendations have been made to address these weaknesses.</p> <p>During the course of this audit there were a number of areas of concern which relate to contracts in general and recommendations have been made to address these generic issues. The one recommendation given a priority 5 refers to ensuring Legal Services have involvement with contracts over £100,000 and for major contracts this should be ongoing throughout the course of the contract.</p>

AUDIT TITLE	AUDITORS OPINION
Unofficial fund accounting / procedures	<p>Two main issues affect the audit opinion. The first is the external scrutiny regime which has not changed in substance since (at least) 2009 when responsibility for monitoring the return of ‘audit certificates’ passed from Internal Audit to the Accounting and Budget Support Team. The requirement to have school unofficial funds ‘audited’ and to provide a certificated opinion about ‘truth and fairness’ is misleading for those with knowledge of the external auditing profession and inappropriate for a relatively low value and voluntary fund. This together with a lack of guidance as to what is expected of an ‘auditor’ in this context has resulted in some confusion, resistance and perceived inability to comply with the requirement. I believe a more appropriate external scrutiny framework could be modelled on the Charity Commission’s provisions for an ‘independent examination’.</p> <p>The second issue influencing my opinion is that many schools do not have clearly stated and approved policies governing the use and administration of their unofficial funds. This has resulted in unnecessary confusion and differences of opinion (for example between teaching staff, administrators and governors) about the appropriate use of such funds and means unofficial funds are not always subject to the same robust financial controls as are applied to the main school budget. I believe these matters would be most effectively addressed by each school developing its own local Finance Policy.</p>
QL Housing Management System (No assurance)	<p>The QL Housing Management system was introduced by the Council in January 2013 and this is the first audit of the IT Key Controls that has been carried out since that date. However, the QL system replaced an obsolete system from the same supplier, which was subject to audit as part of last year's Key Controls work. At that time a number of recommendations were made to improve controls and while some were addressed by the implementation of the new system, others requiring additional actions have not been properly implemented.</p>

RECOMMENDATIONS NOT ACCEPTED

This report details recommendations that have not been accepted by management where the residual risk is medium and above and the assurance provided is partial or no.

Audit	Assurance	Residual risk score	Description	Priority	Management Response
Civica Cash Receipting	Partial	Medium	I recommend that automated disablement of accounts is enforced for all Workstation users.	3	There are only a handful of Workstation users. A valid Wiltshire Network login is also required to access any part of the ICON suite. This compensates for this control.
Civica Cash Receipting	Partial	Medium	I recommend that someone independent of the system administrator function makes checks and obtains confirmation from operational line management whether all staff have retained access rights down to the permissions level, which are appropriate to their current roles and responsibilities. This recommendation requires someone independent from the system administration function because the system administrators undertake operational as well as administrative roles.	4	Starters and leavers are dealt with on a weekly basis using data from the Payroll system. Additionally a full review of ALL users is performed annually. In order to access the system, a Wiltshire Council network login is also required. It is therefore felt that these controls cover the risk.
Civica Cash Receipting	Partial	Medium	I recommend that the roles for technical accountancy and system users administration for Civica modules are separated or alternatively that a means of independent review of system administrator duties be identified.	4	The technical accounting duties undertaken by the system administrators are such that they do not directly conflict with the administration requirements of Civica.
Civica Cash Receipting	Partial	Medium	I recommend that changes are not made to user accounts until approval has been obtained from line management and this is fully documented.	3	This relates to control improvements made in regard to clarifications of roles within the system. These new roles were applied to some users to replace the previous permissions.
Adults: referrals & assessments	Partial	Medium	I recommend that timescales for the completion of Initial Assessments on the system are documented in the Wiltshire Eligibility Criteria to care guidance. Exceptional circumstances should be recorded.	4	It is not felt appropriate to stipulate a timescale for completion of Initial assessments (IA) as a performance indicator as there are often many reasons why an IA may not be completed right away such as customer going to hospital, moving house or family members not available on particular dates to be present at the IA. In respect of customers in hospital, a hospital assessment is completed.

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OUTSTANDING RECOMMENDATIONS, 3 MONTHS AFTER FINAL REPORT ISSUE

APPENDIX E

Assigned To	Final report issue date	Description	Priority	Due date	Status	Unique Ref	Management Comments
Payments outside SRM							
Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	05/12/2013	I recommend that the Accounts Payable Manager ensures that guidance will be issued to define when an FB60 payment request is to be used. This should include confirmation of when an FB60 form should be used and a revision of the list of exemptions.	4	30/04/2015	To be confirmed	23358	Agreed implementation date not yet due
Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	05/12/2013	I recommend that the Accounts Payable Manager ensures that the separation of duties is always demonstrated.	3	31/01/2014	To be confirmed	23359	Follow up in progress
Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	05/12/2013	I recommend that the Accounts Payable Manager ensures the consistent checking of authorisation levels for managers. Spot checks could be carried out to ensure that payments are not processed without the appropriate authorisation.	4	30/04/2015	To be confirmed	23360	Agreed implementation date not yet due
Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	05/12/2013	I recommend that the Accounts Payable Manager ensures that suppliers are asked to address invoices to the Council.	3	31/01/2014	To be confirmed	23362	Follow up in progress
Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	05/12/2013	I recommend that the Accounts Payable Manager ensures that replacement VAT invoices are requested from the supplier when alterations to payment details have to be made.	3	31/01/2014	To be confirmed	23363	Follow up in progress

Assigned To	Final report issue date	Description	Priority	Due date	Status	Unique Ref	Management Comments
Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	05/12/2013	I recommend that the FIT Review Project Team aim to make arrangements for scanning all invoices and payment requests to aid the payments process.	3	30/04/2015	To be confirmed	23423	Agreed implementation date not yet due
Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	05/12/2013	I recommend that the Accounts Payable Manager considers carrying out a study on a random sample of different payment requests to compare the average turnaround of each process with a view to informing the FIT Review.	3	30/04/2015	To be confirmed	23424	Agreed implementation date not yet due
Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	05/12/2013	I recommend that the FIT Review Project Team should ensure that clear, concise, head line guidance is provided on the Council's Intranet, The Wire, that joins up the various processes and is available in one area. Council officers should be able to go to one webpage and be told what they have to do to make a purchase that complies with Council rules and regulations and how the payment is expected to be processed.	4	30/04/2015	To be confirmed	23425	Agreed implementation date not yet due
Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	05/12/2013	I recommend the FIT Review Project Team ensures awareness is increased among all Council staff involved in procurement and purchasing of the preferred processes that should be used and that a more rigorous regime will be applied to enforce compliance.	4	30/04/2015	To be confirmed	23426	Agreed implementation date not yet due

Assigned To	Final report issue date	Description	Priority	Due date	Status	Unique Ref	Management Comments
Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	05/12/2013	I recommend that the FIT Review Project Team consider approaches to change the culture from doing things the way it has been done to encouraging officers to ask is this the correct way to order and pay for goods and services on behalf of the Council.	4	30/04/2015	To be confirmed	23427	Agreed implementation date not yet due
Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	05/12/2013	I recommend that the FIT Review Project Team look at training and guidance materials to consider if this can be rationalised and co-ordinated so officers understand the process from ordering to payment through to recording costs for budget monitoring. Also, to target refresher training to service areas where procurement and payments knowledge is likely to have been lost or reduced due to structural change.	4	30/04/2015	To be confirmed	23428	Agreed implementation date not yet due
Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	05/12/2013	I recommend that the Accounts Payable Manager appraises the work load impacting on the Accounts Payable function alongside monitoring the through put of payments and presents a regular report highlighting areas of concern or risk to the Council so that senior management are alerted in time for action to be effected.	3	30/04/2015	To be confirmed	23430	Agreed implementation date not yet due
Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	05/12/2013	I recommend the Accounts Payable Manager ensures that where a signature is not present on the FB60 form, the audit trail evidences the required separation of duties.	3	31/01/2014	To be confirmed	23526	Follow up in progress
Debt Management							

Assigned To	Final report issue date	Description	Priority	Due date	Status	Unique Ref	Management Comments
Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	06/12/2013	I recommend that service areas are made aware of the documentation and evidence that they need to retain to support the debt management process. The AR2 sales Processes Workbook could be amended to include these requirements. This could also include a reference to the Legal guidance.	4	30/11/2014	To be confirmed	23545	Agreed implementation date not yet due
Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	07/12/2013	I recommend that service management and staff should ensure that they are aware of their service area's responsibility for debt management and this should be in line with corporate guidance.	4	30/11/2014	To be confirmed	23551	Agreed implementation date not yet due
Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	08/12/2013	I recommend that services use debtor reports so that debts are regularly reviewed and monitored.	4	31/01/2014	To be confirmed	23578	Follow up in progress
Adults: Referrals and Assessments							
Corporate Director - Statutory role of Director of Adult Social Services	05/12/2013	I recommend that a facility is provided to record actual dates of Initial Assessment visits on the Carefirst system. This will allow for meaningful measurable timeframes in carrying out assessment visits and highlight possible delays.	4	31/03/2014	Outstanding	22938	A change request has been sent for this amendment to Carefirst.
Health & Safety Inspections							

Assigned To	Final report issue date	Description	Priority	Due date	Status	Unique Ref	Management Comments
Corporate Director - Statutory role of Director of Adult Social Services	18/09/2013	I recommend that the Head of Occupational Health & Safety monitors the relevant service risk registers and action plans on SharePoint to ensure that these are consistent with corporate health & safety policies and initiatives.	3	30/10/2013	Outstanding	22601	It was agreed with CLT and cabinet that a full review will take place. A preliminary research exercise increased the potential scale and scope. It currently sits on the corporate risk register with an anticipated completion date of March 2015.
Homes 4 Wiltshire							
Corporate Director - Statutory role of Director of Adult Social Services	10/03/2014	I recommend that the Council introduces restrictions through the software used in the bidding process to prevent customers from bidding on properties they do not qualify to occupy.	3	30/09/2014	Outstanding	23146	New system will be implemented in Sept 2014 and restrictions will apply – new policy going live on 9th December 2014
Corporate Director - Statutory role of Director of Adult Social Services	10/03/2014	I recommend that the Homes 4 Wiltshire web page is amended to invite individuals with complaints about the bidding and shortlisting process to inform the Council of their concerns. Agreements with RSLs should include a clause that the Council has access to complaints received by the RSL.	3	24/09/2014	Outstanding	23177	These are being reviewed and will be included on the new site from Sept 2014.
Corporate Director - Statutory role of Director of Adult Social Services	10/03/2014	I recommend that the RSL's should be required, as part of the Homes 4 Wiltshire scheme to make their own Lettings Policies available to prospective tenants.	3	30/09/2014	Outstanding	23216	These are being requested in preparation for the new policy going live in December 2014
Imprest Accounts							
Corporate Director - Statutory role of Director of Childrens Services	23/08/2013	I recommend that all account holders are made aware that reconciliations should be carried out at least monthly and why this is important.	4	31/12/2013	Outstanding	22521	The appropriate frequency of reconciliations will be reviewed as part of the review of written procedures.

Assigned To	Final report issue date	Description	Priority	Due date	Status	Unique Ref	Management Comments
Corporate Director - Statutory role of Director of Childrens Services	23/08/2013	I recommend that there is a review of any accounts where details from the Year End Returns do not match centrally held records to ensure details are correct in future.	4	31/03/2014	Outstanding	22522	A review will be undertaken. Revised implementation date 30/09/14.
Corporate Director - Statutory role of Director of Childrens Services	23/08/2013	I recommend that a review of accounts be carried out. Where accounts are not being used these should be closed. Where less cash is being used the amount of cash should be reduced.	4	31/12/2013	Outstanding	22524	A review will be undertaken. Revised implementation date 30/09/14.
Corporate Director - Statutory role of Director of Childrens Services	23/08/2013	I recommend that written procedures are developed for administering Imprest and Petty Cash accounts. These should include handing over procedures for when post-holders change or are on leave.	4	31/12/2013	Outstanding	22525	A full review of the financial regulations has been undertaken and the updated set approved. A review of the guidance notes for imprest/petty cash accounts can now take place. Revised implementation date of 30/09/14.
Corporate Director - Statutory role of Director of Childrens Services	23/08/2013	I recommend that account reconciliations are checked and verified by a second competent person. Evidence of this should be clearly shown. This instruction should be clearly stated in any new procedures or guidance notes.	3	31/12/2013	Outstanding	22573	This will be reviewed as part of the review of written procedures.
Corporate Director - Statutory role of Director of Childrens Services	23/08/2013	I recommend that account administrators receive training on how to manage an account. This should also cover what to do when handing the account over to another person e.g. when they are on leave or when another person takes over the role.	3	31/12/2013	Outstanding	22574	This will be reviewed as part of the review of written procedures.
Quality Assurance Checks							

Assigned To	Final report issue date	Description	Priority	Due date	Status	Unique Ref	Management Comments
Corporate Director - Statutory role of Director of Childrens Services	27/11/2013	I recommend that the Information Assurance Team continue to devise a new Assurance Check around Firewalls in order to check rules, ensure patching and that all unnecessary services have been disabled. It would also be useful to include the details and results of any penetration testing results done by third parties in the Assurance Checks SharePoint area, so that all assurance material is kept in one area and is available to those who need to see it. Other items could be added over time to provide a comprehensive security portfolio.	3	31/03/2014	To be confirmed	22126	Follow up in progress
Corporate Director - Statutory role of Director of Childrens Services	27/11/2013	I recommend that the Information Assurance Team ensure clear reporting lines and reporting procedures are included in the Assurance Checks documentation to ensure that the right people know when there is an issue with any of the checks and can also determine if any of the checks have not been undertaken.	3	28/02/2014	To be confirmed	23174	Follow up in progress
Corporate Director - Statutory role of Director of Childrens Services	27/11/2013	I recommend that a defined escalation process be devised between Governance and Information Services so that all identified threats can be followed up in a timely manner. This will ensure that the Council gains the most benefit out of the Assurance process as far as comfort and robustness are concerned.	4	31/03/2014	To be confirmed	23175	Follow up in progress
Licensing							

Assigned To	Final report issue date	Description	Priority	Due date	Status	Unique Ref	Management Comments
Corporate Director - Statutory role of Director of Adult Social Services	08/11/2013	I recommend that a fully costed breakdown of the fees and charges is maintained in order to justify a challenge to the charge levied.	3	28/02/2014	Outstanding	23069	Due to substantial turnover of staff and shifting of Taxis and street trading licensing functions to other teams in the Council this has not yet started. Licensing team is now settling and clearer remit will enable this work to begin. Full team will be in place from Sep 14 and new team leader in place from April 14. Further work is required to understand breakdown of work across licences. Once team has stabilised this will be incorporated within Team plan. Anticipated November 2014.
Corporate Director - Statutory role of Director of Adult Social Services	08/11/2013	I recommend that the password structure be amended to ensure it complies with the Wiltshire Council Password Policy.	3	28/02/2014	To be confirmed	23135	Follow up in progress
Contract Clauses							
Corporate Director - Statutory role of Director of Adult Social Services	25/02/2014	The latest 'Procurement and Contract Rules' should be reviewed to ensure no details have been overlooked in particular contracts over £100,000 being required to be overseen by Legal Services and where necessary, for those with material value, for continued involvement with Legal Services. This should then be communicated to all staff involved with tenders and contracts so that they are aware of this requirement.	5	31/05/2014	Outstanding	23172	The rules were due to go to Cabinet for July after some delays, but due to the Procurement review it has been decided that the rules changes need to await the outcome and reflect new governance and other requirements. This should follow on quickly from the conclusion of the review. Revised implementation date early 2015.

Assigned To	Final report issue date	Description	Priority	Due date	Status	Unique Ref	Management Comments
Corporate Director - Statutory role of Director of Adult Social Services	25/02/2014	I recommend that procedures should be put in place to ensure all contracts are included in the Contracts Register.	4	01/01/2016	Outstanding	23312	A review of procurement is underway and a central outcome of that independent of the final structure, will be to address how we capture this. the review ought to conclude during 2014 so the original timeframe of progressive adoption towards 2016 remains realistic but might be achieved earlier.
Corporate Director - Statutory role of Director of Adult Social Services	25/02/2014	I recommend that the Contracts Register is adapted to include a record that Legal Services have been made aware of all contracts with an estimated value of over £100,000. This will evidence Legal Services involvement.	3	01/01/2016	Outstanding	23523	The procurement review will ensure that requirements for legal involvement are well managed. The original target date of progressive adoption towards 2016 remains valid and might be achieved earlier.
Northgate Benefit System							
WUC Head of Revenues & Benefits	17/03/2014	I recommend that the Council should develop an Authorised Access Matrix for the Northgate Revenues and Benefits system to demonstrate that there are no unidentified Segregation of Duties conflicts in the way that Job Roles and Action Groups have been configured.	4	31/10/2014	Outstanding	24028	Agreed implementation date not yet due
Passenger Transport Safeguarding							
Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	03/12/2013	I recommend that the General Terms and Conditions for Passenger Transport contracts should be reviewed to ensure all details are up to date, in particular the safeguarding clause.	3	31/01/2014	Outstanding	22978	This issue is being discussed further with a view to gaining corporate agreement for more resource

Assigned To	Final report issue date	Description	Priority	Due date	Status	Unique Ref	Management Comments
Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	03/12/2013	I recommend that the handbooks for drivers and passenger assistants be reviewed together, alongside the new safeguarding policy and contract terms and conditions, so both handbooks contain consistent information and advice.	3	28/02/2014	Outstanding	23128	This issue is being discussed further with a view to gaining corporate agreement for more resource

Schedule of Audit Work

Live audit
 Prepared audit

Entity	2nd Entity	01/04/2014	01/05/2014	01/06/2014	01/07/2014	01/08/2014	01/09/2014	01/10/2014	01/11/2014	01/12/2014	01/01/2015	01/02/2015	01/03/2015	
Adult Care Commissioning & Housing	Continuing Health Care	Continuing Health Care												
	Court of Protection	Court of Protection												
	Housing Rents	Housing Rents						Housing Rents						
	Safeguarding (Adults)										Safeguarding			
Adult Social Care Operations	Adult Social Care	Monitoring Capacity of Social Workers												
	Care Homes				Contract Monitoring						Client Property			
	Care Management & Quality							Reassessments & Reviews						
	Help to Live at Home	Help to Live at Home												
	Management Review										DCS Care Home			
Children's Commission	Safeguarding (Child Protection)				Safeguarding									
	Adoption & Fostering	Adoption Gra												
Children's Social Care	Capacity of Social Care Workers										Capacity to Deliver Front Line Services			
	Care Placements	Care Placem												
	Child Placements	Independent Reviewing Process												
	Children's Safeguarding	Children's Sa												
	Foster Carers	Foster Carer Reports												
	Looked After Children										Looked After Children			
	Referrals & Assessments										Common Assessment Framework			
	Special Educational Needs & Disabil	SEN Provision												
	Transitions				Transitions									
	Troubled Families	Troubled Families												
	Youth Centres	Unofficial Fund Accounting/Procedures												
	Core Cross-Cutting	Corporate Governance	Corporate Governance			Risk & Performance Management								
		Disclosure & Barring Service (DBS)	Disclosure & Barring Service (DBS)											
Expenses Fraud		Members Expense Claims												
Corporate & Procurement	Business Plan							Budget Monitoring - Delivery of Savings			Service Plan Delivery			
	Performance Management										Data Quality			
	Procurement	Corporate Procurement			E-Procurement						Tendering Procedures			
Economic Development	Development Control	S.106 Monies/Community Infrastructure L			Planning Applications									
Environment, Waste & Leisure	Fleet	Fleet			Depots									
	Leisure	Legionella & COSHH												
	Leisure Centres				Leisure Centres - Income									
	Neighbourhood	Local Sustain	Local Sustain											
	Waste Collection							Waste Collection						
Finance	Waste Management & Landfill Strate										Waste Disposal/Recycling			
	Accounts Payable	Accounts Payable			Creditor Warr			Accounts Payable						
	Accounts Receivable				Debt Manage			Accounts Receivable						
	Council Tax	Council Tax						Council Tax						
	Disposal of Assets	Disposal of Assets												
General Ledger & Financial Account	General Ledger & Financial Accounting						General Ledger & Financial Accounting							

Schedule of Audit Work

Entity	2nd Entity	01/04/2014	01/05/2014	01/06/2014	01/07/2014	01/08/2014	01/09/2014	01/10/2014	01/11/2014	01/12/2014	01/01/2015	01/02/2015	01/03/2015
Finance	Housing & Council Tax Benefits							Housing & Council Tax					
	Imprest Accounts	Imprest Year End Returns											
	Imprests	Unannounced Imprest Sites Visits											
	Imprests/Cash Remote Offices	Investigation	Unannounced Imprest Visits										
	Income	Income/Banking											
	Non Domestic Rates								NDR				
	Payroll								Payroll				
	Pensions				Administration of Pensions			Pensions					
	Revenues & Benefits										Welfare Reform Act		
	Treasury Management	Treasury Management						Treasury Management					
	Trust Funds				Trust Funds Administration								
	VAT				Payment & Recovery of VAT								
Highways & Transport	Car Parking Services	Residential Parking Permits											
	Concessionary Fares				Concessionary Fares								
	Highways			Highways Ma	Highways & Streetscene Contract								
Information Services	Asset Management	Configuration Management Database									Software Licensing		
	Civica Cash Receipting	Civica Cash Receipting						Civica Cash Receipting					
	Disaster Recovery	Disaster Recovery											
	HelpDesk										Helpdesk Targets & Performance		
	Information Management	File Storage (Manual Files)											
	Information Security	WC_Sharepoint Security			Active Directory								
	IT Infrastructure	Corporate ICT Processes						Corporate ICT Processes					
	Northgate Benefit System							IT - Revenues & Benefits					
	QL Housing Management System							IT - QL					
	SAP IT Key Control	SAP IT Key Control						IT - SAP					
Legal & Democratic	Systems Administration	Systems Administration											
	Freedom of Information, Data Protec	Departmental Management of Freedom of											
	Information Assurance	Corporate Inf	Quality Assurance Checks										
	Information Management				Information Management								
People & Business Services	Information Security										Information Security Breaches		
	Absence Management	Absence Management						Absence Management 2					
	Carbon Reduction Commitment Sch	Carbon Redu											
	Employment Tracking										Employment Tracking		
	Expense Claims				Expense Claims - HMRC								
	Occupancy Data										Occupancy Data		
	Restructuring & Redundancies	Voluntary Redundancies											
	Strategic Property Services	Energy Mana											
	Training Records	Training Records											
	Workforce	Employment Tracking											
Workplace Transformation	Flexible Working												

Schedule of Audit Work

Entity	2nd Entity	01/04/2014	01/05/2014	01/06/2014	01/07/2014	01/08/2014	01/09/2014	01/10/2014	01/11/2014	01/12/2014	01/01/2015	01/02/2015	01/03/2015
Public Health & Public Protection	Emergency Planning	Emergency Planning											
	Environmental Health	Private Water Supplies											
	Public Health	Public Health Grant Certification											
Schools - Primary (incl First, Infant & Junior)	Bowerhill Primary School		Bowerhill Pri										
	Chilmark & Fonthill Bishop CofE Aid				Chilmark & F								
	Coombe Bissett CofE Primary School				Coombe Biss								
	Heytesbury CofE Primary School				Heytesbury C								
	Horningsham Primary School	Horningsham											
	Kennet Valley				Kennet Valley								
	Ludwell Community Primary School				Ludwell Com								
	Noremarsh Community Junior School	Noremarsh C											
	Somerfords Walter Powell VA CofE				Somerfords V								
	St Katherine's CofE (VC) Primary School				St Katherine's								
	The New Forest CofE (VA) Primary School				The New For								
	Wardour Catholic Primary School	Wardour Cath											
	Woodborough CofE Aided Primary School				Woodborough								
Schools - Secondary (incl Upper)	Abbeyfield School				Abbeyfield Sc								
	Avon Valley College	Avon Valley C											
	Matravers School		Matravers Sc										
	The Stonehenge School				The Stonehen								
Schools & Learning	Benchmarking	Schools - Benchmarking											
	Payment Cards	Schools - Payment Cards											
	Schools Support	Schools Supp											
	Themed Reviews (Contingency)		Business Cor	Prevention of									
	Unofficial Funds	Unofficial Fund Accounting/Procedures											
Transformation	Campus Programme	Programme Management									Campus Programme		
	Programme Office	SCV Project			Wilts on line Project								

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