

## AGENDA

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**Meeting:** Cabinet  
**Place:** Kennet Room - County Hall, Trowbridge BA14 8JN  
**Date:** Tuesday 21 July 2015  
**Time:** 10.30 am

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### Membership:

Cllr Jane Scott OBE	Leader of the Council
Cllr John Thomson	Deputy Leader and Cabinet Member for Communities, Campuses, Area Boards and Broadband
Cllr Fleur de Rhé-Philippe	Cabinet Member for Economic Development, Skills and Strategic Transport
Cllr Keith Humphries	Cabinet Member for Health (including Public Health) and Adult Social Care
Cllr Laura Mayes	Cabinet Member for Children's Services
Cllr Jonathon Seed	Cabinet Member for Housing, Leisure, Libraries and Flooding
Cllr Toby Sturgis	Cabinet Member for Strategic Planning (strategic and development management), Property, Waste and Strategic Housing
Cllr Dick Tonge	Cabinet Member for Finance, Performance, Risk, Systems Thinking, Procurement and Welfare Reform
Cllr Stuart Wheeler	Cabinet Member for Hubs, Governance (including information management), Support Services (HR, Legal, ICT, Business Services, Democratic Services), Heritage & Arts and Customer Care
Cllr Philip Whitehead	Cabinet Member for Highways and Transport

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Please direct any enquiries on this Agenda to William Oulton, of Democratic Services, County Hall, Trowbridge, direct line 01225 718024 or email [yamina.rhouati@wiltshire.gov.uk](mailto:yamina.rhouati@wiltshire.gov.uk)

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

All public reports referred to on this agenda are available on the Council's website at [www.wiltshire.gov.uk](http://www.wiltshire.gov.uk)

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## **Part I**

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

Key Decisions Matters defined as 'Key' Decisions and included in the Council's Forward Work Plan are shown as 

**1 Apologies**

**2 Minutes of the previous meetings** (*Pages 5 - 10*)

To confirm and sign the minutes of the Cabinet meetings held on 16 June 2015 and 9 July 2015. The minutes for the special meeting on the 9<sup>th</sup> are to follow.

**3 Declarations of Interest**

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

**4 Leader's announcements**

**5 Public participation and Questions from Councillors**

The Council welcomes contributions from members of the public. This meeting is open to the public, who may ask a question or make a statement. Questions may also be asked by members of the Council. Written notice of questions or statements should be given to William Oulton of Democratic Services by 12.00 noon on Thursday 16 July 2015. Anyone wishing to ask a question or make a statement should contact the officer named above.

**6 Draft Annual Governance Statement 2014-15** (*Pages 11 - 42*)

Report by Dr Carlton Brand, Corporate Director.

**7 Statement of Accounts** (*Pages 43 - 130*)

 Report by Carolyn Godfrey, Corporate Director.

**8 Salisbury Asset Transfer** (*Pages 131 - 140*)

 Report by Dr Carlton Brand, Corporate Director.

**9 Urgent Items**

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

## **Part II**

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

**10 Exclusion of the Press and Public**

This is to give further notice in accordance with paragraph 5 (4) and 5 (5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 of the intention to take the following item in private.

To consider passing the following resolution:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Items Numbered 11 and 12 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

Reason for taking item in private:

Paragraph 3 - information relating to the financial or business affairs of any particular person (including the authority holding that information).

**11 Waste Management Contract Award *(Pages 141 - 180)***



Report by Dr Carlton Brand, Corporate Director.

**12 Highways and Streetscene Contract *(Pages 181 - 200)***



Report by Dr Carlton Brand, Corporate Director.

The items on this agenda reflect the key goals of Wiltshire Council, namely 'Work together to support Wiltshire's Communities', 'Deliver high quality, low cost, customer focused services and 'Ensure local, open, honest decision making'.


## CABINET

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DRAFT MINUTES of a MEETING held in KENNET ROOM - COUNTY HALL,  
TROWBRIDGE BA14 8JN on Tuesday, 16 June 2015.

Cllr Jane Scott OBE	Leader of the Council
Cllr John Thomson	Deputy Leader and Cabinet Member for Communities, Campuses, Area Boards and Broadband
Cllr Fleur de Rhé-Philippe	Cabinet Member for Economic Development, Skills and Strategic Transport
Cllr Keith Humphries	Cabinet Member for Health (including Public Health) and Adult Social Care
Cllr Laura Mayes	Cabinet Member for Children's Services
Cllr Jonathon Seed	Cabinet Member for Housing, Leisure, Libraries and Flooding
Cllr Toby Sturgis	Cabinet Member for Strategic Planning (strategic and development management), Property, Waste and Strategic Housing
Cllr Dick Tonge	Cabinet Member for Finance, Performance, Risk, Systems Thinking, Procurement and Welfare Reform
Cllr Philip Whitehead	Cabinet Member for Highways and Transport
Also in Attendance:	Cllr Jon Hubbard, Cllr Richard Gamble, Cllr Simon Killane, Cllr Glenis Ansell, Cllr Bob Jones MBE, Cllr Magnus Macdonald, Cllr Bill Moss, Cllr Sheila Parker, Cllr Horace Prickett, Cllr Bridget Wayman and Cllr Jerry Wickham

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Key Decisions Matters defined as 'Key' Decisions and included in the Council's Forward Work Plan are shown as 

### 64 Apologies

Apologies were received from Councillor Stuart Wheeler.

### 65 Minutes of the previous meetings

The minutes of the meetings held on 11 May and 19 May 2015 were presented.

#### **Resolved:**

**To approve as correct records and sign the minutes of the meetings held on 11 May and 19 May 2015.**

### 66 Minutes - Capital Assets Committee

The minutes of the meeting held on 19 May 2015 were presented.

**Resolved:**

**To note the minutes of the meeting of the Cabinet Capital Assets Committee held on the 19 May 2015.**

**67 Declarations of Interest**

There were no declarations of interest.

**68 Leader's announcements**

The Leader made the following announcements:

**(A) Magna Carta Celebrations**

The Leader made reference to the national and local celebrations to commemorate the 800<sup>th</sup> anniversary of the signing of the Magna Carta. In particular, she was pleased to see thousands of people enjoy the celebrations in Salisbury where every Community Area of the County took part in the proceedings. She expressed her thanks to the officers and Councillors who had worked hard to make the event a success.

**(B) Special Meeting of Cabinet**

The Leader announced that a special meeting of Cabinet would be convened to meet at 9am on 9 July 2015 to consider the Chippenham Sites DPD and Draft Statement of Community Involvement. This meeting would be taking place at the Monkton Park Offices in Chippenham. The issues would then be considered by a meeting of Council on 14 July. Members would be invited to attend a briefing on 2 July.

**69 Public participation and Questions from Councillors**

The Leader drew the meeting's attention to the questions received from Marilyn Mackay and Iris Thompson. The questions and responses were included in an updated Agenda Supplement published prior to the meeting.

Councillor Philip Whitehead stated, in response to a supplementary question from Mrs Thompson, that Dyson had commissioned a highways consultant, who had not been involved in the design of the scheme, and that the Council had commissioned their own consultant to look at the issue.

The Leader asked that Mrs Thompson be sent a copy of the consultant's reports that were in the public domain. She also encouraged Mrs Thompson to keep in contact with Cllr Whitehead on the issue.

70     **Update on Q4 / year end outturns reported as part of the Citizens' Dashboard and refined strategic risk register**

Councillor Dick Tonge presented a report which provided an update on outturns against the measures and activities compiled and reported through the council's website in the [Citizens' Dashboard](#), as well as the refined strategic risk register.

The Leader commended the Lead Member and officers for their hard work, and made reference to the improvements highlighted in the report.

In the course of the presentation and the discussion, the issues discussed included: that there had been a reduction in claims for Job Seekers Allowance; that youth unemployment was lower; the impact of investment in economic development; and how local actions were identified in relation to nationally identified risks.

Councillor Glenis Ansell, in her capacity as Chair of the Financial Planning Task Group, stated that they had been kept informed of the developments in the performance management framework and that they would be considering this, including links to the business plan, in more detail at the future meetings.

Carolyn Godfrey (Corporate Director) stated, in response to a question from Councillor Jon Hubbard, that significant resources had been allocated to the task of tracking and engaging with children not in employment, education or training (NEETs) and that, with a focus on early intervention, the situation should improve.

The Leader stated, in response to a statement from Councillor Jon Hubbard, that she agreed that the Council should have ambitious targets and high expectations for looked after children when they leave care, and that the Council continued to offer opportunities to this group of young people. In addition, she agreed that the Cabinet should formally ask the Chair of the Corporate Parenting Board to report back to a future Cabinet meeting on how this ambition was being addressed.

Councillor Keith Humphries made reference to the improvements to the time taken to transfer someone from hospital, and the Leader commented that the team of officers had worked hard to address this issue, a fact recognised by the Council's clinical partners.

**Resolved**

- a) To note the updates and outturns against the measures and activities ascribed against the council's key outcomes;**
- b) To the note updates and outturns to the strategic risk register; and**

- c) To ask the Chair of the Corporate Parenting Board to report back to the Cabinet on how Care Leavers are supported.**

**Reasons for Decision:**

This framework compiles and monitors outturns in relation to the outcomes laid out in the Business Plan, distilled from individual services' delivery plans. In doing so, it captures the main focus of activities of the council against each outcome.

The strategic risk register captures and monitors significant risks facing the council: in relation to significant in-service risks facing individual areas, in managing its business across the authority generally and in assuring our preparedness should a national risk event occur.

**71 Revenue Outturns 2014/2015**

Councillor Dick Tonge presented a report which advised the Cabinet of the (unaudited) General Revenue Fund and Housing Revenue Account outturn positions for financial year 2014/2015. Attention was drawn to the underspend of £0.278 million and a small overspend of £0.056 million (GRF and HRA respectively); and that this was an improvement from the forecast position at period 9, and in line with the projections of the Section 151 Officer. In the case of the HRA this reflected additional works and would be funded from the reserves.

**Resolved**

- 1. To note the report showing an outturn for the General Revenue Fund and HRA, subject to external audit, of an underspend of £0.278 million and a small overspend of £0.056 million (GRF and HRA respectively).**
- 2. To note the appropriate transfers to General Revenue Fund and Earmarked reserves at set out in Sections 24-29 of this report, and use of the HRA reserves.**

Reason for Decision:

That Cabinet approve the final revenue outturns for 2014/2015.

**72 Capital Monitoring Outturn 2014/2015**

Councillor Dick Tonge presented the report which informed Cabinet of the final outturn position of the 2014/2015 Capital Programme, including highlighting budget changes, and focuses on major variations in budget.



Councillor Glenis Ansell, in her capacity as Chair of the Financial Planning Task Group, stated that they would be considering budget monitoring reports in more detail with a view to considering what issues should be taken forward on their workplan. She gave a summary of the work undertaken by the group and commended the actions taken place to reschedule some capital payments that had resulted in revenue savings.

The Leader thanked Councillor Ansell and the Task Group for their contribution to budget monitoring.

#### **Resolved**

- a) To note the budget movements undertaken to the capital programme (shown in Appendices A and B) and the final outturn position of the Capital Programme in appendix A 2014/2015;**
- b) To note the total reprogramming of £29.030 million 2014/2015 and 2015/2016;**
- c) That, in light of the level of capital reprogramming year on year, a review of the whole capital programme 2015/2016 be carried out to be completed by September 2015.**

Reason for Decision:

To inform Cabinet of the position of the 2014/2015 capital programme as at Outturn (31 March 2015), including highlighting any budget changes.

#### **73 Annual Report on Treasury Management 2014-15**

Councillor Dick Tonge presented the Annual Report on Treasury Management 2014-15. In doing so, he commended the hard work of the Finance Team in bringing all the information together and for addressing the issues outlined in the report.

#### **Resolved**

- a) To note the prudential Indicators, Treasury Indicators and other treasury management strategies set for 2014-15 against actual positions resulting from actions within the year as detailed in Appendix A; and**
- b) To note the investments during the year in the context of the Annual Investment Strategy as detailed in Appendix B.**

#### **74 Urgent Items**

There were no urgent items.

(Duration of meeting: 10.30 - 11.05 am)

These decisions were published on the 23 June 2015 and will come into force on 1 July 2015
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The Officer who has produced these minutes is Yamina Rhouati, of Democratic Services, direct line 01225 713935 or e-mail [william.oulton@wiltshire.gov.uk](mailto:william.oulton@wiltshire.gov.uk)

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

**Wiltshire Council**

**Cabinet**

**21 July 2015**

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**Subject: Draft Annual Governance Statement 2014-15**

**Cabinet member: Councillor Dick Tonge**  
**Finance, performance, risk, systems thinking,**  
**procurement and welfare reform**

**Key Decision: No**

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## **Executive Summary**

1. The Council is required, as part of its annual review of the effectiveness of its governance arrangements, to produce an Annual Governance Statement (AGS) for 2014-15. This will be signed by the Leader of the Council and the Corporate Directors, after final approval by the Audit Committee on 29 July 2015. The AGS will form part of the Annual Statement of Accounts for 2014-15.
2. Section C of the AGS describes the Council's governance framework for the relevant period. The final version will need to reflect the position up to the date of approval and signature in July 2015.
3. 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.
4. The Council's internal auditors have given an overall audit opinion of reasonable assurance on the effectiveness of the Council's control environment for 2014-15.
5. The following have been identified as significant governance issues at this stage:
  - Delivery of the Council's Business Plan 2013-17
  - Information Governance
  - Safeguarding Children and Young People
6. Details of these issues are set out at paragraph 89 in Section E of the draft AGS.

**7. KPMG have been consulted on the draft AGS and have made comments which have been taken into account in the current draft.**

**Proposal(s)**

Cabinet is, therefore, asked:

- a. to consider the draft AGS as set out in Appendix 1 and make any amendments or observations on the content as they deem appropriate;
- b. to note that the draft AGS will be revised in the light of any comments by Cabinet and ongoing work by the Governance Assurance Group before final approval by the Audit Committee and publication with the Statement of Accounts at the end of July 2015.

**Reason for Proposal**

To prepare the AGS 2014-15 for publication in accordance with the requirements of the Audit and Accounts Regulations 2011.

**Ian Gibbons**  
**Solicitor to the Council and Monitoring Officer**

**Subject: Draft Annual Governance Statement 2014-15**

**Cabinet member: Councillor Dick Tonge**  
**Finance, performance, risk, systems thinking,**  
**procurement and welfare reform**

**Key Decision: No**

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### **Purpose of Report**

1. To ask Cabinet to consider a draft Annual Governance Statement for 2014-15 for comment before final approval is sought from the Audit Committee on 29 July 2015.

### **Background**

2. The Council is required, as part of its annual review of the effectiveness of its governance arrangements, to produce an Annual Governance Statement (AGS) for 2014-15. This will be signed by the Leader of the Council and the Corporate Directors after final approval by the Audit Committee on 29 July 2015. The AGS will form part of the Annual Statement of Accounts for 2014-15.
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 and creating and implementing a vision for the local area;
  - councillors and officers working together to achieve a common purpose with clearly defined functions and roles;
  - promoting values for the council and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
  - taking informed, risk-based and transparent decisions which are subject to effective scrutiny and managing risk;
  - developing the capacity and capability of councillors and officers to be effective;
  - engaging with local people and other stakeholders to ensure robust accountability.
5. The AGS is primarily retrospective. It reports on the assurance framework and measures in place for the financial year 2014-15, but must take account of any significant issues of governance up to the date of publication of the Statement of Accounts in July 2015. 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 service directors, relevant lead officers within the organisation, internal and external auditors and inspection agencies.

## **Main Consideration for the Council**

### **Draft AGS - Content**

8. Work on the draft AGS 2014-15 is in progress. A copy of the latest draft is attached at Appendix 1. The draft will be revised in the light of further work by the Governance Assurance Group and any observations of Cabinet.

9. The draft reflects the elements described in paragraph 3 of this report and has regard to revised guidance from CIPFA.
10. Section C of the AGS describes the Council's governance framework for the relevant period. The final version will need to reflect the position up to the date of approval and signature in July 2015.
11. 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.
12. The Council's internal auditors have given an overall audit opinion of reasonable assurance on the effectiveness of the Council's control environment for 2014-15.
13. Assurance statements are being obtained from associate directors. These are being reviewed and any potential significant governance issues arising from these will be included in the final version of the AGS and taken into account in the presentation of the final version to the Audit Committee on 29 July 2015.
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. At this stage it is proposed to include three significant governance issues in this section:

- 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 89 of the draft AGS.

18. The Audit Committee considered the draft AGS on 23 June 2015 and the Standards Committee on 24 June 2015. A copy of the relevant minutes from these meetings is attached as Appendix 2. The draft AGS will be updated to reflect the points raised.

19. Any further potential significant governance issues that are identified will be reported to the Audit Committee when the AGS is taken back for final approval on 29 July 2015.

20. KPMG have been consulted on the draft AGS and have made comments which have been taken into account in the latest draft.

### **Safeguarding Implications**

21. Safeguarding issues have been highlighted in Section E of the draft AGS.

### **Public Health Implications**

22. There are no public health implications regarding the proposals in this report.

### **Environmental and Climate Change Considerations**

23. There are no environmental or climate change considerations regarding the proposals in this report.

### **Equalities Impact of the Proposal**

24. There is no equalities impact regarding the proposals in this report.

### **Risk Assessment**

25. Ongoing review of the effectiveness of the Council's governance arrangements is an important part of the Council's risk management strategy.



## **Financial Implications**

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

## **Legal Implications**

27. The production of the AGS is a statutory requirement.

## **Proposal**

28. Cabinet is, therefore, asked:

- a. to consider the draft AGS as set out in Appendix 1 and make any amendments or observations on the content as they deem appropriate;
- b. to note that the draft AGS will be revised in the light of any comments by Cabinet and ongoing work by the Governance Assurance Group before final approval by the Audit Committee and publication with the Statement of Accounts at the end of July 2015.

## **Reason for Proposal**

29. To prepare the AGS 2014-15 for publication in accordance with the requirements of the Audit and Accounts Regulations.

**Ian Gibbons**  
**Associate Director Legal and Governance**  
**and Monitoring Officer**

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Report Author:

Marie Lindsay  
Ethical Governance Officer

1 July 2015

## **Background Papers**

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

None

## **Appendices**

Appendix 1 - draft Annual Governance Statement 2014-15

Appendix 2 - extract from draft minutes of Audit Committee 23 June 2015 and  
Standards Committee on 24 June 2015

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**DRAFT**

# Annual Governance Statement

## 2014-15



**Draft 8**

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Wiltshire Pension Fund

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Management of Resources, Performance and Risk

Internal Audit

External Audit and Inspections

Directors' Assurance Statements

Monitoring Officer

## Section D

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 2015 and up to the date of approval of the Statement of Accounts for 2014/15.

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](http://www.wiltshire.gov.uk)).

9. The review of the Council's governance arrangements, through the Annual Governance Statement, is in accordance with CIPFA/Solace guidance Delivering Good Governance in Local Government, 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.
15. The Council's Health and Well-being 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 terms of reference for the Health and Well-being Board may be found at [*insert link to the Council's web site*].
16. The Wiltshire Police and Crime Panel reviews and scrutinises decisions of the Police and Crime Commissioner. The Panel is a joint committee with Swindon Borough Council.
17. 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.
18. The Leader and Cabinet are responsible for discharging the executive functions of the Council, within the budget and policy framework set by the Council.

19. 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.<sup>1</sup>
20. 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.
21. The Council has established 18 area committees known as Area Boards. Each area board exercises local decision making under powers delegated by the Leader.
22. The Council's overview and scrutiny arrangements consist of an overview and scrutiny management committee supported by 3 select committees:
  - Health (including the NHS, public health and adult social care)
  - Environment (including highways, waste and transportation)
  - Children (including education, vulnerable children, youth services and early years)
23. The management committee co-ordinates the work of the select committees and also covers internal services such as finance, performance, staffing and business planning. Most overview and scrutiny work is done by small groups of elected members who meet to review single issues in detail. Interested parties are often invited to contribute to this work. The group then produces a report presenting their findings and recommendations to the cabinet and others as necessary on how the issue or service could be improved.
24. More rapid scrutiny exercises provide the opportunity to be able to react more readily to issues as they emerge.
25. Scrutiny member representatives can also be appointed to boards of major projects to provide challenge. Partners and contractors also contribute to the scrutiny process.
26. These arrangements serve to hold the Cabinet, its Committees, individual Cabinet Members and officers to public account for their executive policies, decisions and actions and serves to make sure that decisions are taken based on sound evidence and are in the best interests of the people of Wiltshire.
27. 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.

<sup>1</sup> '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.

28. 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.
29. The Council has in place arrangements for considering complaints made about the conduct of the Police and Crime Commissioner for Wiltshire.
30. 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.
31. 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).
32. 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.
33. The Wiltshire Pension Fund Committee exercises its responsibilities in relation to investment management when it sets investment policy and appoints/monitors external investment managers.
34. The Council has established a Local Pension Board in accordance with new statutory requirements. The purpose of the Board is to assist the Council as the administering authority in its role as scheme manager for the Local Government Pension Scheme and to ensure the effective and efficient governance and administration of the Scheme. The terms of reference for the Local Pension Board may be found at [*insert link to Council's web site*]
35. A new governance and assurance framework has been developed to underpin the delivery of the Wiltshire and Swindon Economic Plan (SEP) by the Swindon and Wiltshire Local Enterprise Partnership (SWLEP) and to enable Wiltshire Council to fulfil its responsibilities as the Accountable Body. The framework includes an executive Strategic Joint Economic Committee with Swindon Borough Council to provide local democratic accountability for the delivery of the SEP and a Joint Scrutiny Task Group.



## Regulation of Business

36. 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

37. The statutory officers - the Head of Paid Service (see note <sup>2</sup> 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.

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

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

- Audit Committee
- Overview and scrutiny management and select committees and task groups
- Standards Committee
- Internal Audit
- External Audit and Inspection Agencies.

40. The Council's Governance Assurance Group comprises senior officers with lead responsibility for key areas of governance and assurance, together with an elected member who is a member 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.

41. 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. <sup>2</sup>

<sup>2</sup> 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, the Associate Director of Communities and Communications and the Associate Director Corporate Function, Procurement and Programme Office. The statutory role of Head of Paid Service is rotated between the three corporate directors every four months.

## **Management of Resources, Performance and Risk**

### ***Financial Management***

42. Financial management and reporting is facilitated by:

- Regular reports to Cabinet on the Council's Revenue Budget and Capital Programme and on Treasury Management;
- Regular review by the Corporate Leadership Team;
- Regular consideration of these reports by the Financial Planning 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.

43. 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***

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

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

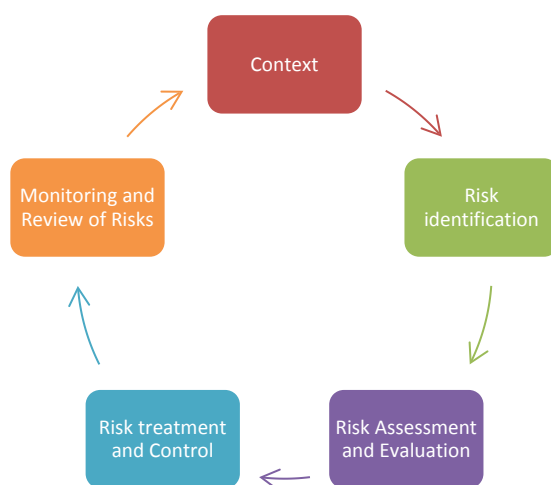
45. Measuring success is about how we will know we are performing well and moving in the right direction to achieve our vision and priorities.

46. Measures and activities captured as part of the strategic performance framework demonstrate progress against the objectives set out in the Business Plan. These are monitored by the Corporate Leadership Team on a quarterly basis. A Citizen's Dashboard has been developed to provide a more engaging and informative means of publishing activity and prevalent metrics and making links with the Business Plan. This may be found on the Council's web site at *[insert link]*. Cabinet is updated regularly on outturns against the measures and activities included in the Citizen's Dashboard. A copy of the most recent report to Cabinet on this may be found at *[insert link]*.

47. This reporting framework is underpinned by the *Strategic Performance and Risk Management Board* which takes the strategic lead on the development and management of the corporate planning cycle, including the organisation's approach to business planning and the monitoring of performance against the

objectives outlined in the Business Plan.

48. The Board is supported by the *Operational Performance and Risk Management Group*, which provides the operational perspective in the refining of the performance and risk frameworks and acts as the conduit for embedding the council's approach to performance and risk within service areas.
49. Risk management is a central component of the council's governance framework. Whilst risks are identified and monitored at service level, the Strategic Performance and Risk Management Board takes the strategic lead on the development and management of the council's Risk Management Strategy and ongoing monitoring of key strategic risks. The Board receives quarterly updates on the strategic risk register.
50. The diagram below demonstrates the cycle of managing risk.



51. The risks associated with major projects are managed through project management arrangements with regular reporting to the relevant boards and member bodies.
52. 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

53. The main role of Internal Audit is to provide an independent and objective opinion on the Council's control environment.
54. 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; *[include reference to the Corporate Fraud Team]*
- advising on the internal control implications of proposed new systems and procedures.

55. 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. However the approach for 2015-16 will involve a more comprehensive combined assurance review to identify the most appropriate focus for Internal Audit Work. 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**

56. 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.

### **Associate Directors' Assurance Statements**

57. Associate directors' are required to complete assurance statements. Any significant governance issues identified will be included in Section E.

### **Monitoring Officer**

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

### **D. Review of Effectiveness**

59. 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.

60. 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.

61. 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**

62. 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**

63. 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 22 April 2014 (Cabinet minute no. 47).

64. 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.

65. 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.

66. In October 2014 Wiltshire's Health and Wellbeing Board invited a peer challenge team to review Wiltshire's arrangements for improving the health and well being of its residents. Overall feedback was very positive. The team were very impressed with the passion and commitment of everyone involved in health and wellbeing in Wiltshire and thought we are doing all the right things and we are doing them well. A copy of the peer challenge report may be found on: *[insert link]*.

67. The Health and Wellbeing Board has developed an action plan to ensure that the recommendations from the peer challenge are implemented.

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

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

69. 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**

- 70. All staff are required to meet high standards of ethical conduct under the Officers' Code of Conduct.
- 71. 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.
- 72. The Standards Committee is reviewing the Code of Conduct for Councillors to ensure that it is effective in promoting high standards of conduct. Any recommended changes will be reported to Council later this year.
- 73. The Council's Governance Team is responsible for overseeing compliance with access to information legislation, operation of the agreed arrangements under the 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**

- 74. 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.
- 75. The Internal Audit Annual Report and Opinion 2014 -15 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 2014-15.

## **External Audit**

- 76. The Council's external auditors, KPMG LLP, published their annual audit letter 2013-14 in October 2014. To arrive at the conclusion they looked at financial governance, financial planning and financial control as well as prioritisation of resources and improvements in efficiency and productivity.
- 77. Key findings included an unqualified value for money conclusion for 2013-14 and an unqualified opinion on the Council's financial statements.

78. There were no high priority recommendations arising from their audit work for 2013-14 and the report highlighted the strong financial reporting process.
79. KPMG LLP's report to those charged with governance for 2014/2015 will be tabled at the meeting of the Audit Committee on 29 July 2015. This summarises the key issues arising from the work at Wiltshire Council in relation to the 2014/15 financial statements and the work to support the 2014/15 value for money conclusions

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

80. 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.
81. The Partnership Protocol and Register captures the Council's partnership arrangements. As of May 2015 the number of partnerships in operation is 42. During 15/16 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.
82. Cabinet members, scrutiny members and senior management across the council work closely to develop a single work programme of overview and scrutiny aligned to the Business Plan outcomes.
83. In responding to the recommendations made through the corporate peer challenge from 2013, the council invited the LGA to undertake a peer review of its overview and scrutiny arrangements in March 2015.
84. The reviewers recognised that overview and scrutiny in Wiltshire is evolving well and that the new approach is successfully bedding in. Some of the reviewers' key recommendations in moving forward included:
- Continuing to develop formal and informal relationships between cabinet and scrutiny members;
  - Continuing to develop pre-budget scrutiny and the encouragement of wider member involvement through the select committees;
  - Developing scrutiny communications to clearly articulate the role of overview and scrutiny and demonstrate its achievements and impact;
  - Continuing to develop the capacity of members in this area.
85. The outcome of the review has provided the council with a helpful external perspective and feedback on our approach to overview and scrutiny in Wiltshire,



and our ambitions for taking it forward in the future.

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

- review and approval of the Annual Governance Statement for 2013-14;
- review and approval of the Statement of Accounts for 2013-14;
- 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.

87. Public Health has continued to actively increase and embed Emergency Planning Resilience and Response arrangements for the county. As an essential part of Public Health, the new team has continued to strengthen resilience both within the organisation and throughout the community. Extensive training has been delivered at all levels, and new simpler, more practical plans have been introduced. Substantial improvements have been made to the Council incident room, with improved IT and an innovative mobile application which allows instant reporting and photographs taken at an incident scene to be uploaded directly to the incident room system via mobile tablet devices. Community resilience workshops have been initiated across the 18 community areas, with 6 delivered this year (covering approximately 50 town and parish communities). These multi-agency workshops are delivered by representatives from the council's emergency planning, Public Health, drainage and highways teams, together with the emergency services. A full programme of work has been planned for 2015/16 which will concentrate on further strengthening resilience and preparedness based on the risks that face the county.

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

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

89. 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.

90. The “People Strategy” is in place to support delivery of the business plan and the identified priorities. 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

91. 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.

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

- **Delivery of the Council’s Business Plan 2013-17**

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. The Council updates its financial plan annually to reflect current pressures and demands and this targets priorities in the Business Plan.

- **Information Governance**

In March 2015 the Information Commissioner's Office (ICO) carried out a voluntary audit of the Council's information governance arrangements. The audit focused on the following areas:

- Records management - the processes in place for managing both manual and electronic records containing # personal data.
- Subject access requests - the procedures in operation for recognising and responding to individuals' requests for access to their personal data.
- Data sharing - the design and operation of controls to ensure the sharing of personal data complies with data protection legislation and good practice.

The overall conclusion was that there is a limited level of assurance that processes and procedures are in place and delivering data protection compliance and that there is considerable scope for improvement in existing arrangements to reduce the risk of non- compliance with the Data Protection Act.

A detailed action plan is being developed to ensure that the ICO's recommendations are prioritised and implemented within the next 12 months.

- **Safeguarding Children and Young People**

The Improvement Notice was lifted from Wiltshire Council in April 2014 after an OFSTED inspection the previous year. Consequently the inter-agency Improvement Board ended after a positive Local Government Association (LGA) review of the Wiltshire Safeguarding Children Board (WSCB), which had tested the governance arrangements for safeguarding by the council and its partners.

The Improvement Board has been replaced by a Wiltshire Council Improvement Board which is chaired by a Corporate Director in her statutory role of Director of Children's Services (DCS). This Board is serviced by four Improvement Groups chaired by senior managers. Each Group has responsibility for an Improvement Plan and ensuring that there is progression towards the OFSTED criteria of Good and Outstanding. The Cabinet Member for Children and portfolio holders are members of the Improvement Board and the chair of Children's Scrutiny is an invited member of the Board. Six weekly reports are provided to Cabinet Liaison by the Cabinet Member for Children.

Oversight and scrutiny is provided by the Children's Select Scrutiny

Committee, the Safeguarding Children's Task Group and the Corporate Parenting Panel. The Multi- Agency Safeguarding Hub Governance Board meets every six months with a monthly operational board undertaking service delivery improvements.

LGA and peer reviews have taken place in respect of the WSCB, the Council and Partners' response to Neglect and the Looked After Children. These have concluded that the Council is fulfilling its statutory duties effectively.

The Council will continue to have a relentless focus on safeguarding improvement, and in order to monitor progress safeguarding remains a significant governance issue this year.

Jane Scott  
Leader of the Council

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Corporate Directors

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Dated

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## **AUDIT**

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### **DRAFT MINUTES OF THE AUDIT MEETING HELD ON 23 JUNE 2015 AT COUNCIL CHAMBER - COUNTY HALL, TROWBRIDGE.**

#### **Present:**

Cllr Richard Britton (Vice Chairman), Cllr Rosemary Brown, Cllr Tony Deane (Chairman), Cllr Stewart Dobson, Cllr David Jenkins (Substitute), Cllr Julian Johnson, Cllr Stephen Oldrieve, Cllr Jeff Osborn, Cllr Sheila Parker, Cllr David Pollitt, Cllr Jane Scott OBE and Cllr Dick Tonge.

#### **Also Present:**

Cllr Mike Hewitt

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## **29 Annual Governance Statement 2014-15**

Ian Gibbons, Associate Director for Legal & Governance Services, presented the report which asked the Audit Committee to consider a draft Annual Governance Statement (AGS) for 2014 -15 for preliminary comment before final approval was sought from the Committee at its meeting on 31 July 2015.

In the course of the presentation and the discussion, the issues discussed included: that the statement's format followed the advice of CIPFA; how significant governance risks are identified; that the Council had invited the Information Commissioners Officer (ICO) to consider their arrangements, and how the Council was responding to the recommendations which would be reporting to Audit Committee, probably in Autumn; that changes, such as the new Pensions Board and the LEP Assurance Framework, are referred to; and that the opinion of the Internal Audit was referred to in the statement, but that the opinion from the External Auditor would be added as the statement was finalised.

The Chair invited the Committee to consider if there were any areas of omission from the Statement.

It was noted, following an issue raised by Councillor Jeff Osborne, that whilst the matter of integration between the NHS and Adult Social Care was a key issue for the Council, the positive results of the peer review and arrangements

## **Appendix 2 – Extract of Minutes of Audit Committee 23 June 2015**

in place for governance, meant that the current reference to the matter in the Statement was appropriate under the criteria laid down by CIPFA.

Ian Gibbons stated, in response to a question from Richard Britton, that officers would be meeting with Internal Audit to ensure that their views are reflected appropriately in the statement, and that the use of the word 'capacity' would be reviewed to remove any ambiguity.

It was noted, following an issue raised by Councillor Richard Britton, that whilst the ICO report had raised some significant issues, which had not previously been highlighted by either internal or external auditors, that these matters had not been so significant as to impact on the fundamentally financial matters considered by the External Auditors. Additionally, Michael Hudson stated that Council wished to continue to work positively and proactively with third-party inspectors to benefit from their advice.

It was noted, following an issue raised by Councillor Richard Britton, that consideration would be given to whether references to the Disaster Recovery Plan and the Business Continuity Plans in the light of advice from auditors.

### **Resolved**

- 1. To note the draft Annual Governance Statement (AGS) as set out in Appendix 1; and**
- 2. To note that the draft Annual Governance Statement (AGS) will be revised in the light of comments from the Cabinet, Standards Committee and further work by the Governance Assurance Group before being brought back to this committee for final approval and publication with the Statement of Accounts at the end of July.**



## STANDARDS COMMITTEE

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### **MINUTES OF THE STANDARDS COMMITTEE MEETING HELD ON 24 JUNE 2015 AT KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.**

#### **Present:**

Cllr Julian Johnson (Chairman), Cllr Jerry Wickham (Vice Chairman),  
Cllr Desna Allen, Cllr Allison Bucknell, Cllr Rosemary Brown, Cllr Trevor Carbin,  
Cllr Paul Oatway, Mr Philip Gill, Mr John Scragg and Miss Pam Turner

#### **Also Present:**

Cllr Dennis Drewett and Cllr Magnus Macdonald

### **19. Draft Annual Governance Statement 2014/15**

The Monitoring Officer presented a report on the draft Annual Governance Statement, as drafted by the Governance Assurance Group which is comprised of senior officers who have lead roles in corporate governance and a representative from the Audit Committee, to review the effectiveness of the council's governance arrangements.

It was noted that paragraphs 27 and 70 of the draft Statement related to governance arrangements under the responsibility of the Standards Committee, and no objections were raised.

Members discussed the draft, and requested further drafting to ensure consistency across the document.

At the end of discussion, it was,

#### **Resolved:**

**To note that the draft AGS will be revised in the light of comments from the Committee, as detailed above and further work by the Governance Assurance Group before being brought back to the Audit committee for final approval and publication with the Statement of Accounts at the end of July.**

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## **WILTSHIRE COUNCIL CABINET**

**21 JULY 2015**

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### **WILTSHIRE COUNCIL: STATEMENT OF ACCOUNTS 2014/2015**

#### **Purpose of Report**

1. To present the draft Statement of Accounts in respect of the 2014/2015 financial year for Wiltshire Council to Cabinet.

#### **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 2011, and the 2014/2015 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 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 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 2015). At Wiltshire Council the Chief Finance Officer is the Associate Director, Finance.
5. The draft Statement of Accounts are then subject to external audit by the Council's appointed auditors (KPMG) before the final set is brought to the Audit Committee for final approval by 30 September 2015. This adoption process ensures that there is external independent scrutiny of the figures in the Statement of Accounts before they are brought to the Audit Committee. Under the constitution, in Wiltshire the Statement of Accounts are adopted by the Audit Committee.
6. KPMG are required to report on any amendments from the draft Statement of Accounts as part of the submission of the final version to the Audit Committee.
7. The Draft Statement of Accounts is attached as Appendix A.

## **Key Issues Arising**

8. The draft accounts were signed by the Chief Finance Officer on 4 June 2015, well ahead of the statutory deadline of 30 June 2015. KPMG started the year end audit on 8 June 2015.
9. The final outturn on the General Revenue Fund reported to Cabinet on 16 June 2015 was an underspend of £0.278 million. This resulted in a total return to reserves for the General Revenue Fund of £0.282 million, after £0.004 million extra Government grant. Further details of this were reported to Cabinet on 16 June 2015 in the Revenue Outturn Report.
10. The Housing Revenue Account outturn position is an overspend of £0.056 million, which gives a final return to reserves of £1.266 million.
11. 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.
12. 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.
13. The Statement of Accounts will be taken to the Audit Committee on 29 July 2015. This is well ahead of the Statutory Deadline of 30 September. KPMG are currently completing their audit work for submission to the Audit Committee.

## **Risk Assessment**

14. None.

## **Equality and Diversity Impact of the Proposal**

15. None.

## **Environmental Impact of the Proposal**

16. None.

## **Financial Implications**

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

### **Legal Implications**

18. None.

### **Recommendations**

19. That the Cabinet receives and notes the draft Statement of Accounts for 2014/2015.

### **Reason for Recommendations**

20. The Cabinet are aware of the Statement of Accounts for 2014/2015.

**MICHAEL HUDSON**  
Associate Director, Finance

REPORT AUTHOR  
MATTHEW TILLER – CHIEF ACCOUNTANT

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

### **Appendices:**

Appendix A	Draft Statement of Accounts 2014/2015
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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 2014 to 31 March 2015.

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 80 to 83.

### 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 2015.

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

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

**Notes to the Core Financial Statements** follow these statements.

Additionally, the following supplementary financial statements are produced.

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

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

#### Auditor's opinion

To be updated after the 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 2014/2015. 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 2015 Wiltshire Council adopted its Financial Plan 2015/2016. The Council is obliged by legislation to set a balanced budget with a resultant Council Tax and related fees and charges.

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

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

**Future Vision of the Council**

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

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

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

**Revenue outturn**

In respect of net revenue outturn, the Council's 2014/2015 General Fund revised budget and actual spending figures were as below:

	Original Budget £m	Revised Budget £m	Actual £m	Difference £m
<b>Total General Fund (a)</b>	<b>333.063</b>	<b>333.063</b>	<b>332.785</b>	<b>(0.278)</b>
<b>Draw from General Fund reserves (b)</b>				<b>0.000</b>
<b>Funded by:</b>				
Formula Grant including Council Tax Freeze	(65.456)	(65.456)	(65.472)	(0.016)
Business Rates Retained	(51.557)	(51.557)	(51.756)	(0.199)
Collection Fund Transfer	(204.555)	(204.555)	(204.555)	0.000
Collection Fund (Surplus)/Deficit	(2.966)	(2.966)	(2.966)	0.000
Council Tax Freeze Grant	(2.218)	(2.218)	(2.234)	(0.016)
Other Funding Grants	(6.311)	(6.311)	(6.084)	0.227
<b>Total Funding (c)</b>	<b>(333.063)</b>	<b>(333.063)</b>	<b>(333.067)</b>	<b>(0.004)</b>
<b>Movement on General Fund (a) +(b) + (c)</b>	<b>0.000</b>	<b>0.000</b>	<b>(0.282)</b>	<b>(0.282)</b>

The overall underspend against the revised 2014/2015 budget was £0.278 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 £0.282 million return to reserves.



## Outturn Variances

The major variations of actual spend to budget were:

- A £1.378 million overspend on Special Educational Needs & Disabilities (SEND) services. This overspend came from an increase in costs chargeable to schools and funded from the Dedicated Schools Grant (DSG), SEN Transport and an increase in care packages
- A £1.015 million underspend on development services. This is largely due to overachievement of additional Planning income arising from a number of large scale developments.
- A £3.243 million overspend on Waste. This mainly relates to additional costs of waste disposal during the year.
- A £1.602 million underspend on Revenues & Benefits subsidy. This reflects a high level of accuracy of processing and recovery of overpayments.
- A £2.580 million underspend on Capital Financing due to increased capital reprogramming into 2015/2016.

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 16 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?

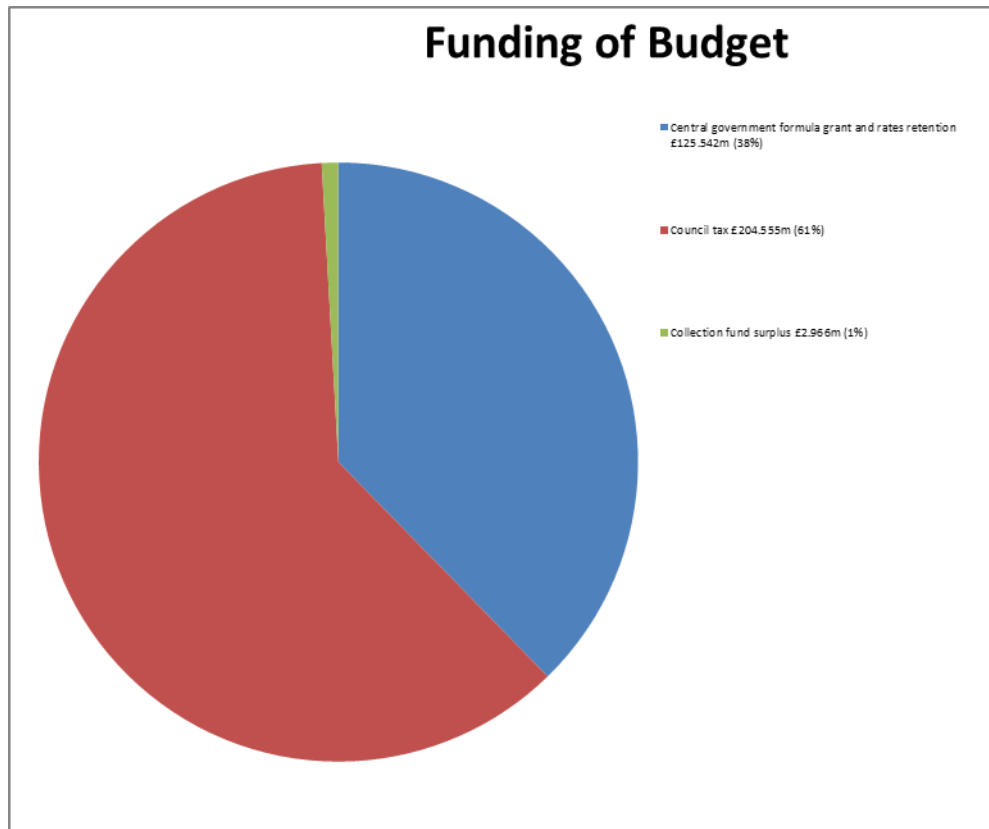
The budget requirement is the money we need to pay for services once we have taken into account money coming in from fees and charges and specific and general government grants.

In 2014/2015 the Council approved a need for a gross and net budget as follows:

	£m
<b>Expenditure:</b>	
Gross budgeted expenditure	<b>897.057</b>
<b>Income:</b>	
Ringfenced specific government grants (schools)	(280.049)
Ringfenced specific government grants (benefits)	(118.775)
Other income	(165.170)
<b>Budget Requirement</b>	<b><u>333.063</u></b>

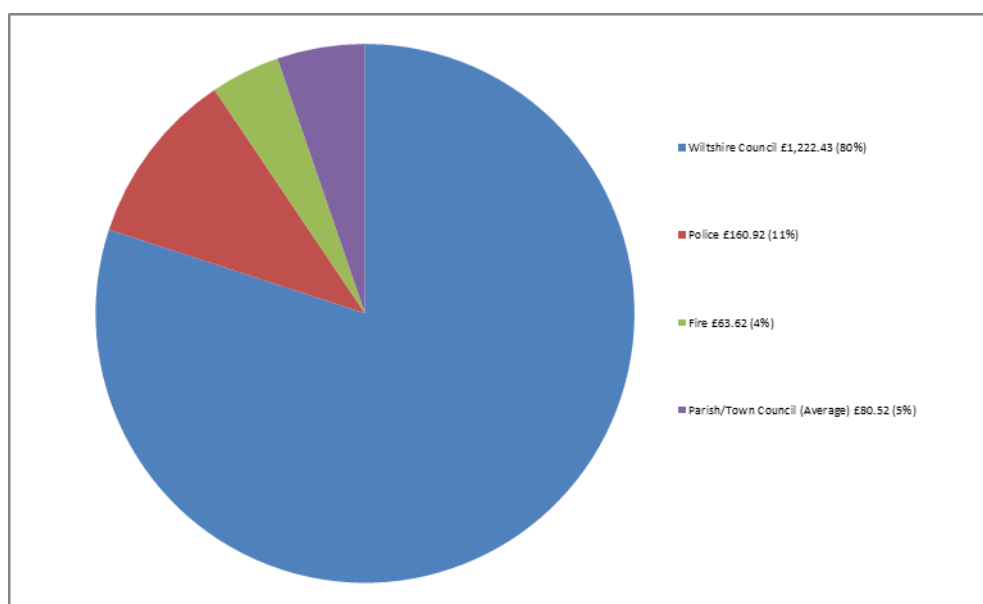
The net budget was funded from three main sources:

	£m
Central government formula grant and rates retention	(125.542)
Council tax	(204.555)
Collection fund surplus	(2.966)
<b>Total funding</b>	<b><u>(333.063)</u></b>



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

Your council tax is collected by Wiltshire Council but it consists of components (precepts) charged by and redistributed to other authorities. The chart below shows how much of your council tax goes to each authority. Figures shown are based on an average Band D charge per year for 2014/2015. Total average Band D council tax is £1,527.49.



**Council's Reserves**

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

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

**Balance Sheet**

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

Here is a summarised version of Wiltshire Council's Balance Sheet as at 31 March 2015 compared to 31 March 2014 (the full Balance Sheet is disclosed on page 16). The overall reduction in net assets is largely due to an increase in the pension liability.

	<b>31 March 2015</b>		<b>31 March 2014</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Assets</b>				
Council dwellings & garages	211,771		199,301	
Other land and buildings	384,923		353,174	
Infrastructure	260,296		261,841	
Other Long Term Assets	197,859		174,354	
Money owed to the Council due over the next 12 months	117,930		149,866	
	<b>1,172,779</b>		<b>1,138,536</b>	
<b>Liabilities</b>				
Money owed by the Council due over the next 12 months	(111,026)		(115,622)	
Long Term Borrowing	(339,868)		(351,889)	
Pension Fund Liability	(617,189)		(499,742)	
Other Long Term Liabilities	(90,492)		(95,007)	
	<b>(1,158,575)</b>		<b>(1,062,260)</b>	
<b>Net Assets</b>		<b>14,204</b>		<b>76,276</b>
Financed by:				
Usable Reserves	(108,518)		(107,837)	
Unusable Reserves	94,314		31,561	
<b>Total Equity</b>		<b>(14,204)</b>		<b>(76,276)</b>

**Capital**

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

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

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

The Council also owns a large number of community schools. Due to a number of schools transferring to academy status, the number and the value of schools land and buildings declared in the statement of accounts has decreased. The council also has infrastructure assets such as the County's road network, street

lighting and land drainage. There is also a large investment portfolio used to generate income, including industrial estates, commercial estates, farms and shops. In total the value of all the council's fixed assets is around £1 billion. This is covered in more detail in the Council's balance sheet and associated notes.

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

### Expenditure

During 2014/2015 the Council spent a total of £98.577 million on its capital programme resulting in £82m being added to its asset base and £16m in the form of grants given to third parties or work on assets the Council does not own. The table below breaks down the expenditure into the different areas of the Council.

<b>Capital Schemes by area</b>	<b>Amount spent £m</b>
Education	17.382
Highways	35.560
Campus and Operational Delivery	12.291
Other Property	2.162
Housing	14.584
Other	16.598
<b>Total</b>	<b>98.577</b>

Further details on how the Council spent its money on capital can be found in the 2014/2015 Capital Outturn report. This will be taken to Cabinet on 16 June 2015 and a full copy of the report will be available on the Wiltshire Council webpage under "Council and Democracy."

Examples of capital spend undertaken in 2014/2015 includes:

<b>Scheme area</b>	<b>Outputs</b>
Education	Building of new schools Extensions to school buildings New boilers, roofs and rewiring schools
Highways	Dualling of the A350 in Chippenham Resurfacing roads Local road safety schemes Replacement and refurbishment of bridges Drainage works
Campus	Office rationalisation Corsham Campus nearing completion
Housing	Grants given to disabled householders to improve homes Refurbishment of Council Houses
Other	Digital inclusion project

**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:

<b>Funding source</b>	<b>Amount £m</b>	<b>Percentage of funding</b>
Capital Grants & contributions	44.995	46%
Revenue Contributions (inc HRA)	8.856	9%
Capital Receipts	11.315	11%
Borrowing	33.411	34%
<b>Total</b>	<b>98.577</b>	<b>100%</b>

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 5,300 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.

<b>Income &amp; expenditure account 2014/2015</b>	<b>£000</b>
Rents	(25,065)
Charges for Services and facilities	(601)
<b>Total Income</b>	<b>(25,666)</b>
Repairs and Maintenance of properties	6,124
Supervision and management costs	4,088
Capital Contributions	16,580
Accounting Adjustments	2,508
<b>Total Expenditure</b>	<b>29,300</b>
<b>Deficit/(surplus) for the year</b>	<b>3,634</b>

This deficit is before technical adjustments. The net effect is a transfer to HRA reserves of £1.266 million.

**How we manage our finances**

Financial management and reporting is facilitated by:

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

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

**Managing our investments and borrowings**

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

The Council follows strict national guidelines when deciding where and how much to invest. This process is set out in our Annual Treasury Management Strategy which is approved annually by the Council. At its meeting on 25 February 2014 the Treasury Management Strategy 2014/2015 was approved and is also available on the Council website under "Council and Democracy".

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

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

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

**Financial challenges for 2015/2016 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 2015/2016 including Capital programme**

The 2015/2016 revenue budget was set by Wiltshire Council on 24 February 2015. The net budget is £314.983 million and this has been allocated across services as follows:

	2015/2016 £m	2014/2015 £m
Adult Social Care Operations	79.785	81.007
Adult Care Commissioning, Safeguarding, Housing	8.147	6.505
Public Health & Public Protection	3.529	5.434
Children's Social Care, Integrated Youth & Preventative Services & 0-25 SEN/Disability Service	46.463	46.481
Learning Disability	41.841	39.963
Quality Assurance, Commissioning & Performance, School & Early Years Effectiveness	10.860	11.676
Economic Development & Planning Services	4.208	3.963
Highways & Transport	25.255	27.656
Waste & Environment	36.765	37.723
Communications, Community Area Boards, Libraries, Arts, Heritage & Culture	6.562	7.240
Corporate Function & Procurement	5.308	6.302
Finance	2.668	3.178
Legal & Governance	2.353	2.710
People & Business Services	29.327	32.605
Corporate Directors	2.736	2.440
Corporate	9.176	18.180
<b>Budget Requirement</b>	<b>314.983</b>	<b>333.063</b>
<b>Funded By:</b>		
Central Government Funding (inc Business Rates Retention & RSG)	(106.140)	(125.542)
Council tax	(208.843)	(204.555)
Collection fund surplus	0.000	(2.966)
<b>Total Funding</b>	<b>(314.983)</b>	<b>(333.063)</b>

The Council's approved capital budget for the years 2015/2016 to 2017/2018 including the funding sources is shown below.

Updated Capital Programme 2015/2016 - 2017/2018 including indicative mix of funding available						
Capital schemes	Total Original Budget 2015/2016 - 2017/2018 £m	Indicative mix of funding available				
		Grants and Contributions £m	HRA funding £m	Capital Receipts £m	Borrowing £m	Total Funding £m
		£m	£m	£m	£m	£m
Education	43.706	40.248	0.000	0.000	3.458	43.706
Highways	93.663	65.319	0.000	0.000	28.344	93.663
Campus schemes	51.347	8.752	0.000	0.000	42.595	51.347
Other Property	7.500	0.000	0.000	0.000	7.500	7.500
Housing	89.178	11.532	75.060	0.000	2.586	89.178
Other Schemes	91.189	39.200	0.000	17.262	34.727	91.189
<b>Total</b>	<b>376.583</b>	<b>165.051</b>	<b>75.060</b>	<b>17.262</b>	<b>119.210</b>	<b>376.583</b>

**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](mailto:centralfinanceyearend@wiltshire.gov.uk)

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

### Concluding remarks

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



**Michael Hudson, LLB (Hons), LLM, CPFA**  
Associate Director, Finance (Section 151 Officer)  
Wiltshire Council 4 June 2015



## 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 2015.

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 2015 and the income and expenditure for the year ended 31 March 2015.

To be signed at the audit committee

#### **Michael Hudson**

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

#### **Cllr Tony Deane**

Chairman, Audit Committee

29 July 2015

## **ANNUAL GOVERNANCE STATEMENT**

This will be incorporated into the final published statement of accounts once approved by Members

## **Independent Auditor's Report to the Members of Wiltshire Council**

This will be inserted once the audit has been completed

## 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	<b>Total Usable Reserves £000</b>	Unusable Reserves £000 Note 51	<b>Total Authority Reserves £000</b>
<b>Balance at 1 April 2014</b>	(11,865)	(34,455)	(16,896)	(11,135)	(9,640)	(23,846)	(107,837)	31,561	(76,276)
<b>Movement in reserves during 2014/15</b>									
(Surplus) or deficit on provision of services	38,032	0	3,634	0	0	0	41,666	0	41,666
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	20,406	20,406
<b>Total Comprehensive Expenditure and Income</b>	38,032	0	3,634	0	0	0	41,666	20,406	62,072
Adjustments between accounting basis & funding basis under regulations	(31,696)	0	(4,900)	4,900	(1,316)	(9,335)	(42,347)	42,347	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	6,336	0	(1,266)	4,900	(1,316)	(9,335)	(681)	62,753	62,072
Transfers (to)/from Earmarked Reserves	(6,618)	6,618	0	0	0	0	0	0	0
<b>(Increase)/Decrease in Year</b>	(282)	6,618	(1,266)	4,900	(1,316)	(9,335)	(681)	62,753	62,072
<b>Balance at 31 March 2015 carried forward</b>	(12,147)	(27,837)	(18,162)	(6,235)	(10,956)	(33,181)	(108,518)	94,314	(14,204)

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.

	2014/2015			2013/2014		
	Expenditure £000	Income £000	Net Expenditure £000	Expenditure £000	Income £000	Net Expenditure £000
<b>General Fund Services</b>						
Central Services to the Public	6,669	(5,054)	1,615	7,619	(4,281)	3,338
Culture & Related Services	40,065	(6,817)	33,248	26,856	(8,078)	18,778
Environmental & Regulation	58,908	(5,678)	53,230	55,237	(6,158)	49,079
Planning Services	25,606	(11,393)	14,213	23,057	(11,473)	11,584
Children's and Education Services	365,303	(266,030)	99,273	370,673	(252,662)	118,011
Highways, Roads & Transport Services	42,203	(13,709)	28,494	53,865	(18,471)	35,394
Housing Services General Fund	133,934	(126,100)	7,834	143,052	(125,361)	17,691
Housing Services HRA	27,245	(25,666)	1,579	21,051	(24,723)	(3,672)
Adult Social Care	161,184	(22,903)	138,281	156,329	(19,796)	136,533
Public Health (Acquired Service in 2013/2014)	14,311	(14,591)	(280)	13,399	(13,286)	113
Corporate & Democratic Core	12,062	(1,365)	10,697	14,668	(1,649)	13,019
Non-distributed Costs	18,528	(12,673)	5,855	13,262	(6,951)	6,311
Exceptional Costs - Office Downward Valuation	11,867	0	11,867	0	0	0
<b>Net Cost of Service (See note 10)</b>	<b>917,885</b>	<b>(511,979)</b>	<b>405,906</b>	<b>899,068</b>	<b>(492,889)</b>	<b>406,179</b>
<b>Other operating Expenditure</b>	<b>Note 13</b>		<b>24,138</b>			<b>22,456</b>
<b>Financing and Investment Income and Expenditure</b>	<b>Note 14</b>		<b>34,017</b>			<b>35,402</b>
<b>Taxation and non-specific grant income</b>	<b>Note 15</b>		<b>(422,395)</b>			<b>(414,254)</b>
<b>(Surplus)/ Deficit on Provision of Services</b>			<b>41,666</b>			<b>49,783</b>
(Surplus) or deficit on revaluation of Property, Plant and Equipment Assets			(78,031)			(50,726)
Actuarial (gains)/losses on pension assets / liabilities			98,437			13,813
<b>Other Comprehensive Income and Expenditure</b>			<b>20,406</b>			<b>(36,913)</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>62,072</b>			<b>12,870</b>

## Balance Sheet

This statement summarises the Council's assets and liabilities at 31 March for the years 2015 and 2014.

	NOTES	31 March 2015		31 March 2014
		£000	£000	£000
<b>Property, Plant and Equipment</b>	<b>27</b>			
Council Dwellings & Garages		211,771		199,301
Other Land and Buildings		384,923		353,174
Vehicles, Plant, Furniture and Equipment		62,141		60,623
Infrastructure		260,296		261,841
Community Assets		6,739		6,740
Assets Under Construction		74,513		43,293
Surplus Assets Not Held for Sale		5,297		3,335
			1,005,680	928,307
<b>Investment Properties</b>	<b>37</b>	27,990		27,337
<b>Intangible Assets</b>	<b>38</b>	3,182		4,106
<b>Assets Held for Sale</b>	<b>39</b>	15,023		24,464
<b>Long Term Investments</b>	<b>63</b>	0		1,041
<b>Long Term Debtors</b>	<b>40</b>	2,974		3,415
			49,169	
<b>Long Term Assets</b>			1,054,849	988,670
<b>Current Assets</b>				
Short Term Investments	63	42,927		73,931
Inventories		913		1,032
Short Term Debtors	41	59,869		58,912
Cash and Cash Equivalents	42	14,221		15,991
<b>Current Assets</b>			117,930	149,866
<b>Current Liabilities</b>				
Short Term Creditors	43	(92,288)		(95,585)
Bank Overdraft	44	0		0
Short Term Borrowing	46	(14,228)		(14,250)
Provisions	45	(4,510)		(5,787)
<b>Current Liabilities</b>			(111,026)	(115,622)
<b>Long Term Liabilities</b>				
Long Term PFI Creditors	36	(59,067)		(61,363)
Long Term Borrowing	46	(339,868)		(351,889)
Other Long Term Liabilities		(756)		(996)
Pension Fund Liability	54	(617,189)		(499,742)
Planning Deposits		(30,669)		(32,648)
<b>Long Term Liabilities</b>			(1,047,549)	(946,638)
<b>Net Assets</b>			14,204	76,276
<b>Financed by</b>				
Usable Reserves	47		(108,518)	(107,837)
Unusable Reserves	51		94,314	31,561
<b>Total Reserves</b>			(14,204)	(76,276)



**Michael Hudson**

Associate Director, Finance (Section 151 Officer)

4 June 2015

## Cashflow Statement

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

	NOTES	2014/2015 £000	2013/2014 £000
<b>Net (surplus) or deficit on the provision of services</b>		<b>41,666</b>	<b>49,783</b>
Adjustments to net surplus or deficit on the provision of services for non-cash movements		<b>(10,825)</b>	<b>(64,891)</b>
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	<b>55</b>	<b>(12,596)</b>	<b>(12,947)</b>
<b>Net cash flows from Operating Activities</b>		<b>18,245</b>	<b>(28,055)</b>
Investing Activities	<b>56</b>	<b>(28,518)</b>	<b>8,778</b>
Financing Activities	<b>57</b>	<b>12,043</b>	<b>(2)</b>
Net decrease or (increase) in cash and cash equivalents		<b>1,770</b>	<b>(19,279)</b>
Cash and cash equivalents at the beginning of the reporting period		<b>15,991</b>	<b>(3,288)</b>
Cash and cash equivalents at the end of the reporting period		<b>14,221</b>	<b>15,991</b>

## 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 2014/2015 financial year and its position at the year-end of 31 March 2015. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011 in accordance with proper accounting practices.

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

### **ix. Intangible Fixed Assets**

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

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

### **x. Property, Plant and Equipment**

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

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

repairs and maintenance) is charged as an expense when it is incurred. The Council does not have a fixed de minimis level for the recognition of capital expenditure, but recognises expenditure as capital where appropriate.

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

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

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

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

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

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

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

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

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

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

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

## Depreciation

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



Depreciation is calculated on the following bases:

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

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

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

### **Disposals and Non-current Assets Held for Sale**

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

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

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

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

### **xi. Investment Property**

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

### **xii. Charges to Revenue for Non-Current Assets**

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

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

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

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

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

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

#### **xiv. Leases**

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

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

##### **The Council as Lessee**

###### **Finance Leases**

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

Lease payments are apportioned between:

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

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

###### **Operating Leases**

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

##### **The Council as Lessor**

###### **Finance Leases**

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

Lease rentals receivable are apportioned between:

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

### **Operating Leases**

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

## **xv. Financial Instruments**

### **Financial Liabilities**

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

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

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

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

### **Loans and receivables**

#### **Financial Assets**

Financial assets are classified into two types:

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

### **Loans and Receivables**

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



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

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

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

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

### **Available-for-Sale Assets**

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

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

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

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

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

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

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

**xvi. Inventories and Long Term Contracts**

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

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

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

**xviii. Private Finance Initiative (PFI)**

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

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

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

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

**xix. Exceptional Items**

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

**xx. Cash and Cash Equivalents**

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

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

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

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

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

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

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

Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts 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. Phase 2 of this scheme began from 1 April 2014. The Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the costs of the Council's services and is apportioned to services on the basis of energy consumption.

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

For 2014/2015, there are a number of accounting policy changes that have been issued but not yet adopted. These include changes around:

- **IFRS 13 Fair Value Measurement (May 2011)**
- **Annual Improvements to IFRSs (2011-2013 Cycle) which includes:**
  - **IFRS 1: Meaning of effective IFRSs**
  - **IFRS 3: Scope exceptions for joint ventures**
  - **IFRS 13: Scope of paragraph 52 (portfolio exception)**
  - **IAS 40: Clarifying the relationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property**
  - **IFRIC 21 Levies**

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

#### **Note 3 Critical Judgements in applying accounting policies**

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

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

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

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

The items in the Council's Balance Sheet at 31 March 2015 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
<b>Property, Plant and Equipment</b>	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 2014/2015 on PPE assets was £43 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.
<b>Provisions</b>	The Council has made a number of provisions in the accounts, totalling £4.510 million. These are based on current information and current likely settlement value. Provisions will need to be reviewed on a regular basis to ensure they are kept up to date. Further information is found in note 45.	An increase or decrease over the forthcoming year in either the total number of claims, appeals or the estimated average settlement would have the effect of changing the level of provision needed.
<b>Pensions Liability</b>	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.
<b>Arrears</b>	At 31 March 2015, the Council had a balance of debtors of £71 million. A bad debt provision of £11 million or around 15% of the debt has been made. In the current economic climate it is not certain that the provision will be sufficient.	An increase or decrease in collection rates would have the effect of changing the level of provision needed. See note 41 for further details.

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

#### Note 5 Authorisation of Accounts for Issue

These accounts were considered and authorised by the Chief Financial Officer of Wiltshire Council on the 4 June 2015. The final audited version of these accounts will be considered by the Audit Committee at its meeting on 29 July 2015.

**Note 6 Events after the Balance Sheet Date**

It is hoped that the Statement of Accounts will be authorised by the Chief Financial Officer and the Audit Committee on 29 July 2015. Events taking place after this date will not be reflected in the financial statements or notes.

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

There are no adjusting events after the balance sheet date for 2014/2015.

There is one non –adjusting post balance sheet event. 7 Schools valued £16 million were transferred to academy status on 1 April 2015. These assets will be removed from the accounts in 2015/2016 in line with normal practise.

**Note 7 Summary of Prior Year adjustments**

No prior year adjustments have been made during 2014/2015.

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

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



Reserve 2014/2015	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Unusable Reserves £000
<b>Adjustments primarily involving the Capital Adjustment Account Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>						
Charges for depreciation of non-current assets	(26,721)	(16,580)				43,301
Charges for impairment/ revaluations of plant, property and equipment	(25,643)					25,643
Charges for impairment/ revaluations of investment properties	(903)					903
Movements in the market value of Investment Properties	1,176					(1,176)
Amortisation of intangible assets	(1,446)					1,446
Movements in the market value on Assets Held for Sale	(220)					220
Revenue expenditure funded from capital under statute	(21,710)					21,710
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(11,424)	1,482	(6,957)			16,899
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	13,956					(13,956)
Capital expenditure charged against the General Fund and HRA balances	11	3,975				(3,986)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement and Expenditure Statement	54,330				(54,330)	0
Application of grants to capital financing transferred to the Capital Adjustment Account					44,995	(44,995)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Use of the Capital Receipts Reserve to finance new capital expenditure			11,315			(11,315)
Reserve to finance the payments to the Government capital receipts pool	(722)		722			0
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve</b>						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	444		(180)			(264)
<b>Adjustment primarily involving the Major Repairs Reserve</b>						
Reversal of Major Repairs Allowance credited to the HRA		6,187		10,393		(16,580)
Use of the Major Repairs Reserve to finance new capital expenditure and depreciation				(11,709)		11,709
<b>Adjustment primarily involving the Financial Instruments Adjustments Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(7)					7
<b>Adjustments primarily involving the Pensions Reserve</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 61)	(49,907)					49,907
Employer's pensions contributions and direct payments to pensioners payable in the year	30,858	39				(30,897)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1,990					(1,990)
Amount by which non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	(272)					272
<b>Adjustment primarily involving the Accumulated Absences Account</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	4,514	(3)				(4,511)
<b>Total Adjustments</b>	<b>(31,696)</b>	<b>(4,900)</b>	<b>4,900</b>	<b>(1,316)</b>	<b>(9,335)</b>	<b>42,347</b>

Reserve 2013/2014	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Unusable Reserves £000
<b>Adjustments primarily involving the Capital Adjustment Account Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>						
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
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	12,950					(12,950)
Capital expenditure charged against the General Fund and HRA balances	216	3,975				(4,191)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement and Expenditure Statement	47,421				(47,421)	0
Application of grants to capital financing transferred to the Capital Adjustment Account					48,509	(48,509)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
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
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve</b>						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	180		(161)			(19)
<b>Adjustment primarily involving the Major Repairs Reserve</b>						
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
<b>Adjustment primarily involving the Financial Instruments Adjustments Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(21)					21
<b>Adjustments primarily involving the Pensions Reserve</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 61)	(52,123)					52,123
Employer's pensions contributions and direct payments to pensioners payable in the year	31,032	57				(31,089)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	2,496					(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
<b>Adjustment primarily involving the Accumulated Absences Account</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	2,123	(7)				(2,116)
<b>Total Adjustments</b>	<b>(56,460)</b>	<b>(1,507)</b>	<b>(6,763)</b>	<b>(3,946)</b>	<b>1,088</b>	<b>67,588</b>



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

In respect of net revenue outturn, the Council's 2014/2015 General Fund revised budget and actual spending figures were as below:

	Original Budget £m	Revised Budget £m	Actual £m	Difference £m
<b>Total General Fund (a)</b>	<b>333.063</b>	<b>333.063</b>	<b>332.785</b>	<b>(0.278)</b>
<b>Draw from General Fund reserves (b)</b>				<b>0.000</b>
<b>Funded by:</b>				
Formula Grant including Council Tax Freeze	(65.456)	(65.456)	(65.472)	(0.016)
Business Rates Retained	(51.557)	(51.557)	(51.756)	(0.199)
Collection Fund Transfer	(204.555)	(204.555)	(204.555)	0.000
Collection Fund (Surplus)/Deficit	(2.966)	(2.966)	(2.966)	0.000
Council Tax Freeze Grant	(2.218)	(2.218)	(2.234)	(0.016)
Other Funding Grants	(6.311)	(6.311)	(6.084)	0.227
<b>Total Funding (c)</b>	<b>(333.063)</b>	<b>(333.063)</b>	<b>(333.067)</b>	<b>(0.004)</b>
<b>Movement on General Fund (a) +(b) + (c )</b>	<b>0.000</b>	<b>0.000</b>	<b>(0.282)</b>	<b>(0.282)</b>

The movement on the general fund of £0.282 million increase is shown in the Movement of Reserves Statement.

**Note 10 Amounts reported for Resource Allocation Decisions**

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

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

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

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

2014/2015	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	11,900	88,868	100,768	(18,440)	0	(18,440)	82,328
Adult Care Commissioning, Safeguarding & Housing	3,707	8,125	11,832	(1,353)	(4,017)	(5,370)	6,462
Public Health & Public Protection	11,535	13,562	25,097	(5,970)	(14,587)	(20,557)	4,540
Children's Social Care, Integrated Youth & Preventative Services & 0-25 SEN/Disability Service	25,530	57,062	82,592	(2,292)	(28,627)	(30,919)	51,673
Learning Disability	5,656	41,019	46,675	(3,702)	0	(3,702)	42,973
Quality Assurance, Commissioning & Performance, School & Early Years Effectiveness	151,400	87,912	239,312	(28,918)	(198,967)	(227,885)	11,427
Economic Development & Planning Services	7,911	3,259	11,170	(6,397)	(688)	(7,085)	4,085
Highways & Transport	7,160	37,592	44,752	(13,748)	(1,117)	(14,865)	29,887
Waste & Environment	9,373	36,100	45,473	(4,257)	0	(4,257)	41,216
Communications, Community Area Boards, Libraries, Arts, Heritage & Culture	7,461	2,989	10,450	(1,629)	0	(1,629)	8,821
Corporate Function & Procurement	5,111	3,004	8,115	(2,191)	(65)	(2,256)	5,859
Finance	6,783	127,468	134,251	(124,640)	(8,017)	(132,657)	1,594
Legal & Governance	4,636	1,572	6,208	(1,787)	(928)	(2,715)	3,493
People & Business Services	18,526	26,301	44,827	(11,276)	(4)	(11,280)	33,547
Corporate Directors	871	2,008	2,879	(45)	0	(45)	2,834
Corporate	6,547	20,107	26,654	(2,143)	(22,465)	(24,608)	2,046
Total General Fund Budget	284,107	556,948	841,055	(228,788)	(279,482)	(508,270)	332,785
Housing Revenue Account (HRA)	2,555	17,060	19,615	(19,615)	0	(19,615)	0
<b>TOTAL EXPENDITURE</b>	<b>286,662</b>	<b>574,008</b>	<b>860,670</b>	<b>(248,403)</b>	<b>(279,482)</b>	<b>(527,885)</b>	<b>332,785</b>

The Council was restructured in 2014/2015. Comparisons for 2013/2014 are shown in the previous Council structure, 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	(995)	(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 SEN/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	289,583	539,390	828,973	(220,130)	(268,722)	(488,852)	340,121
Housing Revenue Account (HRA)	2,390	16,267	18,657	(18,657)	0	(18,657)	0
<b>TOTAL EXPENDITURE</b>	<b>291,973</b>	<b>555,657</b>	<b>847,630</b>	<b>(238,787)</b>	<b>(268,722)</b>	<b>(507,509)</b>	<b>340,121</b>

### 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.

	2014/2015 £000
Net expenditure in the Service Analysis	332,785
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	83,969
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(10,848)
<b>Cost of Services in Comprehensive Income and Expenditure Statement</b>	<b>405,906</b>

### Reconciliation to Subjective Analysis

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

	Department Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Allocation of Recharges £000	Net Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(228,788)	0	0	(7,401)	(236,189)	0	(236,189)
Interest and investment income	0	0	830	0	830	(830)	0
Income from council tax	0	0	0	0	0	(222,985)	(222,985)
Government grants and contributions	(279,482)	0	18,887	(727)	(261,322)	(199,410)	(460,732)
<b>Total Income</b>	<b>(508,270)</b>	<b>0</b>	<b>19,717</b>	<b>(8,128)</b>	<b>(496,681)</b>	<b>(423,225)</b>	<b>(919,906)</b>
Employee expenses	284,107	(6,941)	0	31,039	308,205	21,440	329,645
Other service expenses	556,948	22,618	1,384	18,591	599,541	0	599,541
Support Service recharges	0	0	0	(47,992)	(47,992)	0	(47,992)
Depreciation, amortisation and impairment	0	70,337	(6,187)	6,490	70,640	0	70,640
Interest Payments	0	(2,045)	(25,762)	0	(27,807)	13,407	(14,400)
Precepts & Levies	0	0	0	0	0	13,474	13,474
Payments to Housing Capital receipts pool	0	0	0	0	0	722	722
(Gain) or Loss on Disposal of Fixed Assets	0	0	0	0	0	9,942	9,942
<b>Total expenditure</b>	<b>841,055</b>	<b>83,969</b>	<b>(30,565)</b>	<b>8,128</b>	<b>902,587</b>	<b>58,985</b>	<b>961,572</b>
<b>Surplus or deficit on the provision of services</b>	<b>332,785</b>	<b>83,969</b>	<b>(10,848)</b>	<b>0</b>	<b>405,906</b>	<b>(364,240)</b>	<b>41,666</b>

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.

	2014/2015 £000
Adjustments relating to Pensions reporting	(2,430)
Adjustments relating to Accumulated Absences	(4,511)
Adjustments relating to contributions to Capital Expenditure	21,699
Adjustments relating to Capital Depreciation and Impairments	70,337
Adjustments relating to PFI schemes	(2,045)
Adjustments relating to Local Council Tax Support Grant	919
<b>Total amounts not reported to management for decision making</b>	<b>83,969</b>

**Note 11 Exceptional items**

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

**Note 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**

	2014/2015 £000	2013/2014 £000
Parish council precepts	13,474	12,185
Payments to the Government Housing Capital Receipts Pool	722	666
(Gains)/losses on the disposal of non-current assets	9,942	9,605
Total	24,138	22,456

**Note 14 Financing and Investment Income and Expenditure**

	2014/2015 £000	2013/2014 £000
Interest payable and similar charges	13,407	13,900
Impairment of Investments	(19)	(586)
Interest and investment income	(811)	(953)
Pension Interest Costs and expected return on pension assets	21,440	23,041
Total	34,017	35,402

**Note 15 Taxation and Non Specific Grant Income**

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

	2014/2015 £000	2013/2014 £000
General Government Grants	(25,682)	(23,860)
Formula Grant including Council Tax Freeze	(119,398)	(123,197)
Council Tax Income	(222,985)	(219,776)
Capital grants and contributions	(54,330)	(47,421)
Total	(422,395)	(414,254)

Council Tax Income is made up of £204,554,676 for Council Tax Transfer, £2,965,870 for Collection Fund Surplus, £13,473,538 for Parish Council Precepts and a £1,990,467 adjustment in accordance with statutory requirements.

**Note 16 Acquired and Discontinued Operations****Transferred Service**

There are no acquired or discontinued services in the year.

**Note 17 Significant Trading Services**

The Council ran no significant trading services during the year.

**Note 18 Agency Income & Expenditure**

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

**Note 19**

As part of the exercise to declutter the Statement of Accounts, this note has been deleted this year. The rest of the notes will be renumbered next year.

**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 2014/2015 Wiltshire Council had expenditure of £1.808 million and Wiltshire CCG had expenditure of £4.320 million. The total joint arrangement spend was £6.128 million.

**Better Care Fund**

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

In 2014/2015 this arrangement was operated under a shadow agreement only, so disclosure will be reflected in the accounts from 2015/2016 onwards.

**Note 21 Members' Allowances**

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

	2014/2015 £000	2013/2014 £000
Allowances	1,770	1,732
Expenses	90	92
<b>Total</b>	<b>1,860</b>	<b>1,824</b>

**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 £	2014/2015 No. Employees	2013/2014 No. Employees
50,000-54,999	106	124
55,000-59,999	89	82
60,000-64,999	32	46
65,000-69,999	18	13
70,000-74,999	7	10
75,000-79,999	4	12
80,000-84,999	2	3
85,000-89,999	2	4
90,000-94,999	5	8
95,000-99,999	7	3
100,000-104,999	2	1
105,000-109,999	1	2
110,000-114,999	0	0
115,000-119,999	0	0
120,000-124,999	0	2
125,000-129,999	0	0
130,000-134,999	0	3
135,000-139,999	0	0
140,000-144,999	1	3
145,000-149,999	2	1
<b>TOTAL</b>	<b>278</b>	<b>317</b>

**Notes:**

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

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

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

**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.

**2014/2015 Remuneration for Senior Employees - Salary is less than £150,000 but equal to or more than £50,000 per year** (Included in Officer's Remuneration Bandings)

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

**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 the 2013/2014 comparator 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.

**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) – 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 2013/2014 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2013/2014 £
Corporate Director A	139,096	0	2,205	0	0	141,301	20,864	162,165
Corporate Director B	139,067	0	1,532	0	0	140,599	19,469	160,068
Corporate Director 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



**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	
	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014 £	2014/2015 £
0-20,000	13	53	230	190	243	243	2,459,604	1,114,720
20,001-40,000	0	0	104	21	104	21	2,943,419	575,635
40,001-60,000	0	0	42	6	42	6	2,037,928	286,504
60,001-80,000	0	0	18	1	18	1	1,219,493	76,071
80,001-100,000	0	0	12	0	12	0	1,039,127	0
100,001-150,000	0	0	5	0	5	0	590,752	0
150,001-200,000	0	0	1	0	1	0	181,455	0
200,001-250,000	0	0	0	0	0	0	0	0
250,001-300,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>13</b>	<b>53</b>	<b>412</b>	<b>218</b>	<b>425</b>	<b>271</b>	<b>10,471,778</b>	<b>2,052,930</b>

**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

	2014/2015 £000	2013/2014 £000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	223	222
Fees payable to the Audit Commission for certification of grant claims and returns	28	23
Fees Payable for additional work	0	32
Audit Commission Rebates	(53)	0
<b>Total</b>	<b>198</b>	<b>277</b>

**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 2014/2015 are as follows:



	Central Expenditure £000	Individual Schools Budget (ISB) £000	Total £000
Final DSG for 2014/2015 before academy recoupment			(305,437)
Academy figure recouped for 2014/2015			112,269
<b>Total DSG after academy recoupment for 2014/2015</b>			<b>(193,168)</b>
Brought forward from 2013/2014			(2,960)
Early Years Block 2013/2014 Adjustment			(542)
Agreed initial budget distribution in 2014/2015	(56,415)	(140,255)	(196,670)
<b>Final budgeted distribution for 2014/2015</b>	<b>(56,415)</b>	<b>(140,255)</b>	<b>(196,670)</b>
Less actual central expenditure	54,925		54,925
Less actual ISB deployed to schools		140,255	140,255
<b>Carry forward to 2015/2016</b>	<b>(1,490)</b>	<b>0</b>	<b>(1,490)</b>

**Note 25 Grant Income**

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2014/2015:

	2014/2015 £000	2013/2014 £000
<b>Credited to Taxation and Non Specific Grant Income</b>		
General Government Grants	(25,682)	(23,860)
Business Rates Retention Scheme	(119,398)	(123,197)
<b>Total</b>	<b>(145,080)</b>	<b>(147,057)</b>
<b>Credited to Services</b>		
Dedicated Schools Grant	(193,168)	(197,969)
Public Health Grant	(14,587)	(13,261)
Pupil Premium Grant	(9,435)	(7,215)
Learning & Skills Council	(2,724)	(2,832)
Universal Infant Free School Meals	(3,142)	0
PFI	(7,541)	(7,541)
Housing Benefit & Council Tax Admin Grant	(2,248)	(2,393)
Other Grants	(20,254)	(19,931)
Other Contributions	(1,772)	(4,605)
Donations	(1,049)	(1,145)
<b>Total</b>	<b>(255,920)</b>	<b>(256,892)</b>

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:

	2014/2015 £000	2013/2014 £000
<b>Revenue Grants to be returned (Creditor)</b>		
Other Grants	0	(13)
<b>Total</b>	<b>0</b>	<b>(13)</b>
<b>Revenue Grants Receipts in Advance</b>		
Other Grants	(89)	(22)
<b>Total</b>	<b>(89)</b>	<b>(22)</b>

**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 2015 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 2014/2015 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 2014/2015 the Council charged the fund £1.076 million (£1.097 million in 2013/2014) for expenses incurred in administering the fund.

During 2014/2015 various Wiltshire Council Councillors were also members of parish or town councils, police bodies and other bodies. Significant payments made to these bodies, where a Councillor has a registered interest in the relevant financial year, by Wiltshire Council are listed below. This includes significant housing benefit payments to housing associations in respect of their tenants.

	2014/2015	2013/2014
	£000	£000
Aster/Sarsen	14,748	13,426
Balfour Beatty	41,025	0
Chippenham Town Council	63	42
Community First Wiltshire	695	846
Ezy's Taxis	88	143
Lady Margaret Hungerford Charities	23	76
Malmesbury Town Council	55	0
Melksham Without Parish Council	34	0
North West Wiltshire & Devizes Portage	0	48
Royal United Hospital Bath	484	407
Royal Wootton Bassett Town Council	0	51
Salisbury City Council	294	310
Selwood Housing Association	16,584	16,180
Sheldon School, Chippenham	249	190
South Wiltshire Avon & Wiltshire Mental Health Partnership Trust	416	0
Trowbridge Town Council	326	385
Wales & West Utilities	0	56
Wiltshire Fire & Rescue Service	51	35
Wiltshire CCG	1,118	0
Wiltshire Police Authority/OPCC	76	68
Wiltshire Portage Service	92	0
<b>Total</b>	<b>76,421</b>	<b>32,263</b>

There are no significant amounts owed to bodies listed as Councillor interest's in 2014/2015 as at 31 March 2015.

**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
<b>Cost or Valuation</b>									
Opening Balance 1 April 2014	291,192	641,417	148,299	315,278	7,620	58,009	3,912	1,465,727	83,132
Additions	1,801	17,295	10,913	275	1	45,940	6	76,231	2,846
Derecognition - Disposals	(1,801)	(2,905)	(1,042)	0			(165)	(5,913)	0
Derecognition - Other	0	(16,760)	(945)	0	0	0	0	(17,705)	0
Revaluation increases recognised in the Revaluation Reserve	17,484	54,187	15,608	0	0	0	0	87,279	1,453
Revaluation decreases recognised in the Revaluation Reserve	0	(7,675)	0	0	0	0	(1,974)	(9,649)	(2,847)
Category Adjustments	0	10,957	0	3,925	0	(14,720)	5,739	5,901	0
<b>At 31 March 2015</b>	<b>308,676</b>	<b>696,516</b>	<b>172,833</b>	<b>319,478</b>	<b>7,621</b>	<b>89,229</b>	<b>7,518</b>	<b>1,601,871</b>	<b>84,584</b>
<b>Depreciation and Impairments</b>									
Opening Balance 1 April 2014	(91,891)	(288,243)	(87,676)	(53,437)	(880)	(14,716)	(577)	(537,420)	(20,969)
Depreciation	(5,014)	(9,302)	(22,632)	(5,730)	0	0	(187)	(42,865)	(1,721)
Accumulated depreciation written back on derecognition of assets		8,595	1,127	0			15	9,737	0
Revaluation losses/impairment recognised in the surplus/deficit on provision of services	0	(22,643)	(1,511)	(15)	(2)	0	(1,472)	(25,643)	0
<b>At 31 March 2015</b>	<b>(96,905)</b>	<b>(311,593)</b>	<b>(110,692)</b>	<b>(59,182)</b>	<b>(882)</b>	<b>(14,716)</b>	<b>(2,221)</b>	<b>(596,191)</b>	<b>(22,690)</b>
<b>Net Book Value at 31 March 2015</b>	<b>211,771</b>	<b>384,923</b>	<b>62,141</b>	<b>260,296</b>	<b>6,739</b>	<b>74,513</b>	<b>5,297</b>	<b>1,005,680</b>	<b>61,894</b>
<b>Net Book Value at 31 March 2014</b>	<b>199,301</b>	<b>353,174</b>	<b>60,623</b>	<b>261,841</b>	<b>6,740</b>	<b>43,293</b>	<b>3,335</b>	<b>928,307</b>	<b>62,163</b>

**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 2014/2015 is £42,864,256. This has been rounded to 42.865 million in the table above.

**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.

	<b>31 March 2015</b>		<b>31 March 2014</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Opening Capital Financing Requirement</b>		<b>469,611</b>		<b>461,013</b>
<b>Capital Investment</b>				
Plant Property & equipment Assets	73,385		72,204	
Plant Property & equipment PFI Assets	2,846		16,952	
Investment Properties	232		3,255	
Intangible assets	356		1,381	
Assets Held for Sale	47		28	
Revenue Expenditure Funded from Capital under Statute	21,710		13,833	
		<b>98,576</b>		<b>107,653</b>
<b>Sources of Finance</b>				
Government Grants	(44,995)		(48,509)	
Major Repairs Reserve	(4,870)		(2,242)	
New PFI scheme	0		(16,952)	
Capital Receipts	(11,315)		(14,211)	
Assets purchased through Revenue (inc HRA)	(3,986)		(4,191)	
Minimum Revenue Provision	(11,689)		(11,383)	
Voluntary Revenue Provision	(221)		(499)	
Minimum Revenue Provision - PFI Schemes	(2,046)		(1,055)	
Minimum Revenue Provision - Finance leases	0		(13)	
		<b>(79,122)</b>		<b>(99,055)</b>
<b>Closing Capital Financing Requirement</b>		<b>489,065</b>		<b>469,611</b>
<b>Explanation of Movements in the Year</b>				
Increase / (decrease) in underlying need to borrow		<b>19,454</b>		<b>8,598</b>
Increase / (decrease) in Capital Financing Requirement		<b>19,454</b>		<b>8,598</b>

**Note 30 Fixed Asset Valuation**

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

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

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

The assets revalued during 2014/2015 include Offices, Stores & Depots, Leisure Centres, Youth Centres and Libraries as well as the Investment Estate and any new assets acquired during 2014/2015 or significantly altered. All other assets will be revalued over the coming years as part of the rolling programme but have been revalued within the maximum 5 year rolling programme as dictated in the code of practice. The Council is not aware of any material change in the value of the remaining assets that were not revalued in 2014/2015.

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

	Council Dwellings & Garages inc land £000	Other Land & Buildings £000	Vehicles, Plant and Equipment £000	Infra-structure £000	Community Assets £000	Assets under Construction £000	Surplus Assets £000	Total Property, and Plant & Equipment £000
Valued at historical cost	4,627	20,416	18,584	260,056	3,133	74,513	2,377	383,706
Valued at current value in:								
2014/2015	188,848	104,804	26,696		4		1,446	321,798
2013/2014		101,376	11,996		3,567		171	117,110
2012/2013	3,925	64,195	4,416	240				72,776
2011/2012	14,371	8,981	449		35		1,230	25,066
2010/2011		28,878					73	28,951
2009/2010		56,273						56,273
Book Value at 31 March 2015	211,771	384,923	62,141	260,296	6,739	74,513	5,297	1,005,680

### Schools Assets

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

In 2014/2015 the Council added the assets of 15 Foundation Schools back onto the Wiltshire Council balance sheet. These Schools had previously been excluded from the accounts. This is due to a change in the CIPFA Code of Practice that is applicable from 1 April 2014. The Council was required to review all Foundation Schools within Wiltshire to ascertain whether or not the balance of control (per IFRS 10) over these school's assets lies with the Council or not. As a result of this review, it was determined that the assets of these 15 schools do lie under Wiltshire Council control and have thus been included in the 2014/2015 accounts. These are shown initially under acquisitions in note 27 but each school has also been revalued in 2014/2015 to a total value of £52.1 million.

### 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 2014/2015 as part of the standard revaluation undertaken a number of buildings were revalued downwards, including the Corsham Campus (see 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
	2015	March 2014
	£000	£000
Campus and operational delivery schemes	8,538	6,844
Highways	25,057	27,846
Other School construction projects	6,520	4,642
HRA - Refurbishment of Council Stock	831	588
Buildings Repair & Maintenance Programme	536	0
Gypsy and Traveller project	0	1,029
Waste Schemes	0	522
Fleet Vehicles	677	0
Housing	560	0
<b>Total</b>	<b>42,719</b>	<b>41,471</b>

**Note 34 Heritage Assets**

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

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

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

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

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

**White horse near Westbury**

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

**East Grafton Wilton Windmill**

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



**Village Lock ups**

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

**County Hall Members Rooms Art**

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

**Other items of Historical Interest**

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

**Note 35 Leases****Finance leases**

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

The Council had no finance leases in 2014/2015.

**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 2014/2015**

Plant, vehicles and equipment

**2014/2015**  
**£000**

**263**

**Operating lease payments due in future years**

Amount due in 2015/2016  
Amounts due in between 2016/2017 and 2020/2021  
Amounts due after 2021/2022

**2014/2015**  
**£000**

98

37

0

**135**

Asset Class

Plant, vehicles and equipment

**135**

**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 2014	28,977	7,983	24,403	61,363
Payments during the year to reduce capital liability	(771)	(614)	(911)	(2,296)
Liability outstanding 31 March 2015	28,206	7,369	23,492	59,067

**North Wiltshire Schools PFI & Additional 6<sup>th</sup> 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 2014/2015 follows the same process first shown in 2010/2011, i.e. to reflect the PFI as an on balance sheet PFI.

In 2014/2015 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:

	Liability	Interest	Service charges	2014/2015 Total	2013/2014 Total
Period	£000	£000	£000	£000	£000
Within 1-5 years	4,889	8,216	16,855	29,960	29,570
Within 6-10 years	7,183	5,924	19,069	32,176	31,735
Within 11-15 years	10,554	2,556	21,575	34,685	34,185
Within 16-20 years	5,580	61	9,008	14,649	21,820
Within 21-25 years				0	0
<b>Total</b>	<b>28,206</b>	<b>16,757</b>	<b>66,507</b>	<b>111,470</b>	<b>117,310</b>

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.

	Liability	Interest	2014/2015 Total	2013/2014 Total
Period	£000	£000	£000	£000
Within 1-5 years	2,203	5,221	7,424	7,174
Within 6-10 years	3,018	5,799	8,817	8,521
Within 11-15 years	1,481	2,492	3,973	5,861
Within 16-20 years	0	0	0	0
Within 21-25 years	0	0	0	0
<b>Main Scheme Total</b>	<b>6,702</b>	<b>13,512</b>	<b>20,214</b>	<b>21,556</b>
Equalisation Fund	667	0	667	918
<b>Total</b>	<b>7,369</b>	<b>13,512</b>	<b>20,881</b>	<b>22,474</b>

## Housing PFI Scheme

### Introduction

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

### Accounting Treatment

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

### Income and Expenditure

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

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

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

Period	Liability £000	Interest £000	2014/2015	2013/2014
			Total £000	Total £000
Within 1-5 years	5,014	6,235	11,249	11,470
Within 6-10 years	5,501	4,522	10,023	10,230
Within 11-15 years	6,721	2,218	8,939	9,122
Within 16-20 years	6,256	452	6,708	8,143
Within 21-25 years	0	0	0	254
<b>Total</b>	<b>23,492</b>	<b>13,427</b>	<b>36,919</b>	<b>39,219</b>

### 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.

	2014/2015 £000	2013/2014 £000
Rental income from investment property	(2,506)	(2,485)
Direct operating expenses arising from investment properties	421	552
<b>Net (Gain)/ Loss</b>	<b>(2,085)</b>	<b>(1,933)</b>

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:

	2014/2015 £000	2013/2014 £000
Balance at start of the year	27,337	25,436
Additions: Subsequent expenditure	232	3,255
Disposals	0	(245)
Gains from fair value adjustments	1,324	1,216
Losses from fair value adjustments	(903)	(2,381)
Transfers (to)/from Property, Plant and Equipment	0	56
<b>Balance at end of the year</b>	<b>27,990</b>	<b>27,337</b>

**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 2015 £000	31 March 2014 £000	
SAP Finance/HR/Payroll system	0	0	Nil
Workplace transformation IT software	958	1,510	3 -4 years
Planning System	839	974	4 years
Other items of software	1,385	1,622	1 - 5 years
<b>Total</b>	<b>3,182</b>	<b>4,106</b>	

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £1.446 million charged to revenue in 2014/2015 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.

	2014/2015 Purchased Software Licences £000	2013/2014 Purchased Software Licences £000
Gross carrying amounts	19,541	17,408
Accumulated amortisation	(15,435)	(12,251)
<b>Net Carrying amount</b>	<b>4,106</b>	<b>5,157</b>
<b>Additions:</b>		
Purchases	357	1,381
Amortisation for the period	(1,446)	(3,184)
Other changes	165	752
<b>Net carrying amount at end of year</b>	<b>3,182</b>	<b>4,106</b>
<b>Comprising:</b>		
Gross carrying amounts	20,063	19,541
Accumulated amortisation	(16,881)	(15,435)
	<b>3,182</b>	<b>4,106</b>

**Note 39 Assets Held for Sale**

The Council held the following amounts as assets held for sale as at 31 March 2015. 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 farm land and youth centres. 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 2015/2016 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.

	2014/2015 £000	2013/2014 £000
Balance at start of the year	24,464	4,463
Assets newly classified as held for sale	(6,019)	5,748
Depreciation	(656)	(1,554)
Assets Sold	(3,018)	(79)
Revaluations	252	15,886
Balance at end of the year	<u>15,023</u>	<u>24,464</u>

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

	2014/2015 £000	2013/2014 £000
Mortgages	1,479	1,231
Long Term Loans to Staff	17	12
Other Long Term Loans	1,478	2,172
Total Long Term Debtors	<u>2,974</u>	<u>3,415</u>

**Note 41 Short Term Debtors**

These represent sums owed to the Council for supplies and services provided before 31 March 2015 but not received at that date.

	2014/2015 £000	2013/2014 £000
Other Local Authorities	5,859	3,574
Government Departments	11,722	14,556
NHS Bodies	4,775	1,218
Business Rates and Local Taxation	13,656	14,452
Tenants	1,420	1,440
Sundry Debtors	24,670	28,404
Payments in Advance	8,799	5,809
<b>Total Debtors</b>	<u>70,901</u>	<u>69,453</u>
Less: provision for bad debts		
General Fund debtors	(6,797)	(6,302)
Housing Rent arrears	(1,108)	(1,190)
Council Tax arrears	(2,718)	(2,594)
NDR Arrears	(409)	(455)
<b>Total Bad Debt provisions</b>	<u>(11,032)</u>	<u>(10,541)</u>
<b>Net Debtors</b>	<u>59,869</u>	<u>58,912</u>

**Note 42 Cash and Cash Equivalent**

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

	2014/2015 £000	2013/2014 £000
Cash & Bank	(1,867)	334
Schools' bank accounts	16,088	15,657
	<u>14,221</u>	<u>15,991</u>

**Note 43 Short Term Creditors**

These represent sums owed by the Council for supplies and services received before 31 March 2015 but not paid for at that date, or provisions created in accordance with the accounting policies.

	2014/2015 £000	2013/2014 £000
Other Local Authorities	(749)	(793)
Government Departments	(8,472)	(9,372)
NHS Bodies	(3,987)	(4,341)
Business Rates and Local Taxation	(83)	(641)
Sundry Creditors	(62,753)	(62,085)
Receipts in Advance	(9,441)	(7,039)
Accumulated Absences	(6,803)	(11,314)
	<u>(92,288)</u>	<u>(95,585)</u>

**Note 44 Bank Overdraft**

The Council main bank accounts shows a cash overdrawn position at 31 March 2015 of £1.867 million (no overdraft as at 31 March 2014). This is included in the cash and cash equivalent figures in note 42.

**Note 45 Provisions**

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

	Legal Claims £000	Insurance Claims £000	Business Rate Retention Scheme Appeals £000	Termination Benefits £000	Land Charges £000	Carbon Reduction £000	Other £000	Total £000
Balance at 1 April 2014	(1,130)	(864)	(1,509)	(161)	(396)	(453)	(1,274)	(5,787)
Additional provisions made in 2014/2015	(103)	(809)	(1,693)	(302)	(123)	(88)	0	(3,118)
Amounts Used in 2014/2015	98	537	1,509	151	2	423	137	2,857
Unused amounts reversed in 2014/2015	181	223	0	10	0	30	1,094	1,538
Balance at 31 March 2015	<u>(954)</u>	<u>(913)</u>	<u>(1,693)</u>	<u>(302)</u>	<u>(517)</u>	<u>(88)</u>	<u>(43)</u>	<u>(4,510)</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 £0.954 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 2015/2016 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 2014/2015 is made up of 26 claims totalling £0.913 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 26 claims consisted of a mixture of Public and Employers Liability claims and own Property claims.

The Council self insures, with the Council meeting the first £0.100 million of each employers and public liability claim and between £0.100 million and £0.250 million for own property claims. There are other risks the Council does not insure against and examples of these include computer breakdown and loss of computer data, and employment practices. It is currently expected that all of these claims will be settled during 2015/2016.

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 2015 the Council made a total provision of £0.302 million in respect of termination benefits for 33 employees. It is expected that all cases will be resolved during the first half of the 2015/2016 financial year.

**Land Charges**

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

**Carbon Reduction**

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

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

As at 31 March 2015 it is estimated that a further £0.088 million of allowances will be required in respect of 2014/2015. The actual amount required will not be known until July 2015 when the "buy to comply" window opens.

**Business Rate Retention Scheme Appeals**

The Council is required to make provision for the costs associated with refunding business ratepayers with regard to current and prior year appeals against the rateable values of their properties on the rating list. The Council has estimated the total value of this provision to be £3.456 million as at 31 March 2015. 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 £1.545 million.

**Other Provisions**

All other provisions are individually insignificant and are expected to be used during 2015/2016.

**Note 46 Borrowing**

An analysis of loans by maturity is as follows:

	2014/2015 £000	2013/2014 £000
<b>Short Term Borrowing</b>		
Maturing within 1 year	(14,228)	(14,250)
<b>Long Term Borrowing</b>		
Maturing in 1 to 2 years	(12,000)	(12,015)
Maturing in 2 to 5 years	(22,810)	(26,810)
Maturing in 5 to 10 years	(42,000)	(40,000)
Maturing in more than 10 years	(263,058)	(273,064)
Total Maturing after 1 year	(339,868)	(351,889)
<b>Total Borrowing</b>	<b>(354,096)</b>	<b>(366,139)</b>

The total borrowing can be further analysed by lender category:

	2014/2015 £000	2013/2014 £000
<b>Lenders</b>		
Public Works Loans Board	(292,069)	(304,110)
Money Market	(62,027)	(62,029)
	<b>(354,096)</b>	<b>(366,139)</b>

**Note 47 Usable Reserves**

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

Reserve	Note	2014/2015 £000	2013/2014
General Fund		(12,147)	(11,865)
Earmarked Reserves	48	(27,837)	(34,455)
Housing Revenue Account Balance		(18,162)	(16,896)
Major Repairs Reserve	49	(10,956)	(9,640)
Usable Capital Receipts Reserve	50	(6,235)	(11,135)
Capital Grants and Contributions		(33,181)	(23,846)
Unapplied Account			
<b>Total Usable Reserves</b>		<b>(108,518)</b>	<b>(107,837)</b>



**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 2014/2015.

Reserve	2013/2014 £000	Movement in 2014/2015 £000	2014/2015 £000
PFI Reserve	(4,499)	83	(4,416)
Insurance Reserve	(4,150)	835	(3,315)
Locally Managed Schools' Balances - to be spent on educational services	(10,040)	316	(9,724)
Office Work Place Transformation Reserve	(228)	228	0
Housing Preferred Development Partners	(42)	42	0
Criminal Records Bureau System Reserve	(8)	8	0
Elections Reserve	(165)	(165)	(330)
Street Lighting Reserve	(100)	100	0
Area Board Reserve	(185)	(6)	(191)
Revenue Grants Earmarked Reserve	(9,254)	3,736	(5,518)
Energy Efficiency Reserve	(39)	39	0
Digital Inclusion	(183)		(183)
PFI Housing Scheme Earmarked Reserve	(3,186)	94	(3,092)
Transformation Reserve	(1,336)	600	(736)
Action 4 Wiltshire Reserve	(180)		(180)
Business Plan Priority Funding Reserve	(860)	719	(141)
Economic Development & Planning Reserve		(11)	(11)
<b>Total</b>	<b>(34,455)</b>	<b>6,618</b>	<b>(27,837)</b>

**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.

	2014/2015 £000	2013/2014 £000
Transfer to Capital	4,871	2,242
HRA Depreciation	(16,580)	(12,760)
Transfer to HRA	10,393	6,572
Movement in Year	(1,316)	(3,946)
<b>Balance at 1 April</b>	<b>(9,640)</b>	<b>(5,694)</b>
<b>Balance at 31 March</b>	<b>(10,956)</b>	<b>(9,640)</b>



**Note 50 Usable Capital Receipts Reserve**

	2014/2015		2013/2014
	£000	£000	£000
<b>Amounts Receivable in year</b>			
- disposal of land and buildings	(5,785)		(20,661)
- Other capital receipts - mortgages	(181)		(161)
- Other capital receipts	(449)		(153)
- Housing Pooled Capital Receipt	(722)		(666)
		(7,137)	(21,641)
<b>Amounts applied to finance new capital investment in year</b>			
- capital receipts utilised	11,315		14,212
- transfer to I&E equal to contribution to Housing Pooled Capital receipt	722		666
		12,037	14,878
<b>Movement in Year</b>		4,900	(6,763)
<b>Balance at 1 April</b>		(11,135)	(4,372)
<b>Balance at 31 March</b>		(6,235)	(11,135)

**Note 51 Unusable Reserves**

Reserve	Note	2014/2015	2013/2014
		£000	£000
Revaluation Reserve	52	(240,817)	(175,493)
Capital Adjustment Account	53	(286,499)	(303,616)
Financial Instruments		956	950
Adjustment Account			
Deferred capital receipts		(1,622)	(1,359)
Pensions Reserve	54	617,189	499,742
Collection Fund Adjustment Account		(1,696)	23
Accumulated Absences Account		6,803	11,314
<b>Total Unusable Reserves</b>		<b>94,314</b>	<b>31,561</b>

**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	2014/2015	2013/2014
	£000	£000
<b>Revised balance at 1 April</b>	(175,493)	(132,802)
Upward revaluation of assets	(88,855)	(65,344)
Downward revaluations not charged to surplus/ deficit on the provision of services	10,824	14,618
<b>Surplus or deficit on revaluation of non-current assets not posted to surplus/ deficit on the provision of services</b>	(253,524)	(183,528)
Difference between fair value depreciation and historic cost depreciation	7,401	3,393
Accumulated gains on assets sold or scrapped	5,306	4,642
<b>Balance at 31 March</b>	<b>(240,817)</b>	<b>(175,493)</b>

**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.

	2014/2015	2013/2014
	£000	£000
<b>Revised balance at 1 April</b>	<b>(303,616)</b>	<b>(342,879)</b>
<b>Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure account</b>		
- charges for depreciation of non-current assets	43,301	38,566
- charges for impairment/ revaluations of plant, property and equipment	25,643	40,631
- charges for impairment of investment properties	903	2,381
- gains in fair value on Investment properties	(1,176)	(1,460)
- movements in value on assets held for sale	220	1,183
- amortisation of intangible assets	1,446	3,184
- revenue expenditure funded from capital under statute	21,710	13,833
- disposals	16,899	31,084
<b>Adjusting amounts written out of Revaluation Reserve</b>	<b>(12,707)</b>	<b>(8,035)</b>
<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(207,377)</b>	<b>(221,512)</b>
<b>Capital financing applied in the year</b>		
-Use of capital receipts reserve to finance new capital expenditure	(11,315)	(14,212)
-Use of major repairs reserve to finance new capital expenditure	(4,870)	(2,242)
-capital grants and contributions credited to the comprehensive income and expenditure statement applied to capital financing	(29,310)	(32,222)
-application of grants to capital financing from capital grants unapplied account	(15,685)	(16,287)
-statutory provision for the financing of capital investment charged against the general fund and HRA balances	(13,956)	(12,950)
-capital expenditure charged against the general fund and HRA balances	(3,986)	(4,191)
<b>Balance at 31 March</b>	<b>(286,499)</b>	<b>(303,616)</b>

**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 2015			Period ended 31 March 2014		
	Assets	Liabilities	Net (liability)/ asset	Assets	Liabilities	Net (liability)/ asset
	£000	£000	£000	£000	£000	£000
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)
<b>Opening Position</b>	<b>744,193</b>	<b>(1,243,935)</b>	<b>(499,742)</b>	<b>680,175</b>	<b>(1,145,070)</b>	<b>(464,895)</b>
Service cost						
Current service cost*		(28,971)	(28,971)		(27,710)	(27,710)
Past service cost (including curtailments)		(301)	(301)		(2,297)	(2,297)
Effect of settlements	(1,366)	2,171	805	(1,571)	2,496	925
<b>Total service cost</b>	<b>(1,366)</b>	<b>(27,101)</b>	<b>(28,467)</b>	<b>(1,571)</b>	<b>(27,511)</b>	<b>(29,082)</b>
Net interest						
Interest income on plan assets	31,909		31,909	30,385		30,385
Interest cost on defined benefit obligation		(53,349)	(53,349)		(53,426)	(53,426)
Impact of asset ceiling on net interest	0	0	0	0	0	0
<b>Total net interest</b>	<b>31,909</b>	<b>(53,349)</b>	<b>(21,440)</b>	<b>30,385</b>	<b>(53,426)</b>	<b>(23,041)</b>
<b>Total defined benefit cost recognised in Profit or (Loss)</b>	<b>30,543</b>	<b>(80,450)</b>	<b>(49,907)</b>	<b>28,814</b>	<b>(80,937)</b>	<b>(52,123)</b>
Cashflows						
Plan participants' contributions	7,722	(7,722)	0	7,448	(7,448)	0
Employer contributions	27,186		27,186	27,472		27,472
Contributions in respect of unfunded benefits	3,711		3,711	3,617		3,617
Benefits paid	(40,698)	40,698	0	(41,698)	41,698	0
Unfunded benefits paid	(3,711)	3,711	0	(3,617)	3,617	0
<b>Expected closing position</b>	<b>768,946</b>	<b>(1,287,698)</b>	<b>(518,752)</b>	<b>702,211</b>	<b>(1,188,140)</b>	<b>(485,929)</b>
Remeasurements						
Change in demographic assumptions		0	0		(21,966)	(21,966)
Change in financial assumptions		(179,806)	(179,806)		(27,335)	(27,335)
Other experience		9,088	9,088		(6,494)	(6,494)
Return on assets excluding amounts included in net interest	72,903		72,903	41,982		41,982
<b>Total remeasurements recognised in Other Comprehensive Income (OCI)</b>	<b>72,903</b>	<b>(170,718)</b>	<b>(97,815)</b>	<b>41,982</b>	<b>(55,795)</b>	<b>(13,813)</b>
Effect of business combination and disposals	2,399	(3,021)	(622)	0	0	0
Fair value of employer assets	844,248		844,248	744,193		744,193
Present value of funded liabilities		(1,399,444)	(1,399,444)		(1,186,006)	(1,186,006)
Present value of unfunded liabilities		(61,993)	(61,993)		(57,929)	(57,929)
<b>Closing position</b>	<b>844,248</b>	<b>(1,461,437)</b>	<b>(617,189)</b>	<b>744,193</b>	<b>(1,243,935)</b>	<b>(499,742)</b>

\* 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:

	2014/2015 £000	2013/2014 £000
Interest Received	(811)	(953)
Interest Payable	13,407	13,900

**Note 56 Cash Flow Investing Activities**

	2014/2015 £000	2013/2014 £000
Purchase of Property, plant and equipment, investment property and intangible assets	64,990	70,225
Investments - Purchase of and deposits made	706,089	710,120
Investments - Sale of and returning of deposits made	(738,047)	(702,615)
Proceeds from sale of property, plant and equipment, investment property and intangible assets	(7,220)	(21,821)
Other receipts from investing activities	(54,330)	(47,131)
<b>Net Cash flows from investing activities</b>	<b>(28,518)</b>	<b>8,778</b>

**Note 57 Cash Flow Financing Activities**

	2014/2015 £000	2013/2014 £000
Cash Receipts of short and long term borrowing	12,043	(2)
<b>Net cash flows from financing activities</b>	<b>12,043</b>	<b>(2)</b>

**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 £2.598 million but the actual figure is likely to be significantly lower than this.

**Insurance Claims**

As at 31 March 2015 there are 26 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 £1.018 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.

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

In 2014/2015 the Council paid £15.11 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 2014/2015 these amounted to £2.42 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 2015. 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 2015 are as follows:

<b>Local Government Pension Scheme</b>	<b>31 March 2015</b>	<b>31 March 2014</b>
	<b>£000</b>	<b>£000</b>
<b>Fair Value of Employer Assets</b>	844,248	744,193
Present Value of Funded Liabilities	(1,399,444)	(1,186,006)
Net (Under)/Overfunding in Funded Plans	<b>(555,196)</b>	<b>(441,813)</b>
Present value of Unfunded Liabilities	(61,993)	(57,929)
<b>Net Asset/(Liability)</b>	<b>(617,189)</b>	<b>(499,742)</b>
Amount on balance sheet		
<b>Asset</b>	<b>844,248</b>	<b>744,193</b>
<b>Liability</b>	<b>(1,461,437)</b>	<b>(1,243,935)</b>
<b>Liability Amount in Balance Sheet</b>	<b>(617,189)</b>	<b>(499,742)</b>

A more detailed breakdown is included in note 54.

**Information about the defined benefit obligation**

	Liability split £000	%	Duration
Active members	575,454	41.1	24.7
Deferred members	291,170	20.8	23.1
Pensioner members	532,820	38.1	12.1
<b>Total</b>	<b>1,399,444</b>	<b>100.0</b>	<b>18.3</b>

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

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

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

Assumptions as at Year Ended:	31 March 2015 % per annum	31 March 2014 % per annum
Pension Increase Rate	2.4%	2.8%
Salary Increase Rate	4.3%	4.6%
Discount Rate	3.2%	4.3%

**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 2014	CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.	CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.

**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 2015				31 March 2014			
	Quoted Prices in Active Markets £000	Prices not quoted in Active Markets £000	Total £000	%	Quoted Prices in Active Markets £000	Prices not quoted in Active Markets £000	Total £000	%
<b>Equity Securities:</b>								
Consumer	19,725	0	19,725	2%	22,162	0	22,162	3%
Manufacturing	13,688	0	13,688	2%	13,505	0	13,505	2%
Financial Institutions	3,620	0	3,620	1%	8,652	0	8,652	1%
Health & Care	6,165	60	6,225	1%	4,381	315	4,696	1%
Information Technology	87,038	0	87,038	10%	80,526	0	80,526	11%
Other	5,502	0	5,502	1%	3,165	0	3,165	0%
<b>Debt Securities:</b>								
Corporate Bonds (investment grade)	1,191	67,260	68,451	8%	1,067	54,111	55,178	7%
Corporate Bonds (non investment grade)	0	2,226	2,226	0%	0	1,918	1,918	0%
UK Government	0	3,282	3,282	0%	0	6,214	6,214	1%
Other	15	12,217	12,232	1%	2,200	8,333	10,533	1%
<b>Real Estate:</b>								
UK Property	10,861	74,134	84,995	10%	0	64,463	64,463	9%
Overseas Property	0	4,421	4,421	1%	0	3,907	3,907	1%
<b>Investment Funds &amp; Unit Trusts:</b>								
Equities	0	374,821	374,821	44%	0	364,256	364,256	49%
Bonds	0	52,544	52,544	6%	0	35,796	35,796	5%
Hedge Funds	0	16,262	16,262	2%	0	38,542	38,542	5%
Infrastructure	0	4,383	4,383	1%	0	3,657	3,657	1%
Other	58,319	6,607	64,926	8%	0	5,529	5,529	1%
<b>Derivatives:</b>								
Foreign Exchange	(220)	0	(220)	0%	0	(2,121)	(2,121)	0%
Other	0	0	0	0%	61	0	61	0%
<b>Cash &amp; Cash Equivalents</b>								
All	20,119	8	20,127	2%	23,551	3	23,554	2%
<b>Total</b>	<b>226,023</b>	<b>618,225</b>	<b>844,248</b>	<b>100%</b>	<b>159,270</b>	<b>584,923</b>	<b>744,193</b>	<b>100%</b>

0

**Projected defined benefit costs for the period to 31 March 2016**

The estimated employer contributions for the year to 31 March 2016 will be approximately £27.691 million.

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

Period Ended 31 March 2016	Assets £000	Obligations £000	Net (Liability)/Asset £000 % of Payroll	
Projected Current Service Cost	0	37,828	(37,828)	(29.2%)
<b>Total Service Costs</b>	<b>0</b>	<b>37,828</b>	<b>(37,828)</b>	<b>(29.2%)</b>
Interest Income on Plan Assets	27,584	0	27,584	21.3%
Interest Cost on Defined Benefit Obligation	0	47,435	(47,435)	(36.7%)
<b>Total Net Interest Cost</b>	<b>27,584</b>	<b>47,435</b>	<b>(19,851)</b>	<b>(15.4%)</b>
<b>Total included in Profit or Loss</b>	<b>27,584</b>	<b>85,263</b>	<b>(57,679)</b>	<b>(44.6%)</b>



**Sensitivity Analysis**

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

<b>Change in Assumptions as at 31 March 2015</b>	<b>Approximate % increase to Employer</b>	<b>Approximate monetary amount (£)</b>
0.5% decrease in Real Discount Rate	10%	141,460
1 year increase in member life expectancy	3%	43,843
0.5% increase in the Salary Increase Rate	3%	40,989
0.5% increase in the Pension Increase Rate	7%	97,836

Further information can be found in the Wiltshire Pension Fund annual report 2014/2015 which is available on request. Requests for this report, or any other queries arising from the Wiltshire Pension Fund Accounts, should be addressed to the Associate Director, Finance, Wiltshire Council, County Hall, Bythesea Road, Trowbridge, BA14 8JN.

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

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

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

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

**Credit Risk**

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

**Liquidity Risk**

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

**Market Risk**

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

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



## Refinancing Risk

Refinancing risk is the risk that the Council cannot, when required (e.g. to finance the Capital Programme), refinance by borrowing to repay existing debt because of the prohibitive rates for refinancing a loan. The majority of the 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, Moody's 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 2014/2015 was approved by Full Council on 25 February 2014 and is available on the Council's website.

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

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £42.9 million (all short term investments) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2015 that this was likely to crystallise.

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

Country	Sovereign Rating	Credit Rating Category	Type of Institution	Duration	Investment Held %	Maximum Invested with Single Counterparty %
N/A	N/A	AAA - Max. £15 million	Money Market Funds (MMF)	0-2 Years	53.22	34.81
United Kingdom	AA+	Government Backed - Max. £8 million	UK Banks	0-1 Year	11.69	11.69
United Kingdom	AA+	F1/A - Max. £8 million	UK Building Society	0-6 months	16.31	16.31
Singapore	AAA	F1+/AA- - Max. £8 million	Overseas Banks	0-2 Years	18.69	18.69
Sweden	AAA	F1+/AA- - Max. £8 million	Overseas Banks	0-1 Year	0.04	0.04
UK Subsidiary (Iceland)/Iceland	No Rating	No Rating	Overseas Banks	N/A	0.05	0.05
					100.00	

The credit ratings in the above table are those that were applicable on 31 March 2015. The outstanding investments shown include a small percentage held in an escrow account in Iceland, awaiting release dependent upon the timing of the relaxation/ceasing of capital controls preventing its release.

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

Investments in UK institutions make up 28% of the Council's total outstanding investments at 31 March 2015, just under 19% are invested overseas, the balance (just over 53%) being held in money market funds. Any institutions, which, after 31 March 2015, no longer fall within the minimum investment criteria laid down in the Council's Annual Investment Strategy have subsequently been removed and any outstanding investments terminated at the earliest opportunity.

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

	Amount at 31 March 2015	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2015 %	Estimated maximum exposure to default and uncollectabi lity	Estimated maximum exposure at 31 March 2015
	A	B	C	(AxC)	
Deposits with banks and financial institutions	42,927,267	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 Council sold its remaining claim in Icelandic Bank Landsbanki (LBI) in November 2014, there are now no past due amounts for outstanding Icelandic bank investments.

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 2015 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 3.837%.

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	656,329	13,571,627	14,227,956	4.0%	3.375%
Between 1 and 2 Years	0	12,000,000	12,000,000	3.4%	3.695%
Between 2 and 5 Years	0	22,810,000	22,810,000	6.4%	2.831%
Between 6 and 10 Years	0	42,000,000	42,000,000	11.8%	2.839%
Between 11 and 15 Years	0	49,123,038	49,123,038	13.9%	3.395%
More than 15 Years	61,370,431	152,564,281	213,934,712	60.5%	4.276%
	62,026,760	292,068,946	354,095,706	100.0%	3.837%

The Council's policy is to limit the amount maturing in any one financial year to a maximum of 15%. Currently the maximum is 3.7% (£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 2015		Actual 31 March 2014	
			£000s	%	£000s	%
Less than 1 Year	0%	15%	14,228.0	4.0%	14,249.7	3.9%
Between 1 and 2 Years	0%	15%	12,000.0	3.4%	12,014.6	3.3%
Between 2 and 5 Years	0%	45%	22,810.0	6.4%	26,810.0	7.3%
Between 5 and 10 Years	0%	75%	42,000.0	11.8%	40,000.0	10.9%
More than 10 Years	0%	100%	263,057.7	74.4%	273,064.4	74.6%
			354,095.7	100.0%	366,138.7	100.0%

The total value of loans has decreased in 2014/2015 as a result of two loans (the principal amounts being £2 million and £10 million) maturing during the financial year that have not been refinanced.

### Market Risk

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

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

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance, subject to influences from Government grants. 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 2015 the Council held £42.9 million (including accrued interest) in short term investments (only), at various interest rates.

Where interest rates decrease at a time when the Council has cash "tied up" in short term investments there is an opportunity benefit, which reflects the benefit that has been gained because the Council has been able to invest at the higher rate of interest. If interest rates had been below rates obtained on the investments outstanding at 31 March 2015 and the investments had matured prior to that date, interest taken to the Comprehensive Income and Expenditure Statement could have been less than the interest actually credited to the account. Of course, the opposite could have been true if interest rates had risen.

The fair value of the Council's short term investments has been calculated using market rates at 31 March 2015. 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 2015 was 0.60%. If the average rate of interest had increased by 0.5% one month prior to 31 March 2015, the additional interest that could have been credited to the Comprehensive Income and Expenditure Statement and the Council would have been £18,000. 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 2015.

**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 2015 was £24,319.35, 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 2015 in accordance with rates quoted by the Icelandic Central Bank and, due to the movement in the exchange rate, a small exchange loss of £1,968.29 has also been recognised in the Comprehensive Income and Expenditure Statement.

**Note 63 Fair Value**

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost (in long term assets/liabilities with accrued interest in current assets/liabilities). Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- for loans from the PWLB and other loans payable, borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures
- 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 only short term investments and 'trade' debtors.

Class	Fair Value				Carrying Amount
	Long Term Investments	Short Term Investments	Cash and Cash Equivalents	Total	
<b>Loans and Receivables:</b>					
Long Term Investments	0	0	0	0	0
Short Term Investments	0	42,944,689	0	42,944,689	42,927,267
Cash and Cash Equivalents	0	0	0	0	0
<b>Total Loans and Receivables</b>	<b>0</b>	<b>42,944,689</b>	<b>0</b>	<b>42,944,689</b>	<b>42,927,267</b>
Available for sale financial assets	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>42,944,689</b>	<b>0</b>	<b>42,944,689</b>	<b>42,927,267</b>
Trade Debtors	0	0	0	0	0
<b>Total Financial Assets</b>	<b>0</b>	<b>42,944,689</b>	<b>0</b>	<b>42,944,689</b>	<b>42,927,267</b>

The fair value of the assets is greater than the carrying amount because the Council's portfolio of investments includes a number of fixed rate deposits where the interest rate receivable is higher than the rates available for similar deposits in the market at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2015) arising from a commitment to receive interest from lenders above current market rates.

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 2015, 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 2014, at the PWLB's new borrowing rate as at 31 March 2015. 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	78,347,114	62,026,760
PWLB Loans	332,388,840 *	292,068,946
<b>Total Value</b>	<b>410,735,954</b>	<b>354,095,706</b>
Trade Creditors	0	0
Bank Overdraft	0	0
<b>Total Financial Liabilities</b>	<b>410,735,954</b>	<b>354,095,706</b>

\*The fair value of loans outstanding, based on premature repayment rate, is £374,728,110 (provided by PWLB).



The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This, currently, shows a notional future loss (based on economic conditions at 31 March 2015) arising from a commitment to pay interest to lenders above current market rates. However, interest rates are expected to rise in the coming months and high premiums prevent refinancing of loans (at these lower rates).

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
<b>Loans and Receivables:</b>				
Long Term Investments	0	0	0	0
Short term Investments	0	42,871,411	0	42,871,411
Cash and Cash Equivalents	0	0	0	0
<b>Total Loans and Receivables</b>	<b>0</b>	<b>42,871,411</b>	<b>0</b>	<b>42,871,411</b>
Available for sale financial assets	0	0	0	0
<b>Total</b>	<b>0</b>	<b>42,871,411</b>	<b>0</b>	<b>42,871,411</b>
Trade Debtors	0	0	0	0
<b>Total Financial Assets</b>	<b>0</b>	<b>42,871,411</b>	<b>0</b>	<b>42,871,411</b>

	Fair Value (at Discount/Market Rate plus 1%)
<b>Loans</b>	
Market Loans	63,933,849
PWLB Loans	295,199,736
<b>Total Loans Value</b>	<b>359,133,585</b>
Trade Creditors	0
Bank Overdraft	0
<b>Total Financial Liabilities</b>	<b>359,133,585</b>

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 2015). 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 2014 and 31 March 2015) the Council has not received any further repayments from the administrators of Heritable bank and the position remains the same as it was at the end of the previous financial year, total repayments (up to 31 March 2015) from Heritable to nearly £8.5 million (94%). The Council sold its remaining claim in Landsbanki (LBI) in November 2014, bringing total recoveries from Landsbanki to £2.885 million (96%). This includes a proportion of the first repayment received in Icelandic Kroner (ISK), having a GBP equivalent value, including interest payable to 31 March 2015 of approximately £24,300, 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 as a 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 2015. This is the only Icelandic investment now shown as outstanding in the accounts. The repayments and impairments, based on the original investments maturity dates, are 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	939,236	60,764
Landsbanki	04/06/2008	02/03/2009	3,000,000	6.10%	0	2,760,460	239,540

The impairment reflect the latest position as outlined below.

#### 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, no further repayments have been received and the position remains the same as last year, the total dividend paid to date equates 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 are, therefore, (as last year) shown as zero.

#### **Landsbanki Islands hf**

Landsbanki was an Icelandic bank, placed into administration on 7 October 2008. Having received four repayments to date, totalling approximately £1.7 million (including interest), the Council sold its remaining claim in November 2014. As part of the first repayment (in December 2011) there was an ISK element, which equates to approximately £24,300 (including interest) to 31 March 2015. Due to continuing currency controls this is still being held in Iceland in an escrow account, which has been reclassified as a new investment and shown in the accounts at its revalued amount, including accrued interest, as at 31 March 2015. The revaluation resulted in a foreign exchange loss of £1,968, due to a movement on the ISK/£ exchange rate between the date of the last revaluation (31 March 2014) and the end of the financial year 2014/2015. In accordance with the International Accounting Standard (IAS) 21, paragraph 23a the loss in ISK has been translated at the closing rate (i.e. the spot exchange rate at 31 March 2015 (as per the Icelandic Central Bank rates of exchange)). This foreign exchange loss is reflected in the accounts.

There are no longer any impaired investments in the accounts.

## 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	2014/2015		2013/2014	
		£000	£000	£000	£000
<b>Income</b>					
Rents (gross):					
- dwellings		(24,555)		(23,730)	
- garages		(324)		(313)	
- other		(186)	(25,065)	(91)	(24,134)
Charges for services and facilities			(601)		(589)
<b>Total Income</b>			<b>(25,666)</b>		<b>(24,723)</b>
<b>Expenditure</b>					
Repairs and Maintenance			6,124		4,800
Supervision and Management:					
- general		2,778		2,127	
- special services		1,310	4,088	941	3,068
Rent rebates			0		0
Negative Subsidy payment to Secretary of State			0		0
Increased provision for bad debts			132		102
Depreciation & Impairments of Fixed Assets					
- On dwellings	3	16,380		12,598	
- On garages	3	148		148	
- On other Assets	3	52		14	
			16,580		12,760
<b>Total Expenditure</b>			<b>26,924</b>		<b>20,730</b>
<b>Net Cost Of Services per Income &amp; Expenditure Account</b>			<b>1,258</b>		<b>(3,993)</b>
HRA Services share of Corporate and Democratic Core			321		321
<b>Net Cost Of HRA Services</b>			<b>1,579</b>		<b>(3,672)</b>
(Gain)/Loss on sale of HRA fixed assets			(1,482)		(1,040)
Interest Payable			3,673		3,673
Interest:					
- on mortgages		(47)		(43)	
- on balances		(89)	(136)	(78)	(121)
<b>(Surplus)/Deficit for the Year on HRA services</b>			<b>3,634</b>		<b>(1,160)</b>



## Statement of Movement on the HRA Balances

	2014/2015 £000	2013/2014 £000
<b>Balance on HRA at the end of previous year</b>	(16,896)	(14,229)
(Surplus)/ Deficit for year on HRA Income and Expenditure Account	3,634	(1,160)
Adjustments between accounting basis and funding basis under statute	(4,900)	(1,507)
<b>Net (increase)/decrease before transfers to/ from reserves</b>	(1,266)	(2,667)
Transfer to/ from reserves	0	0
<b>Net (increase)/decrease in year on HRA</b>	(1,266)	(2,667)
<b>Balance on HRA at the end of current year</b>	<b>(18,162)</b>	<b>(16,896)</b>

## Note to Statement of Movement on the HRA Balances

	2014/2015 £000	2013/2014 £000
<b>Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA balance for the year</b>		
Gain/(Loss) on sale of HRA fixed assets	1,482	1,040
<b>Items not included in the HRA Income and Expenditure Account but included from the movement on HRA balance for the year</b>		
Transfer to/from Major Repairs Reserve note 5	(10,393)	(6,572)
Transfer to/from Pension Reserve note 6	39	57
Transfer to/from accumulated absences	(3)	(7)
Revenue Contributions to Capital Expenditure	3,975	3,975
<b>Net Additional amount required by statute to be credited to the HRA balance for the year</b>	<b>(4,900)</b>	<b>(1,507)</b>

## Housing Revenue Account Notes

## 1 Housing Stock

	31 March 2015	31 March 2014
<b>Houses and Bungalows</b>		
- 1 bedroom	278	278
- 2 bedrooms	1,434	1,440
- 3 bedrooms	1,789	1,815
- 4+ bedrooms	143	145
<b>Flats</b>		
- 1 bedroom	918	919
- 2 bedrooms	694	698
- 3+ bedrooms	68	68
<b>Total dwellings as at 31 March</b>	<b>5,324</b>	<b>5,363</b>

The council sold 39 houses during 2014/2015 under the right to buy scheme (RTB), for which the council received a total before pooling of £2,906,000 as capital receipts.

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

**2 Arrears**

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

	31 March 2015 £000	31 March 2014 £000
Rent arrears	1,167	1,253
less rent payments in advance	(437)	(444)
less bad debt provision	(1,108)	(1,190)
<b>Net arrears position</b>	<b>(378)</b>	<b>(381)</b>

**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 2014	120,952	23,100	73,537	3,713	269	221,571
Additions in Year	1,801	7,007			(19)	8,789
Disposals	(1,801)					(1,801)
Revaluations	12,843	6,435	4,641			23,919
Depreciation	(4,829)	(11,551)		(149)	(51)	(16,580)
Category Adjustments						0
<b>Balance at 31 March 2015</b>	<b>128,966</b>	<b>24,991</b>	<b>78,178</b>	<b>3,564</b>	<b>199</b>	<b>235,898</b>

The Balance Sheet value of Council Dwellings (structures, services and land) as at 31 March 2015 was £232,135,624. 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 2015 was £748,824,593. 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 2015 was £516,688,969.

The value of land valued in the HRA which is included in the balance sheet value of the council dwellings is £78,177,838.

**4 Financing of HRA capital expenditure**

	2014/2015 £000
Revenue and Reserves	3,975
Other receipts (MRR)	4,814
	<b>8,789</b>
Council Dwellings (Structures and Services)	8,808
Plant & Equipment	(19)
Asset under Construction	
	<b>8,789</b>

**5 Major Repairs Reserve**

	2014/2015 £000	2013/2014 £000
Brought forward at 1 April	(9,640)	(5,694)
Transfer to Capital	4,871	2,242
HRA Depreciation	(16,580)	(12,760)
Transfer to HRA	10,393	6,572
Carried forward at 31 March	<b>(10,956)</b>	<b>(9,640)</b>

**6 Contribution to Pension Reserve**

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

## The Collection Fund

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

NOTE	Non-Domestic			Non-Domestic		
	Rates	Council Tax	Total	Rates	Council Tax	Total
	2014/2015	2014/2015	2014/2015	2013/2014	2013/2014	2013/2014
			£000			£000
<b>Income</b>						
Council Tax		(262,181)	(262,181)		(255,151)	(255,151)
Non-Domestic Rates	(138,893)		(138,893)	(136,878)		(136,878)
Transferred from General Fund						
Transitional Relief	(362)	(6)	(368)	(66)	(9)	(75)
	<b>(139,255)</b>	<b>(262,187)</b>	<b>(401,442)</b>	<b>(136,944)</b>	<b>(255,160)</b>	<b>(392,104)</b>
<b>Disbursement</b>						
Precepts and Demands						
- Wiltshire Council	69,573	204,555		68,522	201,182	
- Police	0	26,927		0	25,965	
- Fire	1,420	10,646		1,398	10,266	
- Town/ Parish Councils	0	13,474		0	12,185	
- Central Government	70,993	0		69,921	0	
			397,588			389,439
Share of surplus/(deficit) on Collection Fund						
- Wiltshire Council	(2,658)	2,966		0	1,695	
- Police	0	383		0	219	
- Fire	(54)	151		0	86	
- Central Government	(2,713)	0		0	0	
			(1,925)			2,000
Cost of collection allowance	616			618		
Provision for Bad Debts	(92)	156		(222)	122	
Write offs	1,236	549		1,429	494	
Appeals	376			3,080		
Other transfers to general fund	1,048			87		
Interest on overpayments	64					
			3,953			5,608
Fund surplus/(deficit) for the year	(554)	2,380	1,826	(7,889)	2,946	(4,943)
	<b>139,255</b>	<b>262,187</b>	<b>401,442</b>	<b>136,944</b>	<b>255,160</b>	<b>392,104</b>
	Non-Domestic			Non-Domestic		
	Rates	Council Tax	Total	Rates	Council Tax	Total
Fund balance b/f	7,889	(4,535)	3,354	0	(1,589)	(1,589)
(Surplus)/deficit for year	554	(2,380)	(1,826)	7,889	(2,946)	4,943
Fund balance c/f	8,443	(6,915)	1,528	7,889	(4,535)	3,354

## 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 £1,527.49 for 2014/2015 multiplied by the ratio specified for that band. Ratios specified for the bands A to H are as follows:

<b>Band</b>	<b>Estimated No. of Taxable Properties after discounts</b>	<b>Band D Equivalent Dwellings</b>	<b>Ratio</b>
Band A Disabled	15	8	5/9
Band A	8,452	5,634	6/9
	<u>8,467</u>	<u>5,642</u>	
Band B	20,580	16,007	7/9
Band C	34,688	30,833	8/9
Band D	29,972	29,972	9/9
Band E	28,927	35,355	11/9
Band F	21,195	30,615	13/9
Band G	15,592	25,987	15/9
Band H	2,064	4,128	18/9
		<u>178,539</u>	
Adjustment for MOD contribution in lieu, new properties, local council tax support & collection rate		(11,205)	
<b>Council Tax Base 2014/2015</b>		<u><u>167,334</u></u>	

**2 National Non-Domestic Rates**

The total non-domestic rateable value at 31 March 2015 was £359,570,117. The national non domestic multiplier for the year was 48.2p and the small business rates relief multiplier was 47.1p.

**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.

	<b>Non-domestic Rates 31/03/2015 £000</b>	<b>Council Tax 31/03/2015 £000</b>	<b>Total 31/03/2015 £000</b>	<b>Non-domestic Rates 31/03/2014 £000</b>	<b>Council Tax 31/03/2014 £000</b>	<b>Total 31/03/2015 £000</b>
Wiltshire Council	4,137	(5,833)	(1,696)	3,866	(3,843)	23
Police	0	(775)	(775)	0	(496)	(496)
Fire	84	(307)	(223)	79	(196)	(117)
Central Government	4,222	0	4,222	3,944	0	3,944
	<u>8,443</u>	<u>(6,915)</u>	<u>1,528</u>	<u>7,889</u>	<u>(4,535)</u>	<u>3,354</u>

## Glossary

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

**Accruals**

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

**Amortisation**

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

**Assets**

These can be either:

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

**Balance Sheet**

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

**Best Value**

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

**Budget**

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

**Capital Expenditure**

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

**Capital Receipts**

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

**Cashflow Statement**

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

**CIPFA**

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

**Code of Practice**

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

**Comprehensive Income and Expenditure Statement (CI&ES)**

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

**Creditors**

Money owed by the Council to others.

**Debtors**

Money owed to the Council by others.

**Dedicated Schools Grant (DSG)**

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

**Depreciation**

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

**Employee Costs**

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

**Exceptional Items**

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

**Extraordinary Items**

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

**General Fund**

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

**Government Grants**

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

**Government Grants Deferred**

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

**Gross Expenditure**

Expenditure before deducting any related income.

**Housing Revenue Account (HRA)**

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

**Impairment**

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

**IFRSs**

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

**Leases**

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

**Liabilities**

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

**Long Term Contracts**

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

**Minimum Revenue Provision (MRP)**

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

**Major Repairs Allowance (MRA)**

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

**Net Expenditure**

Gross expenditure less directly related income.

**Non-Domestic Rates (NDR)**

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

**Precept**

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

**Preceptor**

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

**Private Financing Initiative (PFI)**

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

**Provision for Credit Liabilities (PCL)**

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

**Provisions**

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

**Rateable Value**

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

**Reserves**

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

**Revaluation Reserve**

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

**Revenue Expenditure**

Day to day running costs of services.

**Revenue Income**

Day to day income received for services.

**Revenue Support Grant**

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

**Running Expenses**

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



**Service Reporting Code of Practice (SeRCOP)**

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

**Usable Capital Receipts Reserve**

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

**Useful Life**

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

**Value Added Tax (VAT)**

An indirect tax levied on vatable goods and services.

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## Wiltshire Council

### Cabinet

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**Subject:**

**Community area Asset Transfer and Service Delegation to Salisbury City Council**

**Cabinet member:**

**Cllr Toby Sturgis** Cabinet Member for Property, Planning and Waste and  
**Cllr Dick Tonge**, Cabinet Member for Finance

**Key Decision:**           **Yes**

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#### **Executive Summary**

This proposal supports the Business Plan commitment to devolve cost neutral bundles of assets and services to promote and create stronger and resilient communities.

To date, experience of asset transfers has been with individual assets to single recipients. This is both time consuming for all parties and leads to only incremental improvement.

Discussions have taken place between elected members and officers of both the Wiltshire Council and Salisbury City Council to consider the potential to transfer a significant package of assets and services. At its meeting on 1<sup>st</sup> June 2015, Salisbury City Council approved the principle of such a transfer and authorised their officers to work with the council to identify a confirmed list of assets and services and to negotiate their successful transfer before April 2016.

The scope of the transfer will take in a number of services and assets such as:

**Assets**

- Land
- Amenity assets and associated s106 monies
- Property

**Services**

- CCTV
- Shop mobility
- Various amenity services

The scale and complexity of the transfer will require input from multiple teams from across both councils. As such an officer working group, led by the Associate Director, People & Business will be set up to undertake the due diligence work with Salisbury City Council officers. The objective is to transfer all assets and services by April 2016, the final Cabinet decision being delegated to the Cabinet member for Property, Planning & Waste and the Cabinet member for Finance.

**Proposal(s)**

- That Cabinet agree to devolve both assets and services to Salisbury City Council.
- That Cabinet agree the scope of the transfer to include the following services and assets where there is no strategic need.
  - **Assets**
    - Land (as listed in the report)
    - Amenity assets and associated s106 monies (as listed in the report)
    - Property (as listed in the report)
  - **Services**
    - CCTV (after investment in the new digital system)
    - Shop mobility
    - Amenity services
- That Cabinet note the opportunity for this proposal to act as a model for other town and parish councils.
- To delegate to the Cabinet members for Property, Planning & Waste and Finance the final list of assets and services to transfer after the due diligence period.

**Reason for Proposal**

To propose a plan in support of the Business Plan to devolve a cost neutral bundle of assets and services to Salisbury City Council.

**Dr Carlton Brand**  
**Corporate Director**

## **Wiltshire Council**

### **Cabinet**

#### **Subject:**

Community Area Asset Transfer and service delegation in Salisbury

#### **Cabinet member:**

**Cllr Toby Sturgis** Cabinet Member for Property, Planning and Waste and  
**Cllr Dick Tonge**, Cabinet Member for Finance

**Key Decision:** Yes

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### **1. Purpose of Report**

- 1.1. To outline to Cabinet the opportunity, scope and risks associated with asset transfer and service delegation to Salisbury City Council.
- 1.2. To ask Cabinet to agree to the scope of the transfer and services and types of asset involved.

### **2. Relevance to the Council's Business Plan**

The council has a long standing aim to promote the transfer of cost neutral packages of assets to parish and town councils.

### **3. Main Considerations for the Council**

- 3.1. Wiltshire Council and Salisbury City Council are working together to deliver the business plan commitment of enabling communities to have control of their local assets and to establish and deliver their priorities.
- 3.2. Discussions have taken place between members and officers of both Wiltshire Council and Salisbury City Council to consider the potential to transfer a significant package of assets and services. At its meeting on 1 June 2015, Salisbury City Council approved the principle of such a transfer and authorised their officers to work with the council to identify a confirmed list of assets and services and to negotiate their successful transfer before April 2016.
- 3.3. The only exception to this proposal is where there is a strategic need for the council to retain interest of ownership and/or service delivery. As such an officer working group, led by the Associate Director, People & Business, will be set up to undertake the due diligence work with Salisbury City Council officers. The objective is to transfer all assets by April 2016

### **4. Background**

#### Wiltshire Council and Asset Transfers

- 4.1. To date, the council has achieved 116 Community Asset Transfers (CATs) and a further 78 are underway. These transfers include a diverse range of buildings, land and schools. These have been transferred to a

range of groups and organisations including parish and town councils, clubs and charities.

4.2. As well as CATs, the council has successfully delegated responsibility for services but this has been limited to public conveniences and car parks.

4.3. While the council has been successful with these transfers, the experience to date has been limited to single or small groups of assets and services. This has often been driven at the service level where a particular type of asset (e.g. play areas) has been the focus of the transfer. Situations have arisen whereby the council has sought to transfer one type of asset in one financial year, only to approach the same recipient the following year seeking to transfer something else. While there is nothing wrong with this approach, it can result in much duplication of effort and represent a missed opportunity to transfer/devolve more to the local communities.

4.4. The only exception to this was at the point at which Wiltshire Council and Salisbury City Council were formed. In April 2009 a large transfer of assets was undertaken from Wiltshire Council to Salisbury City Council with an estimated value of £1.2m. This transfer included a wide range of land and property including park land, the crematorium and rented space (e.g. offices) which could generate income. The motivation for this transfer was different to the current approach to CATs in that it served to enable and establish Salisbury City Council with an asset base from day one.

#### Proposed Area based asset transfer and service delegation in Salisbury City Council

4.5. Wiltshire Council approached Salisbury City Council with an initial list of around 40 assets which could form the basis of this proposed transfer. Preliminary discussions Salisbury City Council have met with a high degree of interest in not only transferring the physical assets, but also some other “services”.

4.6. At its meeting on 1 June 2015, Salisbury City Council agreed in principle for its officers to fully explore the potential to transfer a wide range of assets and services, and to appoint a group to work with Wiltshire Council officers in identifying and subsequently negotiating the details of the transfer.

4.7. The proposal is to devolve the specific land and property assets shown in **Table 1**.

Item	Type	Revenue Cost	Income
<b>Buildings</b>			
47 Blue Boar Row	Building	nill	42,000
Rampart Road Store	Building	2,000	nil
Public Conveniences	building	11,024	nil
Fawcett statue Market Square	monument	nill	nil
Fisherton Clock Tower	monument	300	nil
Poultry Cross	monument	nill	nil
Brown Street Alzheimers Centre Site	Building	nill	nil
Stratford Road Scout HQ	Building	nill	2,500
PO Pembroke Road	Building	nill	6,000
<b>Land</b>			
Market Place	land	10,000	nil
Old Meadows Walk	land	Budget linked to Highways contract	
St Thomas Way and others	land		
Rowbarrow/Millennium close open space	land		
Harnham open spaces	land		
Land at Lime Kiln Way	land		
Odd Stock Road Open Space Land	land		
Harnham Slope	land		
Avon Valley Reserve Countryside site	land		
Stratford Road social club	land		
Neverhampton road pavilion	land		
Blackfriars Way Salisbury	land		
Carmelite Way Salisbury	land		
Cooks Close Salisbury	land		
Essex Square Salisbury	land		
Gainsborough Close Salisbury	land		
Glyndebourne Close Salisbury	land		
Greyfriars Close Salisbury	land		
Montgomery Gardens Salisbury	land		
Ridings Mead Estate Salisbury	land		
Rowbarrow Salisbury	land		
Spire View Salisbury	land		
St Judes Close Salisbury	land		
St Lukes Close Salisbury	land		
St Peters Road Salisbury	land		
Wellworthy Drive Salisbury	land		
Woodbury Gardens Salisbury	land		
<b>Total</b>		<b>£23,324</b>	<b>£50,500</b>

**Table 1:** Assets which will form part of the transfer

4.8. Services for transfer need to be discussed and agreed, but would include grounds maintenance, play areas, all elements of street scene including pavement and road sweeping, public conveniences, cemeteries (open and closed) together with any s106 monies held against these assets. These are shown in table 2.

Service	Type	Budget available
Children's Play Areas	Service	Subject to Highways Contract
Public Conveniences	Service	
Street Scene - Mechanical	Service	
Street Scene - General	Service	
Open/Closed Cemeteries	Service	
Grounds Maintenance – Highways	Service	
Grounds Maintenance – Open Spaces	Service	
Grounds Maintenance – Housing Revenue Account	Service	
Housing Estate Cleaning	Service	
CCTV	Service	To be confirmed
Shop Mobility	Service	To be confirmed
provision or improvement of Open Space and Play Areas	S106 funds	£277,000
Maintenance of specific open space and play areas	S106 funds	£274,000
<b>Total</b>		<b>£551,000</b>

**Table 2:** Services which could be delegated

- 4.9. Together these lists represent an ambitious approach which seeks to devolve as many assets and services to the community as they wish.
- 4.10. A further element is the transfer of responsibility for current s106 funding which has been collected through the planning system from developments within Salisbury City. £274,000 exists in commuted sums for the maintenance of specific open space and play areas across Salisbury. Also £277,000 is available for the provision or improvement of open space and play areas within Salisbury. Of this £59,000 is restricted to play areas and £58,000 is restricted to adult recreation only. These monies will be part of any transfer.
- 4.11. Shopmobility provides a service for elderly, mobility impaired and vulnerable people in the Salisbury area by providing hire opportunities for mobility equipment such as scooters, power-chairs and wheelchairs. The service is provided in conjunction with the Friends of Salisbury Shopmobility (FOSS), and has over 250 active members. This service would best be managed and run locally.
- 4.12. CCTV provides public open space surveillance within the Salisbury City centre, to help protect the people who live, work or visit the areas, to help protect their property, including vehicles in car parks. There are other CCTV systems in the Wiltshire Council area, these systems are owned and operated by their respective Town Councils. The plan for this service is to invest a capital sum in the upgrade of the system to digital and then to transfer to service to Salisbury City Council.

#### Due Diligence

- 4.13. If the recommendations of this report are agreed by Cabinet an officer working group, led by the Associate Director, People & Business, will be set up to undertake the due diligence work with Salisbury City Council



officers. The objective is to transfer all assets by April 2016. Officers will be drawn from appropriate parts of the council as needed;

- 4.14. An essential objective of this group will be to establish the material facts and legal status of each element of the transfer. As well as the immediate issues surrounding any transfers, the future impact on wider business plan objectives, service delivery and area development will need to be considered.

#### Related policies

- 4.15. The transfer and delegation of services covered by this proposal is more ambitious than attempted previously. While this makes the process more complicated, it also represents an approach that could be used elsewhere in the community. To date, exploratory conversations with various town and parish councils are underway in respect of asset transfers. However, in most instances these discussions are confined to individual assets and often don't include the option of service delegation. If the approach outlined above is successful, then it can be rolled out in market towns across the county.
- 4.16. The current policy relating to CATs was adopted in 2011. The policy separates applications for community asset transfers in to three main categories:
- **Category 1** – Applications for an asset that is defined as “Strategic” in terms of its contribution to the Council’s aims.
  - **Category 2** – Applications for an asset that is not defined as strategic, but where the asset is the subject of third party land interests.
  - **Category 3** – Applications for an asset that is not defined as strategic, where the transfer would be a straightforward exercise
- 4.17. This policy allows area boards to decide the outcome of applications for the transfer of assets in category 2 and 3. Those applications which fall into category 1 are decided by Cabinet Capital Assets.
- 4.18. Consideration will be given to the potential for assets to be considered as part of a larger transfer be factored into the consideration of current CAT. This does not constitute a change to the CAT policy, rather recognition that the potential of an asset to form part of a bigger transfer is a strategic consideration.

#### Timescale

- 4.19. The indicative timetable based on discussions with Salisbury City Council would be
- Establish working group and liaise with Salisbury City Council – **July**
  - Undertake due diligence on transfer - **July to October**

- Further preparatory work and due diligence on transfer - **November to March 2016**
- Date of transfer by no later than **April 2016**

### **Safeguarding Implications**

None

### **Public Health Implications**

None

### **Corporate Procurement Implications**

This proposal affects current contracts and may affect planned contracts. The procurement team will be involved where appropriate as part of the due diligence work.

### **Equalities Impact of the Proposal** (detailing conclusions identified from Equality Analysis, sections 4 and 5)

The nature of the land, buildings and services considered for transfer do not in and of themselves raise any issues in respect of equalities impact. However, there will be implications in respect of services and staff such as transfer of Undertakings (Protection of Employment) Regulations 2006. This will be fully considered as part of the due diligence work.

### **Environmental and Climate Change Considerations**

None

### **Risk Assessment**

#### **Risks that may arise if the proposed decision and related work is not taken**

None, as any agreement is cost neutral.

#### **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

The common mitigating measure for each of the points raised below is the due diligence work undertaken by the working group and its liaison with Salisbury City Council.

- The due diligence on the transfer will take a significant amount of officer time. As such it may impact on the capacity of staff to deliver other priorities.
- Current contractual arrangements that the council has in place with third parties.
- That the appetite of Salisbury City Council changes due to the scale of the transfer or other strategic or operational factors.

### **Financial Implications**

The Business Plan policy is to devolve bundles of assets that are broadly cost neutral to ensure that Wiltshire Council and in this case Salisbury City Council budgets are not put under pressure.

If a broadly cost neutral package cannot be agreed, a paper will come back to cabinet showing the financial implications.

### **Legal Implications**

Section 123 of the Local Government Act 1972 gives Wiltshire Council the ability to transfer land at less than market value where that transfer helps secure the promotion of the economic, social, or environmental wellbeing of the area. The Secretary of State's approval is required if the undervalue exceeds £2,000,000, which is unlikely to be the case in any of the transfers to be considered in this project. Once the s123 condition is satisfied then Wiltshire Council can transfer the ownership of an asset to Salisbury City Council if Wiltshire Council holds sufficient rights in that asset, the right in the asset held by Wiltshire Council can only be determined by a detailed analysis of the title document. Transfer of services to Salisbury City Council may, depending on their value and service scope, have to be examined for procurement and employment implications.

### **Options Considered**

Sale of all land and assets: Much of the land is open space and therefore has little or no market value. Those sites that do have a market value, such as leased out premises, provide the option for the balancing revenue costs and help achieve a cost neutral package for the transfer.

Pass control of assets and services to Salisbury City Council:  
This puts local people in control of their future.

**Barry Pirie**

**Associate Director**

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25<sup>th</sup> June 2015

### **Background Papers**

None

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