

Audit Committee

Tuesday, 22 June 2010

Additional Information

Appendix to Agenda Item No. 7 – Statement of Accounts 2009/10

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EXPLANATORY FOREWORD

These accounts relate to the year ending 31 March 2010 and have been prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain. The Code represents the Statement Of Recommended Practice (SORP) to be adopted by Local Authorities when publishing their accounts. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

Updates to the Accounts Required Under Changes to Accounting Practice

Every year the SORP is reviewed and updates could require adjustments to be made to the presentation of local authority accounts to comply with these changes. Those with greater impact on the accounts presentation in 2009/10 relate to the review of PFI (Private Finance Initiative) and similar arrangements and how Collection Fund balances are treated through the Council's accounts.

Restatement has taken place for both the PFI and Collection Fund changes, resulting in a reconciling item to the 2008/09 closing balance of the Statement of Total Recognised Gains and Losses (STRGL) for prior period adjustments. Although restated, there is no revenue consequence of the adjustments.

The Statements

The accounting statements that are presented within these accounts follow recommended practice in their content and layout. These statements are grouped under the set requirement contained in the SORP. They contain the following information relevant to the functions of the Council.

Explanatory notes for the core statements are presented after the cashflow statement, whilst each supplementary statement has its own notes directly after the statement.

Core Statements

- **Income and Expenditure Account (I&E)**
Summarising the income and expenditure on all functions of the Authority (including Housing)
- **Statement of Movement on the General Fund Balance**
Reconciling the balance of the I&E account to the Authority's General Fund Balance
- **Statement of Total Recognised Gains and Losses**
Summarising the key movements between opening and closing balance sheet Net Assets
- **Balance Sheet**
Setting out the financial position (assets and liabilities) of the Council at 31 March
- **Cash Flow Statement**
Summarising the inflows and outflows of cash for the Authority

Supplementary Statements

- **Housing Revenue Account (HRA) Income & Expenditure Account**
Summarising the income and expenditure in respect of the provision of local authority housing
- **Collection Fund**
Showing the Council Tax and National Non-Domestic Rates income collected and disbursed during the year
- **Group Accounts**

For Swindon Borough Council as Parent Company of Thamesdown Transport Ltd and Swindon Commercial Services Ltd, which contain group versions of the core statements

Financial Overview

This overview provides a brief explanation of the financial aspects of Swindon Borough Council's activities and draws attention to the main characteristics of the Council's financial position. Being a Unitary Council, which provides council housing, Swindon is required by legislation to account for its expenditure in three distinct categories:

- **General Fund (GF) Revenue Account**

This includes day-to-day expenditure on all services except those directly relating to council housing. Expenditure is financed mainly from Government grant (Revenue Support Grant or RSG, the Dedicated Schools Grant (DSG) and other specific grants and Business Rates income (National Non-Domestic Rates or NNDR), fees and charges and Council Tax.

- **Housing Revenue Account (HRA)**

Included within this account is all expenditure on the day-to-day management of the Council's housing stock. Expenditure is principally funded from council house rents. HRA income cannot be used to fund GF services beyond the extent that it buys support from those services.

- **Capital**

All improvements and enhancements to the Council's assets are included in this category. This expenditure is financed partly from the sale of capital assets, borrowing, Government grant support and contributions from developers. Capital funding cannot be used for revenue activities unless a capitalisation directive is authorised by the Secretary of State.

Financial Overview – The General Fund

The net GF budget for 2009/10 was set at £129.306m. This excludes funding for schools, which is provided via the Dedicated Schools Grant (DSG).

The 2009/10 financial year has proved to be the most challenging the Council has faced for many years. Monthly monitoring reports during the year highlighted a range of material risks being faced, including £1.5m of increased costs and reduced income directly as a result of the recession.

Mid way through the year, a potential £3.3m overspend was being predicted, subject to the successful implementation of mitigating actions across all areas. Since then, almost all areas managed to reduce the level of overspend being predicted through taking a series of actions including freezing recruitment and all non-essential expenditure. In addition, significant savings have been reported against the debt charges. These were as a result of Equal Pay settlements during the year being lower than expected, actual capital expenditure being less than budgeted and some changes to the detailed application of the Minimum Revenue Provision charge.

The full general contingency of £2,246k has been used, as agreed by Cabinet, but no drawings have been made from earmarked reserves other than those reported during the year. As a result of the focus during the year across the entire organisation on managing within the overall approved budget, the final Service expenditure was £129.164m, representing a small underspend of £0.142m

The following table provides more detail on the outturn position for each of the Council's Group Directorates. This presentation differs from the nationally prescribed format for the I&E Account on page 19, as it reflects the Council's local management structure. However, the total expenditure, and hence that amount to be funded from Council Taxpayers, is identical.

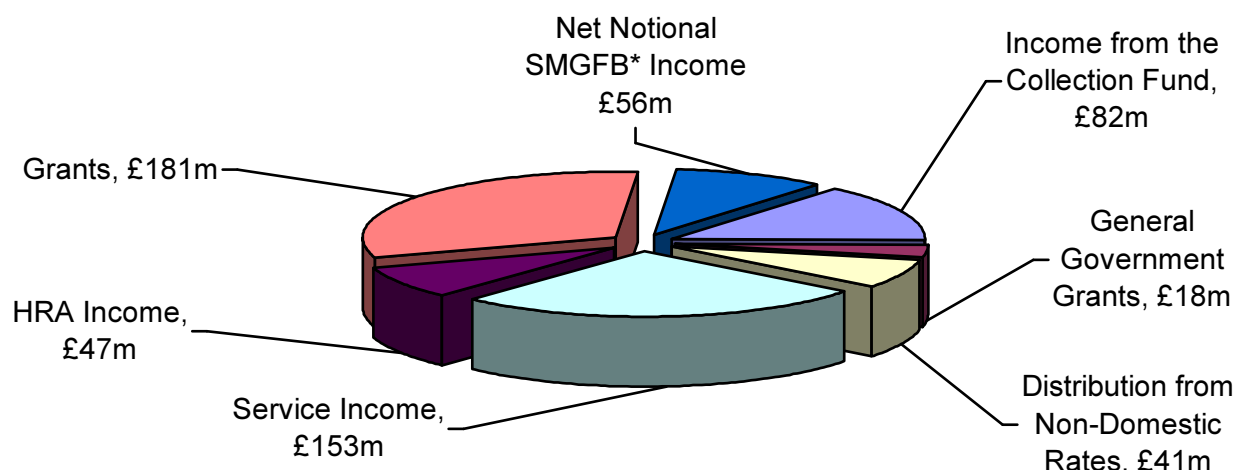
	Budget	Actual	Variance
	£000's	£000's	£000's
Children Services	28,173	28,637	464
Housing and Social Care	46,854	49,830	2,976
Environment and Regeneration	31,910	31,985	75
Business Transformation	18,244	17,872	(372)
Sub Total of Group Position	125,181	128,324	3,143
Swindon Commercial Services	(2,021)	(2,049)	(28)
Chief Executive and Corporate	3,900	2,889	(1,011)
Sub Total	127,060	129,164	2,104
General Contingency Fund	2,246	0	(2,246)
Net Cost of General Fund Services (outturn)	129,306	129,164	(142)
Parish Precepts		1,893	
Net Corporate Income and Expenditure		17,518	
Net Capital, Reserves and other Appropriations in Net Cost of Services		48,192	
Net Operating Expenditure		196,767	
Income From The Collection Fund		(81,559)	
General Government Grants		(18,453)	
Distribution From Non-Domestic Rates (NDR)		(40,559)	
Net (Surplus)/Deficit For Year on the I&E		56,196	
Items Included In the Statement of General Fund Movement		(56,196)	

The following items highlight significant variances between budgeted and actual expenditure within the above figures:

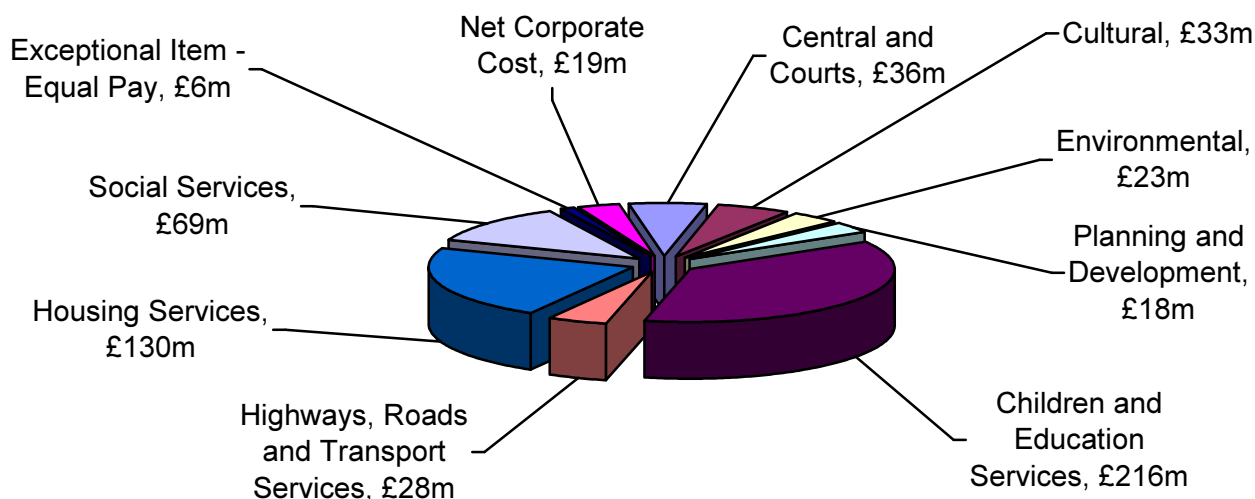
- Adult Social Care - £2.694m, mainly due to higher costs of care packages;
- Environment and Regeneration - £0.755m impact of lower income from parking services, due to the recession, supported by savings in other areas;
- Chief Executive and Corporate - Capital Financing costs £1.249m below budget.

The following charts analyse the main income sources to the Council in 2009/10, and the gross expenditure on services. Income sources include grants, HRA income, service fees and charges and net corporate income streams.

Council Funding Sources 2009/10¹



Where The Money Was Spent on Services 2009/10¹



¹ Source: Income and Expenditure Account on page 19. Spend includes capital charges.

*SMGFB is the Statement of Movement on the General Fund Balance and contains the reversals of items that contribute to some of the costs in service spend.

Financial Overview – The Collection Fund

The Collection Fund is credited with Council Tax income and debited with Swindon Borough Council's budgeted call on the fund plus the precepts of the Fire and Police Authorities and Town and Parish Councils. The Fund is used to smooth the difference between the actual and budgeted amount of Council Tax collected each year. Any surplus or deficit on the Fund is reflected in the following year's Council Tax calculations.

The accounting treatment for the Collection Fund has changed from 2009/10 with the Council showing only its own proportion of balances through these accounts on an agency basis. This does not change the Collection Fund itself, which is prescribed under statute, but does remove the collection fund balance from the Council's Balance Sheet.

Financial Overview – The Housing Revenue Account (HRA)

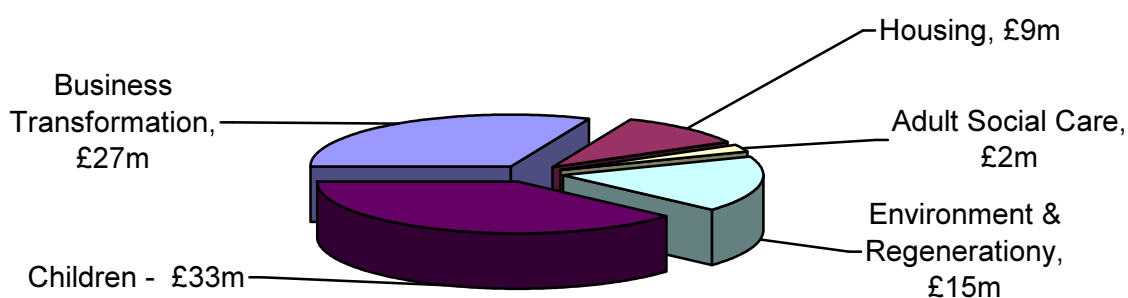
The HRA planned to balance its budget in year, but due to a small overspend of £27k against the original gross budget of £47.5m in 2009/10, a small transfer from reserves was required. The HRA finished the year with a small decrease in balances held at the 31st March 2010.

There were overspends in relation to repairs and maintenance costs but compensating savings were made in management costs and improved performance in relation to rent arrears collection, resulting in a positive financial impact.

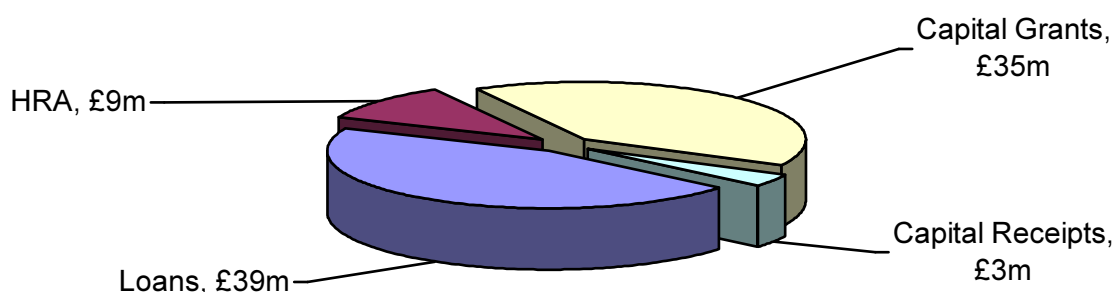
Financial Overview – Capital Income & Expenditure

During the year, the Council incurred capital expenditure of £86m. This expenditure is analysed in the chart below into key service areas of the Council.

Capital Expenditure by Council Directorate 2009/10



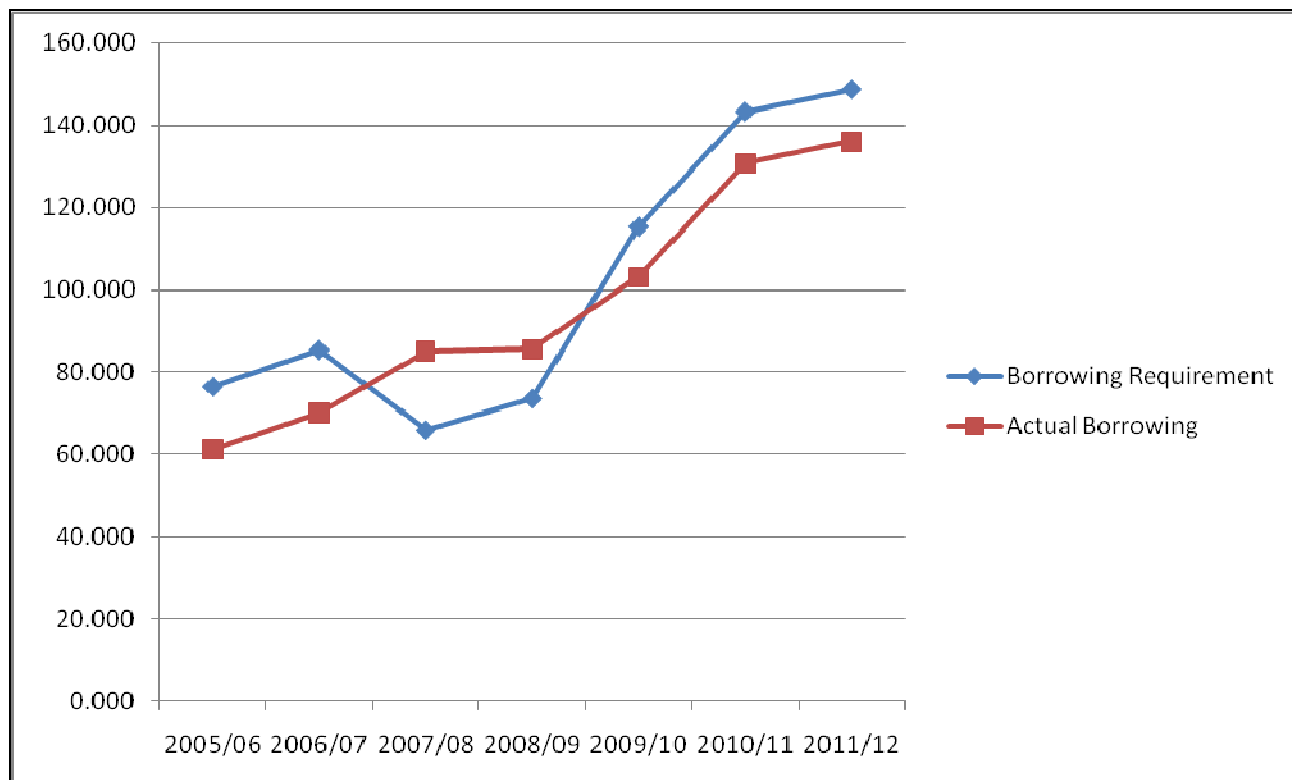
Capital Funding By Source 2009/10



Significant areas of capital expenditure in 2009/10 were on:

- Schools - £33m
- Transport - £6m
- Council Housing £9m
- Equal Pay Compensation £6m
- Growth Areas £4m

The economic climate continues to see lower market prices for assets than the Council has been prepared to sell at and has consequently delayed planned disposals until the market improves. Capital grant and increased borrowing has subsequently funded the majority of spend. Information on borrowing facilities can be found in note 23. The change in the Council's long-term borrowing position in recent years is illustrated in the chart below.



Financial Overview – Other Key Disclosures

• Swindon Commercial Services Limited

The Council created a new, wholly owned limited company on January 1st 2010 from its main internal trading service. The accounts of the new company are incorporated in the Group Accounts section of this document.

• Wichelstowe

The development of Wichelstowe (the Southern Development Area adjacent to the M4 motorway) continues to progress. The collaboration agreement with Taylor Wimpey Developments came to a close in 2009/10 as detailed in the post balance sheet event note to the 2008/09 accounts. All capital expenditure on Wichelstowe is now incurred directly through the Council's accounts.

- **Pension Liability**

The net pension liability as disclosed in the balance sheet, under FRS17 requirements, has seen a large increase over the 2008/09 disclosures. The liability is reported as £300m (£145m for 2008/09), an increase of £155m. This increase reflects the continued poor performance of the markets that the pension fund assets are held in. More detail on the pension liability is contained within note 29.

- **Other Material Liabilities**

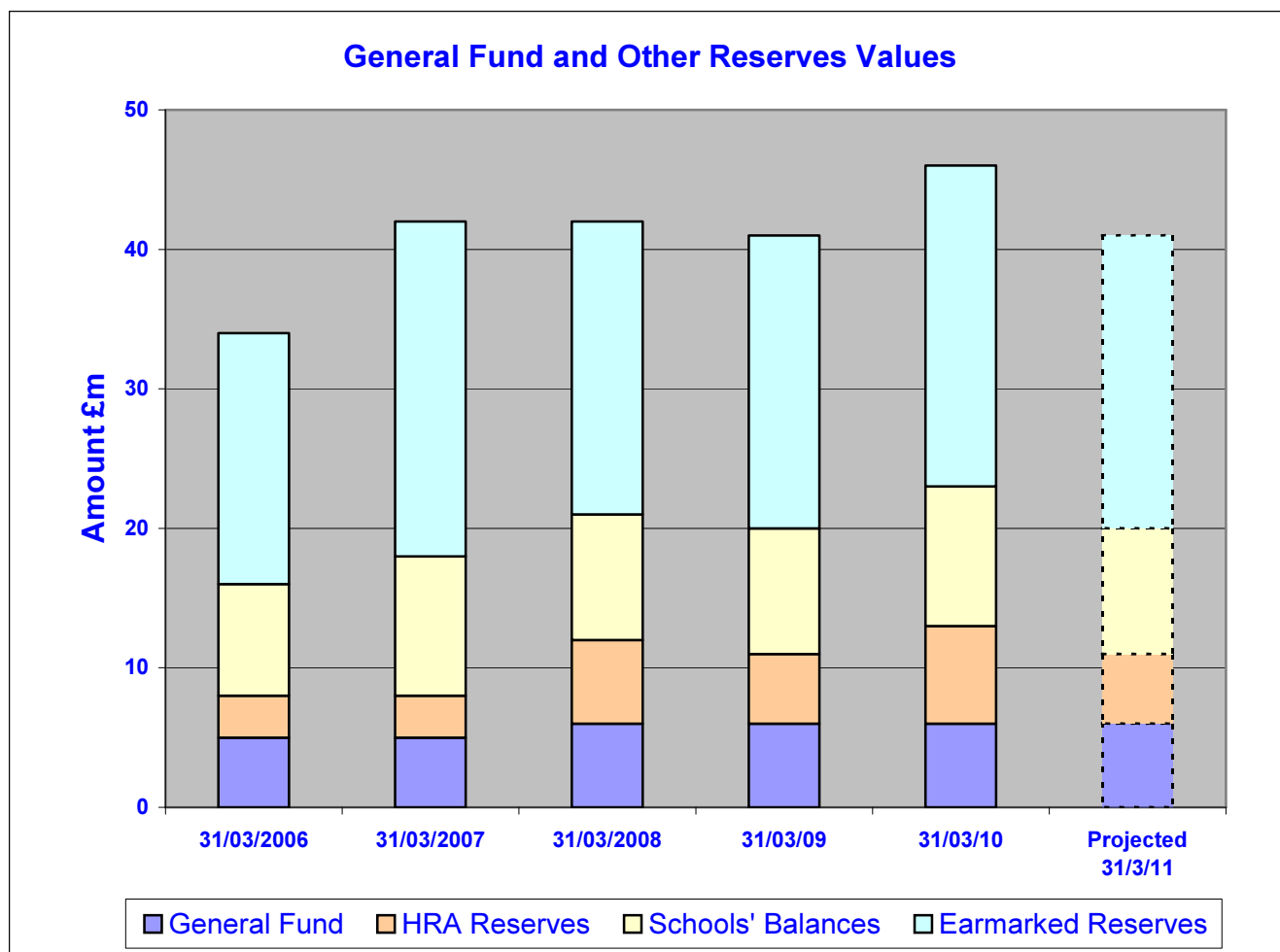
The Council has paid £6.2m in equal pay settlement in 2009/10. This has been paid from capital resources as allowed via an approved capitalisation directive. The Council suspended compensation payments to employees during the year as the legal context changed, but recognises that further payments will fall due on future years.

Financial Overview – Financial Outlook

- **Medium Term Resourcing Plan**

In common with the entire public sector, the Council's financial position will be particularly challenging in the coming years. With considerable future cost pressures to address local and national priorities, set against inevitable further tightening of financial settlements and expectations of a freeze in Council Tax income for a number of years due to the tightness of the public finances, the Council will need to rely on significant efficiency savings and service redesign to balance its annual budgets. A fundamental review of all services, together with public sector partners, will also be required to ensure that collective resources are focused on achieving priority outcomes. This is likely to be accompanied by a change from the current pattern of service delivery.

At this point, the Council's balance sheet continues to be strong, with a healthy level of reserves as shown in the chart below. The level of General Fund earmarked reserves will fall during 2010/11 as the Council pump primes investment in its Transformation programme and in promoting its other key objectives.



The Council approved further Capital programme starts for 2010/11 in February 2010, but has not committed beyond this due to the uncertainty facing the Council around finances in future years. Work will commence shortly on developing an affordable future programme beyond 2010/11

Future Primary Infrastructure Works on Wichelstowe is subject to a review of available options given the economic climate, with only essential works of approximately £27m currently budgeted for through to 2011/12. Work will commence shortly on developing options towards Capital programme proposals beyond 2010/11.

- Audit Report**

The draft accounts have to be approved before the 30 June 2010, independently audited as required by the Audit Commission Act 1998 and published in their audited form by 30 September 2010. The Council's auditors are the Audit Commission.

- Further Information**

If readers would like to know more about the accounts of the Council, please write to Stuart McKellar, Director of Finance, Civic Offices, Swindon SN1 2JH.

STATEMENT OF ACCOUNTING POLICIES

Accounting Standards

The accounting policies of the Council are set out over the following pages. The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008: A Statement of Recommended Practice (SORP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also with relevant Statements of Standard Accounting Practice (SSAP) and Financial Reporting Standards (FRSs) that apply to Local Authorities.

The net cost of services within the Income & Expenditure Account has been prepared in accordance with the CIPFA Best Value Accounting Code of Practice (BVACOP), and the Council's borrowing strategy complies with the CIPFA Code of Practice on Treasury Management.

Three key accounting concepts are followed within these accounts:

- **Accruals**

Whereby transactions are recorded in the period in which they occurred, not necessarily when a payment was made.

- **Going Concern**

The authority has prepared its accounts on the assumption that it will continue in operational existence for the foreseeable future.

- **Primacy of Legislation**

Accounting concepts in the above standards may not apply in all cases, to the degree that treatment is stipulated in law. "It is a fundamental principle of local authority accounting that, where specific legislative requirements and accounting principles conflict, legislative requirements shall apply." (SORP2008.)

In any area where the above standards have not been followed, an explanation will be given in the notes to the accounts.

Estimation techniques are methods adopted by the authority to arrive at an estimated value to ensure completeness of balances in the accounts. They are specifically used in the apportionment of support service costs, but could be used in other areas in the absence of known actual values.

Valuation of Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis.

The current asset values used in the accounts at 31st March 2009 are based on a formal valuation certificate issued. The sources of information and assumptions made in producing the various valuations are set out in the valuation certificate and report. The current asset values used in the accounts are based upon a certificate issued by the Council's Director of Property and Assets as at 1 April 2009.

Financial year 200/910 was the fifth year of a 5-year rolling programme of asset revaluations. The de minimis level applied is £10,000. All valuations have been carried out by the Council's valuers, who are RICS qualified.

Their bases for valuation are as follows:

<u>Type of Asset</u>	<u>Basis of Valuation</u>
Council Dwellings	- Existing Use Value – Social Housing
Other Land and Buildings:	
- Operational	- Net current replacement cost, using either the existing use value or the depreciated replacement cost (includes plant and machinery)
- Non-operational	- Open market value
Infrastructure (e.g. roads and sewers)	- Historic cost (where known)
Vehicles, Plant & Equipment	- Current written down value
Community Assets	- Historic cost (where known)

Intangible Assets

Intangible assets, namely software licenses, are considered annually against capital materiality and the impact of non-inclusion on the balance sheet position. No intangible assets have been identified.

Financial Instruments

Investments have been valued at fair value through profit or loss using bid-market price information supplied by Investec or supplemented by reputable sources when not available. Standard market conventions have been used to calculate accrued interest due on securities.

All realised and unrealised gains and losses, interest and other items of income and expense associated with financial assets and liabilities are taken to the Income and Expenditure Account.

As a bad debt provision is made on aged trade debtors, which are typically not of material value in total, impairment has not been undertaken through the accounts.

Further information on financial instruments can be found in note 24 of the accounts.

Depreciation of Assets

FRS 15 requires that all operational assets be depreciated, unless the depreciation concerned is immaterial. Any asset not depreciated within the accounts is the subject of a formal impairment review and, where there is reason to believe that its value has changed materially during the accounting period, the valuation is adjusted. Examples of events and changes in circumstances that could indicate a reduction in value may include physical damage to a building or a decline in market value.

The Council uses the straight-line method of calculating depreciation on all its Fixed Assets, with the exception of non-depreciable land, community assets, investment properties and vehicles. Straight-line depreciation is the method in which the cost of an asset is split equally over the period of its estimated useful life.

Depreciation is charged in the year of acquisition but not in the year of disposal.

Depreciation of assets is charged against relevant services to show the cost of their use of assets in provision of the service. This depreciation charge is reversed out in the I&E adjustment statement and subsequently has no impact on Council Tax levels.

Due to the Right-to-Buy scheme where the stock is reducing each year, it is more appropriate for the Council to use the average value of the stock to calculate depreciation on Council Dwellings (as below).

The following table summarises the estimated useful lives of the different asset classes:

<u>Type of Asset</u>	<u>Useful Life</u>
Council Dwellings	- 70 years
Operational Assets	- 20-70 years dependant on the assessed expected useful life
Infrastructure	- 20 years
Plant, Equipment & ICT	- Normally 5 years dependent on the assessed expected useful life
Vehicles	- Based on an annual valuation of each vehicle

Capital Receipts

Capital receipts are the monies received by the Council from the sale of land, buildings and other assets. These are available, subject to Government restrictions, to finance new capital schemes. The usable percentage for receipts arising from the sale of non-HRA land and property was 100%. A receipt under £10k from disposal of fixed assets is taken as revenue in line with the evaluation de minimis.

The Local Government Act 2003 introduced the principle of 'pooling' HRA capital receipts with effect from 1 April 2004. Under this system, 75% of the capital receipt from the disposal of a dwelling from the Right-to-Buy scheme must be paid over to Central Government, with the remaining 25% being available to the Council to fund capital expenditure. With regards to the disposal of HRA land and surplus assets, the local authority can retain 100% of the capital receipt, providing the receipt is used to fund affordable housing.

Disposal of Assets

Assets are disposed of at their carrying value to the authority (Gross Book Value less Accumulated Depreciation) in line with the SORP. Carrying values, together with their disposal proceeds, are transferred to the capital adjustment account via the I&E account. The net balance is the profit or loss on disposal figure. Associated costs of disposal are contained within the net cost of services analysis, as part of apportioned central support costs.

Capitalisation

Per FRS15 Finance costs in relation to a Capital Project with a total projected spend in excess of £25m will be capitalised until the year in which the asset comes into use. Individual contracts within the overall project value will be considered on a case-by-case basis

Revenue Funded from Capital

There are certain costs of the authority that are classified as capital expenditure under statute that do not result in the creation or enhancement of a council asset. These costs are shown as

revenue expenditure within the net cost of services but with a compensatory reversal through the statement of movement on general fund balance to capital accounts. This could include capital grants to third parties.

Redemption of Debt

Under the Prudential Code, local authorities are required to charge to their revenue account a minimum revenue provision (MRP) for debt redemption. Revised regulations applicable to 2007-08 and subsequent years replaced a detailed calculation based on 4% of the capital financing requirement with a requirement that local authorities calculate an amount of MRP that they consider to be prudent. One of the options the Prudential Code for Capital Financing recommends is linking the MRP to the useful life of the asset that is being funded. This is the approach the council has adopted for major capital schemes from 2007/08 onwards. The Council also now defers charging MRP until the year after an asset becomes operational, as allowed by the code.

Premiums and Discounts

The 2007 SORP introduced a change in accounting policy with regard to premiums and discounts whereby they were de-recognised and taken immediately to the Income and Expenditure account, other than where considered part of a debt restructuring exercise. In the Council's case the premiums and discounts and the accounts relate exclusively to its PWLB loans portfolio.

The regulations and statutory guidance allow (or in the case of discounts require) any premiums and discounts arising from 1 April 2007 that are required under the SORP to be taken immediately to the Income and Expenditure account to be amortised to Revenue over the various periods specified in the regulations/guidance or in the case of premiums such shorter period as the authority may choose.

Leasing

The Council leases many items such as vehicles, plant and equipment from finance companies. Leases can be a finance lease, (one that transfers substantially the risks and rewards of ownership of a fixed asset to a Lessee (i.e. the Council) and would appear as an asset / liability on the balance sheet), or an operating lease, which are all other cases and constitute a revenue payment.

The Authority classifies leases as per the requirements of SSAP 21 and FRS 5. For a finance lease to be classified substantially all the risks and rewards relating to the leased property should transfer to the Council, with the present value of the minimum lease payments worth 90% or more of the fair value of the leased asset. In this assessment the true substance of the transaction will also be considered.

For leases that are not considered finance leases, a classification as an operating lease is given. The Council also has a number of premises it makes available on a lease basis as disclosed in note 18 to the financial statements.

Value Added Tax (VAT)

Swindon Borough Council complies with the statutory requirements of the VAT Act 1994. It seeks to maximise VAT recovery according to Section 33 of the Act, which includes Local Authorities and enables certain bodies to recover VAT on costs relating to non-business activities.

Stocks and Work in Progress

Stocks are valued at the lower of cost or net realisable value as required by SSAP 9. Work in Progress has been valued at the cost of labour, materials and other resources used, including the appropriate apportionment of indirect costs and overheads but excluding any profit.

Debtors and Creditors (Accruals)

The Council's revenue and capital accounts are prepared on an accruals basis in accordance with the accounting conventions of FRS18. This means that amounts due to (debtors) or owed from (creditors) the Council in the financial year are accounted for whether or not the cash payment has been made. Where final invoices are not available, prudent estimates will be made in making debtor and creditor provisions.

Where outstanding debtors are considered doubtful that they will be fully received, a prudent bad debt provision is provided for, which reduces the level of income expected in the accounts.

As part of the accrual process a de minimis level of £200 is applied to year-end service accruals to reflect materiality thresholds. For cyclical periodic payments, such as utility bills, the accounts aim to reflect a full twelve months in the accounting year, which may not necessarily be April to March, but will reflect 12 months worth of costs.

Pensions

Swindon Borough Council employees belong to one of two pension schemes:

- The Wiltshire Pension Fund, which is managed in accordance with the Local Government Pension Scheme, or,
- The Teachers Pension Scheme.

Wiltshire County Council, on behalf of all the Local Authorities in Wiltshire, manages the Wiltshire Pension Fund. The Council's contribution to the Pension Fund has been determined on the basis that contribution rates are set to meet 100% of the liabilities of the Pension Fund over the longer term, in accordance with relevant Government Regulations and the requirements of the Fund Actuary.

A prior period adjustment has been made to the accounts to reflect a change in estimation applied to the valuation of scheme assets/liabilities, which was considered a policy change. This restatement aims to remove any in-year adjustments to the disclosure notes to improve clarity.

Government Grants Deferred Account

The Code of Practice requires fixed assets to be included in the balance sheet at their continuing value to the Council, even when grants or contributions have been received towards their financing. This account is therefore credited with the amounts of grants and contributions used in financing of capital expenditure. Amounts are released to offset depreciation charged to the revenue account in respect of such expenditure, and are shown as credits to the revenue account and debited out through the Statement of Movement on the General Fund Balance.

Unapplied Grants and Contributions Account

This account shows amounts received to support capital enhancements but which are not yet applied to assets. Once applied to assets the contribution will be transferred to the government grants deferred account.

Post Balance Sheet Events

Where a significant event occurs after the balance sheet date, prior to the year-end financial statements being authorised for publication, that has a bearing upon the financial position of the Council at the 31 March, the accounts are adjusted with details of the event set out in notes to the accounts. Significant non-adjusting events are also disclosed (note 31).

Landfill Allowance Trading Scheme (LATS)

The Waste and Emissions Trading Act 2003 placed a duty on waste disposal authorities (WDA) to reduce the amount of biodegradable municipal waste deposited within landfill sites. It also provides the legal framework for the LATS. The scheme allocates tradable landfill allowances to each WDA in England.

The value of the LATS allowances has been determined based on the weighted average cost of trading volumes to date, previously confirmed by DEFRA, and is taken as nil due to limited trading.

Provisions, Reserves and Contingencies

- **Provisions**

Provisions are amounts set aside for losses or liabilities that are likely or certain to be incurred in future periods and where the financial effect can be assessed with reasonable accuracy. They are created by charging the revenue account and appear as charges within the net cost of services in the Income and Expenditure Account.

- **Reserves**

Reserves are amounts set aside from the Council's General Reserves for specific purposes that fall outside the definition of provisions. Transfers to and from reserves fall outside the net cost of services and are shown within the Statement of Movement on the General Fund Balance.

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits and that do not represent usable resources for the council – these reserves are highlighted in note 29.

- **Contingencies**

In planning and budgeting for future financial years the Council has taken the prudent view to allow for contingencies. Such contingencies are to mitigate a range of risks of unknown value, and therefore cannot constitute provisions. They are also not for specific activities or events and therefore cannot constitute earmarked reserves. Contingencies are only budgeted for within a single financial year, and any element remaining at year-end would be reintegrated in to general reserves, unless satisfying criteria for transfer as a provision or earmarked reserve.

• Insurance

To obtain insurance in the most cost effective manner, the Council has chosen to carry "excesses" in respect of property and other insurances, subject to annual stop-loss limits. A reserve has been created from the Council's internal funds with a view to covering uninsured risks. In addition, the Council also has provisions for earlier years' claims from which it will meet the cost of those claims, below the excess levels, that may arise in future years relating to incidents occurring since 2001/02.

Overheads

As recommended by the BVACOP, central support services' costs have been fully charged to other services and therefore appear within the net cost of services within the Income & Expenditure Account, as an expenditure item. Individual cost drivers have been identified for each support service, such as gross budget, floor space occupied, number of payslips raised and number of transactions, and these have been used to allocate costs broadly in line with usage.

Income Recognition

The Council receives income from many sources for a range of purposes, such as statutory service provision, recreation charges, planning fees etc. In order that the Council can account for this income correctly the following policy is adopted when key income is recognised:

Income Source	Recognition
Government Formula Grant	- The Council is notified by central government of its level of grant due in the financial year. All income is budgeted for and recognised in the year it is due to the Council.
Council Tax	- Council Tax is typically collected from Borough taxpayers on a monthly basis. The amount recognised in the I&E is the amount due to the Council for that financial year. The amount is adjusted for in the balance sheet for any arrears, bad or doubtful debts.
Other Government Specific Grants	- Other government grants are given to the Council for specific uses or projects. The terms of the individual projects will dictate the precise requirements of the grant. However, if grant covers or spans more than one financial year, only the amount of grant that has been spent in the reporting year will be recorded as income, the remainder will be carried forward on an accruals basis.
Fees for goods and services	- Income from fees and charges are recognised at the point when goods or services are provided. Income received in one financial year relating to goods / services being provided in the next financial year, will be carried forward under the matching principle.
Developer Deposits and Capital Receipts	- Monies received from developers and capital receipts are recorded at the time that the contribution is received.

Collection Fund / Agency Arrangements

The Collection Fund is a separate account required through statute by billing authorities. It presents the amounts collected as income and the amounts paid out as precepts to precepting authorities (e.g. the Fire Authority). After changes in the accounting requirements, the Council will be recording on an agency basis only the amounts that relate to its own balances. Debtors / Creditors and other balances relating to preceptors are no longer recorded on the Council's balance sheet.

Group Relationships

Swindon Borough Council, as sole shareholder and therefore parent organisation of Thamesdown Transport Limited (TTL) and Swindon Commercial Services Limited (SCSL), is required to produce group financial statements for the combined entities. In collation of these accounts it is necessary that the accounting policies of the parent be used for the Group as a whole. In the publication of the Group accounts it is also required that UK GAAP be the accounting standards that are followed, and the SORP has provided guidance to allow this.

The main accounting policies for Group Accounts are those given previously, adapted for SORP interpretation of UK GAAP, with specific issues on consolidation disclosed below.

The accounting policies that the group statements follow are those of the Authority, and the following have been the policy changes to align the subsidiary and parent undertakings:

- **Fixed Asset Depreciation**

The straight-line method of depreciation is used. Useful life of assets has been considered as corresponding between parties. One new class of asset, namely buses, is disclosed for the group statements, using a 10-15 year basis.

- **Asset Valuation**

In 2005, TTL relocated from their Corporation Street site to a new build site at Barnfield Road. In doing so buildings and equipment were built/purchased and refurbished as new. It is therefore the decision that the cost stated in the accounts of TTL is a current valuation. The exception to this is buses, which, as allowed per the SORP, form a distinct asset class.

No other material policy adjustments are noted.

Accruals and transactions between the group entities have been removed from the group statements using information from the subsidiary and authority records.

As per the SORP, notes to the group accounts are only included where material amounts or details over the single entity accounts are witnessed.

PFI (Private Finance Initiative) and Similar Arrangements

Until the 2009/10 change in accounting standards the Council's PFI scheme was accounted for off-balance sheet as a revenue cost charged as incurred.

The result of the accounting changes mean that PFI contracts are considered to be agreements to receive services, where the responsibility for making available the fixed assets 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 fixed assets will pass to the council at the end of the contracts, the council carries the fixed assets used under the contracts on the Balance Sheet.

The original recognition of these fixed assets was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets. For the PFI schools, the liability was written down by an initial capital contribution of £10m.

Fixed assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council, and a valuation undertaken on a rolling 5-year cycle.

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

- Fair value of the services received during the year – debited to the relevant service in the Income and Expenditure Account
- Finance cost – an interest charge of 13% on the outstanding Balance Sheet liability, debited to Interest Payable and Similar Charges in the Income and Expenditure Account
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to Interest Payable and Similar Charges in the Income and Expenditure Account
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator
- Lifecycle replacement costs – recognised as fixed assets on the Balance Sheet.

Though a change in policy requires restatement of prior period figures, there is no change to the Council Tax requirement, as changes to the minimum revenue provision are balanced out within the income and expenditure account, resulting in a net nil impact.

PFI remains the significant arrangement of this type but similar arrangements would be accounted for along these lines if entered into.

CORE SWINDON BOROUGH COUNCIL FINANCIAL STATEMENTS

Income And Expenditure Account

2008/09		2009/10	2009/10	2009/10	
Restated Net		Gross	Income	Net	Note
Expenditure		Expenditure		Expenditure	
£'000		£'000	£'000	£'000	
Continuing Operations					
1,705 Central Services to the Public		4,438	(2,216)	2,222	
4,648 Corporate and Democratic Core		15,565	(10,158)	5,407	
4,996 Non-Distributed Cost*		14,904	(16)	14,888	
218 Court Services		267	0	267	
21,230 Cultural		33,216	(12,119)	21,097	
17,532 Environmental and Regulatory		22,840	(4,771)	18,069	
4,195 Planning and Development		17,966	(7,217)	10,749	
30,350 Children and Education		215,475	(185,206)	30,269	3,15
14,165 Highways, Roads and Transport		28,354	(10,377)	17,977	
3,985 Housing General Fund		80,087	(77,516)	2,571	
5,450 Housing Revenue Account		50,320	(47,362)	2,958	
43,824 Adult Social Care		68,793	(24,127)	44,666	
610 Exceptional Items		6,214	0	6,214	1
152,908 Net Cost Of Services		558,439	(381,085)	177,354	
(1,239) (Gain) / Loss on Disposal of Asset				(2,916)	
1,822 Precepts Paid to Local Precepting Authorities				1,892	
(558) Dividends and Deficit / (Surplus) From Trading Accounts				(1,900)	4,22
15,936 Interest and Similar Charges Payable				14,849	
478 Contribution of Housing Capital Receipts to Pool				807	
(9,350) Interest and Investment Income				(3,290)	
27,634 Pensions Interest Cost				25,294	29
(22,325) Expected Return on Pensions Asset				(15,325)	29
165,306 Net Operating Expenditure				196,765	
(77,082) Income From Collection Fund				(81,559)	
(14,598) General Government Grant				(18,453)	10
(43,116) Distribution from NDR				(40,559)	
(134,796) Sub-Total Sources of Finance				(140,571)	
30,510 (Surplus) / Deficit For Year				56,194	

*Non-distributed cost (NDC) has seen a substantial increase over 2008/09 due to the adjustments required under FRS17 (retirement benefits). As part of the fund arrangements in the transfer of staff to Capita and to the new Swindon Commercial Services Ltd company, there are significant settlements costs shown under NDC.

Statement of Movement on the General Fund Balance

The I&E account shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the authority is required to raise council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed,
- The payment of a share of housing capital receipts to the Government is a loss in the I&E account but is met from the useable capital receipts balance rather than council tax,
- Retirement benefits are charged as amounts that become payable to the pension fund and pensioners rather than as future benefits are earned.

The GF balance compares the Council's net expenditure against its call on the Collection Fund for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future use. This table reconciles the balance on the I&E account above, to the balance on the GF, which is used for Council Tax purposes. The detail of the transactions follows.

	2008/09 Restated £'000	2009/10 £'000
Net General Fund (Surplus) / Deficit For Year (from I&E	30,510	56,194
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(30,510)	(56,194)
(Increase) / Decrease in GF Balance for the year	0	0
General Fund Balance Brought Forward	(6,000)	(6,000)
General Fund Balance Carried Forward	(6,000)	(6,000)

Amounts included in the I&E account but excluded in determining the GF Movement:

	2008/09 Restated £'000	2009/10 £'000	N
Depreciation & Impairment of fixed assets	(35,626)	(46,007)	18
Government grants deferred amortisation	3,199	3,482	
Revenue costs under SORP but capital by statute	(1,633)	(8,782)	
Reversing Profit / (Loss) on Disposal Of Assets	1,239	2,916	
Difference between SORP & statutory finance costs	446	453	
Net charges made for retirement benefits under FRS17	(1,934)	(16,958)	29
Collection Fund Adjustment Account Reversals	901	281	
	(33,408)	(64,615)	

Amounts not included in the I&E account but included in determining the GF Movement:

	2008/09 Restated £'000	2009/10 £'000	N
Minimum Revenue Provision for capital financing	1,730	1,964	2
Capital Expenditure Charged to the General Fund	2,313	0	
Housing Capital Pool contribution	(478)	(807)	
	3,565	1,157	

Transfers to or from the GF balance required in determining the GF Movement:

	2008/09 Restated £'000	2009/10 £'000	Note
HRA balance movement	(174)	(27)	
Net transfer to / (from) all reserves (including MRR)	(493)	7,291	26f
	(667)	7,264	

Analysis of GF balance between schools and generally available balances:

	2008/09 £'000	2009/10 £'000
General Fund Balance	(6,000)	(6,000)
Schools Balances	(9,130)	(9,374)
Total General Fund & Schools' Balance 1st April	(15,130)	(15,374)
General Fund Movement	0	0
Schools Balances Movement	(244)	(1,035)
Total Net Surplus / Deficit for the year	(244)	(1,035)
General Fund Balance	(6,000)	(6,000)
Schools Balances	(9,374)	(10,409)
Total General Fund & Schools' Balance at 31st March	(15,374)	(16,409)

Statement of Total Recognised Gains & Losses

	2008/09 Restated £'000	2009/10 £'000	Note
(Surplus) / Deficit on the I&E	30,510	56,194	
(Surplus) / Deficit arising from revaluation of fixed assets	(57,258)	(24,013)	16a
Pension actuarial (gains) / losses	58,287	138,064	29
Net Gain on Transfer of Asset Right/Removal of Void Asset	(1,317)	0	
Transfer of Capital receipts from unapplied grants to UCR	(6,177)	0	
Total Recognised (Gain) / Loss	24,045	170,245	
Cumulative Impact of Prior Period Adjustments	7,870	0	

The Balance Sheet

	2008/09 Restated £'000	2009/10 £'000	Note
Operational Fixed Assets	1,112,516	1,154,577	16
Non-Operational Fixed Assets	136,925	142,725	16
Long-term Investments	1,489	1,489	22a
Long-term Debtors	283	250	
Total Long-term Assets	1,251,213	1,299,041	
Stocks and Work in Progress	1,540	656	19a
Debtors Less Provision for Bad Debts	44,048	32,765	19b
Payments in Advance	3,282	2,936	
Short-term Investments	58,976	72,519	22b
Cash	9,502	11,298	
Total Current Assets	117,348	120,174	
Creditors	(57,006)	(35,206)	19c
Long Term Borrowing repayable within one year	(13,178)	(37,411)	
Receipts in Advance	(9,801)	(10,867)	19d
Unapplied Grants and Contributions	(20,049)	(24,237)	19e
Total Current Liabilities	(100,034)	(107,721)	
Net Current Assets	17,314	12,453	
Government Grants Deferred	(82,375)	(113,772)	19f
Provisions	(3,088)	(8,611)	25
Long-term Borrowing	(73,720)	(95,988)	23
Finance Lease Liability	(61,024)	(60,028)	
Liability Related to Pension Scheme	(145,029)	(300,049)	
Total Long-term Liabilities	(365,236)	(578,448)	
TOTAL ASSETS LESS LIABILITIES (net assets)	903,291	733,046	21
Capital Adjustment Account	(887,969)	(845,822)	26b
Revaluation Reserve	(101,007)	(121,274)	26c
Usable Capital Receipts Reserve	(14,137)	(11,891)	26d
Financial Instruments Adjustment Account	1,289	836	26e
Pension Reserve	145,029	300,049	29
Major Repairs Reserve	(2,977)	(6,243)	38
Specific Reserves and Funds	(34,279)	(39,235)	26f
General Fund	(6,000)	(6,000)	
Housing Revenue Account Balance	(2,075)	(2,048)	
Collection Fund Adjustment Account	(446)	(727)	
Deferred Capital Receipts (Mortgages)	(108)	(80)	
Passenger Transport Realisation Account	(611)	(611)	
TOTAL FINANCING	(903,291)	(733,046)	

The Cashflow Statement

	2008/09 £'000	2009/10 £'000	Note
Revenue Activities			
Outflows			
Cash paid to and on behalf of employees	173,567	153,382	
Housing Benefits	43,905	55,621	
NNDR to National Pool	108,731	113,187	
Precepts paid (Parishes)	1,821	1,893	
Housing Pool Payments	478	807	
Other operating costs	249,490	294,072	
Inflows			
House Rents (net of benefits)	(23,860)	(25,625)	
Other Housing Income	(14,839)	(14,116)	
Council Tax Income	(76,930)	(80,778)	
NNDR from National Pool	(43,116)	(40,559)	
NNDR Receipts	(99,757)	(103,388)	
Revenue Support Grant	(6,002)	(9,362)	
Grant for benefits	(43,068)	(55,306)	
Other Government Grants	(179,399)	(181,215)	32
Cash received for goods and services	(60,528)	(92,433)	
Other operating receipts	(13,179)	(12,390)	
Net cash (inflow)/outflow from revenue activities	17,314	3,790	
Dividends			
Inflows			
Dividends received	0	0	
Returns on Investments and Servicing of Finance			
Outflows			
Interest paid	15,936	6,992	
Inflows			
Interest received	(9,350)	(3,290)	
Capital Activities			
Outflows			
Capital Expenditure	53,023	85,751	
Inflows			
Sales of fixed assets	(5,089)	(3,848)	
Capital Grants received	(23,178)	(33,983)	
Developers' deposits (Sec 106)	(915)	(9,226)	
Net cash (inflow)/outflow before financing	47,741	46,186	
Management of Liquid Resources			
Outflows			
Net (decrease) / increase in liquid resources	(51,541)	(1,481)	33
Financing			
Outflows			
Repayment of amounts borrowed	16,538	13,149	
Inflows			
New loans	(12,350)	(59,650)	
(Increase) / Reduction in cash and cash equivalents	388	(1,796)	

Notes to the Core Swindon Borough Council Financial Statements

The following notes support the preceding accounting statements.

Notes mainly relating to the Income & Expenditure Account.

Note 1 : Exceptional Item

The exceptional item in 2008/09 relates to redundancy costs from internal restructuring. The exceptional item from 2009/10 relates to capitalised payments of equal pay awards.

Note 2 : Minimum Revenue Provision (MRP)

The Council has a statutory obligation to make minimum provision to meet its liabilities in respect of capital expenditure financed by external borrowing.

	2008/09 £'000	2009/10 £'000
General MRP on capital expenditure	668	811
MRP on PFI finance lease assets	1,062	1,153
Total MRP	1,730	1,964

Note 3 : PFI (Private Finance Initiative)

In 2004/05 the Council entered into a PFI contract with Equion plc to provide seven schools in the northern sector of Swindon, at a capital cost to the provider of £69.5m. The Department for Education & Skills sponsored the project and has issued the Council with a Notional Credit Approval of £62.8m. The Council is committed to making payments estimated at £274.9m under the contract although the actual level of payments will depend on contract performance by the provider. This payment covers a range of ongoing services in the management of the schools once the building is complete. The contract expires in 2032.

PFI assets are now accounted for on the Council's balance sheet at depreciated historic cost with related finance lease payments contained within the lease disclosures (note 18). The income and expenditure account now has the unitary charge payment split between service costs, lease costs and MRP payments.

Note 4 : Trading Accounts

Swindon Commercial Services (SCS) directly provides the Council's waste, highways, catering, grounds, cleaning and buildings services. It became a wholly owned subsidiary on January 1st 2010. The following table shows nine months of SCS trading account while it was part of the Council and three months of Swindon Commercial Services Ltd rebate and dividend Reserve movements for the trading services are shown within the Statement of Movement on the General Fund Balance.

Any dividend received from Thamesdown Transport LTD is also included in this disclosure statement.

	2008/09 £'000	2009/10 £'000
Swindon Commercial Services		
Income	(66,268)	(74,384)
Expenditure	65,710	73,503
Net (Surplus) / Deficit to Income and Expenditure Account	(558)	(881)
Dividend Received – Thamesdown Transport Ltd	0	0
Rebate & Dividend Received – Swindon Commercial Services Ltd	0	(1,019)
Net Disclosed in the I&E	(558)	(1,900)

Note 5 : Publicity – Section 5 Expenditure

Under Section 5 of the Local Government Act 1986, the Borough Council is required to keep a separate account of its expenditure on publicity. "Publicity" refers to any communication, in whatever form, addressed to the public at large or to a sector of the public. It includes advertising to recruit employees, the staff costs & external payments associated with marketing local events and public notices.

	2008/09 £'000	2009/10 £'000
Recruitment Advertising	641	217
Promotional Advertising	193	311
Public Notices	59	29
Public Relations Team & Other	339	297
Publicity Total	1,232	854

Note 6 : The Building Control Statement

The Building Regulations Chargeable Account has been drawn up in accordance with the Council's statement of accounting policies, shown on pages 10 to 18 and the guidance on costs and income provided by CIPFA in its publication Building Control Accounting.

Building regulation fee income is attributable to the accounting year in which it is received. The Council, in accordance with national guidance, is seeking to break-even over a rolling 3-year period. Any surplus on the building regulation fee earning account is transferred to general reserves.

Schedule of Charges

Swindon Borough Council, in conjunction with all Wiltshire Local Authorities have adopted the Local Government Association (LGA) model scheme of charges for the period 1 April 2009 to 31 March 2010.

Building Regulations Chargeable Account

The following account includes only the fee earning work of the service:

	2008/09 £'000	2009/10 £'000
Direct and Indirect Expenditure	461	437
Building Regulation Fee Income	(394)	(271)
Net Deficit / (Surplus)	67	166

Building Control Statement

The following statement includes both fee earning and non-fee earning work.

	2008/09 £'000	2009/10 £'000
Direct Expenditure		
Employee Costs	413	422
Transport Costs	20	20
Supplies and Services	10	20
Indirect Expenditure		
Departmental Management Costs and Support Services	63	54
Premises Costs and Other Support Services	77	96
Total Expenditure	583	612
Income		
Building Regulation Fees	(395)	(272)
Other Income	(2)	(7)
Total Income	(397)	(279)
Total Net Expenditure	186	333

Note 7 : Agency Arrangements

Agency arrangements are where the Authority has undertaken work / services on behalf of another provider with agreed funding.

	2008/09 £'000	2009/10 £'000
Primary Care Trust Section 28A arrangements	5,452	6,054
Other health services	2,287	1,979
Net non – social services arrangements	226	264
	7,965	8,297

Note 8 : Business Improvement Districts (BIDs)

The local business community voted on BID status in 2006/07 and a BID scheme became operational the following year. The Council collects a BID levy from business ratepayers on behalf of the BID Company. The below table treats Council contributions to the BID as expenditure and subsequently shows an increased deficit. The Council contribution is planned to reduce over coming years so that the BID is self-sufficient.

	2008/09 £'000	2009/10 £'000
BID levy income	(430)	(341)
Costs of collecting levy	13	13
Council expenditure on providing services	163	131
Payment for services provided by other parties	180	189
Increased provision for bad debts	3	0
Total expenditure	359	333
(Surplus) / Deficit for the year	(71)	(8)

(Surplus) / Deficit brought forward	40	(31)
(Surplus) / Deficit carried forward	(31)	(39)

Note 9 : Pooled Budgets (under S75 of the Health Services Act 2006)

Swindon Borough Council went into partnership with Swindon Primary Care Trust over the provision of Mental Health services with effect from 1 April 2001. The purpose of the arrangement was to create a single pooled budget for the commissioning and provision of Mental Health services across Swindon so that services could be commissioned in partnership between the statutory agencies in accordance with the needs of users.

The Authority has also entered into pooled arrangement for Swindon Integrated Community Equipment Stores (ICES) and for Learning Disabilities Short Breaks. From 1st April 2008 the Council and PCT entered into further S75 agreements covering the vast majority of Children's and Adults services.

The financial activity of the pooled arrangements is summarised in the following table. (These arrangements are separate from the agency arrangements detailed previously in note 7.)

	2008/09 £'000	2009/10 £'000
Swindon Integrated Community Equipment Stores		
Gross Expenditure	1,015	923
Gross Income (including SBC contribution)	(1,018)	(923)
Swindon Borough Council's Contribution	(507)	(556)

The following tables show the budgets contained within Section 75 agreements, which are aligned but not truly pooled. This means that the PCT picks up any health related under or overspends within the pool and the Borough Council picks up any social care variances.

	2008/09 £'000	2009/10 £'000
Main Adults Section 75 Pool		
Mental Health	26,550	26,049
Learning Disabilities	13,705	18,727
Community Services	22,639	23,540
ICES and Wheel Chair	1,060	1,130
Grants to Voluntary Organisations	830	821
Commissioning Teams	2,737	1,955
Other services	6,985	4,173
Gross Expenditure	74,506	76,395
Mental Health	(6,051)	(6,214)
Learning Disabilities	(12,476)	(14,140)
Community Services	(17,206)	(18,512)
ICES and Wheel Chair	(610)	(673)
Grants to Voluntary Organisations	(549)	(536)
Commissioning Teams	(1,553)	(751)
Other services	0	0
Swindon Borough Council's Contribution	(38,445)	40,826
Swindon PCT Contribution	(36,061)	(35,569)

Children Section 75 Commissioning	2008/09 £'000	2009/10 £'000
Net Expenditure	36,162	38,170
Net Income (including SBC contribution)	(36,162)	(38,170)
Swindon Borough Council's Contribution	(27,682)	(28,665)

Note 10 : General Government Grant

Area Based Grant (ABG) is a non-ring fenced grant with no conditions of use attached to the grant determination and subsequently is shown under general government grants in the I&E.

	2008/09 £'000	2009/10 £'000
Revenue Support Grant	(6,002)	(9,362)
ABG	(8,596)	(9,091)
Total General Government Grant	(14,598)	(18,453)

Note 11 : Remuneration of Staff & Senior Officers

The number of employees whose remuneration, including redundancy payments, exceeded £50,000 in the year is detailed below. Prior year comparatives have been restated to reflect statutory changes to disclosures, which now require £5k bandings.

Remuneration Band			2008/09 Number of employees	2009/10 Number of employees
£		£		
50,000	to	54,999	63	36
55,000	to	59,999	45	45
60,000	to	64,999	22	22
65,000	to	69,999	11	11
70,000	to	74,999	2	1
75,000	to	79,999	3	2
80,000	to	84,999	4	2
85,000	to	89,999	1	6
90,000	to	94,999	6	2
95,000	to	99,999	1	5
100,000	to	104,999	1	0
105,000	to	109,999	2	0
110,000	to	114,999	2	2
115,000	to	119,999	0	0
120,000	to	124,999	1	0
125,000	to	129,999	0	1
130,000	to	134,999	1	0
135,000	to	139,999	0	1
140,000	to	144,999	1	1
155,000	to	159,999	1	0
175,000	to	179,999	0	1
200,000	to	204,999	1	0

Additionally, the Council is also required to publish the senior positions, defined as an employee whose salary is more than £150k or whose salary is at least £50k and who has responsibility for the management of the relevant body to the extent that the person has power to direct or control major activities of the body. The disclosure must show by name those that earned £150k or more, and all others by post. The following are also included in the banding table above.

It excludes Members allowances, which are shown in note 12. The position of the Group Director for Adult Social Care is a joint position with the holder being head of the Swindon PCT and as such is not a directly pay-rolled employee of the Council.

Position	Salary & Allowances	Bonus	Expenses	Remuneration	Employer Pension Contributions	Total Remuneration
2009/10						
Chief Executive – Gavin Jones	178,476	0	370	178,846	27,485	206,331
Group Director Children	138,000	0	525	138,525	20,881	159,406
Group Director Business Transformation	130,112	0	0	130,112	20,037	150,149
Deputy C.E. and Group Director Environment & Regeneration	140,213	0	139	140,352	21,593	161,945
Director of Housing & Leisure	113,924	0	142	114,066	22,215	136,281
Director of Finance	100,678	0	0	100,678	15,504	116,182
2008/09						
Chief Executive – Gavin Jones	180,254	21,776	299	202,329	27,485	229,814
Group Director Children	129,855	0	439	130,294	19,998	150,292
Group Director Business Transformation	132,769	14,754	0	147,523	20,037	167,560
Deputy C.E. and Group Director Environment & Regeneration	142,281	16,248	108	158,637	21,593	180,230
Director of Housing & Leisure	115,741	8,351	68	124,160	22,215	146,375
Director of Finance	102,389	7,848	0	110,237	15,504	125,741
Director Swindon Commercial Services	100,962	12,335	0	113,297	15,295	128,592

Note 12 : Remuneration of Members

The Council paid Members Allowances of £625,884 in 2009/10 (£630,504 in 2008/09, adjusted to remove independent panel members who were not Councillors).

The value of payments made to each Member is published on the Swindon Borough Council website following the financial accounts closure each year. www.swindon.gov.uk.

Further information regarding Members' Allowances can be requested by writing to the Payroll Services, Swindon Borough Council, Civic Offices, Euclid Street, Swindon, SN1 2JH

Note 13 : Related Parties

The Council is required to disclose any material transactions that have taken place with parties that could affect the decision making process within the Council. Transactions with precepting authorities and Government departments are disclosed as notes to the Collection Fund and Cash Flow statement respectively.

The Council is not aware of any material transactions with individual Officers or Members, however, it is noted that the Group Director of Housing and Social Care is also the Chief Executive for the local Swindon Primary Care Trust and a number of other posts are joint appointments to both organisations. Executive agreement was reached with Swindon Borough Council's Chief Executive to declare any conflict of interest on specific issues and financial links with the PCT. Further information on Members' interests can be found on the Council's website www.swindon.gov.uk.

Note 14 : Audit Fees

During the financial year 2009/10, the Council spent a total of £0.456m on fees in relation to the work carried out by its Auditors, either in relation to the statutory audit of the accounts; grant claim work or other fees. The following table highlights the amounts payable, split by the type of work undertaken. It should be noted that these values constitute amounts paid and accrued for in the year, and may include fees that relate to work undertaken in prior years.

	2008/09 £'000	2009/10 £'000
Statutory Audit of the Accounts	297	332
Audit of Grant Claims	66	91
Inspection Fees	23	13
Total Fees Paid	386	436

Note 15 : Dedicated Schools Grant

Schools' funding has previously been provided via general government grant, however, these monies are now provided by the Department for Education and Skills, through the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget. The Schools Budget includes elements for a restricted range of services provided on an authority-wide basis and for the Individual School Budget, which is divided into a budget share for each school. Over- and under-spends on the two elements are required to be accounted for separately. The Council is able to supplement the School Budget from its own resources if it wishes.

	Net Total	Central Expenditure	Schools Budgets	Total
	2008/09 £'000	2009/10 £'000	2009/10 £'000	2009/10 £'000
DSG receivable for the year	107,169	12,589	98,269	110,858
Actual expenditure for the year	108,024	13,036	98,269	111,305
(Over) / Underspend for the year	(855)	(447)	0	(447)

Supplementary Council Funding / Schools' Balances	0	0	0	0
(Over) / Underspend from prior year	706	(149)	0	(149)
(Over) / Underspend carried forward	(149)	(596)	0	(596)

Notes mainly relating to the Balance Sheet

Note 16 : Fixed Assets

a) Fixed asset opening balances, movements and closing balances for the year were as follows:

Operational Assets						
	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Community Assets	Total
Cost or Valuation						
PFI Added to opening balance		67,314				
At 1st April	476,280	581,079	20,671	57,230	24,424	1,159,684
Additions	8,879	45,852	6,219	10,686	1,209	72,845
Donations	0	0	0	0	0	0
Disposals	(747)	0	(181)	0	0	(928)
Reclassifications	0	0	0	0	0	0
Revaluations	0	19,519	149	0	1	19,669
At 31st March	484,412	646,450	26,858	67,916	25,634	1,251,270
Depreciation & Impairments						
PFI Added to opening balance		(2,652)				
At 1st April	(9,075)	(22,999)	(8,848)	(6,244)	0	(47,166)
Charge for year	(13,437)	(25,279)	(3,853)	(4,144)	(2,059)	(48,772)
Disposals	0	0	0	0	0	0
Reclassifications	0	47	(47)	0	0	0
Revaluations	0	(755)	0	0	0	(755)
At 31st March	(22,512)	(48,986)	(12,748)	(10,388)	(2,059)	(96,693)
Balance Sheet 1st April	467,205	558,080	11,823	50,986	24,424	1,112,518
Movement	(5,305)	39,384	2,287	6,542	(849)	42,059
Balance Sheet 31st March	461,900	597,464	14,110	57,528	23,575	1,154,577
Nature of Assets Holding						
Owned	461,900	533,923	14,110	57,528	23,575	1,091,036
Finance Lease	0	0	0	0	0	0
PFI	0	63,541	0	0	0	63,541
	461,900	597,464	14,110	57,528	23,575	1,154,577

Non-Operational Assets			
	Investment Property	Assets Under Construction	Total
Cost or Valuation			
At 1st April	89,346	47,580	136,926
Additions	83	19,558	19,641
Donations	0	0	0
Disposals	0	0	0
Reclassifications	0	(17,134)	(17,134)
Revaluations	5,342	0	5,342
At 31st March	94,771	50,004	144,775
Depreciation & Impairments			
At 1st April	0	0	0
Charge for year	(1,807)	0	(1,807)
Disposals	0	0	0
Reclassifications	0	0	0
Revaluations	(243)	0	(243)
At 31st March	(2,050)	0	(2,050)
Balance Sheet 1st April	89,346	47,580	136,926
Movement	3,375	2,424	5,799
Balance Sheet 31st March	92,721	50,004	142,725
Nature of Assets Holding			
Owned	92,721	50,004	142,725
Finance Lease	0	0	0
PFI	0	0	0
	92,721	50,004	142,725

b) An analysis of the capital expenditure and financing in the year is as follows:

	2009/10 £'000	2009/10 £'000
Dwellings	8,879	
Cultural (Libraries, Museums, Arts Centres)	1,285	
Wyvern Theatre	8	
Leisure Facilities and Amenities	1,072	
Social Services Homes	466	
Schools	32,788	
Other Operational Assets	7,985	
Operational Assets:		52,483
Highways & Bridges etc.	7,126	
Wichelstowe Project - Infrastructure	12,045	
Environmental Assets:		19,171
Computer Systems & Equipment	1,695	
Vehicles, Refuse Bins & Plant	105	
Vehicles Plant & Equipment:		1,800
Open Spaces including Lydiard Park	1,574	
Cemeteries	193	
Open Spaces:		1,767
Borough Farms etc.	133	
Capitalised Repairs	2,760	
Other Expenditure:		2,893
Other Deferred Charges	7,637	
Deferred Charges:		7,637
Total Spending		85,751
Expenditure Financed by:		
Borrowing		39,328
Capital Receipts		2,668
Government Grants		34,876
HRA - MRA, RCCO & Capital Receipts		8,879
Total Financing		85,751

c) Reconciliation of Capital Expenditure (note 18b) to Fixed Asset Additions (note 18a)

	£'000 2009/10
Total Capital Expenditure in (18b)	85,751
Less:	
Expenditure on revenue expenditure funded by capital under statute	(8,103)
Add:	
Assets under construction transferred to operation	14,683
Capitalised Wichelstowe finance costs	155
Total Additions at Historic Cost (18a)	92,486

Note 17 : Significant Commitments Under Capital Contracts

The Council has committed expenditure of approximately ££102m under its existing capital programme. The funding for this programme will be met primarily from external grants borrowing. Further expenditure depends on borrowing, grants and other contributions, some of which have already been received or promised. In addition, the Council has the PFI contract with a capital cost to the provider of £69.5m (see note 3).

Note 18 : Leases

Operating Leases - The Council leases many items from finance companies that are not shown in the Balance Sheet. These are held on operating leases with the annual rental payments being charged directly to the Council's revenue account. Within the various revenue accounts of the Council there are annual operating lease payments totalling £1.122m. The total cumulative operating leases payments remaining to be paid amount to £1.663m (£1.122m as at 31/03/09).

The table below shows the committed payments on leases, split between those leases where the commitment to pay ends in 2010/11 and those where the lease continues into the following 2-5 years. All leases relate to non-property and are mainly vehicle related.

Period	In 1 year	In 2-5 years	Over 5 Years	Total
	£'000	£'000	£'000	£'000
Lease Amount Payable at 31/3/09	281	841	0	1,122
Lease Amount Payable at 31/3/10	841	822	0	1,663

The Council undertook these leases for the operational arrangements of its fleet management, through its trading department. Now that the trading operation is its own limited company, SCS Ltd, the above leases are all being sub-let to the new organisation. As lessor, the income streams will match the payments made by the Council.

Finance Leases – With the changes to the SORP in 2009/10 the Council has finance lease arrangements for its PFI scheme. The value of the school operational assets and accumulated depreciation are:

	2008/09 £'000	2009/10 £'000
Gross value of assets	67,314	67,314
Accumulated Depreciation	4,991	6,113
Of which charged in year	1,122	1,122

The amounts outstanding for payment are shown below:

Period	In 1 year	In 2-5 years	Over 5 Years	Total
	£'000	£'000	£'000	£'000
Lease Amount Payable at 31/3/09	1,152	6,948	62,581	70,681
Lease Amount Payable at 31/3/10	1,217	7,434	60,878	69,529

The Council has no other known finance lease arrangements, either as a direct leasing process or from service arrangements.

Council as Lessor - The Council owns a number of industrial units, commercial premises and offices throughout the Borough. These are rented out at commercial rates. Rental income receivable from commercial property totalled £4.127m in 2009/10 (£4.219m in 2008/09). The net book value of these properties is £59,720m as at 31/3/10 (£60.753m as at 31/3/09).

Note 19 : Current Assets & Liabilities

a) Stocks & Work in Progress

Stocks and work in progress relate to the following services:

	31/03/09 £'000	31/03/10 £'000
Leisure Sites	256	227
Swindon Commercial Services Stores	828	0
Other	379	429
Total Stocks	1,463	656
Swindon Commercial Services	0	0
Other Repairs & Maintenance	77	0
Total Work in Progress	77	0
Net Total Stocks & Work in Progress	1,540	656

b) Debtors

Debtors are the organisations or individuals that owe the Council money.

	31/03/09 £'000	31/03/10 £'000
Car Loans	330	371
Collection Fund Court Fees	501	708
Government Subsidy	5,380	4,634
Housing Tenants	990	765
Commercial Property Income	22	0
Council Tax Arrears	5,356	6,173
NNDR Net Government debtor	270	7,904
Amounts invoiced for by the financial system but not yet received	2,940	4,021
Sundry Debtors raised by service departments	35,897	17,036
	51,686	41,612
Less Provision for Bad Debt*	(7,638)	(8,847)
	44,048	32,765

* The Council has made bad debt provisions for £8.847m (£7.638m in 2008/09). Over half of this sum is to guard against the non-payment of Council Tax.

c) Creditors

Creditors are the organisations or individuals that the authority owes payment to. Capital creditors have decreased substantially due to the long-term Wichelstowe creditor becoming short-term.

	31/03/09	31/03/10
	£'000	£'000
Government Subsidy	696	284
Bonds	271	483
Invoiced amounts on the financial system due for payment	3,925	3,257
Other Public Bodies	1,427	1,285
Capital Creditors	33,601	13,027
Sundry Creditors raised by service departments	17,086	16,870
	57,006	35,206

d) Receipts in Advance

Receipts in advance relate to income that the Council has physically received during the financial year, but for which the related goods or services will not be provided until the following financial year.

	31/03/09	31/03/10
	£'000	£'000
Income received in advance by Services	9,801	10,867

e) Unapplied Grants & Contributions

These balances represent income that has been deferred until the capital assets, which are being funded by it, are operational. At that trigger point it will be written out to the Government Grants Deferred Account.

	31/03/09	31/03/10
	£'000	£'000
Developer Contributions	20,049	24,237
Other Unapplied Grants & Contributions	0	0
	20,049	24,237

f) Government Grants Deferred

The government grants deferred account holds contributions and government grants that will be used in the future on capital works. They are written-down to the I&E account, against the relevant service expenditure analysis, in line with depreciation of the asset they financed.

	31/03/09	31/03/10
	£'000	£'000
Balance at 1 April	55,141	82,375
Expenditure financed by Central Government Grants	30,123	33,244
Expenditure financed by Developers Contributions	1,933	1,635
Capital Grants to fund Deferred Charges Expenditure	(1,623)	0
Write-down to Net Cost of Services	(3,199)	(3,482)
Balance at 31 March	82,375	113,772

Note 20 : Landfill Allowance Trading Scheme (LATS)

For 2009/10 no official valuation has been received and significant trading has not taken place. The value of these allowances to the Authority has therefore been taken as nil.

	31/03/09	31/03/10
	£'000	£'000
Allowance for year	0	0
Allowances used in year	0	0
Allowances Transferred to Reserve	0	0
Allowances Written out of Reserve	0	0
Balance at 31 March	0	0

Note 21 : Net Assets Employed

The net assets employed by the Council represent the value of its total assets less its liabilities and these have been split across Council activities per the table below.

	2008/09	2009/10
	£'000	£'000
General Fund	418,238	264,101
Housing Revenue Account	474,320	468,945
Trading Undertakings	10,733	0
Net Assets	903,291	733,046

Note 22 : Investments**a) Long-term Investments****Thamesdown Transport**

Thamesdown Transport Limited is the company that was formed by the former Thamesdown Borough Council as required by the Transport Act 1985. The company's principal activity is the provision of local bus services in the Swindon urban area and surrounding districts. Private hire and contract services are also provided. The accounts and annual report of the company are held at Thamesdown Transport Limited, Barnfield Road, Swindon, Wiltshire, from which the figures below are extracted.

The Council has a 100% Shareholding in Thamesdown Transport Limited which was acquired at a cost of £1.489m. This figure represents the valuation arrived at by using formulae contained in Regulations relevant to the separation of this organisation in October 1986 when the company took over the transport undertaking previously operated by the Council.

The Council (1,488,999 £1 shares) and its Chief Executive (£1 share) are the only shareholders. The net liabilities of the company at 31 March 2010 were £27k (net asset of £2.265m at 31 March 2009). Should the organisation face financial difficulties in the future, elected Members would state the degree of commitment of the Council and the Council's willingness to meet any accumulated losses would be established at that time.

The company's profits/losses have been:

	2008/09 £'000	2009/10 £'000
Profit / (Loss) before taxation	(64)	356
Deferred Tax Adjustment	25	(320)
Profit / (Loss) after taxation	(39)	676

No dividend was declared payable in 2009 or 2010.

Swindon Commercial Services Limited

The Council also wholly owns the Swindon Commercial Services Limited Company at a notional shareholding value of £10. The company was created on 1st January 2010 and provides waste, highways, catering, grounds, cleaning and buildings services. The accounts and annual report of the company are held at Swindon Commercial Services Limited, Waterside, Darby Close, Cheney Manor, Swindon, Wiltshire, from which the figures below are extracted.

The net assets of the company at 31 March 2010 were £2km. Should the organisation face financial difficulties in the future, elected Members would state the degree of commitment of the Council and the Council's willingness to meet any accumulated losses would be established at that time.

The company's profits/losses for the three months to 31/3/10 have been:

	2008/09 £'000	2009/10 £'000
Profit / (Loss) before taxation	0	23
Deferred Tax Adjustment	0	(7)
Profit / (Loss) after taxation	0	16

Group statements for Swindon Borough Council, Thamesdown Transport and Swindon Commercial Services can be seen later in these accounts.

Digital City Uk Ltd (Digital City)

During 2009/10 the Council entered into arrangements for a local company, Digital City, to provide a WiFi network across the Borough. The Council provided a loan on a commercial basis to the company to support the initial capital infrastructure works, which is expected to be repaid within 2 years. As part of the arrangement the Council became a joint shareholder with a 40% stake, which will reduce in future years as the loan is repaid. The terms of the agreement are such that the Council does not have a controlling position in the company, and it is therefore classed for the purposes of these accounts as a simple investment that is aimed at providing dividend income over future years.

b) Short-Term Investments

The investments on short-term notice represent reserves and provisions invested on the money market.

Valued at the Cost of Acquisition	31/03/09 £'000	31/03/10 £'000
Dated Government Securities	23	23
Investments fixed for less than one year	34,500	35,650
Sub-total Loans and Receivables	34,523	35,673
Externally Managed Funds	24,453	36,846
	58,976	72,519

Note 23 : Long Term Borrowing

Long-term borrowing refers to loans of one year or more.

	Range of Interest Payable	31/03/09 £'000	31/03/10 £'000
Public Works Loans Boar, Co-Op and LOBOs	0.52 % to 8.75%	86,898	133,399
Less amounts repayable within 1 year shown as a current liability		(13,178)	(37,411)
		73,720	95,988

An analysis of long-term loans by maturity is:

	31/03/09 £'000	31/03/10 £'000
Maturing in 1 - 2 years	7,733	11,049
Maturing in 2 - 5 years	32,090	31,048
Maturing in 5 - 10 years	10,010	5
Maturing in more than 10 years	23,887	53,886
	73,720	95,988

Note 24 : Financial Instruments**a) Financial Liabilities**

Fair Value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

The fair value of an instrument is determined by calculating the Net Present Value of future cashflows, which provides an estimate of the value of payments in the future in today's terms. The fair value of the financial liabilities within the PWLB portfolio is ££81,943,750 as at 31 March 2010. This has been calculated by reference to the premature repayment set of rates in force on that day. It is essentially the amount that the Council would have to pay if it were to redeem all its loans on 31 March 2010.

It is a requirement that the carrying amounts of each of the following categories are disclosed:

Category	31/03/09 £'000	31/03/10 £'000
Short Term		
Loans and receivables	34,523	35,205
Available for sale financial assets	Nil	Nil
Unquoted equity investment at cost	Nil	Nil
Financial assets at fair value through profit or loss (fund managers)	24,453	36,845
Long-Term		
Financial liabilities at amortised cost	86,898	112352
Financial liabilities at fair value through profit or loss	Nil	Nil

External fund managers manage part of the council's investments, and these are treated as fair value through profit and loss, as they are held to make profits through trading. The net interest gain/(loss) on these assets was £0.4m.

b) Risk Exposure

The authority's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the authority
- Liquidity risk – the possibility that the authority might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the authority as a result of changes in such measures as interest rates and stock market movements.

The authority'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 Director of Finance and endorsed by Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash and has adopted the CIPFA Code of Practice and suitable Treasury Management Practices.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. Deposits are not made with banks and financial institutions unless they are rated independently, with a minimum score of AAA for money market funds and F1+ for banks/building societies.

The authority has a policy of not lending more than £10m of its surplus balances to a single institution, £20m to a single group of institutions, and a maximum of £40m to fund managers. Customers 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 following analysis summarises the authority'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.

	31 March 2010	Historical Experience of Default	Historical Experience adjusted for market conditions at 31 March 2010	Estimated maximum exposure to default and uncollectability
	£'000's	%	%	£'000's
Deposits with banks and financial institutions	35,205	Nil	Nil	Nil
Customers	4,577	0.8%	0.8%	365

No credit limits were exceeded during the reporting period

The authority does not generally allow credit for customers, such that all of the £4,577m balance is past its due date for payment. The past due amount can be analysed as follows:

Category	Value £'000
Less than 3 months	3,148
3 to 6 months	427
6 months to 1 year	327
> 1 year	675
Total	4,577

Liquidity Risk

As the authority has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The strategy is to ensure that not more than 15% of loans are due to mature within 12 months and no more than 50% within 2-5 years through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments.

Interest Rate Risk

The authority is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise.
- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise.
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account or STRGL. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance £ for £. Movements in the fair value of fixed rate investments will be reflected in the STRGL.

The authority has a number of strategies for managing interest rate risk. The policy is to aim to keep a maximum of 45% of its borrowings in variable rate loans. Currently all borrowings are at fixed rates. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2010, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

Category	31/3/09 £'000	31/3/10 £'000
Increase in interest payable on variable rate borrowings	42	183
Increase in interest receivable on variable rate investments	(164)	(133)
Increase in government grant receivable for financing costs	0	0
Impact on Income and Expenditure Account	(122)	50
Share of overall impact debited to the HRA	0	0
Decrease in fair value of fixed rate investment assets	0	0
Impact on STRGL	0	0
Decrease in fair value of fixed rate borrowings liabilities (no impact on I&E Account or STRGL)	0	0

The impact of a 1% fall in interest rates would be as above but with movements being reversed.

Price Risk

The authority does not generally invest in equity shares but does have investments through its fund manager in Certificate of Deposits to the value of £35,046,956 and Floating rate notes (European Investment Bank) to the value of £1,202,143. The authority is consequently exposed to losses arising from movements in the prices of these securities. The maximum limit for one fund manager is £40m.

Foreign Exchange Risk

The authority has no financial assets or a liability denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

Note 25 : Provisions

The most significant provision relates to insurance. The provision is in respect of employers and public liability claims where incidents have already taken place but the claims have yet to be settled. The provision is based on the total of the individual claim "reserves" estimated by the Council's loss adjusters. Other provisions cover provision for non-domestic rates (NDR) repayment and temporary housing needs.

Expenditure relating to these provisions occurs when the Insurers close claims, when confirmation of NDR balances can be used is received, or temporary housing needs require. This occurs during the course of any year and is not fixed to specific dates. The provisions are reviewed annually to ensure they cover prudently estimated liabilities.

	2008/09 £'000	2009/10 £'000
Insurance Provision for Earlier Years Claims:		
Balance at 1 April	2,083	1,830
Plus Contribution from Revenue	879	766
Less Claims settled for previous years	(1,132)	(650)
Balance at 31 March	1,830	1,946
NDR Provision		
Balance at 1 April	546	840
Plus Contribution from Revenue	294	63
Less amounts paid / provisions closed during the financial year	0	0
Balance at 31 March	840	903
Debt Charges Provision		
Balance at 1 April	0	0

Plus Contribution from Revenue	0	5,085
Less amounts paid / provisions closed during the financial year	0	0
Balance at 31 March	0	5,085
Dividend Provision		
Balance at 1 April	0	0
Plus Contribution from Revenue	0	250
Less amounts paid / provisions closed during the financial year	0	0
Balance at 31 March	0	250
Housing Provision		
Balance at 1 April	566	418
Plus Contribution from Revenue	289	118
Less amounts paid / provisions closed during the financial year	(437)	(109)
Balance at 31 March	418	427
Total Provisions as at 31 March	3,088	8,611

Note 26 : Movements in Financing & Reserves

a) Funds & Reserves

The balance sheet is supported by a number of funds and reserves; the purpose of the material accounts are shown below with greater detail in the following notes:

	31/3/2009 £'000	Movement £'000	31/3/2010 £'000	Purpose
Capital Adjustment Account	(887,970)	42,148	(845,822)	Store of capital resources set aside to meet past expenditure
Revaluation Reserve	(101,006)	(20,268)	(121,274)	Store of gains on revaluation of fixed assets not yet realised through sales
Usable Capital Receipts Reserve	(14,138)	2,247	(11,891)	Proceeds of fixed asset sales available to meet future capital investments
Financial Instrument Adjustment Account	1,289	(453)	836	Balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments
Major Repairs Reserve	(2,976)	(3,267)	(6,243)	Resources available to meet capital investment in council housing
Specific Reserves	(34,279)	(4,956)	(39,235)	Amounts set aside to support specific projects or future liabilities
Pension Reserve	145,029	155,020	300,049	Balancing account to allow inclusion of pensions liability in the Balance Sheet
General Fund	(6,000)	0	(6,000)	Resources available to meet future running costs
Housing Revenue Account Balance	(2,075)	27	(2,048)	Resources available to meet future running costs for council houses
Collection Fund Adjustment Account	(446)	(281)	(727)	Balance of the SBC Council Tax and NNDR collections account.
Deferred Capital Receipts (Mortgages)	(108)	28	(80)	Balancing account for mortgage repayments.
Passenger Transport	(611)	0	(611)	Balance on account from Local Transport reorganisation.
Total Other Reserves	(903,291)	170,245	(733,046)	

b) Capital Adjustment Account (CAA)

The CAA is debited with the historic cost of acquiring; creating or enhancing fixed assets, over the life of those assets.

It is also debited with the historic cost of capital expenditure as defined by statute that does not result in the acquisition, creation or enhancement of fixed assets, over the period that the authority benefits from the expenditure. It is credited with resources set aside to finance capital expenditure.

		2008/09 £'000	2009/10 £'000
Prior Period Adjustments for PFI		(7,951)	
Opening Balance		913,156	887,970
Funding of expenditure:			
- General Fund		3,132	2,668
- HRA		9,132	6,288
Minimum Revenue Provision		1,730	1,964
Depreciation in year:			
- General Fund		(19,165)	(10,785)
- HRA		(4,036)	(4,141)
Release of Government Grants Deferred		3,199	3,482
Revenue spend under the SORP but - Written down		0	0
which is capital by statute: - Expenditure in year		(1,633)	(8,782)
Impairment			
- General Fund		(3,934)	(24,490)
- HRA		(10,033)	(9,160)
Writing out value of disposals			
- General Fund		(3,712)	(181)
- HRA		166	(684)
Writing off value of assets		(33)	0
Mortgage write down		0	(5)
Adjustment against RR		0	1,678
Balance at 31 March		887,969	845,822

c) Revaluation Reserve

The Revaluation Reserve was brought into being for 2007/08 with a zero opening balance at 1 April 2007. The closing position on the Reserve at 31 March therefore only shows revaluation gains accumulated since that date. The 2009/10 adjustment reflects a correction to ensure that the value of the revaluation reserve reflects accurately the asset-by-asset revalued amounts.

		2008/09 £'000	2009/10 £'000
	Balance at 1 April	45,408	101,007
Add:	Asset Revaluation - General Fund	7,237	25,013
	Asset Revaluation - Housing Revenue Account	50,021	0
	Donated Asset	1,350	0
Less:	Depreciation on Revalued Assets	(1,546)	(2,003)
	Downward Revaluation/Impairment	(1,297)	(998)
	Clear Disposal Revaluation on HRA Assets to CAA	(166)	(67)
	Adjustment against CAA	0	(1,678)
	Balance at 31 March	101,007	121,274

d) Useable Capital Receipts Reserve

These sums arise mainly from the disposal of assets such as land and houses. The Government has placed restrictions on the value of receipts that may be used to finance new capital spending. The council has also used useable receipts in the process of debt redemption.

		2008/09 £'000	2009/10 £'000
	Balance at 1 April	7,669	14,137
Add:	Receipts from sales of assets	4,999	3,878
	Contributions from Revenue & HRA	2,313	0
	Correction from Unapplied Grants Account	6,177	0
	Interest on Balances etc.	90	81
		21,248	18,096
Less: *	Utilised to finance capital outlay	(2,185)	(5,398)
	Used in capital financing requirement	(4,448)	0
	Housing Pooling Payments	(478)	(807)
	Right to Buy Costs	0	0
	Transfer to Grants Unapplied Account	0	0
	Balance at 31 March	14,137	11,891

* This figure differs from that stated in the chart in the explanatory forward as the chart also includes HRA funding, which is shown through the HRA Major Repairs Reserve.

e) Financial Instrument Adjustment Account (FIAA)

The FIAA holds the accumulated difference between the financing costs included in the Income and Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the General Fund Balance.

		2008/09 £'000	2009/10 £'000
	Balance at 1 April	1,735	1,289
Add:	Transfer from HRA	0	1
	Transfer from General Fund	0	5
Less:	Transfer to HRA	(220)	(220)
	Transfer to General Fund	(226)	(239)
	Balance at 31 March	1,289	836

f) Earmarked Reserves

These reserves are the reserves that the Council has created in response to specific areas of future funding requirements. The Council continually reviews its earmarked reserves and these are agreed by Members and reflect the risks identified in its budget planning and the Corporate Risk Register. Existing reserves are assessed to ensure that they are of an adequate amount for their continued purpose, whilst new reserves are created to cover new items representing key risks and priorities and old reserves brought back in to the General Fund as appropriate.

The most significant reserve for Schools' Accounts Balances (School's Rollovers) is the total balance held for all Education Authority schools and cannot be used for any other purpose.

	1 April	In Year Movement To / From		31 March
	Opening	Revenue	Balance Sheet	Closing
Regeneration Reserve	(843)	132	(39)	(750)
Integration Reserve	(1,784)	(836)	600	(2,020)
Cashflowing Reserve	(1,000)	684	316	0
Cashflowing Severance Costs Reserve	(840)	0	(160)	(1,000)
Capita Invest to Save	(557)	6	1	(550)
Insurance Excess Self Fund	(3,330)	(175)	0	(3,505)
PFI Equalisation Reserve	(3,646)	2,102	0	(1,544)
Single Status Reserve	(3,300)	(1,700)	0	(5,000)
One-off funds	(1,496)	1,260	236	0
Transformation & Service improvement	(697)	697	0	0
Growth Feasibility Studies	(364)	(1,006)	(630)	(2,000)
Recession Response	(429)	0	429	0
Community Enterprise Fund	0	0	(1,000)	(1,000)
Future dividend shortfalls	0	0	(1,000)	(1,000)
Other Corporate Reserves	(555)	(636)	2	(1,189)
School Rollovers	(9,374)	(1,035)	0	(10,409)
Other Children Reserves	(160)	102	0	(58)
Commuted Sums	(384)	98	0	(286)
Fund Planning Reserve	(401)	(35)	0	(436)
Winter Maintenance Reserve	(300)	75	(75)	(300)
Planning Appeals increase	(200)	0	0	(200)
Forward Swindon	0	(1,500)	0	(1,500)
Other Environmental Reserves	(455)	(238)	0	(693)
Other Housing General Fund Reserves	(326)	(61)	0	(387)
Other HRA Reserves	(2,462)	(2,946)	0	(5,408)
Other SCS Reserves	(1,305)	126	1,179	0
Other Recreation Reserves	(71)	71	0	0
Total Specific Reserves	(34,279)	(4,815)	(141)	(39,235)
Reconciliation to SMGFB:				
Revenue Transfers		(4,815)		
Appropriations from GF (BS movement)		(141)		
Major Repairs Reserve revenue movements		(2,253)		
Recreation Payback to UCR		(82)		
SMGFB Reserve Movement (credit in SMGFB)		(7,291)		

Note 27 : Contingent Liabilities / Assets

Single Status

The Council introduced new pay and conditions of service for their staff with effect from 1st April 2010. £1.7m of on-going additional pay budgets have been included within the Council's Medium-Term Resourcing Plan as an estimate of the likely costs arising from the harmonisation process. In addition, one-off resources of £3.8m have been set aside to fund the protection costs of staff whose pay is reducing during 2010/11.

Equal Pay

The Council settled £6.9m of potential equal pay costs in 2009/10 and expects to settle further litigated cases during 2010/11. It is not known at this stage what the financial implication of these claims will be but the Council will be applying for a Capitalisation Directive to fund these costs.

Note 28 : Post Balance Sheet Events

There are no post balance sheet events to disclose.

Note 29 : FRS17 Retirement Benefits (Pensions)

Swindon Borough Council employees belong to one of two pension schemes:

Teacher's Pension Scheme

The Scheme is a defined benefit scheme, administered by the Teacher's Pension Agency (TPA). Although the scheme is unfunded, the TPA uses a notional fund as the basis for calculating the employer's contribution rate paid by local education authorities (LEAs). However, it is not possible for the authority to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of this statement of accounts it is therefore accounted for on the same basis as a defined contribution scheme.

The authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Teacher's Scheme. These benefits are fully accrued in the pensions liability described earlier in this note.

Payments to the Teacher's Pension Fund are based upon contribution rates detailed in the Teachers Superannuation Regulations and the Council paid £7.783m in 2009/10 (£6.041m in 2008/09) in contributions, equivalent to 14.1% of total pensionable pay. The Council also paid additional sums in respect of added years awarded to former employees amounting to £344,521 in 2009/10, (£504,674 in 2008/09).

Local Government Pension Scheme

The Council paid an employer's contribution of £13.333m in 2009/10 (£12.582m in 2008/09) into Wiltshire County Council's Pension Fund, which provides participants with defined benefits relating to pay and service. This represented 21.51% of employees' pensionable pay including some lump sum payments. The basic contribution rate to cover the cost of on-going pensions was 15.4% for General Fund staff, with the additional lump sum payments being paid to reduce the deficit on the Pension Fund.

The Fund's Actuary, based on triennial actuarial valuations, determines the contribution rate. The last review was at 31 March 2007. Future contribution rates are set so that fund assets should be sufficient to meet 100% of the overall liabilities of the fund over time, however, the current position of the pension fund is that it is only 75% funded (79.7% funded for the Council's element). Though a significant liability, the Council can meet the proportion applicable.

In addition, the Council is responsible for all pension payments relating to added-years' benefits it has awarded, together with the related increases. These amounted to £767,910 in 2009/10 (£770,308 in 2008/09). The capitalised cost of the enhanced pension costs awarded was nil in 2009/10 (£1,825 in 2008/09) and for those awarded in previous years the equivalent capitalised cost is therefore unchanged at £12.082m for both years.

The administering body of the Local Government pension fund is Wiltshire County Council. To enable the Council to comply with the requirements of FRS17, the fund actuary provides a report each year to the Council, providing the required estimations of liabilities, assessed under the projected unit method. In these calculations the actuary uses a range of assumptions about future pay increases, investment returns and other economic factors. The resulting figures in the accounts are therefore subject to inherent uncertainties.

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2007 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have taken the view that a 25% assumption for this take-up is suitable. In undertaking this assumption a gain on the past service cost has been shown within the Income and Expenditure account.

The disclosures required in relation to FRS17 Retirement Benefits are as follows:

- The Council's scheme is a Defined Benefit Statutory Scheme
- The last full Actuarial Valuation (which operates on a tri-annual basis) on which the financial statements are based took place as at 31 March 2007
- The estimated value of employer contributions in 2009/10 was £15.8m
- The main financial assumptions on which the statements are based are set out in the following table:

Assumptions as at 31 March	2009	2010
	% per annum	% per annum
Price Increases	3.1	3.8
Salary Increases	4.6	5.3
Expected Return on Assets	6.7	7.0
Discount Rate	6.8	5.5
Commuted sum proportion	25.0	25.0

- The average future life expectancy at age 65 was:

Assumptions as at 31 March	2008/09		2009/10	
	Male	Female	Male	Female
Current Pensioners	19.6 years	22.5 years	20.8 years	24.1 years
Future Pensioners	20.7 years	23.6 years	22.3 years	25.7 years

- The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the current financial period. The fair values of the Attributable Assets are set out in the table below, which are at bid value:

Assets	Long Term Return %pa 31 March 2009	Long Term Return %pa 31 March 2010	Fund Value at 31 March 2009	Fund Value at 31 March 2010	% Of Fund 2008/09	% Of Fund 2009/10
	%	%	£'000	£'000	%	%
Equities	7.0	7.8	150,026	197,763	62	71
Bonds	5.6	5.0	55,655	44,566	23	16
Property	4.9	5.8	21,778	25,069	9	9
Cash	4.0	4.8	14,519	11,142	6	4
Total			241,978	278,540	100	100

- The history of experience gains & losses are set out in the table below for five years:

History of Experience Gains & Losses	31 March 2009	31 March 2010
	£'000	£'000
Fair Value of Employer Assets	241,977	278,539
Present Value of Liabilities	(387,006)	(578,588)
Net Pension Asset / Liability	(145,029)	(300,049)
Which is due in part to actuarial:		
Experience Gains / (Losses) on Assets	(91,160)	55,949
Experience Gains / (Losses) on Liabilities	32,874	2,113

History of Experience Gains & Losses	31 March 2006	31 March 2007	31 March 2008
	£'000	£'000	£'000
Fair Value of Employer Assets	327,789	330,073	315,176
Present Value of Liabilities	(441,125)	(445,402)	(399,984)
Net Pension Asset / Liability	(113,336)	(115,329)	(84,808)
Which is due in part to actuarial:			
Experience Gains / (Losses) on Assets	44,071	(5,251)	(44,465)
Experience Gains / (Losses) on Liabilities	(46,289)	4,814	74,281

- The position of the Net Pension Asset / (Liability) is set out in the table below:

	31 March 2009	31 March 2010
	£'000	£'000
Opening Liability	(399,984)	(387,006)
Current Service Cost	(10,430)	(8,681)
Interest Cost	(27,634)	(25,294)
Contributions by Members	(4,860)	(4,979)
Actuarial (Losses) / Gains	32,874	(194,011)
Past Service (Costs) / Gains	(3,476)	(12)
(Losses) / Gains on Curtailments	(178)	(546)
Liabilities Extinguished on Settlements	9,085	27,249
Estimated Unfunded Benefits Paid	1,311	1,254
Estimated Benefits Paid	16,286	13,438
Closing liability	(387,006)	(578,588)
Opening Asset	315,176	241,977
Expected Return on Assets	22,325	15,325
Contributions by Members	4,860	4,979
Contributions by the Employer	15,829	15,295
Contributions in Respect of Unfunded Benefits	1,311	1,254
Actuarial (Losses) / Gains	(91,161)	55,949
Assets Distributed on Settlements	(8,766)	(41,548)
Unfunded Benefits Paid	(1,311)	(1,254)
Benefits Paid	(16,286)	(13,438)
Closing Asset	241,977	278,539
Net Opening Asset / (Liability)	(84,808)	(145,029)
Movement	(60,221)	(155,020)
Net Pension Asset / (Liability)	(145,029)	(300,049)

- The recognition through I&E is detailed in the table below, where the Total represents the net amount of employer contributions and pension reserve movements:

	2008/09 £'000	2009/10 £'000
Current Service Cost	10,430	8,681
Interest Cost	27,634	25,294
Expected Return on Employer Assets	(22,325)	(15,325)
Past Service Cost / (Gain)	3,476	12
Losses / (Gains) on Curtailments & Settlements	(141)	14,845
Total	19,074	33,507
Actual return on Plan Assets	(68,836)	71,274

- Amounts Recognised in the STRGL as they do not impact on income and expenditure:

	2008/09 £'000	2009/10 £'000
Actuarial Gains / (Losses)	(58,287)	(138,063)
Cumulative Actuarial Gains / (Losses)	(83,725)	(221,789)

- The balance sheet disclosure is detailed in the table below, where funded liabilities are supported by investments or other assets, which will go toward meeting the future benefits payable. Unfunded liabilities do not have supporting assets and will be a cost to the supporting employer as and when the benefit is due to be paid:

	2008/09 £'000	2009/10 £'000
Fair Value of Employer Assets	241,977	278,539
Present Value of Funded Liabilities	(367,277)	(555,814)
Net (Under) / Overfunding in Funded Plans	(125,300)	(277,275)
Present Value of Unfunded Liabilities	(19,729)	(22,774)
Net Asset / (Liability)	(145,029)	(300,049)

It is important to note that the deficit as at 31 March in any one year is based on a 'snapshot valuation' and will be influenced by any short-term volatility in stock market indices.

The Council is addressing the deficit on the Fund over time, in response to actuarial advice. Employers' pension contributions include a percentage to cover the cost of servicing the debt as well as paying for future liabilities.

Effect of FRS17 on the Accounts

Reporting on an FRS17 basis has the following impact on the main statements:

- The overall amount to be met from government grants and local taxation has remained unchanged, but the costs disclosed for individual services are 1.27% higher after the replacement of employer's contributions by current service costs. Net Operating Expenditure is 9.44% higher than it would otherwise have been.
- The requirement to recognise the net pensions liability in the balance sheet has reduced the reported net worth of the authority by 29.04%

FRS17 Disclosures

The following table summarises the transactions that have been accounted for in the Income and Expenditure Account:

FRS17 Summary Disclosures Through The I&E	2008/09 £'000	2009/10 £'000
Within Net Cost of Service:		
• Current service cost	10,430	8,681
• Non-Distributed cost	3,335	14,857
Within Net operating Expenditure:		
• Interest cost	27,634	25,294
• Expected return on scheme assets	(22,325)	(15,325)
Within SMGFB:		
• Movement on Pensions Reserve	(1,934)	(16,958)
Actual Amount Charged Against Council tax for the Year:		
• Employer's contributions payable to the scheme	(17,140)	(16,549)
Net effect on Council Tax of FRS17 adjustments	0	0

Notes mainly relating to the Cashflow Statement

Note 30 : Reconciliation of Net Cash Inflow to the Income and Expenditure Account

	2008/09 £'000	2009/10 £'000
Deficit / (Surplus) on Income & Expenditure Account	30,510	56,194
Deficit / (Surplus) on Collection Fund	(1,065)	(336)
Non-Cash Transactions:	(8,862)	(65,957)
Movement in Current Assets	(11,586)	8,223
Items shown as Servicing Finance:		
• Interest paid / received	6,586	3,702
• Provisions for repayment of debt	1,731	1,964
Net cash (inflow) / outflow from revenue activities	17,314	3,790

Note 31 : Reconciliation of Movement in Cash to Movement in Net Debt

	2008/09 £'000	2009/10 £'000
Cash Inflow / (Outflow)	(388)	1,796
Less: Cash inflow from new loans	(12,350)	(59,650)
Creditor	90	0
Add: Cash outflow from loan repayments	16,538	13,149
Movement in net debt	3,890	(44,705)
Net debt b/f	(81,286)	(77,396)
Net debt c/f	(77,396)	(122,101)

	2008/09 £'000	2009/10 £'000
Cash and Bank		
Opening	9,890	9,502
Cash Flow	(388)	1,796
Closing	9,502	11,298
Borrowings		
Opening	(91,176)	(86,898)
Cash Flow	4,188	(46,501)
Creditor	90	0
Closing	(86,898)	(133,399)
Total Cash & Bank and Borrowings		
Opening	(81,286)	(77,396)
Cash Flow	3,800	(44,705)
Creditor	90	0
Closing	(77,396)	(122,101)

Note 32 : Analysis of Other Government Grants

	2008/09	2009/10
	£'000	£'000
Arts Council - South West	57	55
Big Lottery Fund	0	136
British Council	0	6
Children's Workforce Development Council	13	45
Crime Concern	41	41
DEFRA	1	4
Department For Children, Schools & Families (DCSF)	139,360	136,308
Department for Work & Pensions (DWP)	1,665	2,054
Department of Communities & Local Government (DCLG)	29,432	29,570
Department of Health	1,590	2,227
Department of Transport	721	974
Department of Culture Media and Sport	473	340
Environment Agency	0	3
Film Council	18	20
Forestry Commission	11	32
Government Office for the South West	278	111
Home Office	707	581
Learning Skills Council	3,724	3,403
Museums and Libraries Council	0	4
National College for Leadership of Schools and Children's Services	0	23
National Probation Service	109	95
NCSL	23	0
Neighbourhood Renewal	16	0
NHS South West	0	19
Partnership for Schools	0	4,367
South West Regional Development Agency	306	92
Training & Development Agency	511	338
Wiltshire County Council	0	16
Wiltshire Youth Offending Service	31	37
Youth Justice board	312	314
	179,399	181,215

Note 33 : Liquid Resources

For the cash flow statement, the Council's liquid resources are the current asset investments held that could be readily disposed of without impacting on the day-to-day activities of the Council. Management of liquid resources also includes the precepting transfers for collection fund management.

Note 34 : Movement in Current Assets

	2008/09	Movement	2009/10
	£'000	£'000	£'000
(Decrease) / Increase in Debtors	51,686	(10,073)	41,613
(Increase) / Decrease in Bad Debt Provision	(7,638)	(1,209)	(8,847)
(Decrease) / Increase in Payments In Advance	3,282	(345)	2,937
(Decrease) / Increase in Work In Progress	77	(77)	0
(Decrease) / Increase in Stock	1,463	(807)	656
(Increase) / Decrease in Creditors	(57,006)	21,800	(35,206)
(Increase) / Decrease in Receipts in Advance	(9,801)	(1,066)	(10,867)
	(17,937)	8,223	(9,714)
	Cash at	Movement	Cash at
	31/3/09	£'000	31/3/10
	£'000	£'000	£'000
Cash Balance / (Overdraft)	9,502	1,796	11,298

Note 35 : Trust Funds

The Council acts as trustee for legacies left to the Borough and detailed below are those with a value of more than £500. The purposes of the funds are as follows:

Langley Brooke	For educational purposes
W G Little	To assist with the purchase of school clothing, equipment etc.
Withy Trust	To award the achievement of less financially well-off individuals between 11 and 25 years old
Ethel May	To award students of good character and perseverance
Swindon Development Trust	For the benefit of the area of the Borough and to promote architecture
George Game	To promote the welfare of blind persons
Mary Ellen Boddington	To promote the welfare of blind persons
F C Phelps	To encourage the display of works of art in public places
G A Gerring	To fund the general services of the Hawthorne Centre
F A Thompson	To fund the general services of the Savernake Street Centre
M E Cowley	To promote the welfare of blind persons
McDermott Memorial	To support orchestral music
M E Packer	To promote the welfare of blind persons
Timothy Griffiths	To assist young people to partake in outdoor activities
Powell Trust	For educational purposes

Trust	Balance 1/04/09 £'000	Income 2009/10 £'000	Expenditure 2009/10 £'000	Balance 31/03/10 £'000
Langley Brooke	(30)	(1)	0	(31)
W G Little	(202)	(24)	29	(197)
Withy Trust	(2)	(2)	4	(0)
Ethel May	(50)	(1)	5	(46)
Swindon Development Trust	(19)	0	1	(18)
George Game	(1)	0	0	(1)
Mary Ellen Boddington	(3)	0	0	(3)
F C Phelps	(12)	0	0	(12)
G A Gerring	(5)	0	0	(5)
F A Thompson	(16)	0	0	(16)
M E Cowley	(27)	(1)	0	(28)
McDermott Memorial	(62)	(1)	2	(61)
M E Packer	(2)	0	0	(2)
Timothy Griffiths	(1)	0	0	(1)
Powell Trust	(2)	0	0	(2)
	(434)	(30)	41	(423)

The above balances represent the cash asset for the Trusts. With the exception of the WG Little Trust, this is the sole asset source. WG Little Trust also has two properties as non-cash assets.

SUPPLEMENTARY SWINDON BOROUGH COUNCIL FINANCIAL STATEMENTS

The following statements are not core statements of the authority but do constitute a significant element in understanding the wider services and position the authority holds.

Housing Revenue Account (HRA) Income & Expenditure Account

	2008/09 £'000	2009/10 £'000	Note
Income			
Gross rent income from dwellings	(33,284)	(34,186)	
Deduct: rent loss on void dwellings	474	441	
Net rent income from dwellings	(32,810)	(33,745)	
Non dwelling rents	(1,366)	(1,332)	
Tenants' charges for services and facilities	(3,244)	(3,441)	
Leaseholders' charges for services and facilities	(159)	(102)	
Other Charges for Services and facilities	0	0	
Contributions Towards Expenditure	(1,120)	(1,121)	
Total Income	(38,699)	(39,741)	
Expenditure			
Repairs and Maintenance	9,502	9,609	
Supervision and Management	5,995	6,197	
Special Services	4,012	4,196	
Rents, Rates, Taxes and Other Charges	43	39	
Transfer of HRA Subsidy Surplus to CLG	9,424	8,562	
Increase / (Decrease) in Provision for Bad Debt	332	0	
Depreciation and Impairments of Fixed Assets	14,503	13,736	42
Debt Management Costs	48	48	
Total Expenditure	43,859	42,386	
Net cost of HRA services as included in the whole-authority Income and Expenditure Account	5,160	2,645	
HRA services share of Corporate and Democratic Core	272	279	
HRA share of other amounts included in the whole-authority Net Cost of Services	33	34	
Net cost of HRA services including HRA share of costs not allocated to specific services	5,465	2,958	
Gain or Loss on Sale of HRA Fixed Assets	(108)	(317)	
HRA share of interest payable and similar charges including amortisation of premiums and discounts	609	609	
HRA share of pensions interest cost and expected return on pensions assets	240	456	
HRA Investment Income	(377)	(153)	
Surplus or deficit for the year on HRA Income and Expenditure Account	5,829	3,553	

Statement of Movement on the HRA Balance

This statement reconciles the HRA surplus/deficit for the year to the balance on the HRA.

	2008/09 £'000	2009/10 £'000	
Increase / (Decrease) in the Housing Revenue Account Balance comprising:			
HRA Balance Brought Forward			
Surplus or deficit for the year on the HRA Income and Expenditure Account	5,829	3,553	
Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the SORP and those determined in accordance with statute	220	219	
Difference between any other item of income and expenditure determined in accordance with the SORP and those determined in accordance with statutory HRA requirements	(10,118)	(9,164)	
Gain or Loss on Sale of HRA Fixed Assets	108	317	
HRA share of contributions to or from the pension reserve	62	(97)	
Capital expenditure funded by the HRA	2,185	0	
Transfer to / (from) Major Repairs Reserve	2,045	2,253	38
Transfers to / (from) Housing Repairs Account	(900)	1,000	
Transfers to / (from) specific reserves	742	1,946	
(Increase) / Decrease in the Housing Revenue Account Balance for the year	173	27	
Housing Revenue Account Balance Brought Forward	(2,248)	(2,075)	
Housing Revenue Account Balance Carried Forward	(2,075)	(2,048)	

Notes to the HRA

Note 36 : Housing Stock

The stock of Council dwellings at 31st March was:

Year of Construction					
Type	Pre 1919	1919-1944	1945-1964	After 1964	TOTAL
Low Rise Flats:					
1 Bedroom	141	21	415	1,132	1,709
2 Bedrooms	15	2	663	74	754
3 or more Bedrooms	1	1	58	2	62
Medium Rise Flats:					
1 Bedroom	15	0	268	635	918
2 Bedrooms	4	0	371	85	460
3 or more Bedrooms	0	0	8	1	9
High Rise Flats:					
1 Bedroom	0	0	26	0	26
2 Bedrooms	0	0	98	138	236
3 or more Bedrooms	0	0	0	0	0
Houses and Bungalows:					
1 Bedroom	102	123	295	365	885
2 Bedrooms	77	35	806	492	1,410
3 Bedrooms	13	499	2,607	719	3,838
4 or more Bedrooms	3	18	83	79	183
Shared Dwellings:					
Multi-Occupied	0	0	0	0	0
Total	371	699	5,698	3,722	10,490

The previous stock is summarised as below.

	31/03/09	31/03/10
Houses and Bungalows	6,332	6,316
Flats	4,167	4,174
Shared Dwellings	0	0
Total Dwellings	10,499	10,490

The Balance Sheet value of land, houses and other property within the Housing Revenue Account as at 31st March is summarised below.

	31/03/09	31/03/10
Operational Assets:	£'000	£'000
Dwellings	467,204	467,564
Land	4,163	4,201
Buildings	4,962	4,671
Total Balance Sheet Value	476,329	476,436

There is a statutory requirement for the Council's assets to be revalued every 5 years. The tenanted dwellings were revalued as at 1st April 2008.

Note 37 : Vacant Possession Valuation

In addition to the balance sheet valuation it is a requirement of the HRA (Accounting Practices) Direction 2007 that the vacant possession value of dwellings as at 1st April is disclosed as a note to the accounts. The inclusion of both the balance sheet valuation (note 1) and the vacant possession valuation ensures that the economic cost to the Government of providing council housing at less than open market rents is shown in the accounts. The vacant possession valuation as at 31st March 2010 was £ 1,069,565,270.

Note 38 : Major Repairs Reserve

The Major Repairs Allowance (MRA) was introduced by Government to assist Councils in bringing the stock up to the Decent Homes Standard by 2010. Swindon Borough Council Achieved this in March 2008.

	31/03/09 £'000	31/03/10 £'000
Capital expenditure for HRA purposes financed by MRA Resources:		
• Houses	5,643	3,559
• Land	0	0
• Other property	0	0
Total Expenditure	5,643	3,559
Amount equivalent to total depreciation charges for all HRA assets	(4,385)	(4,572)
Transfer from HRA	(2,045)	(2,253)
Total Income	(6,430)	(6,825)
Deficit / (Surplus) for the Year	(787)	(3,266)
Balance b/fwd	(2,190)	(2,977)
Carried Forward – (Surplus)	(2,977)	(6,243)

Note 39 : Housing Repairs Account

	31/03/09 £'000	31/03/10 £'000
Repairs & Maintenance	8,627	10,810
Total Expenditure	8,627	10,810
Contribution from HRA	(7,406)	(11,676)
Service charges	(321)	(134)
Total Income	(7,727)	(11,810)
Deficit / (Surplus) for the Year	900	(1,000)
Balance b/fwd	(1,450)	(550)
Carried Forward – (Surplus)	(550)	(1,550)

Note 40 : HRA Capital Expenditure

	2008/09	2009/10
	£'000	£'000
Opening Accruals	1,290	1,049
Dwellings	8,626	6,577
Land	0	0
Buildings	265	1,254
Closing Accruals	(1,049)	(2,591)
Total to Finance	9,132	6,289
Usable Capital Receipts	1,304	2,730
Revenue Contributions	2,185	0
Major Repairs Reserve	5,643	3,559
Insurance Fund	0	0
Total Finance	9,132	6,289

Note 41 : HRA Capital Receipts

	2008/09	2009/10
	£'000	£'000
Sale of Council Houses	832	997
Discount Repaid	25	109
Council Mortgage Repayments	34	27
Sale of Land	1,138	50
Sale of Other Assets	0	0
Total	2,029	1,183

In 2009/10, the Council paid £0.806m to the Secretary of State with respect to the pooling of capital receipts arising from the disposal of housing assets as required in the Local Government Act 2003 (£0.478m in 2008/09).

Note 42 : HRA Cost of Capital Charge

Depreciation is the cost of capital charge on the HRA that pays for the wearing out, using up or other reduction in the remaining life of the asset through use, passage of time or obsolescence. The majority of council dwellings are being depreciated over 70 years. All impairment is now also charged through the HRA in line with SORP guidelines.

	2008/09	2009/10
	£'000	£'000
Depreciation on dwellings	4,385	4,572
Depreciation on other property	85	4
Impairment of dwellings	10,033	9,160
Total	14,503	13,736

Note 43 : HRA Negative Subsidy Paid Over to the Secretary of State

Following the removal of rent rebates from the HRA to the General Fund, with effect from 1st April 2004, the HRA is a contributor to the national housing pot through housing subsidy. The amount that the Authority contributed in 2009/10 was £15.323m. However, the Council receives a grant (MRA) from central Government to improve the condition of its Council stock. The MRA grant of £6.824m is netted off the negative subsidy amount leaving a balance of £8.499m to be paid over to the Secretary of State.

	2008/09	2009/10
	£'000	£'000
Management & Maintenance Allowances	15,313	16,035
Charges for capital	1,862	1,715
Interest on Receipts	(12)	(10)
Guideline Rent Income	(32,977)	(33,063)
Total Negative Subsidy	(15,814)	(15,323)
Major Repairs Allowance	6,515	6,824
Total Repaid to the Secretary of State	(9,299)	(8,499)

Note 44 : HRA Share of FRS 17 Contributions

Pension liabilities arising from the introduction of FRS17 are accounted for within the HRA, in line with the statement of recommended practice. Further detail on FRS17 adjustments is contained within note 29.

Note 45 : HRA Arrears & Provisions for Bad Debt

The arrears of rent and other housing related charges due to the Council at 31st March were:

	2008/09	2009/10
	£'000	£'000
Current tenants	694	952
Former tenants	296	198
Total Arrears	990	1,150
Less: provision for bad debts	(758)	(446)
Total Arrears After Provisions	232	704

This represents 2.1% (2009/10) and 0.7% (2008/09) of rent income and service charges due to the Council.

The Collection Fund

	2008/09 £'000	2009/10 £'000
INCOME		
Income from Council Tax	(81,985)	(85,211)
Transfers from General Fund Council Tax Benefits	(10,476)	(12,484)
Non-Domestic Rates	(96,552)	(97,402)
Adjustment in respect of Community Charge	0	0
Contributions (SBC, Wiltshire Police Authority and Wilts and Swindon Fire Authority)	(884)	0
	(189,897)	(195,097)
EXPENDITURE		
Precepts and Demands	90,956	95,711
Business Rates		
Payment to National Pool	96,413	96,572
Cost of collection allowance	295	293
(Write-Ons) / Write-Offs	(842)	(161)
(Decrease) / Increase in Bad Debt provision	687	698
Council Tax Bad and Doubtful Debts		
Net Write-Offs / (Ons)	190	(67)
(Decrease) / Increase in Bad Debt Provision	1,136	1,125
Transitional Relief	(3)	(1)
Contributions (SBC, Wiltshire Police Authority and Wilts and Swindon Fire Authority)	0	591
	188,832	194,761
Movement on the Fund – (Surplus) / Deficit	(1,065)	(336)
(Surplus) / Deficit brought forward	538	(527)
(Surplus) / Deficit as at 31 March	(527)	(863)
Reconciliation to Collection Fund Adjustment Account:		
Less Balance Attributable to Major Preceptors	81	136
Balance Remaining Attributable to Swindon Borough Council (Collection Fund Adjustment Account balance)	(446)	(727)

Notes to the Collection Fund

Note 46 : Rateable Value

The total rateable value in the Local Rating List at 31 March 2010 was £257,119,831, (£236,103,223 at 31 March 2009). The multiplier for 2009/10 was 48.5 pence for the majority of properties and 48.1 pence for small businesses, (46.2 pence and 45.8 pence respectively for 2008/09).

Note 47 : Council Tax Base

The Council Tax Base for 2009/10, i.e. the number of chargeable dwellings in each band (adjusted for dwellings where discounts apply) converted to an equivalent number of Band D dwellings, was as shown in the table below.

Band	No of Taxable Properties *	Ratio to Band D	Band D Equivalents
A	11,387.15	6/9	7,588.60
B	22,670.30	7/9	17,632.50
C	19,744.25	8/9	17,550.40
D	13,222.60	9/9	13,222.60
E	7,177.85	11/9	8,772.90
F	2,716.00	13/9	3,923.10
G	1,145.60	15/9	1,909.30
H	47.25	18/9	94.50
Total	Band D equivalents		70,693.90
Contributions in lieu	(MOD properties)		57.9
Add:	Anticipated changes in year		733.40
Less:	Provision for non-collection (2%)		(1,428.7)
	Tax Base		70,056.50

* After adjustment for discounts and relief.

Note 48 : Major Preceptors

	Precept 2008/09 £'000	Precept 2009/10 £'000
Swindon Borough Council (including Parishes)	76,930	80,778
Wiltshire Police Authority	10,038	10,690
Wiltshire & Swindon Fire Authority	3,988	4,243
Total	90,956	95,711

GROUP FINANCIAL STATEMENTS

For a variety of legal and regulatory reasons, organisations are often required to conduct their activities through several undertakings, each under the control of the parent company. In such circumstances the financial reports of the parent organisation do not present the full picture by themselves. To understand the full picture, and therefore the full economic benefits and risks, group accounts are required.

The authority has considered its relationship with key partners and has concluded that Group Accounts are required with Thamesdown Transport Ltd (TTL) and Swindon Commercial Services Limited (SCSL) only.

In order to consolidate the accounts of the authority with TTL and SCSL, different accounting treatments than those followed for the Council's single entity accounts must be followed. The accounts of the authority are compiled under policies that typically relate to the need to show statutory council tax and funding sources. The Authority performs a number of prescribed adjusting entries, in accordance with the SORP, to remove transactions between the group entities.

Group Disclosures

Group accounts relate to summarised financial information of the entities / organisations that an Authority has a material interest in.

TTL, a bus service providing company in Swindon, established in October 1986 and SCSL, a multiple trading service, established in January 2010, are assessed as being subsidiary companies of Swindon Borough Council. This classification is due to the 100% shareholding that the Authority has in both companies. The origin of these shareholdings and commitment of the authority towards the organisations should they encounter financial difficulties is explained in note 22.

Consolidation of TTL and SCSL figures in these statements is by the acquisition method, on a line-by-line basis, using the companies' final accounts as the base detail for consolidation. The accounts of TTL and SCSL can be obtained via a request in writing to:

Thamesdown Transport Limited, Barnfield Road, Swindon, SN2 2DJ or

Swindon Commercial Services Limited, Waterside Park, Derby Close, Cheney Manor, Swindon, SN2 2PN

Certain adjustments to the single entity financial statements are required on consolidation, which are detailed in the accounting policies. With the increased alignment of the SORP to UK GAAP the number of adjustments required has reduced. These adjustments to the main statements are summarised below:

		2008/09	2009/10
		£'000	£'000
I&E Adjustments	Comment	£'000	£'000
Group Accruals	Reduction in authority spend/subsidiary income	(88)	(5,129)
Group Transactions	Reduction to account for inter-group trading	(1,699)	(10,513)
Balance Sheet Adjustments	Comment	£'000	£'000
Accruals	Reduction in debtors/creditors	(88)	(5,129)
Investment/ Share Capital	Reduction for investment in subsidiary	(1,489)	(1,489)
Dividend	Reserves adjustment for dividend income/expense	0	0

Group Income and Expenditure Account

2008/09		2009/10	2009/10	2009/10
Restated Net		Gross	Income	Net
Expenditure		Expenditure		Expenditure
£'000	Continuing Operations	£'000	£'000	£'000
1,705	Central Services	4,438	(2,216)	2,222
4,648	CDC	15,565	(10,158)	5,407
4,996	NDC	14,904	(16)	14,888
218	Court Services	267	0	267
21,230	Cultural	33,216	(12,119)	21,097
17,532	Environmental	22,840	(4,771)	18,069
4,195	Planning and Development	17,021	(7,217)	9,804
30,299	Education	215,379	(185,161)	30,218
13,935	Highways, Roads and Transport	42,144	(23,385)	18,759
3,985	Housing General Fund Services	79,325	(77,516)	1,809
5,450	Housing Revenue Account	50,320	(47,362)	2,958
43,824	Social Services	68,793	(24,127)	44,666
610	Exceptional Items	6,214	0	6,214
152,627	Net Cost Of Services	570,426	(394,048)	176,378
(1,239)	(Gains) / Losses on Disposal of Fixed Assets			(2,916)
1,822	Precepts Paid to Local Precepting Authorities			1,892
(558)	Dividends and Deficit / (Surplus) From Trading Accounts			(1,900)
16,125	Interest and Similar Charges Payable			15,013
478	Contribution of Housing Capital Receipts to Pool			811
(9,375)	Interest and Investment Income			(3,291)
28,698	Pensions Interest Cost			26,319
(23,208)	Expected Return on Pensions Asset			(15,920)
(25)	Taxation of Group			(313)
165,345	Net Operating Expenditure			196,073
(77,082)	Income From Collection Fund			(81,559)
(14,598)	General Government Grant			(18,453)
(43,116)	Distribution from NDR			(40,559)
(134,796)	Sub-Total Sources of Finance			(140,571)
30,549	Group (Surplus) / Deficit For Year			55,502

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Group Balance Sheet

	2008/09 Restated £'000	2009/10 £'000	Note
Operational Fixed Assets	1,121,703	1,164,282	51
Non-Operational Fixed Assets	136,925	142,725	
Long-term Debtors	283	250	
Total Long-term Assets	1,258,911	1,307,257	
Stocks and Work in Progress	1,742	6,619	49
Debtors Less Provision for Bad Debts	44,628	23,955	50
Payments in Advance	3,282	2,914	
Short-term Investments	58,976	72,519	
Cash	10,278	18,571	54
Total Current Assets	118,906	124,578	
Creditors	(58,701)	(39,942)	52
Long Term Borrowing repayable within one year	(13,178)	(37,411)	
Receipts in Advance	(9,801)	(10,845)	
Unapplied Grants and Contributions	(20,049)	(24,237)	
Total Current Liabilities	(101,729)	(112,435)	
Net Current Assets	17,177	12,143	
Government Grants Deferred	(82,375)	(113,772)	
Long Term Creditors	0	0	
Provisions	(3,088)	(8,660)	
Long-term Borrowing	(73,720)	(95,988)	
Finance Leases	(63,063)	(62,045)	53
Liability Related to Pension Scheme	(149,624)	(307,273)	55
Deferred Income	(151)	(117)	
Total Long-term Liabilities	(372,021)	(587,855)	
TOTAL ASSETS LESS LIABILITIES (net assets)	904,067	731,545	
Capital Adjustment Account	(887,969)	(845,822)	
Revaluation Reserve	(101,007)	(121,274)	
Usable Capital Receipts Reserve	(14,137)	(11,891)	
Financial Instruments Adjustment Account	1,289	836	
Pension Reserve	149,624	307,273	53
Major Repairs Reserve	(2,977)	(6,243)	
Specific Reserves and Funds	(34,279)	(39,235)	
General Fund	(6,000)	(6,000)	
Housing Revenue Account Balance	(2,075)	(2,048)	
Collection Fund Balance	(446)	(727)	
Deferred Capital Receipts (Mortgages)	(108)	(80)	
Passenger Transport Realisation Account	(611)	(611)	
P&L Reserve	(5,371)	(5,723)	
TOTAL FINANCING	(904,067)	(731,545)	

Group Statement of Total Recognised Gains & Losses

	2008/09 Restated £'000	2009/10 £'000
(Surplus) / Deficit on the Group I&E	30,549	55,502
(Surplus) / Deficit arising from revaluation of fixed assets	(57,258)	(24,013)
Pension actuarial (gains) / losses	60,769	142,187
Net Gain on Transfer of Asset Right/Removal of Void	(1,317)	0
Transfer from Unapplied Grants to UCR	(6,177)	0
Any other gain or loss (Subsidiary deferred tax)	(520)	(1,154)
Total Recognised (Gain) / Loss	26,046	172,522
Prior period movements	7,870	0

Reconciliation of the Single Entity (Surplus) / Deficit to the Group (Surplus) / Deficit

This table reconciles the balance on the I&E account of the Authority, to the Group I&E balance.

	2008/09 Restated £'000	2009/10 £'000
(Surplus) / Deficit on the Single Entity IEA	30,510	56,194
Less Subsidiary Dividends	0	0
(Surplus) / Deficit from Subsidiary IEAs	39	(692)
Group (Surplus) / Deficit for the year	30,549	55,502

Group Cashflow Statement

	2008/09 Restated £'000	2009/10 £'000
Net cash (inflow) / outflow from revenue activities	16,135	(3,381)
Servicing of Finance		
Outflows Interest paid	16,125	7,160
Inflows Interest received	(9,375)	(3,291)
Taxation of Group Entities	7	0
Capital Activities		
Outflows Purchase of fixed assets	53,133	85,925
Inflows Sales of fixed assets	(5,177)	(3,925)
Capital Grants received	(23,178)	(33,983)
Developers' deposits (Sec 106)	(915)	(9,226)
Net cash (inflow)/outflow before financing	46,755	39,279
Management of Liquid Resources		
Outflows Net (decrease)/increase in liquid resources	(51,541)	(1,481)
Financing		
Outflows Repayment of amounts borrowed	16,538	13,149
Inflows New loans	(11,447)	(59,240)
(Increase) / Reduction in cash and cash equivalents	305	(8,293)

Reconciliation of Net (Inflow) / Outflow to Operating Activities	2008/09 £'000	2009/10 £'000
Deficit / (Surplus) on Income & Expenditure Account	30,510	56,194
Deficit / (Surplus) on Subsidiary Undertaking Operating Profit	(368)	(976)
Deficit / (Surplus) on Collection Fund	(1,065)	(336)
Non-Cash Transactions (Reserves/Provisions/Revenue)	(9,906)	(67,001)
Movement in Current Assets	(11,619)	1,607
Profit on Sale of Fixed Assets	76	77
Subsidiary Pensions Cash difference	6,775	4,039
Items shown as Servicing Finance	1,731	2,994
Dividends & Tax	0	21
Net cash (inflow) / outflow from revenue activities	16,134	(3,381)

Notes to the Group Statements

The Group Statements are required to show the same notes to the accounts as the single entity statements, but only to the extent that the Group disclosures are materially different from the single entity notes.

Note 49 : Stocks & Work in Progress

The table below shows the split of stocks between the authority and its subsidiary.

	2008/09 £'000	2009/10 £'000
SBC	1,463	656
Thamesdown Transport	202	194
Swindon Commercial Services Ltd	0	636
Total Stocks	1,665	1,486
Total Work in Progress	77	5,133
Net Total Stocks & Work in Progress	1,742	6,619

Note 50 : Debtors less Provisions for Bad Debt

The table below shows the split of debtors between the authority and its subsidiary.

	2008/09 Restated £'000	2009/10 £'000
SBC	51,685	31,042
Thamesdown Transport	581	565
Swindon Commercial Services Ltd	0	1,195
Gross Debtors	52,266	32,802
Less SBC Provision for Bad Debt	(7,638)	(8,847)
Net Debtors	44,628	23,955

Note 51 : Operational Fixed Assets

The table below shows the split of operational assets between the authority and its subsidiaries.

	SBC	TTL	SCS	Total
Cost or Valuation	£'000	£'000	£'000	£'000
At 1st April	1,159,684	15,743	1,354	1,176,781
Additions	72,845	1,123	81	74,049
Donations	0	0	0	0
Disposals	(928)	(1,549)	0	(2,477)
Reclassifications	0	0	0	0
Revaluations	19,669	0	0	19,669
At 31st March	1,251,270	15,317	1,435	1,268,022
Depreciation & Impairments				
At 1st April	(47,166)	(6,557)	(905)	(54,628)
Charge for year	(48,772)	(1,044)	(90)	(49,906)
Disposals	0	1,549	0	1,549
Reclassifications	0	0	0	0
Revaluations	(755)	0	0	(755)
At 31st March	(96,693)	(6,052)	(995)	(103,740)
Balance Sheet 1st April	1,112,518	9,186	449	1,122,153
Movement	42,059	79	(9)	42,129
Balance Sheet 31st March	1,154,577	9,265	440	1,164,282
Nature of Assets Holding				
Owned	1,091,036	4,607	440	1,096,083
Finance Lease	0	4,658	0	4,658
PFI	63,541	0	0	63,541
	1,154,577	9,265	440	1,164,282

Note 52 : Creditors

The table below shows the split of creditors between the authority and its subsidiary.

	2008/09	2009/10
	Restated	
	£'000	£'000
SBC	56,918	29,743
Thamesdown Transport	1,783	1,931
Swindon Commercial Services Ltd	0	8,268
Net Creditors	58,701	39,942

Note 53 : Liability Related to the Pension Scheme

The table below shows the split of the pension asset and liability between the authority and its subsidiary.

	SBC	TTL	Group
	£'000	£'000	£'000
Opening Liability 1-April	(387,006)	(15,263)	(402,269)
Current Service Cost	(8,681)	(119)	(8,800)
Interest Cost	(25,294)	(1,025)	(26,319)
Contributions by Members	(4,979)	(41)	(5,020)
Actuarial (Losses) / Gains	(194,011)	(6,356)	(200,367)
Past Service (Costs) / Gains	(12)	0	(12)
(Losses) / Gains on Curtailments	(546)	0	(546)
Liabilities Extinguished on Settlements	27,249	0	27,249
Estimated Unfunded Benefits Paid	1,254	0	1,254
Estimated Benefits Paid	13,438	839	14,277
Closing liability 31-March	(578,588)	(21,965)	(600,553)
Opening Asset 1-April	241,977	10,667	252,644
Expected Return on Assets	15,325	595	15,920
Contributions by Members	4,979	41	5,020
Contributions by the Employer	15,295	456	15,751
Contributions in Respect of Unfunded Benefits	1,254	0	1,254
Actuarial (Losses) / Gains	55,949	2,233	58,182
Assets Distributed on Settlements	(41,548)	0	(41,548)
Unfunded Benefits Paid	(1,254)	0	(1,254)
Benefits Paid	(13,438)	(839)	(14,277)
Deferred Tax Assets	0	1,588	1,588
Closing Asset 31-Mar	278,539	14,741	293,280
Net Opening Asset / (Liability) 1-April	(145,029)	(4,596)	(149,625)
Movement	(155,020)	(2,628)	(157,648)
Net Pension Asset / (Liability) 31-Mar	(300,049)	(7,224)	(307,273)

Note 54 : Cash

The table below shows the split of cash balances between the authority and its subsidiary.

	2008/09	2009/10
	£'000	£'000
SBC	9,502	11,298
Thamesdown Transport	776	1,235
Swindon Commercial Services Ltd	0	6,038
Net Cash	10,278	18,571

Note 55 : Finance Leases

The table below shows the split of finance lease payments between the authority and its subsidiary. Those payments due in one year are shown under creditors in the current liabilities section of the balance sheet.

Period	In 1 year £'000	In 2-5 years £'000	Over 5 Years £'000	Total £'000
SBC - Finance Lease Payments	841	822	0	1,663
TTL - Finance Lease Payments	882	2,002	15	2,899
SCSL - Finance Lease Payments	0	0	0	0
Total	1,723	2,824	15	4,562

Statement Of Responsibilities For The Statement of Accounts**The Council's Responsibilities**

- The Council is required:
 - To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs (Section 151 of the Local Government Act 1972). During the financial year 2009/10, the designated officer was the Director of Finance.
 - To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Officer's Responsibilities

- The Director of Finance had the responsibility to ensure that these final accounts were prepared in accordance with best practice. The Code of Practice on Local Authority Accounting in Great Britain ("the Code") requires the Statement to give a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31st March 2010.
- In preparing this Statement of Accounts, the Director of Finance:
 - Selected suitable accounting policies and then applied them consistently;
 - Made judgements and estimates that were reasonable and prudent;
 - Complied with the Code.
- The Director of Finance also:
 - Kept proper accounting records which were up to date;
 - Took reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate

I certify that the above responsibilities have been accounted for in the production of these statements and that they present fairly the financial position of the authority at 31 March 2010.

Signed:

Date:.....

Stuart McKellar, Director of Finance

Approval

The Council's Audit Committee, being the relevant body within the Authority for such purpose, approved the draft accounts on 22 June 2010. The dates of approval are also taken as the dates that the accounts were authorised for issue.

Signed:

Date:.....

Cllr Michael Dickinson, Chair of Audit Committee

Governance Statement

To be included after committee approval.

Independent Auditor's Report to the Members of Swindon Borough Council

To follow on completion of the audit.

Glossary of Terms Used in the Statement of Accounts

ACCRUALS

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- a) Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or
- b) The actuarial assumptions have changed.

AMORTISATION

The write out of intangible fixed assets and deferred charges to revenue on a systematic basis over its economic life. For deferred charges this will be the year the deferred charge is recognised.

ASSET

An item having value in monetary terms. Assets are defined as current or fixed.

- A current asset will be consumed or cease to have value within the next financial year, e.g. stock and debtors.
- A fixed asset provides benefits to the Authority and to the services that it provides for a period of greater than one year.

BUDGET

A forecast of revenue or capital expenditure over the accounting period.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset that will be used in providing services beyond the current accounting period or expenditure that adds to an existing fixed asset.

CAPITAL RECEIPTS

The proceeds from the disposal of land or other assets.

COMMUNITY ASSETS

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

CONTINGENCY

A condition that exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core comprises all activities, which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no local basis for apportioning these costs to services.

CREDITOR

Amounts owed by the Authority for works done, goods received or services rendered before the end of the accounting period but for which payments have not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of defined benefit pension scheme liabilities expected to arise from employee service in the current period.

CURTAILMENT

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- a) Termination of employees' services earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business, and
- b) Termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

DEBTOR

Amounts owed to the Authority for works done, goods received or services rendered before the end of the accounting period but for which payments have not been received by the end of that accounting period.

DEFERRED ASSETS AND LIABILITIES

Expenditure or income that may properly be deferred but is recognised in the appropriate section of the balance sheet, e.g. mortgage repayments.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure which may properly be capitalised, but which does not result in, or remain matched with, tangible assets and is written out to revenue in the year it is incurred.

DEFINED BENEFIT SCHEME

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

DEFINED CONTRIBUTION SCHEME

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

DEPRECIATION

The theoretical loss in value of an asset due to age, wear and tear, deterioration or obsolescence.

DISCRETIONARY BENEFITS

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the authority's discretionary powers, such as The Local Government (Discretionary Payments) Regulations 1996, the Local Government (Discretionary Payments and Injury Benefits)(Scotland) Regulations 1998, or The Local Government (Discretionary Payments) Regulations (Northern Ireland) 2001.

EXPECTED RATE OF RETURN ON PENSIONS ASSETS

For a funded defined benefit pension scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

EXTRAORDINARY ITEMS

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items nor do they include prior period items merely because they relate to a prior period.

FAIR VALUE

The amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy / sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

FINANCE LEASE

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

FINANCIAL INSTRUMENTS

Contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. For local authorities, which do not issue equity instruments such as share capital, this means the following:

Financial asset

A right to future economic benefits controlled by the authority that is represented by:

- Cash
- An equity instrument of another entity
- A contractual right to receive cash (or another financial asset) from another entity
- A contractual right to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the authority.

Financial liability

An obligation to transfer economic benefits controlled by the authority that is represented by:

- A contractual obligation to deliver cash (or another financial asset) to another entity
- A contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the authority.

Equity instrument

A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities (such as an equity share in a company) – will only apply to investments in other entities held by the authority.

GOVERNMENT GRANTS

Assistance by Government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

IMPAIRMENT OF ASSETS

Impairment is caused by the consumption of economic benefits e.g. physical damage to be a general fall in process and requires the value of a fixed asset to be adjusted.

INTANGIBLE FIXED ASSETS

Intangible fixed assets are defined as non-financial assets that do not have physical substance but are identifiable and controlled by the entity through custody or legal right. Examples are: scientific or technical knowledge in order to produce new or improved materials, copyright, intellectual property rights and computer software licences. The Authority itself has no class of this asset.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVESTMENTS (NON-PENSIONS FUND)

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investments, other than those in relation to the pensions fund, that do not meet the above criteria, should be classified as current assets.

INVESTMENTS (PENSIONS FUND)

The investments of the Pensions Fund will be accounted for in the statements of that Fund. However authorities (other than town parish and community councils and district councils in Northern Ireland) are also required to disclose the attributable share of pension scheme assets associated with their underlying obligations.

LIQUID RESOURCES

Current asset investments that are readily disposable by the authority without disrupting its business and are either: readily convertible to known amounts of cash, at or close to, the carrying amount, or traded in an active market.

MAJOR REPAIRS ALLOWANCE (MRA)

The MRA represents the Governments estimate of the cost of maintaining the current condition of the housing stock and is based on the annual cost of replacing individual building components as they reach the end of their useful life. The MRA forms part of the overall subsidy paid to local authorities. The Major Repairs Allowance forms part of the overall subsidy paid to local authorities.

Negative subsidy authorities are able to use the MRA allocation as part of a transitional relief scheme to support the removal of the transfer from the HRA to the General Fund. From 2004/05 the Government will fund 2/3rds of this transitional scheme enabling a larger proportion of the MRA to be targeted at investment in the local housing stock.

MAJOR REPAIRS RESERVE (MRR)

A reserve to be created from MRA contributions, for investment in large-scale capital investment schemes to improve Council dwellings and estates in future years.

NET BOOK VALUE

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

NET CURRENT REPLACEMENT COST

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

NET REALISABLE VALUE

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

NON-DISTRIBUTED COSTS

These are overheads for which no user now benefits and should not be apportioned to services.

NON-OPERATIONAL ASSETS

Fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties, assets surplus to requirement awaiting disposal or redevelopment, assets in construction.

OPERATING LEASES

A lease where the ownership of the fixed asset remains with the lessor.

OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

PENSIONS / FRS 17

The requirements of the Accounting Standard "Accounting for Retirement Benefits" is based on a simple principle – that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future. The important accounting distinction for pension schemes is whether they are "defined contribution" or "defined benefit".

PFI (PRIVATE FINANCE INITIATIVE)

PFI allows the public sector to contract with the private sector to provide quality services on a long-term basis, typically 25-30 years, so as to take advantage of private sector infrastructure delivery and service management skills, incentivised by having private finance at risk.

The private sector takes on the responsibility for providing a public service against an agreed specification of required outputs prepared by the public sector.

The private sector carries the responsibility and risks for designing, financing, enhancing or constructing, maintaining and operating the infrastructure assets to deliver the public service in accordance with the public sector's output specification.

The public sector typically pays for the project through a series of performance or throughput related payments, which cover service delivery and return on investment. Central Government may provide payment support to the public sector through grants and other financial mechanisms.

POST BALANCE SHEET EVENTS

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the Chair of the Audit Committee.

PRIOR PERIOD ADJUSTMENT

A prior period adjustment is the material adjustment applicable to prior year figures arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is

one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring correction or adjustments to accounting estimates made in prior years.

PROJECTED UNIT METHOD

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- a) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and
- b) the accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

PRUDENCE

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate cash realisation of which can be assessed with reasonable certainty.

RELATED PARTIES

Two or more parties are related parties when at any time during the financial period:

- One party has direct or indirect control of the other party; or
- The parties are subject to common control from the same sources; or
- One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interest; or
- The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Examples of related parties of an authority include:

- Central Government;
- Local authorities and other bodies precepting or levying demands on the Council Tax;
- Its subsidiary and associated companies;
- Its joint ventures and joint venture partners;
- Its members;
- Its chief officers; and
- Its pension fund.

Examples of related parties of a pension fund include its:

- Administering authority and its related parties;
- Scheduled bodies and their related parties; and
- Trustees and advisers.

These lists are not intended to be comprehensive.

For individuals identified as related parties, the following are also presumed to be related parties:

- Members of the close family, or the same household; and
- Partnerships, companies, trusts or other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

RELATED PARTY TRANSACTION

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Examples of related party transactions include:

- The purchase, sale, lease, rental or hire of assets between related parties;
- The provision by a pension fund to a related party of assets of loans, irrespective of any direct economic benefit to the pension fund;
- The provision of a guarantee to a third party in relation to a liability or obligation or a related party;
- The provision of services to a related party, including the provision of pension fund administration services;
- Transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund, such as Council Tax, rents and payments of benefits.

This list is not intended to be comprehensive.

The materiality of related party transactions should be judged not only in terms of their significance to the authority, but also in relation to its related party.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

SECTION 106

Monies received from developers under section 106 of the Town & Country Planning Act 1990, as a contribution towards the cost of providing facilities and infrastructure which may be required as a result of their development.

STOCKS

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use of consumption when it arises. Stocks comprise the following categories:

- Goods or other assets purchased for resale;
- Consumable stores;
- Raw materials and components purchased for incorporation into products for sale;
- Products and services in intermediate stages of completion;
- Long-term contract balances; and
- Finished goods.

TOTAL COST

The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, transfer payments, support services and capital charges. This includes an appropriate share of all support services and overheads, which need to be apportioned.

USEFUL LIFE

The period over which the local authority will derive benefits from the use of a fixed asset.

VESTED RIGHTS

In relation to a defined benefit pension scheme, these are:

- a) For active members, benefits they would unconditionally be entitled on leaving the scheme;
- b) For deferred pensioners, their preserved benefits;
- c) For pensioners, pensions to which they are entitled.

Vested rights include where appropriate the related benefits for spouses or other dependants.

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