

# **CONTENTS**

Explanatory Foreword	Page 2
Statement of Accounting Policies	Page 9
Core Swindon Borough Council Financial Statements	Page 16
Notes to the Core Swindon Borough Council Financial Statements	Page 21
Supplementary Swindon Borough Council Financial Statements	Page 50
Group Financial Statements	Page 58
Statement of Responsibilities for the Statement of Accounts	Page 65
Annual Governance Statement	Page 66
Auditor's Certificate	Page 78
Glossary of Terms	Page 79

## EXPLANATORY FOREWORD

These accounts relate to the year ending 31 March 2009 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.

### Updates to the Accounts Required Under Changes to Accounting Practice

Every year the SORP is reviewed and minor adjustments are made to the presentation of local authority accounts to comply with these changes. Those with greater impact on the accounts presentation in 2008/09 relate to the revaluing of fixed assets on disposal no longer being allowed and updates to FRS17 (retirement benefits) accounting standards.

In previous years assets were revalued to disposal value when sold, giving a net nil profit or loss on disposal. This is no longer allowed under the 2008 SORP and the accounts have been restated to reflect this.

Restatement has also taken place for the FRS17 updates which has impacted upon the opening and closing pension liability/asset and actuarial gains/losses of the Statement of Total Recognised Gains and Losses (STRGL). No revenue consequence is seen.

### 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 and Thamesdown Transport 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 and specific grants), 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 2008/09 was set at £123.478. This excludes funding for schools, which is provided via the Dedicated Schools Grant (DSG). Service expenditure was £120.871m, leaving a service underspend of £2.158m. Combined with additional grant funding, a total £3.690m was available for supporting earmarked reserves, details of which are provided in note 28f, leaving a net nil over/underspend.

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 16, 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. It can be seen that three of the Council's Group Directorates were unable to contain net expenditure within the approved budget, although this was offset primarily by reduced expenditure on debt charges.

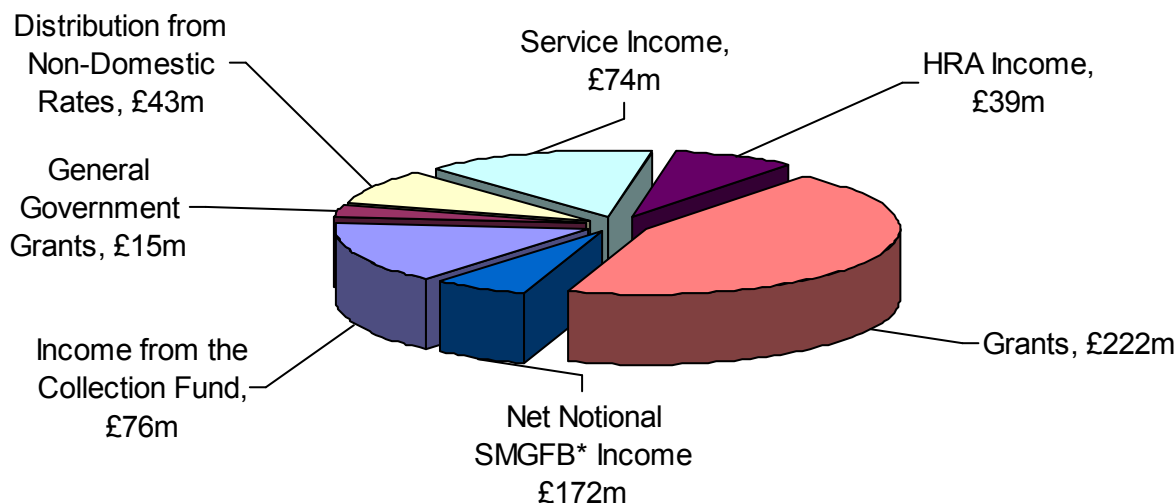
	Budget £000's	Actual £000's	Variance £000's
Children Services	28,099	27,706	(393)
Housing & Social Care	50,096	51,261	1,165
Environment & Regeneration	28,764	29,275	511
Business Transformation	16,514	17,021	507
Chief Executive & Corporate	1,014	(2,720)	(3,734)
Swindon Commercial Services	(1,458)	(1,672)	(214)
Contingencies	449	449	0
Other Corporate Movements	0	2,158	2,158
<b>Net Cost of General Fund Services</b>	<b>123,478</b>	<b>123,478</b>	<b>0</b>
Parish Precepts		1,822	
Net Corporate Income & Expenditure		1,919	
Net Capital, Reserves and other Appropriations in Net Cost of Services		37,191	
<b>Net Operating Expenditure</b>		<b>164,410</b>	
Income From The Collection Fund		(76,181)	
General Government Grants		(14,598)	
Distribution From Non-Domestic Rates (NDR)		(43,116)	
<b>Net (Surplus)/Deficit For Year on the I&amp;E</b>		<b>30,515</b>	
Items Included In the Statement of General Fund Movement		(30,515)	

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

- Adult Social Care - £1,031k, mainly due to higher costs of care packages for learning disabilities;
- Environmental - £1,255k impact of lower income from parking services, planning fees, land charges and building control, due to economic climate (supported by £686k corporate contingency contribution);
- Corporate - Capital Financing costs £3.840m below budget.

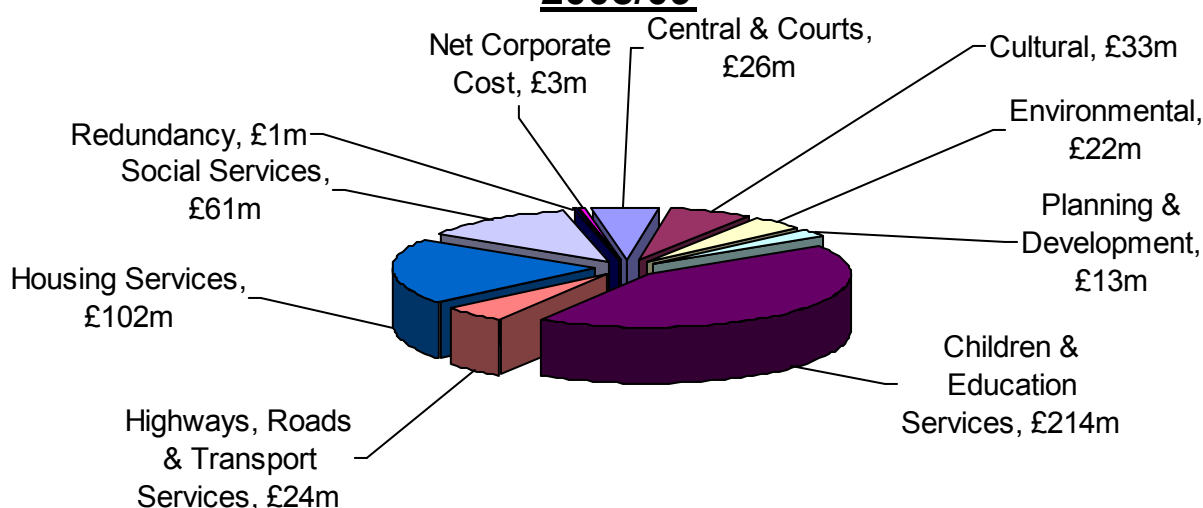
The following charts analyse the main income sources to the Council in 2008/09, and the gross expenditure on services. Income sources include grants, HRA income, service fees and charges and net corporate income streams.

### **Council Funding Sources 2008/09<sup>1</sup>**



### **Where The Money Was Spent on Services**

**2008/09<sup>1</sup>**



\*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.

<sup>1</sup> Source: Income & Expenditure Account on page 16. Spend includes capital charges.

### **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.

## Financial Overview – The Housing Revenue Account (HRA)

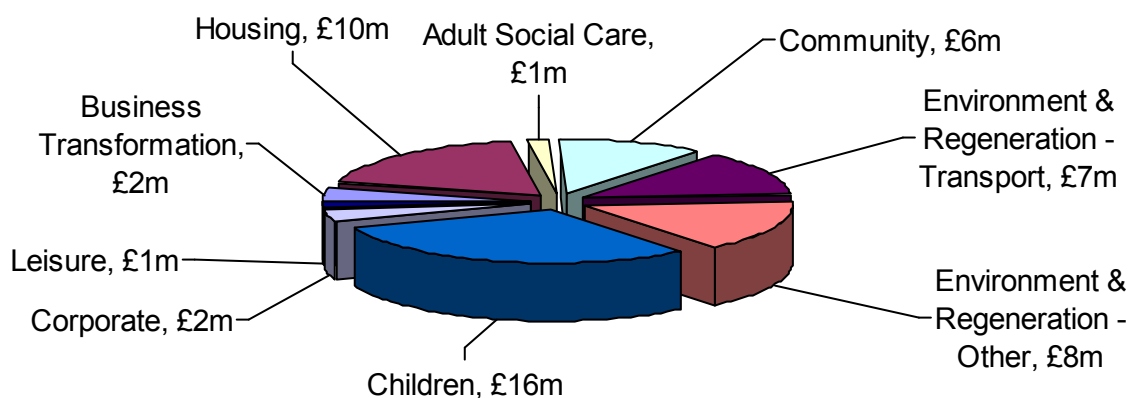
The HRA planned to transfer £185k from reserves, but due to an underspend of £12k against the original gross budget of £44.0m in 2008/09, the transfer required was smaller. The HRA finished the year with a small decrease in balances held at the 31st March 2009.

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

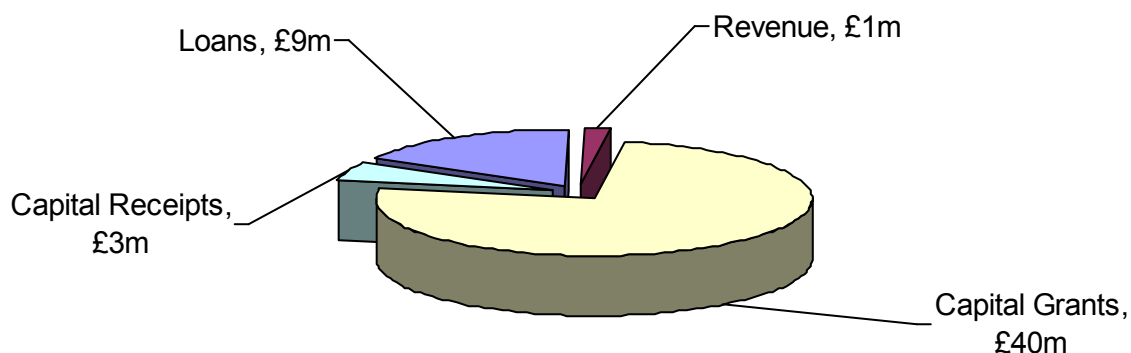
## Financial Overview – Capital Income & Expenditure

During the year, the Council incurred capital expenditure of £56.546. This expenditure is analysed in the chart below into key service areas of the Council.

### Capital Expenditure by Council Directorate 2008/09



### Capital Funding By Source 2008/09



Significant areas of capital expenditure in 2008/09 were on:

- Schools - £16m
- Transport - £7m
- Lydiard Park and other open spaces - £1.1m
- Residential Homes - £0.9m

The economic climate has seen a fall in market prices for assets and the Council has consequently delayed planned disposals until the market improves. Capital grant has subsequently funded the majority of spend with increased borrowing undertaken. Information on borrowing facilities can be found in note 26.

## **Financial Overview – Other Key Disclosures**

- **Integration With Swindon Primary Care Trust (PCT)**

The Council continued to cement its close working relationship with the PCT by entering into agreement under Section 75 of the National Health Services Act 2006 for the joint commissioning of services to Children and Adults and for the joint provision of services for Children. Under the agreements the Council became the custodian of £44.541m of funds from the PCT under pooled budget arrangements.

- **Wichelstowe**

The development of Wichelstowe (the Southern Development Area adjacent to the M4 motorway) continued to progress through a collaboration agreement with Taylor Wimpey Developments in 2008/09. However, the arrangement will come to a close in 2009/10 as detailed in the post balance sheet event note.

- **Pension Liability**

The net pension liability as disclosed in the balance sheet, under FRS17 requirements, has seen a large increase over the 2007/08 disclosures. The liability is reported as £145m (£85m as restated for 2007/08), an increase of £60m. This increase reflects changes in the financial assumptions underlying the liability due to accounting valuation changes, and lower returns on assets. More detail on the pension liability is contained within note 32.

- **Other Material Liabilities**

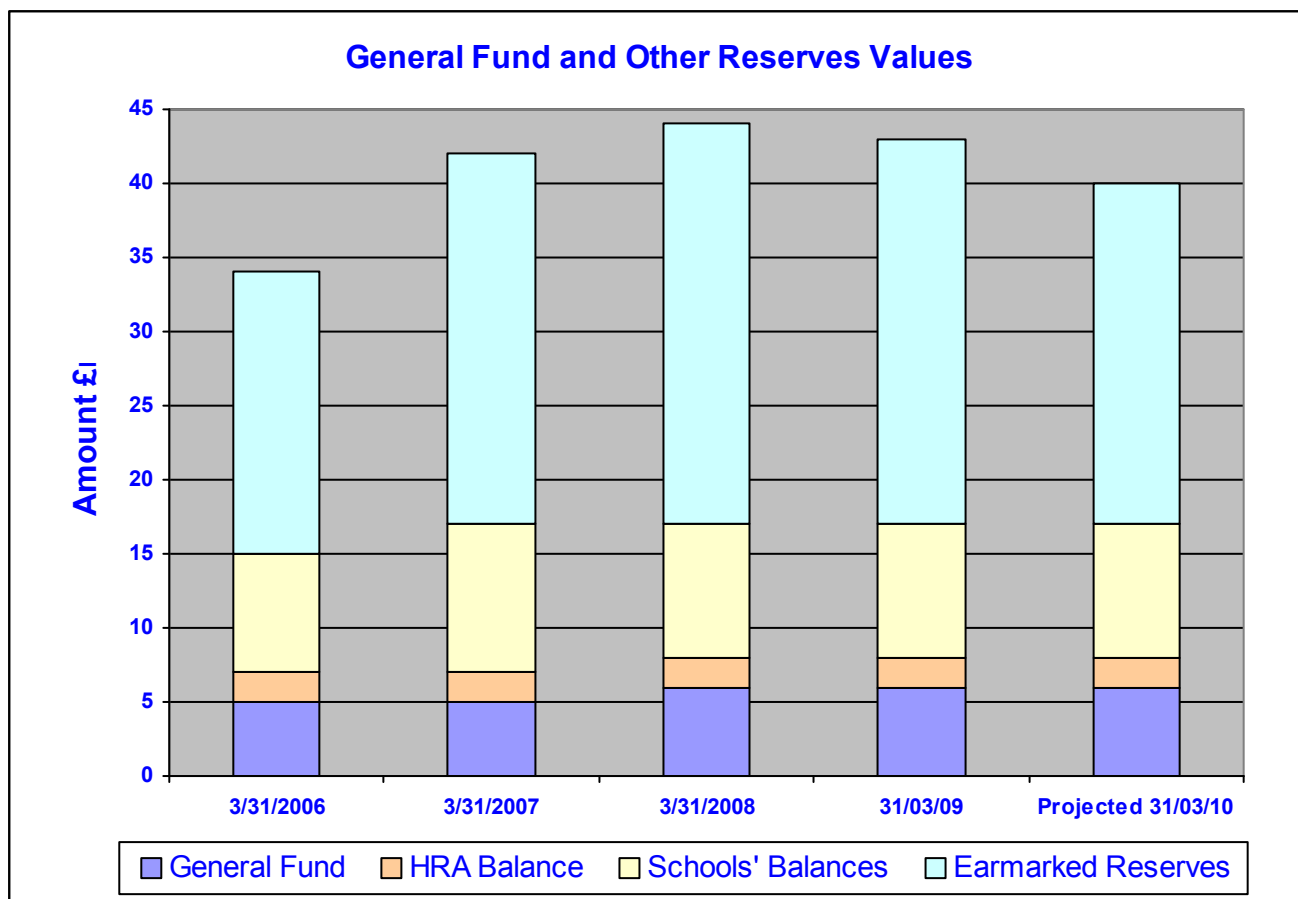
The Council incurred material cost in relation to redundancy payments of £0.610m, which it has funded from an earmarked reserve created in 2007/08 for such purpose.

## **Financial Overview – Financial Outlook**

- **Medium Term Resourcing Plan**

The Council's revenue position will be particularly challenging in the coming years. The move from single year Central Government grant settlements to three-year settlements offered more certainty over grant income levels until 2010/11. However, with considerable future cost pressures to address local and national priorities, set against inevitable further tightening of financial settlements 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 major Transformation programme has been initiated that is expected to provide a major platform for delivery of the required savings as well as driving service improvements.

The Council's balance sheet continues to be strong, with a healthy level of reserves as shown in the chart below and borrowing remaining at a lower level than that of many comparator authorities. The level of earmarked reserves will fall during 2009/10 as the Council pump primes investment in its Transformation programme and in promoting its other key objectives.



The Council originally approved a three-year capital programme of £223m to 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 2009, independently audited as required by the Audit Commission Act 1998 and published in their audited form by 30 September 2009. 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." (SORP2006.)

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

### 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 2008.

Financial year 2008/09 was the fourth 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:

**Type of Asset****Basis of Valuation**

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.

**Valuation of Investments**

Investments have been valued at fair value through profit or loss using bid-market price information supplied by SVC (Security Valuation Company Inc.) 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.

**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 2008/09 receipts arising from the sale of non-HRA land and property was 100%.

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 in line with SORP amendments. Carrying values, together with their disposal proceeds, are transferred to the capital adjustment account via the I&E account to calculate a profit or loss on disposal figure.

The value of assets disposed of in 2007/08 has been restated to reflect the change to the revaluation of assets at the point of disposal.

### 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 Councils 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.

## Private Finance Initiative (PFI)

PFI contracts were determined by ABROS under FRS5 as off-balance sheet for the Authority and no fixed assets are included on the balance sheet for the school buildings. Over the course of the contract the Council will build up a "residual interest" on the balance sheet, being the difference between the amounts the assets will transfer to Council at the end of the contract and the expected fair value at that time.

Prepayments of cash, resulting in lower annual cost of the contracts, are released through the revenue account throughout the life of the contract over which the benefit is received.

## 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 the present value of the minimum lease payments should be 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. The Authority holds a number of assets acquired under finance leases. However, the individual sums involved mean they are below the de-minimis level in relation to capital. Therefore these have not been added to fixed assets and the full rentals have been charged to the Income & Expenditure Account.

For leases that are not considered finance leases, a classification as an operating lease is given.

## 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.

## **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.

## **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.

## **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.

- **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.

### **Prior Period Adjustments**

General Fund and HRA statements have been restated to reflect SORP changes to profit or loss on disposal of assets and FRS17 actuary adjustments.

### **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**

Government Formula Grant

#### **Recognition**

- 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.

## Group Relationship

Swindon Borough Council, as sole shareholder and therefore parent organisation of Thamesdown Transport Limited (TTL), 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 by both organisations. 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.

## CORE SWINDON BOROUGH COUNCIL FINANCIAL STATEMENTS

## Income And Expenditure Account

2007/08 Net Expenditure Restated £'000		2008/09 Gross Expenditure £'000	2008/09 Income £'000	2008/09 Net Expenditure £'000	Note
<b>Continuing Operations</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
2,361	Central Services to the Public	14,884	(13,179)	1,705	
5,064	Corporate & Democratic Core	5,634	(977)	4,657	
3,858	Non-Distributed Cost	5,037	(41)	4,996	
207	Court Services	218	0	218	
18,644	Cultural	32,674	(11,444)	21,230	
16,294	Environmental	21,582	(4,050)	17,532	
15,348	Planning & Development	13,471	(9,274)	4,197	
46,561	Children & Education	214,303	(176,258)	38,045	3,17
11,503	Highways, Roads & Transport	24,123	(9,945)	14,178	
122,811	Housing Services	102,173	(92,738)	9,435	
38,510	Social Services	60,748	(16,882)	43,866	
3,908	Redundancy Costs	610	0	610	1
<b>285,069</b>	<b>Net Cost Of Services</b>	<b>495,457</b>	<b>(334,788)</b>	<b>160,669</b>	
(23,425)	(Gain) / Loss on Disposal of Asset			(1,686)	
1,742	Precepts Paid to Local Precepting Authorities			1,822	
(3,022)	Dividends & Deficit / (Surplus) From Trading Accounts			(558)	4,25
8,673	Interest & Similar Charges Payable			7,726	
3,156	Contribution of Housing Capital Receipts to Pool			478	
(6,368)	Interest and Investment Income			(9,350)	
24,177	Pensions Interest Cost			27,634	32
(23,436)	Expected Return on Pensions Asset			(22,325)	32
<b>266,566</b>	<b>Net Operating Expenditure</b>			<b>164,410</b>	
(74,055)	Income From Collection Fund			(76,181)	
(6,526)	General Government Grant			(14,598)	12
(38,885)	Distribution from NDR			(43,116)	
<b>(119,466)</b>	<b>Sub-Total Sources of Finance</b>			<b>(133,895)</b>	
<b>147,100</b>	<b>(Surplus) / Deficit For Year</b>			<b>30,515</b>	

The effect of changes in the SORP for the 2007/08 financial year in relation to the revaluation reserve and impairments can be clearly seen in the service costs in the I&E above, most notably for Housing services where significant impairments in 2007/08 are reflected. The significant changes to expenditure between years due to impairments are compensated for in the increase to the Statement of Movement of the General Fund Balance, under the Depreciation and Impairment of Fixed Assets reversals.

General Government Grant contains the Council's revenue support grant, of £6.002m, plus its allocated Area Based Grant (ABG), of £8.596m

## 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.

	2007/08 £'000 Restated	2008/09 £'000
Net General Fund (Surplus) / Deficit For Year (from I&E a/c)	147,100	30,515
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(148,100)	(30,515)
(Increase) / Decrease in GF Balance for the year	(1,000)	0
General Fund Balance Brought Forward	(5,000)	(6,000)
<b>General Fund Balance Carried Forward</b>	<b>(6,000)</b>	<b>(6,000)</b>

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

	2007/08 £'000 Restated	2008/09 £'000	Note
Depreciation & Impairment of fixed assets	(167,752)	(34,505)	18a
Government grants deferred amortisation	2,167	3,114	
Transfer from Capital Receipts to Unapplied Grants	(4,759)	0	
Revenue costs under SORP but capital by statute	(6,862)	(1,633)	
Reversing Profit / (Loss) on Disposal Of Assets	23,425	1,686	
Difference between SORP & statutory finance costs	(1,735)	446	
Net charges made for retirement benefits under FRS17	705	(1,934)	32
	<b>(154,811)</b>	<b>(32,826)</b>	

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

	2007/08 £'000	2008/09 £'000	Note
Minimum Revenue Provision for capital financing	2,402	669	2
Capital Expenditure Charged to the General Fund	3,241	2,313	
Housing Capital Pool contribution	(3,156)	(478)	
	<b>2,487</b>	<b>2,504</b>	

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

	2007/08 £'000	2008/09 £'000	Note
HRA balance movement	32	(174)	
Net transfer to / (from) all reserves (including MRR)	4,192	(19)	29f
	<b>4,224</b>	<b>(193)</b>	

Analysis of GF balance between schools and generally available balances:

	2007/08 £'000	2008/09 £'000	
General Fund Balance	(5,000)	(6,000)	
Schools Balances	(9,589)	(9,130)	
<b>Total General Fund &amp; Schools' Balance 1<sup>st</sup> April</b>	<b>(14,589)</b>	<b>(15,130)</b>	
General Fund Movement	(1,000)	0	
Schools Balances Movement	459	(244)	
<b>Total Net Surplus / Deficit for the year</b>	<b>(541)</b>	<b>(244)</b>	
General Fund Balance	(6,000)	(6,000)	
Schools Balances	(9,130)	(9,374)	
<b>Total General Fund &amp; Schools' Balance at 31<sup>st</sup> March</b>	<b>(15,130)</b>	<b>(15,374)</b>	

### Statement of Total Recognised Gains & Losses

	2007/08 £'000 <b>Restated</b>	2008/09 £'000	Note
(Surplus) / Deficit on the I&E	147,100	30,515	
(Surplus) / Deficit arising from revaluation of fixed assets	(46,324)	(58,530)	18a
Pension actuarial (gains) / losses	(29,816)	58,286	32
Movement on the Collection Fund (gain) / loss	1,387	(1,065)	
Net Gain on Transfer of Asset Right/Removal of Void Asset	0	(1,318)	
Gain in PFI Residual Interest	0	(1,009)	
Any other (gain) or loss	(10)	37	
<b>Total Recognised (Gain) / Loss</b>	<b>72,337</b>	<b>26,916</b>	

## The Balance Sheet

	2007/08 £'000 Restated	2008/09 £'000	Note
Operational Fixed Assets	988,473	1,052,203	18
Non-Operational Fixed Assets	126,387	137,261	18
Long-term Investments	1,489	1,489	25a
Long-term Debtors	332	282	
Long-term Payments In Advance	9,803	9,658	
<b>Total Long-term Assets</b>	<b>1,126,484</b>	<b>1,200,894</b>	
Stocks & Work in Progress	1,842	1,540	21a
Debtors Less Provision for Bad Debts	36,181	44,773	21b
Payments in Advance	2,680	3,282	
Short-term Investments	98,064	58,976	25b
Cash	9,890	9,502	
<b>Total Current Assets</b>	<b>148,657</b>	<b>118,073</b>	
Creditors	(36,315)	(56,480)	21c
Long Term Borrowing repayable within one year	(17,270)	(13,178)	
Receipts in Advance	(11,410)	(10,498)	21d
Unapplied Grants & Contributions	(34,607)	(26,350)	21e
<b>Total Current Liabilities</b>	<b>(99,602)</b>	<b>(106,506)</b>	
<b>Net Current Assets</b>	<b>49,055</b>	<b>11,567</b>	
Government Grants Deferred	(55,141)	(82,336)	21f
Long Term Creditors	(23,285)	0	23
Provisions	(3,195)	(3,088)	28
Long-term Borrowing	(73,906)	(73,720)	26
Liability Related to Pension Scheme	(84,808)	(145,029)	
<b>Total Long-term Liabilities</b>	<b>(240,335)</b>	<b>(304,173)</b>	
<b>TOTAL ASSETS LESS LIABILITIES (net assets)</b>	<b>935,204</b>	<b>908,288</b>	24
Capital Adjustment Account	(921,108)	(898,597)	29c
Revaluation Reserve	(45,408)	(100,999)	29a
Usable Capital Receipts Reserve	(7,669)	(7,960)	29d
Financial Instruments Adjustment Account	1,735	1,289	29e
Pension Reserve	84,808	145,029	32
Major Repairs Reserve	(2,191)	(2,977)	41
Specific Reserves and Funds	(36,907)	(34,752)	29f
General Fund	(6,000)	(6,000)	
Housing Revenue Account Balance	(2,249)	(2,075)	
Collection Fund Balance	538	(527)	
Deferred Capital Receipts (Mortgages)	(142)	(108)	
Passenger Transport Realisation Account	(611)	(611)	
<b>TOTAL FINANCING</b>	<b>(935,204)</b>	<b>(908,288)</b>	

## The Cashflow Statement

		2007/08 £'000 Restated	2008/09 £'000	Note
<b>Revenue Activities</b>				
Outflows	Cash paid to and on behalf of employees	166,910	173,567	
	Housing Benefits	38,186	43,905	
	NNDR to National Pool	100,992	108,731	
	Precepts paid (Police Authority/Parishes)	15,139	15,712	
	Housing Pool Payments	3,156	478	
	Other operating costs	207,446	242,229	
Inflows	House Rents (net of benefits)	(17,936)	(23,860)	
	Other Housing Income	(6,390)	(14,839)	
	Council Tax Income	(73,226)	(76,930)	
	NNDR from National Pool	(38,885)	(43,116)	
	NNDR Receipts	(89,034)	(99,278)	
	Revenue Support Grant	(6,526)	(6,002)	
	Grant for benefits	(38,109)	(43,068)	
	Other Government Grants	(168,333)	(179,399)	35
	Cash received for goods and services	(83,711)	(60,443)	
	Other operating receipts	(16,511)	(13,179)	
<b>Net cash (inflow)/outflow from revenue activities</b>		<b>(6,832)</b>	<b>24,508</b>	
<b>Dividends</b>				
Inflows	Dividends received	(250)	0	
<b>Returns on Investments and Servicing of Finance</b>				
Outflows	Interest paid	8,673	7,726	
Inflows	Interest received	(6,368)	(9,350)	
<b>Capital Activities</b>				
Outflows	Purchase of fixed assets	56,867	53,264	
Inflows	Sales of fixed assets	(59,872)	(5,090)	
	Capital Grants received	(12,511)	(23,178)	
	Developers' deposits (Sec 106)	(1,320)	(915)	
<b>Net cash (inflow)/outflow before financing</b>		<b>(21,613)</b>	<b>46,965</b>	
<b>Management of Liquid Resources</b>				
Outflows	Net (decrease) / increase in liquid resources	43,808	(51,541)	36
<b>Financing</b>				
Outflows	Repayment of amounts borrowed	15,095	16,538	
Inflows	New loans	(35,350)	(12,350)	
<b>(Increase) / Reduction in cash and cash equivalents</b>		<b>1,940</b>	<b>(388)</b>	

**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**

In 2007/08 the Council applied for and received authorisation from the Department for Communities and Local Government to capitalise costs of £3.908m in relation to statutory redundancy payments and contributions to the Authority pension fund for costs incurred during that year. This treatment was formally approved on the 31<sup>st</sup> January 2008. This facility was not available in 2008/09.

**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. For 2008/09 this amounted to £0.669m (£2.402m in 2007/08). The difference reflecting the use of an updated policy for MRP calculation approved by Council.

**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.

As part of the accounting for the PFI, the Council has created a prepayment on the balance sheet. This has arisen through the total payment of £10m in the last two years. As the effect of these payments is to reduce the annual cost of the charges to the PFI supplier, the benefit of those payments should be shown over each of the scheme's 26 years. This prepayment balance will be released annually to the revenue account.

In addition to the prepayment, the Council is also building up residual interest in relation to the PFI contract. This asset will build up through the life of the scheme in order that at the point when the schools assets revert to Council ownership, the amount of consideration plus the residual interest will equal the fair value of the asset.

**Note 4 : Trading Accounts**

Swindon Commercial Services, which directly provides the Council's waste, highways, catering, grounds, cleaning and buildings services has become the Council's main trading account service after Recreation became a core service in 2008/09. The following table shows the performance of the trading services and includes depreciation charges. Reserve movements for the trading services are shown within the Statement of Movement on the General Fund Balance. Any dividend received from Thamesdown Transport is also included in this income & expenditure account balance.

		<b>2007/08</b>	<b>2008/09</b>
		<b>£'000</b>	<b>£'000</b>
<b>Swindon Commercial Services</b>	Income	(51,786)	(66,268)
	Expenditure	49,683	65,710
	<b>(Surplus) / Deficit</b>	<b>(2,103)</b>	<b>(558)</b>
<b>Recreation Services</b>	Income	(10,649)	0
	Expenditure	9,980	0
	<b>(Surplus) / Deficit</b>	<b>(669)</b>	<b>0</b>
<b>Net (Surplus) / Deficit to Income and Expenditure Account</b>		<b>(2,772)</b>	<b>(558)</b>
Dividends Received		(250)	0
<b>Net Disclosed in the I&amp;E</b>		<b>(3,022)</b>	<b>(558)</b>

### 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. 2007/08 figures have been restated to provide better consistency of analysis.

	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>
	<b>Restated</b>	
Recruitment Advertising	756	641
Promotional Advertising	392	193
Public Notices	44	59
Public Relations Team & Other	275	339
<b>Publicity Total</b>	<b>1,466</b>	<b>1,232</b>

### 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 9 to 15 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 2007 to 31 March 2008.

#### Building Regulations Chargeable Account

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

	2007/08 £'000	2008/09 £'000
Direct and Indirect Expenditure	528	461
Building Regulation Fee Income	(461)	(394)
<b>Net Deficit / (Surplus)</b>	<b>67</b>	<b>67</b>

Building Control Statement

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

	2007/08 £'000	2008/09 £'000
Direct Expenditure		
Employee Costs	396	413
Transport Costs	20	20
Supplies and Services	18	10
Indirect Expenditure		
Departmental Management Costs and Support Services	57	63
Premises Costs and Other Support Services	97	77
<b>Total Expenditure</b>	<b>588</b>	<b>583</b>
Income		
Building Regulation Fees	(458)	(395)
Other Income	(10)	(2)
<b>Total Income</b>	<b>(468)</b>	<b>(397)</b>
<b>Total Net Expenditure</b>	<b>120</b>	<b>186</b>

**Note 7 : Agency Arrangements**

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

	2007/08 £'000	2008/09 £'000
Primary Care Trust Section 28A arrangements	5,333	5,452
Other health services	2,180	2,287
Net non –social services arrangements	279	226
	<b>7,792</b>	<b>7,965</b>

**Note 8 : Goods & Services Act**

The Council received income of £0.648m in 2008/09 (£1.099m in 2007/08) in respect of services provided to other local authorities and bodies under the Local Government (Goods and Services) Act 1970. The related expenditure was £0.654m (£1.084m in 2007/08).

**Note 9 : Business Improvement Districts (BIDs)**

The local business community voted on BID status in 2006/07 and as a result a BID scheme became operational in 2007/08. 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.

	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>
BID levy income	(350)	(430)
Costs of collecting levy	13	13
Council expenditure on providing services	138	163
Payment for services provided by other parties	239	343
Increased provision for bad debts	0	3
Total expenditure	390	522
<b>(Surplus) / Deficit for the year</b>	<b>40</b>	<b>92</b>
(Surplus) / Deficit brought forward	0	40
<b>(Surplus) / Deficit carried forward</b>	<b>40</b>	<b>132</b>

**Note 10 : 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 with Swindon Community Equipment Stores (SCES) 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.)

	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>
<b>Main Adults Section 75 Pool</b>		
Gross Expenditure	0	74,506
Gross Income (including SBC contribution)	0	74,506
Swindon Borough Council's Contribution	0	38,445
<b>Swindon Primary Care Trust Mental Health</b>	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>
Gross Expenditure	28,595	26,550
Gross Income (including SBC contribution)	28,594	26,550
Swindon Borough Council's Contribution	5,764	6,051
<b>Swindon Community Equipment Stores</b>	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>
Gross Expenditure	1,039	1,015
Gross Income (including SBC contribution)	1,039	1,018
Swindon Borough Council's Contribution	460	507

	2007/08	2008/09
	£'000	£'000
<b>LD Short Breaks</b>		
Gross Expenditure	255	762
Gross Income (including SBC contribution)	255	762
Swindon Borough Council's Contribution	92	285
<b>Children Section 75 Commissioning</b>		
	2007/08	2008/09
	£'000	£'000
Net Expenditure	0	36,162
Net Income (including SBC contribution)	0	36,162
Swindon Borough Council's Contribution	0	27,682

#### Note 11 : Local Area Agreement (LAA)

Swindon Borough Council is the lead authority for a LAA. Under the banner of "The UK's Best Business Location" the Authority has been increasing partnership working, creating sustainable communities and contributing to equality, inclusion and citizenship. The four main target areas are as below, with some of the individual targets listed:

- 1) Economic Development & Enterprise
  - a. Develop the local workforce
  - b. Establish Swindon as a national destination for cultural events
- 2) Children & Young People
  - a. Increase the number of 16-19 year olds engaged in training, education or employment
  - b. Increase the number of children who are safe from maltreatment
- 3) Safer and Stronger Communities
  - a. Reduce crime and the fear of crime
  - b. Make our public spaces greener, cleaner and safer
- 4) Healthy Communities & Older People
  - a. Reduce health inequalities in the Borough
  - b. Encourage older disabled people and their carers to maintain their independence

A partnership board that consists of senior representatives from the following bodies oversees the LAA. The Leader of the Council chairs it.

- Swindon Borough Council
- Swindon Police
- Swindon PCT
- Wiltshire Fire Brigade
- The Business Sector
- Swindon & Marlborough NHS Trust
- Learning & Skills Council
- Glos. Wilts. & Swindon Job Centre Plus
- The Voluntary & Community Sector
- Government Office of the South West

#### Note 12 : Area Based Grant

The Area Based Grant (ABG) was introduced in 2008/09. It 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. ABG totalled £8.596m in 2008/09, the remaining £6.002m shown under General Government Grants in the I&E relates to central government distributed revenue support grant.

**Note 13 : Remuneration of Members**

The Council paid out £646,163 in Members Allowances during 2008/09 (£607,722 in 2007/08).

*The value of payments made to each Member is published in the Swindon Advertiser following the financial accounts closure each year. 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 14 : Remuneration of Staff**

The number of employees whose remuneration, including redundancy payments, exceeded £50,000 in the year was as follows:

Remuneration Band			2007/08 Number of employees	2008/09 Number of employees
£		Number of employees		
50,000	to	60,000	94	108
60,001	to	70,000	24	33
70,001	to	80,000	6	5
80,001	to	90,000	9	5
90,001	to	100,000	9	7
100,001	to	110,000	5	3
110,001	to	120,000	1	2
120,001	to	130,000	1	1
130,001	to	140,000	0	1
140,001	to	150,000	1	1
150,001	to	160,000	1	1
160,001	to	170,000	1	0
170,001	to	180,000	1	0
180,001	to	190,000	0	0
190,001	to	200,000	1	0
200,001	to	210,000	0	1

**Note 15 : 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 senior 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](http://www.swindon.gov.uk).

**Note 16 : Audit Fees**

During the financial year 2008/09, the Council spent a total of £0.410m 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. The reduction in fees over the two years reflects the Council's continuing improvement under the Government's Comprehensive Performance Assessment.

	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>
Statutory Audit of the Accounts	340	318
Audit of Grant Claims	70	66
Inspection Fees	0	0
<b>Total Fees Paid</b>	<b>410</b>	<b>384</b>

**Note 17 : 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.

	<b>Net Total</b>	<b>Central Expenditure</b>	<b>Schools Budgets</b>	<b>Total</b>
	<b>2007/08</b>	<b>2008/09</b>	<b>2008/09</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
DSG Receivable for the year	103,260	11,367	95,802	107,169
Actual expenditure for the year	102,605	12,290	95,734	108,024
(Over) / Underspend for the year	<b>655</b>	<b>(923)</b>	<b>68</b>	<b>(855)</b>
Supplementary Council Funding / Schools'	0	0	0	0
(Over) / Underspend from prior year	51	706	0	706
(Over) / Underspend carried forward	<b>706</b>	<b>(217)</b>	<b>68</b>	<b>(149)</b>

# Notes mainly relating to the Balance Sheet

## Note 18 : Fixed Assets

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

	Operational Assets					
	Council Dwellings	Other Land & Buildings	Infra-structure	Vehicles, Plant & Equipment	Community Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Gross Value	456,578	527,675	60,840	29,905	22,664	1,097,662
Depreciation	(33,640)	(45,316)	(13,832)	(16,401)	0	(109,189)
<b>Value at 31/3/08</b>	<b>422,938</b>	<b>482,359</b>	<b>47,008</b>	<b>13,504</b>	<b>22,664</b>	<b>988,473</b>
Adjustment	0	0	0	0	0	0
Reclassification	0	6,744	0	0	0	6,744
Revaluations	50,021	8,089	0	0	0	58,110
Additions	10,180	15,795	7,263	3,196	1,759	38,193
Disposals	(1,532)	(395)	0	0	0	(1,927)
Depreciation	(4,385)	(11,108)	(3,287)	(4,846)	0	(23,625)
Impairment	(10,018)	(4,723)	0	(32)	0	(14,773)
PFI	0	1,009	0	0	0	1,009
<b>Value at 31/3/09</b>	<b>467,204</b>	<b>497,770</b>	<b>50,984</b>	<b>11,822</b>	<b>24,423</b>	<b>1,052,203</b>
Gross Value	505,229	554,194	68,103	33,069	24,423	1,185,018
Depreciation	(38,025)	(56,424)	(17,119)	(21,247)	0	(132,815)

	Non-Operational Assets			
	Investment Properties	Surplus Assets Held for Disposal	Assets Under Construction	Total
	£'000	£'000	£'000	£'000
Gross Value	86,286	6,107	36,991	129,384
Depreciation	(2,997)	0	0	(2,997)
<b>Value at 31/3/08</b>	<b>83,289</b>	<b>6,107</b>	<b>36,991</b>	<b>126,387</b>
Adjustment	0	0	0	0
Reclassification	0	0	(6,744)	(6,744)
Revaluations	420	0	0	420
Additions	1,761	0	17,332	19,093
Disposals	(1,372)	0	0	(1,372)
Depreciation	0	0	0	0
Impairment	(523)	0	0	(523)
PFI	0	0	0	0
<b>Value at 31/3/09</b>	<b>83,575</b>	<b>6,107</b>	<b>47,579</b>	<b>137,261</b>
Gross Value	86,572	6,107	47,579	140,258
Depreciation	(2,997)	0	0	(2,997)

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

	2008/09 £'000	2008/09 £'000
Dwellings	9,922	
Cultural (Libraries, Museums, Arts Centres)	5,898	
Wyvern Theatre	2	
Leisure Facilities and Amenities	541	
Social Services Homes	919	
Schools	15,906	
Other Operational Assets	496	
<b>Operational Assets:</b>		<b>33,684</b>
Highways & Bridges etc.	7,206	
Wichelstowe Project - Infrastructure	6,253	
<b>Environmental Assets:</b>		<b>13,459</b>
Computer Systems & Equipment	1,324	
Vehicles, Refuse Bins & Plant	480	
<b>Vehicles Plant &amp; Equipment:</b>		<b>1,804</b>
Open Spaces including Lydiard Park	1,171	
Cemeteries	62	
<b>Open Spaces:</b>		<b>1,233</b>
Borough Farms etc.	137	
Capitalised Repairs	1,620	
<b>Other Expenditure:</b>		<b>1,757</b>
Improvement Grants DFG	1,200	
Looked After Children Resource Centre	38	
Schools (not SBC owned)	1,891	
Other Deferred Charges	1,480	
<b>Deferred Charges:</b>		<b>4,609</b>
<b>Total Spending</b>		<b>56,546</b>
<b>Expenditure Financed by:</b>		
Loans		8,960
Capital Receipts		3,144
Government Grants		39,914
Revenue		711
Other		535
Movement in Accruals		3,282
<b>Total Financing</b>		<b>56,546</b>

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

	£'000 2007/08	£'000 2008/09
<b>Total Capital Expenditure in (18b)</b>	<b>68,529</b>	<b>56,546</b>
Less:		
Expenditure on Deferred Charges (less provisions movement)	(7,992)	(3,283)
Add:		
Expenditure on assets valued at historic cost	1,320	1,933
Financed by Developers' Section 106 contributions		
Wichelstowe Assets Under Construction Creditor	23,285	0
Transfer of Ownership Asset	0	1,350
Housing & Swindon Commercial Services Acquisition (mainly vehicles)	159	740
<b>Total Additions at Historic Cost (18a)</b>	<b>85,301</b>	<b>57,286</b>

**Note 19 : Significant Commitments Under Capital Contracts**

The Council has committed expenditure of approximately £29.002m 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 20 : 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 £1.166m. The total cumulative operating leases payments remaining to be paid amount to £2.785m (£2.651m as at 31/03/2008).

The table below shows the committed payments on leases, split between those leases where the commitment to pay ends in 2009/10 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
Lease Amount Payable at 31/3/08	£12,588	£789,540	0	£802,128
Lease Amount Payable at 31/3/09	£280,641	£841,342	0	£1,121,983

Finance Leases - The authority has acquired equipment historically, principally photocopiers, under finance leases. The amount paid over 119 separate finance leases in 2006/007 was £0.229m whilst in 2007/08 these machines were phased out as part of the introduction of multi-functional devices. The individual sums involved remain below the de-minimis level in relation to capital and have therefore not been treated as fixed assets in the Council's Balance Sheet.

**Note 21 : Current Assets & Liabilities****a) Stocks & Work in Progress**

Stocks and work in progress relate to the following services:

	<b>31/03/08</b>	<b>31/03/09</b>
	<b>£'000</b>	<b>£'000</b>
Leisure Sites	208	256
Swindon Commercial Services Stores	1,017	828
Other	381	379
<b>Total Stocks</b>	<b>1,606</b>	<b>1,463</b>
Swindon Commercial Services	193	0
Other Repairs & Maintenance	43	77
<b>Total Work in Progress</b>	<b>236</b>	<b>77</b>
<b>Net Total Stocks &amp; Work in Progress</b>	<b>1,842</b>	<b>1,540</b>

**b) Debtors**

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

	<b>31/03/08</b>	<b>31/03/09</b>
	<b>£'000</b>	<b>£'000</b>
Car Loans	350	330
Collection Fund Court Fees	356	501
Government Subsidy	6,934	0
Housing Tenants	1,059	990
Commercial Property Income	140	22
Council Tax Arrears	6,314	6,346
NNDR Arrears	703	1,049
Amounts invoiced for by the financial system but not yet received	3,972	2,940
Sundry Debtors raised by service departments	23,943	41,277
	<b>43,771</b>	<b>53,445</b>
Less Provision for Bad Debt*	(7,590)	(8,682)
	<b>36,181</b>	<b>44,773</b>

\* The Council has made bad debt provisions for £8.682m (£7.590m 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 increased substantial due to the long-term Wichelstowe creditor becoming short-term.

	<b>31/03/08</b>	<b>31/03/09</b>
	<b>£'000</b>	<b>£'000</b>
Government Subsidy	848	696
Bonds	994	271
Invoiced amounts on the financial system due for payment	8,498	3,925
Other Public Bodies	2,031	1,373
Capital Creditors	8,265	33,601
Sundry Creditors raised by service departments	15,679	16,614
	<b>36,315</b>	<b>56,480</b>

**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.

	<b>31/03/08</b>	<b>31/03/09</b>
	<b>£'000</b>	<b>£'000</b>
Income received in advance by Services	11,410	10,498

**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.

	<b>31/03/08</b>	<b>31/03/09</b>
	<b>£'000</b>	<b>£'000</b>
Developer Contributions	27,618	26,226
Other Unapplied Grants & Contributions	6,989	124
	<b>34,607</b>	<b>26,350</b>

**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.

	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	<b>46,545</b>	<b>55,141</b>
Expenditure financed by Central Government Grants	12,510	29,999
Expenditure financed by Developers Contributions	1,321	1,933
Capital Grants to fund Deferred Charges Expenditure	(3,068)	(1,623)
Write-down to Net Cost of Services	(2,167)	(3,114)
<b>Balance at 31 March</b>	<b>55,141</b>	<b>82,336</b>

**Note 22 : Landfill Allowance Trading Scheme (LATS)**

The Waste and Emissions Trading Act 2003 places a duty on waste disposal authorities (WDA) to reduce the amount of biodegradable municipal waste disposed to landfill. 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. For 2008/09 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.

	2007/08	2008/09
	£'000	£'000
Allowance for year	0	0
Allowances used in year	0	0
Allowances Transferred to Reserve	0	0
Allowances Written out of Reserve	(527)	0
<b>Balance at 31 March</b>	<b>0</b>	<b>0</b>

### Note 23 : Long Term Creditors

The long-term creditor that shows in 2007/08 relates to the Wichelstowe Development, and the amounts that the Authority will accumulate in payments to the developer whilst they are cashflowing the project. The sums payable are supported in the accounts by a capital debtor that will be due on sale of land being used in the development. As the project with the developer will be closing during 2009/10, the creditor has been transferred to short-term.

	2007/08	2008/09
	£'000	£'000
<b>Balance at 1 April</b>	0	23,285
Movement in year	23,285	(23,285)
<b>Balance at 31 March</b>	<b>23,285</b>	<b>0</b>

### Note 24 : 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.

	2007/08	2008/09
	£'000	£'000
General Fund	493,769	423,235
Housing Revenue Account	428,890	474,320
Trading Undertakings	12,545	10,733
<b>Net Assets</b>	<b>935,204</b>	<b>908,288</b>

### Note 25 : Investments

#### a) Long-term Investments

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 assets of the company at 31 March 2009 were £2.348m (£4.265 restated at 31 March 2008). 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.

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

The company's profits/losses have been:

	2007/08 £'000	2008/09 £'000
Profit before taxation	495	23
Deferred Tax Adjustment	128	21
Profit after taxation	<b>623</b>	<b>44</b>

A dividend of £250,000 was declared and paid for the year ended 31 March 2008, but no dividend was declared payable in 2009.

#### **b) Short-Term Investments**

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

<b>Valued at the Cost of Acquisition</b>	31/03/08 £'000	31/03/09 £'000
Dated Government Securities	23	23
Investments fixed for less than one year	75,280	34,500
Externally Managed Funds	22,761	24,453
	<b>98,064</b>	<b>58,976</b>

#### **Note 26 : Long Term Borrowing**

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

	<b>Range of Interest Payable</b>	31/03/08 £'000	31/03/09 £'000
Public Works Loans Board & Co-Op	2.5% to 8.75%	91,176	86,898
Less amounts repayable within 1 year shown as a current liability		(17,270)	(13,178)
		<b>73,906</b>	<b>73,720</b>

An analysis of long-term loans by redemption is:

	31/03/08 £'000	31/03/09 £'000
Redemption in 1 - 2 years	857	7,733
Redemption in 2 - 5 years	29,140	32,090
Redemption in 5 - 10 years	20,021	10,010
Redemption in more than 10 years	23,888	23,887
	<b>73,906</b>	<b>73,720</b>

## Note 27 : Financial Instruments

### a) Financial Liabilities

The fair value of the financial liabilities within the PWLB portfolio is £99,412,699 as at 31 March 2009. 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 31/03/09.

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

Category	Value £'000
Loans and receivables	75,280
Available for sale financial assets	Nil
Unquoted equity investment at cost	Nil
Financial assets at fair value through profit or loss (if any)	24,453
Financial liabilities at amortised cost	85,475
Financial liabilities at fair value through profit or loss (if any)	Nil

The authority has reclassified its investments at Fair Value through profit or loss rather than at amortised cost.

### 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.

	<b>31 March 2009</b>	<b>Historical Experience of Default</b>	<b>Historical Experience adjusted for market conditions at 31 March 2009</b>	<b>Estimated maximum exposure to default and uncollectability</b>
	<b>£'000's</b>	<b>%</b>	<b>%</b>	<b>£'000's</b>
Deposits with banks and financial institutions	58,953	Nil	Nil	Nil
Customers	3,506	0	0	0

No credit limits were exceeded during the reporting period

The authority does not generally allow credit for customers, such that all of the £3.627m balance is past its due date for payment. The past due amount can be analysed as follows:

<b>Category</b>	<b>Value £'000</b>
Less than 3 months	2,561
3 to 6 months	177
6 months to 1 year	154
> 1 year	614
Total	3,506

## 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 2009, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

Category	Value £000
Increase in interest payable on variable rate borrowings	42
Increase in interest receivable on variable rate investments	(164)
Increase in government grant receivable for financing costs	0
Impact on Income and Expenditure Account	(122)
Share of overall impact debited to the HRA	0
Decrease in fair value of fixed rate investment assets	0
Impact on STRGL	0
Decrease in fair value of fixed rate borrowings liabilities (no impact on I&E Account or STRGL)	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 £23,216,977 and Floating rate notes (European Investment Bank) to the value of £1,218,379. 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 28 : 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. Miscellaneous provisions cover other general items, such as planning appeals and maintenance of properties.

Expenditure relating to these provisions occurs when claims are closed by the Insurers or through maintenance requirements. 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.

	2007/08 £'000	2008/09 £'000
<b>Insurance Provision for Earlier Years Claims:</b>		
Balance at 1 April	2,289	2,083
Plus Contribution from Revenue	493	879
Less Claims settled for previous years	(700)	(1,132)
Balance at 31 March	2,082	1,830
<b>Miscellaneous Provisions:</b>		
Balance at 1 April	1,846	1,112
Plus Contribution from Revenue	839	583
Less amounts paid / provisions closed during the financial year	(1,572)	(437)
Balance at 31 March	1,113	1,258
<b>Total Provisions as at 31 March</b>	<b>3,195</b>	<b>3,088</b>

### Note 29 : 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:

	Opening £'000	Movement £'000	Closing £'000	Purpose
Capital Adjustment Account	(921,108)	22,511	(898,597)	Store of capital resources set aside to meet past expenditure
Revaluation Reserve	(45,408)	(55,591)	(100,999)	Store of gains on revaluation of fixed assets not yet realised through sales
Usable Capital Receipts Reserve	(7,669)	(291)	(7,960)	Proceeds of fixed asset sales available to meet future capital investments
FIAA	1,735	(446)	1,289	Balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments
Major Repairs Reserve	(2,191)	(787)	(2,977)	Resources available to meet capital investment in council housing
Specific Reserves	(36,907)	2,156	(34,752)	Amounts set aside to support specific projects or future liabilities
Pension Reserve	84,808	60,221	145,029	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	(2,249)	174	(2,075)	Resources available to meet future running costs for council houses
Collection Fund	538	(1,065)	(527)	Balance of the Council Tax and NNDR collections account.
Deferred Capital Receipts (Mortgages)	(142)	34	(108)	Balancing account for mortgage repayments.
Passenger Transport	(611)	0	(611)	Balance on account from Local Transport reorganisation.
<b>Total Other Reserves</b>	<b>(935,204)</b>	<b>26,916</b>	<b>(908,288)</b>	

**b) 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 2009 therefore only shows revaluation gains accumulated since that date.

	2007/08 £'000	2008/09 £'000
<b>Balance at 1 April</b>	<b>0</b>	<b>45,408</b>
Add: Asset Revaluation - General Fund	46,155	8,509
Asset Revaluation - Housing Revenue Account	170	50,021
Less: Depreciation on Revalued Assets	(917)	(1,546)
Downward Revaluation/Impairment	0	(1,227)
Clear Disposal Revaluation on HRA Assets to CAA	0	(166)
<b>Balance at 31 March</b>	<b>45,408</b>	<b>100,999</b>

**c) 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.

	2007/08 £'000	2008/09 £'000
	<b>1,060,333</b>	<b>921,107</b>
Funding of expenditure:		
- General Fund	33,254	3,129
- HRA	11,799	9,132
Minimum Revenue Provision	2,402	669
Depreciation in year:		
- General Fund	(15,793)	(18,043)
- HRA	(4,759)	(4,036)
Set-aside receipts used in debt redemption:		
- General Fund	22,606	0
- HRA	0	0
Release of Government Grants Deferred	2,167	3,114
Deferred Charges:		
- Written down	(9)	(1,633)
- Expenditure in year	(6,862)	0
- Movement on provisions	109	0
Impairment		
- General Fund	(25,206)	(4,004)
- HRA	(126,681)	(10,032)
Writing out value of disposals		
- General Fund	(30,449)	(3,299)
- HRA	(2,803)	166
Writing off value of assets	0	(32)
Acquisition of Assets	49	1,350
PFI	951	1,009
<b>Balance at 31 March</b>	<b>921,108</b>	<b>898,597</b>

**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.

		<b>2007/08</b>	<b>2008/09</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Balance at 1 April</b>	<b>13,405</b>	<b>7,669</b>
Add:	Receipts from sales of assets	59,872	4,999
	Contributions from Revenue & HRA	3,241	2,313
	Interest on Balances etc.	151	90
		<b>76,669</b>	<b>15,071</b>
Less: *	Utilised to finance capital outlay	(38,467)	(2,185)
	Used in capital financing requirement	(22,606)	(4,448)
	Housing Pooling Payments	(3,156)	(478)
	Right to Buy Costs	(12)	0
	Transfer to Grants Unapplied Account	(4,759)	0
	<b>Balance at 31 March</b>	<b>7,669</b>	<b>7,961</b>

\* 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 is a new account that 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.

		<b>2007/08</b>	<b>2008/09</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Balance at 1 April</b>	<b>0</b>	<b>1,735</b>
Add:	Transfer from HRA	962	0
	Transfer from General Fund	773	0
Less:	Transfer to HRA	0	(220)
	Transfer to General Fund	0	(226)
	<b>Balance at 31 March</b>	<b>1,735</b>	<b>1,289</b>

**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
Central -- Regeneration Reserve	(1,777)	934	(843)
Central -- Transformation & Improvement Reserve	(1,971)	(511)	(2,482)
Central -- MTRP Cashflowing Reserve	(1,000)	0	(1,000)
Central -- Cashflowing Energy Increases Reserve	(500)	500	0
Central -- Cashflowing Severance Costs Reserve	(1,250)	410	(840)
Central -- Capita Invest to Save	(1,000)	443	(557)
Central -- Insurance Excess Self Fund	(2,998)	(332)	(3,330)
Central -- Job Evaluation Scheme	(300)	300	0
Central -- PFI Equalisation Reserve	(6,947)	2,828	(4,119)
Central -- Single Status Reserve	(800)	(2,500)	(3,300)
Central -- One-off funds	0	(1,496)	(1,496)
Central -- Growth Feasibility Studies	0	(364)	(364)
Central -- Recession Response	0	(429)	(429)
Central -- Other	(1,020)	412	54
Children -- School Rollovers	(9,130)	(244)	(9,374)
Childrens -- Other	(968)	633	175
Environment & Regeneration -- Commuted Sums	0	79	(463)
Environment & Regeneration -- Fund Planning Reserve	(430)	(170)	(600)
Environment & Regeneration -- Winter Maintenance Reserve	(249)	(51)	(300)
Environmental -- Other	(1,860)	1,636	(231)
Housing General Fund -- Other	(387)	60	(327)
Housing Revenue Account -- Other	(2,619)	158	(2,461)
Swindon Commercial Services -- Other	(1,630)	(141)	465
Recreation -- Other	(71)	0	(71)
<b>Total</b>	<b>(36,907)</b>	<b>2,155</b>	<b>0</b>

### Note 30 : Contingent Liabilities / Assets

#### Single Status

Local Authorities were required to harmonise the pay and conditions of service for their staff by 1<sup>st</sup> April 2007 to comply with single status obligations. The Council has been working jointly with the unions representing its workforce and expects to implement the proposed changes during the financial year 2009/01. £1.7m 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.

The Council is also aware of a number of equal pay claims that are undergoing due legal process. It is not known at this stage what the financial implication of these claims will be, although the Council is seeking to settle all current and potential claims during 2009/10. A Capitalisation Directive to fund these costs has been applied for.

**Note 31 : Post Balance Sheet Events**

The development of Wichelstowe will continue under Council management, however, during 2009 the agreement with the current developer will terminate. As the conclusion of the contract is dependent upon events that occur in 2009, this is a non-adjusting event at the balance sheet date. The result of the contract termination will see the removal of the related creditor and debtor from the accounts.

**Note 32 : 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 in 2008/09 the Council paid £6.041m (£5.944m in 2007/08) in contributions, equivalent to 14.1% of total pensionable pay. In 2008/09, the Council also paid additional sums in respect of added years awarded to former employees amounting to £504,674 (£422,342 in 2007/08).

**Local Government Pension Scheme**

In 2008/09, the Council paid an employer's contribution of £12.582m (£9.449m in 2007/08) into Wiltshire County Council's Pension Fund, which provides participants with defined benefits relating to pay and service. This represented 17.5% of employees' pensionable pay including some lump sum payments. The basic contribution rate to cover the cost of on-going pensions was 13.2% 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. In 2008/09 these amounted to £770,308 (£717,981 in 2007/08). The capitalised cost of the enhanced pension costs awarded during 2008/09 amounts to £1,825 (£31,022 in 2007/08) and for those awarded in previous years the equivalent capitalised cost is £12.082m (£12.080m in 2007/08).

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 main financial assumptions on which the statements are based are set out in the following table:

<b>Assumptions as at 31 March</b>	<b>2008 % per annum</b>	<b>2009 % per annum</b>
Price Increases	3.6	3.1
Salary Increases	5.1	4.6
Expected Return on Assets	7.1	6.7
Discount Rate	6.9	6.8
Commuted sum proportion	25.0	25.0

- The fair values of the Attributable Assets are set out in the table below:

<b>Assets</b>	<b>Long Term Return %pa 31 March 2008</b>	<b>Long Term Return %pa 31 March 2009</b>	<b>Fund Value at 31 March 2008</b>	<b>Fund Value at 31 March 2009</b>	<b>% Of Fund 2007/08</b>	<b>% Of Fund 2008/09</b>
	<b>%</b>	<b>%</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>	<b>%</b>
Equities	7.7	7.4	206,682	150,026	65	62
Bonds	5.7	5.5	56,266	55,655	18	23
Property	5.7	5.2	34,262	21,778	11	9
Cash	4.8	4.3	17,966	14,519	6	6
<b>Total</b>			<b>315,176</b>	<b>241,978</b>	<b>100</b>	<b>100</b>

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

<b>History of Experience Gains &amp; Losses</b>	<b>31 March 2008</b>	<b>31 March 2009</b>
	<b>£'000</b>	<b>£'000</b>
Fair Value of Employer Assets	315,176	241,977
Present Value of Defined Benefit Obligation	(399,984)	(387,006)
<b>Net Pension Asset / Liability</b>	<b>(84,808)</b>	<b>(145,029)</b>
Which is due in part to actuarial:		
Experience Gains / (Losses) on Assets	(44,465)	(91,160)
Experience Gains / (Losses) on Liabilities	9,897	(2,359)

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

	31 March 2008	31 March 2009
	£'000	£'000
<b>Opening Liability</b>	<b>(445,402)</b>	<b>(399,984)</b>
Current Service Cost	(13,636)	(10,430)
Interest Cost	(24,177)	(27,634)
Contributions by Members	(4,430)	(4,860)
Actuarial (Losses) / Gains	74,281	32,874
Past Service (Costs) / Gains	(86)	(3,476)
(Losses) / Gains on Curtailments	(1,469)	(178)
Liabilities Extinguished on Settlements	0	9,085
Estimated Unfunded Benefits Paid	1,093	1,311
Estimated Benefits Paid	13,842	16,286
<b>Closing liability</b>	<b>(399,984)</b>	<b>(387,006)</b>
<b>Opening Asset</b>	<b>330,073</b>	<b>315,176</b>
Expected Return on Assets	22,436	22,325
Contributions by Members	4,430	4,860
Contributions by the Employer	15,544	15,829
Contributions in Respect of Unfunded Benefits	1,093	1,311
Actuarial (Losses) / Gains	(44,465)	(91,160)
Assets Distributed on Settlements	0	(8,767)
Unfunded Benefits Paid	(1,093)	(1,311)
Benefits Paid	(13,842)	(16,286)
<b>Closing Asset</b>	<b>315,176</b>	<b>241,977</b>
<b>Net Opening Asset / (Liability)</b>	<b>(115,329)</b>	<b>(84,808)</b>
Movement	30,521	(60,221)
<b>Net Pension Asset / (Liability)</b>	<b>(84,808)</b>	<b>(145,029)</b>

- The recognition through I&E is detailed in the table below:

	2007/08	2008/09
	£'000	£'000
Current Service Cost	13,636	10,430
Interest Cost	24,177	27,634
Expected Return on Employer Assets	(23,436)	(22,325)
Past Service Cost / (Gain)	86	3,476
Losses / (Gains) on Curtailments & Settlements	1,469	(141)
<b>Total</b>	<b>15,932</b>	<b>19,074</b>
Actual return on Plan Assets	(17,105)	(68,836)

- Amounts Recognised in the STRGL:

	2007/08	2008/09
	£'000	£'000
Actuarial Gains / (Losses)	29,816	(58,286)
Cumulative Actuarial Gains / (Losses)	(25,439)	(83,725)

- The balance sheet disclosure is detailed in the table below:

	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>
Fair Value of Employer Assets	315,176	241,977
Present Value of Funded Liabilities	(382,288)	(367,277)
Net (Under) / Overfunding in Funded Plans	(67,112)	(125,300)
Present Value of Unfunded Liabilities	(17,696)	(19,729)
<b>Net Asset / (Liability)</b>	<b>(84,808)</b>	<b>(145,029)</b>

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 0.23% lower after the replacement of employer's contributions by current service costs. Net Operating Expenditure is 0.24% lower 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 8.16%

### FRS17 Disclosures

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

<b>FRS17 Summary Disclosures Through The I&amp;E</b>	<b>2007/08</b>	<b>2008/9</b>
	<b>£'000</b>	<b>£'000</b>
Within Net Cost of Service:		
• Current service cost	13,636	10,430
• Non-Distributed cost	1,555	3,335
Within Net operating Expenditure:		
• Interest cost	24,177	27,634
• Expected return on scheme assets	(23,436)	(22,325)
Within SMGFB:		
• Movement on Pensions Reserve	705	(1,934)
Actual Amount Charged Against Council tax for the Year:		
• Employer's contributions payable to the scheme	(16,637)	(17,140)
Net effect on Council Tax of FRS17 adjustments	0	0

## Notes mainly relating to the Cashflow Statement

**Note 33 : Reconciliation of Net Cash Inflow to the Income and Expenditure Account**

	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>
Deficit / (Surplus) on Income & Expenditure Account	147,100	30,515
Deficit / (Surplus) on Collection Fund	1,387	(1,065)
Non-Cash Transactions:	(149,907)	6,374
Movement in Current Assets	(5,315)	(10,361)
Items shown as Servicing Finance:		
• Interest paid / received	2,305	(1,624)
• Provisions for repayment of debt	(2,402)	669
<b>Net cash (inflow) / outflow from revenue activities</b>	<b>(6,832)</b>	<b>24,508</b>

**Note 34 : Reconciliation of Movement in Cash to Movement in Net Debt**

	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>
Cash Inflow / (Outflow)	(1,940)	(388)
Less: Cash inflow from new loans	(35,350)	(12,350)
Creditor	(813)	90
Add: Cash outflow from loan repayments	15,095	16,538
<b>Movement in net debt</b>	<b>(23,008)</b>	<b>3,890</b>
Net debt b/f	(58,278)	(81,286)
Net debt c/f	<b>(81,286)</b>	<b>(77,396)</b>

	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cash and Bank</b>		
Opening	11,830	9,890
Cash Flow	(1,940)	(388)
Closing	9,890	9,502
<b>Borrowings</b>		
Opening	(70,108)	(91,176)
Cash Flow	(20,255)	4,188
Creditor	(813)	90
Closing	(91,176)	(86,898)
<b>Total Cash &amp; Bank and Borrowings</b>		
<b>Opening</b>	<b>(58,278)</b>	<b>(81,286)</b>
Cash Flow	(22,195)	3,800
Creditor	(813)	90
<b>Closing</b>	<b>(81,286)</b>	<b>(77,396)</b>

**Note 35 : Analysis of Other Government Grants**

	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>
Arts Council - South West	109	57
Big Lottery Fund	32	0
Children's Workforce Development Council	18	13
Crime Concern	41	41
DEFRA	0	1
Department For Children, Schools & Families (DCSF)	128,543	139,360
Department for Trade and Industry (DTI)	114	0
Department for Work & Pensions (DWP)	1,859	1,665
Department of Communities & Local Government (DCLG)	19,459	29,432
Department of Health	5,822	1,590
Department of Transport	663	721
Department of Culture Media and Sport	227	473
Employers Organisation	747	0
EU	109	0
Film Council	21	18
Food Standards Agency	1	0
Forestry Commission	69	11
Government Office for the South West	551	278
Home Office	1,114	707
LAA (AREA BASED GRANT)	2,121	0
Learning Skills Council	3,854	3,724
Learning Skills Network	10	0
Ministry of Justice	1,250	0
National Probation Service	0	109
Natural England	43	0
NCSL	32	23
Neighbourhood Renewal	7	16
South West Regional Development Agency	0	306
Training & Development Agency	392	511
Wiltshire County Council	822	0
Wiltshire Youth Offending Service	28	31
Youth Justice board	275	312
	<b>168,333</b>	<b>179,399</b>

**Note 36 : 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.

**Note 37 : Movement in Current Assets**

	<b>2007/08</b>	<b>Movement</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
(De) / Increase in Debtors	43,770	9,685	53,455
(In) / Decrease in Bad Debt Provision	(7,589)	(1,093)	(8,682)
(De) / Increase in Payments In Advance	2,681	601	3,282
(De) / Increase in Work In Progress	236	(159)	77
(De) / Increase in Stock	1,606	(143)	1,463
(In) / Decrease in Creditors	(36,315)	(20,165)	(56,480)
(In) / Decrease in Receipts in Advance	(11,410)	912	(10,498)
	<b>(7,021)</b>	<b>(10,362)</b>	<b>(17,383)</b>
	<b>Cash at</b>	<b>Movement</b>	<b>Cash at</b>
	<b>31/3/08</b>		<b>31/3/09</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash Balance / (Overdraft)	9,890	(388)	9,502

**Note 38 : 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
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
Swindon Development Trust	For the benefit of the area of the Borough and to promote architecture

<b>Trust</b>	<b>Balance 1/04/08 £'000</b>	<b>Income 2008/09 £'000</b>	<b>Expenditure 2008/09 £'000</b>	<b>Balance 31/03/09 £'000</b>
Langley Brooke	(28)	(2)	0	(30)
W G Little	(196)	(42)	36	(202)
Withy Trust	(8)	(3)	9	(2)
Ethel May	(52)	(3)	5	(50)
Swindon Development Trust	(18)	(1)	0	(19)
George Game	(1)	(0)	0	(1)
Mary Ellen Boddington	(3)	(0)	0	(3)
F C Phelps	(11)	(1)	0	(12)
G A Gerring	(5)	(0)	0	(5)
F A Thompson	(15)	(1)	0	(16)
M E Cowley	(26)	(1)	0	(27)
McDermott Memorial	(64)	(3)	5	(62)
M E Packer	(2)	(0)	0	(2)
Timothy Griffiths	(1)	(0)	0	(1)
Powell Trust	(2)	(0)	0	(2)
	<b>(432)</b>	<b>(57)</b>	<b>55</b>	<b>(434)</b>

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

	2007/08 £'000 Restated	2008/09 £'000	Note
<b>Income</b>			
Gross rent income from dwellings	(32,253)	(33,284)	
Deduct: rent loss on void dwellings	377	474	
<b>Net rent income from dwellings</b>	<b>(31,876)</b>	<b>(32,810)</b>	
Non dwelling rents	(1,436)	(1,366)	
Tenants' charges for services and facilities	(3,674)	(3,244)	
Leaseholders' charges for services and facilities	(168)	(159)	
Other Charges for Services and facilities	(1)	0	
Contributions Towards Expenditure	(1,075)	(1,120)	
<b>Total Income</b>	<b>(38,230)</b>	<b>(38,699)</b>	
<b>Expenditure</b>			
Repairs and Maintenance	8,533	9,502	
Supervision and Management	6,370	5,995	
Special Services	3,773	4,012	
Rents, Rates, Taxes and Other Charges	21	43	
Transfer of HRA Subsidy Surplus to CLG	7,042	9,424	
Increase / (Decrease) in Provision for Bad	280	332	
Depreciation and Impairments of Fixed Assets	130,629	14,503	45
Debt Management Costs	48	48	
<b>Total Expenditure</b>	<b>156,696</b>	<b>43,859</b>	
<b>Net cost of HRA services as included in the whole-authority Income and Expenditure Account</b>	<b>118,466</b>	<b>5,160</b>	
HRA services share of Corporate and Democratic Core	264	272	
HRA share of other amounts included in the whole-authority Net Cost of Services	31	33	
<b>Net cost of HRA services including HRA share of costs not allocated to specific services</b>	<b>118,761</b>	<b>5,465</b>	
Gain or Loss on Sale of HRA Fixed Assets	(1,957)	(142)	
HRA share of interest payable and similar charges including amortisation of premiums and discounts	1,873	609	
HRA share of pensions interest cost and expected return on pensions assets	36	240	
HRA Investment Income	(360)	(377)	
<b>Surplus or deficit for the year on HRA Income and Expenditure Account</b>	<b>118,353</b>	<b>5,795</b>	

## Statement of Movement on the HRA Balance

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

	2007/08 £'000 Restated	2008/09 £'000	
<b>Increase / (Decrease) in the Housing Revenue Account Balance comprising:</b>			
<b>HRA Balance Brought Forward</b>			
Surplus or deficit for the year on the HRA Income and Expenditure Account	118,353	5,795	
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	(962)	220	
Difference between any other item of income and expenditure determined in accordance with the SORP and those determined in accordance with statutory HRA requirements	(125,853)	(10,118)	
Gain or Loss on Sale of HRA Fixed Assets	1,956	142	
HRA share of contributions to or from the pension reserve	109	63	
Capital expenditure funded by the HRA	2,760	2,185	
Transfer to / (from) Major Repairs Reserve	1,880	2,045	40
Transfers to / (from) Housing Repairs Account	1,450	(900)	
Transfers to / (from) specific reserves	274	742	
<b>Increase / (Decrease) in the Housing Revenue Account Balance for the year</b>	<b>(33)</b>	<b>174</b>	
Housing Revenue Account Balance Brought Forward	(2,216)	(2,249)	
<b>Housing Revenue Account Balance Carried Forward</b>	<b>(2,249)</b>	<b>(2,075)</b>	

## Notes to the HRA

## Note 39 : Housing Stock

The stock of Council dwellings at 31<sup>st</sup> March was:

Year of Construction					
Type	Pre 1919	1919-1944	1945-1964	After 1964	TOTAL
<b>Low Rise Flats:</b>					
1 Bedroom	129	22	414	1,128	<b>1,693</b>
2 Bedrooms	19	2	653	74	<b>748</b>
3 or more Bedrooms	1	1	53	2	<b>57</b>
<b>Medium Rise Flats:</b>					
1 Bedroom	24	0	269	636	<b>929</b>
2 Bedrooms	0	0	380	85	<b>465</b>
3 or more Bedrooms	0	0	12	1	<b>13</b>
<b>High Rise Flats:</b>					
1 Bedroom	0	0	26	0	<b>26</b>
2 Bedrooms	0	0	98	138	<b>236</b>
3 or more Bedrooms	0	0	0	0	<b>0</b>
<b>Houses and Bungalows:</b>					
1 Bedroom	102	123	295	365	<b>885</b>
2 Bedrooms	77	35	809	495	<b>1,416</b>
3 Bedrooms	13	500	2,616	719	<b>3,848</b>
4 or more Bedrooms	3	18	84	78	<b>183</b>
<b>Shared Dwellings:</b>					
Multi-Occupied	0	0	0	0	<b>0</b>
<b>Total</b>	<b>368</b>	<b>701</b>	<b>5,709</b>	<b>3,721</b>	<b>10,499</b>

The previous stock is summarised as below.

	31/03/08	31/03/09
Houses and Bungalows	6,350	6,332
Flats	4,192	4,167
Shared Dwellings	0	0
<b>Total Dwellings</b>	<b>10,542</b>	<b>10,499</b>

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

	31/03/2008	31/03/2009
Operational Assets:	£'000	£'000
Dwellings	418,248	407,205
Land	4,135	4163
Buildings	5,047	4962
<b>Total Balance Sheet Value</b>	<b>427,430</b>	<b>416,330</b>

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

**Note 40 : 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 2009 was £ 1,070,561,500.

**Note 41 : 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.

	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>
Capital expenditure for HRA purposes financed by MRA Resources:		
• Houses	6,352	5,728
• Land		
• Other property		
<b>Total Expenditure</b>	<b>6,352</b>	<b>5,728</b>
Amount equivalent to total depreciation charges for all HRA assets	(4,776)	(4,470)
Transfer from HRA	(1,880)	(2,045)
<b>Total Income</b>	<b>(6,655)</b>	<b>(6,515)</b>
<b>Deficit / (Surplus) for the Year</b>	<b>(303)</b>	<b>(787)</b>
Balance b/fwd	(1,888)	(2,190)
<b>Carried Forward – (Surplus)</b>	<b>(2,190)</b>	<b>(2,977)</b>

**Note 42 : Housing Repairs Account**

	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>
Repairs & Maintenance	7,474	8,627
<b>Total Expenditure</b>	<b>7,474</b>	<b>8,627</b>
Contribution from HRA	(8,854)	(7,406)
Service charges	(70)	(321)
<b>Total Income</b>	<b>(8,924)</b>	<b>(7,727)</b>
<b>Deficit / (Surplus) for the Year</b>	<b>(1,450)</b>	<b>900</b>
Balance b/fwd	0	(1,450)
<b>Carried Forward – (Surplus)</b>	<b>(1,450)</b>	<b>(550)</b>

**Note 43 : HRA Capital Expenditure**

	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>
Opening Accruals	414	1,290
Dwellings	12,290	8,564
Land	0	0
Buildings	569	265
Closing Accruals	(1,290)	(1,049)
<b>Total to Finance</b>	<b>11,983</b>	<b>9,070</b>
Usable Capital Receipts	2,871	1,157
Revenue Contributions	2,760	2,185
Major Repairs Reserve	6,352	5,728
Insurance Fund	0	0
<b>Total Finance</b>	<b>11,983</b>	<b>9,070</b>

**Note 44 : HRA Capital Receipts**

	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>
Sale of Council Houses	4,384	832
Discount Repaid	20	25
Council Mortgage Repayments	76	34
Sale of Land	445	1,138
Sale of Other Assets	0	0
<b>Total</b>	<b>4,925</b>	<b>2,029</b>

In 2008/09, the Council paid £0.478m 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 (£3.156m in 2007/08).

**Note 45 : 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.

	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation on land	81	81
Depreciation on dwellings	4,691	4,385
Depreciation on other property	4	4
Impairment of dwellings	125,853	10,033
<b>Total</b>	<b>130,629</b>	<b>14,503</b>

**Note 46 : 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 2008/09 was £15.814m. However, the Council receives a grant (MRA) from central Government to improve the condition of its Council stock. The MRA grant of £6.515m is netted off the negative subsidy amount leaving a balance of £9.299m to be paid over to the Secretary of State.

	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>
Management & Maintenance Allowances	15,275	15,313
Charges for capital	2,006	1,862
Interest on Receipts	(12)	(12)
Guideline Rent Income	(31,563)	(32,977)
<b>Total Negative Subsidy</b>	<b>(14,294)</b>	<b>(15,814)</b>
Major Repairs Allowance	6,655	6,515
<b>Total Repaid to the Secretary of State</b>	<b>(7,639)</b>	<b>(9,299)</b>

**Note 47 : 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 31.

**Note 48 : HRA Arrears & Provisions for Bad Debt**

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

	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>
Current tenants	993	694
Former tenants	444	296
<b>Total Arrears</b>	<b>1,437</b>	<b>990</b>
Less: provision for bad debts	(731)	(758)
<b>Total Arrears After Provisions</b>	<b>706</b>	<b>232</b>

This represents 0.7% (2008/09) and 2.2% (2007/08) of rent income and service charges due to the Council.

## The Collection Fund

	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>
<b>INCOME</b>		
Income from Council Tax	(77,850)	(81,985)
Transfers from General Fund Council Tax Benefits	(9,610)	(10,476)
Non-Domestic Rates	(90,562)	(99,278)
Adjustment in respect of Community Charge	8	0
Contributions (SBC, Wiltshire Police Authority and Wilts and Swindon Fire Authority)	0	(884)
	<b>(178,014)</b>	<b>(192,623)</b>
<b>EXPENDITURE</b>		
Precepts and Demands	86,474	90,956
Business Rates		
Payment to National Pool	90,444	99,139
Cost of collection allowance	291	295
(Write-Ons) / Write-Offs	(717)	(842)
(Decrease) / Increase in Bad Debt provision	544	687
Council Tax Bad and Doubtful Debts		
Net Write-Offs / (Ons)	2,092	190
(Decrease) / Increase in Bad Debt Provision	(706)	1,136
Transitional Relief	1	(3)
Contributions (SBC, Wiltshire Police Authority and Wilts and Swindon Fire Authority)	978	0
	<b>179,401</b>	<b>191,558</b>
<b>Movement on the Fund – (surplus) / deficit</b>	<b>1,387</b>	<b>(1,065)</b>
(Surplus) / Deficit brought forward	(849)	538
<b>(Surplus) / deficit as at 31 March</b>	<b>538</b>	<b>(527)</b>

## Notes to the Collection Fund

### Note 49 : Rateable Value

The total rateable value in the Local Rating List at 31 March 2009 was £236,103,223 (£237,956,995 at 31 March 2008). The multiplier for 2008/09 was 46.2 pence for the majority of properties and 45.8 pence for small businesses, (44.4 pence and 44.1 pence respectively for 2007/08).

### Note 50 : Council Tax Base

The Council Tax Base for 2008/09, 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	11,411.50	6/9	7,607.67
B	22,724.70	7/9	17,674.77
C	19,181.90	8/9	17,050.58
D	12,748.15	9/9	12,748.15
E	7,024.00	11/9	8,584.89
F	2,656.10	13/9	3,836.59
G	1,143.35	15/9	1,905.58
H	47.00	18/9	94.00
Total	Band D equivalents		
Contributions in lieu	(MOD properties)		57.9
Add:	Anticipated changes in year		975.4
Less:	Provision for non-collection (2%)		(1,466.4)
			<b>69,069.12</b>

\* After adjustment for discounts and relief.

### Note 51 : Major Preceptors

	Precept 2007/08 £'000	Precept 2008/09 £'000
Swindon Borough Council (including Parishes)	73,226	76,930
Wiltshire Police Authority	9,480	10,038
Wiltshire & Swindon Fire Authority	3,768	3,988
<b>Total</b>	<b>86,474</b>	<b>90,956</b>

## 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) only.

In order to consolidate the accounts of the authority with TTL, 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, has been identified as being a subsidiary undertaking of the Authority, established in October 1986. This classification is due to the 100% shareholding that the Authority has in TTL. The origin of this shareholding and commitment of the authority towards the organisation should it encounter financial difficulties is explained in note 23.

Consolidation of TTL figures in these statements is by the acquisition method, on a line-by-line basis, using the company's final accounts as the base detail for consolidation. The accounts of TTL can be obtained via a request in writing to: Thamesdown Transport Limited, Barnfield Road, Swindon, SN2 2DJ.

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 for 2007/08 are summarised below:

		2007/08 £'000	2008/09 £'000
<b>I&amp;E Adjustments</b>	<b>Comment</b>	<b>£'000</b>	<b>£'000</b>
Group Accruals	Reduction in authority spend/subsidiary income	(66)	(88)
Group Transactions	Reduction to account for inter-group trading	(1,817)	(1,699)
<b>Balance Sheet Adjustments</b>	<b>Comment</b>	<b>£'000</b>	<b>£'000</b>
Accruals	Reduction in debtors/creditors	(66)	(88)
Investment/ Share Capital	Reduction for investment in subsidiary	(1,489)	(1,489)
Dividend	Reserves adjustment for dividend income/expense	(250)	0

### Group Income and Expenditure Account

2007/08 Restated Net Expenditure £'000	2008/09 Gross Expenditure £'000	2008/09 Income £'000	2008/09 Net Expenditure £'000	
<b>Continuing Operations</b>				
2,361 Central Services	14,884	(13,179)	1,705	
5,064 CDC	5,634	(977)	4,657	
3,858 NDC	5,037	(41)	4,996	
207 Court Services	218	0	218	
18,644 Cultural	32,674	(11,444)	21,230	
16,294 Environmental	21,582	(4,050)	17,532	
15,348 Planning & Development	13,471	(9,274)	4,197	
46,497 Education	214,211	(176,217)	37,994	
10,951 Highways, Roads & Transport	33,272	(19,412)	13,860	
122,811 Housing Services	102,173	(92,738)	9,435	
38,510 Social Services	60,748	(16,882)	43,866	
3,908 Redundancy Costs	610	0	610	
<b>284,453 Net Cost Of Services</b>	<b>504,514</b>	<b>(344,214)</b>	<b>160,300</b>	
(23,425) (Gains) / Losses on Disposal of Fixed Assets			(1,686)	
1,742 Precepts Paid to Local Precepting Authorities			1,822	
(2,772) Dividends & Deficit / (Surplus) From Trading Accounts			(558)	
8,810 Interest & Similar Charges Payable			7,915	
3,156 Contribution of Housing Capital Receipts to Pool			478	
(6,408) Interest and Investment Income			(9,375)	
25,114 Pensions Interest Cost			28,698	56
(24,363) Expected Return on Pensions Asset			(23,208)	56
(125) Taxation of Group			(20)	
<b>266,182 Net Operating Expenditure</b>			<b>164,366</b>	
(74,055) Income From Collection Fund			(76,181)	
(6,526) General Government Grant			(14,598)	
(38,885) Distribution from NDR			(43,116)	
<b>(119,466) Sub-Total Sources of Finance</b>			<b>(133,895)</b>	
<b>146,716 Group (Surplus) / Deficit For Year</b>			<b>30,471</b>	

### Group Statement of Total Recognised Gains & Losses

	2007/08 Restated £'000	2008/09 £'000
(Surplus) / Deficit on the Group I&E	146,716	30,471
(Surplus) / Deficit arising from revaluation of fixed assets	(46,324)	(58,530)
Pension actuarial (gains) / losses	(30,488)	60,768
Collection Fund	1,387	(1,065)
Net Gain on Transfer of Asset Right/Removal of Void	0	(1,318)
Gain in PFI Residual Interest	0	(1,009)
Any other gain or loss	130	(483)
<b>Total Recognised (Gain) / Loss</b>	<b>71,421</b>	<b>28,834</b>

## Group Balance Sheet

	2007/08 £'000 Restated	2008/09 £'000	Note
Operational Fixed Assets	997,604	1,061,390	52
Non-Operational Fixed Assets	126,387	137,261	52
Long-term Debtors	332	283	
Long-term Payments In Advance	9,803	9,658	
<b>Total Long-term Assets</b>	<b>1,134,126</b>	<b>1,208,592</b>	
Stocks & Work in Progress	2,058	1,742	53
Debtors Less Provision for Bad Debts	36,937	45,370	54
Payments in Advance	2,681	3,282	
Short-term Investments	98,064	58,976	
Cash	10,582	10,278	55
<b>Total Current Assets</b>	<b>150,322</b>	<b>119,648</b>	
Creditors	(37,980)	(58,108)	57
Long Term Borrowing repayable within one year	(17,270)	(13,178)	
Receipts in Advance	(11,410)	(10,498)	
Unapplied Grants & Contributions*	(34,607)	(26,350)	
<b>Total Current Liabilities</b>	<b>(101,267)</b>	<b>(108,134)</b>	
<b>Net Current Assets</b>	<b>49,055</b>	<b>11,514</b>	
Government Grants Deferred	(55,141)	(82,337)	
Long Term Creditors	(23,285)	0	
Provisions	(3,216)	(3,088)	
Long-term Borrowing	(73,906)	(73,720)	
Liability Related to Pension Scheme	(87,448)	(149,624)	56
Subsidiary Finance Leases	(2,020)	(2,039)	58
Deferred Income	(184)	(151)	
<b>Total Long-term Liabilities</b>	<b>(245,199)</b>	<b>(310,959)</b>	
<b>TOTAL ASSETS LESS LIABILITIES (net assets)</b>	<b>937,981</b>	<b>909,147</b>	
Capital Adjustment Account	(921,108)	(898,597)	
Revaluation Reserve	(45,408)	(100,999)	
Usable Capital Receipts Reserve	(7,669)	(7,960)	
Financial Instruments Adjustment Account	1,735	1,289	
Pension Reserve	87,448	149,624	56
Major Repairs Reserve	(2,191)	(2,977)	
Specific Reserves and Funds	(36,907)	(34,752)	
General Fund	(5,750)	(6,000)	
Housing Revenue Account Balance	(2,249)	(2,075)	
Collection Fund Balance	538	(527)	
Deferred Capital Receipts (Mortgages)	(142)	(108)	
Passenger Transport Realisation Account	(611)	(611)	
P&L Reserve	(5,667)	(5,454)	
<b>TOTAL FINANCING</b>	<b>(937,981)</b>	<b>(909,147)</b>	

### 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.

	2007/08 £'000	2008/09 £'000
(Surplus) / Deficit on the Single Entity IEA	147,100	30,515
Less Subsidiary Dividend	250	0
(Surplus) / Deficit from Subsidiary IEA	(634)	(44)
<b>Group (Surplus) / Deficit for the year</b>	<b>146,716</b>	<b>30,471</b>

### Group Cashflow Statement

	2007/08 £'000	2008/09 £'000
<b>Net cash (inflow) / outflow from revenue activities</b>	<b>(8,122)</b>	<b>23,328</b>
<b>Servicing of Finance</b>		
Outflows Interest paid	8,810	7,915
Inflows Interest received	(6,408)	(9,375)
<b>Capital Activities</b>		
Outflows Purchase of fixed assets	56,989	53,374
Inflows Sales of fixed assets	(59,909)	(5,178)
Capital Grants received	(12,511)	(23,178)
Developers' deposits (Sec 106)	(1,320)	(915)
<b>Net cash (inflow)/outflow before financing</b>	<b>(22,471)</b>	<b>45,971</b>
<b>Management of Liquid Resources</b>		
Outflows Net (de)/increase in liquid resources	43,808	(51,541)
<b>Financing</b>		
Outflows Repayment of amounts borrowed	15,095	16,538
Inflows New loans	(34,638)	(11,448)
<b>(Increase) / Reduction in cash and cash equivalents</b>	<b>(1,794)</b>	<b>(480)</b>

<b>Reconciliation of Net (Inflow) / Outflow to Operating Activities</b>	2007/08 £'000	2008/09 £'000
Deficit / (Surplus) on Income & Expenditure Account	147,100	30,515
Deficit / (Surplus) on Subsidiary Undertaking Operating Profit	(618)	(368)
Deficit / (Surplus) on Collection Fund	1,387	(1,065)
Non-Cash Transactions (Reserves/Provisions/Revenue)	(150,832)	6,052
Movement in Current Assets	(5,426)	(11,116)
Profit on Sale of Fixed Assets	37	76
Subsidiary Pensions Cash difference	327	189
Items shown as Servicing Finance	(97)	(955)
<b>Net cash (inflow) / outflow from revenue activities</b>	<b>(8,122)</b>	<b>23,328</b>

## 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 52 : Operational Fixed Assets

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

	Operational Assets			
	SBC	Thamesdown Transport	Thamesdown Finance Leases	Total
	£'000	£'000	£'000	£'000
<b>Value at 31/3/08</b>	<b>988,472</b>	<b>4,992</b>	<b>4,137</b>	<b>997,601</b>
Reclassification	6,744	0	0	6,744
Revaluations	58,110	0	0	58,110
Additions	38,193	110	1,001	39,304
Disposals	(1,927)	(385)	0	(2,312)
Depreciation	(23,625)	52	(721)	(24,294)
Impairment	(14,773)	0	0	(14,773)
PFI	1,009	0	0	1,009
<b>Value at 31/3/09</b>	<b>1,052,203</b>	<b>4,769</b>	<b>4,417</b>	<b>1,061,389</b>

### Note 53 : Stocks & Work in Progress

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

	2007/08	2008/09
	£'000	£'000
SBC	1,606	1,463
Thamesdown Transport	216	202
Total Stocks	1,822	1,665
Total Work in Progress	236	77
<b>Net Total Stocks &amp; Work in Progress</b>	<b>2,058</b>	<b>1,742</b>

### Note 54 : Debtors less Provisions for Bad Debt

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

	2007/08	2008/09
	£'000	£'000
SBC	43,771	53,455
Thamesdown Transport	756	597
Gross Debtors	<b>44,527</b>	<b>54,052</b>
Less SBC Provision for Bad Debt	(7,590)	(8,682)
<b>Net Debtors</b>	<b>36,937</b>	<b>45,370</b>

**Note 55 : Cash**

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

	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>
SBC	9,890	9,502
Thamesdown Transport	692	776
<b>Net Cash</b>	<b>10,582</b>	<b>10,278</b>

**Note 56 : Liability Related to the Pension Scheme**

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

	<b>SBC</b>	<b>TTL</b>	<b>Group</b>
	<b>31-Mar-09</b>	<b>31-Mar-09</b>	<b>31-Mar-09</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Opening Liability</b>	<b>(399,984)</b>	<b>(15,758)</b>	<b>(415,742)</b>
Current Service Cost	(10,430)	(157)	(10,587)
Interest Cost	(27,634)	(1,064)	(28,698)
Contributions by Members	(4,860)	(43)	(4,903)
Actuarial (Losses) / Gains	32,874	1,028	33,902
Past Service (Costs) / Gains	(3,476)	(97)	(3,573)
(Losses) / Gains on Curtailments	(178)		(178)
Liabilities Extinguished on Settlements	9,085		9,085
Estimated Unfunded Benefits Paid	1,311		1,311
Estimated Benefits Paid	16,286	828	17,114
<b>Closing liability</b>	<b>(387,006)</b>	<b>(15,263)</b>	<b>(402,269)</b>
<b>Opening Asset</b>	<b>315,176</b>	<b>12,415</b>	<b>327,591</b>
Expected Return on Assets	22,325	883	23,208
Contributions by Members	4,860	43	4,903
Contributions by the Employer	15,829	443	16,272
Contributions in Respect of Unfunded Benefits	1,311		1,311
Actuarial (Losses) / Gains	(91,160)	(3,510)	(94,670)
Assets Distributed on Settlements	(8,767)		(8,766)
Unfunded Benefits Paid	(1,311)		(1,311)
Benefits Paid	(16,286)	(828)	(17,114)
Deferred Tax Assets	0	1,221	1,221
<b>Closing Asset</b>	<b>241,977</b>	<b>10,667</b>	<b>252,645</b>
<b>Net Opening Asset / (Liability)</b>	<b>(84,808)</b>	<b>(3,343)</b>	<b>(88,151)</b>
Movement	(60,221)	(1,253)	(61,473)
<b>Net Pension Asset / (Liability)</b>	<b>(145,029)</b>	<b>(4,596)</b>	<b>(149,624)</b>

**Note 57 : Creditors**

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

	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>
SBC	36,249	56,392
Thamesdown Transport	1,730	1,716
<b>Net Creditors</b>	<b>37,979</b>	<b>58,108</b>

**Note 58 : Finance Leases**

The table below shows the split of finance lease payments between the authority and its subsidiary.

<b>Period</b>	<b>In 1 year</b>	<b>In 2-5 years</b>	<b>Over 5 Years</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
SBC - Finance Lease Payments	0	0	0	0
TTL - Finance Lease Payments	822	2,017	22	2,861
<b>Total</b>	<b>822</b>	<b>2,017</b>	<b>22</b>	<b>2,861</b>

**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 2008/09, 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 present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31st March 2009.
- 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 2009.

Signed:

Date: .....

Stuart McKellar, Director of Finance

**Approval**

The Council's Audit Committee, being the relevant body within the Authority for such purpose, approved these accounts on 23 June 2009. The date of approval is also taken as the date that the accounts were authorised for issue.

Signed:

Date: .....

Cllr Michael Dickinson, Chair of Audit Committee

## Governance Statement

### SWINDON BOROUGH COUNCIL

#### ANNUAL GOVERNANCE STATEMENT: 2008/09

#### **1. Scope of responsibility**

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

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE *Framework for Delivering Good Governance in Local Government*. This statement explains how the Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

#### **2. The purpose of the governance framework**

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised, and to manage them efficiently, effectively and economically.

The following section of the statement summarises Swindon Borough Council's governance framework that has been in place for the year ended 31<sup>st</sup> March 2009 and up to the date of approval of this Statement and the Statement of Accounts. The framework described reflects the arrangements in place to meet the six core principles of effective governance.

#### **3. The Council's framework for ensuring compliance with the core principles of effective governance**

(a) *The Council's purpose, outcomes for the community and creating and implementing a vision for the local area.*

The Council published a new Community Vision after nine months of extensive consultation. This sets out an ambitious Vision for place that is supported by our Corporate Plan. The supporting strategies and objectives are summarised in the Council's Annual Operating Plan (AOP). The Community Vision is shared by our partners and identification of supporting partnership outcomes is contained within our Local Area Agreement (LAA) monitored and monitored via the Local Partnership Board (LPB) and reviewed twice yearly by the wider Swindon Strategic partnership. Many of the Council's services are informed by local consultation and are delivered to a high standard that make the best use of resources and are value for money by:

- Benchmarking the cost and performance of our services. SBC took a national lead in setting up a Unitary Benchmarking club in partnership with PWC.
- Working increasingly with our partners, delivering services that meet the needs of the local community, and put in place processes to ensure that they operate effectively in practice.
- Through the use of data, determining local needs and targeting resources accordingly.
- Developing effective relationships and partnerships with
  - o other public sector agencies, including integration with the coterminous PCT voluntary and community organisations
  - o the private sector through our Swindon Economic Partnership (SSEP) through our incremental strategic partnership with Capita.
- Responding positively to the findings and recommendations of external auditors and statutory inspectors and putting in place arrangements for the implementation of agreed actions.
- Carrying out value for money benchmarking of our costs and performance against our family groupings to ensure best use is made of the resources available to the Council.
- Delivering specific projects within an effective, corporate programme management framework, as appropriate.

(b) *Members and Officers working together to achieve a common purpose with clearly defined functions and roles.*

The Council has ensured that the necessary roles and responsibilities for its governance are identified and allocated so that it is clear who is accountable for decisions that are made. The Council has done this by:

- Appointing a Leader of the Council, and executive members (cabinet members), with defined executive responsibilities.
- Agreeing a scheme of delegated executive responsibilities to directors, and protocols that make clear the respective roles of members and officers and ensure effective communication between them.
- Annually appointing committees to discharge the Council's regulatory responsibilities.

- Annually appointing committees to discharge the Council's overview and scrutiny responsibilities.
- Setting clear role definitions for chairs of committees and councillors in their different roles.
- Undertaking an annual review of the operation of the Council's constitution.
- Making the Chief Executive (the Head of Paid Service) responsible and accountable to the Council for all aspects of operational management.
- Making a senior officer (the Monitoring Officer) responsible to the authority for ensuring the lawfulness and fairness of decision-making, and that agreed procedures are followed and that all applicable statutes and regulations are complied with.
- Making a senior officer (the Section 151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.
- Ensuring significant partnerships and contracts with other public bodies, voluntary and community organisations, and the private sector have clear governance accountabilities, including effective and equitable financial arrangements.
- Developing clear Section 75 arrangements to underpin integrated work with Swindon Primary Care Trust.
- Having in place effective and comprehensive arrangements for the scrutiny of services.

(c) *Promoting our values and upholding high standards of Conduct and behaviour.*

The Council promotes and maintains high standards of ethical conduct of members and officers through the work of its Standards Committee.

The Council fosters a culture of behaviour based on shared values, ethical principles and good conduct.

The Council has done this by establishing and keeping under review:

- The Council's Constitution
- A Members' Code of Conduct
- An Officer's Code of Conduct
- A protocol governing Member/Officer Relations
- A Members' Planning Code of Good Practice
- Monitoring Officer Protocol
- Media Guidelines
- Contract Standing Orders and Financial Regulations
- The Council has committed itself to "In Touch" a set of values and behaviours (determined through extensive consultation with staff and Members) that will set and embed the organisational tone and culture moving forward. Commitment to this will be achieved by embedding it in the recruitment, appraisal and development processes.

The Council takes fraud and corruption very seriously and has the following policies that aim to prevent or deal with such occurrences:

- An anti-fraud and corruption strategy
- A Whistleblowing policy
- A Fraud Response Plan

Conduct of Members is monitored by a Standards Committee, which also investigates allegations of misconduct by Members.

(d) *Taking informed and transparent decisions that are subject to effective scrutiny and managing risk.*

The Council has ensured that the decision-making process includes a rigorous risk assessment including:

- Financial, legal and staffing implications
- Sustainability implications
- Health Impact and Promotion implications
- Value for Money;
- Implications for Partnerships
- Implications for Community Safety
- Impact on Rural Communities.
- Diversity and racial impact assessment
- Risks, mitigations and opportunities

The Council has been rigorous and transparent about how decisions are taken and recorded. The Council has:

- Ensured the Cabinet make decisions in an open and transparent way and that information relating to those decisions is made available to the public, unless statutory rules allow otherwise
- Ensured that all decisions of regulatory committees of the Council are made in public and that information relating to those decisions is made available to the public, unless statutory rules allow otherwise
- Ensured that legal and financial implications are recognised in all reports on which decisions are based
- Recorded all decisions that are made by committees and key decisions made by officers (where applicable).
- Rules and procedures, which govern how decisions are made.
- Developed and maintained an effective overview and scrutiny function which encourages constructive challenge
- Maintain an effective Standards Committee and Audit Committee

The Council has continued to develop its risk management strategy to enable the Council to manage and control risks in order to maximise the quality of its service provision and uphold its reputation, making a powerful contribution to continuous service improvement and the achievement of best value.

The Council has ensured that the risk management system:

- Formally identifies and manages risks

- Involves elected Members in the risk management process
- Includes the undertaking of a risk assessment of every key or strategic decision
- Maps risks to financial and other key internal controls
- Develop a joint risk register for integrated working with Swindon Primary Care Trust
- Reflects business continuity planning; and
- Reviews and, if necessary, updates its risk management processes at least annually.

(e) *Developing the capacity and capability of Members and officers to be effective.*

The Council has ensured that those charged with the governance of the Council have the skills, knowledge and experience they need to perform well. The Council has done this by:

- Maintaining member training and development through the Member Development Steering Group
- Developing leadership skills and capacity across the Council
- Developing our approach to workforce planning
- Achieving Investor in People accreditation across all directorates
- Encouraging quality mark accreditation
- Maintaining and developing our personal development and performance review systems
- Cascading regular information to Members and staff by paper and electronic means, having regard to diversity issues

(f) *Engaging with local people and other stakeholders to ensure robust public accountability.*

The Council is committed to increasing public involvement in decision-making and devolving power to individuals and local organisations. We have sought and responded to the views of stakeholders and the community. The Council has done this by:

- Forming and maintaining relationships with the leaders of other organisations
- Ensuring openness and accessibility to citizens, service users and staff, including partner organisations
- Implementing the Corporate Consultation Strategy and utilising an appropriate range of consultation methods
- Making use of local forums at ward, parish and neighbourhood level to maintain communication with all the Borough's communities and other stakeholders
- Encouraging and supporting the public in submitting requests for Scrutiny
- Maintaining and reviewing an effective complaints procedure
- Developing the Connecting people, Connecting Places programme.

#### **4. Review of effectiveness**

Swindon Borough Council annually reviews the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

Directors have completed a detailed questionnaire reviewing the control environment within their directorate and the results of the questionnaire have been used to inform our assessment of significant control issues for the Council.

The following process has been applied in maintaining and reviewing the effectiveness of the system of internal control. Both in year and year-end reviews processes have taken place.

In year review mechanisms include:

- The Executive is responsible for considering overall financial and performance management and receives comprehensive reports on a regular basis. It also receives reports relating to risk management and monitors the corporate risk register, as well as being responsible for key decisions and for initiating corrective action in relation to risk and internal control issues.
- The terms of reference for the Audit Committee reflect best practice, CIPFA guidance and CPA requirements. The Committee is a full committee of the Council emphasising the commitment to ensuring that there are high standards of internal control within the Council. The Committee is responsible for reviewing the financial performance, risk management and both Internal and External Audit performance and their findings and recommendations.
- Internal Audit is an independent and objective assurance service to the management of the Council who complete a programme of reviews throughout the year to provide an opinion on the internal control environment in the areas examined. Their reviews include examination of the main financial systems, enabling them to provide the Section 151 Officer with an overall opinion on the main financial controls in place as well as risk management, internal control and governance arrangements across the authority. In addition the Section undertakes fraud investigation and proactive fraud detection work. Internal Audit report bimonthly to Audit Committee summarising audits issued since the previous meeting. Audit Committee has called in relevant Directors to update them on the progress in implementing agreed audit recommendations. The Audit Committee also reviews the effectiveness of the Council's system of internal audit.
- The External Auditor / Audit Commission's Annual Audit and Inspection letter is considered by both Cabinet and the Audit Committee. The report stated that the Council continues to make good progress. Monitoring of progress towards implementing recommendations takes place.
- The External Auditors completed their CPA Use of Resources assessment during the year and awarded the Council a score of three overall. The Council's arrangements regarding probity and propriety scored four with the overall internal control arrangements scoring a three.
- A Corporate Governance Working Group, consisting of both Members and officers, including the Monitoring Officer, reviews the effectiveness of the Council's corporate governance arrangements by reference to the CIPFA/SOLACE corporate governance standards and other best practice. The Group has streamlined the Council's decision-making process ensuring that agreed decisions could be implemented promptly.
- The Council has also adopted a Local Code of Corporate Governance against which Internal Audit assessed the Council's compliance.
- Risk Management – the Corporate Risk Management Group provide guidance and feedback to Group Directors and management teams.

- Performance management is carried out through the CPAR and LPAR process and through the use of the Council's performance management system COMPASS. LAA Outcomes are monitored via the LPB.

A year-end review of governance arrangements and the control environment has also been completed which included:

- Obtaining assurances from all Group Directors and Directors that key elements of the control framework were in place during the year in their departments. They were also asked to identify areas where control weaknesses had resulted in a significant issue arising for the department.
- Validation by a Working Group including the Section 151 Officer and the Monitoring Officer of these assurances to other relevant sources of information.
- Reviewing the Head of Internal Audit's annual audit report presented to Audit Committee.
- Obtaining specific assurances from Directors with regard to the governance arrangements in place for key partnerships.

Corporate Board and the Audit Committee have advised us on the implications of the result of the review of the effectiveness of the governance framework and a plan to address weaknesses and ensure continuous improvement of the systems is in place.

## 5. Governance: Key Areas of Focus

The review process has highlighted a number of significant areas for enhanced focus regarding the governance and internal control environment and these are described briefly below. For each one, action plans have been determined by a responsible officer and are under implementation or are in the process of being prepared and a summary of the key elements of these are included below:

- **Sickness absence (BVPI 12)** - despite significant interventions and activities over the last three years (2006 to 2008) the Council's overall sickness absence levels have not improved. A range of best practice solutions have been deployed over this team; Promotion of Health & Well-being (SMILE programme), New occupational health programme, Employee Assistance through new Care First contract etc. Despite this programme of work, Promise 7 (reduce levels from current 14.3 days to 7.5 days) is unlikely to be delivered by 2010. Our objective in 09/10 is to show that there has been an improvement in overall performance compared to 08/09.

Key actions for the coming year include: a focus on interventions targeted at areas with highest levels of sickness absence via Chief Executive and Group Director deep dive sessions; tailored support for Managers; continue with sickness absence clinics, ensuring that the actions from these sessions are being implemented; continue with the current Health and Well-being programme; maximise support for managers from Care First and the Employee Assistance Provision; improve managers' recording and reporting process by refreshing and communicating a single and clear method of reporting sickness absence rates; improve the quality of data being used to monitor sickness absence by completing the current data quality review and implementing targeted recommendations from this review; ensure that all Group Directors, Directors and Heads of Service have access to reports that have the complete picture of sickness absence in their respective areas.

- **The impact of single status** - Single Status is the move to an equality proofed pay scheme and model across the Council and is planned for completion in 2009. One outcome of this is that some employees will have their pay reduced, whilst others will have an increase or no change. Inevitably this will be a difficult time for employees, teams and managers and it is likely to impact the performance of individuals and departments. It is critical that this change is managed well and that staff and managers are kept as well informed as early as possible.

Key actions for 2009/10 are to ensure that each Directorate develops a risk plan based on the initial outcomes of single status evaluation results; ensure that support for impacted individuals is clearly identified, understood and effectively deployed; ensure the project is adequately resourced, particularly the areas of job evaluation and pay modelling; ensure that the basic principles and criteria underpinning the evaluation and pay modelling processes are understood by Directors, Heads of Services and Team Managers; deploy the communication and engagement methods used during Project Aspire in order to drive effective stakeholder management; and to build the capability and capacity of our managers to be able to consistently and confidently deliver 'difficult messages'.

- **Benefits Service: speed and accuracy of processing** - the Audit Commission inspection in December 2008 of Swindon's Benefits service identified weaknesses in performance, quality and customer service, and rated the service as zero stars and as "poor but with promising prospects for improvement". The commission made 4 critical recommendations that the Council is now in the process of implementing.

- Deliver quicker more accurate benefits payments to customers
- Design the service to meet customer needs
- Improve performance management
- Improve benefit take up to raise the income levels of the poorest part of the community.

At a time when the Swindon residents are experiencing increasing levels of unemployment and changes of circumstances, it is critical that the Benefits service is effectively and efficiently serving the community and that the recommendations made by the Audit Commission are robustly implemented.

Key actions for 2009/10 are to ensure that the 'Benefits Improvement Plan' as defined in the PID is delivered in full and on time; ensure that both the SBC client team and the Capita delivery team are working effectively and seamlessly to solve this problem in order to respond efficiently to the needs of Swindon residents; ensure that the Director of Customer Services, Revenues and Benefits is able to relinquish duties related to Customer Services and Business Support in order to focus on delivering the required improvement.

- **Integration and live testing of business continuity plans** - during the recent live emergencies of flooding and heavy snow (February 2009) the Council's operational response to these events has been highly effective. At a recent Gold exercise to test Swindon and Wiltshire responses to a flu pandemic our emergency and continuity plans were identified as being 'good'. There is, however, a gap in the level of integration

between individual business continuity plans and to date no simulation exercise has been deployed to test the level of integration.

Key actions for 2009/10 are to design a simulation exercise that will test the level of integration between business continuity plans and will assess our overall state of readiness to respond to a significant emergency; conduct the simulation and ensure that lessons learnt are captured and turned into recommendations and a corresponding action plan; ensure that post simulation, all service areas have updated individual business continuity plans in the light of lessons learnt and that these are signed off by the relevant Group Director.

- **Completeness, reliance and integration of risk registers inc. fraud** - risk registers across the organisation are not of a consistent quality and are not always integrated across organisational boundaries.

Key actions for the coming year are to develop a targeted and prioritised action plan that emerges from the recently agreed Risk Management strategy; agree the action plan with the Operations Board and report progress on a quarterly basis; develop a framework for accessing fraud risk and ensure this is used by all Directorates.

- **Project Management** – the Council has a large capital programme that reflects its transformational ambition. To further enhance value for money and efficiency Corporate Board approved the creation of a corporate Project Management Office (PMO). The PMO will help to define and manage projects more effectively. However, although there has been improvement the Capital programme is still seen to be ‘slipping’ and some projects are still being initiated and ‘managed’ without the basics in place.

Our focus this year will be to ensure that there is a step change in the delivery of key projects across the Council; to organise and govern the Capital Programme as one single programme, so that this is shaped and performance managed by a single board empowered to ensure that the programme as a whole delivers on time and within budget; ensure that ‘call –off ‘ funding for Project Management of Capital projects is being used effectively in the delivery of these projects; re-visit the Project Management skills audit conducted last year and ensure that key gaps are identified and addressed in individual development plans; ensure that there is a renewed drive to make sure that projects from concept to delivery stage are registered with the PMO and that project teams are using the at least the basic set of tools and templates available on with the PMO; introduce the ‘PMO Registered’ and ‘PMO Assured’ logos as visible signs to be exhibited on project documentation and as mechanism to give lead members reassurance that their projects have been structured appropriately; ensure that for projects related to the building or modification of property there is a clear route map (accountabilities, responsibilities, process) for the Customer, the corporate client for the Capita partnership and Capita to follow.

- **Information governance, ICT security, disposals, data quality and information sharing** - this area is complicated and potentially there is a high degree of reputation risk or exposure for the Council and partners if this is not managed appropriately.

Key actions for 2009/10 are to ensure that the current plan to comply with the DWP's ICT security requirements in order to use the Government Connect gateway is delivered as agreed with the DWP; ensure that the Council ICT disposal policy and process is clearly understood by all staff and that this is seen to be effective across the Council and all its main office buildings; implement the new security features enabled by the Council's recent Microsoft Enterprise Agreement in order to further strengthen the Council's ICT security arrangements; develop and agree a framework of policy recommendations to cover the areas of information governance, data quality and information sharing; ensure all Directors conduct a gap analysis of their current state against this agreed framework and develop local action plans.

- **Commissioning capability and capacity** - Corporate Board and Cabinet have identified this as a critical competency and capability. The success of a number of programmes depends on having this capability and capacity in place e.g. Street Smart, SCS de-coupling, Adult Social Care transformation etc. A Commissioning capability framework has been developed in 2008 using external best practice and internal experiences and skills. This framework identifies key competencies, capabilities and behaviours needed to successfully develop and get the best out of partnerships with service providers. It is now critical that this framework is translated into delivering a step change in commissioning capability and capacity.

Key actions for 2009/10 are to complete and launch the Commissioning Capability Framework, ensuring that as a minimum it is used as a self-assessment tool in the process of agreeing individual development plans; agree and implement the deployment plan for 'Commissioning Capability' in priority areas in 09/10 e.g. Street Smart and Adult Social Care; ensure that the Swindon Learning Platform offers access to on-line tools for Commissioning practitioners.

- **Car Parking** - a recent internal audit report has identified significant weaknesses in some of the processes for car parking income. An action plan with timescales has been agreed to implement the recommendations from the audit report and many of the issues have already been rectified.
- **Young People not in employment, education or training (NEET)** - we have a rising percentage of young people aged between 16 and 18 who are not in education, employment and training. In April 2009, this figure stood at 8.91%. A year ago it was 6.6%. Across the Borough the NEET figure in central Swindon is over 12%, whilst in the north and south of the town it is between 6 and 7%. The numbers in learning have remained reasonably stable at about 81%, but there was a large dip in late 2008, caused by some of our most vulnerable young people failing to hold down their places on courses at FE colleges. There has been a drop in the numbers in work and training, falling from 12% to 10% in a year. Swindon has been hit hard by the economic recession resulting in a reduction in employment opportunities, including apprenticeships for young people. We now have one of the highest youth unemployment rates in the country.

Our priorities for improvement and outline actions for 2009-10 are to improve transition from school to post 16 provision, especially for the most vulnerable; increase employment and training opportunities including apprenticeships; improve performance management and workforce development; ensure the production and sharing of accurate and timely management information; improve GCSE performance

- **Special Educational Needs (SEN) statements issued within 26 weeks** - this indicator is aimed at improving the procedures involved in issuing statements of special educational need so that final agreements are reached within 26 weeks of starting the assessment process. The reasons for our apparent poor performance are that there has been some confusion about how the indicator is calculated and, in addition, we have prioritised getting the best educational placement for a child over hitting a deadline date. There are exceptions, legitimate reasons why a statement may not be issued within 26 weeks; these are mainly concerned with allowing additional time for parents to respond or schools to agree a placement. There are two parts to the indicator, not just the one that is currently reported. The first part is the measure of statements excluding exceptions; the second includes exceptions. We have set a target for the first part of the indicator at 80% and for the second at 71%. These are higher than the single target set in 2008-09.

We have taken action to improve the efficiency of our administrative procedures and have seconded an additional person to the statementing team for a year to cope with the increasing workload. Current performance in the first 2 months of the financial year shows achievement of 100% against the first indicator target of 80% and an average of 90% against the second target of 71%.

- **GCSE attainment** - Secondary schools' GCSE performance is very low in comparison with national averages and the averages of our statistical neighbours. We have commissioned an independent review into achievement and standards in secondary schools and the quality of the support provided by the local authority. The secondary heads have met the Corporate Board on two occasions to discuss the issues of aspirations for young people.

The independent review confirmed that schools are now implementing the strategies that will lead to higher standards and that the local authority support is suitable for the task of helping schools to raise attainment. The standards of children entering secondary schools have been rising for the last four years and so the outlook for the future is positive. Schools are forecasting higher results in 2009 compared with 2008.

A constant risk, however, is schools' ability to recruit and retain high quality specialist teachers of English, mathematics, science and ICT. This risk tends to increase in schools working in the most deprived areas that also tend to have the greatest challenge to raise standards.

Our actions for 2009-10 are to deploy LA advisers to support schools in three main areas to improve English, mathematics and the quality of assessment; support two schools with low standards through the National Challenge, which brings £119k to the schools in this financial year and additional monitoring of progress; support three schools to work in collaboration on shared issues of low rates of pupil progress. Each school will receive £10k plus additional monitoring of performance; improve the knowledge and skills of mathematics teachers by establishing a network to share good practice and learn from research into what works best for children. In addition, a school with leading practice in mathematics is hosting a conference for teachers; train secondary school improvement partners in deeper analysis of data to identify issues and raise the level of challenge to schools to improve; work with the Villiers Park Educational trust to support 30 pupils aged 14 in 2009-10 in a four year programme to help them achieve entry to higher education.

These young people will be from disadvantaged backgrounds who would be the first generation in their families to enter university; implement a transition and transfer policy to avoid the dips in progress when children transfer to secondary schools and young people move on to post 16 provision.

## 6. Certification

To the best of our knowledge, the governance arrangements, as defined above, have been effectively operating during the year although we recognise the areas for additional focus identified in section 5. We are satisfied that these enhancements will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

Signed:

Councillor Roderick Bluh

Gavin Jones

Leader of the Council

Chief Executive

**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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