Swindon Borough Council & Group Statement of Accounts

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Introduction by the Board Director – Resources

Financial year 2013/14 continued to be a challenging period of balancing the annual budget whilst looking to update the service foundations upon which the Authority is structured for the future. The outturn budget was balanced by the end of the year with one-off funds becoming available to help support earmarked reserves and provide additional resources for future financing of restructuring and strategic projects.

Work is being progressed through six major change programmes that will help position the Council in a better place to respond to the challenges ahead. As a key part of our future strategy we are seeking to engage all residents in a very different way, to co-create services that meet their needs, recognising the funding constraints that exist across the public sector generally. This is a key strand of the 'Stronger Together' strategy that has been adopted by the Council.

Although the funding position will inevitably be tighter in the years ahead, the Council will continue to work to better the life chances of all its residents, albeit in different ways than it has been able to in the past.

Stuart McKellar

Board Director - Resources

June 2014

Explanatory Foreword

These accounts relate to the financial year ended 31 March 2014 and have been prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain (The Code). The Code is to be adopted by Local Authorities when publishing their accounts. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets. Any diversion from the Code is stated where applicable.

Updates to the Accounts Required Under Changes to Accounting Practice

There have been accounting changes under requirements of the Code in 2013/14 for the restatement of post-employment benefits.

Other Adjustments

There has been adjustment to brought-forward balances of the capital adjustment account and balance sheet liabilities to account for a revision to the carrying value for the private finance initiative.

The Statements

The financial statements follow recommended practice and are split between core statements of the authority and their notes, and supplementary statements.

Financial Overview

Swindon Borough Council is a Unitary Council that, alongside its other core functions, also provides Council housing. It is required 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, (Formulae Grant, Dedicated Schools Grant (DSG)), other specific grants, fees & 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 funded from the sale of capital assets, borrowing, Government grant support or 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 (GF)

The net GF budget for the year was set at £148m. This excludes funding for schools, which is provided via the Dedicated Schools Grant (DSG).

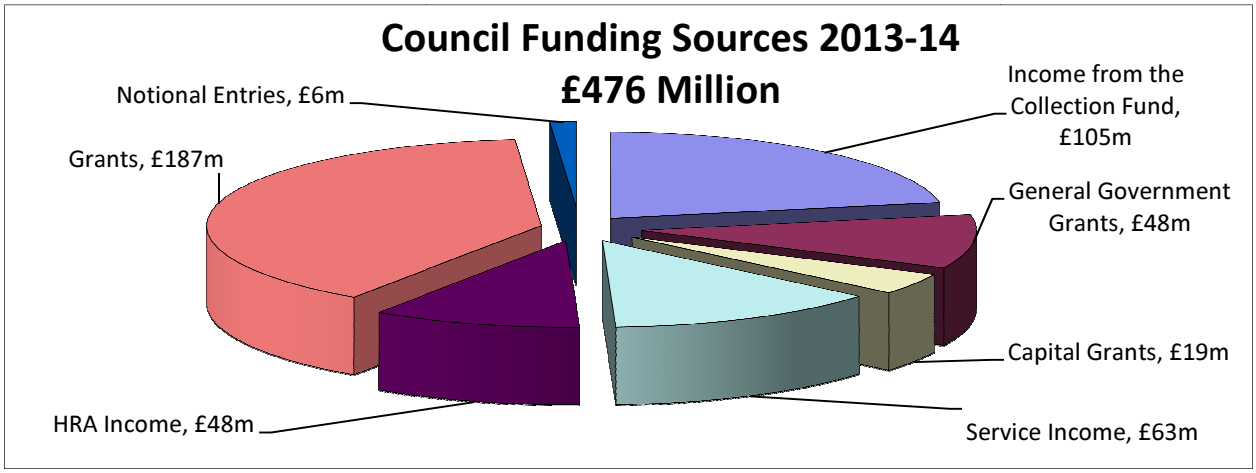
Although the overall budget was delivered and funds made available to transfer to reserves from one-off receipts, there remain variations between Service Areas.

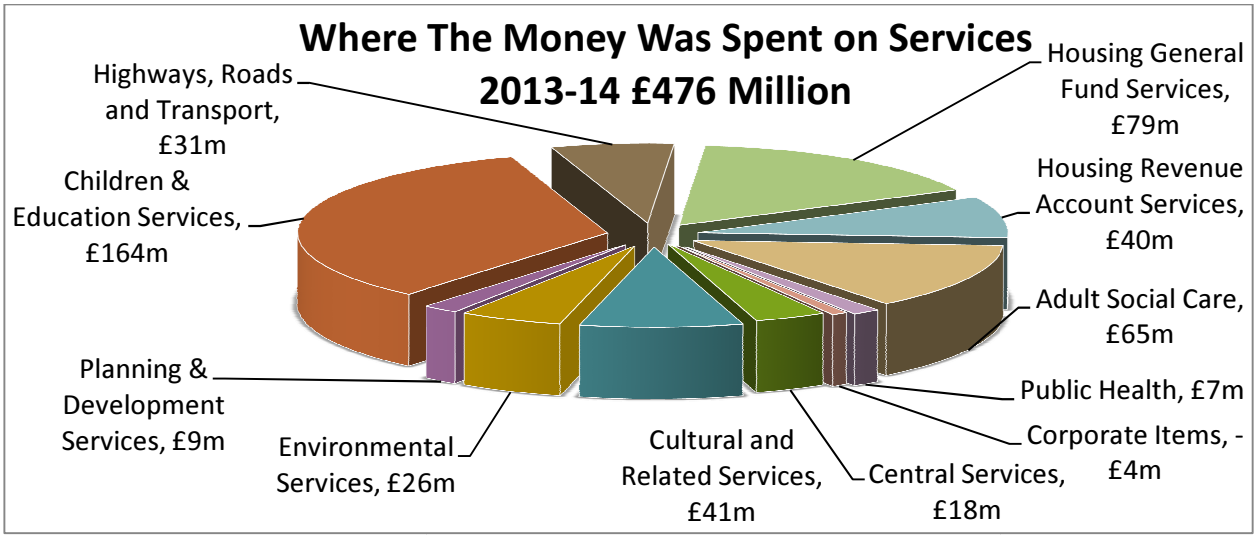
The following table provides more detail on the outturn position for each of the Council's service areas, reflecting the Council's local management structure. This presentation differs from the nationally prescribed format for the Comprehensive Income and Expenditure Statement (CIES),

however, the total expenditure, and hence that amount to be funded from Council Taxpayers, is identical.

	Budget £000's	Actual £000's	Variance £000's
Chief Executive	1,560	1,523	**(37)**
Resources	447	(290)	**(737)**
Corporate	(10,570)	(9,013)	**1,557**
Commissioning	92,739	92,739	**0**
Service Delivery	63,864	63,081	**(783)**
Net Cost of General Fund Services (outturn)	**148,040**	**148,040**	**0**
Parish Precepts		1,855	
Net Corporate Income and Expenditure		(5,466)	
Net Capital, Reserves & other Appropriations in Net Cost of Services		33,808	
Surplus / Deficit on Provision of Services		**178,237**	
Taxation and Non-Specific Grant Income		(171,923)	
Net (Surplus)/Deficit For Year on the CIES		**6,314**	

The following charts analyse the main income sources to the Council in 2013/14, and the gross expenditure on services. Income sources include grants, HRA income, service fees and charges and net corporate income streams.





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.

Changes in 2013/14 also now require a Business Rates Collection Fund account to be held. In general terms this will operate in the same way as the Council Tax Collection Fund account. The Collection Fund had a net deficit of £4m at 31 March.

The accounting treatment for the Collection Fund means the Council shows only its own proportion of balances through the accounts on an agency basis. This does not change the Collection Fund itself, which is prescribed under statute, but does remove the overall Collection Fund balance from the Council's Balance Sheet. It is replaced by a Collection Fund adjustment account to account for the Authority's movement on the fund, and debtors or creditors for amounts owed to/from major preceptors.

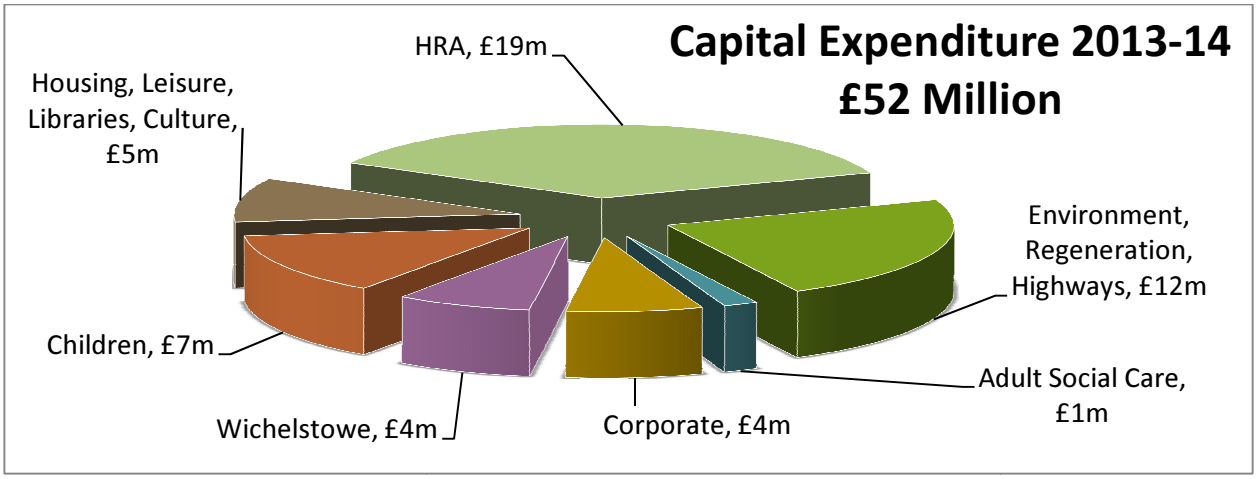
Financial Overview – The Housing Revenue Account (HRA)

The HRA underspent its planned budget by £1.5m and was able to transfer funds to reserve and therefore end the year balanced against budget. HRA balances stood at £26m at the end of March 2014.

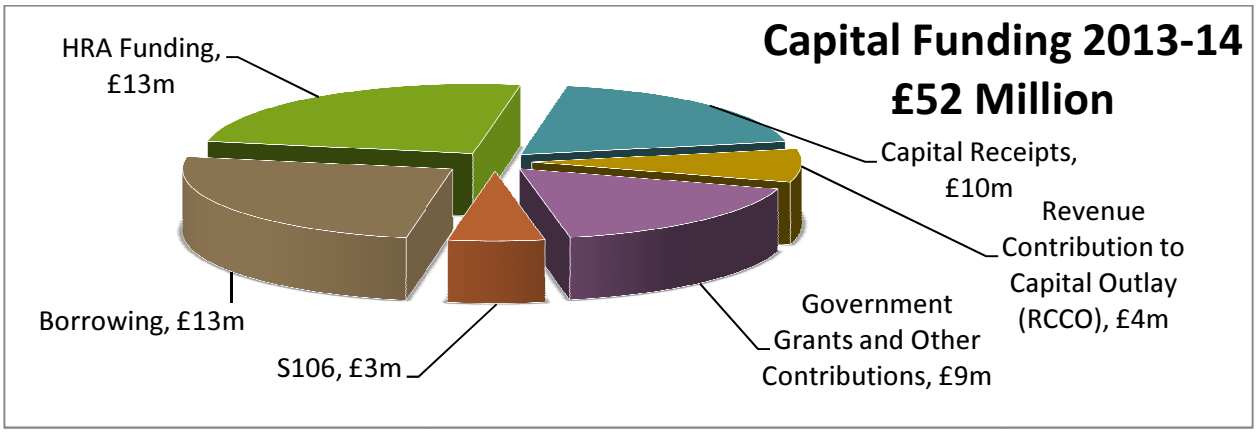
The underspend on the HRA arose from a combination of lower staff, estates and ICT costs, lower voids than envisaged and survey costs that will now be incurred in 2014/15.

Financial Overview – Capital Income & Expenditure

During the year, the Council incurred borrowing of £13m towards capital expenditure of £52m. This expenditure is analysed in the chart below into key service areas of the Council.



In-year borrowing contributes to total borrowing of £267m, inclusive of HRA debt, with a related capital finance requirement of £411m. This should be seen in the context of a non-current asset base of £930m.



Financial Overview – Other Key Disclosures

Pension Liability

The net pension liability as disclosed in the balance sheet, under International Accounting Standard 19 (IAS19) requirements, has increased by £31m. The liability is reported as £264m (£233m for 2012/13). This increase reflects the relatively poor performance of the underlying pension asset.

Private Finance Initiative (PFI)

Changes to the underlying model that provides the balance sheet estimate for the PFI liability have increased its overall value to £57m. Prior period balances have been adjusted to reflect the historic changes. This has resulted in changes to Prudential Indicators but not revenue.

Swindon Commercial Services

The Council's old direct labour-based subsidiary was substantially reintegrated back into the Council on 1st November 2013. This does not see major variation on reported revenue service costs, or the Council balance sheet, but does have implication for the group balance sheet position and amounts cancelled out on group consolidation, which are now reduced.

Major Asset Transfers

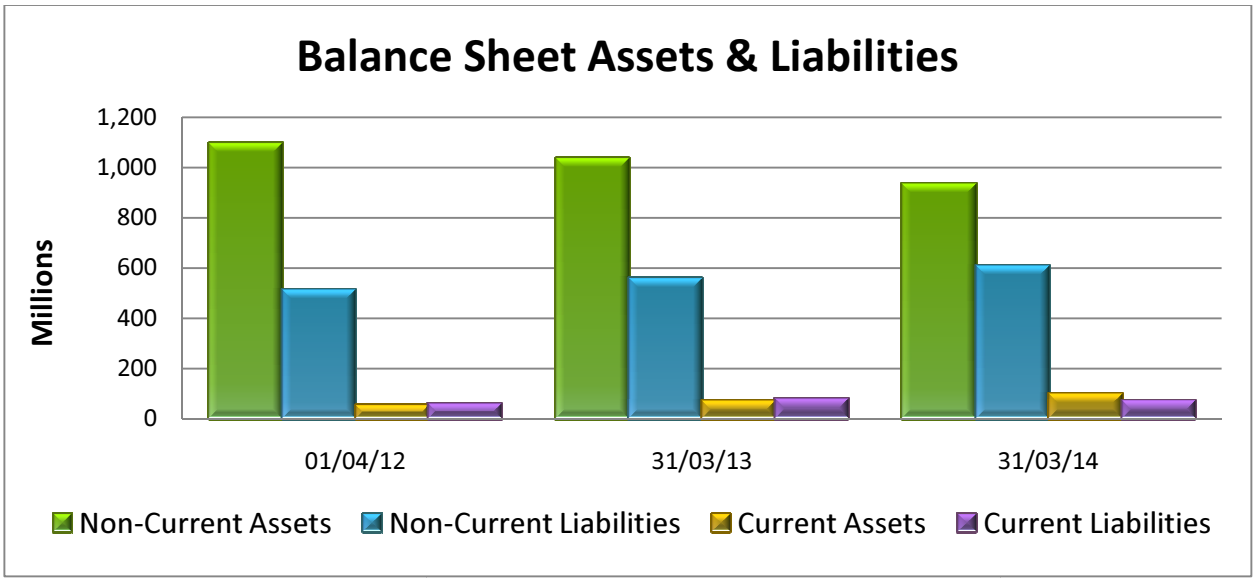
The Council continues to see transfer of schools into Academy status. Once transferred to Academy status the underlying assets are not classed as Council property but disposed of under long-term leasing at nil value.

The Wichelstowe development has also seen the major infrastructure works for the area become an operational asset. This is a significant part of the £78m movement transferred from assets under construction to operational assets, with subsequent impairment through revenue. This has seen an increase to the cost of highways services.

Financial Overview – Financial Outlook

At this point, the Council's balance sheet continues to be strong, with a healthy level of reserves. The level of General Fund earmarked reserves increased in 2013/14 due to one-off resources becoming available. These arose as a result of the Council accelerating its savings programme for 2014/15, from not fully utilising contingencies for in-year service provision, and having agreed underspends set aside for future use. Reserves are expected to fall in future as the Council seeks to fund service reconfiguration.

The non-current assets have reduced over recent years due to a combination of disposals of material assets, noticeably schools to Academy status, and from the downward revaluation of Council dwellings. The liabilities of the Council generally remain constant, with the pension liability being a specific and significant variable. The chart below shows the year-by-year values of main balance sheet categories.



Cabinet and Council in February 2014 approved a one-year capital programme and signalled priority schemes for future years. However, with significant cuts to Local Government funding, it is anticipated that new approvals will be kept to a minimum depending on confirmation of funding source, with school place planning pressures accounting for a significant element of any future capital programme.

Audit Report

The draft accounts have to be approved before the 30 June by the Board Director - Resources, the Council's designated Section 151 Officer. They will be independently audited as required by the Audit Commission Act 1998 and published in their audited form by 30 September. The Council's auditors are Grant Thornton.

Further Information

If readers would like to know more about the accounts of the Council, please write to Stuart McKellar, Board Director - Resources, Civic Offices, Swindon SN1 2JH, or email smckellar@swindon.gov.uk

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 2013/14, the designated officer was the Board Director: Resources.

To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Officer's Responsibilities

The Board Director: Resources had the responsibility to ensure that these final accounts were prepared in accordance with best practice. The Code of Practice on Local Authority Accounting in Great Britain ("the Code") requires the Statement to give a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31st March 2014.

In preparing this Statement of Accounts, the Board Director:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code.

The Board Director also:

- Kept proper accounting records which were up to date;
- Took reasonable steps for the prevention and detection of fraud and other irregularities.

Approval of the Accounts

I certify that the above responsibilities have been accounted for in the production of these statements and that they give a true and fair view of the financial position of the authority at 31 March 2014.

Signed: Date:

Stuart McKellar, Board Director: Resources

Approval of the Final Accounts

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

Signed: Date:

Chair of Audit Committee

Main Statements

Comprehensive Income and Expenditure Statement

This statement Summarises the income and expenditure on all functions of the Authority and shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost.

Note	Restated 2012/13	2012/13 Gross Expenditure	2012/13 Gross Income	2012/13 Net Expenditure	2013/14 Gross Expenditure	2013/14 Gross Income	2013/14 Net Expenditure
	Continuing Operations:	£000	£000	£000	£000	£000	£000
	Central Services to the public	19,876	(14,806)	5,070	2,421	(2,659)	(238)
	Corporate and democratic core	15,235	(3,978)	11,257	11,400	(3,836)	7,564
	Non Distributed costs	1,223	0	1,223	4,260	0	4,260
	Cultural and Related Services	25,397	(9,919)	15,478	40,562	(9,965)	30,597
	Environmental Services	21,531	(4,224)	17,307	25,908	(3,652)	22,256
	Planning & Development Services	14,559	(5,448)	9,111	8,853	(4,976)	3,877
	Education and children's services	162,156	(111,579)	50,577	163,706	(123,175)	40,531
	Highways and transport services	25,053	(8,543)	16,510	31,116	(8,983)	22,133
	Housing General Fund Services	77,758	(71,358)	6,400	78,632	(72,662)	5,970
	Housing Revenue Account Services	60,244	(45,587)	14,657	40,181	(47,565)	(7,384)
	Adult social care	80,407	(19,854)	60,553	65,036	(12,074)	52,962
	Public Health	0	0	0	7,238	(7,918)	(680)
	(Surplus) / Deficit on Continuing Operations	**503,439**	**(295,296)**	**208,143**	**479,313**	**(297,465)**	**181,848**
7	Other operating expenditure			27,422			62,951
8	Financing & investment (income)/expenditure			(100)			(66,562)
10	Taxation and non-specific grant income			(166,966)			(171,923)
	(Surplus) / Deficit on Provision of Services			**68,499**			**6,314**
12	(Surplus) / Deficit on revaluation of PPE assets			(18,130)			(8,837)
40	Actuarial (gain) / loss on pension assets / liabilities			58,531			105,052
	Other Comprehensive Income and Expenditure			**40,401**			**96,215**
	Total Comprehensive Income and Expenditure			**108,900**			**102,529**

Movement in Reserves Statement

This statement shows the movements between the CIES revenue account and balance sheet 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (Surplus) / Deficit on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

	General Fund Balance	GF Reserves	HRA	HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
1 April 2013	**(6,000)**	**(48,702)**	**(5,470)**	**(6,348)**	**(11,067)**	**(14,445)**	**(25,656)**	**(117,688)**	**(346,763)**	**(464,451)**
(Surplus) / Deficit on Service provision	9,622	-	(3,308)	-	-	-	-	6,314	0	6,314
Other (Income) / Exp.	-	-	-	-	-	-	-	0	96,215	96,215
Total Comprehensive (Income) /Exp.	**9,622**	**0**	**(3,308)**	**0**	**0**	**0**	**0**	**6,314**	**96,215**	**102,529**
Adjusts between accounting & funding basis (note 11)	(22,638)	-	2,281	-	455	822	(8,120)	(27,200)	27,200	0
Net (Increase)/ Decrease before Reserves	**(13,016)**	**0**	**(1,027)**	**0**	**455**	**822**	**(8,120)**	**(20,886)**	**123,415**	**102,529**
Transfers to / (from) Earmarked Reserves	13,016	(12,514)	(659)	659	(502)	-	-	0	0	0
(Increase)/Decrease in-year	0	(12,514)	(1,686)	659	(47)	822	(8,120)	(20,886)	123,415	102,529
31 March 2014	**(6,000)**	**(61,216)**	**(7,156)**	**(5,689)**	**(11,114)**	**(13,623)**	**(33,776)**	**(138,574)**	**(223,348)**	**(361,922)**

Restated	General Fund Balance £000	GF Reserves £000	HRA £000	HRA Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
1 April 2012	**(6,000)**	**(46,543)**	**(3,948)**	**(6,129)**	**(10,711)**	**(6,666)**	**(23,053)**	**(103,050)**	**(470,301)**	**(573,351)**
(Surplus) / Deficit on Service provision	46,375	-	22,124	-	-	-	-	68,499	0	68,499
Other (Income) / Exp.	-	-	-	-	-	-	-	0	40,401	40,401
Total Comprehensive (Income) /Exp.	**46,375**	**0**	**22,124**	**0**	**0**	**0**	**0**	**68,499**	**40,401**	**108,900**
Adjusts between accounting & funding basis (note 11)	(44,663)	-	(23,865)	-	(3,723)	(7,779)	(2,603)	(82,633)	82,633	0
Net (Increase)/ Decrease before Reserves	**1,712**	**0**	**(1,741)**	**0**	**(3,723)**	**(7,779)**	**(2,603)**	**(14,134)**	**123,034**	**108,900**
Transfers to / (from) Earmarked Reserves	(1,712)	(2,159)	219	(219)	3,367	-	-	(504)	504	0
(Increase)/Decrease in-year	0	(2,159)	(1,522)	(219)	(356)	(7,779)	(2,603)	(14,638)	123,538	108,900
31 March 2013	**(6,000)**	**(48,702)**	**(5,470)**	**(6,348)**	**(11,067)**	**(14,445)**	**(25,656)**	**(117,688)**	**(346,763)**	**(464,451)**

Balance Sheet

This statement shows the balance sheet assets and liabilities of the Council at the 31 March. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories; those that are useable 'cash-backed' reserves and can be used in funding revenue or capital spend, and those that are unusable for funding and represent as yet unrealised gains and losses.

Note		Restated **31st March 2013 £000**	**31st March 2014 £000**
12	Property, Plant& Equipment (non-dwellings)	658,482	579,583
12/45	Council dwellings	277,296	265,601
14	Heritage	39,700	40,000
13	Investment property	50,432	52,412
54	Long term investments	1,489	1,489
	Long Term debtors	1,423	1,402
	Total Non-Current Assets	**1,028,822**	**940,487**
41	Short term investments	23,623	49,107
	Inventories & Work in Progress	483	1,220
17	Short term debtors	22,738	17,361
41	Cash & Cash equivalents	20,935	21,665
	Assets held for sale (current)	3,600	6,246
	Current Assets	**71,379**	**95,599**
41	Short term borrowing	(42,316)	(25,440)
18	Short term creditors	(35,673)	(41,948)
19	Provisions (short term)	(2,003)	(1,486)
	Current Liabilities	**(79,992)**	**(68,874)**
41	Long term borrowing	(223,764)	(242,259)
38	Long term creditors	(56,752)	(55,815)
19	Provisions (long term)	(6,635)	(8,414)
40	Pension Asset/Liability	(233,791)	(264,763)
10	Capital Grants receipts in advance	(34,816)	(34,039)
	Non-Current Liabilities	**(555,758)**	**(605,290)**
	Net Assets	**464,451**	**361,922**
MiRS	Usable Reserves	(117,688)	(138,574)
21-16	Unusable Reserves	(346,763)	(223,348)
	Total Reserves	**(464,451)**	**(361,922)**

The unaudited accounts were issued on 26 June 2014.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. Investing activities represent the extent to which cash outflows have been made for resources, which are intended to contribute to the authority's future service delivery.

Notes	Restated 2012/13	2012/13 £'000	2013/14 £'000
	Net surplus or (deficit) on the provision of services	(68,499)	(6,314)
	Adjustments to net surplus or deficit on the provision of services for non-cash movements	103,966	79,726
	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(24,476)	(24,508)
27	**Net cash flows from Operating Activities**	**10,991**	**48,904**
28	Investing Activities	(21,193)	(47,443)
29	Financing Activities	12,203	(732)
	Net increase or (decrease) in cash and cash equivalents	**2,001**	**729**
	Cash and cash equivalents at the beginning of the reporting period	18,934	20,936
	Cash and cash equivalents at the end of the reporting period	**20,935**	**21,665**

NOTES TO THE ACCOUNTS

1. Accounting Standards That Have Been Issued but Have Not Yet Been Applied

There are a range of changes to IFRSs that could impact on the 2014/15 Code; however, the impact on the accounts is not yet known.

2. Critical Judgements in Applying Accounting Policies

There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision. The Authority is however undertaking a review of service provision and whether all services currently provided should be continued to be provided, with the expectation that leisure provision may transfer to third party providers.

The reintegration of most of the services provided by Swindon Commercial Services Ltd has seen adjustments to bring in the value of assets, stock, and other assets and liabilities. These adjustments are not material in the context of the balance sheet, but judgement has been made over inclusion of items, and the rebate from the subsidiary is significantly higher than normal due to recognition in revenue of a closing cash transfer.

The Authority is deemed to control the services provided under the agreement for school provision in seven new schools and also to control the residual value of the buildings at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the schools are recognised as Property, Plant and Equipment on the Authority's Balance Sheet. However, with on-going transfers of schools to academy status, the authority is left with no relevant asset, but still holds the long-term liability.

Accounting for Schools assets - In its role as a local education authority the Council oversees a range of Voluntary Aided and Voluntary Controlled schools. The different form of school affects the make-up of their governing body, the admissions policy, funding arrangements and the legal ownership of assets. A national review continues to be undertaken to assess consistency of school assets inclusion on Authority balance sheets. Until the conclusion of that review the Authority continues to record only those schools for which it has control over school policy.

Academy schools within the borough operate under a long term lease of their assets and are funded independently of the Council. The Council has therefore continued to remove the value of Academy school assets from its carrying-value of property, plant and equipment. These schools have transferred out of local authority control and the assets that form part of the academy transfer are no longer accounted for as having ownership value, effectively a nil-value finance lease.

The Council is required to partake in the Carbon Reduction Commitment Scheme programme. This involves the purchase of annual allowances to pay for carbon usage. Allowances carried forward from one year to the next are deemed to be intangible assets; however the Authority's balance of allowances is not material and has not been classified.

The overriding concept of materiality has been applied in the production of these accounts. This involves both the judgement of materiality in the application of transactions for accruals, and in

the presentation of disclosures that relate to the accounting statements. Statutory notes are not affected.

3. The Impact of Prior Period Adjustments

There has been a £10m adjustment to the opening balance sheet position for the restatement of the remodelled PFI liability. Other non-material adjustments have been made to balance through the change. The revenue impact of the pension cost and associated actuarial gains/losses has also been restated, by £17m, in and out, resulting in a net nil impact to total comprehensive income and expenditure.

4. Assumptions Made About the Future & Other Major Sources of Estimation Uncertainty

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
Provisions	The Authority makes a provision to provide for self-insurance. This is calculated to cover the Council's costs should successful significant claims be made against the Authority. On past experience the value of claims paid requires less annual contribution to the provision. The level of provision which is classified as short-term (75%) is based upon the experience of claims of the insurance service.	An increase in the forthcoming year in the number of claims processed could see a need to increase the provision beyond that budgeted, which would impact on the general fund balance. The overall provision should provide the necessary cover for claims and there should be no impact to the general fund.
Leisure Services	There is an on-going review into the provision of leisure services which is highly likely to see a significant majority of currently Council-run leisure services provided by third parties. There is no impact to the balance sheet as at 31/3/14, however, depending on the final agreements signed in 14/15 a number of material assets could be removed from future balance sheets.	If the transfer shouldn't go ahead the assets would remain on the Council balance sheet.

Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements, advised by actuaries, relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.	Changes to the pension liability can be complex with a variety of items that may cause impact on the balance sheet or revenue statement with either a positive or negative change.
Private Finance Initiative (PFI)	The PFI scheme balances are based upon a series of modelled cash-flows. Variation to cash-flows and changes to the forecast percentage changes can have a material effect on the liability due to the length of time the scheme is in place for.	The balance sheet value of liabilities would be under or over-stated.
Swindon Commercial Services Ltd (SCS Ltd)	A large part of SCS Ltd was integrated back into the Council on 1st November 2013. Adjustments have been made to bring in relevant transactions of the old subsidiary to the Council accounts.	The gross amount of income or expenditure recorded in the CIES may be over/under stated.

5. Material Items of Income and Expense

A number of material items are included within the Comprehensive Income and Expenditure Statement that can be broken down as:

Items	Value	Explanation
2013/14		
Wichelstowe Asset Under Construction	£7m	The brought forward asset under construction for the Wichelstowe development has been transferred to operational; however, as part of the on-going value impairment has been processed where relevant historic costs cannot be allocated to operational assets.
Disposal of School Assets on Academy Transfers	£48m	The converting of a number of schools to Academy status has required the writing out of the assets for those sites. This has resulted in a high level of loss on disposal showing through Other Operating Expenditure.
2012/13		
Disposal of School Assets on Academy Transfers and Oasis Leisure Centre	£28m	The converting of a number of schools to Academy status has required the writing out of the assets for those sites, along with the disposal to Finance Lease of the Oasis Leisure Centre. This has resulted in a high level of loss on disposal showing through Other Operating Expenditure.

6. Events after the Balance Sheet Date

There remain a number of schools that are expected to transfer to Academy status in 2014/15 and it is expected that disposals of £24m will be required in 2014/15 accounts for Academy transfers, £3m of which is scheduled prior to authorisation of the 13/14 accounts in September 2014. This disposal value will increase for additional transfers that occur before the end of the financial year.

7. Other Operating Expenditure

Breakdown of items included under Other Operating Expenditure.

	2012/13 £'000	2013/14 £'000
(Gains)/losses on the disposal of non-current assets	24,948	59,635
Parish council precepts	1,946	1,855
Payments to the Government Housing Capital Receipts Pool	528	1,461
Total Other Operating Expenditure	**27,422**	**62,951**

8. Financing and Investment Income and Expenditure

Breakdown of items included under Financing and Investment Income and Expenditure.

	2012/13 £'000	2013/14 £'000
Interest payable and similar charges	16,903	16,363
Interest receivable and similar income	(1,345)	(1,505)
Investment income	(6,549)	(3,941)
Movement on market value of investment property	99	(840)
Investment Asset Disposals	849	1,911
Net pensions interest cost & expected return on pensions assets	(10,057)	(78,550)
Total Financing and Investment Income and Expenditure	**(100)**	**(66,562)**

9. Dedicated Schools Grant

Schools' funding is provided 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.

	Central Expenditure 2013/14 £'000	Schools Budgets 2013/14 £'000	Total 2013/14 £'000
Final DSG for before Academy Recoupment			145,449
Additional DSG EYR's expected from Jan census			197
Academy figure recouped for			(62,105)
Total DSG after Academy Recoupment for			83,541
Brought Forward from prior year			**2,149**
Carry Forward to next year agreed in advance			(1,636)
Agreed initial budgeted distribution	26,641	57,413	**84,054**
In year adjustments			
Final budgeted distribution for year	**26,641**	**57,413**	**84,054**
Less actual central expenditure	25,807		
Less actual ISB deployed to schools		57,413	
Plus local authority contribution for			**0**
Carry forward to next year	**834**	**0**	**2,470**

10.Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

Credited to Taxation and Non Specific Grant Income	2012/13 £'000	2013/14 £'000
Collection Fund Income - Council Tax	(87,783)	(78,832)
Collection Fund Income - Business Rates	(50,574)	(29,038)
Collection Fund Adjustments	606	3,059
Non-ring-fenced government grants	(15,169)	(47,638)
Capital grants - used in funding	(4,810)	(4,870)
S106 - used in funding	(619)	(2,820)
Capital grants and contributions - to CGUA*	(8,617)	(11,784)
	(166,966)	**(171,923)**

*Capital Grants Unapplied Account

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them which are not reasonably assured to be met and may require the funds to be returned to the giver. The balances at the year-end are as follows:

	2012/13 £'000	2013/14 £'000
Balance at 1 April	**(31,598)**	**(34,816)**
New funds received with conditions not met	(17,263)	(18,697)
Funds written out where conditions have been met	14,045	19,474
Balance at 31 March	**(34,816)**	**(34,039)**

The below amounts were credited to Net Cost Services.

Funding Body	2012/13 £'000	2013/14 £'000
Arts Council - South West	(7)	(297)
Children's Workforce Development Council	(252)	(55)
Department For Children, Schools & Families (DCSF)	(95,190)	(92,327)
Department for Work & Pensions (DWP)	(81,548)	(69,857)
Department of Communities & Local Government (DCLG)	(11,428)	(7,325)
Department of Health	(29,690)	(12,209)
Department of Transport	(629)	(728)
Forestry Commission	(18)	(66)
Home Office	(392)	(401)
Learning Skills Council /Skills Funding Agency	(377)	(486)
National Probation Service	(14)	0
NHS	(1,953)	(2,753)
South West Regional Development Agency	(57)	(22)
Young Persons Learning Agency	(712)	(381)
Youth Justice board	(328)	(325)
Sport England	(48)	(58)
	(222,643)	**(187,110)**

11.Adjustments between Accounting Basis and Funding Basis under Regulations

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

2013/14	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:								
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement								
Charges for depreciation of non-current assets	(24,655)	(12,421)	-	-	-	(37,076)	37,076	0
Charges for impairment of non-current assets	(26,714)	(6,713)	-	-	-	(33,427)	33,427	0
Movement in the market value of investment properties	775	65	-	-	-	840	(840)	0
Capital grants and contributions applied	7,689	-	-	-	-	7,689	(7,689)	0
Revenue expenditure funded from capital under statute	(5,335)	-	-	-	-	(5,335)	5,335	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(59,201)	(13,190)	-	-	-	(72,391)	72,391	0
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:								
Statutory provision for the financing of capital investment	5,228	-	-	-	-	5,228	(5,228)	0

Voluntary provision for the financing of capital investment	-	5,000	-	-	-	5,000	(5,000)	0
Capital expenditure charged against the General Fund and HRA balances	124	4,256	-	-	-	4,380	(4,380)	0
Adjustments primarily involving the Capital Adjustment Account:								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	11,784	-	-	-	(11,784)	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	3,664	3,664	(3,664)	0
Adjustments primarily involving the Capital Receipts Reserve:								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	7,922	2,942	(10,844)	-	-	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	9,851	-	-	9,851	(9,851)	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(1,481)	-	1,461	-	-	0	0	0
Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):								
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	(14)	-	-	(14)	14	0

Adjustment primarily involving the Major Repairs Reserve								
Reversal of Major Repairs Allowance credited to the HRA	-	12,419	-	(12,419)	-	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	13,241	-	13,241	(13,241)	0
Adjustment primarily involving the Financial Instruments Adjustment Account:								
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	40	88	-	-	-	128	(128)	0
Adjustments primarily involving the Pensions Reserve:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	64,245	9,835	-	-	-	74,080	(74,080)	0
Adjustments primarily involving the collection Fund Adjustment Account:								
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(3,059)	-	-	-	-	(3,059)	3,059	0
Total Adjustments	**(22,638)**	**2,281**	**455**	**822**	**(8,120)**	**(27,200)**	**27,200**	**0**

2012/13	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Adjustments primarily involving the Capital Adjustment Account: Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement								
Charges for depreciation of non-current assets	(21,290)	(3,815)	-	-	-	(25,105)	25,105	0
Charges for impairment of non-current assets	(27,575)	(36,856)	-	-	-	(64,431)	64,431	0
Movement in the market value of investment properties	(99)	-	-	-	-	(99)	99	0
Capital grants and contributions applied	5,429	-	-	-	-	5,429	(5,429)	0
Revenue expenditure funded from capital under statute	(7,908)	-	-	-	-	(7,908)	7,908	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(27,570)	(4,286)	-	-	-	(31,856)	31,856	0
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:								
Statutory provision for the financing of capital investment	6,158	-	-	-	-	6,158	(6,158)	0
Voluntary provision for the financing of capital investment	-	5,000	-	-	-	5,000	(5,000)	0
Capital expenditure charged against the General Fund and HRA balances	4,000	3,816	-	-	-	7,816	(7,816)	0
Adjustments primarily involving the Capital Adjustment Account:								

Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	8,616	-	-	-	(8,617)	(1)	1	0
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	6,014	6,014	(6,014)	0
Adjustments primarily involving the Capital Receipts Reserve:								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	3,388	1,430	(4,818)	-	-	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	575	-	-	575	(575)	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(529)	-	529	-	-	0	0	0
Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):								
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,249	-	(9)	-	-	1,240	(1,240)	0
Adjustment primarily involving the Major Repairs Reserve								
Reversal of Major Repairs Allowance credited to the HRA	-	11,143	-	(11,143)	-	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	3,364	-	3,364	(3,364)	0

Adjustment primarily involving the Financial Instruments Adjustment Account:								
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	43	119	-	-	-	162	(162)	0
Adjustments primarily involving the Pensions Reserve:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	12,424	(416)	-	-	-	12,008	(12,008)	0
Adjustments primarily involving the collection Fund Adjustment Account:								
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(606)	-	-	-	-	(606)	606	0
Total Adjustments	**(44,663)**	**(23,865)**	**(3,723)**	**(7,779)**	**(2,603)**	**(82,633)**	**82,633**	**0**

12.Property, Plant and Equipment

The revaluation decreases recognised in the surplus/deficit on provision of services relates to a general fall in prices across the relevant asset categories for General Fund assets. HRA council dwellings are also subject to specific impairment where the value of new build property is affected by social housing valuations.

2013/14	Council Dwellings	Other Land & Buildings	Vehicles, Plant, & Equipment	Infra-structure Assets	Commun-ity Assets	Surplus Assets	Assets Under Construction	Heritage Assets	Total PPE	PFI Assets in PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation										
At 1 April 2013	**281,105**	**459,777**	**30,030**	**110,360**	**25,866**	**41,355**	**72,757**	**39,700**	**1,060,950**	**71,682**
Additions	17,964	9,566	1,946	7,174	781	44	9,773	-	47,248	959
Revaluation + / (-) recognised in the Revaluation Reserve	93	6,656	-	-	-	(1,228)	-	300	5,821	-
Revaluation + / (-) recognised in the Surplus/Deficit on the Provision of Services	(6,713)	(4,441)	-	(13,848)	(15,954)	-	-	-	(33,821)	-
Derecognition – disposals	(13,295)	(53,280)	-	-	-	(6,650)	-	-	(73,225)	(30,901)
Other movements in cost or valuation	2,674	5,013	-	68,261	202	6,460	(78,895)	-	(3,420)	-
At 31 March 2014	**281,828**	**423,291**	**31,976**	**171,947**	**10,895**	**39,981**	**3,635**	**40,000**	**1,003,553**	**41,740**
Accumulated Depreciation and Impairment										
At 1 April 2013	**(3,809)**	**(28,420)**	**(25,330)**	**(27,709)**	**0**	**(204)**	**0**	**0**	**(85,472)**	**(1,853)**
Depreciation charge	(12,523)	(11,478)	(2,707)	(9,979)	-	(389)	-	-	(37,076)	(1,152)
Depreciation written out to the Revaluation Reserve	-	1,039	-	-	-	-	-	-	1,039	-
Depreciation written back on impairment	-	394	-	-	-	-	-	-	394	-
Derecognition – disposals	105	2,641	-	-	-	-	-	-	2,746	928
Derecognition – other	-	-	-	-	-	-	-	-	0	-
At 31 March 2014	**(16,227)**	**(35,824)**	**(28,037)**	**(37,688)**	**0**	**(593)**	**0**	**0**	**(118,369)**	**(2,077)**
Net Book Value										
At 1 April 2013	**277,296**	**431,357**	**4,700**	**82,651**	**25,866**	**41,151**	**72,757**	**39,700**	**975,478**	**69,829**
At 31 March 2014	**265,601**	**387,467**	**3,939**	**134,259**	**10,895**	**39,388**	**3,635**	**40,000**	**885,184**	**39,663**

2012/13 Restated	Council Dwellings	Other Land and Buildings	Vehicles, Plant, & Equipment	Infra-structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Heritage Assets	Total PPE	PFI Assets in PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation										
At 1 April 2012	**332,784**	**511,475**	**29,350**	**98,144**	**25,580**	**42,571**	**57,776**	**33,410**	**1,131,090**	**64,479**
Additions	5,063	10,347	996	11,058	147	6	15,538	-	43,155	473
Derecognition – disposals	(4,286)	(29,233)	(317)	1,158	139	(159)	-	-	(32,745)	-
Impairment Losses/(Reversals) through I&E	(4,617)	-	-	-	-	-	-	-	(4,617)	-
Revaluation + / (-) recognised in the Revaluation Reserve	(47,839)	(27,290)	-	-	-	(2,018)	-	-	(77,301)	-
Revaluation + / (-) recognised in the Surplus/Deficit on the Provision of Services	-	(6,079)	-	-	-	4,555	-	6,290	4,766	6,730
Reclassification	-	-	-	-	-	(3,600)	-	-	(3,600)	-
Other movements in cost / valuation	-	557	1	-	-	-	(557)	-	1	-
At 31 March 2013	**281,105**	**459,777**	**30,030**	**110,360**	**25,866**	**41,355**	**72,757**	**39,700**	**1,060,950**	**71,682**
Accumulated Depreciation and Impairment										
At 1 April 2012	**(15,600)**	**(35,506)**	**(21,002)**	**(21,201)**	**0**	**(118)**	**0**	**0**	**(93,427)**	**(3,232)**
Depreciation charge	(3,809)	(10,195)	(4,645)	(6,367)	-	(89)	-	-	(25,105)	(1,124)
Derecognition – disposals	-	2,184	317	(141)	-	3	-	-	2,363	-
Reclassifications	-	-	-	-	-	-	-	-	0	-
Depreciation written to/from the CIES	15,600	1,733	-	-	-	-	-	-	17,333	2,503
Depreciation written out to the Revaluation Reserve	-	13,364	-	-	-	-	-	-	13,364	-
At 31 March 2013	**(3,809)**	**(28,420)**	**(25,330)**	**(27,709)**	**0**	**(204)**	**0**	**0**	**(85,472)**	**(1,853)**
Net Book Value										-
At 1 April 2012	**317,184**	**475,969**	**8,348**	**76,943**	**25,580**	**42,453**	**57,776**	**33,410**	**1,037,663**	**61,247**
At 31 March 2013	**277,296**	**431,357**	**4,700**	**82,651**	**25,866**	**41,151**	**72,757**	**39,700**	**975,478**	**69,829**

13.Investment Properties

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

	2012/13 £'000	2013/14 £'000
Balance at start of the year	**49,138**	**50,432**
Additions:		
Purchases	1,847	-
Construction	-	-
Subsequent expenditure	442	301
Disposals	(896)	(1,912)
Net gains/losses from fair value adjustments	(99)	840
Transfers:		
to/from Inventories	-	-
to/from Property, Plant and Equipment	-	2,750
Other changes	6	1
Balance at end of the year	**50,432**	**52,412**

14.Heritage Assets

The valuation of collections can be broken down into the following sites:

	2012/13 £'000	2013/14 £'000
Steam Railway Heritage Centre	25,000	25,000
Bath Road Museum	11,500	11,800
Lydiard Park House	2,500	2,500
Richard Jefferies Museum	120	120
Agricultural Store Coate	120	120
Whitehall Farm Stores	60	60
Transport Depot Stores	60	60
Civic Regalia	340	340
Total Valuation	**39,700**	**40,000**

Further information on the Council's heritage strategy is available in the formal policy document.

15.Capital Commitment

At 31 March 2014, Council has approved a Capital Programme of £133.2m for the construction or enhancement of Property, Plant and Equipment in 2014/15 and future years. Whilst not contractually committed, there is reasonable expectation that the work will be undertaken. External grants and borrowing will primarily fund this programme of works. Further expenditure depends on borrowing, grants and other contributions, some of which have already been received or promised. Similar commitments at 31 March 2013 were £124.6m.

16.Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources that have been used to finance it. Where capital expenditure is to be financed

in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR at the 01/04/13 was £453.3; it has increased by £3.8 to £457.1m as at 31/03/14.

	2012/13 £'000	2013/14 £'000
Property, Plant & Equipment	35,400	28,285
HRA Dwellings & AUC	7,755	18,963
Investment Properties	2,289	301
Total Additions to Balance Sheet	**45,444**	**47,549**
Revenue Expenditure Funded from Capital Under Statute	7,908	5,335
Total Expenditure to be Financed	**53,352**	**52,884**
HRA Funding	(3,364)	(13,241)
Capital Receipts	(575)	(9,851)
Revenue Contribution to Capital Outlay (RCCO)	(7,816)	(4,380)
Government Grants and Other Contributions	(10,824)	(8,534)
S106	(619)	(2,820)
Borrowing	(30,154)	(14,058)
Total Financing	**(53,352)**	**(52,884)**

17.Short-term Debtors

The balances of short-term debtors are summarised below:

Balance at 31 March	2013 £'000	2014 £'000
Central government bodies	5,911	1,068
Other local authorities	563	62
NHS bodies	396	119
Public corporations and trading funds	34	0
Collection Fund	10,545	14,040
Other entities and individuals	13,104	11,856
Payments in Advance	3,027	3,183
Sub-total	**33,580**	**30,328**
Provision for bad debts	(10,842)	(12,967)
Net Debtors	**22,738**	**17,361**

18. Short-Term Creditors

Balance at 31 March	2013	2014
	£'000	£'000
Central government bodies	(3,587)	(125)
Other local authorities	(1,593)	(1,274)
NHS bodies	(554)	(248)
Public corporations	0	0
Bonds	(536)	(560)
Other entities and individuals	(23,137)	(32,166)
Receipts in advance	(6,266)	(7,575)
Total	**(35,673)**	**(41,948)**

19.Provisions

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. It includes a provision for outstanding Municipal Mutual Insurance (MMI – relating to old Mesothelioma claims) claims that are now becoming certain that payment will be necessary in future.

Aged NDR

The provision is in respect of aged non-domestic rate balances that remain with the Council and for which agreement on repayment or use remains outstanding.

Capitalised Landfill

This provision represents the sixty year liability for the reclamation of the Shaw landfill site. The cost of the provision represents a capital cost as part of the decommissioning of the asset.

Equal Pay

This represents the estimated liability of the Council for outstanding equal pay claims that it expects to pay out.

Rates Appeals

This is a new provision that is required under the revised business rate accounting of the collection fund and is based upon estimates of valuations appeals.

Other

The other provisions mainly relate to Housing, where housing review costs are known to be payable every fourth year, or where the Authority is required to underwrite accommodation costs and may need be charged if amounts are not paid.

Expenditure relating to these provisions occurs when the Insurers close claims, when confirmation of NDR balances can be used is received, or as temporary housing needs require. This occurs

during the course of any year and is not fixed to specific dates. The provisions are reviewed annually to ensure they cover prudently estimated liabilities.

2013/14	Insurance £'000	Aged NDR £'000	Landfill £'000	Equal Pay £'000	Rates Appeals £'000	Other £'000	Total £'000
Balance Outstanding at start of year	(2,743)	(994)	(3,600)	(500)	0	(801)	(8,638)
Additional provisions made	(537)	0	0	0	(1,871)	(7)	(2,415)
Amounts used	633	0	64	0	0	456	1,153
Balance outstanding at year end	**(2,647)**	**(994)**	**(3,536)**	**(500)**	**(1,871)**	**(352)**	**(9,900)**
Relating to short-term	(1,453)	0	0	0	0	(33)	(1,486)
Relating to long-term	(1,194)	(994)	(3,536)	(500)	(1,871)	(319)	(8,414)

20.Transfers to/from Earmarked Reserves

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

	Balance 1/4/12 £'000	Transfers In £'000	Transfers Out £'000	Balance 31/3/13 £'000	Transfers In £'000	Transfers Out £'000	Balance 31/3/14 £'000
GF Reserves	(39,296)	(8,627)	5,484	(42,439)	(19,413)	6,854	(54,998)
HRA	(6,129)	(225)	6	(6,348)	(258)	917	(5,689)
Schools	(7,235)	0	972	(6,263)	0	45	(6,218)
Other*	(16)	0	16	0	0	0	0
Total Earmarked Reserves	**(52,676)**	**(8,852)**	**6,478**	**(55,050)**	**(19,671)**	**7,816**	**(66,905)**

* The other reserve balance provides the balancing entries for transitional finance leases.

21. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

The movement in reserves statement provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Restated 2012/13	2012/13 £'000	2013/14 £'000
Balance at 1 April	**(542,302)**	**(457,860)**
Reversal of capital related items debited or credited to the CIES:		
Charges for depreciation of noncurrent assets	25,104	37,076
Charges for impairment of noncurrent assets	84,748	33,821
Depreciation written back on disposals	(2,363)	(2,745)
Depreciation written back on revaluations	(17,333)	(394)
Revenue expenditure funded from capital under statute	6,738	5,335
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	32,803	75,136
Application of the HRA debt	(5,000)	(5,000)
	124,300	**143,229**
Adjusting amounts written out of the Revaluation Reserve	(10,995)	(9,547)
Deferred Receipts	0	7
Use of the Capital Receipts Reserve to finance new capital expenditure	(575)	(9,851)
Use of the Major Repairs Reserve to finance new capital expenditure	(3,363)	(13,240)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(5,429)	(7,690)
Application of grants to capital financing from the Capital Grants Unapplied Account	(6,014)	(3,664)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(4,978)	(3,983)
PFI Finance Lease Liability included in CIES MRP	(787)	(1,245)
Voluntary provision for financing of capital expenditure	0	0
Capital expenditure charged against the General Fund and HRA balances	(7,816)	(4,380)
Movement in the market value of investments	99	(840)
	(39,858)	**(54,433)**
Balance at 31 March	**(457,860)**	**(369,064)**

22. Revaluation Reserve

The Revaluation Reserve contains gains made by the Authority arising from increases in the value of its non-current assets. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2012/13 £'000	2013/14 £'000
Balance at 1 April	**(112,617)**	**(119,752)**
Revaluation of assets in asset table note	(4,766)	(5,821)
Revaluation of held for sale assets	0	(1,977)
Depreciation added back on revaluation	(13,364)	(1,039)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	**(18,130)**	**(8,837)**
Adjustments against historic cost	2,400	3,334
Accumulated gains on assets sold or scrapped	8,595	6,311
Amount written off to the Capital Adjustment Account	0	(98)
Balance at 31 March	**(119,752)**	**(119,042)**

23.Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

The Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the Account will be charged to the General Fund until depleted.

	2012/13 £'000	2013/14 £'000
Balance at 1 April	343	180
Proportion of premiums incurred in previous financial years to be charged against the HRA	(119)	(88)
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance	(44)	(40)
Amount by which finance costs charged to the CIES vary to those chargeable in the year in accordance with statutory requirements	**(163)**	**(128)**
Balance at 31 March	**180**	**52**

24.Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from

council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2012/13 £'000	2013/14 £'000
Balance at 1 April	(2,338)	(1,732)
Amount by which council tax income credited to the CIES is different from council tax income calculated under statute	606	332
Amount by which business rates income credited to the CIES is different from business rates income calculated under statute	0	2,727
Balance at 31 March	**(1,732)**	**1,327**

25.Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

	2012/13 £'000	2013/14 £'000
Balance at 1 April	187,273	233,791
Actuarial (gains) / losses on pensions assets and liabilities	58,531	105,052
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(12,008)	(74,080)
Actuarial Roundings	(5)	0
Balance at 31 March	**233,791**	**264,763**

Statutory arrangements, however, require a benefit earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

26. Balances of Other Unusable Reserves

	2012/13 £'000	2013/14 £'000
Deferred Capital Receipts	(1,279)	(1,273)
Passenger Transport Realisation	(611)	(611)
Equal Pay Back-pay Reserve	500	500
Sub Total	**(1,390)**	**(1,384)**

27. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2012/13 £'000	2013/14 £'000
Interest received	1,284	4,069
Interest paid	(17,033)	(17,033)
Dividends received	2,509	0
Total	**(13,240)**	**(12,964)**

28.Cash Flow Statement – Investing Activities

	2012/13 £'000	2013/14 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(41,867)	(46,231)
Purchase of short-term and long-term investments	(238,373)	(290,709)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	5,215	9,999
Proceeds from shot-term and long-term investments	237,098	260,269
Other receipts from investing activities	16,734	19,229
Total	**(21,193)**	**(47,443)**

29.Cash Flow Statement – Financing Activities

	2012/13 £'000	2013/14 £'000
Cash receipts of short- and long-term borrowing	169,660	137,720
Other receipts from financing activities	(708)	(971)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(154,190)	(136,101)
Repayments of short- and long-term borrowing	(2,559)	(1,380)
Total	**12,203**	**(732)**

30.Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across internal Directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the CIES).
- The cost of retirement benefits is based on employer pension contributions rather than current service cost.
- Expenditure on support services is budgeted for centrally and not charged to Directorates as controllable budget.

The income and expenditure of the Authority's principal Group Directorates recorded in the budget reports for the year is included in the table below, together with the subsequent adjustments needed for accounting transactions to balance to the Net Cost of Services in the Comprehensive Income and Expenditure Statement:

Service Information 2013/14	Chief Executive	Resources	Commiss-ioning	Service Delivery	DSG	HRA	Total
For the year ended 31 March 2014	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Government grants*	(44)	(95,202)	(6,217)	(2,741)	(104,519)	(2)	(208,725)
Fees, charges & other service income	(136)	(19,065)	(10,368)	(29,918)	(10,509)	(50,385)	(120,381)
Total Income	**(180)**	**(114,267)**	**(16,585)**	**(32,659)**	**(115,028)**	**(50,387)**	**(329,106)**
Employee expenses	1,708	9,145	18,702	22,946	58,722	5,871	117,094
Other operating expenses	206	101,002	82,529	75,163	54,103	42,403	355,406
Support Service Recharges	(211)	(5,182)	8,092	(2,369)	2,203	2,113	4,646
Total operating expenses	**1,703**	**104,965**	**109,323**	**95,740**	**115,028**	**50,387**	**477,146**
Net Cost of Services	**1,523**	**(9,302)**	**92,738**	**63,081**	**0**	**0**	**148,040**

* The analysis of government grants is based upon a system extracted figure of the main grant receiving codes and whilst expected to be materially correct, may not solely be receipts from government.

Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement	£'000
Cost of Services in Service Analysis	148,040
Add amounts not reported to management (capital charges)	80,203
Remove amounts reported to management not included in Net Cost of Services of Comprehensive Income and Expenditure Statement (Corporate Items)	(46,395)
Net Cost of Services in Comprehensive Income and Expenditure Statement	**181,848**

Reconciliation to Subjective Analysis (Single Entity)	Service Analysis	Not reported to mgmt	Not included in CIES NCS	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(120,382)	-	16,496	7,142	(96,744)	-	(96,744)
Surplus or deficit on associates and joint ventures	-	-	-	-	0	-	0
Interest and investment income	-	-	2,767	-	2,767	(6,286)	(3,519)
Income from council tax	-	-	-	-	0	(104,812)	(104,812)
Government grants and contributions	(208,724)	-	5,236	-	(203,488)	(67,111)	(270,599)
Total Income	**(329,106)**	**0**	**24,499**	**7,142**	**(297,465)**	**(178,209)**	**(475,674)**
Employee expenses	114,459	4,470	-	-	118,929	(78,550)	40,379
Other service expenses	358,042	-	(54,531)	-	303,511	-	303,511
Support Service recharges	4,645	-	-	(7,142)	(2,497)	-	(2,497)
Depreciation, amortisation and impairment	-	75,733	-	-	75,733	-	75,733
Interest Payments	-	-	(16,363)	-	(16,363)	16,363	0
Precepts & Levies	-	-	-	-	0	1,855	1,855
Payments to Housing Capital Receipts Pool	-	-	-	-	0	1,461	1,461
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	0	61,546	61,546
Total operating expenses	**477,146**	**80,203**	**(70,894)**	**(7,142)**	**479,313**	**2,675**	**481,988**
Surplus or deficit on the provision of services	**148,040**	**80,203**	**(46,395)**	**0**	**181,848**	**(175,534)**	**6,314**

Service Information 2012/13	Chief Executive	Resources	Transformation & Projects	Localities	Commissioning	Service Delivery	DSG	HRA	Total
For the year ended 31 March 2013	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Government grants*	0	(102,502)	(56)	(305)	(28,471)	(6,350)	(96,123)	(4)	(233,811)
Fees, charges & other service income	(197)	(25,042)	(1,743)	(75)	(10,859)	(27,213)	(10,159)	(51,054)	(126,342)
Total Income	**(197)**	**(127,544)**	**(1,799)**	**(380)**	**(39,330)**	**(33,563)**	**(106,282)**	**(51,058)**	**(360,153)**
Employee expenses	594	11,439	5,540	1,422	6,872	29,529	62,027	5,388	122,811
Other operating expenses	63	110,180	1,112	383	141,257	35,792	41,755	43,406	373,948
Support Service Recharges	29	(5,089)	(126)	0	1,341	(134)	2,500	2,264	785
Total operating expenses	**686**	**116,530**	**6,526**	**1,805**	**149,470**	**65,187**	**106,282**	**51,058**	**497,544**
Net Cost of Services	**489**	**(11,014)**	**4,727**	**1,425**	**110,140**	**31,624**	**0**	**0**	**137,391**

* The analysis of government grants is based upon a system extracted figure of the main grant receiving codes and whilst expected to be materially correct, may not solely be receipts from government.

Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement	£'000
Cost of Services in Service Analysis	137,391
Add amounts not reported to management (capital charges)	87,714
Remove amounts reported to management not included in Net Cost of Services of Comprehensive Income and Expenditure Statement (Corporate Items)	(16,962)
Net Cost of Services in Comprehensive Income and Expenditure Statement	**208,143**

Reconciliation to Subjective Analysis (Single Entity)	Service Analysis	Not reported to mgmt	Not included in CIES NCS	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(126,342)	(7,775)	19,165	34,191	(80,761)	-	(80,761)
Surplus or deficit on associates and joint ventures	-	-	-	-	0	-	0
Interest and investment income	-	-	5,087	-	5,087	(7,045)	(1,958)
Income from council tax	-	-	-	-	0	(137,751)	(137,751)
Government grants and contributions	(233,811)	-	14,189	-	(219,622)	(29,215)	(248,837)
Total Income	**(360,153)**	**(7,775)**	**38,441**	**34,191**	**(295,296)**	**(174,011)**	**(469,307)**
Employee expenses	122,811	(1,953)	-	-	120,858	(10,187)	110,671
Other service expenses	373,948	-	(38,370)	(34,191)	301,387	-	301,387
Support Service recharges	785	-	-	-	785	-	785
Depreciation, amortisation and impairment	-	97,442	-	-	97,442	-	97,442
Interest Payments	-	-	(17,033)	-	(17,033)	17,033	0
Precepts & Levies	-	-	-	-	0	1,946	1,946
Payments to Housing Capital Receipts Pool	-	-	-	-	0	528	528
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	0	25,047	25,047
Total operating expenses	**497,544**	**95,489**	**(55,403)**	**(34,191)**	**503,439**	**34,367**	**537,806**
Surplus or deficit on the provision of services	**137,391**	**87,714**	**(16,962)**	**0**	**208,143**	**(139,644)**	**68,499**

31.Members' Allowances

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

	2012/13 £'000	2013/14 £'000
Basic Allowances	440	438
Special Responsibility Allowances	178	182
Expenses	6	6
Total	**624**	**626**

32.Officers' Remuneration

The below shows payments to senior officers for the year.

Position	Salary & Allowances	Expenses	Remun - eration	Emp. Pension Contributions	Total Remuneration
	£	£	£	£	£
2013/14					
Chief Executive – Gavin Jones	161,003	287	161,290	24,795	186,085
Board Director Commissioning	143,000	601	143,601	21,252	164,853
Board Director Service Delivery	138,000	74	138,074	21,252	159,326
Board Director Resources	115,200	0	115,200	17,741	132,941
Director of Law & Democratic Services	96,567	189	96,756	14,871	111,627
Head of Localities, Community Involvement & Volunteering	84,500	0	84,500	13,013	97,513
Director of Public Health (Acting)	77,890	714	78,604	10,905	89,509
2012/13					
Chief Executive - Gavin Jones	161,003	254	161,257	24,795	186,052
Board Director Commissioning	138,000	1027	139,027	21,252	160,279
Board Director Transformation & Strategic Projects	236,231	0	236,231	20,037	256,268
Group Director Environment & Regeneration	81,143	0	81,143	689	81,832
Board Director Service Delivery	123,000	0	123,000	21,884	144,884
Board Director Resources	115,200	0	115,200	17,741	132,941
Director of Law & Democratic Services	96,567	384	96,951	14,871	111,822
Board Director Localities	156,819	0	156,819	16,148	172,967

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration Band			Number of employees	
£		£	2012/13	2013/14
50,000	to	54,999	24	38
55,000	to	59,999	41	53
60,000	to	64,999	20	37
65,000	to	69,999	9	8
70,000	to	74,999	4	2
75,000	to	79,999	4	5
80,000	to	84,999	0	7
85,000	to	89,999	2	3
90,000	to	94,999	0	1
95,000	to	99,999	2	1
120,000	to	124,999	1	1

33.Exit Packages

The Council was obliged to pay the following number of exit packages. Costs of £518k include redundancy payments and pension costs and relate to compulsory redundancies through restructure.

Exit Package Band			Number of employees	
£		£	2012/13	2013/14
0	to	19,999	42	39
20,000	to	39,999	5*	7*

* Under the Code, ranges can be grouped if it could otherwise identify individual staff. For 2012/13 the 5 employees stated cover a range of £20k to £100k, and for 2013/14 to £50k.

34.External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts and certification of grant claims provided by the Authority's external auditors:

	2012/13	2013/14
	£'000	£'000
Statutory Audit of the Accounts	170	170
Audit of Grant Claims	16	24
Total Fees Paid	**186**	**194**

35.Contingent Liability

At the balance sheet date a legal challenge remains active that affects local authorities in England regarding charging for Land Charges personal search fees. If the complaint is upheld the Council may be liable to make repayment of its land charges personal search income. At present it is difficult to predict the timing or amount of any potential liability due to the on-going legal process.

The Council has made provision for Business Rates appeals using its best estimates of the actual liability at the year-end. It is not possible to quantify appeals that have not yet been handed to the Valuation Office so there remains a risk that future appeals may impact on the accounts.

36.Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government

The UK government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework, within which the Authority operates, provides funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are shown elsewhere in the accounts.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid is shown in Note 31. Members have completed an annual declaration of any possible related party situation and transactions with them. There are no significant transactions identified.

Officers

Officers of the Council have also made an annual declaration involving related parties. There are no significant transactions identified, though due to the nature of joint working arrangements, staff of each organisation provided services for both the Authority and the local health service for part of the year.

Controlled Companies

The Council is parent company to Swindon Commercial Services (SCS), Thamesdown Transport Limited (TTL) and Forward Swindon Ltd. The net value of transactions with subsidiaries was £24m against SCS (£44m 12/13) and £414k against TTL (£636k in 12/13) in 13/14. Further details on these companies are contained within the group section of these accounts.

Entities Controlled or Significantly Influenced by the Authority

The Council makes several grants and contributions to third party organisations each year, which follow individual process before award. This includes the Highworth Recreation Centre which the Council is assisting in the maintaining of local services.

The Council is responsible as Trustee for a range of small charitable funds, totalling £416k over fourteen Funds. Internal interest is applied to the balances held by the Council's Treasury service, whilst the direction of Trust Fund support is agreed by Council.

Members of the Council also sit on boards of other groups or organisations, such as the Group Companies of the Council, the SEQOL social enterprise care provider and the Fire Authority. These are not necessarily material related parties but show the range of bodies that Members are involved with. A listing of outside bodies that Members are represented on can be found on the Committee and Member Information Site pages of the Council website.

37. Leases

Authority as Lessee

Finance Leases

Under reporting standards the Council has finance lease arrangements for its PFI scheme and a small number of vehicles. The value of the PFI school operational assets and accumulated depreciation are shown in Note 12 for Property, Plant & Equipment.

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the assets acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

Finance Lease Liabilities	2012/13 £'000	2013/14 £'000
- Current	(1,245)	(1,211)
- Non-current	(56,751)	(55,815)
Finance Cost Payable in Future Years	(168,402)	(158,841)
Minimum lease payments	**(226,398)**	**(215,867)**

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	2012/13 £'000	2013/14 £'000	2012/13 £'000	2013/14 £'000
Not later than one year	10,806	10,867	(1,244)	(1,211)
Later than 1 not later than 5	55,176	55,867	(7,196)	(7,908)
Later than 5	160,416	149,133	(49,556)	(47,907)
	226,398	**215,867**	**(57,996)**	**(57,026)**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into.

Operating Leases

The Council leases and then sub-lets a range of private sector accommodation for its Housing services.

	2012/13 £'000	2013/14 £'000
Not later than one year	1,551	2,426
Later than one year not later than five	2,804	2,881
	4,355	**5,307**

The charge to services is:		
Minimum lease payments (total above)	4,355	5,307
Sublease payments receivable	(5,528)	(6,676)
Charge to services	**(1,173)**	**(1,369)**

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

Authority as Lessor

Finance Leases

The Authority has leased out a range of property across the Borough where it holds assets on commercial estates, farms and office space. Most of these are classified as operating leases, but one lease for a recreational site is a finance lease.

Operating Leases

The Authority leases out property under operating leases for the following purposes:

- For the provision of community services, such as sports facilities, tourism services and community centres
- For economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	2012/13 £'000	2013/14 £'000
Not later than one year	4,373	4,738
Later than one year and not later than five	10,812	9,995
Later than five years	2,109	2,042
Total Payments Due	**17,294**	**16,775**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

38.Private Finance Initiatives and Similar Contracts

Schools PFI Scheme

In 2004/05 the Council entered into a PFI contract with Equion plc to provide seven schools in the northern sector of Swindon. 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 £269.5m under the contract although the actual level of payments will depend on contract performance by the provider. Periodic contract reviews may also increase or decrease payments depending on inflation and utility costs. This payment covers a range of on-going services in the management of the schools, with the expectation that the schools will be available for educational use throughout the school term and day. The contract expires in 2032.

As the Council is deemed to control the services that are provided under its PFI scheme and as ownership of the fixed assets will pass to the council at the end of the contracts, the council carries the fixed assets used under the contracts on the Balance Sheet. Assets are transferred out if a PFI schools changes to academy status, as per any other school.

The original recognition of these fixed assets was balanced by the recognition of a finance lease liability for amounts due to the scheme operator to pay for the assets. In a departure from the Code, lifecycle costs are recorded through revenue as modelled, rather than carried forward as a payment in advance if renewal works have not been undertaken. This ensures a consistent flow through revenue and limits the impact of significant prepayment balances building up over the duration of the contract.

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

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

PFI assets are accounted for on the Council's balance sheet at depreciated historic cost with a related finance lease liability. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 12. The income and expenditure account now has the unitary charge payment split between service costs, lease costs and MRP payments.

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed.

	2012/13 £'000	2013/14 £'000
Opening Balance	(59,177)	(57,996)
Unitary Charge Paid	11,116	11,148
Expenditure / Financing Cost	(9,935)	(10,178)
Closing Balance	**(57,996)**	**(57,026)**

The payments due, as calculated under the finance lease methodology, which relate to service charges, interest and lease liability are shown in the following table.

Balance at 31 March	2013			2014		
	Service Charges £'000	Interest £'000	Liability £'000	Service Charges £'000	Interest £'000	Liability £'000
Within 1 Year	3,213	6,691	(1,245)	3,462	6,547	(1,211)
Within 2 - 5 Years	14,567	25,295	(5,472)	15,004	24,664	(6,259)
Within 6 - 10 Years	20,462	27,345	(10,846)	20,955	26,093	(12,112)
Within 11 - 15 Years	24,187	19,571	(17,716)	25,424	17,527	(19,179)
Within 16 - 20 Years	25,111	7,280	(22,717)	19,483	4,659	(18,265)
	87,540	**86,182**	**(57,996)**	**84,328**	**79,490**	**(57,026)**

39.Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2013/14, the council paid £848k to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.1% of pensionable pay. The figures for 2012/13 were £1.098m and 14.06%.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis.

During 2013/14, Health staff transferred to the Council and many maintained their membership in the NHS Pension Scheme. The Scheme provides these staff with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Authority is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

40.Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The authority participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Wiltshire County Council – this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there is no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The Council paid an employer's contribution of £8.125m (£8.586m in 2012/13) into Wiltshire County Council's Pension Fund. Wiltshire County Council manage the fund, which provides participants with defined benefits relating to pay and service. This represented 16.6% of employees' pensionable pay including some lump sum payments. The basic contribution rate to cover the cost of on-going pensions was 15.8% for General Fund staff, with the additional lump sum payments being paid to reduce the deficit on the Pension Fund.

The Fund's Actuary, based on triennial actuarial valuations, determines the contribution rate. The last review was at 31 March 2013. 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 not fully funded. Though a significant liability, the Council can meet the proportion applicable.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

IAS19 Summary Disclosures Through The CIES	**2012/13 £'000**	**2013/14 £'000**
Within Net Cost of Service:		
Current service cost	8,799	14,926
Non-Distributed cost	1,223	4,260
Within Net operating Expenditure:		
Interest cost	23,471	14,970
Expected return on scheme assets	(33,528)	(93,520)
Within Reserves Movement:		
Movement on Pensions Reserve	12,010	74,080
Actual Amount Charged Against Council tax for the Year:		
Employer's contributions payable to the scheme	(11,975)	(14,716)
Net effect on Council Tax of IAS19 adjustments	0	0

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme has been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2013.

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	2013			2014		
	Asset	Obligation	Net	Asset	Obligation	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value of Employer Assets	293,153	0	**293,153**	332,234	(546,053)	**(213,819)**
Present Value of Liabilities	0	(480,426)	**(480,426)**	0	(19,972)	**(19,972)**
Opening Position 1 April	**293,153**	**(480,426)**	**(187,273)**	**332,234**	**(566,025)**	**(233,791)**
Current Service Cost	0	(8,799)	**(8,799)**	0	(14,926)	**(14,926)**
Past Service (Costs) / Gains	0	(477)	**(477)**	0	(122)	**(122)**
Effect of Settlements	(3,880)	4,835	**955**	(2,211)	3,315	**1,104**
Total Service Cost	**(3,880)**	**(4,441)**	**(8,321)**	**(2,211)**	**(11,733)**	**(13,944)**
Interest Income on plan assets	13,798	0	**13,798**	15,257	0	**15,257**
Interest cost on obligation	0	(23,471)	**(23,471)**	0	(30,227)	**(30,227)**
Total Net Interest	**13,798**	**(23,471)**	**(9,673)**	**15,257**	**(30,227)**	**(14,970)**
Total Cost Recognised in Profit/(Loss)	**9,918**	**(27,912)**	**(17,994)**	**13,046**	**(41,960)**	**(28,914)**
Plan participant contributions	3,063	(3,063)	**0**	4,035	(4,035)	**0**
Employer contributions	10,763	0	**10,763**	13,491	0	**13,491**
Contributions for Unfunded Benefits	1,212	0	**1,212**	1,225	0	**1,225**
Benefits Paid	(19,014)	19,014	**0**	(22,489)	22,489	**0**
Unfunded Benefits Paid	(1,212)	1,212	**0**	(1,225)	1,225	**0**
Expected Closing Position	**297,883**	**(491,175)**	**(193,292)**	**340,317**	**(588,306)**	**(247,989)**
Change in demographic assumptions	0	0	**0**	0	(13,574)	**(13,574)**
Change in financial assumptions	0	(58,323)	**(58,323)**	0	(16,936)	**(16,936)**
Other experience	0	(205)	**(205)**	0	(74,542)	**(74,542)**
Return on assets excluding interest	19,730	0	**19,730**	93,520	0	**93,520**
Total Re-measurements in Other Income	**19,730**	**(58,528)**	**(38,798)**	**93,520**	**(105,052)**	**(11,532)**
Effect of business combinations	14,621	(16,322)	**(1,701)**	26,081	(31,323)	**(5,242)**
Sub-Total	**332,234**	**(566,025)**	**(233,791)**	**459,918**	**(724,681)**	**(264,763)**
Fair Value of Employer Assets	332,234	0	**332,234**	459,918	0	**459,918**
Present Value of Funded Liabilities	0	(546,053)	**(546,053)**	0	(705,034)	**(705,034)**
Present Value of Unfunded Liabilities	0	(19,972)	**(19,972)**	0	(19,647)	**(19,647)**
Closing Position 31 March	**332,234**	**(566,025)**	**(233,791)**	**459,918**	**(724,681)**	**(264,763)**

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £724.681m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance of £264.763m. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due)
- Finance is only required to be raised to cover discretionary benefits when pensions are paid
- The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2015 is £13.116m.

Fair Value of Employer Assets

Asset Category	Quoted Prices	Non-Quoted Prices	Total 2013		Quoted Prices	Non-Quoted Prices	Total 2014	
Equity Securities:	**£'000**	**£'000**	**£'000**	**%**	**£'000**	**£'000**	**£'000**	**%**
Consumer	13,697	0	**13,697**	3%	10,560	0	**10,560**	4%
Manufacturing	8,346	0	**8,346**	2%	9,213	0	**9,213**	4%
Financial Institutions	5,347	0	**5,347**	1%	3	0	**3**	0%
Health Care	2,707	195	**2,902**	1%	2,475	350	**2,825**	1%
Information Technology	49,766	0	**49,766**	11%	26,648	0	**26,648**	8%
Other	1,956	0	**1,956**	0%	1,356	0	**1,356**	0%
Debt Securities:								
Corporate Bonds	659	33,441	**34,100**	7%	153	27,847	**28,000**	8%
Corporate Bonds (non-investment grade)	0	1,185	**1,185**	0%	0	703	**703**	0%
UK Government	0	3,840	**3,840**	1%	0	3,345	**3,345**	1%
Other	1,360	5,150	**6,510**	1%	0	4,886	**4,886**	1%
Real estate:								
Uk Property	0	39,839	**39,839**	9%	0	31,102	**31,102**	9%
Overseas Property	0	2,415	**2,415**	1%	0	2,464	**2,464**	1%
Investment Funds & Unit Trusts:								
Equities	0	225,114	**225,114**	49%	0	165,906	**165,906**	50%
Bonds	0	22,122	**22,122**	5%	0	17,523	**17,523**	5%
Hedge Funds	0	23,819	**23,819**	5%	0	16,689	**16,689**	5%
Infrastructure	0	2,260	**2,260**	0%	0	855	**855**	0%
Other	0	3,417	**3,417**	1%	0	2,549	**2,549**	1%
Derivatives:								
Foreign Exchange	0	(1,311)	**(1,311)**	0%	0	0	**0**	0%
Other	37	0	**37**	0%	(87)	0	**(87)**	0%
Cash / Cash Equivalents	14,555	2	**14,557**	3%	7,693	1	**7,694**	2%
Total	**98,430**	**361,488**	**459,918**	**100%**	**58,014**	**274,220**	**332,234**	**100%**

The principal assumptions used by the actuary have been:

Assumptions as at 31 March	2013	2014
Pension Increase Rate (CPI)	2.8%	2.8%
Salary Increase Rate	5.1%	5.1%
Discount Rate	4.5%	4.5%

Change in Assumptions at 31 March	Approximate % Increase to Employer	Approximate Monetary Amount £
0.5% decrease in Real Discount Rate	9%	68,737
1 year increase in member life expectancy	3%	21,740
0.5% increase in the salary increase rate	3%	18,541
0.5% increase in the pension increase rate	7%	49,428

Commutation Adjustment

An allowance is included for future retirements to elect to take a percentage of the maximum additional tax-free cash up to HMRC limits. There are different rates for pre- (50%) and post (75%) - April 2008 service.

41. Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

Balance at 31 March	Long-term 2013 £'000	Long-term 2014 £'000	Current 2013 £'000	Current 2014 £'000
Assets:				
Cash	-	-	15,935	6,225
Cash Equivalents Investments	-	-	5,000	15,440
Loans and receivables	-	-	23,600	49,084
Available-for-sale financial assets	-	-	23	23
Total assets	**0**	**0**	**44,558**	**70,772**
Borrowings:				
Financial liabilities PWLB	(183,764)	(192,259)	(12,566)	(12,264)
Financial liabilities LOBO	(30,000)	(30,000)	0	0
Financial liabilities Other Borrowing	(10,000)	(20,000)	(29,750)	(13,176)
Total borrowings	**(223,764)**	**(242,259)**	**(42,316)**	**(25,440)**
Other Financial Instruments:				
Debtors	0	0	1,160	1,368
Creditors	0	0	(11,624)	(18,874)
Other Long Term Liabilities	0	(274)	0	0
PFI	(56,752)	(55,541)	(1,245)	(1,211)
Total other financial instruments	**(56,752)**	**(55,815)**	**(11,709)**	**(18,717)**

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments.

The fair values calculated are as follows:

	31 March 2013		31 March 2014	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Long Term Creditors	(223,764)	(232,141)	(242,259)	(234,133)
Short Term Creditors	(42,316)	(39,840)	(25,440)	(24,813)
Loans and Receivables	23,600	10,016	49,084	47,719

The fair value of the liabilities is higher than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March) arising from a commitment to pay interest to lenders above current market rates.

The fair value of the assets is higher than the carrying amount because the Authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March) attributable to the commitment to receive interest below current market rates.

Available for sale assets and assets and liabilities at fair value through profit or loss are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

42.Nature and Extent of Risks Arising from Financial Instruments

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 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.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The Council uses Sectors Credit worthiness service to inform its investment decisions; this service uses ratings from all three major agencies as well as other data

The Authority's maximum exposure to credit risk at 31/3/14, in relation to its investments in banks and building societies of £36.057m, cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of not being able to recover funds applies to all of the Authority's deposits, but there was no evidence at the 31 March 2014 that this was likely to crystallise.

The Authority does not generally allow credit for customers, such that all of the balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows

	2012/13 £'000	2013/14 £'000
Less than three months	3,136	4,455
Three to six months	568	516
Six months to one year	393	421
More than one year	2,119	2,359
Total	**6,216**	**7,751**

Liquidity Risk

The authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the authority has ready access to borrowings from the money markets and 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 authority sets limits on the proportion of its fixed rate borrowing during specified periods. The strategy is to ensure that not more than 45% of loans are due to mature within any rolling three-year period through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments. The maturity analysis of financial liabilities is as follows:

	2012/13 £'000	2013/14 £'000
Less than one year	42,316	25,440
Between one and two years	11,506	5,000
Between two and five years	14,503	5,000
More than five years	197,755	232,259
Total	**266,080**	**267,699**

All trade and other payables are due to be paid in less than one year.

Interest Rate Risk

The Authority is exposed to 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 – interest charged to the Surplus / Deficit on the Provision of Services 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 Surplus or Deficit on the Provision of Services will rise
- Investments at fixed rates – the fair value of the assets will fall.

Supplementary 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.

The Collection Fund

Shows the Council Tax and National Non-Domestic rates income collected and paid during the year

INCOME	Business Rates £000	Council Tax £000	Total £000	Business Rates £000	Council Tax £000	Total £000
Council Tax Receivable	-	(89,897)	(89,897)	-	(94,259)	(94,259)
Business Rates Receivable	(105,047)	-	(105,047)	(102,129)	-	(102,129)
Reconciliation Adjustments	-	(12,950)	(12,950)	(58)	-	(58)
	(105,047)	**(102,847)**	**(207,894)**	**(102,187)**	**(94,259)**	**(196,446)**
EXPENDITURE						
Apportionment of Previous Year Surplus						
Central Government	-	-	0	-	-	0
Billing Authority	-	2,000	2,000	0	2,000	2,000
Fire Authority	-	106	106	0	106	106
Police Authority	-	269	269	0	269	269
	-	**2,375**	**2,375**	**0**	**2,375**	**2,375**
Precepts, Demands and Shares						
Central Government	103,884	-	103,884	51,281	-	51,281
Billing Authority	-	85,783	85,783	50,255	76,833	127,088
Fire Authority	-	4,563	4,563	1,026	4,081	5,107
Police Authority	-	11,541	11,541	-	10,321	10,321
	103,884	**101,887**	**205,771**	**102,562**	**91,235**	**193,797**
Charges to Collection Fund						
Less write offs of uncollectable amounts	(680)	375	(305)	1,056	568	1,624
Less : Increase / Decrease (-) in Bad Debt Provision	1,568	(1,070)	498	45	476	521
Less : Increase / Decrease (-) in Provision for Appeals	-	-	0	3,818	-	3,818
Less : Cost of Collection	275	-	275	274	-	274
	1,163	**(695)**	**468**	**5,193**	**1,044**	**6,237**
Surplus (-) / Deficit arising during the year	-	(2,777)	(2,777)	5,568	395	5,963
Surplus (-) / deficit b/fwd 1st April	-	720	720	-	(2,057)	(2,057)
Surplus (-) / deficit c/fwd 31st March	**-**	**(2,057)**	**(2,057)**	**5,568**	**(1,662)**	**3,906**
Reconciliation to Collection Fund Adjustment Account:						
Less Balance Attributable to Major Preceptors	-	-	0	(2,840)	261	(2,579)
Balance Remaining Attributable to Swindon Borough Council	**-**	**(2,057)**	**(2,057)**	**2,728**	**(1,401)**	**1,327**

Notes to the Collection Fund

43.Rateable Value

The total rateable value in the Local Rating List at 31 March 2014 was £255,660,956 (£258,422,845 at 31 March 2013). The multiplier for 2013/14 was 47.1 pence for the majority of properties and 46.2.0 pence for small businesses, (45.8 pence and 45.0 pence respectively for 2012/13).

44.Council Tax Base

The Council Tax Base for the year, i.e. the number of chargeable dwellings in each band (adjusted for dwellings where discounts apply in band A) 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	11,693.50	6/9	7,814.97
B	23,315.25	7/9	18,134.08
C	20,687.25	8/9	18,388.67
D	14,356.75	9/9	14,356.75
E	7,511.75	11/9	9,181.03
F	2,854.50	13/9	4,123.17
G	1,175.50	15/9	1,959.17
H	46.25	18/9	92.50
Total	**Band D equivalents**		**74,050.34**
Contributions in lieu	(MOD properties)		55.50
Add:	Anticipated changes in year		(7,347.80)
Less:	Provision for non-collection (2.0%)		(1,335.16)
	Tax Base		**65,422.88**

* After adjustment for discounts and relief.

The Housing Revenue Account (HRA)

This statement consolidates the income and expenditure in respect of the provision of local authority housing.

HRA Income and Expenditure Statement	2012/13 £'000	2013/14 £'000
Expenditure		
Repairs and maintenance	8,767	9,858
Supervision and management	5,974	5,304
Special Services	4,053	4,930
Rents, rates, taxes and other charges	39	111
Negative HRA Subsidy payable	361	0
Depreciation and impairment of non-current assets	40,670	19,134
Debt management costs	50	60
Movement in the allowance for bad debts	330	784
Total Expenditure	**60,244**	**40,181**
Income		
Dwelling rents	(135)	(197)
Non-dwelling rents	(1,429)	(1,459)
Charges for services and facilities	(4,397)	(4,455)
Contributions towards expenditure	(839)	(951)
Leaseholders' charges for services and facilities	(76)	(81)
Total Income	**(45,587)**	**(47,565)**
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	**14,657**	**(7,384)**
HRA services' share of Corporate and Democratic Core	282	282
HRA share of other amounts included in the whole authority Cost of Services but not allocated to specific services	34	8
Net (Income)/Expense for HRA Services	**14,973**	**(7,094)**
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
(Gain) / loss on sale of HRA non-current assets	2,856	10,248
Interest payable and similar charges	4,995	4,829
Interest and investment income	(1,476)	(1,429)
Net Pensions Interest Cost / Return on Asset	776	(9,862)
(Surplus) / deficit for the year on HRA services	**22,124**	**(3,308)**
Actuarial gains / losses on pension assets / liabilities	1,497	9,836
Other Comprehensive Income and Expenditure	**1,497**	**9,836**
Total Comprehensive Income and Expenditure	**23,621**	**6,528**

Notes to the HRA

45.Housing Stock

The stock of Council dwellings at 31st March was:

Type	31st March 13	Movement	31st March 14
Low Rise Flats:			
1 Bedroom	1,733	(1)	1,732
2 Bedrooms	710	(6)	704
3 or more Bedrooms	11	(1)	10
Medium Rise Flats:			
1 Bedroom	894	(1)	893
2 Bedrooms	496	(1)	495
3 or more Bedrooms	53	(1)	52
High Rise Flats:			
1 Bedroom	26	0	26
2 Bedrooms	236	(2)	234
3 or more Bedrooms	0	0	0
Houses and Bungalows:			
1 Bedroom	887	(1)	886
2 Bedrooms	1,412	(4)	1,408
3 Bedrooms	3,816	(46)	3,770
4 or more Bedrooms	194	0	194
Shared Dwellings:			
Multi-Occupied	0	0	0
Total	**10,468**	**(64)**	**10,404**

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

Assets:	2012/13 £'000	2013/14 £'000
Dwellings	277,296	281,848
Land	184	99
Buildings	5,979	6,488
Total Balance Sheet Value	**283,459**	**288,435**

There is a statutory requirement for the Council's assets to be revalued at least every 5 years. The tenanted dwellings were revalued as at 1st April 2012.

46.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 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 of the stock held at 31st March 2014 was £909,185,500. It was £ 915,476,500, at 31st March 2013.

47.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.

Balance at 31 March	2013 £'000	2014 £'000
Capital expenditure for HRA purposes financed by MRA Resources:		
Houses	3,364	13,240
Total Expenditure	**3,364**	**13,240**
Amount equivalent to total depreciation charges for all HRA assets	(3,809)	(12,418)
Transfer from HRA	(7,334)	0
Total Income	**(11,143)**	**(12,418)**
Deficit / (Surplus) for the Year	**(7,779)**	**822**
Deficit / (Surplus) brought forward	(6,666)	(14,445)
Deficit / (Surplus) Carried Forward	**(14,445)**	**(13,623)**

48.Housing Repairs Account

Balance at 31 March	2013 £'000	2014 £'000
Repairs & Maintenance	7,437	8,415
Total Expenditure	**7,437**	**8,415**
Contribution from HRA	(7,390)	(8,357)
Service charges	(47)	(58)
Total Income	**(7,437)**	**(8,415)**
Deficit / (Surplus) for the Year	**0**	**0**
Deficit / (Surplus) brought forward	(1,550)	(1,550)
Deficit / (Surplus) Carried Forward	**(1,550)**	**(1,550)**

49.HRA Capital Expenditure

	2012/13 £'000	2013/14 £'000
Dwellings	8,063	17,830
Buildings	18	1,133
Total to Finance	**8,081**	**18,963**
Major Repairs Reserve	3,364	13,241
Usable Capital Receipts	901	1,466
Revenue Contributions	3,816	4,144
HCA Grant for New Build	0	112
Total Finance	**8,081**	**18,963**

50.HRA Capital Receipts

In 2013/14, the Council paid £0.595m to the Secretary of State for pooling of capital receipts arising from the disposal of housing assets as required in the Local Government Act 2003

(£0.529m in 2012/13). A notional £866k was also payable under Pooling Payment requirement; however, under relevant conditions is allowed to be kept as a receipt in advance.

	2012/13 £'000	2013/14 £'000
Sale of Council Houses	1,831	2,942
Discount Repaid	15	0
Council Mortgage Repayments	9	9
Capital receipt retained for new property acquisitions	(425)	(886)
Total	**1,430**	**2,065**

51.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.

	2012/13 £'000	2013/14 £'000
Depreciation on dwellings	3,809	12,523
Depreciation on other property	6	(102)
Impairment of dwellings	36,856	6,713
Impairment of non-dwellings	0	0
Total	**40,671**	**19,134**

The Item 8 credit is credited to the HRA from the General Fund; it is the HRA's share of the interest earned on Council balances through the year. It is calculated by applying the Councils average investment return rate for the year to the average balances attributable to the HRA.

The Item 8 debit is the charge made to the HRA by the general fund for the cost of debt management. This is calculated by applying a consolidated rate of interest to the HRA's average Capital Financing Requirement CFR (the amount of debt the council carries that is attributable to the HRA).

52.HRA Arrears & Provisions for Bad Debt

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

	2012/13 £'000	2013/14 £'000
Current tenants	1,347	1,466
Former tenants	380	517
Total Arrears	**1,727**	**1,983**
Less: provision for bad debts	(1,248)	(1,983)
Total Arrears After Provisions	**479**	**0**

This represents 0.0% (2013/14) and 1.0% (2012/13) of rent income and service charges due to the Council.

53.ACCOUNTING POLICIES

a) General Principles

The Statement of Accounts summarises the Authority's transactions for this financial year and its position at the year-end of 31 March. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2003, which those Regulations require to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom and the Service Reporting Code of Practice, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Regulations.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

There are also qualitative aspects to financial information and the areas of relevance, reliability, comparability, how understandable they are and materiality are considered in the accounting treatment of transactions, along with the going concern concept that the authority has prepared its accounts on the assumption that it will continue in operational existence for the foreseeable future.

The figures in the accounts are subject to rounding to thousands (£000's) but should not be rounded excessively, allowing for consistency and balancing between different statements and disclosure notes.

b) Accruals of Income and Expenditure

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

Revenue from the sale of goods is recognised in the period that the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

Revenue from the provision of services is recognised in the period when the Authority provides the service and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

Supplies are recorded as expenditure when they are consumed – where there is a gap between the date that material supplies are received and their consumption, material balances are carried as inventories on the Balance Sheet.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts remain unpaid beyond a month, the income is automatically reversed from the Comprehensive Income and Expenditure Statement and a bad debt provision created.

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

c) Acquisitions and Discontinued Operations

The Authority has neither acquired nor discontinued any material operation within these accounts. Its social care provision is no longer provided in-house but is commissioned from a social enterprise – SEQOL. Its subsidiary company has now mainly been re-integrated back into the Council.

d) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in one month or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

e) Exceptional Items

When non-routine items of income and expense are material and would distort service analysis, their nature and amount is disclosed separately as an exceptional item in the CIES.

f) Prior Period Adjustments, Changes in Accounting Policies and Errors

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

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

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

g) Charges to Revenue for Non-Current Assets

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

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

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance. This is called the Minimum Revenue Provision (MRP).

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance to MRP, by way of adjusting transactions with the Capital Adjustment Account in the Movement in Reserves Statement.

h) Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages, salaries and paid annual leave for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. Where the value of untaken leave is calculated as being material, defined as greater than 1% of the gross cost of services, an accrual is made for the estimated cost of holiday entitlements earned by employees but not taken before the year-end. The accrual is made at the wage and salary rates applicable to the period in which the employee earned the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement, as allowed under regulations.

Post-Employment Benefits

Employees of the Authority are members of two separate pension schemes:

The Teachers' Pension Scheme, administered by Teachers' Pensions Agency on behalf of the Department for Education (DfE).

The Local Government Pension Scheme, administered by Wiltshire County Council.

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

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

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme. The liabilities of the Wiltshire pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate of 4.5% (based on the indicative rate of return on the iBoxx Sterling Corporates AA

over 15 years Index at the IAS19 valuation date with one adjustment – the removal of recently re-rated bonds from the index).

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

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
- Contributions paid to the Wiltshire pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

i) Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

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

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

j) Financial Instruments

Financial Liabilities

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

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

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

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

Guarantees

The Authority views requests for parent company guarantees on a case-by-case basis. It is assessed whether there is any significant risk in the arrangement and the subsequent extent that any provision would be required.

Financial Assets

Financial assets are classified into two types:

Loans and receivables: assets that have fixed or determinable payments but are not quoted in an active market

Available-for-sale assets: assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

k) Government Grants and Contributions

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

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

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Business Improvement Districts

A Business Improvement District (BID) scheme applies across the town centre. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Authority acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

l) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is classified as intangible assets. The Authority considers intangible assets against materiality of the expenditure incurred. There are currently no identified intangible assets of the Authority.

m) Inventories and Long Term Contracts

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

n) Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is a surplus asset held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arms-length. Properties are not depreciated but are revalued according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Comprehensive Income and Expenditure statement and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the

General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for any sale proceeds greater than £10,000, the Capital Receipts Reserve.

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

o) Leases

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

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

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and

A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

An operating lease is any lease other than a finance lease. Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment.

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and

Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the leased asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

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

p) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or availability of service in accordance with the principles of the CIPFA service reporting code of practice (SeRCOP). A simplified total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the staff of the service, with the exception of:

Corporate and Democratic Core: costs relating to the Authority's status as a multi-functional, democratic organisation.

Non-Distributed Costs: the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

q) Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Authority has not capitalised borrowing costs incurred whilst assets are under construction during the year.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

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

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

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

Where decreases in value are identified, they are accounted for by:

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

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

The Authority carries out a rolling programme that ensures that all operational property is revalued at least every five years, with more frequent reviews for market valued assets and assessment of carrying value. The valuers consider the impact of market changes to valuations and will revalue assets annually where evidence suggests carrying value is materially misstated. The de minimis level applied is £10,000. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. All valuations have been carried out by the Council's valuers, who are RICS qualified.

Impairment

Assets categories are assessed at each year-end for any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

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

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

Depreciation

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 assets under construction. 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.

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.

Deprecation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property, 20 years for dwellings, or 20-70 years as estimated by the valuer for other operational assets
- Vehicles, plant, furniture and equipment – generally straight-line over five years (dependent on the assessed expected useful life)
- Infrastructure – straight-line allocation over twenty years.

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

Components

Each asset on the balance sheet is made up of possible components, some of which may have different life spans to others and which might be accounted for distinctly for depreciation purposes. To enable a structured approach to component accounting the following principles are applied:

To be considered for componentisation an individual asset must:

- Have a carrying value of at least £5m, and
- Have undergone enhancement works over £100k, or
- Have been acquired, or
- Have undergone revaluation, or
- Undergo a change of category classification

A component must:

- Have a cost of at least £2m or,
- Cost at least 20% of the overall asset (whichever is higher) and
- Have a useful life which is at least plus or minus five years from other components/overall asset.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Associated costs of disposal are contained within the net cost of services analysis, as part of apportioned central support costs. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Assets under Construction

These assets are in the process of being built and are not operational for use.

Heritage Assets

The Authority's Heritage Assets are mainly held in the Authority's Museums. The Museums contain a range of artistic, porcelain, locomotive and archaeological collections which are held for

local knowledge. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment. However, the measurement rules are relaxed in relation to heritage assets and for all heritage classified collections values have been taken by reference to insurance valuations.

r) Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For the PFI schools, the liability was written down by an initial capital contribution of £10m.

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

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

Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.

Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).

Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

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

s) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For

instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

Contingent Liabilities

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

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

Contingent Assets

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

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

t) Reserves

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

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

u) Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year.

Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

v) VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

w) Collection Fund / Agency Arrangements

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

x) Interests in Companies and Other Entities

The Authority has interests in companies that are subsidiaries, and require it to prepare group accounts. In the Authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost.

Swindon Borough Council, as sole shareholder and therefore parent organisation of Thamesdown Transport Limited (TTL), Swindon Commercial Services Limited (SCSL), and Forward Swindon Limited (FSL) is required to produce group financial statements for the combined entities where the impact on the accounts is material. On that basis Forward Swindon Limited is not included in consolidation.

The accounting policies that the group statements follow are those of the Authority. As an adaption to policy to recognise specific asset types, a new class of asset, namely buses, is disclosed for the group statements, using a ten to fifteen year life basis for depreciation purposes.

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 Code, consolidation and disclosure notes to the group accounts are only included where material amounts or details over the single entity accounts are witnessed.

Consolidation of Thamesdown Transport Limited and Swindon Commercial Services Limited figures in these statements is by the acquisition method, on a line-by-line basis, using the companies' final accounts as the base detail for consolidation.

Information Relating to Group Accounts

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

The authority has considered its relationship with key partners and has concluded that Group Accounts are required with Thamesdown Transport Ltd (TTL) and Swindon Commercial Services Limited (SCSL) only. Forward Swindon, though a wholly owned company, is excluded from consolidation on materiality grounds.

54.Long Term Investments

Thamesdown Transport Limited

Thamesdown Transport Limited (TTL) 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. 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.

No dividend was declared payable in 2012/13 or 2013/14.

Swindon Commercial Services Limited

The Council also wholly owns the Swindon Commercial Services (SCS) Limited Company at a notional shareholding value of £10. The company was created on 1st January 2010, however, services providing waste, highways, catering, grounds, cleaning and buildings services reintegrated back to the Council in 2013. The accounts and annual report of the company are held at Swindon Commercial Services Limited, Waterside, Darby Close, Cheney Manor, Swindon, Wiltshire, from which the figures below are extracted.

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.

Forward Swindon Limited

The Council also incorporated a company on 17 March 2011 to help promote and develop the Swindon area, called Forward Swindon Ltd. This organisation is wholly owned by the Council but due to immateriality is not consolidated within the group statements that follow. The high net asset of the company in comparison to the other group entities is purely due to the share premium issued at £1.4m. Of the net balance sheet asset, £1.4m relates to cash and equivalents.

	Thamesdown Transport		Swindon Commercial Services		Forward Swindon	
	2012/13 £'000	2013/14 £'000	2012/13 £'000	2013/14 £'000	2012/13 £'000	2013/14 £'000
Profit / (Loss) before taxation	860	(154)	95	(606)	(102)	(263)
Tax Adjustment	(207)	96	(12)	126	(4)	(1)
Profit / (Loss) after taxation	**653**	**(58)**	**83**	**(480)**	**(106)**	**(264)**
As at 31 March	**2013 £'000**	**2014 £'000**	**2013 £'000**	**2014 £'000**	**2013 £'000**	**2014 £'000**
Net Balance Sheet Asset	**4,664**	**4,711**	**490**	**10**	**1,244**	**757**

The group statements that follow contain the accounts for Swindon Borough Council, Thamesdown Transport Limited and Swindon Commercial Services Ltd. They have been adjusted for transactions between the parent and subsidiary undertakings. For example, payments by the Council to Thamesdown Transport for bus contract payments are removed, to show lower spend paid out by the parent and lower income received by the subsidiary.

The statements are also adjusted for any accruals made the organizations. This generally results in debtors and creditors figures reducing.

Statements and notes are only included within the consolidated group accounts if they are materially different from those disclosed in the single entity accounts.

Group Accounts

55.The Group Comprehensive Income and Expenditure Statement

The Group statements show the balances for the Council and its consolidated wider group organisations.

Note		2012/13 Gross Expenditure £000	2012/13 Gross Income £000	2012/13 Net Expenditure £000	2013/14 Gross Expenditure £000	2013/14 Gross Income £000	2013/14 Net Expenditure £000
	Central Services	19,876	(14,806)	5,070	2,703	(2,668)	35
	Corporate and democratic core	15,235	(3,978)	11,257	11,125	(3,561)	7,564
	Non Distributed costs	1,223	0	1,223	4,260	0	4,260
	Cultural and Related Services	25,391	(9,970)	15,421	40,586	(9,996)	30,590
	Environment and Regulatory Services	21,219	(6,713)	14,506	29,602	(8,494)	21,109
	Planning Services	14,540	(5,600)	8,940	8,881	(5,012)	3,868
	Education and children's services	162,143	(111,681)	50,463	163,776	(123,267)	40,509
	Highways and transport services	33,809	(18,553)	15,255	41,526	(19,894)	21,632
	Other housing services	77,758	(71,358)	6,400	78,632	(72,662)	5,970
	Local authority housing (HRA)	60,034	(47,263)	12,771	43,045	(51,319)	(8,274)
	Adult social care	80,407	(19,854)	60,553	65,052	(12,095)	52,957
	Public Health	0	0	0	7,238	(7,918)	(680)
	Surplus / Deficit on Continuing Operations	**511,634**	**(309,776)**	**201,858**	**496,426**	**(316,886)**	**179,540**
59	Other operating expenditure (group income tax)			31,745			65,392
60	Financing and investment income and expenditure			1,126			(66,291)
	Taxation and non-specific grant income			(166,966)			(171,923)
	(Surplus) or Deficit on Provision of Services			**67,763**			**6,718**
	Surplus or deficit on revaluation of Property, Plant and Equipment assets			(18,130)			(8,837)
	Actuarial gains/losses on pension assets / liabilities			58,812			104,807
	Group Tax on Other Comprehensive Income			19			141
	Other Comprehensive Income and Expenditure			**40,701**			**96,111**
	Total Comprehensive Income and Expenditure			**108,464**			**102,829**

56.The Group Movement in Reserves Statement

	2012/13				2013/14			
	SBC Useable £'000	SBC Unusable £'000	Reserves of Group Entities £'000	GROUP Total £'000	SBC Useable £'000	SBC Unusable £'000	Reserves of Group Entities £'000	GROUP Total £'000
Opening Balance	**(103,050)**	**(470,301)**	**(3,229)**	**(576,580)**	**(117,688)**	**(346,763)**	**(3,665)**	**(468,116)**
(Surplus) / deficit on provision of services	68,499	-	(736)	**67,763**	6,314	-	404	**6,718**
Other Comprehensive Income and Expenditure	-	40,401	300	**40,701**	-	96,215	(104)	**96,111**
Total Comprehensive Income and Expenditure	**68,499**	**40,401**	**(436)**	**108,464**	**6,314**	**96,215**	**300**	**102,829**
Adjustments between accounting basis & funding basis under regulations	(82,633)	82,633	-	**0**	(27,200)	27,200	-	**0**
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(14,134)	123,034	(436)	**108,464**	(20,886)	123,415	300	**102,829**
Transfers to/from Earmarked Reserves	(504)	504	-	**0**	-	-	-	**0**
(Increase)/Decrease in year	(14,638)	123,538	(436)	**108,464**	(20,886)	123,415	300	**102,829**
Balance carried forward	**(117,688)**	**(346,763)**	**(3,665)**	**(468,116)**	**(138,574)**	**(223,348)**	**(3,365)**	**(365,287)**

57.The Group Statement of Financial Position

Note		31st March 2013 £000	31st March 2014 £000
62	Property, Plant& Equipment	668,869	595,625
62	Council dwellings	277,296	265,601
	Heritage	39,700	40,000
	Investment property	50,432	52,412
	Intangible Assets	246	246
	Long term investments	1	1
	Long Term debtors	1,423	1,402
	Deferred Tax on Group Undertakings	273	177
	Total Non-Current Assets	**1,038,240**	**955,464**
	Short term investments	20,423	40,544
66	Inventories & Work in Progress	4,167	1,496
	Short term debtors	17,654	18,078
63	Cash & Cash equivalents	27,996	22,496
	Assets held for sale (current)	3,600	6,246
	Current Assets	**73,840**	**88,860**
	Short term borrowing	(43,212)	(26,224)
64	Short term creditors	(38,621)	(43,157)
	Provisions (short term)	(2,003)	(1,486)
	Current Liabilities	**(83,836)**	**(70,867)**
65	Long term borrowing	(226,052)	(243,747)
	Long term creditors	(57,709)	(56,402)
	Provisions (long term)	(6,635)	(8,414)
61	Pension Asset/Liability	(234,916)	(265,568)
	Capital Grants receipts in advance	(34,816)	(34,039)
	Non-Current Liabilities	**(560,128)**	**(608,170)**
	Net Assets	**468,116**	**365,287**
	Usable Reserves	(121,353)	(141,939)
	Unusable Reserves	(346,763)	(223,348)
	Total Reserves	**(468,116)**	**(365,287)**

58.The Group Cash flow Statement

	2012/13 £'000	2013/14 £'000
Net cash flows from Operating Activities	**11,406**	**46,969**
Investing Activities	(20,652)	(56,189)
Financing Activities	12,360	3,719
Net increase or decrease in cash and cash equivalents	**3,114**	**(5,501)**
Cash and cash equivalents at the beginning of the reporting period	24,882	27,997
Cash and cash equivalents at the end of the reporting period	**27,996**	**22,496**

59.Group Other Operating Expenditure

	2012/13 SBC £'000	2012/13 TTL £'000	2012/13 SCS £'000	2012/13 Group £'000	2013/14 SBC £'000	2013/14 TTL £'000	2013/14 SCS £'000	2013/14 Group £'000
(Gains)/losses on the disposal of non-current assets	24,948	-	-	24,948	59,635	-	-	59,635
Parish council precepts	1,946	-	-	1,946	1,855	-	-	1,855
Payments to the Government Housing Capital Receipts Pool	528	-	-	528	1,461	-	-	1,461
Group Taxation & Administration	-	207	4,116	4,323	-	(96)	2,537	2,441
Total Other Operating Expenditure	**27,422**	**207**	**4,116**	**31,745**	**62,951**	**(96)**	**2,537**	**65,392**

60.Group Financing and Investment Income and Expenditure

	2012/13 SBC £'000	2012/13 TTL £'000	2012/13 SCS £'000	2012/13 Group £'000	2013/14 SBC £'000	2013/14 TTL £'000	2013/14 SCS £'000	2013/14 Group £'000
Interest payable and similar charges	16,903	301	78	17,282	16,363	313	107	16,783
Interest receivable and similar income	(1,345)	(1,657)	(5)	(3,007)	(1,505)	(146)	(3)	(1,654)
Investment income	(6,549)	-	-	(4,040)	(3,941)	-	-	(3,941)
Movement on market value of investment property	99	-	-	99	(840)	-	-	(840)
Investment Asset Disposals	849	-	-	849	1,911	-	-	1,911
Net pensions interest cost and expected return on pensions assets	(10,057)	-	-	(10,057)	(78,550)	-	-	(78,550)
Total Financing and Investment Income and Expenditure	**(100)**	**(1,356)**	**73**	**1,126**	**(66,562)**	**167**	**104**	**(66,291)**

61.Group Pension Asset / Liability

	SBC £'000	TTL £'000	2013 Group £'000	SBC £'000	TTL £'000	2014 Group £'000
Fair Value of Employer Assets	293,153	(19,662)	273,491	(213,819)	2,889	(210,930)
Present Value of Liabilities	(480,426)	17,204	(463,222)	(19,972)	(4,014)	(23,986)
Opening Position 1 April	**(187,273)**	**(2,458)**	**(189,731)**	**(233,791)**	**(1,125)**	**(234,916)**
Current Service Cost	(8,799)	0	(8,799)	(14,926)	0	(14,926)
Past Service (Costs) / Gains	(477)	0	(477)	(122)	0	(122)
Effect of Settlements	955	0	955	1,104	0	1,104
Total Service Cost	**(8,321)**	**0**	**(8,321)**	**(13,944)**	**0**	**(13,944)**
Interest Income on plan assets	13,798	157	13,955	15,257	128	15,385
Interest cost on obligation	(23,471)	(161)	(23,632)	(30,227)	(174)	(30,401)
Total Net Interest	**(9,673)**	**(4)**	**(9,677)**	**(14,970)**	**(46)**	**(15,016)**
Total Cost Recognised in Profit/(Loss)	**(205,267)**	**(2,462)**	**(207,729)**	**(262,705)**	**(1,171)**	**(263,876)**
Plan participant contributions	0	0	0	0	0	0
Employer contributions	10,763	118	10,881	13,491	121	13,612
Contributions for Unfunded Benefits	1,212	0	1,212	1,225	0	1,225
Expected Closing Position	**11,975**	**118**	**12,093**	**14,716**	**121**	**14,837**
Change in demographic assumptions	0	0	0	(13,574)	0	(13,574)
Change in financial assumptions	(58,323)	0	(58,323)	(16,936)	0	(16,936)
Other experience	(205)	(281)	(486)	(74,542)	245	(74,297)
Return on assets excluding interest	19,730	0	19,730	93,520	0	93,520
Total Re-measurements in Other Income	**(38,798)**	**(281)**	**(39,079)**	**(11,532)**	**245**	**(11,287)**
Effect of business combinations	(1,701)	1,500	(201)	(5,242)	0	(5,242)
Fair Value of Employer Assets	332,234	2,889	335,123	459,918	3,039	462,957
Present Value of Funded Liabilities	(546,053)	(4,014)	(550,067)	(705,034)	(3,844)	(708,878)
Present Value of Unfunded Liabilities	(19,972)	0	(19,972)	(19,647)	0	(19,647)
Closing Position 31 March	**(233,791)**	**(1,125)**	**(234,916)**	**(264,763)**	**(805)**	**(265,568)**

62.Group Property, Plant & Equipment

2013/14	SBC Dwellings	SBC	TTL	SCS	Total PPE
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
At 1 April 2013	**281,105**	**779,845**	**15,977**	**3,030**	**1,079,957**
Additions	17,964	29,284	124	7,651	55,023
Revaluation increases / (decreases) recognised in the Revaluation Reserve	93	5,728	-	-	5,821
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(6,713)	(27,108)	-	-	(33,821)
Derecognition – disposals	(13,295)	(59,930)	(177)	(2,645)	(76,047)
Other movements in cost or valuation	2,674	(6,094)	-	-	(3,420)
At 31 March 2014	**281,828**	**721,725**	**15,924**	**8,036**	**1,027,513**
Accumulated Depreciation and Impairment					
At 1 April 2013	**(3,809)**	**(81,663)**	**(6,732)**	**(1,888)**	**(94,092)**
Depreciation charge	(12,523)	(24,553)	(964)	(523)	(38,563)
Depreciation written out to the Revaluation Reserve	-	1,039	-	-	1,039
Depreciation written to/from the CIES	-	394	-	--	394
Derecognition – disposals	105	2,641	177	2,012	4,935
Derecognition – other	-	-	-	-	0
At 31 March 2014	**(16,227)**	**(102,142)**	**(7,519)**	**(399)**	**(126,287)**
Net Book Value					
At 31 March 2013	**277,296**	**698,182**	**9,245**	**1,142**	**985,865**
At 31 March 2014	**265,601**	**619,583**	**8,405**	**7,637**	**901,226**

2012/13	SBC Dwellings	SBC	TTL	SCS	Total PPE
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
At 1 April 2011/12	**332,784**	**798,306**	**15,742**	**2,423**	**1,149,255**
Additions	5,063	38,092	2,530	689	46,374
Derecognition – disposals	(4,286)	(28,412)	(2,295)	(82)	(35,075)
Impairment Losses/(Reversals) through I&E	(4,617)	0	-	-	(4,617)
Revaluation + / (-) recognised in the Surplus/Deficit on the Provision of Services	(47,839)	(29,308)	-	-	(77,147)
Revaluation + / (-) recognised in the Revaluation Reserve	-	4,766	-	-	4,766
Reclassification	-	(3,600)	-	-	(3,600)
Other movements in cost / valuation	-	1	-	-	1
At 31 March 2012/13	**281,105**	**779,845**	**15,977**	**3,030**	**1,079,957**
Accumulated Depreciation and Impairment					
At 1 April 2011/12	**(15,600)**	**(77,827)**	**(6,787)**	**(1,578)**	**(101,792)**
Depreciation charge	(3,809)	(21,296)	(992)	(390)	(26,487)
Derecognition – disposals	-	2,363	1,047	80	3,490
Reclassifications	-	-	-	-	0
Depreciation written to/from the CIES	15,600	1,733	-	-	17,333
Depreciation written out to the Revaluation Reserve	-	13,364	-	-	13,364
At 31 March 2012/13	**(3,809)**	**(81,663)**	**(6,732)**	**(1,888)**	**(94,092)**
Net Book Value					
At 31 March 2011/12	**317,184**	**720,479**	**8,955**	**845**	**1,047,463**
At 31 March 2012/13	**277,296**	**698,182**	**9,245**	**1,142**	**985,865**

63.Group Cash & Cash Equivalents

Balance at 31 March	2013	2014
	£000	£000
Swindon Borough Council	20,936	21,665
Thamesdown Transport Limited	467	10
Swindon Commercial Services Limited	6,594	821
Group Total	**27,997**	**22,496**

64.Group Short term Creditors

Balance at 31 March	2013	2014
	£000	£000
Swindon Borough Council	(28,483)	(40,730)
Thamesdown Transport Limited	(391)	(957)
Swindon Commercial Services Limited	(9,747)	(1,471)
Group Total	**(38,621)**	**(43,157)**

65.Group Long term borrowing

Balance at 31 March	2013	2014
	£000	£000
Swindon Borough Council	(223,764)	(242,259)
Thamesdown Transport Limited	(2,288)	(1,488)
Swindon Commercial Services Limited	0	0
Group Total	**(226,052)**	**(243,747)**

66.Group Inventories & Work in Progress

		SBC	TTL	SCS	Total
		£'000	£'000	£'000	£'000
Balance at start of year	**01/04/2012**	**541**	**196**	**3,742**	**4,479**
In-year movement		(58)	48	(302)	(312)
Balance at year-end	**31/03/2013**	**483**	**244**	**3,440**	**4,167**
In-year movement		737	(38)	(3,370)	(2,671)
Balance at year-end	**31/03/2014**	**1,220**	**206**	**70**	**1,496**

Independent Auditors Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWINDON BOROUGH COUNCIL

To Follow.

Annual Governance Statement 2013/14

DRAFT ANNUAL GOVERNANCE STATEMENT: 2013/14

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 the Accounts and Audit (England) Regulations 2011 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 on-going 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 31st March 2014 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 central premise of One Swindon involves shifting the balance of power, responsibility and resources away from the public sector bodies such as the Council to local people.

There was an extensive engagement programme working with partners / officers / members to build on One Swindon to reach a point where partners, Boards, Cabinet and Full Council could agree the principles, high level priorities. One Swindon was launched in January 2011 and set out the following priority areas:

- We can all benefit from a growing economy and a better town centre
- I like where I live
- Everyone is enjoying sports, leisure and cultural opportunities
- Living independently, protected from harm, leading healthy lives and making a positive contribution

The Council recognised that it needed to change to respond to these challenges and in response developed 'Stronger Together' which redesigned the structure of the Council so that it is based around 'Commissioning', 'Delivery' and 'Localities'.

The Council's Corporate Strategy (adopted in November 2012) translates One Swindon, Stronger Together and our very challenging and radically changing context into the Council's Priorities for the next three years.

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 evidenced by:

- Working increasingly with our partners and Council wholly owned subsidiaries i.e. Swindon Commercial Services Ltd and Forward Swindon Ltd, 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.
- 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.

(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 who in turn appoints 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.
- 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 set a Behavioural Framework which outlines what is expected from employees to achieve excellence.

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 Bribery 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 provide 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 provide 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 executive decisions made by Lead Members and 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 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
- 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:

- A comprehensive induction process is run for Members including compulsory training for those on regulatory committees, together with regular training sessions during the year.
- Maintaining member training and development through the Member Development Steering Group
- Developing leadership skills of senior management
- Developing our approach to workforce planning
- 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
- Utilising an appropriate range of consultation methods

- Developing the localities agenda and making use of local forums at ward, parish and neighbourhood level to maintain communication with all the Borough's communities and other stakeholders and make decisions on devolved matters
- Encouraging and supporting the public in submitting requests for Scrutiny
- Maintaining and reviewing an effective complaints procedure

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.

Board Directors and relevant Heads of Service have completed a detailed questionnaire reviewing the control environment within their directorate and the results of the questionnaire have been used to help 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 CIPFA guidance best practice. 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, has an oversight of Treasury Management and both, Internal and External Audit performance and their findings and recommendations.
- The Board Director: Resources role as Section 151 Officer has been assessed by Internal Audit against CIPFA's statement on the Role of the Chief Financial Officer in Local Government. It was found that the requirements of the CIPFA statement are being met.
- A self-assessment of the Head of Internal Audit's role has been assessed against CIPFA's statement on the Role of the Head of Internal Audit in Public Service organisations. It was found that the requirements of the CIPFA statement are being met.
- Key Information Governance roles and responsibilities have also been defined and allocated, including the SIRO, Information Governance Lead and Information Asset Owners. Responsibility for Information Governance in the Council rests with the Board Director: Resources who acts as the Senior Information Risk Owner. The establishment of the SIRO is one of several measures to strengthen controls around information

governance and to raise the profile of (and embed) information risk management into the overall culture of the organisation. An Information Governance/Security Working Group was established in 2013/14 to review the Council's compliance with the NHS Information Governance Toolkit. An action plan was produced and implemented following an initial assessment of performance against the toolkit requirements. A further self-assessment against the toolkit identified the Council as having achieved Level 1 compliance. An action plan to achieve Level 2 compliance has been produced and is being progressed by the Group. There have been a number of successful areas of development in 2013/14, including a successful Public Sector Network (PSN) submission in January 2014 and publication of the Council's Information Governance and Security Policy. Information Security training via e-learning continues to be delivered to new and existing, staff and is a mandatory requirement for connection to the Council's IT network and handling of information assets. A draft ICT strategy that sets out a proposed Information Governance structure for the Authority as well as setting strategic direction for IT and Information Management for the Authority is in place. Further work is now required to build on existing arrangements, including developing and publishing supporting Information Governance and Management strategies, policies, procedures and management arrangements. Work will also be required to embed the newly defined Information Governance roles and responsibilities in the organisation. Work is underway to refresh Information Governance and Security policies and to develop Information Risk Management and record management arrangements.

- Information security incidents are managed as part of the Council's information governance processes. There have been no serious breaches of the Data Protection Act in 2013/14.
- 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. The Head of Internal Audit's opinion for 2013/14 is that there are satisfactory internal control arrangements in place resulting in a 'moderate' risk to the Council. In addition the Section undertakes fraud investigation and proactive fraud detection work. Internal Audit report to each Audit Committee summarising audits finalised 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 including an assessment against the Public Sector Internal Audit Standards (PSIAS). The latest review found the system of internal audit to be effective and that the requirements of the PSIAS were being largely met and an action plan is in place to address any outstanding issues.
- Both Cabinet and the Audit Committee considered the External Auditor's Annual Audit letter in 2013/14. The Annual Audit letter gives an opinion on the Council's financial statements and provides a value for money conclusion. The External Auditor identified no material issues in their audit of the financial statements and issued an unqualified

audit opinion on the Council's financial statements and on its arrangements for securing value for money in 2012/13.

- 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 and some decision making has been devolved locally. It has also looked at devolving some powers to localities and how this can be achieved.
- The Council has also adopted a Local Code of Corporate Governance.
- Risk Management – the Head of Risk Management leads the development of the risk management strategy and the Corporate Risk Register is regularly updated in consultation with Corporate Board and presented to both Cabinet and Audit Committee.
- The Council's Performance Framework is led by the Head of Business Services and Support the framework includes the Business Review process. Business Reviews are carried out quarterly at Corporate Board and these are used to review risks identified either through performance, Internal Audit or through the Corporate Risk Register.

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

- Obtaining assurances from all Board Directors and Heads of Service 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.
- Reviewing the Head of Internal Audit's annual audit report presented to Audit Committee.
- Obtaining specific assurances from Heads of Service with regard to the governance arrangements in place for key partnerships.

The review has identified that a number of the areas included in last year's statement have progressed sufficiently for them not to be included as areas of focus in this year's statement:

- Museum Storage – an Internal Audit review identified issues regarding storage and security. The security issues have largely been addressed whilst there are wider plans to address the issues regarding storage as part of the new cultural area for Swindon.
- Management of Major Property Projects – an Internal Audit review identified issues regarding a lack of clear roles and accountabilities regarding the management of major property projects. Following the re-integration of SCS and services formerly delivered by Capita Symonds back into the Council a Property function review has sought to bring stronger alignment and integration under a newly appointed Head of Assets. This is to drive out service area improvements, customer focus outcomes and improved value for money.

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:

- Information governance and security – improvements have been made during 2013/14, including the establishment of an Information Governance/Security working group. A draft ICT Strategy is now in place that will be presented to Cabinet in June and which sets out a proposed information governance structure as well as setting a strategic direction for ICT and Information Management. A successful Public Sector Network submission was made in January 2014 and compliance with level 1 of the NHS Information Governance Toolkit has also been achieved. Key information governance roles and responsibilities have also been defined and allocated, including the Senior Information Officer (SIRO), Information Governance Lead and Information Asset Owners. Further work is required to build on existing arrangements, including developing and publishing supporting information governance and management strategies, policies, procedures and management arrangements. Work will also be required to embed the newly defined information governance roles and responsibilities in the organisation.
- Financial relationships with wholly owned subsidiaries – Swindon Borough Council are the sole shareholder of Thamesdown Transport Ltd (TT) and Swindon Commercial Services Ltd (SCS). There are close financial links between the Council and both companies, which mean there is a degree of inter-dependence. SBC funds some subsidised routes and pays reimbursements for concessionary fare usage to TT and has entered into an arrangement to "buy out" the company's local government pension scheme deficit, with resulting payments due each year from the company to the Council. Recent trading conditions have led the company to request deferring some of these payments, for the foreseeable future, in order to reduce cash-flow burdens. SBC has lent around £8m to SCS for the capital purchase of a plant to convert waste into fuel, thereby reducing the Council's landfill burden. The company's future profit levels are critical to ensuring repayment of the loan within the period of the contract between the Council and the company for treatment of household waste. The plant is nearing the final period of commissioning and the company's trading position is therefore currently difficult to predict. For these reasons, it is important that the Council retains a particularly close oversight of the financial performance of its subsidiaries at this time, as part of its overall financial risk management arrangements.
- Ofsted inspection - the Ofsted inspection of services for children in need of help and protection, children looked after and care leavers includes six separate judgements. One third of the judgements were good and two thirds were requires improvement to be good (RI). Swindon's overall judgement was RI. Of the 17 Local Authorities inspected to date, 35% have been judged good, 47% RI and the rest, inadequate. The report identifies thirteen areas of strength and sixteen areas for improvement. There are four strategic priorities:
    - Strengthen the electronic case management system, ICSA and the ICT infrastructure

- Ensure caseloads are manageable
- Translate the excellent work at strategic level of child sexual exploitation into the highest quality frontline practice across the social work service
- Further strengthen quality assurance

A draft improvement plan has been prepared for cabinet consideration. The plan is subject to an Ofsted challenge session in early July. Once finalised the implementation of the plan will be monitored internally by QPR and Overview and Scrutiny. The Local Safeguarding Children Board will provide external scrutiny and challenge

- Swindon Commercial Services reintegration - the Special Committee determined on 5th July 2013 that Swindon Commercial Services Limited (SCS) be refocused on a narrow range of markets in Waste Treatment, Renewable Energy and the operations of DW Dunn Ltd. It also agreed that the majority of the services SCS provided to the Council, including approximately 500 staff and infrastructure involved ('the undertaking'), be transferred back to the Council with a challenging target date for staff to transfer under TUPE arrangements by 1 November 2013. This was referred to as Phase 1 of the programme.

This change involved a significant diversion of resources to enable a smooth transition of Highway, waste and recycling collection, street cleaning, grounds maintenance, cemeteries and crematorium, construction, repairs and supporting services to transfer back to the Council and integrate with the Council's corresponding client teams (rather than function as a direct service organisation). A number of officer work-streams were set-up to manage the change programme and this was supported by a cross-party Cabinet Member Advisory Group (CMAG) to advise the officer project team.

Phase 1 of the programme (TUPE) was completed on 1 November 2013 as planned without any significant impact to services or staff.

Phase 2 of the programme has focused on integrating the operational and support teams, to design the most effective and efficient service delivery. Any changes through organisational restructure had to meet the needs of the future service. The staff consultation process for the restructure of services was completed on 4 February 2014; these changes are currently being implemented and to date efficiency savings of £2m have been achieved.

- Capacity and Capability in the context of large scale change – the Council continues to go through large scale change in order to meet the increasing demand for its services and the reduction in Government funding. This has involved working more closely with our partners through One Swindon, restructuring the Council through Stronger Together and the development of a Transformation Hub. However, there is a risk that there may be insufficient organisational capacity to focus on the change required to meet the ever increasing demands.
- Council Leisure Services - Council leisure services have been judged independently to be delivering a VFM service that is driving up activity among our residents at a faster rate compared to other LA's. 25% of residents (Dec 2012) participating in 3x30 minutes of activity per week. However the independent assessment also found that further increases in participation were unlikely to be driven via our leisure facilities. Despite

driving value from our facilities the Council is providing a significant subsidy (differential between expenditure and income) to the service. Members are seeking a solution for Leisure facilities which enables: Elimination of the Council revenue subsidy; Transfer of backlog maintenance liability outside of the Council; Transfer to a company whose ethos and approach will support residents to be fit and healthy; Medium to long term sustainability for the facilities; Securing additional investment into the estate.

Action taken to date includes: soft market testing undertaken to ascertain whether market conditions/third party operators (commercial or not for profit) would be interested in the estate and if so, would they be able to meet the conditions that would secure the Members aspirations set out above; Borough wide consultation with residents and service users on the proposed approach for the future of the facilities; Invitation and then detailed evaluation of bids to operate the facilities leading to recommendations to appoint a preferred bidder(s) to be considered by Cabinet on 25/6/14.

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 David Renard	Gavin Jones
Leader of the Council	Chief Executive

GLOSSARY

ACCRUALS

The concept that income and expenditure is recognised as 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:

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

AMORTISATION

The depreciation write-out of long-term assets to revenue on a systematic basis over its economic life.

ASSET

An item having value in monetary terms. Assets are defined as current or long-term.

A current asset will be consumed or cease to have value within the next financial year, e.g. stock and debtors.

A long-current 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 long-term assets.

CASH EQUIVALENTS

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.

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:

- Termination of employees' services earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business, and
- 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.

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 NON-CURRENT 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.

INVENTORIES

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.

INVESTMENTS (NON-PENSIONS FUND)

A non-current 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 pension 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 relevant share of pension scheme assets associated with their underlying obligations.

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

Non-current 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 / IAS 19

The requirements of the International Accounting Standard on 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:

- 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
- 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.

PROPERT, PLANT & EQUIPMENT

The overarching classification for operational non-current assets.

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.

REVENUE EXENDITURE FUNDED FROM CAPITAL UNDER STAUTUE

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.

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 reflects 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.

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:

- For active members, benefits they would unconditionally be entitled on leaving the scheme;
- For deferred pensioners, their preserved benefits;
- 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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