Explanatory Foreword

1 Statutory Duty

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

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

2 Compliance with regulation

This document has been compiled by officers of the Council using information recorded on its systems, most notably its financial ledger, in line with recommended practice from the Chartered Institute of Public Finance and Accountancy (CIPFA). The format is largely prescribed. A glossary of the various terminology is set out in pages 96 to 99.

3 Contents

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

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

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

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

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

Notes to the Core Financial Statements follow these statements.

Additionally, the following supplementary financial statements are produced.

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

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

Auditor's opinion

Wiltshire Councils appointed external auditors are KPMG LLP. KPMG LLP have carried out their statutory audit. They have issued an unqualified opinion.

Accounting Policies

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

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

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

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

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

Future Vision of the Council

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

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

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

Revenue outturn

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

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

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

Outturn Variances

The major variations of actual spend to budget were:

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

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

Pension Fund

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

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

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

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

Where does the money come from?

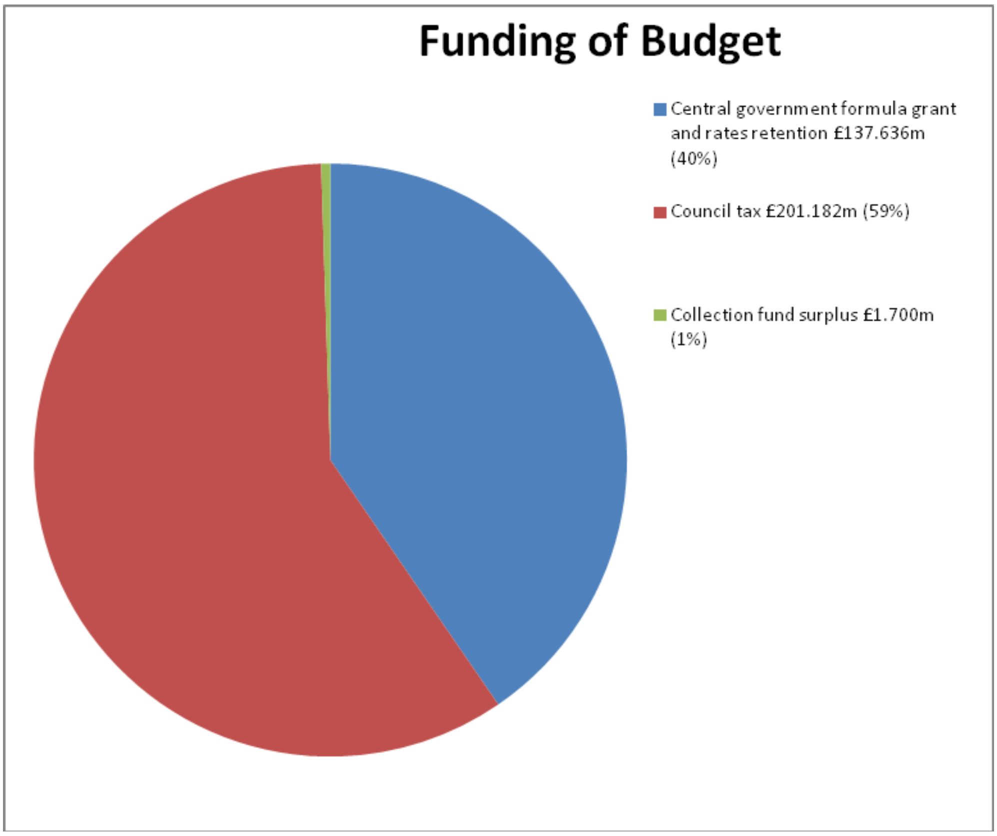
The budget requirement is the money we need to pay for services once we have taken into account money coming in from fees and charges and specific and general government grants.

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

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

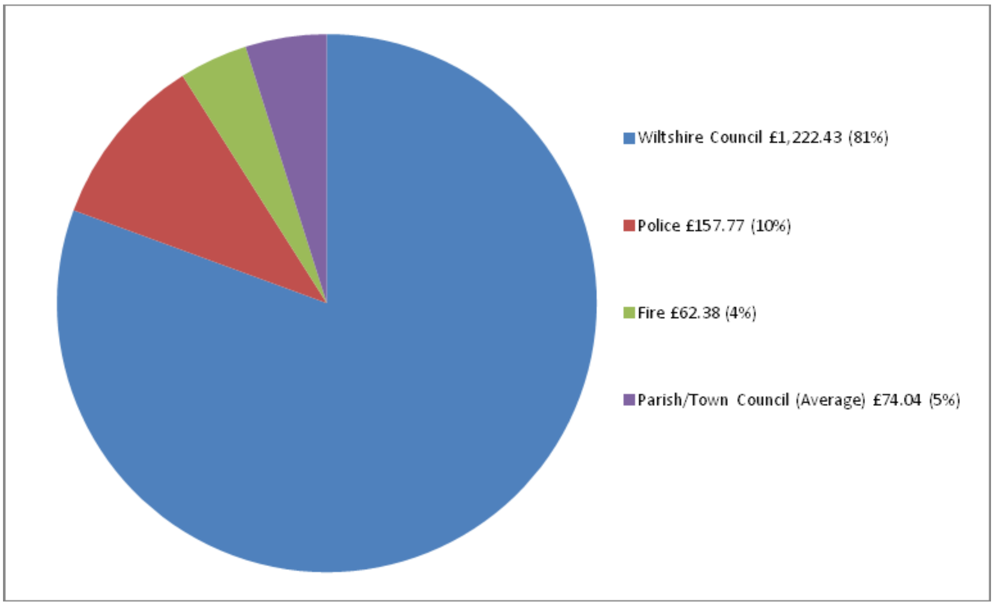
The net budget was funded from three main sources:

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



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

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



Council's Reserves

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

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

Balance Sheet

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

Here is a summarised version of Wiltshire Council's Balance Sheet as at 31 March 2014 compared to 31 March 2013 (the full Balance Sheet is disclosed on page 28). The overall reduction in net assets is largely due to an increase in the pension liability.

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

Capital

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

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

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

The Council also owns a large number of community schools. Due to a number of schools transferring to academy status, the number and the value of schools land and buildings declared in the statement of accounts has decreased. The council also has infrastructure assets such as the County's road network, street lighting and land drainage. There is also a large investment portfolio used to generate income, including industrial estates, commercial estates, farms and shops. In total the value of all the council's fixed assets is around £1 billion. This is covered in more detail in the Council's balance sheet and associated notes.

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

Expenditure

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

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

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

Examples of capital spend undertaken in 2013/2014 includes:

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

Capital Funding

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

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

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

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

Housing Revenue Account (HRA)

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

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

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

How we manage our finances

Financial management and reporting is facilitated by:

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

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

Managing our investments and borrowings

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

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

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

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

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

Financial challenges for 2013/2014 and onwards – financial plan

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

Budget for 2014/2015 including Capital programme

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

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

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

Updated Capital Programme 2014/2015 - 2017/2018 including indicative mix of funding available

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

Feedback & further information on the content of these accounts

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

Further information about the accounts may be made to

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

Or centralfinanceyearend@wiltshire.gov.uk

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

12 Concluding remarks

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

M. Hudson

Michael Hudson, LLB (Hons), LLM, CPFA
Associate Director, Finance (Section 151 Officer)
Wiltshire Council 3 September 2014

The Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

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

The Chief Finance Officer's Responsibilities

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

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

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

The Chief Financial Officer has also:

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

The Statement of the Chief Finance Officer

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

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

M. Hudson

Michael Hudson
Associate Director, Finance (Section 151 Officer)
Wiltshire Council

Cllr Tony Deane
Chairman, Audit Committee

3 September 2014

ANNUAL GOVERNANCE STATEMENT

A. **Scope of Responsibility**

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

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

B. **The Purpose of the Governance Framework**

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

4. The assurance framework and the system of internal control are significant parts of that framework. They are designed to manage risk to a reasonable level. They cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The assurance framework and the system of internal control are based on an ongoing process that is designed to:

    a. identify and prioritise the risks to the achievement of the Council's policies, aims and objectives;
    b. evaluate the likelihood of those risks being realised;
    c. assess the impact of the risks if they are realised;
    d. manage the risks efficiently, effectively and economically.

5. The assurance framework also provides a mechanism for monitoring and implementing a system of continuous governance improvement.

6. The governance framework has been in place at the Council for the year ended 31 March 2014 and up to the date of approval of the Statement of Accounts for 2013/2014.

C. **The Governance Framework**

7. The Council's governance framework comprises a broad range of strategic and operational controls, which work together to ensure the sound operation of the Council. The key elements are summarised below.

8. Documents referred to are available from the Council or may be viewed on the Council's website (www.wiltshire.gov.uk).

9. The review of the Council's governance arrangements, through the Annual Governance Statement, has taken account of best practice identified in the CIPFA/Solace guidance Delivering Good Governance in Local Government, Addendum 2012.

Purpose and Planning

10. In September 2013 the Council adopted a new Business Plan for 2013-2017 with the following priorities:
    - to protect those who are most vulnerable;
    - to boost the local economy – creating and safeguarding jobs; and,
    - to support and empower communities to do more for themselves.

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

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

Policy and Decision-Making Framework

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

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

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

16. The Constitution is reviewed on an ongoing basis by the Monitoring Officer and the Standards Committee through its Constitution Focus Group to ensure that it reflects changes in the law and remains fit for purpose.

17. The Leader and Cabinet are responsible for discharging the executive functions of the Council, within the budget and policy framework set by the Council, and some of this is delegated to Area Boards.

18. The Council publishes a Forward Work Plan once a month giving details of all matters anticipated to be considered by the Cabinet over the following 4 months, including items which constitute a key decision.1

19. Schemes of Delegation are in place for Cabinet Committees, Cabinet Members and Officers to facilitate efficient decision-making. The Leader has established three Cabinet Committees - the Cabinet Capital Assets Committee, Cabinet Transformation Committee and the Cabinet Business Relief Committee.

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

20. The Council has established 18 area committees known as Area Boards. Each area board exercises local decision making under powers delegated by the Leader.

21. The Council's overview and scrutiny arrangements consist of a management committee and 3 select committees covering Children's Services, Environment, and Health. These committees establish standing and ad hoc task groups to undertake detailed reviews. Rapid scrutiny exercises also provide opportunities where there are time constraints. Scrutiny member representatives can also be appointed to boards of major projects to exercise lay challenge. Partners and contractors also contribute to the scrutiny process.

22. These arrangements serve to hold the Cabinet, its Committees, individual Cabinet Members and officers to public account for their executive policies, decisions and actions.

23. The Standards Committee is responsible for:
    - promoting and maintaining high standards of conduct by Members and Officers across the Council;
    - determination of complaints under the Members' Code of Conduct;
    - oversight of the Constitution, overview of corporate complaints handling and Ombudsman investigations, and the whistle blowing policy;

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

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

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

Wiltshire Pension Fund

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

28. This Committee is responsible for all aspects of the fund, including:
    - the maintenance of the fund;
    - preparation and maintenance of policy, including funding and investment policy;
    - management and investment of the fund;
    - appointment and review of investment managers;
    - monitoring of the audit process.

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

Regulation of Business

30. The Constitution contains detailed rules and procedures which regulate the conduct of the Council's business. These include:
    - Council Rules of Procedure
    - Budget and Policy Framework Procedure
    - Financial Regulations and Procedure Rules
    - Procurement and Contract Rules
    - Members' Code of Conduct
    - Officers' Code of Conduct
    - Corporate Complaints Procedure

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

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

33. The following bodies have an important role in ensuring compliance:
    - Audit Committee
    - Overview and Scrutiny Committees and Task Groups
    - Standards Committee
    - Internal Audit (this function is provided externally by the South West Audit Partnership (SWAP)
    - External Audit and Inspection Agencies.

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

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

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

Financial Management

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

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

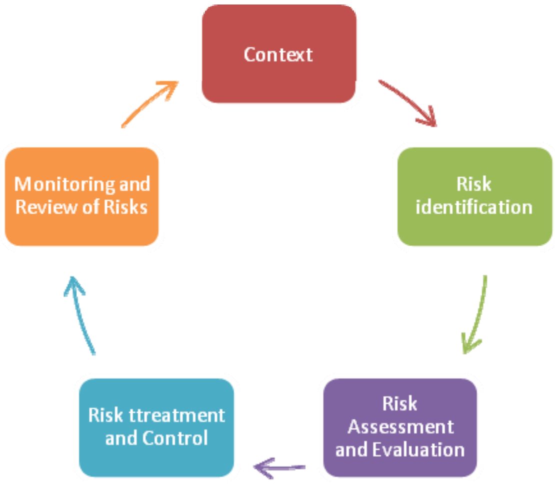
Performance and Risk Management Reporting

38. At the heart of the Business Plan 2013-2017 is the vision to create stronger and more resilient communities and sets out how we plan to achieve this and outlines our key priorities which are to continue to:
    - Protect those who are most vulnerable;
    - Boost the local economy – creating and safeguarding jobs;
    - Support and empower communities to do more for themselves.

39. Measuring success is about how we will know we are performing well and moving in the right direction to achieve our vision and priorities. A Strategic Performance and Risk Management Board has been established to take the strategic lead on the development and review of the corporate planning cycle including the performance and risk management approach. Risk management is a central part of the Council's strategic management and the Board will review the Risk Management Strategy on an annual basis to ensure that risk management arrangements remain effective.

40. The Corporate Leadership Team receives six monthly performance and risk reports detailing the risks that impact upon the strategic objectives of the Council. The Audit Committee receives reports every six months on the effectiveness of the risk management processes within the Council and its partnerships. Exception reports are submitted as and when required.

41. Risks are identified and monitored by service areas. Risks that are deemed significant are referred to the Operational Performance and Risk Management Group in the first instance for challenge and review. Reports are issued on the corporate risks through the Council's reporting arrangements. Training on Risk Management is delivered to Members annually, including the development of specific training for staff involved in risk management arrangements as a result of their work. The diagram below demonstrates the cycle of managing risk.



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

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

Internal Audit

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

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

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

External Audit and Inspections

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

strengthen and improve the Council's internal control environment and help secure continuous improvement.

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

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

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

51. Recommendations included addressing the budget gap for 2015/2016 and beyond, clarifying the desired outcomes for area boards, improving the effectiveness of scrutiny, strengthening performance management and working closely with the CCG to ensure shared visions and plans. Action is being taken to implement these recommendations.

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

Associate Directors' Assurance Statements

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

Monitoring Officer

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

D. <u>Review of Effectiveness</u>

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

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

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

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

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

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

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

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

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

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

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

63. The Council has adopted a Councillor and Officer Relations Protocol which:
    - outlines the essential elements of the relationship between councillors and officers;
    - promotes the highest standards of conduct;
    - clarifies roles and responsibilities;
    - ensures consistency with the law, codes of conduct and the Council's values and practices; and
    - identifies ways of dealing with concerns by councillors or officers.

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

64. All staff are required to meet high standards of ethical conduct under the Officers' Code of Conduct.

65. The Council has a code of conduct for officers which is underpinned by a behaviours framework. This framework clearly articulates the behaviours expected of council officers, and is explicitly referred to in recruitment and performance appraisal processes.

66. The Council has adopted a code of conduct for Councillors and arrangements for dealing with member misconduct complaints under the requirements of the Localism Act 2011. The effectiveness of the code is kept under review by the Standards Committee.

67. The Council has established arrangements for receiving and investigating complaints about the Police and Crime Commissioner for Wiltshire.

68. The Council's Governance Service is responsible for customer complaints, access to information legislation, operation of the agreed arrangements under the new standards regime, and the promotion of good governance within the Council and with key partners, including the town and parish councils of Wiltshire. This helps to ensure that robust governance arrangements are supported across the Council.

Internal Audit

69. Internal Audit represents an important element of the Council's internal control environment, and to be effective it must work in accordance with the Code of Practice for Internal Audit in Local Government, which lays down the mandatory professional standards for the internal audit of local authorities.

70. The Internal Audit Annual Report and Opinion 2013/2014 summarises the results and conclusions of the audit work throughout the year, and provides an independent audit opinion on the internal control environment for the Council as a whole. The Council's internal auditors, SWAP, have given an overall audit opinion of reasonable assurance on the adequacy and effective operation of the Council's control environment for 2012/13.

External Audit

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

72. The latest report to those charged with governance, issued by KPMG LLP in respect of Wiltshire Council for 2013/2014, is the interim report, in advance of the full report, which summarises the key issues arising from the interim work at Wiltshire Council in relation to the 2013/2014 financial statements and the work to support the 2013/2014 value for money conclusions.

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

74. KPMG LLP's report to those charged with governance for 2013/2014 was be tabled at the meeting of the Audit Committee on 31 July 2014. No significant issues were raised.

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

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

76. The Partnership Protocol and Register captures the Council's partnership arrangements. As of May 2014 the number of partnerships in operation is 42. During 2014/2015 a review of the protocol will be conducted. Once completed all arrangements will be reviewed with service areas to check all are aware of the requirements of the revised protocol and all partnerships are captured.

77. Since implementing the recommendations of a major review in May 2012 to increase the effectiveness of the Overview and Scrutiny function, a single work programme has been developed in discussion with Cabinet members and senior management under the control of the Management Committee which focused on Council priorities. It aims for early dialogue enabling most of its work to support policy development and pre-decision scrutiny in the Council. The peer challenge review undertaken in September 2013 made a number of recommendations relating to Overview and Scrutiny. As a consequence a closer alignment has been made between its work and the Council's Business Plan 2013-2017 with a stronger focus on better outcomes for communities and residents. This includes supporting delivery of the Plan's objectives and monitoring the investments and efficiencies in the corresponding Financial Plan.

78. The work undertaken by the Audit Committee this year has included:
- review and approval of the Annual Governance Statement for 2012/2013;
- review and approval of the Statement of Accounts for 2012/2013 and 2013/2014 - due to a change in timings, it has been possible for the current years' accounts to also be included in this year's Assurance Governance Statement;
- review of the work and findings of Internal Audit, including the Annual Report and audit opinion on the control environment;
- review of the Council's risk management arrangements;
- review of the work and findings of external audit, including the Annual Audit Letter and Report to those Charged with Governance.

79. The successful transfer of the Public Health team into the authority in April 2013 offered an opportunity to strengthen our response to both business continuity and emergency planning - to learn from their experience and expertise and to ensure the Council is able to respond to Public Health emergencies. During 2013/2014 the Emergency Planning and Resilience teams have been restructured to ensure the structures are fit for purpose. In addition organisational resilience has been strengthened through the introduction of Corporate Director and Associate Director on call arrangements.

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

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

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

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

E. <u>Significant Governance Issues</u>

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

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

Delivery of the Council's Business Plan 2013-2017

Last year the Council published its Business Plan 2013-2017 that sets out what the Council plans to deliver over the next four years. The vision to create stronger and more resilient communities will underpin the work and provide a clear focus to the actions taken. The priorities will also continue to focus on

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

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

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

Information Governance

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

Safeguarding Children and Young People

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

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

Jane Scott OBE
Leader of the Council

Dr Carlton Brand
Corporate Director

Carolyn Godfrey
Corporate Director

Maggie Rae
Corporate Director

Dated 3 September 2014

Independent Auditor's Report to the Members of Wiltshire Council

We have audited the financial statements of Wiltshire Council for the year ended 31 March 2014 on pages 26 to 95 and 100 to 130. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/2014.

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

Respective responsibilities of the Chief Financial Officer and auditor

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

Scope of the audit of the financial statements

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

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

Opinion on financial statements

In our opinion the financial statements:

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Conclusion on Wiltshire Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

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

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

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

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

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

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

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

Conclusion

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

Certificate

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

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

3 September 2014

Movement in Reserves Statement

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

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

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

Comprehensive Income and Expenditure Statement

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

	2013/2014			2012/2013		
	Expenditure	Income	Net Expenditure	Expenditure	Income	Net Expenditure
General Fund Services	£000	£000	£000	£000	£000	£000
Central Services to the Public	7,619	(4,281)	**3,338**	33,448	(30,864)	**2,584**
Culture & Related Services	26,856	(8,078)	**18,778**	27,350	(7,362)	**19,988**
Environmental & Regulation	55,237	(6,158)	**49,079**	61,938	(6,618)	**55,320**
Planning Services	23,057	(11,473)	**11,584**	24,434	(9,208)	**15,226**
Childrens and Education Services	370,673	(252,662)	**118,011**	344,876	(247,125)	**97,751**
Highways, Roads & Transport Services	53,865	(18,471)	**35,394**	43,479	(14,621)	**28,858**
Housing Services General Fund	143,052	(125,361)	**17,691**	139,131	(121,291)	**17,840**
Housing Services HRA	21,051	(24,723)	**(3,672)**	20,341	(24,262)	**(3,921)**
Adult Social Care	156,329	(19,796)	**136,533**	149,878	(19,768)	**130,110**
Corporate & Democratic Core	14,668	(1,649)	**13,019**	13,866	(1,645)	**12,221**
Non-distributed Costs	13,262	(6,951)	**6,311**	7,914	(9,475)	**(1,561)**
Exceptional Costs - Office Downward Valuation	0	0	**0**	14,716	0	**14,716**
Net Cost of Service before Transferred Service	885,669	(479,603)	**406,066**	881,371	(492,239)	**389,132**
Transfer of Services from NHS Wiltshire CCG (Public Health) (See note 16)	13,399	(13,286)	**113**	0	0	**0**
Net Cost of Service (See note 10)	899,068	(492,889)	**406,179**	881,371	(492,239)	**389,132**
Other operating Expenditure		**Note 13**	**22,456**			**43,566**
Financing and Investment Income and Expenditure		**Note 14**	**35,402**			**26,584**
Taxation and non-specific grant income		**Note 15**	**(414,254)**			**(420,347)**
(Surplus)/ Deficit on Provision of Services			**49,783**			**38,935**
(Surplus) or deficit on revaluation of Property, Plant and Equipment Assets			**(50,726)**			**(4,377)**
Actuarial (gains)/losses on pension assets / liabilities			**13,813**			**81,706**
Other Comprehensive Income and Expenditure			**(36,913)**			**77,329**
Total Comprehensive Income and Expenditure			**12,870**			**116,264**

Balance Sheet

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

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

Michael Hudson
Associate Director, Finance (Section 151 Officer)
3 September 2014

Wiltshire Council
Where everybody matters

Cashflow Statement

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

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

Notes to the Core Financial Statements

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

NOTES RELATING TO ACCOUNTING POLICIES

Note 1 Accounting Policies

i. General Principles

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

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

ii. Accruals of Income and Expenditure

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

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

- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

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

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

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. Provisions

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

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

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

Provision for Back Pay Arising from Unequal Pay Claims

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

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

Landfill Allowance Schemes

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

iv. Reserves

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

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

v. Government Grants and Contributions

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

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

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

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

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

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

vi. Employee Benefits

Benefits Payable During Employment

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

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

Termination Benefits

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

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

Post Employment Benefits

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

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

- The Local Government Pensions Scheme, administered by Wiltshire Council.

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

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

The Local Government Pension Scheme

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

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

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

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

- quoted securities – current bid price

- unquoted securities – professional estimate

- unitised securities – current bid price

- property – market value.

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

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked

- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- gains or losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve

- contributions paid to the Wiltshire pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

vii. VAT

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

viii. Overheads and Support Services

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

ix. Intangible Fixed Assets

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

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

x. Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the remaining useful life of the property as estimated by the valuer

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

- Infrastructure – straight-line allocation over 60 years.

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

xi. Investment Property

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

xii. Charges to Revenue for Non-Current Assets

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

- depreciation attributable to the assets used by the relevant service

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

- amortisation of intangible fixed assets attributable to the service.

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

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

xiii. Revenue Expenditure Funded From Capital Under Statute

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

xiv. Leases

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

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

The Council as Lessee

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

Lease payments are apportioned between:

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

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

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

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

The Council as Lessor

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

Lease rentals receivable are apportioned between:

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

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

Operating Leases

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

xv. Financial Instruments

Financial Liabilities

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

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

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

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

Loans and receivables

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market

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

Loans and Receivables

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

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

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

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

Available-for-Sale Assets

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

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

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

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

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

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

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

xvi. Inventories and Long Term Contracts

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

xvii. Interest in companies and other entities

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

xviii. Private Finance Initiative (PFI)

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

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

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

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

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

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

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

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

xix. Exceptional Items

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

xx. Cash and Cash Equivalents

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

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

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

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

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

xxii. Events after the Balance Sheet Date

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

Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events

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

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

xxiii. Non-Compliance with Code of Practice

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

xxiv. Foreign Currency

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

xxv. Heritage Assets

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

If items are of a material nature a separate external revaluation exercise would be commissioned and the assets carried at market value in the balance sheet, alternatively insurance valuations would be used to establish value. If this was the case these assets would be reviewed for impairment on a regular basis and the figures in the balance sheet updated accordingly. Any disposals would be treated in the same way as other assets. If the values of the assets are of limited or no value then they will be disclosed in a note to the accounts only and not brought into the balance sheet with a value. This decision is made based on whether the cost of obtaining a valuation exceeds the benefits to the users of the accounts.

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

xxvi. Carbon Reduction Commitment scheme

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

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

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

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

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

Note 3 Critical Judgements in applying accounting policies

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

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

- A total of £12m by predecessor authorities was invested in Heritable and Landsbanki banks before they both collapsed in 2008. Further details of the impacts of this are in note 64.

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

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

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

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

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

Note 5 Authorisation of Accounts for Issue

These accounts were considered and authorised by the Chief Financial Officer of Wiltshire Council on the 4 June 2014. The final audited version of these accounts were considered and approved by the Audit Committee at its meeting on 31 July 2014. The accounts were signed on 3 September 2014.

Note 6 Events after the Balance Sheet Date

The Statement of Accounts were authorised by the Chief Financial Officer and the Audit Committee on 31 July 2014. The accounts were signed on 3 September 2014. Events taking place after this date will not reflected in the financial statements or notes.

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

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

Note 7 Summary of Prior Year adjustments

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

NOTES TO MOVEMENT IN RESERVES STATEMENT

Note 8 Adjustments between accounting basis and funding basis under regulations

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

Reserve 2013/2014	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation of non-current assets	(25,806)	(12,760)				38,566
Charges for impairment/ revaluations of plant, property and equipment	(40,631)					40,631
Charges for impairment/ revaluations of investment properties	(2,381)					2,381
Movements in the market value of Investment Properties	1,460					(1,460)
Amortisation of intangible assets	(3,184)					3,184
Movements in the market value on Assets Held for Sale	(1,183)					1,183
Revenue expenditure funded from capital under statute	(13,833)					13,833
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(10,645)	1,040	(21,479)			31,084
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	12,950					(12,950)
Capital expenditure charged against the General Fund and HRA balances	216	3,975				(4,191)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement and Expenditure Statement	47,421				(47,421)	0
Application of grants to capital financing transferred to the Capital Adjustment Account					48,509	(48,509)
Adjustments primarily involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure			14,211			(14,211)
Reserve to finance the payments to the Government capital receipts pool	(666)		666			0
Adjustments primarily involving the Deferred Capital Receipts Reserve						
Transfer of deferred sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	180		(161)			(19)
Adjustment primarily involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA		6,188		6,572		(12,760)
Use of the Major Repairs Reserve to finance new capital expenditure and depreciation				(10,518)		10,518
Adjustment primarily involving the Financial Instruments Adjustments Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(21)					21
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure	(52,123)					52,123
Employer's pensions contributions and direct payments to pensioners payable in the year	31,032	57				(31,089)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance	2,496					(2,496)
Amount by which non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	(3,865)					3,865
Adjustment primarily involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the	2,123	(7)				(2,116)
Total Adjustments	**(56,460)**	**(1,507)**	**(6,763)**	**(3,946)**	**1,088**	**67,588**

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

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Note 9 Revenue outturn

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

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

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

Note 10 Amounts reported for Resource Allocation Decisions

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

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

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

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

2013/2014	Employee expenses £000	Other service expenses £000	Total Expenditure £000	Fees, charges & other service income £000	Government Grants £000	Total Income £000	Net Expenditure £000
Adult Care Operations	17,798	123,532	**141,330**	(19,633)	0	**(19,633)**	**121,697**
Adult Care Commissioning, Safeguarding & Housing	3,448	6,209	**9,657**	(995)	(3,637)	**(4,632)**	**5,025**
Public Health & Public Protection	7,002	11,732	**18,734**	(1,251)	(13,274)	**(14,525)**	**4,209**
Children's Social Care, Integrated Youth & Preventative Services & 0-25 SEN/Disability Service	24,451	52,591	**77,042**	(2,206)	(26,978)	**(29,184)**	**47,858**
Quality Assurance, Commissioning & Performance, School & Early Years Effectiveness	155,704	78,591	**234,295**	(25,417)	(196,770)	**(222,187)**	**12,108**
Economic Development & Planning Services	8,375	3,246	**11,621**	(6,289)	(394)	**(6,683)**	**4,938**
Highways & Transport	8,095	40,186	**48,281**	(15,037)	(4,193)	**(19,230)**	**29,051**
Environment & Leisure	15,786	35,099	**50,885**	(11,127)	0	**(11,127)**	**39,758**
Communications, Community Area Boards, Libraries, Arts, Heritage & Culture	6,224	2,601	**8,825**	(1,815)	0	**(1,815)**	**7,010**
Corporate Function & Procurement	3,253	3,611	**6,864**	(306)	(35)	**(341)**	**6,523**
Finance	7,475	127,599	**135,074**	(123,702)	(7,903)	**(131,605)**	**3,469**
Legal & Governance	4,433	1,449	**5,882**	(1,753)	(179)	**(1,932)**	**3,950**
People & Business Services	9,594	17,607	**27,201**	(4,749)	(2)	**(4,751)**	**22,450**
Transformation Programme	11,307	9,189	**20,496**	(4,140)	(1)	**(4,141)**	**16,355**
Corporate	6,638	26,148	**32,786**	(1,710)	(15,356)	**(17,066)**	**15,720**
Total General Fund Budget	289,583	539,390	**828,973**	(220,130)	(268,722)	**(488,852)**	**340,121**
HRA	2,390	16,267	**18,657**	(18,657)	0	**(18,657)**	**0**
TOTAL EXPENDITURE	291,973	555,657	**847,630**	(238,787)	(268,722)	**(507,509)**	**340,121**

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

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

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

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

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

Reconciliation to Subjective Analysis

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

	Department Analysis	Amounts not reported to management for decision making	Amounts not included in I&E	Allocation of Recharges		Corporate Amounts	Total
	£000	£000	£000	£000		£000	£000
Fees, charges & other service income	(220,130)	0	0	(4,443)	**(224,573)**	0	**(224,573)**
Interest and investment income	0	0	1,539	0	**1,539**	(1,539)	**0**
Income from council tax	0	0	0	0	**0**	(219,776)	**(219,776)**
Government grants and contributions	(268,722)	0	15,273	(741)	**(254,190)**	(194,478)	**(448,668)**
Total Income	**(488,852)**	**0**	**16,812**	**(5,184)**	**(477,224)**	**(415,793)**	(893,017)
Employee expenses	289,583	(6,420)	0	27,099	**310,262**	25,338	**335,600**
Other service expenses	539,390	15,017	(12,937)	29,102	**570,572**	0	**570,572**
Support Service recharges	0	0	0	(58,925)	**(58,925)**	0	**(58,925)**
Depreciation, amortisation and impairment	0	84,485	(6,188)	7,908	**86,205**	0	**86,205**
Interest Payments	0	(1,068)	(25,940)	0	**(27,008)**	13,900	**(13,108)**
Precepts & Levies	0	0	0	0	**0**	12,185	**12,185**
Payments to Housing Capital receipts pool	0	0	0	0	**0**	666	**666**
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	**0**	9,605	**9,605**
Total expenditure	**828,973**	**92,014**	**(45,065)**	**5,184**	**881,106**	**61,694**	**942,800**
Surplus or deficit on the provision of services	**340,121**	**92,014**	**(28,253)**	**0**	**403,882**	**(354,099)**	**49,783**

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

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

Note 11 Exceptional items

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

Note 12 Material Items of Income and Expense

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

Note 13 Other Operating Expenditure

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

Note 14 Financing and Investment Income and Expenditure

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

Note 15 Taxation and Non Specific Grant Income

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

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

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

Note 16 Acquired and Discontinued Operations

Transferred Service

As a result of the Health and Social Care Act 2012, some of the responsibilities of Primary Care Trusts (PCTs) (which were subsequently replaced by Clinical Commissioning Groups (CCGs)) and Strategic Health Authorities (SHAs) passed to local authorities on 1 April 2013 with the Council taking on the responsibility for public health.

The Department of Health awarded the authority a ring fenced grant of £13.261 million for 2013/2014 to cover the public health responsibilities transferred to the Council. The Council is engaged with health providers and partners to ensure that the resources associated with all public health responsibilities are identified and reflect agreed strategies.

Note 17 Significant Trading Services

The Council ran no significant trading services during the year.

Note 18 Agency Income & Expenditure

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

Note 19 Transport Act 2000

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

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

Note 20 Pooled Budgets

Partnerships Schemes under S31 Health Act

Joint Procurement Arrangement

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

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

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

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

Note 21 Members' Allowances

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

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

Note 22 Officers' Remuneration

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

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

Notes:

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

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

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

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

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

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

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

Subnote A:

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

Subnote B:

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

Subnote C:

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

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

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

Exit Packages

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

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

Note 23 External Audit Fees

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

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

Note 24 Dedicated Schools Grant

Reserves & balances held by schools

Dedicated Schools Grant

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

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

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

Note 25 Grant Income

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

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

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

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

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

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

Note 26 Related Parties

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

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

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

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

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

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

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

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

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

BALANCE SHEET NOTES RELATING TO CAPITAL

Note 27 Property, Plant and Equipment (PPE)

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

Note 28 Information about Depreciation Methodologies

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

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

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

Note 29 Capital Expenditure and Capital Financing

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

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

Note 30 Fixed Asset Valuation

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

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

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

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

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

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

Schools Assets

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

Components and effect on depreciation

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

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

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

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

Note 31 Revaluation and Impairment Losses

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

Note 32 Capitalisation of Borrowing Costs

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

Note 33 Construction Contracts

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

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

Note 34 Heritage Assets

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

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

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

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

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

White horse near Westbury

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

East Grafton Wilton Windmill

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

Village Lock ups

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

County Hall Members Rooms Art

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

Other items of Historical Interest

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

Note 35 Leases

Finance leases

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

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

Operating leases

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

Operating Lease payments in 2013/2014	**2013/2014 £000**
Plant, vehicles and equipment	**585**

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

Leases held as investments

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

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

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

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

North Wiltshire Schools PFI & Additional 6th Form Units.

Introduction

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

Accounting treatment

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

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

Funding

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

PFI Smoothing Fund Earmarked Reserve

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

Income and Expenditure

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

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

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

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

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

Monkton Park Offices Modified PFI Scheme

Introduction

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

Accounting treatment

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

Income and Expenditure

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

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

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

New Housing PFI Scheme

Introduction

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

Accounting Treatment

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

Income and Expenditure

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

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

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

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

Note 37 Investment Property

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

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

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

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

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

Note 38 Intangible Assets

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

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

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

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

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

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

Note 39 Assets Held for Sale

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

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

OTHER NOTES TO BALANCE SHEET

Note 40 Long Term Debtors

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

Note 41 Short Term Debtors

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

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

Note 42 Cash and Cash Equivalent

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

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

Note 43 Short Term Creditors

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

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

Note 44 Bank Overdraft

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

Note 45 Provisions

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

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

Legal Claims

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

Insurance Claims

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

- Property Damage. The estimated cost of reinstatement (often supported by an independent contractors repair/replacement estimate) or the actual cost based on replacement/repair invoices presented.

- Personal Injury. Based on the insurers' own reserve calculation for the claim. Where insurers are not handling the claim, a 'flat' figure of £10,000 is used.

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

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

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

Termination Benefits

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

- when the Council can no longer withdraw an offer of termination benefits to an employee

- when the Council recognises costs for a restructuring (as defined by accounting guidelines) and involves the payment of termination benefits

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

Land Charges

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

Carbon Reduction

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

Business Rate Retention Scheme Appeals

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

Other Provisions

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

Note 46 Borrowing

An analysis of loans by maturity is as follows:

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

The total borrowing can be further analysed by lender category:

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

Note 47 Usable Reserves

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

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

Note 48 Transfers to/ from Earmarked reserves

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

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

Note 49 Major Repairs Reserve

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

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

Note 50 Usable Capital Receipts Reserve

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

Note 51 Unusable Reserves

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

Note 52 Revaluation Reserve

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

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

Note 53 Capital Adjustment Account

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

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

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

Note 54 Movement in Pension Surplus/ Deficit during the year

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

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

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

NOTES TO THE CASHFLOW STATEMENT

Note 55 Cash Flow Operating Activities

The cash flows for operating activities include the following items:

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

Note 56 Cash Flow Investing Activities

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

Note 57 Cash Flow Financing Activities

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

OTHER NOTES

Note 58 Contingent Liabilities

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

Termination Benefits

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

Insurance Claims

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

Note 59 Contingent Assets

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

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

VAT – Off-Street Car Parking

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

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

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

Note 60 Pension Schemes Accounted for as defined contribution Schemes

Teachers pension scheme

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

Note 61 Defined benefit Pension Schemes

Participation in Pensions Schemes

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

The Council participates in two pension schemes:

- The Local Government Pension Scheme for civilian employees, administered by Wiltshire Council – this is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets.

- The Teachers' Pension Scheme – this is an unfunded scheme, meaning that there are no investments assets built up to meet the provisions liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. The liability for this scheme falls upon central government.

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

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

Assets and liabilities in relation to Retirement Benefits

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

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

A more detailed breakdown is included in note 54.

Information about the defined benefit obligation

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

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

Pension Assumptions

Financial Assumptions

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

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

Assumptions on Mortality Rates

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

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

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

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

Pension Assets

Fair value of employer assets

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

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

Projected defined benefit costs for the period to 31 March 2015

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

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

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

Sensitivity Analysis

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

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

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

Note 62 Nature and Extent of risks arising from Financial Instruments

Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
    - the Council's overall borrowing
    - Its maximum and minimum exposures to fixed and variable rates
    - Its maximum and minimum exposures to the maturity structure of its debt
    - Its maximum annual exposures to investments maturing beyond a year
- by approving an investment strategy for the forthcoming year, setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These are required to be reported and approved at or before the Council's annual Council Tax and budget setting meeting or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, in the annual treasury report and on a quarterly basis.

The Annual Treasury Management Strategy 2013/2014, which incorporates the prudential indicators, was approved by the Council on 26 February 2013 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2013/2014 was set at £559.4 million. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was set at £548.7 million. This is the expected level of debt and other long term liabilities during the year.
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 35% respectively, based on the Council's net debt.
- the maximum and minimum exposures to the maturity structure of debt were set at 15% and 0% for less than one year and one to two years; 45% and 0% for two to five years; 75% and 0% for five to ten years and 100% and 0% for in excess of 10 years, respectively.

- These policies are implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies (Treasury Management Practices - TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed periodically.

The Annual Investment Strategy sets out the Council's investment policy, together with the minimum requirements for "high credit rating". The latest Treasury Management Strategy 2014/2015 was approved by the Council at its meeting on 25 February 2014 and is available on the Council's Website under committee papers relating to the Cabinet meeting on 11 February 2014, agenda item number 8 on pages 169-251 of the reports pack.

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

Credit Risk

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

Liquidity Risk

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

Market Risk

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

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

Refinancing Risk

Refinancing risk is the risk that the Council cannot, when required (e.g. to finance the Capital Programme), refinance by borrowing to repay existing debt because of the prohibitive rates for refinancing a loan. The majority of the Council's borrowing is undertaken through the Public Works Loans Board (PWLB), a Government organisation that lends to local authorities. Information, including regular updates, provided by treasury advisers enables the Council to manage and monitor forecast borrowing rates and to support decisions in respect of the restructuring of loans.

Exposure to Risk - Summary Data

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after the application of this initial criteria. Details of the Investment Strategy can be found on the Council's website.

This Council uses the creditworthiness service provided by Capita Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

The full Investment Strategy for 2013/2014 was approved by Full Council on 26 February 2013 and is available on the Council's website.

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

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £76.5 million (long term investments of £1.1 million plus short term investments of £73.9 million plus cash and cash equivalents of £1.5 million) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2014 that this was likely to crystallise.

The following table shows the percentage of Investments (including an overnight account classified as cash or cash equivalents in the balance sheet) by country, Sovereign rating and credit rating category (based on Fitch Credit Ratings), the diversification of the Councils investments and the maximum invested with an individual borrower by country and within each credit rating category.

Country	Sovereign Rating	Credit Rating Category	Type of Institution	Duration	Investment Held %	Maximum Invested with Single Counterparty %
N/A	N/A	AAA - Max. £15million	Money Market Funds (MMF)	0-2 Years	47.44	19.11
United Kingdom	AA+	F1+/AA- - Max. £8million	UK Banks	0-1 Year	1.94	1.94
United Kingdom	AA+	F1+/AA- - Max. £8million	UK Banks	0-6 Months	10.38	10.38
United Kingdom	AA+	Government Backed - Max. £8m	UK Banks	0-1 Year	6.51	6.51
United Kingdom	AA+	Government Backed - Max. £8m	UK Banks	N/A	10.40	10.40
Canada	AAA	F1+/AA- - Max. £8million	Overseas Banks	0-1 Year	10.38	10.38
Singapore	AAA	F1+/AA- - Max. £8million	Overseas Banks	0-2 Years	10.38	10.38
Sweden	AAA	F1+/AA- - Max. £8million	Overseas Banks	0-1 Year	0.03	0.03
UK Subsiduary (Iceland)/Iceland	No Rating	No Rating	Overseas Banks	N/A	2.54	2.54
					100.00	

The credit ratings in the above table are those that were in existence on 31 March 2014. The outstanding investments shown include those with Icelandic banks, which were still outstanding, but did not have credit ratings on 31 March 2014. The table also includes an oustanding investment in a Government backed bank (Ulster Bank), the credit status of which was suspended by our advisers following the completion of a review by RBS and a downgrade by one of the rating agencies (Moodys) on 13 March 2014 and is shown in the above table as "N/A" in terms of duration. Ulster Bank, however, remains government backed (as part of the partially owned Royal Bank of Scotland (RBS) Group) and still retains parental support as at 31 March 2014.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

Investments in UK institutions make up just over 29% of the Council's total outstanding investments at 31 March 2014, just over 23% invested overseas, the balance (nearly 48%) being held in money market funds. Any institutions, which, after 31 March 2014, no longer fall within the minimum investment criteria laid down in the Council's Annual Investment Strategy have subsequently been removed and any outstanding investments terminated at the earliest opportunity.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions. The table includes funds invested overnight, shown as cash and cash equivalents on the face of the balance sheet, but excludes Icelandic deposits, which the Council has impaired down, using the net present value approach, to the expected level of repayments based on the latest available guidance, including LAAP 82 updates.

	Amount at 31 March 2014	Historical experience of default %	Histroical experience adjusted for market conditions at 31 March 2014 %	Estimated maximum exposure to default and uncollectability	Estimated maximum exposure at 31 March 2014
	A	B	C	(AxC)	
Deposits with banks and financial institutions	75,332,883	0	0	0	0
Bonds	0	0	0	0	0
Debtors	0	0	0	0	0

No credit limits were exceeded during the reporting period.

The Council does not normally allow credit for customers. The past due amounts for both debtors and the outstanding Icelandic bank investments can be analysed as follows.

	31/03/2014 Debtors	31/03/2014 Investments	31/03/2014 Total
Less than three months	0	(11,604)	**(11,604)**
Three to six months	0	(17,629)	**(17,629)**
Six months to one year	0	127,194	**127,194**
More than one year	0	1,040,558	**1,040,558**
Total	**0**	**1,138,519**	**1,138,519**

The figure in the “Less than three months” and “Three to six months” categories are credits, which reflects (notional) accrued interest receivable in that period. There are no repayments expected during this period.

Collateral - During the reporting period, the Council held no collateral as security.

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

At 31 March 2014 Wiltshire Council had a mixture of PWLB and market loans outstanding. The balance sheet gives details of the split between loans payable within one year and the spread of longer term loans (loans that are outstanding for more than one year). The following table shows the detailed maturity analysis of debt outstanding at the Balance Sheet date and the average rate of interest. The table shows that, including the PWLB loans taken out for the HRA Self Financing Settlement, the overall average interest rate is 3.787%.

Term of Loan	Market Loans (at the effective interest rate)	PWLB Loans (including Accrued Interest)	Total Amount Outstanding (including Accrued Interest)	Percentage of Total Loans	Average Rate of Interest
Within 1 Year	647,679	13,602,026	14,249,705	3.9%	3.002%
Between 1 and 2 Years	0	12,014,565	12,014,565	3.3%	3.375%
Between 2 and 5 Years	0	26,810,000	26,810,000	7.3%	3.469%
Between 6 and 10 Years	0	40,000,000	40,000,000	10.9%	2.590%
Between 11 and 15 Years	0	50,123,038	50,123,038	13.6%	3.350%
More than 15 Years	61,380,933	161,560,445	222,941,378	61.0%	4.203%
	62,028,612	304,110,074	366,138,686	100.0%	3.787%

The Council's policy is to limit the amount maturing in any one financial year to a maximum of 15%. Currently the maximum is 3.6% (£13 million in both 2052/2053 and 2053/2054).

Market loans are Lender Option Borrower Option (LOBO) loans, which give the lender the option at certain dates to vary the interest rate, at which point the Council may choose to accept the new rate of interest or repay the loan and if necessary refinance the loan, the aim being to refinance the loan at a more favourable rate of interest. LOBOs are included within the period that reflects the contracted maturity date (as opposed to the option date) in accordance with the CIPFA Code of Practice. On this basis all LOBOs fall within the "More than 15 Years" maturity period. Any accrued interest is, as per the Code of Practice however, shown as payable within one year.

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council's approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council in the Treasury Management Strategy):

	Approved Minimum Limits	Approved Maximum Limits	Actual 31 March 2014 £000s	Actual 31 March 2014 %	Actual 31 March 2013 £000s	Actual 31 March 2013 %
Less than 1 Year	0%	15%	14,249.7	3.9%	2,236.9	0.6%
Between 1 and 2 Years	0%	15%	12,014.6	3.3%	12,017.5	3.3%
Between 2 and 5 Years	0%	45%	26,810.0	7.3%	34,014.6	9.3%
Between 5 and 10 Years	0%	75%	40,000.0	10.9%	34,810.0	9.5%
More than 10 Years	0%	100%	273,064.4	74.6%	283,057.6	77.3%
			366,138.7	100.0%	366,136.6	100.0%

Market Risk

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

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

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

Wiltshire Council is mainly exposed to interest rate risk (in terms of financial instruments, the Council has little or no exposure to equity risk, currency risk or commodity risk). At 31 March 2014 the Council held £76.5 million (including accrued interest, less impairment) in investments, at various interest rates. This comprised £73.9 million short term investments and £1.5 million invested overnight classified as cash and cash equivalents and £1.1 million investments classified as long term, being anticipated Icelandic deposits repayable in more than one year.

Where interest rates decrease at a time when the Council has cash "tied up" in short term investments there is an opportunity benefit, which reflects the benefit that has been gained because the Council has been able to invest at the higher rate of interest. If interest rates had been below rates obtained on the investments outstanding at 31 March 2014 and the investments had matured prior to that date, interest taken to the Comprehensive Income and Expenditure Statement could have been less than the interest actually credited to the account. Of course, the opposite could have been true if interest rates had risen.

The fair value of the Council's long and short term investments has been calculated using the latest guidance (including LAAP 82 updates) in respect of the expected repayments from Icelandic investments and market rates at 31 March 2014 in the case of other short term investments. This valuation is not significantly different from the carrying amount of the investments in the accounts.

The average interest rate receivable on all short term investments held at 31 March 2014 was 0.50%. If the average rate of interest had increased by 0.5% one month prior to 31 March 2014, the additional interest that could have been credited to the Comprehensive Income and Expenditure Statement and the Council would have been £31,000. With the benefit of hindsight, market conditions at the balance sheet date indicate that interest rates didn't fluctuate significantly between the issue dates of the investments and 31 March 2014.

Price risk - The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds.

Foreign exchange risk - Under normal circumstances, the Council has no financial assets or liabilities denominated in foreign currencies and, therefore, has no exposure to loss arising from (adverse) movements in exchange rates. However, the Council currently has foreign exchange exposure relating to a small part of the first repayment from Landsbanki Winding-up Board, which was paid in Icelandic Kroner (ISK) and is being held in an interest bearing escrow account in Iceland, due to continuing currency controls preventing the release of the funds. The value of the deposit at 31 March 2014 was £25,265.07, including accrued interest. Under the International Accounting Standard 21 (IAS 21), the amount held has been translated using the exchange rate as at 31 March 2014 in accordance with the LAAP Bulletin 82 and, due to the movement in the exchange rate, a small exchange gain of £122 has also been recognised in Comprehensive Income and Expenditure Statement.

Note 63 Fair Value

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

- for loans from the PWLB and other loans payable, borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures
- for loans receivable prevailing benchmark market rates have been used to provide the fair value
- no early repayment or impairment is recognised
- where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount
- the fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair values for loans and receivables have been determined by reference to similar practices, as above, which provide a reasonable approximation for the fair value of a financial instrument, and includes accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

The fair values of the financial assets are shown below, which comprise long and short term investments and ‘trade’ debtors. Long term investments represent the anticipated repayments due in more than one year from the Council's outstanding Icelandic investments, based on the latest information available. Short term investments include anticipated repayments due in less than one year from the Council's outstanding Icelandic investments based on the latest information available.

	Fair Value				
Class	Long Term Investments	Short Term Investments	Cash and Cash Equivalents	Total	Carrying Amount
Loans and Receivables:					
Long Term Investments	1,040,558	0	0	1,040,558	1,040,558
Short Term Investments	0	65,932,186	0	65,932,186	65,908,201
Cash and Cash Equivalents	0	0	1,500,008	1,500,008	1,500,008
Total Loans and Receivables	**1,040,558**	**65,932,186**	**1,500,008**	**68,472,752**	**68,448,767**
Available for sale financial assets	0	8,022,634	0	8,022,634	8,022,634
Total	**1,040,558**	**73,954,820**	**1,500,008**	**76,495,386**	**76,471,401**
Trade Debtors	0	0	0	0	0
Total Financial Assets	**1,040,558**	**73,954,820**	**1,500,008**	**76,495,386**	**76,471,401**

The difference in the valuations of loans and receivables is attributable to fixed interest instruments receivable being held by the Council whose interest rate is higher than the prevailing rate estimated to be available at 31 March 2014. This increases the fair value of loans and receivables.

Fair values for each class of financial liabilities are shown below.

Market loans (Lender Option Borrower Options - LOBOs) are valued using a net present value approach, which provides an estimate of the value of payments in the future in today's terms, at discount rates obtained from the market on 31 March 2014, using bid prices where applicable, and include accrued interest.

The Council's main debt liability is with the Public Works Loan Board (PWLB), which is valued, in accordance with the CIPFA Code of Practice 2013, at the PWLB's new borrowing rate as at 31 March 2014. There is an alternative valuation, as used by PWLB, being the premature repayment rate, which results in a different fair value. CIPFA Code of Practice Guidance Notes confirm that it is acceptable to use either or both rates for the fair value reported in the notes to the accounts. The alternative valuation published by PWLB has also been included below.

Class	Fair Value		Carrying Amount
Market Loans	61,366,536		62,028,612
PWLB Loans	299,818,003	*	304,110,074
Total Value	**361,184,539**		**366,138,686**
Trade Creditors	**0**		**0**
Bank Overdraft	**0**		**0**
Total Financial Liabilities	**361,184,539**		**366,138,686**

*The fair value of loans outstanding, based on premature repayment rate, is £334,762,556 (provided by PWLB).

The fair value is lower than the carrying amounts because of the effect of discounts that would be receivable as a result of the early repayment of debt (i.e at 31 March 2014)

The effect on the fair value of a 1% increase in market interest rates would be:

	Fair Value (at Discount/Market Rate plus 1%)			
Investments	**Long Term Investments**	**Short Term Investments**	**Cash & Cash Equivalents**	**Total**
Loans and Receivables:				
Long Term Investments	1,040,558	0	0	1,040,558
Short term Investments	0	65,851,426	0	65,851,426
Cash and Cash Equivalents	0	0	1,500,008	1,500,008
Total Loans and Receivables	**1,040,558**	**65,851,426**	**1,500,008**	**68,391,992**
Available for sale financial assets	8,022,634	0	0	8,022,634
Total	**9,063,192**	**65,851,426**	**1,500,008**	**76,414,626**
Trade Debtors	0	0	0	0
Total Financial Assets	**9,063,192**	**65,851,426**	**1,500,008**	**76,414,626**

Loans	**Fair Value (at Discount/Market Rate plus 1%)**
Market Loans	51,278,930
PWLB Loans	268,986,397
Total Loans Value	**320,265,327**
Trade Creditors	**0**
Bank Overdraft	**0**
Total Financial Liabilities	**320,265,327**

In terms of loans, this results in a lower fair value because of the effect on premiums and discounts that would be payable/receivable as a result of the early repayment of debt (i.e. at 31 March 2014). Where there is an increase in the discount rates this will increase discounts receivable and reduce premiums payable on early repayment of loans.

Note 64 Impairment of Investments

Early in October 2008, the Icelandic Banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries Heritable and Kaupthing Singer went into administration. The Council had deposited £12 million with two of the Icelandic Banks (£9 million with the UK subsidiary, Heritable and £3 million with the Icelandic parent bank, Landsbanki). Since the previous financial years financial statements (i.e. between 1 April 2013 and 31 March

2014) the Council has received one further interim dividend from the administrators of Heritable bank, bringing the total repayments (up to 31 March 2014) from Heritable to nearly £8.5 million (94%). A further repayment has also been received from the Winding-up Board of the former Landsbanki Islands hf bank, bringing total recoveries from Landsbanki to nearly £1.7 million (53%). A proportion of the first repayment received in the previous financial year was paid in Icelandic Kronur (ISK), having a GBP equivalent value of approximately £23,000, which, due to currency restrictions, remains held in Iceland in an interest bearing escrow account. Given that this money is not readily convertible to known amounts of cash it cannot be regarded as a cash equivalent. The Council is, therefore, obligated to consider it to be a new short term investment in its own right, as per CIPFA guidance in LAAP 82 Update 6, and to show it as such in short term investments, including accrued interest, at the exchange rate applicable on 31 March 2014. The outstanding Icelandic investments are shown in the accounts, at their impaired values, under various maturity dates as follows:

Bank	Date Invested	Maturity Date	Amount Invested	Interest Rate	Carrying Amount	Repayments	Impairment
Heritable Bank (1)	24/09/2008	07/10/2008	3,000,000	6.00%	0	2,820,520	179,480
Heritable Bank (2)	24/09/2008	14/10/2008	3,000,000	6.00%	0	2,820,520	179,480
Heritable Bank (3)	25/09/2008	28/10/2008	2,000,000	6.00%	0	1,880,347	119,653
Heritable Bank (4)	07/09/2008	10/10/2008	1,000,000	5.42%	0	939,236	60,764
Landsbanki	04/06/2008	02/03/2009	3,000,000	6.10%	1,138,519	1,603,302	258,179

The impairment has been adjusted in 2013/2014 to reflect the latest available information from the relevant administrators, the Local Government Association and CIPFA as outlined below. The available information in respect of timings and payments to be made by the administrator is not definitive and it is likely that further adjustments will be made to the accounts in future years.

Heritable Bank

Heritable bank was a UK registered bank under English law. The company was placed in administration on 7 October 2008. Since the previous year's financial statements the Council has received an additional interim dividend payment of principal totalling just over £1.5 million, bringing the total dividend paid to date to approximately 94% of the claim. Current information suggests that there may not be any further distributions from the administrators, the expected percentage total repayment having been recovered. The carrying amounts/recoverable amounts at 31 March 2014 are, therefore, shown as zero.

Landsbanki Islands hf

Landsbanki was an Icelandic bank, placed into administration on 7 October 2008. The Council received a repayment, in a 'basket' of three currencies (GBP, Euros and US Dollars (USD) in September 2013. The total principal amount received, following conversion, was £0.149 million. This brings the total amount received from the Winding-up Board of Landsbanki to nearly £1.7 million (including interest). As part of the first repayment (in December 2011) there was an ISK element, which, on conversion at the time of the receipt, equated to approximately £23,000. Pending the withdrawal of currency controls, this is still being held in Iceland in an escrow account and has been reclassified as a new investment and is shown in the accounts at its revalued amount, including accrued interest, as at 31 March 2014. The revaluation resulted in a small foreign exchange gain of £122, due to a movement in the ISK/£ exchange rate between the date of the last revaluation (31 March 2013) and the end of the financial year 2013/2014. In accordance with the International Accounting Standard (IAS 21, paragraph 23a) the gain in ISK has been translated at the closing rate (i.e. the spot exchange rate at 31 March 2014 as per guidance from the LGA and Bevan Brittan Solicitors). This foreign exchange gain is also shown in the accounts.

The Winding-up Board announced on 9 March 2012 that it anticipated that recoveries in the administration of Landsbanki would exceed the book value of priority claims by around ISK 121bn, taking account of the sale of its holding in Iceland Foods, some 9% higher than the value of priority claims. It is, therefore considered likely that, as priority creditors, local authorities will recover 100% of their deposits, subject to potential future foreign currency exchange fluctuations and Icelandic capital controls. On this basis, the following assumptions have been made in respect of the timing of further recoveries (based on the latest guidance including LAAP 82 updated):

Date	Repayment	Date	Repayment
December 2014	5.32%	December 2019	5.32%
December 2015	5.32%	December 2020	5.32%
December 2016	5.32%	December 2021	5.32%
December 2017	5.32%	December 2022	5.32%
December 2018	5.32%		

The carrying amounts of the investments included in the Balance Sheet have been calculated using the present value of expected repayments, discounted at the investment's original interest rate. Based on the previous LAAP, updated for current indicative information, the following repayment schedule has been used to estimate the recoverable amount at 31 March 2014:

Date	Repayment Percentage	
December 2014	5.32%	166,828
December 2015	5.32%	166,828
December 2016	5.32%	166,828
December 2017	5.32%	166,828
December 2018	5.32%	166,828
December 2019	5.32%	166,828
December 2020	5.32%	166,828
December 2021	5.32%	166,828
December 2022	5.32%	166,828

The following notional interest amounts have been credited directly to the Comprehensive Income and Expenditure Statement as at 31 March 2014:

Bank	**Credited in 2013/2014**	**Received in 2013/2014**
Heritable Bank (1)	12,386	0
Heritable Bank (2)	12,386	0
Heritable Bank (3)	8,256	0
Heritable Bank (4)	3,747	0
Landsbanki	76,412	0

Note 65 Trust Funds

The Council administers a Trust Fund related to specific services. The majority of the funds are invested externally and the balance is invested with the Council. The trust funds were brought forward as below:

	2013/2014	**2012/2013**
	£000	**£000**
Charity of William Llewellen Palmer	1,738	1,603
Edwin Young Collection	446	395
John Creasey Museum	175	184
Westbury Public Baths	605	620
King George V Playing Field	269	274
Other Miscellaneous Funds	109	110
	3,342	**3,186**

A breakdown of the movements in year is included in the following table:

	Balance 31 March 2014 £000	Income £000	Loss on expenditure £000	Balance revaluation £000	Balance 31 March 2013 £000
Charity of William Llewellen Palmer	1,738	55	(35)	115	1,603
Edwin Young Collection	446	53	(22)	20	395
John Creasey Museum	175	8	(19)	2	184
Westbury Public Baths	605	98	(113)	0	620
King George V Playing Field	269	0	(5)	0	274
Other Miscellaneous Funds	109	4	0	(5)	110
	3,342	**218**	**(194)**	**132**	**3,186**

The Trust Fund Assets were valued at 31 March 2014 and the external investments were:

Trust Fund Assets	**Market Value 31 March 2014 £000**	**Market Value 31 March 2013 £000**
Government Fixed Interest	1	1
Managed Funds - Bonds	442	467
Managed Funds - Equities	1,800	1,640
Property	876	896
Cash	175	132
Debtors/(Creditors)	0	2
Other	48	48
	3,342	**3,186**

Housing Revenue Account

This account records the transactions relating to the Council's housing stock. The Local Government and Housing Act 1989 requires its separation to give a clear picture of the cost of providing homes for council tenants. Housing Revenue Account income and expenditure does not affect the amount of Council Tax levied.

	NOTE	2013/2014		2012/2013	
		£000	£000	£000	£000
Income					
Rents (gross):					
- dwellings		(23,730)		(22,726)	
- garages		(313)		(339)	
- other		(91)	(24,134)	(179)	(23,244)
Charges for services and facilities			(589)		(782)
Total Income			(24,723)		(24,026)
Expenditure					
Repairs and Maintenance			4,800		4,185
Supervision and Management:					
- general		2,127		3,383	
- special services		941	3,068	1,218	4,601
Rent rebates			0		1
Negative Subsidy payment to Secretary of State			0		8
Increased provision for bad debts			102		281
Depreciation & Impairments of Fixed Assets					
- On dwellings	3	12,598		10,558	
- On garages	3	148		148	
- On other Assets	3	14		2	
			12,760		10,708
Total Expenditure			20,730		19,784
Net Cost Of Services per Income & Expenditure Account			(3,993)		(4,242)
HRA Services share of Corporate and Democratic Core			321		321
Net Cost Of HRA Services			(3,672)		(3,921)
(Gain)/Loss on sale of HRA fixed assets			(1,040)		(560)
Interest Payable			3,673		3,673
Interest:					
- on mortgages		(43)		(42)	
- on balances		(78)	(121)	(99)	(141)
(Surplus)/Deficit for the Year on HRA services			(1,160)		(949)

Statement of Movement on the HRA Balances

	2013/2014 £000		2012/2013 £000
Balance on HRA at the end of previous year		(14,229)	(12,612)
(Surplus)/ Deficit for year on HRA Income and Expenditure Account	(1,160)		(949)
Adjustments between accounting basis and funding basis under statute	(1,507)		(668)
Net (increase)/decrease before transfers to/ from reserves	(2,667)		(1,617)
Transfer to/ from reserves		0	0
Net (increase)/decrease in year on HRA		(2,667)	(1,617)
Balance on HRA at the end of current year		(16,896)	(14,229)

Note to Statement of Movement on the HRA Balances

Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA balance for the year		2013/2014 £000	2012/2013 £000
Gain/(Loss) on sale of HRA fixed assets		1,040	560
Items not included in the HRA Income and Expenditure Account but included from the movement on HRA balance for the year			
Transfer to/from Major Repairs Reserve	note 5	(6,572)	(4,731)
Transfer to/from Pension Reserve	note 6	57	99
Transfer to/from accumulated absences		(7)	4
Revenue Contributions to Capital Expenditure		3,975	3,400
Net Additional amount required by statute to be credited to the HRA balance for the year		(1,507)	(668)

Housing Revenue Account Notes

1 Housing Stock

Houses and Bungalows	31 March 2014	31 March 2013
- 1 bedroom	278	279
- 2 bedrooms	1,440	1,448
- 3 bedrooms	1,815	1,839
- 4+ bedrooms	145	145
Flats		
- 1 bedroom	919	920
- 2 bedrooms	698	701
- 3+ bedrooms	68	69
Total dwellings as at 31 March	5,363	5,401

The council sold 38 houses during 2013/2014 under the right to buy scheme (RTB), for which the council received a total before pooling of £2,916,000 as capital receipts.

The figures above do not include the PFI housing units recently brought on stream. These units under the PFI scheme are not part of the HRA they are part of the General Fund housing provision. 69 units were released to tenants during 2012/2013 and a further 173 units were released in 2013/2014. Further information on these PFI dwellings is found in the PFI note.

2 Arrears

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

	31 March 2014 £000	31 March 2013 £000
Rent arrears	1,253	1,151
less rent payments in advance	(444)	(308)
less bad debt provision	(1,190)	(1,096)
Net arrears position	**(381)**	**(253)**

3 Movement of Housing Revenue Account Assets

	Council Dwellings (Structures) £000	Council Dwellings (Services) £000	Council Dwellings (Land) £000	Other Property (Garages) £000	Other Equipment £000	Total £000
Net Book Value 1 April 2013	**122,736**	**23,654**	**74,485**	**3,861**	**25**	**224,761**
Additions in Year	2,253	3,667			258	6,178
Disposals	(1,725)					(1,725)
Revaluations	630	3,664	823			5,117
Depreciation	(4,713)	(7,885)		(148)	(14)	(12,760)
Category Adjustments	1,771		(1,771)			0
Balance at 31 March 2014	**120,952**	**23,100**	**73,537**	**3,713**	**269**	**221,571**

The Balance Sheet value of Council Dwellings (structures, services and land) as at 31 March 2014 was £217,590,042. This represents the valuation at existing use for social housing which is the value of the properties with a secured tenant continuing to live in the property paying social rents rather than market rents.

The Vacant Possession value of the properties at 31 March 2014 was £701,903,362. This represents the value of the houses if the property were sold without a secured tenant continuing in the property. Therefore it could be rented out at market rent so has a higher value. This figure has been discounted by a factor of 31% to get the Existing use value - social housing.

The difference between the Vacant Possession value and the Balance Sheet value of dwellings within the HRA shows the Economic Cost of providing Council Housing at less than open market rents. The Economic Cost of the properties at 31 March 2014 was £484,313,320.

The value of land valued in the HRA which is included in the balance sheet value of the council dwellings is £73,536,978.

4 Financing of HRA capital expenditure

	2013/2014 £000
Revenue and Reserves	3,975
Other receipts (MRR)	2,209
	6,184
Council Dwellings (Structures and Services)	5,920
Plant & Equipment	258
Asset under Construction	6
	6,184

5 Major Repairs Reserve

	2013/2014 £000	2012/2013 £000
Brought forward at 1 April	**(5,694)**	(791)
Transfer to Capital	**2,242**	1,074
HRA Depreciation	**(12,760)**	(10,708)
Transfer to HRA	**6,572**	4,731
Carried forward at 31 March	**(9,640)**	**(5,694)**

6 Contribution to Pension Reserve

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

The Collection Fund

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

	NOTE	Non-Domestic Rates 2013/2014	Council Tax 2013/2014	Total 2013/2014 £000	Non-Domestic Rates 2012/2013	Council Tax 2012/2013	Total 2012/2013 £000
Income							
Council Tax	1		(255,151)	(255,151)		(275,966)	(275,966)
Non-Domestic Rates		(136,878)		(136,878)	(133,189)		(133,189)
Transferred from General Fund							
Transitional Relief		(66)	(9)	(75)		(10)	(10)
		(136,944)	(255,160)	(392,104)	(133,189)	(275,976)	(409,165)
Disbursement							
Payment to national pool re Non-Domestic Rates	2				132,954		132,954
Precepts and Demands							
- Wiltshire Council		68,522	201,182			221,268	
- Police		0	25,965			28,558	
- Fire		1,398	10,266			11,291	
- Town/ Parish Councils		0	12,185			13,154	
- Central Government		69,921	0				
				389,439		0	274,271
Share of surplus/(deficit) on Collection Fund							
- Wiltshire Council			1,695			1,695	
- Police			219			219	
- Fire			86			86	
				2,000			2,000
Cost of collection allowance	2	618			618		
Provision for Bad Debts		(222)	122			208	
Write offs		1,429	494		(383)	473	
Appeals		3,080					
Other transfers to general fund		87					911
				5,608			
	2						
Fund surplus/(deficit) for the year		(7,889)	2,946	(4,943)	0	(971)	(971)
		136,944	255,160	392,104	133,189	275,976	409,165

	NOTE	Non-Domestic Rates	Council Tax	Total	Non-Domestic Rates	Council Tax	Total
Fund balance b/f		0	(1,589)	(1,589)	0	(2,560)	(2,560)
(Surplus)/deficit for year		7,889	(2,946)	4,943	0	971	971
Fund balance c/f	3	7,889	(4,535)	3,354	0	(1,589)	(1,589)

Notes to the Collection Fund

1 Council Tax

Council Tax is charged according to the Government's valuation of residential properties as at 1 April 1991. Valuations are stratified into eight bands for charging purposes. Individual charges are calculated by estimating the total amount of income required by the Collection Fund's preceptors and dividing this by the Council Tax base. The tax base is the total number of chargeable properties in all valuation bands converted to an equivalent number of band D dwellings, with an allowance made for discounts and exemptions.

The average amount of Council Tax required from a property in any tax band is the band D charge, average for Wiltshire Council was £1,516.62 for 2013/2014 multiplied by the ratio specified for that band. Ratios specified for the bands A to H are as follows:

Band	Estimated No. of Taxable Properties after discounts	Band D Equivalent Dwellings	Ratio
Band A Disabled	49	27	5/9
Band A	18,725	12,483	6/9
	18,774	12,510	
Band B	33,452	26,019	7/9
Band C	43,777	38,913	8/9
Band D	31,322	31,322	9/9
Band E	24,147	29,513	11/9
Band F	14,821	21,408	13/9
Band G	9,405	15,675	15/9
Band H	1,045	2,091	18/9
		177,451	
Adjustment for MOD contribution in lieu, new properties, local council tax support & collection rate		(12,875)	
Council Tax Base 2013/2014		**164,576**	

2 National Non-Domestic Rates

The total non-domestic rateable value at 31 March 2014 was £355,283,532. The national non domestic multiplier for the year was 47.1p and the small business rates relief multiplier was 46.2p.

3 Collection Fund Balance

The Council has to record transactions for Council Tax and Non-Domestic Rates in the Collection Fund Account. The balance, as usable income, will be paid to the Council and its major preceptors in future years. This is the first year the Non-Domestic Rates have been treated in this way.

	Non-domestic Rates 31/03/2014 £000	Council Tax 31/03/2014 £000	Total 31/03/2014 £000	Council Tax 31/03/2013 £000
Wiltshire Council	3,866	(3,843)	**23**	(1,346)
Police	0	(496)	**(496)**	(174)
Fire	79	(196)	**(117)**	0
Central Government	3,944	0	**3,944**	(69)
	7,889	**(4,535)**	**3,354**	**(1,589)**

Glossary

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

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

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

Assets
These can be either:

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

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

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

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

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

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

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

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

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

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

Creditors
Money owed by the Council to others.

Debtors
Money owed to the Council by others.

Dedicated Schools Grant (DSG)
A central government grant paid to the council for the use for expenditure on schools.

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

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

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

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

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

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

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

Gross Expenditure
Expenditure before deducting any related income.

Housing Revenue Account (HRA)
The account which sets out the expenditure and income on the provision of housing. Other services are charged to the General Fund.

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

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

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

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

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

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

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

Net Expenditure
Gross expenditure less directly related income.

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

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

Preceptor
An authority entitled to demand money of the Collection Fund. The preceptors on Wiltshire District Council's Collection Fund are the Council itself (including City Area Special Levy), Wiltshire County Council, Wiltshire Police Authority, Wiltshire & Swindon Fire Authority and Parish Councils.

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

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

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

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

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

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

Revenue Expenditure
Day to day running costs of services.

Revenue Income
Day to day income received for services.

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

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

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

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

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

Value Added Tax (VAT)
An indirect tax levied on vatable goods and services.