

## Explanatory Foreword

This forward gives a guide to the Council's Statement of Accounts and the key items in them. The Statement of Accounts is by necessity presented in the very formal manner required by regulation, but in this foreword we can introduce the authority's finances in plainer terms.

### The Accounts

The Statement of Accounts comprises:

- An explanatory foreword
- A Statement of Accounting Policies
- Statement of Responsibilities for Statement of Accounts
- Accounting Statements
- Notes to the Accounts (including pensions disclosures)

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

- **The Income and Expenditure Account.** This summarises the resources generated and consumed in providing services and managing the Council during the year. It includes all day to day expenses and related income, as well as transactions showing the fixed assets consumed and pensions;
- **The Statement of Movements on General Fund Balance.** This adjusts the balance on the Income and Expenditure account with items required by statute or non-statutory proper practice in order to show the true effect on Council Tax;
- **Statement of Total Recognised Gains and Losses (STRGL).** This brings together all the gains and losses for the year and shows the aggregate increase in net worth of the authority;
- **The Balance Sheet.** This is a snapshot picture as at 31 March 2010 that shows what the authority owns and owes;
- **The Cash Flow Statement.** This shows where money came from and where it went.

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 authority'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.

### 1 Changes in the Statement of Accounts

The Council follows recommended accounting practices. Full explanations of any changes required for 2009/2010 are in the Statement of Accounting Policies and the various notes to the accounts.

### 2 Revenue

In respect of net revenue expenditure, the Council's 2009/2010 General Fund revised budget and actual spending figures were as follows:

General Fund Portfolio	Original Budget £m	Revised Budget £m	Actual £m	Difference £m
Children and Education	53.972	56.811	57.451	0.640
Community Services	115.462	117.539	117.665	0.126
Transport, Environment and Leisure	87.368	87.073	86.924	(0.149)
Economic Development, Planning And Housing	11.380	11.816	12.285	0.469
Department of Resources	47.909	58.566	58.503	(0.063)
Central Finance	20.200	20.703	20.596	(0.107)
Movement to/(from) Reserves	(4.075)	(20.290)	(20.983)	(0.693)
<b>General Fund Portfolio Totals (a)</b>	<b>332.216</b>	<b>332.218</b>	<b>332.441</b>	<b>0.223</b>
<b>Funded by:</b>				
Formula Grant	(100.778)	(100.778)	(100.778)	0.000
Area Based Grant	(19.325)	(19.325)	(19.391)	(0.066)
Extra Government Grant	0.000	0.000	(0.573)	(0.573)
Collection Fund (Surplus)/Deficit	(0.538)	(0.538)	(0.538)	0.000
Collection Fund Transfer	(211.591)	(211.591)	(211.591)	0.000
Unallocated headroom	0.016	0.014	0.000	(0.014)
<b>Total Funding (b)</b>	<b>(332.216)</b>	<b>(332.218)</b>	<b>(332.871)</b>	<b>(0.653)</b>
<b>Movement on General Fund (a)-(b)</b>	<b>0.000</b>	<b>0.000</b>	<b>(0.430)</b>	<b>(0.430)</b>

The outturn variation on the General Fund is £223,000 above the revised net budget for 2009/2010.

More about the Council's revenue spending on services is given, with notes, in the Income & Expenditure Account. The overall movement on the General Fund is a £430,000 return to reserves. More details are included in the Statement of Movement on General Fund.

### 3 Major Revenue Variations

The original revenue budget for 2009/2010 incorporated efficiencies of over £10 million, which included over £8 million efficiencies derived from One Council for Wiltshire. In addition, significant in year cost pressures in excess of £9 million had to be absorbed as a result of factors such as demand led services, winter gritting programme and the impact of the economic downturn.

The main cost pressures are summarised in the table below:

Pressure	£m
Loss of income due to economic downturn e.g. car parking and development services	3.90
Additional growth e.g. winter gritting programme	1.05
Pressure on demand led services e.g. adult social care and Special Educational Needs transport	3.13
ICT related cost pressures	1.00
<b>Total Cost Pressures absorbed during the year</b>	<b>9.08</b>

Further details are given the Revenue Outturn report that went to Cabinet on 22 June 2010. Details of main variations to the revised budget are included in the revenue outturn report to members.

#### 4 Capital

When buying something that will last more than a year, the cost should be spread over its expected useful life. For the authority this is called capital expenditure, as opposed to revenue expenditure which is day to day outgoings such as heating, lighting, wages etc. The Council treated £107.324m of its expenditure in 2009/2010 as capital. The major schemes included in this spend were £15.251m on Melksham Oak School, £11.191m on Workplace Transformation Programme including Bourne Hill scheme, £9.544m on Local Transport Plan works and £9.140m on Wellington Academy.

#### 5 Capital Financing

The Prudential system for capital financing allows councils to determine their own levels of debt, subject to affordability, when determining its capital strategy. Where it is economic to do so councils can borrow in order to proceed with major capital schemes, this is known as prudential borrowing. In 2009/2010, the Council funded its capital expenditure by grants and other contributions (54.0%), capital receipts (21.6%), prudential borrowing (20.2%) and major repair reserve (HRA) (4.2%).

#### 6 Best Value Accounting Code of Practice (BVACOP)

The 2009/2010 Statement of Accounts has been prepared in accordance with the requirements of the 2009 Best Value Accounting Code of Practice (BVACOP).

#### 7 Pensions

There is an increase in the total net liability this year, which has increased from a revised opening balance of £290m to £565m. Further details of the pensions liability can be found in the Statement of Accounting Policies, and in the notes to the core financial statements.

#### 8 Local Government Reorganisation

A new unitary authority came into existence for the whole of Wiltshire on 1 April 2009. These are the first set of accounts to be produced for this new authority. In most cases, the original comparator figures are those for Wiltshire County Council, the continuing authority.

#### 9 Further Information

Requests for further information about these accounts may be made to:

**Central Finance  
Resources Department  
Wiltshire Council**  
County Hall  
Trowbridge  
Wiltshire  
BA14 8JN  
[financialplanning@wiltshire.gov.uk](mailto:financialplanning@wiltshire.gov.uk)



**Matthew Tiller**  
Acting Chief Finance Officer  
Wiltshire Council  
**30 September 2010**

## Statement of Accounting Policies

### 1 General Principles

This Statement of Accounts has been prepared according to the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). This meets all requirements of proper accounting practice for local authorities

### 2 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:

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods and services.
- 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 stocks on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for 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 income 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### 3 Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. 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 to the appropriate service revenue account in the year that the authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes more likely than not that a transfer of economic benefits will not now be required for a lower settlement than anticipated is made, the provision is reversed and credited back to the relevant service revenue account.

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

### 4 Reserves

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

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits and that do not represent usable resources for the Council – these reserves are explained in the relevant policies below.

## 5 Government Grants and Contributions (Revenue)

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions of entitlement to the grant/contribution, there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (e.g. Revenue Support Grant) are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.

## 6 Retirement Benefits

Employees of the Council are members of one of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Children, Schools and Families (DCSF).
- The Local Government Pensions Scheme, administered by Wiltshire Council.

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

However, the arrangements for the Teachers' Pension Scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the education service revenue account is charged with the employer's contributions payable to teachers' pensions in the year.

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

The liabilities of the Wiltshire pension scheme 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 6.9% (based on the indicative rate of return on high quality corporate bond iBoxx Sterling Corporates Index, AA over 15 years).

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

- quoted securities – bid price;
- unquoted securities – professional estimate;
- unitised securities – average of the bid and offer rates;
- 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 Income and Expenditure Account to the revenue accounts of 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 Net Operating Expenditure in the Income and Expenditure Account.

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- 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 Net Operating Expenditure in the Income and Expenditure Account.
- 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 Net Operating Expenditure in the Income and Expenditure Account.
- gains/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 update their assumptions – debited or credited to the Statement of Total Recognised Gains and Losses.
- contributions paid to the Wiltshire Pension Fund – cash paid as employer's contributions to the pension fund.

Statutory provisions limit the Council to raising council tax to cover the amounts payable by the Council to the pension fund in the year. In the Statement of Movement on the General Fund Balance 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 any amounts payable to the fund but unpaid at the year end.

## 7 VAT

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

## 8 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 Best Value Accounting Code of Practice 2009 (BVACOP). 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 and Non Distributed Costs. These two cost categories are defined in BVACOP and accounted for as separate headings in the Income and Expenditure Account, as part of Net Cost of Services.

## 9 Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) are capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

## 10 Tangible Fixed Assets

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

**Recognition:** expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

**Measurement:** assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following bases:

- Investment properties and assets surplus to requirements – lower of net current replacement cost or net realisable value.
- Dwellings, other land and buildings, vehicles, plant and equipment – lower of net current replacement cost or net realisable value in existing use.

- Infrastructure assets and community assets – depreciated historical cost.

Net current replacement cost is assessed as:

- Non-specialised operational properties – existing use value.
- Specialised operational properties – depreciated replacement cost.
- Investment properties and surplus assets – market value.

Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. All categories of fixed asset have been revalued within the last five years as part of our rolling annual revaluations.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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:** the values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for by:

- Where attributable to the clear consumption of economic benefits – the loss is charged to the relevant service revenue account.
- Otherwise – written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

Where an impairment loss is charged to the Income and Expenditure Account but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

**Disposals:** when an asset is disposed of or decommissioned, the value of the asset in the Balance sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account. Receipts for individual assets which exceed £10,000 are classified as capital receipts i.e. to contribute to the Capital Programme and/or reduce the cost of financing it. A proportion of receipts relating to housing right to buy disposals is payable to the government as part of the pooling scheme.

**Depreciation:** depreciation is provided for on all assets with a determinable finite life (except for investment properties), by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use.

Depreciation is calculated on the following bases:

- Operational properties – straight-line allocation over the life of the property.
- Vehicles, plant and equipment – straight-line allocation over 5 years.
- Infrastructure – straight-line allocation over 60 years.
- Community Assets, Assets under construction and Land are not depreciated

Where an asset has major components with different estimated useful lives, these 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.

**Grants and contributions:** where grants and contributions are received that are identifiable to fixed assets with a finite useful life, the amounts are credited to the Government Grants Deferred Account. The balance is then written down to revenue to offset depreciation charges made for the related assets in the relevant service revenue account, in line with the depreciation policy applied to them.

## 11 Charges to Revenue for Fixed Assets

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

- Depreciation attributable to the assets used by the relevant service.
- Impairment losses attributable to the clear consumption of economic benefits in tangible fixed assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off.
- Amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisations. However, it is required to make a prudent annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. Depreciation, impairment losses and amortisations are therefore replaced by Minimum Revenue Provision in the Statement of Movement on the General Fund Balance.

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

## 12 Revenue Expenditure Funded From Capital Under Statute

Expenditure which legislation deems to be capital but does not result in the creation of fixed assets was previously referred to as Deferred Charges. In accordance with the changes in SORP 2008, any such expenditure is now classified as Revenue Expenditure Funded from Capital Under Statute and is charged to the relevant service lines in the Income and Expenditure Account for that year. To negate the impact on council tax, the General Fund Balance is credited a corresponding amount to that which is debited to the Capital Adjustment Account, and subsequently shown as a reconciling item in the Statement of the Movement on the General Fund Balance.

## 13 Leases

### Finance leases

The Council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council. Rentals payable are apportioned between:

- A charge for the acquisition of the interest in the property (recognised as a liability in the Balance Sheet at the start of the lease, matched with a tangible fixed asset – the liability is written down as the rent becomes payable);
- A finance charge (debited to Net Operating Expenditure in the Income and Expenditure Account as the rental becomes payable).

Fixed assets recognised under finance leases are accounted for using the policies applied generally to tangible fixed assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

### **Operating leases**

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

## **14 Financial Liabilities**

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

Where premiums and discounts have been charged to the Income and Expenditure Account, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/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 Income and Expenditure Account to the net charge acquired against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

## **15 Financial Assets**

### **Loans and receivables**

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account 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 and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

When soft loans are made, (loans which for legitimate policy reasons are made at less than market value, for example, loans to other public bodies or the voluntary sector) a loss is recorded in the Income and Expenditure Account 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 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 these loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Income and Expenditure Account 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 Statement of Movement on the General Fund Balance. We have reviewed such loans and do not consider the impact of the loans on the accounts material.

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 Income and Expenditure Account.

Any gains and losses that arise when the loan finishes or is written off to the balance sheet are credited/debited to the Income and Expenditure Account.

## **16 Stocks and Work in Progress**

Stocks are included in the Balance Sheet at the lower of cost or net realisable value. Work in progress on uncompleted jobs is valued at cost, including overhead allocations.

### **17 Interest in companies and other entities**

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

### **18 Private Finance Initiative (PFI)**

PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. Payments made by the Council under a contract are generally charged to revenue to reflect the value of services received in each financial year.

This is covered in more detail in note 21.

### **19 SORP 2009 Changes**

There are a number of changes for local authority accounts introduced in the 2009 SORP, mostly of a minor nature. Three changes of note, however, relate to changes in accounting for PFI projects, NNDR disclosure and collection fund presentation. More details are disclosed in note 2.

### **20 Internal Interest**

Interest and other items of income associated with financial assets and liabilities are based on interest received and receivable, however, accrued interest on deposits is included in the carrying value of the investment outstanding at 31 March 2010.

Expenses associated with financial assets and liabilities are mainly related to external interest payments on loans, based on the effective interest rate. Accrued loan interest is shown against the loan outstanding in line with SORP 2009. Other expenses are shown on an accruals basis.

### **21 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. Salaries and wages appear on a cash basis. Since these policies are applied consistently year on year, they have no material effect on any one year's accounts.

## The Statement of Responsibilities for the Statement of Accounts

### The Authority's Responsibilities

The Authority 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 Authority, that officer is the Chief Financial Officer;
- Secure economic, efficient and effective use of its resources and to safeguard its assets;
- Approve the Statement of Accounts.

### The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the authority'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 fairly the financial position of the authority at the accounting date and its income and expenditure for the year to 31 March 2010.

In preparing this Statement of Accounts, the Chief Financial 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 Financial 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 2010 and the income and expenditure for the year ended 31 March 2010.



**Matthew Tiller**  
Acting Chief Finance Officer  
Wiltshire Council  
30 September 2010



**Cllr Roy While**  
Chairman, Audit Committee  
30 September 2010

## 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. We also have 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 designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The assurance framework also provides a mechanism for monitoring and implementing a system of continuous governance improvement.
5. The governance framework has been in place at the Council for the year ended 31 March 2010 and up to the date of approval of the statement of accounts for 2009/10.

### C. The Governance Framework

6. The Council's governance framework comprises a broad range of strategic and operational controls, which work together to ensure the sound running and well being of the Council. The key elements are summarised below.
7. Documents referred to are available from the Council or may be viewed on the Council's website ([www.wiltshire.gov.uk](http://www.wiltshire.gov.uk)).

### **Purpose and Planning**

8. The Council's vision of creating stronger, more resilient communities is set out in the Corporate Plan 2010-2014. The vision is underpinned by the three goals:
  - deliver high quality, low cost, customer focused services;
  - ensure that decision making is local, open and honest; and
  - work together to support Wiltshire's communities.
9. The Council's Medium Term Financial Plan reflects the Council's goals and priorities. The management of the Council's strategic risks helps achieve the Council's objectives.
10. In its Corporate Plan the Council has identified nine priorities which are reflected in the plans and strategies of its services. Detailed service plans are linked to the Corporate Plan by the 'golden thread'.

**Policy and Decision-Making Framework**

11. 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.
12. 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, Overview and Scrutiny Select Committees, Standards Committee, Audit Committee and Area Boards.
13. Governance and reporting arrangements for the Council are being developed as part of the current review of the Constitution.
14. The Cabinet is responsible for discharging the executive functions of the Council, within the budget and policy framework set by the Council.
15. 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. Whilst not a legal requirement, the Council also publishes Forward Work Plans for Council and main committees.
16. Schemes of Delegation are in place for Cabinet Members and Officers to facilitate efficient decision-making. These are being reviewed as part of the review of the Constitution.
17. The Council has established 18 area committees known as area boards. Each area board exercise local decision making under powers delegated by the Leader.
18. New Overview and Scrutiny arrangements were developed for the unitary authority. They consist of four main select committees covering Resources, Children's Services, Environment, and Health and Adult Social Care. The Select Committees have established a number of standing and ad hoc task groups to undertake detailed monitoring and reviews. Rapid scrutiny exercises have also been undertaken when time constraints existed. The boards of some major projects have also provided for the appointment of a scrutiny member representative.
19. These bodies and activities serve to hold the Cabinet, individual Cabinet Members and Corporate and Service Directors to public account for their executive policies, decisions and actions.
20. 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, complaints in relation to the Council's services, and the whistle blowing policy.

The Standards Committee is chaired by an independent member.

21. 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

22. The Constitution is reviewed regularly by the Monitoring Officer and the Standards Committee to ensure that it remains fit for purpose. It was last revised in 2008-09 to ensure that it was fit for the purposes of the new Wiltshire Council. The Standards Committee has established a constitution focus group with cross-party membership, which has been tasked with reviewing the Constitution now that the unitary authority has been operational for a year. Any changes recommended by the focus group will be referred to full Council for approval.

### **Wiltshire Pension Fund**

23. 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).

24. 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.

25. 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**

26. 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
- Contract Regulations
- Members' Code of Conduct
- Officers' Code of Conduct
- Corporate Complaints Procedure

27. The statutory officers - the Head of Paid Service (Chief Executive), the Monitoring Officer (Solicitor to the Council) 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 legal services, finance, governance and procurement teams and by Internal Audit.

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

- Audit Committee
- Overview and Scrutiny Committees and Task Groups
- Standards Committee
- Internal Audit
- External Audit and Inspection Agencies.

29. The council has established an Assurance Steering 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, and a member of the Standards Committee. Other officers and members attend by invitation to provide the steering group with information about issues on which the steering group is seeking assurance. Officers can also bring concerns forward to the group for consideration.

30. The Assurance Steering Group meets regularly, and has a forward work plan. It is responsible for gathering evidence for and drafting the Annual Governance Statement. It identifies significant governance issues throughout the year, and oversees the implementation of measures to address any issues that it identifies. It has a key role in promoting and supporting sound governance across the organisation.
31. The group is supported by the Chief Executive, who acts as a link between the steering group and the corporate leadership team, ensuring that issues and activities identified by the group are considered and addressed.

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

### ***Financial management***

32. Financial management and reporting is facilitated by:

- monthly reports to Cabinet on the Council's Revenue Budget and Capital Programme
- regular review by the Corporate Leadership Team
- bi-monthly consideration of these reports by the 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.

33. 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 earlier in 2010.

### ***Performance and Risk Management Reporting***

34. The Council's Corporate Plan identifies the Council's priorities, and these are cascaded through a comprehensive performance management system to specific action, indicators and targets for services. Progress is reported quarterly, and this also includes progress against the Local Agreement for Wiltshire with partners. SAP Strategy Manager is being implemented to improve the processes used for performance and risk management.

- Performance update reports are received by Cabinet and the Corporate Leadership Team (CLT) on a quarterly basis
- CLT also receives performance information on aspects of its 'scorecard'.

35. The Council's framework policy on the management of resources, performance and risk outlines the way we manage and control the performance, budgets and risks associated with the Council's services in an integrated way. The integration of these processes informs and influences the Corporate Plan and Medium Term Financial Strategy, ensuring a more cohesive approach to managing the business of the Council as a whole.

36. The Risk Management Strategy has been reviewed for the new Council to ensure that risk management arrangements remain appropriate. The revised strategy strengthens risk management arrangements and complies with good practice so that opportunities and threats are identified and managed to help achieve the Council's objectives.

37. The Risk Management Strategy is approved by Cabinet annually and gives a clear explanation of what risk management is, and what is expected from members and employees in the Council. Quarterly reports which cover the significant risks are submitted to the Corporate Leadership Team on a quarterly basis and to the Audit Committee 6 monthly.

38. 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. Within this framework the Council has a Corporate Business Continuity Plan, which outlines the arrangements that will operate in the event of a major service disruption. Service Business Continuity Plans are being developed in conjunction with the Corporate Business Continuity Plan to address service specific issues and incidents.

#### **Internal Audit**

39. The main role of Internal Audit is to provide an independent and objective opinion to the Council on its internal control environment, comprising risk management, control and governance by evaluating its effectiveness in achieving the Council's objectives.

40. 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.

41. 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 Service 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**

42. All services of the Council are subject to reviews by external inspection agencies, including the Audit Commission, OFSTED, and the Care Quality Commission (CQC). The results of these inspections are used to strengthen and improve the Council's internal control environment, to ensure the economic, efficient and effective use of the Council's resources and to secure continuous improvement in the delivery of its services.

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

43. Directors' assurance statements have been obtained from each Corporate Director. These confirm that suitable governance arrangements were in operation within each department during 2009/10 to date and there are no significant governance issues to report other than those referred to in Section E.

#### **Monitoring Officer**

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

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

45. 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 Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

46. 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.

47. The effectiveness of the Council's assurance framework and system of internal control is assessed against these 6 principles.

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

48. The Council's goals and priorities are set out in its Corporate Plan. This supports the shared ambitions from the Sustainable Community Strategy that have been agreed with partners and are shown in the Local Agreement for Wiltshire (LAW). The LAW incorporates the Local Area Agreement (LAA) with government. Its 7 ambitions for Wiltshire are:

Resilient communities

- Lives not services
- Communities safe and feel safe
- Working together
- Affordable housing
- Environment for economic growth
- Natural environment and CO<sub>2</sub>

49. The LAW joins up action across partners and partnerships to tackle issues and achieve the ambitions for Wiltshire. The LAW outlines which organisations and partnerships will take particular action and the people and places in Wiltshire that will particularly benefit from that action.

50. In December 2009 the first Comprehensive Area Assessments were published. This includes the award of 'flags':

- Green flags for exceptional performance/outstanding improvement
- Red flags for significant concerns which are not being tackled adequately

51. Wiltshire received a 'green flag' for *Involving people in decisions that affect their local community*. It received no red flags.

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

52. The Council has taken steps to make its purpose and responsibilities clear to staff and the community it serves. These have included:

- Involvement of the Leader of the Council in the corporate induction process.
- Monthly briefings led by corporate directors in each of the council's hub offices. The implementation of new fresh channels of communications: Team Wire (an on-line briefing for staff), the staff magazine, and the Wiltshire Magazine, delivered to all households in Wiltshire and providing information about council services, how to get involved, and information from partner agencies.
- The clarification of lead roles and responsibilities in partnerships, in the context of the Local Area Agreement (LAA) delivery requirements.

53. The development of area boards has played a key role in ensuring robust public accountability and engagement. The 18 area boards are led by Councillors working in partnership with other agencies, groups and local people. They were developed following extensive engagement with interested parties and stakeholders (including the Town and Parish Councils) and a piloting period before the 98 new unitary Councillors were elected in June 2009.

54. Each area board is chaired by a Councillor who is elected annually by the other Councillors in the area. The governance arrangements for the area boards is set out in the Council's Constitution and in further detail in the Area Board Handbook. A review of the area boards has been carried out after 6 months of operation and the Handbook is being further revised. The area boards ensure open, transparent decision-making and a system enabling citizens to raise and track issues of concern to them and their communities.

55. Further work is being carried out to ensure that the area boards are as inclusive as possible for the whole community. This work includes ensuring that there is easy access to information that could be of interest to local people, for example with mini Joint Strategic Needs Assessments for each community area, information on the Council's annual Budget, the Core Strategy and the Local Transport Plan.

56. Town and Parish Councils have been consulted to determine which functions and responsibilities they would like to have delegated to them and this work continues to be developed.

57. In March 2009, this work was recognised nationally with the Council being awarded the Local Leadership Award by the Local Government Chronicle. The Council has been shortlisted further during the year by the Local Government Association and Improvement and Development Agency's Local Innovations Award. Funding has also been allocated for the dissemination of the Council's practice to other Councils by the South West Regional Improvement and Efficiency Partnership and the Regional Empowerment Partnership. The Council also contributed during this period as one of the 18 authorities on the Network of Empowering Authorities and helped to develop the framework for "the ideal empowering authority" which was launched in March 2010 at a conference with a keynote speech from Andrew Kerr.

58. The Standards Committee has granted a number of dispensations to members of Area Boards who are members of both Wiltshire Council and of Wiltshire Town Councils. They have asked the Monitoring Officer to consider whether the structural arrangements for membership of Area Boards which result in members having personal and prejudicial interests in business affecting both authorities that they represent will promote public confidence in the Council's accountability and transparency.

59. The existing Partnership Protocol and Register has been reviewed and updated to ensure that all partnerships across Wiltshire Council are captured. The revised protocol will ensure that partnerships are underpinned by good governance and to complement the protocol a new electronic database and supporting guidance have been developed.

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

60. The Constitution sets out clearly the roles and responsibilities of members and officers in the decision making process. This includes schemes of delegation which are being reviewed within the Constitution Review.

61. The Council has adopted a Member and Officer Relations Protocol which:

- outlines the essential elements of the relationship between members 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 members 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**

62. All staff are required to meet high standards of ethical conduct under the Officers' Code of Conduct. A revised Code of Conduct for officers was introduced in May 2010.

63. The Council has a Whistle Blowing Policy and an Anti-Fraud and Corruption Policy which were updated in 2010. It has also introduced an Anti Money Laundering Policy. The Standards Committee receives an annual report on the effectiveness of these policies. Following approval of the updated Anti-Fraud and Corruption Policy, the Council implemented an online fraud awareness training course, which was made available to all staff and members. In addition, the Audit Committee has responsibility for monitoring the implementation of the Anti Fraud and Corruption policy and strategy.

64. The council has established a new governance service with responsibility for customer complaints, access to information legislation, the Code of Conduct for members, and the promotion of good governance within the council and with key partners, including the town and parish councils of Wiltshire. In connection with the last two functions listed, it has appointed two ethical governance officers.

65. In August 2009 the governance service sent a "welcome pack" to all of the 276 town and parish councils within its area. The pack was developed in collaboration with the Standards Committee, who established a working group to explore how best to promote good governance within the towns and parishes. Wiltshire Association of Local Councils (WALC), which is an independent organisation that supports town and parish councils, also made a significant contribution to the pack. The pack included a letter that outlined the work of the Standards Committee, gave specific information about how to access various functions of the committee and the council in relation to the Code of Conduct and dispensations, and provided contact names and numbers. The pack also contained a copy of "The Good Councillor's Guide" – a book provided by WALC, a leaflet on the Code of Conduct developed by the Standards Committee's working group, a DVD on standards and the Code produced by Standards for England, and a number of other useful materials related to good governance. The pack was well received and featured in a number of subsequent town and parish council meetings.

66. The Council's Standards Committee plays an important role in overseeing and promoting ethical governance throughout the Council, and this role is established in the Council's constitution. The Committee has developed and published a leaflet for the public explaining its role. Working with officers, the Committee has ensured that the Member Induction Programme for the new Council included Code of Conduct training for the 98 members of Wiltshire Council and further training was provided. The Standards Committee has also developed a training session for town and parish members on the Code and the principles of good governance. This was piloted in April 2010, and is being further developed in the light of feedback, for rollout on a targeted basis.

67. The Committee has also had oversight of the development and implementation of a new on-line Code of Conduct training package for Wiltshire councillors, and has established a number of task-and-finish groups to explore the development and promotion of high standards of conduct. In addition

to this pro-active role, the Standards Committee has maintained oversight of ethical governance, receiving reports on the efficacy of the whistle-blowing procedure, customer complaints procedures, the member's Register of Interests, and a range of other governance matters.

68. The Committee has fulfilled its statutory role by receiving, assessing and determining a number of complaints brought under the Code of Conduct for members, and has worked to ensure that the processes that underpin this statutory function are kept under review to ensure that they work effectively.

### **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. As part of its review of internal control, the Council is required to review the effectiveness of its system of internal audit. This has been done by means of an assessment of internal audit's current arrangements for meeting the various standards within the Code.

70. 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.

71. The levels of assurance obtained from the range of audits completed during the year has led Internal Audit to the overall audit opinion that for 2009-10, the Council's overall control environment must be seen as limited in terms of its adequacy and effective operation. When seen in the context of the major structural reorganisation which took effect from 1<sup>st</sup> April 2009, moving from five councils into one, and the inevitable significant transition and upheaval which has followed, this level of assurance should not be seen as unreasonable in the circumstances.

72. The overall response of management to the various risks and issues raised has been positive and constructive. The need to improve controls is recognised and work is in progress to achieve the desired outcomes. Given the evidence of progress towards control improvements during the latter part of the year, Internal Audit would be looking towards an improved level of assurance for 2010-11, as systems and procedures become more established and robust.

### **External Audit**

73. The latest Annual Audit Letter, issued by KPMG in respect of Wiltshire County Council for 2008-9, was presented to the Audit Committee in December 2009. The Letter summarised the key issues arising from the audit of the final year of the County Council, in relation to its Use of Resources assessment, and the Statement of Accounts

74. The Letter highlighted the key messages as follows:

- The Use of Resources assessment demonstrated that the Council performed adequately, scoring level two (out of four) for all three themes, whilst performing well (level three) for certain elements within each theme. Specific weaknesses were identified within the managing finances theme regarding financial reporting.
- A number of material significant issues were identified in the course of auditing the Council's Statement of Accounts. Adjustments were therefore made to the accounts, and an unqualified opinion issued on the Council's Statement of Accounts, and a qualified opinion on the Council's arrangements for securing value for money in 2008-09.
- Specific risk based project work generated generally positive messages regarding the Council's management of the areas reviewed, and also its comprehensive delivery of agreed actions from earlier audit reports. Reports issued at key stages leading up to the vesting day for the new Council confirmed that good progress had been made overall. The Council had delivered the preparations necessary for the vast majority of the key actions identified in the 'Day One' plan.

75. The Audit Committee has included within its work programme a regular monitoring process to ensure that appropriate closedown procedures are in place for the preparation of the Council's Statement of Accounts for 2009-10.

#### **Comprehensive Area Assessment (CAA)**

76. The CAA provides two judgements; an area assessment of how public services work together in an area and an organisational assessment of particular organisations. As a 'reorganising authority' the Council did not receive a score for its organisational assessment. Its CAA Organisational Assessment summary is:

- The Council has managed the transition from five councils to one well. Leadership during the process has been strong. The Council is keen to change the way that it works so that local people are more involved in decisions and delivering services. It has set up 18 area boards covering the whole of Wiltshire to help make this happen. People in Wiltshire are happy with their ability to influence decisions and the way that public services treat them.
- The Council is working well to support local people and businesses through the recession. Most children make a good start in life, enjoy good health and achieve well in education and training.
- The gap between the majority and those whose circumstances make them vulnerable is closing in some areas, but the picture is inconsistent for different groups. The Council is transforming its adult care services to respond to increasing demand and provide better services. The Council's waste management arrangements are strong. Wiltshire Council works well with partners to reduce crime and the fear of crime in the county. This is reflected in survey data that demonstrates that residents do not think that antisocial behaviour, drug and alcohol abuse are not big concerns in their local area.
- Wiltshire is very well kept. But the Council has only started work on dealing with climate change fairly recently. Planning performance in some parts of the county has been poor but is starting to improve.
- More needs to be done to tackle inequality in Wiltshire. The Council and other public services have a good understanding of where inequality occurs. They are working together to meet the needs of people such as gypsies and travellers who do not find it as easy to get the services they need.
- The Council's housing plans are currently incomplete. It has inherited a range of plans and information from the previous four district councils that it is working to consolidate into a single countywide plan by 2010. The Council's approach to private sector housing and management of its own houses is a concern.

77. The Council's Use of Resources score was 2 out of 4 (adequate).

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

78. 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.

79. Risk assessment forms an integral part of management reporting supporting the decision making process.

80. Work of the Council's Overview and Scrutiny Select Committees, task groups and associated activities have focused on:

- Supporting/challenging the delivery of one council benefits and efficiencies, service redesign, harmonisation and transformation
- Monitoring the performance of the Council's major service providers including external partners delivering residential care, highways maintenance and consultancy, facilities management, waste management, PFI projects, ICT and energy supply
- Reviewing the implementation of major corporate projects including the business management programme (and shared services), development of area boards, workplace transformation, customer access strategy and harmonisation of staff terms and conditions
- Monitoring the Council's (and its statutory partners) performance against local area agreement targets and those in its (one year) corporate plan
- Engaging in the Council's budget setting process and budget monitoring
- Engaging in the development of the new (four year) corporate plan
- Initiating reviews into matters of local concern relating to service delivery and contributing to the development and review of policy including:
  - empty homes policy, climate change strategy, flood risk management, gypsy and traveller strategy, waste strategy, car parking, leisure services strategy, housing PFI project and real time passenger information;
  - Laverstock schools, looked after children, 13-19 strategy, teenage pregnancy, extended services and local collaborative partnerships, pupil performance and small schools strategy;
  - Gynaecological cancer services, out of hours services, end of life care strategy, Care Quality Commission annual assessment and inspection report, Focus project, Local Safeguarding Adults Board, burn care and soft tissue sarcoma services and GWR ambulance services performance.

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

- review and approval of the Annual Governance Statements and Statements of Accounts of the former county and district councils for 2008/09
- 
- 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 managements arrangements
- 
- review of the work and findings of External Audit, including the Annual Audit Letter and Report to Those Charged with Governance.

82. Risks are identified and monitored by service departments. Significant risks are identified and put on the Corporate Risk Register. These are reviewed on a regular basis by the Corporate Risk Management Group. Reports are issued on the significant risk areas through the Councils reporting arrangements. Training on Risk Management is delivered to Members annually including the development of specific training for staff involved in risk arrangements as a result of their work.

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

84. From March 2010 work has focused on improving the Corporate Business Continuity Plan. Representatives of services that would have to take a lead role in various kinds of service disruption were involved in designing the response arrangements to ensure that they are realistic and appropriate. The benefit of these arrangements is that they are sufficiently generic to respond to a wide range of service disruptions, using in-house resources as a first line of defence and taking advantage of the flexibility provided by the Workplace Transformation Programme.
85. Awareness of the business continuity process and response arrangements has been variable across the organisation. The new Plan will be tested to ensure resilience and will be widely publicised among staff with the provision of relevant training. Further work will be undertaken with service representatives to improve and embed the arrangements within their services.
86. The Business Continuity Policy was reviewed this summer in order to improve management arrangements.
87. The economic situation is placing increased pressures on the availability of resources within the public sector. This is, in part, due to the combination of higher take up of some services and a reduction in usage of some discretionary services.
88. The pressures have been exacerbated by the reductions in availability of resources as the new coalition government aim to tackle the national deficit.
89. The Council takes regular monthly reports to members, which show the current position against budget and highlight any major variances. These reports reflect the information from the coalition Government's emergency budget in June 2010 and other announced changes. The reports include action plans and management actions with details on how to reduce any potential overspends.
90. The authority will continue to regularly monitor the forecast outturn position, report to Members and, where necessary propose and undertake management actions to deal with cost pressures.
91. The Council is developing a high level business plan for 2011/12 to 2014/15 that will take into account the comprehensive spending review that will be announced in Autumn 2010. The plan will demonstrate how the council will manage forecast cuts in government grant whilst also maintaining and investing in priority services.

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

92. The Council is committed to the ongoing development of its members and recognises the importance of building up the capacity and effectiveness of its members.
93. The Council's Councillor Development Policy:
- establishes members' individual training needs 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 allocation of funding for future years.
94. A cross party Councillor Development Group meets regularly to monitor and discuss progress on member development. The group is working towards the achievement of charter status.
95. Wiltshire Council continues to deliver key actions from the People Strategy 2008-2012. The delivery of the People Strategy is critical to enabling us create the capacity we need to work in different ways and successfully meet current and future challenges.

96. Key priorities are:

- Leadership and Management Development - Programmes of development ongoing
- Councillor Development - a programme has been developed with and for Elected Members
- Performance Development Framework (Appraisal) refreshed to incorporate the new Council Values and Behaviours
- A business focussed programme of employee learning which will include the changing capability requirements e.g. commissioning and partnership skills
- Corporate Workforce Planning framework - the organisational wide workforce plan is critical in identifying the people resources required now and in the future to deliver the priorities identified in the Corporate and Business Plan
- Harmonisation of Terms and Conditions – deliver the most cost effective solution to harmonised terms and conditions post Unitary Council 1st April 2009.

**E) Significant Governance Issues**

97. The following have been identified as significant governance issues in view of their size, complexity and impact on the delivery of the Council's priorities:

**SAP Financial Systems**

98. Many of the Council's main financial systems were transferred into the newly-implemented SAP system from 1<sup>st</sup> April 2009. This represented a very significant transition for the processing of financial transactions, and throughout 2009-10 staff have needed time to become conversant with a wide range of new processes, whilst trying to ensure that financial functions continue to work within an adequate control environment. This transitional period has therefore had an adverse impact on system controls, which have not been fully effective throughout the year. This has been a contributory factor in internal audit giving an opinion of limited assurance on the Council's control environment for the year. It has also resulted in external audit raising a significant number of recommendations for improvements.

99. Following the implementation of SAP the Council's financial systems have been undergoing gradual developments and improvements during the latter part of 2009-10, when management has been able to give increased focus and attention to improving control issues. This work is continuing through 2010-11 in order to ensure that financial controls are improved further within SAP systems, and are brought up to the required standard as systems and procedures become more established and robust.

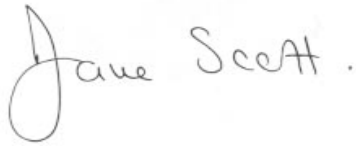
**Housing Landlord Service Improvement Plan**

100. In February 2010 the Audit Commission inspected the Council's housing landlord service. A number of weaknesses were identified and overall the service was rated as poor. The Council has prepared a detailed Audit Inspection Improvement Plan to deliver significant improvements to the service by April 2012, and has established a Steering Group to ensure its implementation. Major improvements to date include the setting up of a new commission involving tenants, councillors and representatives from other housing partners to ensure that tenants are getting the best deal possible; publication of a new set of service standards, and the provision of a new customer reception which has full disabled access. The Tenant Services Authority has noted that significant improvements have been made in the areas of complaints and customer feedback, repairs and maintenance and equality and diversity. Progress has, however, been slower in other areas and action is being taken to address these.

101. Progress against the improvement plan will be monitored by the new Housing Commission.

**Implementation of the Transformation Programme**

102. Implementation of the Council's major transformation programme following reorganisation, including Workplace Transformation, transformation of services and harmonisation of policies and practices (including staff terms and conditions).



Jane Scott OBE  
Leader of the Council  
30 September 2010



Andrew Kerr  
Chief Executive  
30 September 2010

# Independent Auditors' Report to the Members of Wiltshire Council

## Opinion on the accounting statements

We have audited the accounting statements and related notes of Wiltshire Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Account, the Statement of Movement on the Housing Revenue Account, and the Collection Fund. The accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to Wiltshire Council, 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 Wiltshire Council, as a body, those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Wiltshire Council, 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 auditors

The Chief Financial Officer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009 are set out in the Statement of Responsibilities for the Statement of Accounts.

Our responsibility is to audit the accounting statements and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounting statements and related notes give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009, of the financial position of the Authority and its income and expenditure for the year.

We review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. We report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the governance statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

We read other information published with the accounting statements and related notes and consider whether it is consistent with the audited accounting statements and related notes. This other information comprises only the Explanatory Foreword. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounting statements and related notes. Our responsibilities do not extend to any other information.

## Basis of audit opinion

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by

fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

**Opinion**

In our opinion the accounting statements and related notes give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended.



**Chris Wilson (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

100 Temple Street

Bristol

BS1 6AG

30 September 2010

## **Conclusion on 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 regularly to review the adequacy and effectiveness of these arrangements.

### **Auditors' Responsibilities**

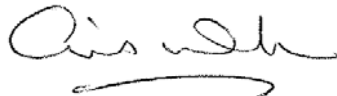
We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. We report if significant matters have come to our attention which prevent us from concluding that the Authority has made such proper arrangements. 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.

### **Conclusion**

We have undertaken our audit in accordance with the Code of Audit Practice. Having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, we are satisfied that, in all significant respects, Wiltshire Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2010.

### **Certificate**

We certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.



**Chris Wilson (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*  
100 Temple Street  
Bristol  
BS1 6AG  
30 September 2010

## Income and Expenditure Account

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 Authority.

	2009/2010		2008/2009
	Expenditure £000	Income £000	Restated Net Expenditure £000
<b>General Fund Services</b>			
Central Services to the Public	1,371	(677)	694
Court Services	1,102	(391)	711
Cultural, Environment & Planning	39,017	(6,882)	32,135
Children's and Education Services	516,104	(383,930)	132,174
Highways, Roads & Transport Services	40,883	(3,994)	36,889
Housing Services General Fund	12,195	(11,757)	438
Housing Services HRA	0	0	0
Adult Social Care	147,280	(27,853)	119,427
Corporate & Democratic Core	2,507	(292)	2,215
Non-distributed Costs	5,021	0	5,021
<b>Net Cost of On-going Service</b>	<b>765,480</b>	<b>(435,776)</b>	<b>329,704</b>
<b>Acquired Services</b>			
Central Services to the Public	3,440	(1,234)	2,206
Court Services	0	0	0
Cultural, Environment & Planning	71,952	(18,053)	53,899
Children's and Education Services	0	0	0
Highways, Roads & Transport Services	13,159	(11,868)	1,291
Housing Services General Fund	145,772	(131,272)	14,500
Housing Services HRA	24,977	(21,776)	3,201
Adult Social Care	0	0	0
Corporate & Democratic Core	3,955	(1,090)	2,865
Non-distributed Costs	3,383	0	3,383
<b>Total Acquired Services</b>	<b>266,638</b>	<b>(185,293)</b>	<b>81,345</b>
<b>Exceptional costs</b>	<b>9,019</b>	<b>0</b>	<b>9,019</b>
<b>Net Cost of Service</b>			<b>420,068</b>
Town and Parish Precepts			11,879
Interest payable and similar charges			9,116
(Profit)/Loss on disposal of Fixed Assets			4,894
Impairment of Investments			(600)
Contribution of Housing Capital receipt to Government Pool			683
Interest and investment income			(1,376)
Pension Interest Costs			48,967
Expected Return on Pension Assets			(26,589)
<b>Net Operating Expenditure</b>			<b>467,042</b>
General Government Grants (note 8)			(38,865)
Non-Domestic Rate Pool Redistribution			(81,879)
Demand on the Collection Fund			(223,892)
<b>Total Deficit for Year</b>			<b>122,406</b>

Wiltshire Council was formed following Local Government Reorganisation on 1 April 2009 from Wiltshire County Council and the four districts. The SORP requires that the income and expenditure account for 2009/2010 splits the net expenditure between ongoing services (relating to the old Wiltshire County Council Services) and acquired services (relating to the four districts). For further details see note 1.

Comparison figures are shown for Wiltshire County Council only.

For clarity, these figures are restated in note 63 to show the total expenditure on each subheading within the net cost of service.

## Statement of Movement on the General Fund

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

	2009/2010 £000	Restated 2008/2009 £000
Deficit for year on Income and Expenditure Account	122,406	28,242
Net additional amount required by statute and non-statutory proper practice to be debited or credited to General Fund balances for the year (see below)	(122,836)	(22,721)
<b>(Increase)/ Decrease in General Fund balance for the Year</b>	<b>(430)</b>	<b>5,521</b>
<b>General Fund Balance Brought forward Wiltshire County Council</b>	<b>(4,956)</b>	<b>(10,477)</b>
Acquired Services -Districts	(8,384)	
<b>Revised opening balance</b>	<b>(13,340)</b>	
<b>Balance at 31 March</b>	<b>(13,770)</b>	<b>(4,956)</b>

## Notes on Statement of Movement on the General Fund

### An Explanation of significance of Statement of Movement on General Fund Balance

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

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- The payment of a share of housing capital receipts to the Government scores as a loss in the Income and Expenditure Account but is met from the Usable Capital Receipts balance rather than council tax.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The General Fund Balance compares the council's spending against the council tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

The reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

### Breakdown of amounts additional to statement of movements on General Fund Balance

	2009/2010 £000	2009/2010 £000	Restated 2008/2009 £000
<b>Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the movement on the General Fund Balance for the year.</b>			
Amortisation and impairment of Intangible Assets	(3,239)		(16)
Depreciation and impairment of Fixed Assets	(68,952)		(19,891)
Excess of depreciation charged to HRA over the Major Repairs Reserves	(5,050)		
Revenue Expenditure Funded from Capital under Statute	(16,652)		(7,381)
Government grants deferred amortisation	2,558		2,243
Net Profit/(Loss) on disposal of fixed assets	(4,894)		953
Net charges made for retirement benefits FRS17	(42,065)		(27,219)
Impairment of investments	600		(2,281)
Amount by which finance costs calculated in accordance with the SORP are different from the amount of finance costs calculated in accordance with statutory requirements.	(150)		(171)
Amount by which Council Tax income included in Income and Expenditure Account is different from the amount taken to the General Fund in accordance with regulation	(116)		0
		<b>(137,960)</b>	
<b>Amounts not included in the Income and Expenditure Account but required by statute when determining the movement on the General Fund Balance for the year.</b>			
Capital expenditure charged to General Fund balances	4,747		795
Statutory provision for repayment of debt	11,004		7,853
Employer contributions payable to the pension fund	24,035		24,173
Transfer from Useable Capital Receipts equal to the contribution to the Housing Capital Receipts Pool	(683)		0
		<b>39,103</b>	
<b>Transfers to or from the General Fund Balance that are required to be taken into account when determining the movement on the General Fund Balance for the year.</b>			
Statutorily required transfer of balance on HRA	1,804		0
Voluntary revenue provision for capital financing	0		994
Transfer from earmarked Reserves	(25,783)		(2,773)
		<b>(23,979)</b>	
<b>Net Additional amount required to be credited to the General Fund Balance for the year</b>		<b>(122,836)</b>	<b>(22,721)</b>

## Statement of Total Recognised Gains and Losses

This statement brings together all the gains and losses of the Council for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

	2009/2010	2008/2009
	Wiltshire	Restated
	Council	Wiltshire
	£000	County Council
	£000	£000
Deficit for the year on income and expenditure account	122,406	28,242
(Surplus) arising on revaluation of fixed assets	(14,113)	(19,668)
Actuarial losses on pension fund assets and liabilities	256,864	62,047
Other items	(167)	11,740
<b>Total Recognised (Gains)/ Losses for the year</b>	<b>364,990</b>	<b>82,361</b>
<b>Prior Period Adjustments</b>		
Acquired assets	(373,044)	
PFI Adjustment	5,005	
Collection Fund Adjustment	805	
<b>Total Recognised (Gains)/ Losses since last statement of accounts</b>	<b>(2,244)</b>	

Other items in 2009/2010 relate to a few identifiable brought forward figures that were identified during the production of the first set of accounts for the new unitary council. It is not expected that similar figures will reoccur in 2010/2011.

This ties back to the movement in reserves in note 31.

## Balance Sheet

This statement summarises the Council's assets and liabilities at 31 March for the years 2010 and 2009

	NOTES	31 March 2010 Wiltshire Council		31 March 2009 Wiltshire County Council	Acquired Services (Districts) £000	Other Prior year Adjustments £000	31 March 2009 Restated £000
		£000	£000	£000	£000	£000	£000
<b>Fixed Assets</b>							
<b>Intangible Assets</b>	25		9,317	10,313	1,078	0	11,391
<b>Operational assets</b>							
- Council dwellings & garages		245,595		0	249,823	0	249,823
- Operational properties and land		544,538		409,935	113,006	54,564	577,505
- Vehicles, plant and equipment		17,496		6,250	14,243	0	20,493
- Infrastructure		202,333		193,796	4,541	0	198,337
- Community assets		5,458		0	5,468	0	5,468
			1,015,420				
<b>Non-Operating Assets</b>							
Investment properties		41,891		7,296	37,403	0	44,699
Assets under construction		72,274		7,097	10,562	0	17,659
Surplus assets held for disposal		76		142	0	0	142
			114,241				
<b>Total Fixed Assets</b>	16		1,138,978	634,829	436,124	54,564	1,125,517
Long term debtors	47		2,632	20,206	3,213	(20,975)	2,444
Long Term Investments			5,003	0	0	0	0
<b>Total Long Term Assets</b>			1,146,613	655,035	439,337	33,589	1,127,961
<b>Current Assets</b>							
Stocks and work in progress		813		230	690	0	920
Debtors	48	63,014		38,571	29,840	(6,024)	62,387
Temporary investments		57,626		56,549	40,825	0	97,374
Cash and Bank	49	25,960		24,884	8,541	0	33,425
			147,413				
<b>Total Assets</b>			1,294,026	775,269	519,233	27,565	1,322,067
<b>Current Liabilities</b>							
Creditors	50	(103,387)		(96,352)	(19,719)	5,219	(110,852)
Bank Overdraft	58	(11,571)		(15,229)	(5,263)	0	(20,492)
Long term loans maturing within 1 year	51	(1,040)		(5,130)	0	0	(5,130)
			(115,998)				
<b>Total Assets less Current Liabilities</b>			1,178,028	658,558	494,251	32,784	1,185,593
<b>Long Term Liabilities</b>							
Long Term creditor PFI		(42,182)		0	(8,593)	(32,058)	(40,651)
Provisions	30	(3,299)		(1,913)	(757)	0	(2,670)
Long Term Borrowing	51	(205,870)		(182,656)	(4,000)	0	(186,656)
Other long term creditors		(625)		(839)	(149)	0	(988)
Pension Fund Liability	38 & 52	(564,942)		(196,085)	(93,964)	0	(290,049)
Planning Deposits		(16,004)		0	(4,010)	0	(4,010)
Government Grants Deferred		(118,907)		(60,601)	(8,197)	(6,536)	(75,334)
Capital Contributions Deferred		(20,632)		(14,572)	(881)	0	(15,453)
Deferred Liability		(1,431)		0	(656)	0	(656)
			(973,892)				
<b>Total Assets less Liabilities</b>			204,136	201,892	373,044	(5,810)	569,126
<b>Financed by</b>							
Revaluation Reserve	53	(104,074)		(62,064)	(11,407)	(19,806)	(93,277)
Capital Adjustment Account	54	(604,826)		(284,475)	(403,866)	24,811	(663,530)
Useable Capital Receipts Reserve	55	(3,016)		(71)	(21,272)	0	(21,343)
Major Repairs Reserve	56	(632)		0	(1,144)	0	(1,144)
Financial Instruments Adjustment Account		3,148		2,885	725	0	3,610
Deferred Capital Receipts		(1,752)		0	(1,900)	0	(1,900)
Pension Reserve	52	564,942		196,085	93,964	0	290,049
General Fund Balance		(13,770)		(4,956)	(8,384)	0	(13,340)
Housing Revenue Account Balance		(12,746)		0	(10,942)	0	(10,942)
Earmarked Reserves	57	(30,753)		(49,296)	(7,240)	0	(56,536)
Collection Fund Adjustment Account		(657)		0	(1,578)	805	(773)
<b>Total Equity</b>	31		(204,136)	(201,892)	(373,044)	5,810	(569,126)



**Matthew Tiller**

Acting Chief Finance Officer

30 September 2010

## Cashflow Statement

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

	NOTES	2009/2010		2008/2009	
		£000	£000	£000	£000
<b>Revenue Activities Net Cash Inflow/ (Outflow)</b>	<b>41</b>		<b>(2,202)</b>		6,934
<b>Servicing of Finance</b>					
<b>Cash outflows</b>					
Interest Paid		9,116		7,797	
Interest element of finance lease rental payments		0		69	
<b>Cash inflows</b>					
Interest received		(1,376)		(3,900)	
			<b>7,740</b>		3,966
<b>Capital Activities</b>					
<b>Cash outflows</b>					
Purchase of fixed assets		101,497		60,203	
<b>Cash inflows</b>					
Sale of fixed assets		(5,416)		(2,518)	
Capital grants received		(53,206)		(32,541)	
Other Capital cash receipts		0		(6,493)	
			<b>42,875</b>		18,651
<b>Net cash outflow/(inflow) before financing</b>			<b>48,413</b>		29,551
<b>Net (decrease)/increase in investments</b>			<b>(34,745)</b>		(13,259)
Repayment of amounts borrowed			0		2,608
Capital element of finance lease rental payments			0		17
Net movement in loans			(15,124)		(5,000)
<b>Decrease/(increase) in cash</b>	<b>43</b>		<b>(1,456)</b>		<b>13,917</b>

## Notes to the Core Financial Statements

For ease of reference, the notes 1-46 are included in the statement in the same order as advised in the Statement of Recommended Practice.

**Note 1 Acquired & discontinued operations**

Following local Government reorganisation, on 1 April 2009 Wiltshire County Council became the continuing authority of the new unitary Wiltshire Council. The assets of the four Districts Councils (Kennet, North Wiltshire, Salisbury and West Wiltshire) have been included in the accounts as acquired assets. All assets have been transferred at carrying balances on the constituent balances sheets.

At 31 March 2009, the net assets of Wiltshire County Council were £201,892,000 and of the acquired assets from the four districts were £373,044,000. This gives a revised opening balance as 1 April 2010 of £574,936,000, before prior year adjustments. (see note 2). Details of the effect on the balance sheet are included below.

	Wiltshire County Council £000	Kennet District Council £000	North Wilts District Council £000	Salisbury District Council £000	West Wilts District Council £000	Acquired Services (Districts) £000	Total including Acquired Services £000
<b>Fixed Assets</b>							
<b>Intangible Assets</b>	10,313	745	0	258	75	1,078	11,391
<b>Operational assets</b>							
- Council dwellings & garages	0	0	0	247,727	2,096	249,823	249,823
- Operational properties and land	409,935	20,615	30,122	45,331	16,938	113,006	522,941
- Vehicles, plant and equipment	6,250	2,763	3,695	6,617	1,168	14,243	20,493
- Infrastructure	193,796	628	2,010	1,903	0	4,541	198,337
- Community assets	0	0	3,246	42	2,180	5,468	5,468
<b>Non-Operating Assets</b>							
Investment properties	7,296	1,282	22,854	8,530	4,737	37,403	44,699
Assets under construction	7,097	0	0	10,562	0	10,562	17,659
Surplus assets held for disposal	142	0	0	0	0	0	142
<b>Total Fixed Assets</b>	<b>634,829</b>	<b>26,033</b>	<b>61,927</b>	<b>320,970</b>	<b>27,194</b>	<b>436,124</b>	<b>1,070,953</b>
Long term debtors	20,206	192	1,276	1,647	98	3,213	23,419
Long Term Investments							
<b>Total Long Term Assets</b>	<b>655,035</b>	<b>26,225</b>	<b>63,203</b>	<b>322,617</b>	<b>27,292</b>	<b>439,337</b>	<b>1,094,372</b>
<b>Current Assets</b>							
Stocks and work in progress	230	212	189	289	0	690	920
Debtors	38,571	6,359	6,649	7,664	9,168	29,840	68,411
Temporary investments	56,549	14,548	24,925	0	1,352	40,825	97,374
Cash and Bank	24,884	80	1,700	6,761	0	8,541	33,425
<b>Total Assets</b>	<b>775,269</b>	<b>47,424</b>	<b>96,666</b>	<b>337,331</b>	<b>37,812</b>	<b>519,233</b>	<b>1,294,502</b>
<b>Current Liabilities</b>							
Creditors	(96,352)	(5,295)	(6,688)	(5,071)	(2,665)	(19,719)	(116,071)
Bank Overdraft	(15,229)	(1,178)	(223)	(99)	(3,763)	(5,263)	(20,492)
Long term loans maturing within 1 year	(5,130)	0	0	0	0	0	(5,130)
<b>Total Assets less Current Liabilities</b>	<b>658,558</b>	<b>40,951</b>	<b>89,755</b>	<b>332,161</b>	<b>31,384</b>	<b>494,251</b>	<b>1,152,809</b>
<b>Long Term Liabilities</b>							
Long Term creditor PFI	0	0	(8,593)	0	0	(8,593)	(8,593)
Provisions	(1,913)	0	0	0	(757)	(757)	(2,670)
Long Term Borrowing	(182,656)	0	(4,000)	0	0	(4,000)	(186,656)
Other long term creditors	(839)	0	0	(149)	0	(149)	(988)
Pension Fund Liability	(196,085)	(17,151)	(25,215)	(25,189)	(26,409)	(93,964)	(290,049)
Planning Deposits	0	0	0	(3,214)	(796)	(4,010)	(4,010)
Government Grants Deferred	(60,601)	0	(4,954)	(2,218)	(1,025)	(8,197)	(68,798)
Capital Contributions Deferred	(14,572)	(881)	0	0	0	(881)	(15,453)
Deferred Liability	0	0	0	(14)	(642)	(656)	(656)
<b>Total Assets less Liabilities</b>	<b>201,892</b>	<b>22,919</b>	<b>46,993</b>	<b>301,377</b>	<b>1,755</b>	<b>373,044</b>	<b>574,936</b>
<b>Financed by</b>							
Revaluation Reserve	(62,064)	0	(2,021)	(9,386)	0	(11,407)	(73,471)
Capital Adjustment Account	(284,475)	(24,588)	(49,861)	(302,188)	(27,229)	(403,866)	(688,341)
Useable Capital Receipts Reserve	(71)	(11,000)	(9,566)	(412)	(294)	(21,272)	(21,343)
Major Repairs Reserve	0	0	0	(1,144)	0	(1,144)	(1,144)
Financial Instruments Adjustment Account	2,885	0	725	0	0	725	3,610
Deferred Capital Receipts	0	(118)	(18)	(1,686)	(78)	(1,900)	(1,900)
Pension Reserve	196,085	17,151	25,215	25,189	26,409	93,964	290,049
General Fund Balance	(4,956)	(862)	(6,503)	(472)	(547)	(8,384)	(13,340)
Housing Revenue Account Balance	0	0	0	(10,942)	0	(10,942)	(10,942)
Earmarked Reserves	(49,296)	(3,220)	(3,551)	(321)	(148)	(7,240)	(56,536)
Collection Fund Adjustment Account	0	(282)	(1,413)	(15)	132	(1,578)	(1,578)
<b>Total Equity</b>	<b>(201,892)</b>	<b>(22,919)</b>	<b>(46,993)</b>	<b>(301,377)</b>	<b>(1,755)</b>	<b>(373,044)</b>	<b>(574,936)</b>

There are no discontinued operations in this year.

## Note 2 Exceptional items, extraordinary items and prior year adjustments

### Exceptional Items

The Council has incurred exceptional expenditure due to the costs of restructuring in the run up to local government reorganisation. During the year £9,019,000 was spent on the transition and transformation to one Council for Wiltshire. Of this, £7,104,000 related to severance costs incurred during the year.

### Summary of Prior Year adjustments

	WCC 31 March 2009 £000	Acquired Services (Districts) £000	Total including Acquired Services £000	PFI Adjustment £000	NNDR Adjustment £000	Collection Fund Adjustment £000	Total Other Prior Year Adjustments £000	Restated Balance Sheet 31 March 2009 £000
<b>Fixed Assets</b>								
<b>Intangible Assets</b>	10,313	1,078	11,391				0	11,391
<b>Operational assets</b>								
- Council dwellings & garages	0	249,823	249,823				0	249,823
- Operational properties and land	409,935	113,006	522,941	54,564			54,564	577,505
- Vehicles, plant and equipment	6,250	14,243	20,493				0	20,493
- Infrastructure	193,796	4,541	198,337				0	198,337
- Community assets	0	5,468	5,468				0	5,468
<b>Non-Operating Assets</b>								
Investment properties	7,296	37,403	44,699				0	44,699
Assets under construction	7,097	10,562	17,659				0	17,659
Surplus assets held for disposal	142	0	142				0	142
<b>Total Fixed Assets</b>	<b>634,829</b>	<b>436,124</b>	<b>1,070,953</b>	<b>54,564</b>	<b>0</b>	<b>0</b>	<b>54,564</b>	<b>1,125,517</b>
Long term debtors	20,206	3,213	23,419	(20,975)			(20,975)	2,444
Long Term Investments	0	0	0				0	0
<b>Total Long Term Assets</b>	<b>655,035</b>	<b>439,337</b>	<b>1,094,372</b>	<b>33,589</b>	<b>0</b>	<b>0</b>	<b>33,589</b>	<b>1,127,961</b>
<b>Current Assets</b>								
Stocks and work in progress	230	690	920				0	920
Debtors	38,571	29,840	68,411		(4,744)	(1,280)	(6,024)	62,387
Temporary investments	56,549	40,825	97,374				0	97,374
Cash and Bank	24,884	8,541	33,425				0	33,425
<b>Total Assets</b>	<b>775,269</b>	<b>519,233</b>	<b>1,294,502</b>	<b>33,589</b>	<b>(4,744)</b>	<b>(1,280)</b>	<b>27,565</b>	<b>1,322,067</b>
<b>Current Liabilities</b>								
Creditors	(96,352)	(19,719)	(116,071)		4,744	475	5,219	(110,852)
Bank Overdraft	(15,229)	(5,263)	(20,492)				0	(20,492)
Long term loans maturing within 1 year	(5,130)	0	(5,130)				0	(5,130)
<b>Total Assets less Current Liabilities</b>	<b>658,558</b>	<b>494,251</b>	<b>1,152,809</b>	<b>33,589</b>	<b>0</b>	<b>(805)</b>	<b>32,784</b>	<b>1,185,593</b>
<b>Long Term Liabilities</b>								
Long Term creditor PFI	0	(8,593)	(8,593)	(32,058)			(32,058)	(40,651)
Provisions	(1,913)	(757)	(2,670)				0	(2,670)
Long Term Borrowing	(182,656)	(4,000)	(186,656)				0	(186,656)
Other long term creditors	(839)	(149)	(988)				0	(988)
Pension Fund Liability	(196,085)	(93,964)	(290,049)				0	(290,049)
Planning Deposits	0	(4,010)	(4,010)				0	(4,010)
Government Grants Deferred	(60,601)	(8,197)	(68,798)	(6,536)			(6,536)	(75,334)
Capital Contributions Deferred	(14,572)	(881)	(15,453)				0	(15,453)
Deferred Liability	0	(656)	(656)				0	(656)
<b>Total Assets less Liabilities</b>	<b>201,892</b>	<b>373,044</b>	<b>574,936</b>	<b>(5,005)</b>	<b>0</b>	<b>(805)</b>	<b>(5,810)</b>	<b>569,126</b>
<b>Financed by</b>								
Revaluation Reserve	(62,064)	(11,407)	(73,471)	(19,806)			(19,806)	(93,277)
Capital Adjustment Account	(284,475)	(403,866)	(688,341)	24,811			24,811	(663,530)
Useable Capital Receipts Reserve	(71)	(21,272)	(21,343)				0	(21,343)
Major Repairs Reserve	0	(1,144)	(1,144)				0	(1,144)
Financial Instruments Adjustment Account	2,885	725	3,610				0	3,610
Deferred Capital Receipts	0	(1,900)	(1,900)				0	(1,900)
Pension Reserve	196,085	93,964	290,049				0	290,049
General Fund Balance	(4,956)	(8,384)	(13,340)				0	(13,340)
Housing Revenue Account Balance	0	(10,942)	(10,942)				0	(10,942)
Earmarked Reserves	(49,296)	(7,240)	(56,536)				0	(56,536)
Collection Fund Adjustment Account	0	(1,578)	(1,578)			805	805	(773)
<b>Total Equity</b>	<b>(201,892)</b>	<b>(373,044)</b>	<b>(574,936)</b>	<b>5,005</b>	<b>0</b>	<b>805</b>	<b>5,810</b>	<b>(569,126)</b>

### Prior Year Adjustments - PFI

Following changes to the Code of Practice of Local Authority Accounting for 2009/2010, the assets provided under the council's PFI contracts have been brought onto the Council's balance sheet. The recognition of these fixed assets have been balanced by the recognition of a liability due to the scheme operator over the course of the contract. The adjustments are summarised in the above table. More details of the PFI schemes are included in note 21 to the accounts.

**Prior Year Adjustments – NNDR**

Following changes to the Code of Practice of Local Authority Accounting for 2009/2010, as a billing authority, the Council no longer recognises NNDR debtors in the balance sheet. Instead, it recognises a creditor for cash collected from NNDR debtors not yet paid to the Government at the balance sheet date. The adjustments are summarised in the above table.

**Prior Year Adjustments – Collection Fund**

Following changes to the Code of Practice of Local Authority Accounting for 2009/2010, the Council prepares its accounts as the major precepting agent with a requirement to include appropriate shares of the council tax debtors in both the Wiltshire balance sheet and the balance sheet of the major preceptors (police and fire). The adjustments are summarised in the above table.

**Note 3 Long-term contracts**

The Council has 2 current PFI schemes – North Wilts Schools PFI (inc 6<sup>th</sup> form units) and Monkton Park offices. Further details of these schemes are found in note 21.

**Note 4 Significant trading services**

The Council ran no significant trading services during the year.

**Note 5 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 6 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 2009/2010.

	2009/2010 Wiltshire Council £000	2008/2009 Total £000
<b>On Street Parking</b>		
Expenditure During the Year	1,398	1,478
Income During the Year	(1,492)	(1,438)
Movement in Year	<u>(94)</u>	<u>40</u>

**Note 7 Partnerships Schemes under S31 Health Act****Joint Procurement Arrangement**

An agreement between Primary Care Trusts and Wiltshire County Council established a joint arrangement in 2004/05 in relation to aids and adaptations. The objectives of this joint arrangement are 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 Services (Department of Children & Education and Department of Community Services) in the use of aids and adaptations.

Although this is a joint arrangement it is not a pooled budget with each party (Wiltshire PCT, DCS and DCE) being financially responsible for the funding of equipment costs associated with their client group.

The PCTs merged on 1 October 2006 and a new S31 agreement exists, replacing the three separate S31 agreements, these are varied on an annual basis to reflect any changes within the arrangements. The budget is administered by Wiltshire Council (previously Wiltshire County Council) on behalf of the Wiltshire PCT.

Wiltshire Council expended £1.026 million in 2009/10 (split between DCS £0.842 million and DCE £0.184 million), with Wiltshire PCT expenditure of £1.558 million, towards a total joint arrangement spend of £2.584 million.

### Intermediate Care

In 2006/07 an Intermediate Care S31 Agreement was put in place from 1<sup>st</sup> April 2006 with regards to Community Support Workers with the Primary Care Trust. This is not based upon a monetary contribution, but a number of staff to work with health in a joint arrangement capacity. In 2009/10 the value of this provision was £0.665 million, a decrease from £0.881 million in 2008/2009. This difference is due mainly to a proportion of the budget being allocated differently in 2009/10.

### Care in the Community

In previous financial years, A Care in the Community Joint Funded Placements with the Primary Care Trust (PCT) agreement existed for Learning Disability clients – the value of this agreement in 2008/2009 was £8.051m.

For the 2009/2010 financial year, this arrangement was superseded by the “Transfer of the Responsibility for the Commissioning of Social Care for Adults with a Learning Disability from the NHS to Local Government” under Valuing People Now proposals. A transitional arrangement exists for the first two years and from 2011/2012 this agreement will see an as yet to be determined amount transfer into WC core funding.

### Note 8 General Government Grants

The Council received the following General Government Grants in 2009/2010.

	2009/2010 £000	2008/2009 £000
Revenue Support Grant	(18,899)	(8,474)
Area Based Grant	(19,391)	(18,203)
Other General Government Grants	(575)	0
Total	<u>(38,865)</u>	<u>(26,677)</u>

Revenue Support Grant is received from central government on the basis of the Council’s relative needs formula.

Area Based Grant (ABG) is a non-ring fenced grant from central government.

### Note 9 Members’ Allowances

The total allowances paid to elected members during 2009/10 were £1.459 million (2008/09 Wiltshire County Council £0.731 million and Acquired Services £1.158 million).

**Note 10 Senior Staff Remuneration**

The Council is required to disclose the number of staff who received taxable remuneration from Wiltshire Council in excess of £50,000 for the year.

Remuneration Band £	2009/2010	2009/2010	2008/2009	2008/2009	2008/2009
	Wiltshire Council No. Employees	Wiltshire Council No. Redundancies	Wiltshire County Council No. Employees	Acquired Services No. Employees	Total No. Employees
50,000-54,999	142	8	118	9	127
55,000-59,999	87	6	64	5	69
60,000-64,999	39	4	32	7	39
65,000-69,999	18	2	14	2	16
70,000-74,999	17	2	9	1	10
75,000-79,999	17	4	7	1	8
80,000-84,999	14	4	12	3	15
85,000-89,999	15	4	3	4	7
90,000-94,999	4	3	6	2	8
95,000-99,999	3	2	3	1	4
100,000-104,999	5	2	1	2	3
105,000-109,999	1	1	1	1	2
110,000-114,999	1	0	0	1	1
115,000-119,999	2	1	0	1	1
120,000-124,999	0	0	2	1	3
125,000-129,999	2	0	1	0	1
130,000-134,999	1	0	1	1	2
135,000-139,999	1	1	1	2	3
140,000-144,999	0	0	0	1	1
145,000-149,999	0	0	0	0	0
150,000-154,999	1	1	0	1	1
155,000-159,999	0	0	0	0	0
160,000-164,999	0	0	1	0	1
165,000-169,999	0	0	0	0	0
170,000-174,999	0	0	0	0	0
175,000-179,999	0	0	0	2	2
180,000-184,999	0	0	0	0	0
185,000-189,999	0	0	1	1	2
190,000-194,999	0	0	0	1	1
195,999-199,999	0	0	0	1	1
200,000-204,999	1	1	0	0	0
<b>Other bands:</b>					
250,000-254,999	0	0	1	0	1
460,000-464,999	1	1	0	0	0
<b>TOTAL</b>	<b>372</b>	<b>47</b>	<b>278</b>	<b>51</b>	<b>329</b>

**Notes:**

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

The Council terminated the employment of 94 employees in 2009/2010 who became entitled to termination payments.

The salary scale point of 38 of these employees was below £50,000 but their termination payments bring them into the reporting range for 2009/2010.

The salary scale point of a further 9 of these 94 employees exceeded the £50,000 threshold.

All 47 employees made redundant are included in the 2009/2010 Number of Employees column.

**2009/2010 Remuneration for Senior Employees - Salary is £150,000 or more 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 2009/10 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2009/10 £
Chief Executive (subnote A) K Robinson	138,758	0	2,612	322,648	0	464,018	20,814	484,832
Chief Executive (subnote A) A Kerr	25,598	0	583	0	0	26,181	3,840	30,021
	164,356	0	3,195	322,648	0	490,199	24,654	514,853

**Subnote A:**

K Robinson left Wiltshire Council on 9 February 2010. The 2009/10 annualised salary was £161,324.

A Kerr replaced K Robinson on 10 February 2010 at an annualised salary of £183,000.

**2008/2009 Remuneration for Senior Employees - Salary is £150,000 or more 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 2009/09 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2009/09 £
Chief Executive K Robinson	161,324	0	2,250	0	0	163,574	24,521	188,095
	161,324	0	2,250	0	0	163,574	24,521	188,095

**2009/2010 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 2009/10 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2009/10 £
Director Community Services	130,556	0	270	0	0	130,826	19,584	150,410
Director of Resources	126,512	0	1,005	0	0	127,517	18,977	146,494
Director Children and Education	126,512	0	480	0	0	126,992	18,977	145,969
Director of Transport, Environment & Leisure (subnote B)	126,512	0	8,147	66,905	0	201,564	355,732	558,296
Director Economic Development Planning Housing	118,433	0	61	0	0	118,494	17,765	136,259
Head of Finance (Wiltshire County Council) (subnote C)	40,290	0	668	47,168	0	88,126	245,027	333,153
Head of Finance (Wiltshire Council)	82,403	0	0	0	0	82,403	12,360	94,763
Director Legal Services and Democratic Representation	82,403	0	0	0	0	82,403	12,360	94,763
Solicitor to Wiltshire County Council (subnote D)	37,852	0	218	44,547	0	82,617	308,121	390,738
	871,473	0	10,849	158,620	0	1,040,942	1,009,903	2,050,845

**Subnote B:**

The Director of Transport, Environment &amp; Leisure left Wiltshire Council on 31 March 2010.

**Subnote C:**

The Head of Finance (Wiltshire County Council) left Wiltshire Council on 31 August 2009. The annualised salary was £90,842.

**Subnote D:**

The Solicitor to Wiltshire County Council left Wiltshire Council on 31 August 2009. The annualised salary was £90,842. The post was replaced by The Director of Legal Services &amp; Democratic Representation from 1 April 2009.

**2008/2009 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 2008/09 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2008/09 £
Director Community Services	130,556	0	67	0	0	130,623	19,844	150,467
Director of Resources	122,477	0	1,940	0	0	124,417	18,616	143,033
Director Children and Education	122,477	0	1,348	0	0	123,825	18,616	142,441
Director of Transport and Environment	122,477	0	7,490	0	0	129,967	18,616	148,583
Head of Finance (Wiltshire County Council)	88,030	0	994	0	0	89,024	13,381	102,405
Head of Finance (Wiltshire Council) (subnote E)	19,715	0	0	0	0	19,715	2,997	22,712
Solicitor to Wiltshire County Council	90,842	0	0	0	1,211	92,053	13,808	105,861
	696,574	0	11,839	0	1,211	709,624	105,878	815,502

**Subnote E:**

The incoming new Head of Finance for Wiltshire Council commenced work for Wiltshire County Council on 5 January 2009 at an annualised salary of £82,403.

**Note 11 Related Party Transactions**

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

**Central government** has effective control over our general operations – it is responsible for providing the statutory framework within which we operate, provides the majority of our funding in the form of grants and prescribes the terms of many of the transactions that we have with other parties.

**Members of the Council** have direct control over the Council's financial and operating policies. 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.

**Pension fund** – during the financial year the pension fund had an average balance of £2.8 million of surplus cash invested by the council. The council paid the fund a total for interest of £12K on these deposits. The council charged the fund £1.022 million for expenses incurred in administering the fund.

During 2009/10 various Wiltshire Council Councillors were also members of parish or town councils, police bodies and other bodies. Significant payments made to these bodies by Wiltshire Council are listed below:

	2009/10 £000	2008/09 £000
Age Concern	0	414
Amesbury Town Council	0	2
Care Limited	0	782
Calne Leisure Centre	76	0
Calne Town Council	113	0
Chippenham Town Council	87	0
Community First	0	464
Devizes Town Council	72	105
Environment Agency	599	0
Jephson Housing Association	1,108	0
Kennet District Council	0	991
Lady Margaret Hungerford Charities	22	0
Local Government Association	0	66
Marlborough Town Council	51	0
North Wilts & Devizes Portage Service	0	75
North Wiltshire District Council	0	564
North Wilts Housing Association	0	469
Salisbury and South Wiltshire Museum	0	32
Salisbury City Council	641	0
Salisbury Diocesan Board of Education	0	116
Salisbury District Community Transport Project	0	50
Salisbury District Council	0	746
Salisbury NHS Trust	263	0
Salisbury Park and Ride	0	29
Salisbury Playhouse	156	25
Selwood Housing Association	14,105	0
The Health Advocacy Partnership	0	208
Tidworth Development Trust	0	71
Trowbridge Town Council	210	81
Westlea Housing Association	14,376	0
West Wiltshire District Council	0	835
West Wiltshire Housing Society Limited	0	903
Wiltshire Archaeology and Natural History	0	19
Wiltshire Blind Association	29	0
Wiltshire County Branch - UNISON	0	162
Wiltshire and Swindon Fire Authority	24	112
Wiltshire Pension Fund	0	137
Wiltshire Police Authority	1,191	1,291
Wiltshire Wildlife Trust	633	347
Wootton Bassett Town Council	93	0
<b>Total</b>	<b>33,849</b>	<b>9,096</b>

**Note 12 Audit Fees**

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

	2009/2010 £000	2008/2009 Wiltshire County Council £000	Acquired Services (Districts) £000	Total including Acquired Services £000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	436	210	401	611
Fees payable to the Audit Commission in respect of statutory inspection	0	15	8	23
Fees payable to the Audit Commission for certification of grant claims and returns	80	13	122	135
Fees payable to the Audit Commission for other services	0	0	(1)	(1)
<b>Total</b>	<b>516</b>	<b>238</b>	<b>530</b>	<b>768</b>

**Note 13 is for Wales only and so is not applicable to Wiltshire Council.**

This note heading is retained only to achieve consistency of numbering with the statement of recommended practice.

**Note 14 The Statement of Movement on the General Fund Balance**

For ease of reference, this has been included with the Income and Expenditure Account earlier in the accounts.

**Note 15 Statutory adjustment to income & expenditure account**

For ease of reference, this has been included with the Income and Expenditure Account earlier in the accounts.

**Note 16 Summary of Capital expenditure and Sources of Finance  
Movement of Fixed Assets 2009/2010**

	Intangible Assets (See note 30) £000	Council Dwellings & Garages £000	Operational Properties & Land £000	Vehicles, Plant and Equipment £000	Infra-structure £000	Community Assets £000	Non-Operational Assets (See below) £000	Total £000
<b>Cost or Valuation</b>								
At 1 April 2009	10,329	0	425,505	17,956	222,726	0	14,774	691,290
Total Acquired Services	1,857	296,557	120,679	17,316	4,578	5,567	55,594	502,148
Prior year adjustment	0	0	54,564	0	0	0	0	54,564
Revised Opening Balance	12,186	296,557	600,748	35,272	227,304	5,567	70,368	1,248,002
Additions	1,165	4,459	16,871	4,651	8,289	0	55,237	90,672
Disposals	0	(206)	(7,229)	(131)	0	(10)	(3,078)	(10,654)
Revaluations	0	0	13,928	0	0	0	185	14,113
Category Adjustments	0	0	603	0	0	0	(603)	0
At 31 March 2010	13,351	300,810	624,921	39,792	235,593	5,557	122,109	1,342,133
<b>Depreciation and Impairments</b>								
At 1 April 2009	(16)	0	(15,570)	(11,706)	(28,930)	0	(239)	(56,461)
Total Acquired Services	(779)	(46,734)	(7,673)	(3,073)	(37)	(99)	(7,629)	(66,024)
Revised Opening Balance	(795)	(46,734)	(23,243)	(14,779)	(28,967)	(99)	(7,868)	(122,485)
Depreciation/Amortisation	(3,239)	(8,513)	(18,099)	(7,505)	(4,293)	0	0	(41,649)
Impairments	0	32	(39,041)	(12)	0	0	0	(39,021)
Disposals	0	0	0	0	0	0	0	0
Category Adjustments	0	0	0	0	0	0	0	0
At 31 March 2010	(4,034)	(55,215)	(80,383)	(22,296)	(33,260)	(99)	(7,868)	(203,155)
Net Book Value at 31 March 2010	9,317	245,595	544,538	17,496	202,333	5,458	114,241	1,138,978
Net Book Value at 31 March 2009	10,313	0	409,935	6,250	193,796	0	14,535	634,829
Revised Opening Net Book Value	11,391	249,823	577,505	20,493	198,337	5,468	62,500	1,125,517

Non-Operational Assets	Investment Properties £000	Assets under Construction £000	Surplus assets held for disposal £000	Total £000
Original book value	7,470	7,097	207	14,774
Accumulated Depreciation to 1 April 2009	(174)	0	(65)	(239)
Net Book Value 1 April 2009	7,296	7,097	142	14,535
Total Aquired Services	37,403	10,562	0	47,965
Revised Opening Balance	44,699	17,659	142	62,500
Additions in Year	19	55,218	0	55,237
Disposals	(3,012)	0	(66)	(3,078)
Revaluations	185	0	0	185
Depreciation	0	0	0	0
Impairments	0	0	0	0
Category Adjustments	0	(603)	0	(603)
Balance at 31 March 2010	41,891	72,274	76	114,241

**Financing of Capital Expenditure**

Below is the financing of the year's capital expenditure on fixed assets and revenue expenditure funded from capital under statute:

	31 March 2010		31 March 2009	
	£000	£000	£000	£000
<b>Opening Capital Financing Requirement</b>		<b>235,798</b>		203,424
Prior Year Adjustment - PFI	<b>53,033</b>			
<b>Capital Investment</b>				
Operational Assets	<b>35,435</b>		39,061	
Non-Operational Assets	<b>55,237</b>		18,066	
Assets Written-Off	<b>0</b>		7,184	
Revenue Expenditure Funded from Capital under Statute	<b>16,652</b>		7,381	
		<b>160,357</b>		71,692
<b>Sources of Finance</b>				
Government Grants and Other Contributions	<b>(57,641)</b>		(27,688)	
Capital Receipts	<b>(23,217)</b>		(1,423)	
Transfer from Capital Reserve	<b>(4,663)</b>		(2,456)	
Assets purchased through Revenue	<b>(84)</b>		(795)	
Minimum Revenue Provision	<b>(9,314)</b>		(7,853)	
Voluntary Revenue Provision	<b>(900)</b>		(994)	
Minimum Revenue Provision - PFI Schemes	<b>(790)</b>		0	
Opening Restatement	<b>0</b>		1,891	
		<b>(96,609)</b>		(39,318)
<b>Closing Capital Financing Requirement</b>		<b>299,546</b>		<b>235,798</b>
<b>Explanation of Movements in the Year</b>				
Increase / (decrease) in underlying need to borrow		<b>11,505</b>		32,374
Effect of bringing the PFI into the balance sheet		<b>52,243</b>		0
		<b>63,748</b>		<b>32,374</b>
Increase / (decrease) in Capital Financing Requirement		<b>63,748</b>		<b>32,374</b>

**Note 17 Capital Commitments**

The following table shows the Council's significant commitments under capital contracts contracted to be paid after 31 March 2010.

Description	2009/2010	2008/2009
	£000	£000
Melksham Oak School	1,334	12,602
Other School construction projects	2,942	1,249
Wellington Academy	23,847	0
Highways	10,667	11,574
Workplace Transformation Programme	5,909	0
Shrewton Primary School	0	1,133
SAP licenses and development	0	1,600
SDC - Bourne Hill new offices project	0	12,000
NWDC - Calne Phelps Parade Project	0	878
NWDC - Affordable Housing	0	455
WWDC - Chapmanslade Sewerage scheme	0	440
<b>Total</b>	<b>44,699</b>	<b>41,931</b>

**Note 18 Further information on the composition of assets included in the Balance Sheet**

This statement indicates the broad categories and approximate number of fixed assets held on the asset register owned by Wiltshire Council.

**Council Dwellings include:**

5372 HRA Properties, 1233 HRA Garages

**General Properties include:**

22 Office Buildings  
30 Hostels, Respite Units, & Residential Homes  
46 Public Conveniences & Sewage Treatment Works  
2 Household Waste & Recycling Centres  
63 Car Parks  
20 Leisure Centres & Swimming Pools  
13 Cemetery Buildings  
14 Depots and Workshops  
319 Primary Schools Buildings & Mobiles  
114 Secondary Schools Buildings & Mobiles  
37 Special School Buildings & Mobiles  
17 Library Buildings  
72 Farm Buildings  
8 Allotment Sites  
50 Arts, Training, Youth & Community Centre Buildings  
15 Pavilion Buildings

**Vehicles and Equipment includes:**

80 Waste Collection/Waste Disposal Vehicles	IT Equipment
26 Winter Service Vehicles	Gym Equipment
41 Minibuses & Schools Vehicles	CCTV Equipment
22 Street Cleansing Vehicles	Play Area Equipment
111 Other Vehicles	Refuse & Recycling Plant

**Infrastructure items include:**

County Roads and Highways  
Pumping Stations  
Flood Drainage Assets  
Footpaths and Streetlights  
Motorways or trunk roads are not held as these are maintained by the Highways Agency.

**Community Assets include:**

64 Parks, Playing Fields, and Open Spaces	Poultry Cross
8 Cemeteries	War Memorial

**Non operational property – Investment properties:**

128 Commercial Properties, Land and Garages held for their rental income

**Assets under construction include the following ongoing projects:**

Melksham Oak Secondary School	Wellington Academy
Petersfinger Park and Ride Scheme	Malmesbury Primary School
Bourne Hill Office Centralisation Scheme	New Highbury Primary School
Salisbury Vision Market Place Refurbishment	
178 Highways Projects and 26 DCE Projects	

**Foundation Schools**

The School Standards and Framework Act 1998 changed the status of Grant Maintained schools to Foundation Schools maintained by the Local Education Authority. The change for funding purposes took effect from 1 April 1999. Fixed Assets and Long Term Liabilities remain vested in the Governing Bodies of individual foundation schools and therefore values and amounts have not been consolidated in this balance sheet. In this authority's area there are 23 foundation schools.

**Note 19 Leasing****Finance Leases**

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

Rentals paid in 2009/2010 and future obligations in respect of finance leases are listed below:

	<b>Principal</b>	<b>Interest</b>
	<b>£000</b>	<b>£000</b>
Amounts payable in 2010/11	30	43
Amounts payable between 2011/12 and 2014/15	120	171
Amounts payable in 2015/16 and after	471	916
	<b>621</b>	<b>1,130</b>
Asset Class		
Land and Buildings	<b>621</b>	<b>1,130</b>

<b>Finance Lease payments in 2009/10</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Land and Buildings	30	43	73

**Operating leases**

An operating lease is a lease that is not a finance lease (see above) and include vehicles and gas central heating equipment. Rentals paid in respect of operating leases and future obligations for operating leases are listed below:

<b>Operating Lease payments in 2009/10</b>	<b>2009/2010</b>
	<b>£000</b>
Plant, vehicles and equipment	964

<b>Operating lease payments due in 2010/11</b>	<b>2010/2011</b>
	<b>£000</b>
Amounts payable where lease expires in 2010/11	175
Amounts payable where lease expires between 2011/12 to 2014/15	1,133
Amounts payable where lease expires in 2015/16 or after	10
	<b>1,318</b>
Asset Class	
Plant, vehicles and equipment	<b>1,318</b>

**Note 20 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 21 PFI arrangements****North Wiltshire Schools PFI & additional 6<sup>th</sup> form units.****Introduction**

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

**Accounting treatment**

Under the previous accounting arrangements this scheme was considered an 'off' balance sheet' PFI as the Wiltshire County Council PFI agreement was felt to transfer the balance of risk and reward of ownership of the schools to the PFI operator. This meant the assets and liabilities of the scheme were not recorded on the WCC balance sheet. Under SORP 2009 in readiness for the transition to IFRS this PFI is now regarded to be an 'on balance sheet' PFI. Therefore prior year adjustments have been made to the accounts to reflect this change and changes have been made to the 2009/2010 income & expenditure and balance sheet to recognise the new assets and liabilities of the PFI scheme on the balance sheet.

Prior to 2009/2010 the PFI payments were wholly recorded as an operating expense within the net cost of services in the Income and Expenditure Account, for 09/10 an estimate of the amount of this charge 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 MRP 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 £38.6 million. It is the Council's policy to appropriate any surplus of PFI credits to an earmarked PFI sinking fund reserve. The amount of Government funds required to support the PFI contract for a particular year is then appropriated back to the revenue account.

**Capital contributions**

Under the new SORP 2009 these contributions to the PFI that were retained in the Council's Balance Sheet as a prepayment and amortised to revenue in equal instalments over the life of the project have been written off to reduce the value of the outstanding liability.

The amounts incorporated into the liability comprised the following contributions;

Land owned by the authority at the three schools valued at £9.6 million has been leased to WHEP as part of the contract. A capital contribution of £2.2 million was made to the project by way of a cash payment in 2001/2002 and a further payment of £4.5 million in 2005/2006 when the surplus land at Malmesbury School was sold.

**Fair value of asset at end of PFI term**

Under the new SORP 2009 the residual interest asset that was being built up in the Balance Sheet as a long term debtor in equal instalments over the life of the PFI has also been written off to reduce the value of the outstanding liability. This transaction was undertaken to reflect the expected fair value of the assets that will transfer to the Council at the end of the PFI contract, now the assets are recognised fully in the 09/10 accounts this treatment is redundant.

**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.

As at 31 March 2009 payments totalling £36.9 million have been made to the PFI contractor. The future estimated payments the Council will make under the contract are as follows:

<b>Period</b>	<b>2009/2010 £000</b>	<b>2008/2009 £000</b>
Within 1-5 years	28,900	28,600
Within 6-10 years	30,900	30,500
Within 11-15 years	33,100	32,700
Within 16-20 years	35,600	35,100
Within 21-25 years	15,200	22,300
<b>Total</b>	<b>143,700</b>	<b>149,200</b>

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

**Monkton Park Offices 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**

Under the provisions of the SORP 2009 most PFI schemes were to be brought 'on balance sheet'. This scheme was already largely being treated as 'on balance sheet' so there were less changes to be made to restate this scheme. The assets and liabilities of this scheme were already reflected in the balance sheet.

As part of the contract the council transferred ownership of three offices to the contractor at a value of £1.05m, these were being treated as a long term debtor in the accounts that was being amortised to revenue over the 25 years. This treatment has changed and the debtor has been written off to reduce the value of the outstanding liability.

**Income and Expenditure**

The unitary charge (reduced for the share of the finance lease repayment) is payable to the net cost of services and increases over the life of the contract in line with the retail price index, the grant received towards this payment is now a fixed sum. A reserve has been set up to smooth this increase in charges over the contract term.

The payments under the unitary charge over the remaining years for the contract are assessed as follows;

<b>Period</b>	<b>2009/2010 £000</b>	<b>2008/2009 £000</b>
Within 1-5 years	10,410	10,031
Within 6-10 years	12,380	11,914
Within 11-15 years	14,710	14,150
Within 16-20 years	6,630	9,735
Within 21-25 years	0	0
<b>Total</b>	<b>44,130</b>	<b>45,830</b>

**Note 22 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, Bruton Knowles, Chartered Surveyors.

All County Farms are revalued every 4 years by an external valuer. In 2008/09 Smiths Gore, Chartered Surveyors carried out this revaluation.

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

The external valuers certified a value of £87.030m for the value of the assets revalued as part of the rolling programme.

As part of the rolling programme of valuations the work carried out during 09/10 does not cover all of the authorities land and building assets. The authority is not aware of any material change in the value of the remaining assets. A full revaluation of all operational and non-operational land and buildings will be undertaken in 2010/2011.

The following table shows the split of valuations

	Intangible Assets	Council Dwellings & Garages	Operational Properties & Land	Vehicles, Plant and Equipment	Infra-structure	Community Assets	Non-Operational Assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valued at historical cost	9,317	0	3,531	17,496	202,333	5,458	58,793	296,928
Valued at current value in:								
2009/2010	0	0	101,595	0	0	0	0	101,595
2008/2009	0	243,571	157,822	0	0	0	31,478	432,871
2007/2008	0	2,024	105,023	0	0	0	3,533	110,580
2006/2007 and Previous years	0	0	176,566	0	0	0	20,438	197,004
Book Value at 31 March 2010	9,317	245,595	544,537	17,496	202,333	5,458	114,242	1,138,978

**Note 23 Information about Depreciation Methodologies**

All depreciation applied is on a straight line basis using the following useful lives, unless the asset life is reviewed;

- 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. Land is not depreciated;
- Vehicles, Plant etc. These are depreciated over 5 years;
- 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 fixed assets for 2009/2010 is £38,409,786. This is added to the amortisation of intangible assets of £3,239,083 to give total depreciation/ amortisation for year of £41,648,868 shown in note 16.

**Note 24 Changes in Depreciation Methodologies**

Due to the Local Government Reorganisation the depreciation methodologies of the 5 former councils have been merged and amended. The details of the current methodology can be found in note 23.

**Note 25 Intangible Fixed assets**

The intangible assets held by Wiltshire Council include the Corporate Management Information System software and other software packages. A breakdown is below.

	Purchased Software Licences £000
Original book value	10,329
Amortisations to 1 April 2009	(16)
Net Book Value 1 April 2009	10,313
Total Acquired Services	1,078
Balance at 1 April 2009	11,391
Expenditure in Year	1,165
Amortisations in Year	(3,239)
Impairments	0
Balance at 31 March 2010	9,317

**Note 26 Information about Amortisation**

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

The total amortisation charged for the assets for 2009/2010 is £3,239,083.

**Note 27 Net Assets Employed**

The net assets employed by the Council are analysed below:

	2009/2010 Wiltshire Council £000	2008/2009 Wiltshire County Council £000	Acquired Services (Districts) £000	Other Prior year Adjustments £000	Total including Acquired Services £000
General Fund	56,142	(201,892)	(109,999)	5,810	(306,081)
Housing Revenue Account	(260,278)	0	(263,045)	0	(263,045)
Total	<u>(204,136)</u>	<u>(201,892)</u>	<u>(373,044)</u>	5,810	<u>(569,126)</u>

The overall net asset position reflects the assets and liabilities used in the council. The main reason for the balance on the general fund is the movement in the pension liability which is required under the SORP. Further information on the movement in the year is included in the note relating to the statement of total recognised gains and losses.

**Note 28 Related Companies**

The Council has no interest in any related, subsidiary or associated companies.

**Note 29 Insurance Provisions**

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 2009/10 is made up of 13 claims totalling £0.200 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 £7,500 is used.

The 13 claims consisted of a mixture of Public and Employers Liability claims and own Property claims.

The Authority self insures with the Council meeting the first £0.1 million of each employers and public liability claim and between £0.1 million and £0.250 million for own property claims. There are other risks the Authority does not insure against and these include, for example, computer breakdown and loss of computer data, employment practices.

### Note 30 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.

Provision	Purpose	2008/2009	Acquired	Total including	Movement	2009/2010
		Wiltshire County Council	Services (Districts)	Acquired Services	in 2009/2010	Wiltshire Council
		£000	£000	£000	£000	£000
S.117 Mental Health Act 1983	Reimbursement of contribution fee	(64)	0	(64)	64	0
Accounting & Budget Support Trading	To offset future loss of income due to school closures	(54)	0	(54)	54	0
Malmesbury YDC - lease provision	To cover dilapidations on 25 year lease	(60)	0	(60)	0	(60)
Marlborough YC	Provision for joint use of premises with DCS	(60)	0	(60)	0	(60)
Connexions	To cover dilapidations at various premises, variations in grant levels, restructure costs	(244)	0	(244)	244	0
Substance Misuse	TUPE costs for AWP FLUX	(58)	0	(58)	58	0
Transformation Fund	Provision to provide capacity for DCE reorganisation	(30)	0	(30)	30	0
Voice & Influence	To provide continuation of Positive Engagement Activities service	(180)	0	(180)	60	(120)
Udinton	Maintenance of building and specialist fees for feasibility study for new Conference Centre	(20)	0	(20)	20	0
Calne Northern Distributor Road Compensation Claims	Compensation to be paid to owners following construction of Calne Northern Distributor Road	(650)	0	(650)	0	(650)
Insurance Claims	See Note 29 on Insurance Provisions	(166)	0	(166)	(35)	(201)
Payroll	Payment to software supplier in dispute	(207)	0	(207)	142	(65)
Magistrates Courts	Awaiting decision from Lord Chancellor's Dept	(85)	0	(85)	0	(85)
ESD Legal Costs	To provide for potential legal costs for various reasons	0	0	0	(100)	(100)
Spatial Planning	To provide for potential increases in expenditure dependent upon progress of local plans	0	0	0	(514)	(514)
Other Provisions	Various provisions of small value	(35)	0	(35)	35	0
Vitesse	To provide against potential court costs arising from a business rates arrears court case	0	0	0	(203)	(203)
Community Sports Network	ex WADC provision in relation to sports development	0	(17)	(17)	17	0
Pay Reform/Single Status	To provide against possible claims by employees for arrears of pay under equal pay legislation	0	(610)	(610)	(469)	(1,079)
Historic Buildings	To provide for repairs to historic buildings	0	(19)	(19)	(4)	(23)
Rent Deposits	Rent deposits held which may be payable to landlords upon tenancy expiry	0	(79)	(79)	(28)	(107)
Homelessness Court Desk	To provide for a homelessness court desk for Trowbridge Court	0	(5)	(5)	0	(5)
Village Halls	To provide for costs in relation to the building of village halls	0	(27)	(27)	0	(27)
<b>Total</b>		<b>(1,913)</b>	<b>(757)</b>	<b>(2,670)</b>	<b>(629)</b>	<b>(3,299)</b>

**Note 31 Reserves**

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.

Reserve	Note	Wiltshire CC Balance at 01/04/2009 £000	Acquired Services (Districts) £000	Other Prior year Adjustments £000	Total including Acquired Services £000	Movements In Year £000	Wiltshire Council Balance at 31/03/2010 £000	Purpose of Reserve
Revaluation Reserve	53	(62,064)	(11,407)	(19,806)	(93,277)	(10,797)	(104,074)	Store of gains on revaluation of fixed assets not yet realised by sales
Capital Adjustment Account	54	(284,475)	(403,866)	24,811	(663,530)	58,704	(604,826)	Store of capital resources set aside to meet past expenditure
Useable Capital Receipts	55	(71)	(21,272)	0	(21,343)	18,327	(3,016)	Proceeds of fixed assets sales available to meet future capital investment
Major Repairs Reserve	56	0	(1,144)	0	(1,144)	512	(632)	Resources available to meet capital investment in council houses
Financial Instruments Adjustment Account		2,885	725	0	3,610	(462)	3,148	Balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments
Deferred capital receipts		0	(1,900)	0	(1,900)	148	(1,752)	Capital income yet to be received for
Pensions Reserve	52	196,085	93,964	0	290,049	274,893	564,942	Balancing account to allow inclusion of Pensions Liability in the balance sheet
General Fund		(4,956)	(8,384)	0	(13,340)	(430)	(13,770)	Resources available to meet future running costs for non-housing services
Housing Revenue Account		0	(10,942)	0	(10,942)	(1,804)	(12,746)	Resources available to meet future running costs for council houses
Earmarked Reserves	57	(49,296)	(7,240)	0	(56,536)	25,783	(30,753)	Other ring fenced resources available for specific areas
Collection Fund Adjustment Account		0	(1,578)	805	(773)	116	(657)	
<b>Total Equity</b>	<b>27</b>	<b>(201,892)</b>	<b>(373,044)</b>	<b>5,810</b>	<b>(569,126)</b>	<b>364,990</b>	<b>(204,136)</b>	

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.

**Note 32 Contingent Liabilities and Assets**

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 no material contingent liabilities.

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 authority's control. This is not recognised in the Income and Expenditure Account or Balance Sheet because prudence cautions that the gain might never be realised.

Both contingent assets to note for the year ended 31 March 2010 relate to VAT.

### VAT – Off-Street Car Parking

The Council is pursuing a possible retrospective claim for reimbursement from HM Revenues and Customs (HMRC) for VAT 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. 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 £12.2million.

### VAT – Fleming Claim

The Council is pursuing some retroactive claims from HMRC for the repayment of output tax that was overpaid or input tax that was under claimed during the period of 1 April 1973 and 4 December 1996.

These claim are being sought on a variety of services, following a decision in the House of Lords in the case of 'Fleming' and 'Condé Nast'.

The total VAT claim for Wiltshire Council is approximately £1.3 million.

### Note 33 Authorisation of Accounts for Issue

These accounts were considered and authorised by the Audit Committee of Wiltshire Council on the 30 June 2010. The final, audited version of these accounts will be considered and approval sort from the Audit Committee at its meeting on 30<sup>th</sup> September 2010.

### Note 34 Post Balance Sheet Events

The Chancellor of the Exchequer announced in his Emergency Budget on 22 June 2010 that the consumer prices index rather than the retail prices index will be the basis for future public sector pension increases. In accordance with paragraph 21 of Financial Reporting Standard 21 (Events after the balance sheet date), this change is deemed to be a non-adjusting post balance sheet event. It is estimated that this change will reduce the value of an average employer's FRS17 liabilities in the Fund by around 6-8%

### Note 35 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 Authority. The trust funds were brought forward as below:

	2009/2010 Wiltshire Council £000	2008/2009 Wiltshire County Council £000	Acquired Services (Districts) £000	Total including Acquired Services £000
Charity of William Llewellyn Palmer	1,431	1,055	0	1,055
Withy Trust	227	163	0	163
Edwin Young Collection	359	532	0	532
John Creasey Museum	171	123	0	123
William 'Doc' Couch	4,058	3,250	0	3,250
Westbury Public Baths	665	0	679	679
King George V Playing Field	291	0	297	297
Other Miscellaneous Funds	266	226	0	226
	<b>7,468</b>	<b>5,349</b>	<b>976</b>	<b>6,325</b>

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

	Balance 31 March 2010 £000	Income £000	Loss on expenditure £000	Balance revaluation £000	Balance 31 March 2009 £000
Charity of William Llewellyn Palmer	1,431	50	(55)	381	1,055
Withy Trust	227	8	(7)	63	163
Edwin Young Collection	359	12	(18)	(167)	532
John Creasey Museum	171	56	(50)	42	123
William 'Doc' Couch	4,058	111	(124)	821	3,250
Westbury Public Baths	665	94	(108)	0	679
King George V Playing Field	291	27	(33)	0	297
Other Miscellaneous Funds	266	13	(14)	41	226
	<b>7,468</b>	<b>371</b>	<b>(409)</b>	<b>1,181</b>	<b>6,325</b>

The Trust Fund Assets were valued at 31 March 2010 and the external investments were:

Trust Fund Assets	Market Value 31 March 2010 £000	2008/2009 Wiltshire County Council £000	Acquired Services (Districts) £000	Total including Acquired Services £000
Government Fixed Interest	1	1	0	1
Managed Funds - Bonds	1,239	1,020	0	1,020
Managed Funds - Equities	4,087	2,765	0	2,765
Property	1,426	458	976	1,434
Cash	293	453	0	453
Hedge Funds	353	346	0	346
Debtors/(Creditors)	24	13	0	13
Other	45	293	0	293
	<b>7,468</b>	<b>5,349</b>	<b>976</b>	<b>6,325</b>

## Note 36 Reserves & balances held by schools

### Dedicated Schools Grant

Spending on schools is mainly funded by grant monies provided by the Department for Children, Schools and Families (DCSF) through the Dedicated Schools Grant (DSG). The DSG grant is ring-fenced and can only be used to meet expenditure properly included in the schools budget.

Details of the DSG receivable in 2009/2010 are as follows

	Expenditure 2009/2010 £000	Schools Budget 2009/2010 £000	2009/2010 £000	2008/2009 £000
Final DSG for 2009/2010	33,253	209,926	243,179	237,385
Brought forward from 2008/2009 (overspend)	(193)	0	(193)	0
Budget adjustment brought forward from 2008/2009	55	0	55	(55)
Carry forward to 2010/2011 agreed in advance	0	0	0	0
Agreed budget distribution (less net overspend from 2008/2009 to be recovered)	33,115	209,926	243,041	237,330
Actual Central expenditure	33,019	0	33,019	32,701
Actual ISB deployed to schools	0	209,926	209,926	204,822
Local authority contribution from 2009/2010	0	0	0	0
Carried forward to 2010/2011 (underspend)	(96)	0	(96)	193

**Note 37 Amounts due to & from related parties**

No specific provision for bad debts is held for these amounts although they have been included in the Council's overall bad debt provision.

**Note 38 Pension Fund Disclosures****Participation in Pensions Schemes**

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

The authority 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 Authority 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 out at 31 March 2007.

In 2009/10, pension costs have been charged to the Income and Expenditure Account on the basis required by FRS 17, contributions payable to the Wiltshire Council pension scheme are based on an actuarial valuation at 31 March 2010.

The estimated employer contributions for the year to 31 March 2011 will be approximately £26.282 million.

The amounts determined by the actuary to be charged to the revenue account under FRS17 were as follows:

	Year to 31 March 2010	Year to 31 March 2010	Year to 31 March 2009	Year to 31 March 2009
	£000	% of Payroll	£000	% of Payroll
Current Service Costs	14,331	11.2%	14,278	13.2%
Interest Costs	48,967	38.2%	33,771	31.3%
Expected return on Employer Assets	(26,589)	(20.7%)	(25,399)	(23.5%)
Past Service Costs	219	0.2%	4,061	3.8%
Losses on Curtailments and Settlements	5,138	4.0%	508	0.5%
<b>Total Recognised in Profit and Loss</b>	<b>42,066</b>	<b>32.9%</b>	<b>27,219</b>	<b>25.3%</b>
<b>Actual Return on Plan Assets</b>	<b>139,598</b>		<b>(80,362)</b>	

These FRS17 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 Authority as at 31 March 2010 are as follows:

Local Government Pension Scheme	Wiltshire County Council	
	31 March 2010 £000	31 March 2009 £000
<b>Fair Value of Employer Assets</b>	<b>558,637</b>	<b>286,896</b>
Present Value of Funded Liabilities	(1,059,501)	(443,893)
Net (Under)/Overfunding in Funded Plans	<b>(500,864)</b>	<b>(156,997)</b>
Present value of Unfunded Liabilities	(64,078)	(39,089)
Unrecognised Past Service Cost	0	0
<b>Net Asset/(Liability)</b>	<b>(564,942)</b>	<b>(196,086)</b>
Amount on balance sheet		
<b>Liability</b>	<b>(564,942)</b>	<b>(196,086)</b>
<b>Asset</b>	<b>0</b>	<b>0</b>
<b>Liability Amount in Balance Sheet</b>	<b>(564,942)</b>	<b>(196,086)</b>

A more detailed breakdown is included in note 52

The Liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. Statutory arrangements for the funding of the deficit mean that the financial position of the Authority 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.

**Basis for Estimating Assets and Liabilities**

This estimates the pensions that will be payable in future years dependant on certain assumptions. The main assumptions used in the calculations are:

Assumptions as at Year Ended:	31 March 2010 % per annum	31 March 2009 % per annum
Inflation/ Pension Increase Rate	3.8%	3.1%
Salary Increase Rate	5.3%	4.6%
Expected Return on Assets	7.0%	3.1%
Discount Rate	5.5%	6.9%

**Assumptions on Mortality Rates**

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

	Males	Females
Current Pensioners	20.8 years	24.1 years
Future Pensioners	22.3 years	25.7 years

Year Ended	Prospective Pensioners Year of birth, medium cohort and 1% pa minimum improvements from 2007	Pensioners Year of birth, medium cohort and 1% pa minimum improvements from 2007
31 March 2010	calendar year 2033	calendar year 2017
31 March 2009	calendar year 2033	calendar year 2017
31 March 2008	calendar year 2017	calendar year 2004
31 March 2007	calendar year 2004	calendar year 2004

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:

Assets at Year Ended:	Expected Return on assets		Fair Value of employer assets	
	31 March 2010 % per annum	31 March 2009 % per annum	31 March 2010 £000	31 March 2009 £000
Equities	7.8%	7.7%	396,632	177,876
Bonds	5.0%	5.7%	89,382	65,986
Property	5.8%	5.7%	50,277	25,821
Cash	4.8%	4.8%	22,346	17,214
<b>Total</b>			<b>558,637</b>	<b>286,897</b>

### Amount to be charged to operating profit

Year Ended	31 March 2010	
	£000	% of Payroll
<b>Projected Current Service Cost</b>	<b>28,670</b>	22.6%
Interest on Obligation	61,779	49.0%
Expected Return on Plan Assets	(39,123)	(30.9%)
Past Service Cost	0	0.0%
Losses/ (Gains) on Curtailments and Settlements	0	0.0%
<b>Total</b>	<b>51,326</b>	<b>40.7%</b>

### Actuarial Gains and Losses

The actuarial gain on the Pensions Reserve can be analysed into the following categories, measured as a percentage of assets or liabilities:

	Year Ended 31 March 2010 £000	Year Ended 31 March 2009 £000	Year Ended 31 March 2008 £000	Year Ended 31 March 2007 £000	Year Ended 31 March 2006 £000
Fair Value of Employer Assets	558,637	286,896	355,074	369,946	322,361
<b>Present Value of Defined Benefit Obligation</b>	<b>(1,123,579)</b>	<b>(482,981)</b>	<b>(486,066)</b>	<b>(516,842)</b>	<b>(509,211)</b>
Surplus/ (Deficit)	(564,942)	(196,085)	(130,992)	(146,896)	(186,850)
Experience Gains/ (Losses) on Assets	113,009	(105,761)	(50,647)	(5,204)	43,257
Experience Gains/ (Losses) on Liabilities	(4,274)	1,503	(7,073)	19,395	6,687

The actuarial gains or losses recognised in the Statement of Total Recognised Gains and Losses for the current and previous accounting periods, and the cumulative actuarial gains and losses are shown below:

	Year Ended 31 March 2010 £000	Year Ended 31 March 2009 £000	Year Ended 31 March 2008 £000	Year Ended 31 March 2007 £000	Year Ended 31 March 2006 £000
Actuarial Gains/(Losses)	(256,864)	(62,047)	13,879	42,046	(2,874)
Increase/ (Decrease) in Irrecoverable Surplus from membership	0	0	0	0	0
Total Actuarial Gains/(Losses) recognised in the STRGL	(256,864)	(62,047)	13,879	42,046	(2,874)
<b>Cumulative Actuarial Gains/(Losses)</b>	<b>(330,260)</b>	<b>(73,396)</b>	<b>(11,349)</b>	<b>(25,228)</b>	<b>(67,274)</b>

Further information can be found in the Wiltshire Pension Fund annual report 2008/09 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 Chief Financial Officer, Wiltshire Council, County Hall, Bythesea Road, Trowbridge, BA14 8JN

### Note 39 Other pension schemes

The Council does not participate in any other defined benefit schemes and has no defined contribution schemes.

**Note 40 Teachers pension scheme**

In 2009/10 the Council paid £19.25 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 County Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2009/10 these amounted to £2.18 million.

**Note 41 Cash Flow Revenue Reconciliation**

	2009/2010		2008/2009	
	£000	£000	£000	£000
(Surplus)/deficit for year:				
- General Fund	(430)		5,521	
- Housing Revenue Account	(1,804)		0	
- Earmarked Reserves	25,783		1,376	
		23,549		6,897
Movement in capital	(23,402)		(18,158)	
Minimum Revenue Provision	(3,429)		8,847	
Government Grants Deferred	1,772		2,243	
Movement in other balances	(937)		12,131	
		(25,996)		5,063
Interest Paid	(9,116)		(5,159)	
Interest received	1,376			
		(7,740)		(5,159)
Changes to:				
- creditors	7,465		(2,029)	
- stocks and work in progress	(107)		19	
- debtors	627		2,143	
		7,985		133
		(2,202)		6,934

**Note 42 Cash Flow Movements in Other Current Assets**

	Balance	Movement	Balance
	31/3/2009	2009/2010	31/3/2010
	£000	£000	£000
Cash in Hand / (Overdrawn)	12,933	1,456	14,389
Long Term Investments	0	5,003	5,003
Short Term Investments	97,374	(39,748)	57,626
Long term loans maturing within 1 year	(5,130)	4,090	(1,040)
Long term borrowing	(186,656)	(19,214)	(205,870)
<b>Net Debt</b>	<b>(81,479)</b>	<b>(48,413)</b>	<b>(129,892)</b>

**Note 43 Cash Flow Movements in Cash and Cash Equivalents**

	Balance	2009/2010	Balance
	Sheet	Movement	Sheet
	31/3/2009		31/3/2010
	£000	£000	£000
Cash and Bank	33,425	(7,465)	25,960
Cash Overdrawn	(20,492)	8,921	(11,571)
<b>Movements in cash</b>	<b>12,933</b>	<b>1,456</b>	<b>14,389</b>

**Note 44 Cash Flow Cash and Cash Equivalents**

The authority includes in cash and cash equivalents its bank accounts, including overdrafts and cash floats.

**Note 45 Cash Flow Capital Expenditure and Income**

Capital expenditure in the Cash Flow Statement differs from that in the notes to the Balance Sheet as it has been adjusted by the creditors amount to give the cash flow value.

**Note 46 Cash Flow Other Government Grants**

The main Government Grants received are as follows:

	2009/2010 £000	2008/2009 £000
Standards Fund	(19,860)	(35,874)
Schools Standards Grant	(13,832)	(13,759)
Learning & Skills Council	(23,160)	(21,903)
Sure Start & Early Years	(7,119)	(3,985)
Dedicated Schools Grant	(243,179)	(237,385)
Area Based Grant	(19,391)	(18,203)
PFI	(6,774)	(3,251)
Supporting People	(8,175)	(8,175)
Other Government Grants	(6,026)	(16,872)
	<b>(347,516)</b>	<b>(359,407)</b>

**Note 47 Long Term Debtors**

	2009/2010 Wiltshire Council £000	2008/2009 Wiltshire County Council £000	Acquired Services (Districts) £000	Other Prior year Adjustments £000	Total including Acquired Services £000
Mortgages	1,602	0	1,864	0	1,864
Long Term Loans to Staff	53	4	78	0	82
Private Finance Initiative (PFI)	0	7,617	0	(7,617)	0
Other Long Term Loans	977	151	1,271	(924)	498
PFI Capital Contribution	0	12,434	0	(12,434)	0
<b>Total Long Term Debtors</b>	<b>2,632</b>	<b>20,206</b>	<b>3,213</b>	<b>(20,975)</b>	<b>2,444</b>

**Note 48 Debtors**

These represent sums owed to the Council for supplies and services provided before 31 March 2010 but not received at that date.

	2009/2010 Wiltshire Council £000	2008/2009 Wiltshire County Council £000	Acquired Services (Districts) £000	Other Prior year Adjustments £000	Total including Acquired Services £000
Other Local Authorities	2,706	0	1,575	(208)	1,367
Government Departments	26,511	6,786	9,069	(532)	15,323
Business Rates and Local Taxation	8,462	0	13,918	(6,303)	7,615
Tenants	910	0	855	0	855
Sundry Debtors	20,671	20,586	6,471	0	27,057
Payments in Advance	8,714	11,685	3,145	0	14,830
<b>Total Debtors</b>	<b>67,974</b>	<b>39,057</b>	<b>35,033</b>	<b>(7,043)</b>	<b>67,047</b>
Less: provision for bad debts					
General Fund debtors	(2,384)	(486)	(1,899)	0	(2,385)
Housing Rent arrears	(732)	0	(684)	0	(684)
Council Tax arrears	(1,844)	0	(1,875)	284	(1,591)
NINDR arrears	0	0	(735)	735	0
<b>Total Bad Debt provisions</b>	<b>(4,960)</b>	<b>(486)</b>	<b>(5,193)</b>	<b>1,019</b>	<b>(4,660)</b>
<b>Net Debtors</b>	<b>63,014</b>	<b>38,571</b>	<b>29,840</b>	<b>(6,024)</b>	<b>62,387</b>

**Note 49 Cash In Hand**

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

	2009/2010 Wiltshire Council £000	2008/2009 Wiltshire County Council £000	Acquired Services (Districts) £000	Other Prior year Adjustments £000	Total including Acquired Services £000
Cash & Bank	280	118	7,268	0	7,386
PFI Sinking Fund	1,404	0	1,273	0	1,273
Schools' bank accounts	24,276	24,766	0	0	24,766
	<b>25,960</b>	<b>24,884</b>	<b>8,541</b>	<b>0</b>	<b>33,425</b>

**Note 50 Creditors**

These represent sums owed by the Council for supplies and services received before 31 March 2010 but not paid for at that date, or provisions created in accordance with the accounting policies.

	2009/2010 Wiltshire Council £000	2008/2009 Wiltshire County Council £000	Acquired Services (Districts) £000	Other Prior year Adjustments £000	Total including Acquired Services £000
Other Local Authorities	(2,258)	0	(1,650)	95	(1,555)
Government Departments	(8,193)	(22,553)	(6,820)	3,761	(25,612)
Sundry Creditors	(76,988)	(40,317)	(4,796)	19	(45,094)
Receipts in Advance	(15,948)	(33,482)	(6,453)	1,344	(38,591)
	<b>(103,387)</b>	<b>(96,352)</b>	<b>(19,719)</b>	<b>5,219</b>	<b>(110,852)</b>

**Note 51 Long term borrowing**

An analysis of loans by maturity is as follows:

	2009/2010 Wiltshire Council £000	2008/2009 Wiltshire County Council £000	Acquired Services (Districts) £000	Other Prior year Adjustments £000	Total including Acquired Services £000
Maturing within 1 year	(1,040)	(5,130)	0	0	(5,130)
Maturing in 1 to 2 years	(15)	(15)	0	0	(15)
Maturing in 2 to 5 years	(2,057)	(48)	0	0	(48)
Maturing in 5 to 10 years	(4,031)	(32)	0	0	(32)
Maturing in more than 10 years	(199,767)	(182,561)	(4,000)	0	(186,561)
Total Maturing over 1 year	<b>(205,870)</b>	<b>(182,656)</b>	<b>(4,000)</b>	<b>0</b>	<b>(186,656)</b>
Total Long Term Loans	<b>(206,910)</b>	<b>(187,786)</b>	<b>(4,000)</b>	<b>0</b>	<b>(191,786)</b>

The long term borrowing can be further analysed by lender category:

	2009/2010 Wiltshire Council £000	2008/2009 Wiltshire County Council £000	Acquired Services (Districts) £000	Other Prior year Adjustments £000	Total including Acquired Services £000
Total outstanding at 31st March					
Lenders					
Public Works Loans Board	(145,099)	(130,125)	0	0	(130,125)
Money Market	(61,811)	(57,661)	(4,000)	0	(61,661)
	<b>(206,910)</b>	<b>(187,786)</b>	<b>(4,000)</b>	<b>0</b>	<b>(191,786)</b>

**Note 52 Movement in Pension Surplus/ Deficit during the year**

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

	<b>Year Ended 31 March 2010 £000</b>	<b>Wiltshire County Council Year Ended 31 March 2009 £000</b>
<b>Opening Defined Benefit Obligation</b>	<b>482,981</b>	<b>486,066</b>
Current service cost	14,331	14,278
Interest Cost	48,967	33,771
Contributions by Members	8,403	6,887
Actuarial gains/(losses)	369,873	(43,715)
Past Service Costs/ (Gains)	219	4,061
Losses/ Gains on Curtailments	4,874	508
Liabilities Extinguished on Settlements	(2,804)	0
Liabilities Assumed in a Business Combination	234,007	0
Estimated Unfunded Benefits Paid	(3,443)	(2,545)
Estimated Benefits Paid	(33,830)	(16,330)
<b>Closing Defined Benefit Obligation (A)</b>	<b>1,123,578</b>	<b>482,981</b>
	<b>Year Ended 31 March 2010 £000</b>	<b>Wiltshire County Council Year Ended 31 March 2009 £000</b>
<b>Opening Fair Value of Employer Assets</b>	<b>286,896</b>	<b>356,858</b>
Expected Return on Assets	26,589	23,614
Contributions by Members	8,403	6,887
Contributions by the Employer	20,592	21,628
Contributions in respect of Unfunded Benefits	3,443	2,545
Actuarial gains/(losses)	113,009	(105,761)
Assets Distributed on Settlements	(3,067)	0
Assets Acquired in a Business Combination	140,044	0
Unfunded Benefits Paid	(3,443)	(2,545)
Benefits Paid	(33,830)	(16,330)
<b>Closing Fair Value of Employer Assets (B)</b>	<b>558,636</b>	<b>286,896</b>
<b>TOTAL MOVEMENT IN DEFICIT (A-B)</b>	<b>564,942</b>	<b>196,085</b>

**Note 53 Revaluation Reserve**

The balance of this account is the difference between the valued cost of fixed assets at 31 March 2007 and their latest valuation since this date. The reserve is constantly updated for disposals and new valuations.

This reserve records revaluation movements in 09/10 as certified by Bruton Knowles, Chartered Surveyors and Smiths Gore, Chartered Surveyors. It also reflects the previous valuations of assets in the former District Councils

	<b>2009/2010 Wiltshire Council £000</b>	<b>2008/2009 Wiltshire County Council £000</b>
Revaluation in Year	(14,256)	(9,579)
Impairment of previously revalued assets	143	0
Depreciation adjustment on revalued assets	2,284	0
Disposals of fixed assets	1,032	0
<b>Movement in Year</b>	<b>(10,797)</b>	<b>(9,579)</b>
<b>Balance at 1 April - Wiltshire County Council</b>	<b>(62,064)</b>	<b>(52,485)</b>
Acquired Services -Districts	(11,407)	
Prior Year Adjustment PFI	(19,806)	
<b>Revised opening balance</b>	<b>(93,277)</b>	
<b>Balance at 31 March</b>	<b>(104,074)</b>	<b>(62,064)</b>

**Note 54 Capital Adjustment Account**

In accordance with the SORP the closing balance on the fixed asset restatement account and capital financing account has been transferred to the capital adjustment account.

	2009/2010 Wiltshire Council		2008/2009 Wiltshire County Council
	£000	£000	£000
Capital financing			
- capital receipts	(23,217)		(2,384)
- Major Repairs Reserve	(4,432)		
- reserves			(3,052)
- revenue	(4,747)		(795)
- government grants deferred	(2,558)		(2,243)
		<b>(34,954)</b>	
Depreciation		41,649	0
Revenue Expenditure Funded from Capital under Statute		16,652	7,381
Minimum Revenue Provision		(11,004)	0
Deferred consideration for PFI Scheme		0	(387)
Impairment of Fixed Assets		39,021	10,347
Disposal of Fixed Assets		9,624	1,324
Depreciation adjustment on revalued assets		(2,284)	5,541
<b>Total (increase)/decrease in amounts set aside to finance capital investment</b>		<b>58,704</b>	<b>15,732</b>
<b>Balance at 1 April - Wiltshire County Council</b>		<b>(284,475)</b>	<b>(300,207)</b>
Acquired Services -Districts		(403,866)	
Prior Year Adjustment PFI		24,811	
<b>Revised opening balance</b>		<b>(663,530)</b>	
<b>Balance at 31 March</b>		<b>(604,826)</b>	<b>(284,475)</b>

**Note 55 Useable Capital Receipts Reserve**

	2009/2010 Wiltshire Council		2008/2009 Wiltshire County Council
	£000	£000	£000
<b>Amounts Receivable in year</b>			
- disposal of land and buildings	(5,301)		0
- Housing Pooled Capital Receipt	(683)		0
		<b>(5,984)</b>	0
<b>Amounts applied to finance new capital investment in year</b>			
- capital receipts utilised	23,217		0
- capital receipts utilised City Area	411		0
- transfer to I&E equal to contribution to Housing Pooled Capital receipt	683		0
		<b>24,311</b>	0
<b>Movement in Year</b>		<b>18,327</b>	0
<b>Balance at 1 April - Wiltshire County Council</b>		<b>(71)</b>	<b>(71)</b>
Acquired Services -Districts		(21,272)	
<b>Revised opening balance</b>		<b>(21,343)</b>	
<b>Balance at 31 March</b>		<b>(3,016)</b>	<b>(71)</b>

**Note 56 Major Repairs Reserve**

The Accounts and Audit Regulations require housing authorities to set up a Major Repairs Reserve and to transfer into it a sum not less than the Major Repairs Allowance. These funds are then available to authorities for capital expenditure on Housing Revenue Account assets. The Major Repairs Allowance is an element of the HRA subsidy.

	<b>2009/2010 Wiltshire Council £000</b>	<b>2008/2009 Wiltshire County Council £000</b>
Transfer to Capital	4,432	0
Additional resources	(491)	0
HRA Depreciation	(8,479)	0
Transfer to HRA	5,050	0
Movement in Year	<u>512</u>	<u>0</u>
<b>Balance at 1 April - Wiltshire County Council</b>	<b>0</b>	<b>0</b>
Acquired Services -Districts	(1,144)	
<b>Revised opening balance</b>	<b>(1,144)</b>	
<b>Balance at 31 March</b>	<b>(632)</b>	<b>0</b>

**Note 57 Earmarked Reserves**

Apart from the Housing Revenue Account, which is solely for housing, the Local Government Act 1988 allows the Council only one revenue account, its General Fund. For good financial management however, it is desirable to earmark specific reserves within the fund.

Reserve	<b>2008/2009 Wiltshire County Council £000</b>	<b>Acquired Services (Districts) £000</b>	<b>Total including Acquired Services £000</b>	<b>Movement in 2009/2010 £000</b>	<b>2009/2010 Wiltshire Council £000</b>
Capital Revenue Reserve	(6,163)	0	(6,163)	4,663	(1,500)
PFI Reserve	(4,251)	0	(4,251)	0	(4,251)
Insurance Reserve	(6,019)	0	(6,019)	0	(6,019)
Treasury Reserve	(298)	0	(298)	298	0
Locally Managed Schools' Balances - to be spent on educational :	(19,605)	0	(19,605)	2,180	(17,425)
Closed Schools Balances	(68)	0	(68)	0	(68)
Department of Resources	(750)	0	(750)	750	0
Environmental Services Department	(1,245)	0	(1,245)	1,245	0
OWTP Reserve	(339)	0	(339)	111	(228)
Redundancy Reserve	(628)	0	(628)	628	0
Sickness Insurance Scheme	(1,897)	0	(1,897)	787	(1,110)
Free School Meals Reserve	(59)	0	(59)	0	(59)
Libraries Operating Reserves	(147)	0	(147)	96	(51)
Delayed Transfer of Care	(400)	0	(400)	400	0
VAT Income Reserve	(241)	0	(241)	241	0
One council for Wiltshire reserve	(7,186)	0	(7,186)	7,186	0
General Earmarked Reserves ex-Kernet	0	(3,220)	(3,220)	3,220	0
General Earmarked Reserves ex-North Wiltshire	0	(3,551)	(3,551)	3,551	0
General Earmarked Reserves ex-Salisbury	0	(321)	(321)	321	0
Housing PFI (ex-West Wiltshire)	0	(106)	(106)	106	0
Housing Preferred Development Partners (ex-West Wiltshire)	0	(42)	(42)	0	(42)
<b>Total</b>	<b>(49,296)</b>	<b>(7,240)</b>	<b>(56,536)</b>	<b>25,783</b>	<b>(30,753)</b>

**Note 58 Cash Overdrawn**

The Council main bank accounts show a cash overdrawn position of £11.571 million at 31 March 2010 (31 March 2009: Wiltshire County Council £15.229 million). This is largely due to is due to unrepresented cheques and BACS payments and uncleared cheques deposited on 31 March 2010 as well as other timing differences.

**Note 59 Fair Value**

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. They are calculated using a net present value approach, which provides an estimate of the value of receipts in the future in today's terms, including accrued interest less impairment.

Class	Fair Value	Carrying Amount
Long Term Investments	5,002,920	5,002,920
Short Term Investments	57,626,309	57,626,171
<b>Total Investments</b>	<b>62,629,229</b>	<b>62,629,091</b>
Trade Debtors		
<b>Total Financial Assets</b>	<b>62,629,229</b>	<b>62,629,091</b>

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 31st March 2010, 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 Statement of Recommended Practice (SORP) 2009, at the PWLB's new borrowing rate as at 31 March 2010. There is an alternative valuation, as used by PWLB, being the premature repayment rate, which results in a different fair value. SORP 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 has also been included below.

Class	Fair Value	Carrying Amount
Market Loans	67,961,314	61,810,995
PWLB Loans	140,365,839*	145,098,753
<b>Total Value</b>	<b>208,327,153</b>	<b>206,909,748</b>
Trade Creditors		
Bank Overdraft		
<b>Total Financial Liabilities</b>	<b>208,327,153</b>	<b>206,909,748</b>

\*PWLB have produced a fair value figure of loans outstanding based on a premature repayment rate, which is £147,999,373.

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

Investments/Loans	Fair Value (at Discount/ Market Rate plus 1%)
Long Term Investments	5,002,920
Short term Investments	57,625,428
<b>Total Investments Value</b>	<b>62,628,348</b>
Trade Debtors	
<b>Total Financial Assets</b>	<b>62,628,348</b>
Market Loans	55,592,369
PWLB Loans	121,173,075
<b>Total Loans Value</b>	<b>176,765,444</b>
Trade Creditors	
Bank Overdraft	
<b>Total Financial Liabilities</b>	<b>176,765,444</b>

In terms of loans, this results in a lower fair value because of the effect on premiums and discounts that would be payable/receivable as a result of the early repayment of debt (i.e. at 31 March 2010). Where there is an increase in the discount rates this will increase discounts receivable and reduce premiums payable on early repayment of loans.

### Note 60 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 the Council has received three interim dividends from Heritable bank (no repayments have yet been received from Landsbanki) and the investments are, along with all other deposits, subject to litigation proceedings. The 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%	1,385,505	1,049,357	565,138
Heritable Bank (2)	24/09/2008	14/10/2008	3,000,000	6.00%	1,385,505	1,049,357	565,138
Heritable Bank (3)	25/09/2008	28/10/2008	2,000,000	6.00%	923,518	699,571	376,910
Heritable Bank (4)	07/09/2008	10/10/2008	1,000,000	5.42%	463,390	349,786	186,825
Landsbanki	04/06/2008	02/03/2009	3,000,000	6.10%	2,290,241	0	709,759

The impairment has been adjusted in 2009/10 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. The Council has subsequently received three interim dividends of principal totalling £3,148,070, bringing the total dividend paid to date to 34.98% of the claim. In view of this information the LAAP recommends that the following payment schedule is used to estimate the recoverable amount at 31 March 2010. The schedule is based on expected total dividends of 84.98% of the claim. Taking this into account, the following assumptions have been made in respect of the timing of recoveries:

Date	Repayment	Date	Repayment
June 2010	5.00%	September 2011	5.00%
September 2010	5.00%	December 2011	5.00%
December 2010	5.00%	March 2012	5.00%
March 2011	5.00%	June 2012	5.00%
June 2011	5.00%	September 2012	5.00%

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. The LAAP recommends that the following repayment schedule is used to estimate the recoverable amount at 31 March 2010:

Date	Repayment Percentage	(1)	(2)	(3)	(4)
June 2010	5.00%	150,296	150,296	100,181	50,267
September 2010	5.00%	150,296	150,296	100,181	50,267
December 2010	5.00%	150,296	150,296	100,181	50,267
March 2011	5.00%	150,296	150,296	100,181	50,267
June 2011	5.00%	150,296	150,296	100,181	50,267
September 2011	5.00%	150,296	150,296	100,181	50,267
December 2011	5.00%	150,296	150,296	100,181	50,267
March 2012	5.00%	150,296	150,296	100,181	50,267
June 2012	5.00%	150,296	150,296	100,181	50,267
September 2012	5.00%	150,296	150,296	100,181	50,267

#### Landsbanki Islands hf

Landsbanki was an Icelandic bank, which was placed in administration on 7 October 2008. The Council has yet to receive any repayments and the outstanding deposits are currently subject to litigation proceedings through the Icelandic courts as a result of objections lodged relating to the Winding-up Boards (WUB) decision to treat local authority deposits as having priority status. It is expected that priority status will be confirmed following the litigation process and the Council has, therefore, treated the deposits with Landsbanki as having priority status in relation to the projected repayments below, under the terms of the WUB decision. Taking this into account, the following assumptions have been made in respect of the timing of recoveries:

Date	Repayment	Date	Repayment
October 2011	22.17%	October 2015	8.87%
October 2012	8.87%	October 2016	8.87%
October 2013	8.87%	October 2017	8.87%
October 2014	8.87%	October 2018	19.47%

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. The LAAP recommends that the following repayment schedule is used to estimate the recoverable amount at 31 March 2010:

Date	Repayment Percentage	
October 2011	22.17%	715,647
October 2012	8.87%	286,259
October 2013	8.87%	286,259
October 2014	8.87%	286,259
October 2015	8.87%	286,259
October 2016	8.87%	286,259
October 2017	8.87%	286,259
October 2018	19.47%	628,621

Interest credited to the Income and Expenditure Account in respect of the investments is as follows:

Bank	Credited in 2009/2010	Received in 2009/2010
Heritable Bank (1)	113,936	0
Heritable Bank (2)	113,936	0
Heritable Bank (3)	75,945	0
Heritable Bank (4)	34,758	0
Landsbanki	160,044	0

#### Note 61 Financial Instrument Adjustment Account (FIAA)

Regulations issued in March 2009 allow the Authority not to charge amounts relating to impaired investments to the General Fund. Such amounts are instead transferred to the Financial Instruments Adjustment Account, an account that records the timing differences between charging these amounts to the General Fund in accordance with proper practice and in accordance with regulations. The following additional amounts have been transferred to the Financial Instruments Adjustment Account in 2009/2010 under these regulations:

Bank	Amount Transferred to the Financial Instruments Adjustment Account
Heritable Bank (1)	(290,003)
Heritable Bank (2)	(290,003)
Heritable Bank (3)	(193,418)
Heritable Bank (4)	(88,036)
Landsbanki	260,885

Under the regulations, the Authority must transfer the balance, relating to the impairment, on the Financial Instruments Adjustment Account to the General Fund no later than 31st March 2011 and must also credit the Financial Instruments Adjustments Account with interest earned until such time as the balance has been transferred to the General Fund. The Council estimates that the following credits will be made to the FIAA:

Bank	Balance on FIAA at 31 March 2010	Transfers During 2010/2011	Balance on FIAA at 31 March 2011
Heritable Bank (1)	565,138	(565,138)	0
Heritable Bank (2)	565,138	(565,138)	0
Heritable Bank (3)	376,910	(376,910)	0
Heritable Bank (4)	186,825	(186,825)	0
Landsbanki	709,759	(709,759)	0

#### Note 62 Nature and Extent of risks arising from Financial Instruments

##### Risk

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 2010/2011 was approved by the Council at its meeting on 23 February 2010 and is available from the Council's Website under committee papers relating to the Cabinet meeting on 11 February 2010, agenda item number 6d on page 75 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, as with the experience of Icelandic bank investments in October 2008, 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 Authority'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**

The following table shows the percentage of Investments by country, Sovereign rating and credit rating category (based on Fitch Credit Ratings), the diversification of the 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 %
NA	NA	AAA - Max. £15 million	Money Market Funds	0-2 Years	26.26	16.84
United Kingdom	AAA	F1+/AA - Max. £15 million	UK Banks	0-1 Year	8.00	8.00
United Kingdom	AAA	F1+/AA - Max. £15 million	UK Banks	0-6 Months	3.53	1.79
United Kingdom	AAA	F1+/AA - Max. £15 million	UK Banks	0-3 Months	23.08	23.08
United Kingdom	AAA	Government Backed - Max. £	UK Banks	0-1 Year	11.75	11.75
United Kingdom	AAA	No Rating	UK Building Societies	NA	1.54	1.54
Sweden	AAA	F1+/A+ - Max. £8 million	Overseas Banks	0-1 Year	12.23	12.23
UK Subsidiary (Iceland)		No Rating	Overseas Banks	NA	13.61	9.00
					100.00	

The above table is based on credit ratings as at 31 March 2010 and includes investments with a UK building society and Icelandic banks that did not have credit ratings at that date. The building society investment was placed by the former North Wiltshire District Council under its approved Investment Strategy and credit rating policy prior to Wiltshire Council becoming a unitary authority, the maturity of which took place after 31 March 2010. The Icelandic bank investments were still outstanding at that date.

UK banks include UK subsidiaries, the parent banks of which are based in Australia (Sovereign rating AA+) and Spain (Sovereign rating AAA). Investments in UK institutions, including the UK subsidiaries, make up 48% of the Council's total outstanding investments at 31 March 2010, with 26% invested overseas, the balance (26%) being held in money market funds. Any institutions, which, after 31 March 2010, 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 authority's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions. The table excludes Icelandic deposits, which the authority has impaired down, using the net present value approach, to the expected level of repayments based on the latest available guidance in LAAP 82 Update 2 May 2010 issued by CIPFA.

	Amount at 31 March 2010	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2010 %	Estimated maximum exposure to default and uncollectability	Estimated maximum exposure at 31 March 2010
	A	B	C	(AxC)	
Deposits with banks and financial institutions	56,181,920	0	0	0	0
Bonds	0	0	0	0	0
Debtors				0	

No credit limits were exceeded during the reporting period (except where the capitalisation of interest on one call account led to a temporary excess of £9,013.73 (0.06%) over its £15 million limit) and the authority does not expect any losses from the non-performance of any of its counterparties in relation to deposits.

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.

	31/03/2010 Debtors	31/03/2010 Investments	31/03/2010 Total
Less than three months		(64,037)	<b>(64,037)</b>
Three to six months		775,863	<b>775,863</b>
Six months to one year		732,424	<b>732,424</b>
More than one year		5,002,920	<b>5,002,920</b>
<b>Total</b>	<b>0</b>	<b>6,447,170</b>	<b>6,447,170</b>

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

### Liquidity Risk

At 31 March 2010 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 the overall average interest rate is 4.325%.

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	0	14,720	14,720	0.0%	4.428%
Between 1 and 2 Years	0	15,379	15,379	0.0%	4.429%
Between 2 and 5 Years	0	2,057,175	2,057,175	1.0%	2.791%
Between 6 and 10 Years	0	4,030,895	4,030,895	1.9%	3.309%
Between 11 and 15 Years	0	6,032,721	6,032,721	2.9%	4.423%
More than 15 Years	61,810,995	132,947,864	194,758,859	94.2%	4.360%
	<b>61,810,995</b>	<b>145,098,754</b>	<b>206,909,749</b>	<b>100.0%</b>	<b>4.325%</b>

The Council's policy is to limit the amount maturing in any one financial year to a maximum of 15%. Currently the maximum in any one year is 6.3% (£13 million in both 2052-53 and 2053-54).

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 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) as recommended by SORP 2009. On this basis, all current LOBOs fall within the "More than 15 Years" maturity period.

### Market Risk

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 2010 the Council held £62.6 million (including accrued interest, less impairment) in investments, at various interest rates. This

comprised £57.6 million short term investments and £5.0 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 Authority 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 2010 and the investments had matured prior to that date, interest taken to the Income and Expenditure Account 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 (per LAAP 82 Update No. 2 May 2010) in respect of the expected repayments from Icelandic investments and market rates at 31 March 2010 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 31st March 2010 was 1.14%. If the average rate of interest had increased by 0.5% one month prior to 31st March 2010, the additional interest that could have been credited to the Income and Expenditure Account and the Council would have been £26,000 "better off" than if the funds were invested at the lower rate. 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 2010, particularly as the investments were held mainly in fixed rate call accounts and money market funds.

### Note 63 Restatement of Income and Expenditure Account

For clarity, the income and expenditure net cost of services figures are restated below to show the total expenditure on each subheading within the net cost of service.

	Net Expenditure On-Going Services £000	2009/2010 Net Expenditure Acquired Services £000	Net Expenditure Full Council £000	2008/2009 Net Expenditure Wiltshire County Council £000
<b>General Fund Services</b>				
Central Services to the Public	694	2,206	2,900	1,046
Court Services	711	0	711	584
Cultural, Environment & Planning	32,135	53,899	86,034	31,646
Children's and Education Services	132,174	0	132,174	91,408
Highways, Roads & Transport Services	36,889	1,291	38,180	32,900
Housing Services General Fund	438	14,500	14,938	641
Housing Services HRA	0	3,201	3,201	0
Adult Social Care	119,427	0	119,427	109,711
Corporate & Democratic Core	2,215	2,865	5,080	6,669
Non-distributed Costs	5,021	3,383	8,404	2,855
<b>Net Cost of Service</b>	<b>329,704</b>	<b>81,345</b>	<b>411,049</b>	<b>277,460</b>
Exceptional costs			9,019	4,448
			<b>420,068</b>	<b>281,908</b>

## 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.

Wiltshire County Council had no Housing Revenue Account. The transactions this year relate fully to acquired services. Comparison figures for 2008/2009 relating to acquired services are shown in full to give more meaningful information.

	NOTE	2009/2010		2008/2009 Acquired Service	
		£000	£000	£000	£000
<b>Income</b>					
Rents (gross):					
- dwellings		(20,380)		(19,944)	
- garages		(356)		(279)	
- other		(116)	(20,852)	(57)	(20,280)
Charges for services and facilities			(924)		(778)
Decreased provision for bad debts			0		0
<b>Total Income</b>			<b>(21,776)</b>		<b>(21,058)</b>
<b>Expenditure</b>					
Repairs and Maintenance			4,624		4,868
Supervision and Management:					
- general		2,587		2,485	
- special services		1,359	3,946	1,485	3,970
Rent rebates			55		53
Negative Subsidy payment to Secretary of State	5		7,502		7,371
Increased provision for bad debts			49		117
Depreciation & Impairments of Fixed Assets					
- On dwellings	3	8,258		46,576	
- On garages	3	148		110	
- On other Assets	3	73		44	
			8,479		46,730
<b>Total Expenditure</b>			<b>24,655</b>		<b>63,109</b>
<b>Net Cost Of Services per Income &amp; Expenditure Account</b>			<b>2,879</b>		<b>42,051</b>
HRA Services share of Corporate and Democratic Core			321		321
<b>Net Cost Of HRA Services</b>			<b>3,200</b>		<b>42,372</b>
(Gain)/Loss on sale of HRA fixed assets			(372)		(312)
Interest Payable			145		179
Pensions interest costs and expected return on assets					0
Amortised Premiums and Discounts			0		0
Interest:					
- on mortgages		(59)		(120)	
- on balances		(79)	(138)	(259)	(379)
<b>Deficit for the Year on HRA services</b>			<b>2,835</b>		<b>41,860</b>

## Statement of Movement on the HRA Balances

	2009/2010 £000	2008/2009 £000
(Surplus)/ Deficit for year on HRA Income and Expenditure Account	2,835	41,860
Net additional amount required by statute and non-statutory proper practice to be debited or credited to HRA balances for the year (see below)	<u>(4,639)</u>	<u>(43,148)</u>
<b>(Increase)/ Decrease in Housing Revenue Account balance</b>	<b><u>(1,804)</u></b>	<b><u>(1,288)</u></b>
<b>Acquired Services</b>		
Housing Revenue Account Surplus Brought forward	(10,942)	(9,654)
Housing Revenue Account Surplus Carried forward	(12,746)	(10,942)
<b>Housing Revenue Account Surplus Brought forward Wiltshire Council</b>	<b>0</b>	<b>0</b>

## Note to Statement of Movement on the HRA Balances

	2009/2010 £000	2008/2009 £000
<b>Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA balance for the year</b>		
Gain/(Loss) on sale of HRA fixed assets	372	312
Financing from Depreciation	0	(44)
Impairments of Fixed Assets	0	(37,028)
<b>Items not included in the HRA Income and Expenditure Account but included from the movement on HRA balance for the year</b>		
Transfer to/From Major Repairs Reserve <b>note 5</b>	(5,050)	(6,388)
Transfer to/from Pension Reserve <b>note 7</b>	39	0
Revenue Contributions to Capital Expenditure	0	0
<b>Net Additional amount required by statute to be credited to the HRA balance for the year</b>	<b><u>(4,639)</u></b>	<b><u>(43,148)</u></b>

## Housing Revenue Account Notes

## 1 Housing Stock

	31 March 2010	31 March 2009
<b>Houses and Bungalows</b>		
- 1 bedroom	377	377
- 2 bedrooms	1,566	1,568
- 3 bedrooms	1,887	1,890
- 4+ bedrooms	143	143
<b>Flats</b>		
- 1 bedroom	814	814
- 2 bedrooms	547	547
- 3+ bedrooms	38	38
<b>Total dwellings as at 31 March</b>	<b><u>5,372</u></b>	<b><u>5,377</u></b>

During the year, the council received £560,030 capital receipts in respect of HRA disposals. This was received from the disposal of 5 council houses under the right to buy scheme.

**2 Arrears**

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

	31 March 2010 £000	31 March 2009 £000
Rent arrears	771	720
less rent payments in advance	(212)	(221)
less bad debt provision	(732)	(683)
<b>Net arrears position</b>	<b>(173)</b>	<b>(184)</b>

**3 Movement of Housing Revenue Account Assets**

	Council Dwellings £000	Other Property (Garages) £000	Equipment £000	Total £000
Net Book Value 1 April 2009	0	0	0	0
Total Acquired Services	243,273	4,454	143	247,870
Revised Opening Balance	243,273	4,454	143	247,870
Additions in Year	4,456	0	0	4,456
Disposals	(206)	0	0	(206)
Revaluations	0	0	0	0
Depreciation	(8,258)	(148)	(73)	(8,479)
Impairments	0	0	0	0
Category Adjustments	0	0	0	0
<b>Balance at 31 March 2010</b>	<b>239,265</b>	<b>4,306</b>	<b>70</b>	<b>243,641</b>

The Balance Sheet value of Council Dwellings at 31 March 2010 was £239,265,408. 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 2010 was £543,785,018. 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.

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 2010 was £304,519,610.

The value of land valued in the HRA is nil.

**4 Financing of HRA capital expenditure****Financing of HRA capital expenditure**

	2009/2010 £000
Revenue and Reserves	0
Other receipts (MRR)	4,459
	<b>4,459</b>
Categorised as follows:	
Council Dwellings	4,459
Plant & Equipment	0
	<b>4,459</b>

**Major Repairs Reserve**

	2009/2010 £000	2008/2009 £000
Brought forward at 1 April	(1,144)	(1,345)
Transfer to Capital	4,432	3,470
Additional Resources	(491)	0
HRA Depreciation	(8,479)	(9,657)
Transfer to HRA	5,050	6,388
Carried forward at 31 March	<u>(632)</u>	<u>(1,144)</u>

**5 Breakdown of HRA Subsidy**

	2009/2010 £000
Management & Maintenance Allowance	7,687
Major Repairs Allowance	3,429
ASB Allowance	
Charges for Capital	116
Rent	(18,603)
Interest on Receipts	(131)
Housing Element	(7,502)
Rent Rebates	(54)
HRA Subsidy Due	(7,556)
Adjustment in respect of prior years	
HRA Subsidy Due	(7,556)
Defects Subsidy	
HRA Subsidy receivable (including MRA)	<u>(7,556)</u>

**6 Contribution to Pension Reserve**

The HRA bears a share of the pension contribution due to the FRS 17 adjustment in proportion to the payments made during the year. See note 38 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, Wiltshire Police Authority, Wiltshire & Swindon Fire Authority and Parish Councils.

This statement relates to only acquired services, so no comparison figures are shown.

	NOTE	2009/2010	
		£000	£000
<b>Income</b>			
Income from Council Tax	1		(237,769)
Transferred from General Fund			
Council Tax Benefits			(24,824)
Transitional Relief			4
Income from Business Rates	2		(118,258)
			<u>(380,847)</u>
<b>Disbursement</b>			
Precepts and Demands			
- Wiltshire Council		211,592	
- Wiltshire Police Authority		27,022	
- Wiltshire & Swindon Fire Authority		10,726	
- Town/ Parish Councils		11,879	
			261,219
Share of surplus/(deficit) on Collection Fund			
- Wiltshire Council		538	
- Wiltshire Police Authority		63	
- Wiltshire & Swindon Fire Authority		25	
			626
NNDR			
- payment to national pool	2	117,420	
- cost of collection allowance	2	689	118,109
Provisions for Bad Debts			301
Write Offs - Council Tax			575
Write Offs - NNDR			149
Fund (surplus)/deficit for the year			(132)
			<u>380,847</u>
Fund balance b/f			(906)
(Surplus)/deficit for year			132
Fund balance c/f	5		<u>(774)</u>

## 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 £1,475.10 for 2009/2010 multiplied by the ratio specified for that band. Ratios specified for the bands A to H are as follows:

<b>Band</b>	<b>Estimated No. of Taxable Properties after discounts</b>	<b>Band D Equivalent Dwellings</b>	<b>Ratio</b>
Band A Disabled	47	26	5/9
Band A	18,150	12,101	6/9
	18,197	12,127	
Band B	32,150	25,006	7/9
Band C	42,473	37,754	8/9
Band D	30,228	30,228	9/9
Band E	23,438	28,646	11/9
Band F	14,376	20,765	13/9
Band G	9,279	15,464	15/9
Band H	1,038	2,075	18/9
		172,065	
Add adjustment for contributions in lieu, new properties and bad debts		5,021	
<b>Council Tax Base 2009/2010</b>		<b>177,086</b>	

**2 National Non-Domestic Rates**

The total non-domestic rateable value at 31 March 2010 was £352,717,804. The national non domestic multiplier for the year was 48.5p and for the small business rates relief multiplier was 48.10p.

**3 Collection Fund Surpluses and Deficiencies**

Collection Fund surpluses and deficiencies (Council Tax) are shared by all preceptors.

**4 Precepts and Demands**

<b>Main Preceptors</b>	<b>2009/2010 Precepts</b>	<b>Share of Council Tax Surplus</b>
Wiltshire Council	211,592	538.00
Wiltshire Police Authority	27,022	63.00
Wiltshire Fire Authority	10,726	25.00
Town/Parish	11,879	0.00
	<b>261,219</b>	<b>626.00</b>

**5 Collection Fund Balance**

The Council has to record transactions for Council Tax and Business Rates in the Collection Fund Account. The balance, as usable income, will be paid to the Council and its major preceptors in future years.

	<b>31 March 2010</b>
	<b>£000</b>
Wiltshire Council	666
Wiltshire Police Authority	78
Wiltshire Fire Authority	30
	<b>774</b>

## 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.

### **Accounting Code of Practice (ACOP)**

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.

### **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;
- **Fixed assets** – tangible assets that give benefits to the authority for more than one year;
- **Community assets** – assets without determinate life that the authority 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.

### **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.

### **Best Value Accounting Code of Practice (BVACOP)**

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.

### **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 authority 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 authority.

### **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 an authority'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.

**Creditors**

Money owed by the authority to others.

**Debtors**

Money owed to the authority 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 authority, 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 authority by their nature.

**FRSs**

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

**General Fund**

The main revenue fund of the authority 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.

**Generally Accepted Accounting Practice (GAAP)**

Accepted accounting practice with respect to accounts of UK companies that are intended to give a true and fair view. The same definition applies to individuals, entities that are not companies and companies which are not UK companies.

**Government Grants**

The amounts of money the authority 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.

**Income and Expenditure Account (I&E)**

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 Authority.

**Leases**

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

**Liabilities**

Amounts the authority 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 Local Authority's housing stock in its current condition.

**Net Expenditure**

Gross expenditure less directly related income.

**National Non-Domestic Rates (NNDR)**

Wiltshire Council collects National Non-Domestic Rates from local businesses and organisations and pays them into the Government's central NNDR pool. The amount charged is the Government's national uniform rate and it is then redistributed to local authorities, including Wiltshire Council, in line with a population-based formula.

**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.

**Statement of Recommended Practice (SORP)**

The Code of Practice on Local Authority accounting in the UK. It sets out the proper accounting practices required to prepare a Statement of Accounts by the Local Government Act 2003.

**SSAP**

Standard Statements of Accounting Practice. These are agreed by accounting bodies and describe standard treatment to be used in the preparation of the accounts.

**Statement of Total Recognised Gains and Losses (STRGL)**

Summary of the changes in the net worth of the Authority. This brings together the gains and losses for the year from the income & expenditure account, the revaluation of fixed assets and the pension fund assets and liabilities.

**Useable 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.