

Wiltshire Council

Annual Report and Statement of Accounts

2018/2019

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Leader's introduction

2018/2019 has been a challenging but successful year as the Council delivered against our Business Plan. Despite funding pressures and significant levels of demand, the Council has made strong progress in its priorities.

The ambitious Business Plan underpinned by the financial plan sets out four priorities for Wiltshire:

- Growing the economy
- Strong communities
- Protecting those who are most vulnerable
- An innovative and effective council

Over the last 12 months we have delivered on these priorities and we are proud of our staff, services and what we have achieved together.

The Business Plan builds on the hard work and direction we have set out over the last decade. We are delivering change today in readiness for the next decade.

2018/2019 has been another challenging year financially, yet I am delighted that the attached statements show yet again we have delivered our budget and this year we have succeeded in returning £2.2 million to the General Fund Reserve.

This has been achieved whilst delivering £26 million of in year saving proposals in the face of £33 million of growth in demand for critical services.

We have continued to make big decisions to ensure the County of Wiltshire is prepared for the future, for example:

- Continuation of the adult social care transformation programme;
- Continuation of the families and children's service transformation programme, with an aim of significantly improving the chances

of all our children living safely, healthily and happily in their own families and communities; and

- investment in a new children's case management system, to replace 5 legacy systems

The political uncertainties around the United Kingdom's departure from the European Union and the question mark over local authority funding posed by the Government's delayed fair funding review lead to future financial uncertainties. Additionally, there are proposed changes with business rates devolution and the government's future finance settlements. The outcomes of all these changes are not yet known but may impact significantly on the council's finances. However, the Council remains absolutely committed to deliver its priorities and on delivering vital services for its communities, residents and businesses.

I would like to take this opportunity to thank all of our staff who have worked throughout the year to deliver quality services within a challenging budget as whilst providing value for money.

Finally, I would like to pay tribute to Baroness Scott of Bybrook who recently stood down as Leader after 16 years. Her vision and leadership have been instrumental in transforming the Council and bringing it to the successful position it is today.



Cllr Philip Whitehead

Leader of Wiltshire Council 30 July 2019

Director of Finance's Narrative Report

Wiltshire is a County with a proud heritage. The Council, like its peers and public sector partners has had to deal with a significant reduction in government funding and unprecedented increases in demand for services. In total Government funding has fallen by nearly £130 million since 2009. Disproportionate increases in demand for services has compounded this with pressures of £33 million being contained and mitigated. Yet despite this, and through effective financial management, the Council has every year set and delivered a balanced budget. At the same time improving its performance in key areas.

The Statement of Accounts that follow show just how significant and complex a challenge it has been, but also shows how we have risen above the challenges and delivered.

Looking back on 2018/2019, the Council has had another successful year financially. In setting the 2018/2019 budget the Council planned to deliver £26 million of savings in the face of £33 million of growth in demand for services. The outturn shows that we have delivered an underspend of £0.357 million and thus delivered again on the saving goals.

Service Area	2018/2019 £m	2017/2018 £m
Adults	152.645	144.593
Children	75.502	68.676
Growth, Investment & Place	106.847	104.093
Corporate	(5.805)	(6.421)
Net position	329.189	310.941
Net Budget	(329.546)	(311.351)
Surplus	(0.357)	(0.410)

At the same time, we have continued to resource high levels of performance in other key financial targets. As the financial pressures facing councils increase, we have and will continue to put financial acumen at the heart of all decision making to continue delivering an innovative, strong, resilient and sustainable financial environment.

During the audit some technical accounting account balances were queried and accountancy staff have worked alongside the external auditors to progress these to conclusion. More detail can be seen within the accounts, the annual governance statement and will be noted within the ISA260 report from the auditors. The queries are of a technical accounting nature and affect the historic opening balances on two unusable reserves where values cannot currently be evidenced. This does not affect the council's ability to deliver services to the public, nor does it affect the council tax payer or the amount set aside in usable reserves.

I recognise that to the ordinary reader the set of accounts can appear complicated, so the remainder of this narrative simply highlights some of the key outcomes contained in the 2018/2019 Statement of Accounts.

Andy Brown

Director of Finance & Procurement
Wiltshire Council
18 November 2020

2018/2019 Financial and Performance Review

Overall Financial Outturn

The Accounts report a minor underspend for 2018/2019. This has been achieved after a challenging year where we again saw an increase in demand for local services whilst facing further reductions in government funding.

During the year we took regular monitoring forecast reports to senior management and Cabinet. These reports identified the need to take action in year to deliver a balanced budget, and as a result of those actions spending has once again been managed prudently to enable that position to be achieved.

There are some areas of service delivery though that continue to face demand and financial pressures, and mitigations in other service areas have enabled the overall position to be balanced.

The following tables summaries the Council's expenditure during the year:

	2018/2019 £000	2017/2018 £000
Adults Care	152,645	144,593
Childrens & Education	75,502	68,676
Growth, Investment & Place	106,847	104,093
Corporate	(5,805)	(6,421)
Budget Requirement	329,189	310,941
Funding	(329,546)	(311,351)
Surplus in year	(357)	(410)

The following pages set out how this financial outturn links to performance and demand. In setting the 2019/2020 Budget the Council took account of its Business Plan to reprioritise funding where required

and identified £26 million of savings to be delivered. Details are available in the budget setting papers on the Council's website.

Impact on the Council's Assets and Liabilities

The Council's Balance Sheet shows a generally stable position, the largest change is due to an increase in the Council's pension liabilities and the way these are quantified. The Pension Fund has a plan agreed with its actuaries to return the fund to a balanced position by 2036 and will keep this under review. The key elements of the balance sheet are as follows:

	31 March 2019 £000	31 March 2018 £000
Long Term Assets	1,180,096	1,166,247
Current Assets	168,727	134,015
Current Liabilities	(113,038)	(110,397)
Net Pension Liability	(613,750)	(550,836)
Other long Term liabilities	(458,710)	(446,079)
Net Assets	163,325	192,950
Financed by		
Usable Reserves	(146,365)	(139,975)
Unusable Reserves	(16,960)	(52,975)
Total Reserves	(163,325)	(192,950)

Delivery of the Capital Programme

The Council's 2018/2019 programme saw £106 million spent to deliver a wide range of capital works. The programme being funded by large elements of this programme from £78 million in grants & contributions, £12 million from receipts, £14 million HRA contribution and £2 million from borrowing.

2018/2019 Financial and Performance Review, continued

The main areas of capital spend where £33m of highways spend, £31m on education schemes and £15m on council house build programmes and refurbishment of council stock.

Note 25 on Assets Held for Sale identifies that as at 31 March 2019, £8 million of Council property is expected to be sold in 2019/2020. These sales will continue to support the Council's capital investment plans.

Impact on Treasury Management and cash flow

The Council's internal Treasury Management team manages its cash within the strategy approved by Full Council. The Treasury Management Strategy was fully adhered to in 2018/2019. The average long-term borrowing rate was 3.76%; and the return on short term investments was 0.97%

At the end of 2018/19 the Council has £345.2 million of outstanding borrowing. That is £15 million more than as at 31 March 2018. In order to take advantage of borrowing rates, that are currently low, and to reduce the refinancing risk associated with existing external borrowing the Council has taken out £30 million of external borrowing (from the PWLB) in order to improve the ability to manage the level at which it is internally borrowed.

Pension Fund

The deficit on pensions relates to the current actuarial valuation, and whilst it does not need to be paid in year, it will need to be found in future years.

As such the increase to the pension deficit to £614 million reflects an ongoing risk to the Council. This risk is being mitigated through a recovery plan agreed with

Wiltshire Pension Fund's actuary that will see the employer's liability fall in the future.

Financial Risks

The Council seeks to manage its financial risk through prudent controls, with business case assessments, always assessing the value of its assets and investments. Overall risks are well managed and set out in Note 50 to the accounts. There is £3.596 million set aside in provisions, mainly relating to insurance claims and NNDR appeals. More details are set out at Note 29 to the Accounts.

In common with the rest of local government, the council has seen a steady reduction in government funding in recent years. We are currently waiting on proposed funding changes following the fair funding review which will impact on our future revenue funding streams.

A risk during 2018/2019 related to the implications of and uncertainty around Brexit. The Council has worked closely with its partners through civil contingency arrangements to address this possibility; and a greater understanding of financial risk including income generation and implication on properties valuations.

General Fund & Earmarked Reserves

Overall the outturn has meant that the Council's General Fund Reserve is £15.1 million, this is an increase of £2.2 million in year. The level of general fund reserves remains still one of the lowest in the Country in proportion to the size of the Council it is still within the level recommended by the Chief Finance Officer. Other earmarked reserves have slightly decreased due to use of earmarked reserves.

2018/2019 Financial and Performance Review, continued

Financial & activity / performance

In setting the 2018/2019 budget the Council faced a 56% reduction in its revenue support grant funding (£10 million). This meant in 2018/2019 an additional £13.8 million was needed to be raised from Council Tax, and £7.3 million from the Social Care Levy to fund adult care pressures. The shift to less government grant also means over 98% of our funds now come from local residents and businesses, up from 94% in 2017/2018.

However, the Council continues to face demand and inflationary pressures of circa £15 million p.a. To manage this challenge the Business Plan has had a clear prioritised focus that has helped shape both the areas of financial investment and drive for continual improvement in performance.

Per the 2018/2019 revenue outturn report the general fund reported an underspend of £0.4 million. This is 0.1% of the Council's net budget. An additional top up to reserves of £1.8 million leaves the

General Fund Reserve at £15.1 million, a net increase of £2.2 million in the year.

The majority of service expenditure was in line with budget profiles and forecasts. Directors and Heads of Service worked to bring Services that identified large variances during the year back into a balance. In particular, Adults and Childrens services experienced significant demand pressures in year.

The service with the greatest budget pressure in year was Waste Services which reported a net overspend of £4.1 million. The majority of this overspend was due to the significant delay in the Councils Contractor obtaining planning permission for construction of a Materials Recovery Facility (MRF) to sort dry recyclable materials. The Waste budget has been rebased for 2019/2020 based on the forecast contract models and tonnage expectations.

The report also includes commentary on the Dedicated Schools Grant (DSG). This is coming under increased pressure in Wiltshire as it is across the country. The outturn is a £4.2 million overspend.

Annual Governance Statement

Wiltshire Council is a local authority that is responsible for providing services to nearly half a million residents, tens of thousands of varied businesses and over a million visitors per year. It aims to create strong communities, grow the local economy and protect vulnerable people and this approach underlines everything we do. The Council secures funding from national government, local taxation and charges. So, as a public body, it needs to have a strong governance and assurance framework to make certain its business is conducted to the highest standards, ensuring:

- resources are directed in accordance with agreed policy and according to priorities;
- there is sound and inclusive decision making, conducted in accordance with the law and proper standards;
- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities; and
- public money is safeguarded and properly accounted for, and continuous improvement in the way in which its functions are exercised is secured, having regard to economy, efficiency and effectiveness.

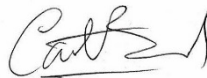
This statement reflects how Wiltshire Council has met those standards in 2018/19 and the ongoing actions it is taking to maintain and improve its governance arrangements. Evidence of how we have assessed ourselves has been grouped into sections as set out by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its publication 'Delivering Good Governance in Local Government Framework (2016)' and is consistent with the Local Code of Corporate Governance.

Approval of the Annual Governance Statement 2018/19

We are satisfied that this statement provides a substantial level of assurance that good governance is in place in Wiltshire Council and that appropriate arrangements are in place to address improvements identified in our review of compliance. Progress on these improvements and on addressing and mitigating the risks will be monitored through the year by senior officers and the Audit Committee.



Alistair Cunningham OBE
Executive Director



Dr Carlton Brand
Executive Director



Terence Herbert
Executive Director



Cllr Philip Whitehead
Leader of Wiltshire Council

24 July 2019

Addendum approval

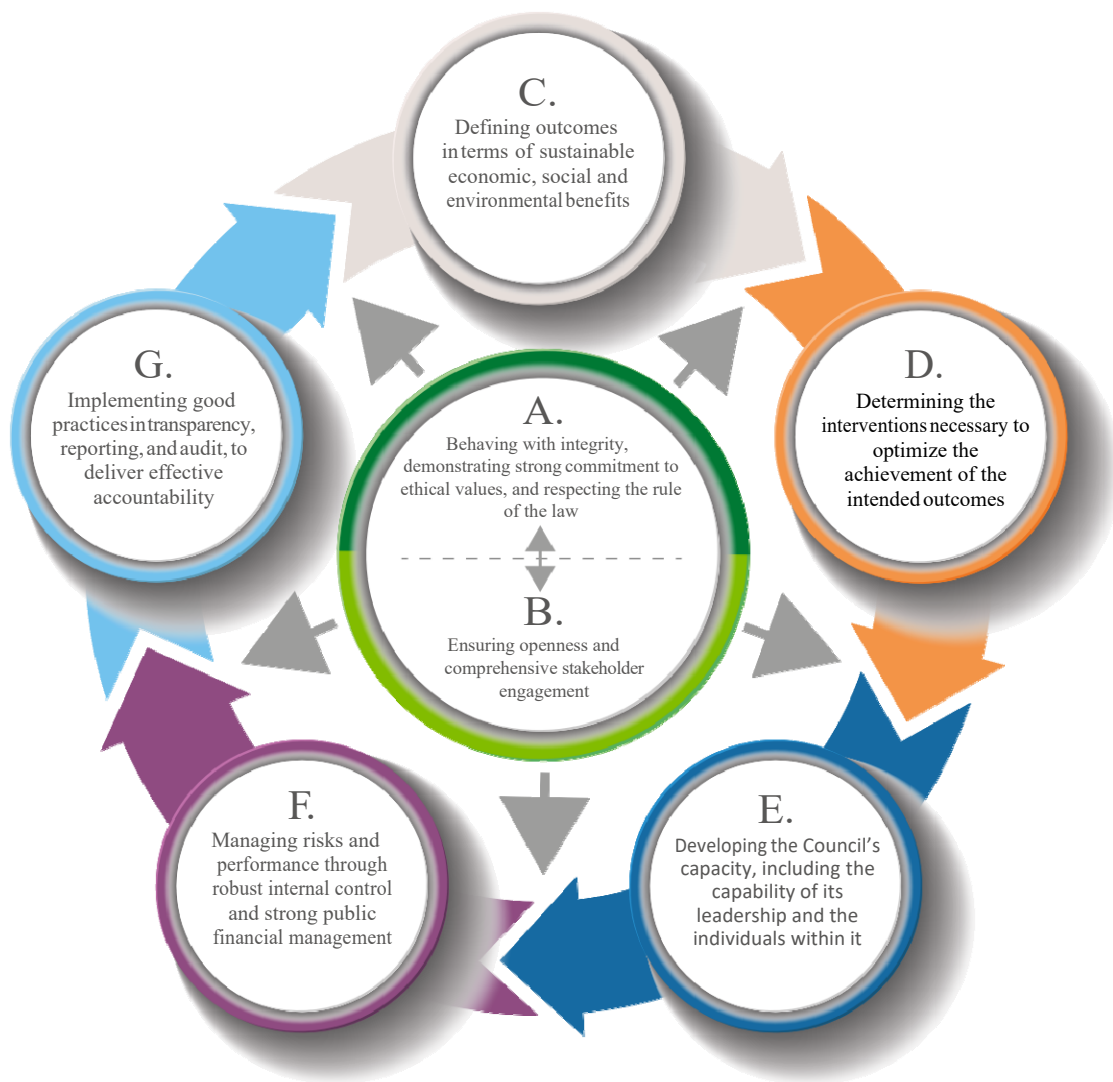


Terence Herbert
Chief Executive



Cllr Philip Whitehead
Leader of Wiltshire Council 18 November 2020

The Local Code of Corporate Governance provides a means of demonstrating that a sound level of governance is operated. This local code acts as a means of assurance, but also a mechanism for achieving continuous improvement. This approach is consistent with the principles of the CIPFA/SOLACE *Delivering Good Governance in Local Government* framework. The principles are set out below:



The following pages set out a summary of the key governance controls, mapped against the CIPFA principles. These are supported by case studies to help demonstrate where positive improvement action has already been taken, and a note of improvement actions that the Council will take.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Respect for the rule of law

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.

The constitution is kept under review and in 2018/19 the role and responsibilities of portfolio holders and access to confidential material by councillors have been clarified.

The Constitution includes at Part 13 the **Members' Code of Conduct**, which makes clear the obligation of elected members in promoting and maintaining high standards of conduct and ensuring the principles of public life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) are adhered to. Pecuniary and non-pecuniary interests are registered and published on the web site in accordance with the requirements of the Code of Conduct and the underlying legislation.

Strong commitment to ethical values

The Council publishes and promotes both a code of conduct for its staff and a **Behaviours Framework** that details what is expected of all employees. The behaviours framework is embedded throughout the employment lifecycle and forms a key part of the appraisal system to promote ethical awareness amongst the Council's staff.

Ethical considerations are also evident in the Council's **Procurement Strategy** where Social Value is a consideration. The Strategy describes a voluntary charter for suppliers asking for a commitment to local employment, skills, training and environmental issues.

There is a process for dealing with complaints under the code of conduct for unitary, parish, town and city councillors in Wiltshire. This process and its application is set by the Council and reviewed regularly by the Council's **Standards Committee**. Minutes from the meetings of this Committee can be found online.

There were 47 complaints last year, 12 in relation to unitary members, 35 parish members. 8 in total were referred for investigation. The number of complaints per year since 2012 has ranged from 24-79.

Behaving with integrity

How we can improve

- Agree an updated Corporate Equality Plan for 2019/20
- Review the arrangements for dealing with code of conduct complaints (Protocol 12)
- Review and update as appropriate the Behaviours Framework
- Review the procurement approach to social value

Principle B - Ensuring openness and comprehensive stakeholder engagement

Openness

The Council makes available a range of important information on its website including its strategic aims and ambitions in its published [Business Plan](#) and via its [publication scheme](#). The council has arrangements for dealing with requests under Freedom of Information laws. In 2018/19 there were 1818 requests with 98% responded to within 20 days

Committee meetings are open to the public, and **agenda papers and minutes** are available on the internet in various formats along with forward work plans/ calendars.

Public engagement plays a key part in the decision-making process, across the full range of the Councils services. Key consultations undertaken during 2018/19 include those on Housing Allocation Policy, Parking Charges, Special Schools, Bus Services and Children’s Centres. A **communications protocol** is in place for councillors and officers

The Council supports a range of partnerships including: the [Health and Wellbeing Board](#), promoting integrated working between the council and the NHS; the [Wiltshire Police and Crime Panel](#) which reviews and scrutinises decisions of the Police and Crime Commissioner (the Panel is a joint committee with Swindon Borough Council); and the work of the Swindon and Wiltshire Local Enterprise Partnership ([SWLEP](#)). Cabinet have [reviewed](#) LEP governance as part of a business transfer agreement following the LEP’s formal incorporation.

Engaging with citizens and service users

Wiltshire Council’s 18 **Area Boards** involve the local community in decision-making within the agreed scheme of delegation. 124 area board meetings took place with devolved funding on community grants, youth, health and wellbeing and transport and devolved decision-making powers on community asset transfers.

The **Wiltshire Compact** is an agreed set of guidelines and principles to foster good working relationships between the voluntary sector and the public sector. This will be reviewed in 2019.

Quick, open, officer decision making is in place with the ability for local councillors to call-in **planning** decisions to committee in response to local concerns. A strategic planning committee oversees the application of the Local Plan. Expectations for [Community Involvement](#) in preparing Wiltshire’s planning policy documents and in considering planning applications are clearly set out.

An **electoral review** was conducted by the Local Government Boundary Commission. After consideration of submissions from the council, the LGBC maintained the number of councillors at 98, noting in particular the importance of our area boards.

Engaging with institutional stakeholders

How we can improve
 Adopt a new Partnership Working Framework (replace Protocol 8 of the constitution) and undertake an audit of partnership arrangements across the council
 Review the Wiltshire Compact and role of Wiltshire Assembly
 Agree new consultation policy/ guidance to replace the 2015 consultation strategy
 Consider options for collecting feedback from residents, including surveys
 Review Part 4 of the constitution in relation to petitions

Principle C - Defining outcomes in terms of sustainable economic, social and environmental benefits

Defining outcomes

The [Business Plan](#) 2017-27 was agreed in 2017 to enable the vision, priorities and goals set out to be translated into actions that deliver the changes required in the coming years.

Following the publication of the report of the LGA's **Peer Review** on Wiltshire Council in 2018, an [action plan](#) continues to be implemented and overseen by CLT and Cabinet with the Overview and Scrutiny Management Committee monitoring progress on a six to nine monthly basis.

A [Local Development Scheme](#) provides a three year rolling project plan for producing the **local development framework**

The findings of the **CQC Local System Review** in Wiltshire were published June 2018 and a joint [action plan](#) developed with the NHS to address these. The key findings included the need to have a single joined up commissioning strategy that builds on the Better Care Plan, an integrated workforce plan and closely aligned transformation programmes. Wiltshire Council has continued to invest in transformation of adult social care and established a reablement team in 2018/19 which has improved outcomes for clients (57% left the service with no ongoing care needs).

The Council receives reports on the combined economic, social and environmental impacts of its policies in the form of various reports including the **Joint Strategic Needs Assessment (JSNA)**. These also inform community led action planning and inform other schemes such as the Big Pledge.

Community facilities have a key role in supporting people to live more active and fulfilled lives. The campus programme has provided sustainable assets for towns that provide a place, facilities and services that help to combat isolation and loneliness and increase the opportunities for social interaction; and in so doing build strong communities. Several campuses have been completed already and work continues in Calne, Cricklade and Melksham

Parishes throughout the county can continue to request community asset transfers. During 2018/19 negotiation on significant **service delegation and asset transfer** packages took place with Devizes, Chippenham and Pewsey and Royal Wootton Bassett Town Councils following the successful asset transfer package for Salisbury City Council. This enables local communities more of a say, with the intention to extend this to cover the whole county.

How we can improve

Fully implement the peer review recommendations by developing an outcome-based planning process aligned to budget build
Consider additional resource for service delegation and asset transfer delivery
Respond to the findings of an Ofsted inspection in May/ June 2019 building on the previous progress that has been made.

Sustainable economic, social and environmental benefits

Principle D - Determining the interventions necessary to optimise the achievement of intended outcomes

Determining and planning interventions

Regular Performance and financial updates are reported to senior officers and councillors, including scrutiny through the **Financial Planning Task Group** which is a task group established by the [Overview and Scrutiny](#) Management Committee.

The council's [annual budget](#) setting process has also seen updates to the Medium Term Financial Strategy and ongoing Capital Programme

Oversight of corporate projects is undertaken by the Corporate Leadership Team (CLT), supported with advice from Finance, Legal, HR and Procurement Teams. The **Programme Office** manages projects and programmes on behalf of the Council and provides reports to the Council on ongoing work. During 2018/19 the majority of projects were delivered or progressed according to schedule. Monthly reports were provided to CLT with appropriate actions taken.

The [Corporate Procurement Strategy](#) provides the framework for the council to obtain value and social capital from all of its bought in goods and services. The strategy focuses on the delivery of the following corporate and social goals:

Significant programmes in 2018/19 include the transformation of adult social care; families and children; and digital. These were supported by the council's system thinking team where appropriate.

- Identifying and delivering efficiencies, but not at the expense of quality
- Developing and embracing the principles of sustainable procurement

Following its adoption in early 2018, the Council continues to implement its new [commercial policy and approach](#) which is designed to improve our: management information; staff skills; use of assets and resources to make financial returns; and review and revise our models of delivery.

The procurement strategy is used to encourage the adoption of a mixed economy approach, evaluating on the basis of whole life costings and breaking down barriers to participate in council opportunities. Using transparent processes, the council commits to meeting its obligation to ensure that all of our procurement activity addresses relevant social, economic and environmental standards.

Optimising achievement of intended outcomes

How we can improve

Review the effectiveness of the commercial policy and current commissioning approaches.

Implement the newly adopted Part 10 of the constitution on procurement and contract rules; aligned to a regularly updated Annual Procurement Plan and medium-term contract management strategy. Embed good commissioning and contract management as part of staff job descriptions.

Principle E - Developing capacity, including the capability of the Council's leadership and the individuals within it

Developing capacity

The Wiltshire Council [People Strategy](#) focuses on attracting the best people to work for the Council and engaging, developing and retaining existing staff and continues to be implemented.

A bi-annual **staff survey** in 2018 showed an improvement in staff engagement overall (+12% to 70%), and included an increase in positive responses to those who can 'always or frequently' find appropriate training and development opportunities (+13% to 58%). More can be done however to help staff understand how their work contributes to the priorities of the council (-9% to 77%) which will be addressed through outcomes based planning

Managers are required to complete **annual appraisals** with their staff and use these to identify training and development needs and develop plans to address these needs

Following the introduction of the **apprenticeships levy** the council now has over 170 apprentices employed. A new leadership and management development programme launched in 2018 and offers aspiring and developing managers the opportunity to complete accredited qualifications using levy funding. In addition, the council now has the highest number of under 25s employed in recent years at 6.9 per cent, some of which are employed as apprentices.

Further consideration was given to the alignment of service responsibilities to roles at tier 2 of the organisation and the Business Plan objectives. A **senior management** restructure at tier 2 took place in March 2019, and steps to appoint to roles internally following consultation have been completed. Current actions to recruit to the remaining vacancies are being taken

The council continues to learn by seeking **best practice** from elsewhere and responding to the findings of external inspections such as the CQC Local System Review; and an Ofsted inspection taking place in May/ June 2019. The council is also participating in evaluations of how well we have worked with our civil contingency partners in the response to (and recovery from) the events in south Wiltshire in 2018, which had significant implications for the county, council and partners.

As well as the training provided as part of councillor induction a range of learning material is made available to councillors online via the Wiltshire Council **learning portal**, GROW.

Developing the capability of the Council's leadership and other individuals

How we can improve

Rollout training and awareness on decision making processes following a review of corporate governance practices

Principle F – Managing risks and performance through robust internal controls and strong public financial management

Managing risk and performance

A new [risk and performance management policy](#) was [agreed](#) in February 2019 to replace the previously separate Corporate Risk Strategy and Corporate Performance Strategy

The Council's risks are monitored at various levels in the organisation including by [Cabinet](#) on a quarterly basis. Managing risks is the responsibility of services who define the risks related to their service areas and assign individuals to be responsible for their management. All services risks are scored on the same basis and some service risks are elevated, through the policy, onto the corporate risk register which is published and reviewed quarterly. An audit of risk management was undertaken in 2018/19 leading to a more nuanced approach on categorisation of risk appetite.

The main **changes in risk** during 2018/19 have been relating to the implications of and uncertainty around Brexit, where the council has worked closely with its partners through civil contingency arrangements to address this possibility; and a greater understanding of financial risk including income generation.

The General Data Protection Regulations came into force in May 2018. The Senior Information Risk Owner's (**SIRO**) **Annual Report**, outlines the significant work that has taken place to embed good practice and manage risk to ensure compliance across the council. SWAP have conducted an audit confirming this, noting that compliance is a constantly evolving target and services will need to adapt as the interpretation of the legislation continues to develop.

How we can improve

Review business intelligence (data analysis and insight) functions across the council and supporting systems

Review how performance can be communicated to the public to deliver maximum openness and transparency.

Combine financial reporting and performance and risk reporting in the same quarterly report to Cabinet and embed good practice across the council

Wiltshire's section 151 Officer or **Chief Finance Officer** has a statutory duty to ensure that the Council has a strong financial control environment, including an effective and independent Internal Audit function in accordance with the Accounts and Audit Regulations 2015.

The Council is the administering authority for more than 180 employers through the **Wiltshire Pension Fund**, and the [Pension Committee](#) exercises its responsibilities in relation to investment management where it sets investment policy and appoints and monitors external investment managers. This has included participation in the Brunel Pension Partnership (as agreed by full council). The operation of a **Local Pension Board** continues, with the purpose of scrutinising the Council as Administrator for the Wiltshire Pension Fund and ensuring the efficient and effective governance of the pension scheme.

Robust internal control and strong public financial management

Principle G - Implementing good practices in transparency, reporting and audit to deliver accountability

Assurance and effective accountability

Implementing good practices in transparency and reporting

The Council has independent external auditors (Deloitte) and the South West Audit Partnership who provide an internal audit function, Wiltshire being the oldest and biggest partner. SWAP's periodic update reports were considered during 2018/19 by the Council's [Audit Committee](#). As at April 2019, SWAP Internal Audit completed 60 **internal audit** reviews, to draft and final report including significant high risk areas e.g. contract management and project management. Reporting also has included action to follow up implementation. Overall SWAP assessed the Council's control environment as 'reasonable' with no significant issues raised. The Council's **External Auditor** has also not raised any significant matters during 2018/19 in their first year as appointed auditor. *[Addendum 2020: The council has worked with the auditor on a technical disclosure query associated with fixed asset accounting and more specifically historical balances within the revaluation reserve and capital adjustment account. The Council has accepted an 'except for' qualification on these accounts to ensure progress to conclusion of the audit opinion for 2018/19 and 2019/20. Details of this conclusion and opinion can be found in the auditor's ISA 260 reports].* The **Statement of Accounts** for 2018/19 record that waste had a net overspend of £4.099m, largely due to a significant delay in the contractor obtaining planning permission for construction of a Materials Recovery Facility (MRF) to sort dry recyclable materials

There is a strong culture operating in the Council of acting to the highest standards. This is rooted in the behaviours expected of councillors and staff, and upheld by the senior leaders. Where any resident feels the Council has not acted properly the Council has a **corporate complaints procedure**. The council has received the Annual Letter of the Local Government and Social Care Ombudsman. There were 64 complaints referred to the Ombudsman in 2018 vs 73 in in 2017, and those upheld fell from 12 to 8.

A **review of the inter-relationship between key polices** has taken place to improve clarity and consistency of processes, including: Anti-Fraud and Corruption, Anti Money-Laundering, complaints and some staff policies, such as Registering interests, gifts and hospitality. New policies have been agreed

The **Overview and Scrutiny** committees in Wiltshire Council have undertaken a range of reviews to inform policy development and evaluate decisions of the executive. Key reviews include those on digital services, military-civilian integration, special schools, maternity, children's centres, outdoor education, homelessness, LED lighting and taxi fares. An [Annual Report](#) from the Overview and Scrutiny Management Committee sets out this activity in detail.

Senior directors meet weekly and review on a quarterly basis progress against the ambitions set out in the **Local Code of Corporate Governance**

The Council complies with reporting requirements such as an [online structure chart](#) and information on senior salaries and expenses.

How we can improve

- Align organisational processes more closely to the outcomes in the Business Plan to ensure a focus on the resources used and outcomes achieved
- Finalise accompanying action plans for the counter fraud framework
- Deliver outstanding waste service changes and saving initiatives.

Statements to the Accounts

The Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

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

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Statement of Accounts (which includes the financial statements) in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

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.
- kept proper, up to date accounting records;
- taken reasonable steps to prevent and detect fraud and other irregularities;
- assessed the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Council will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error,

The Statement of the Chief Financial Officer

I certify that the Statement of Accounts gives a true and fair view of the financial position of Wiltshire Council at 31 March 2019 and of its income and expenditure for the year then ended.



Andy Brown

Interim Corporate Director of Resources (Chief Financial Officer/Section 151 Officer)

Wiltshire Council

18 November 2020

Approval of the Statement of Accounts

I can confirm that these accounts were approved by the Audit Committee at its meeting held on 18 November 2020.



Councillor Richard Britton

Chairman of the Audit Committee

18 November 2020

Independent Auditors' Report to the Members of Wiltshire Council

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements of Wiltshire Council ('the Authority'):

- give a true and fair view of the financial position of the Authority as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

We have audited the financial statements which comprise:

- the Comprehensive Income and Expenditure Statement;
- the Movement in Reserves Statement;
- the Balance Sheet;
- the Cash Flow Statement;
- the Expenditure & Funding Analysis Statement;
- the related notes 1 to 52;
- the accounting policies;
- the Housing Revenue Account Income and Expenditure Statement; and
- the Collection Fund.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2018/19.

Basis for qualified opinion

Included in the Authority's Unusable Reserves are a Revaluation Reserve of £308,687,000 and Capital Adjustment Account of £326,878,000 as at 31 March 2019. As disclosed in notes 36 and 37, the opening balances as at 1 April 2017 of the Revaluation Reserve and the Capital Adjustment Account were adjusted due to errors found in the historic balances when implementing the new fixed asset management system. We were unable to obtain sufficient appropriate audit evidence in relation to the balances and the movements during the year as disclosed in notes 36 and 37 due to the Council being unable to produce records on an asset by asset basis to support how these balances have built up over a number of years. Consequently we were unable to determine whether any adjustment between these amounts were necessary. Where any adjustments to the Revaluation Reserve or Capital Adjustment Account are required, there may also be an impact on the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the Expenditure and Funding Analysis Statement. However, there will be no impact on the General Fund Balance and the Total Useable Reserves.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Chief Financial Officer's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The Chief Financial Officer is responsible for the other information. The other information comprises the information included in the statement of accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Chief Financial Officer's responsibilities

As explained more fully in the Chief Financial Officer's responsibilities statement, the Chief Financial Officer is responsible for: the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

Report on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in April 2019, we are satisfied that, in all significant respects, Wiltshire Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's

arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2019, as to whether Wiltshire Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Wiltshire Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Matters on which we are required to report by exception

The Code of Audit Practice requires us to report to you if:

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit;
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014;
- an application has been made to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- an advisory notice has been issued under Section 29 of the Local Audit and Accountability Act 2014; or
- an application for judicial review has been made under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Wiltshire Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

USE OF OUR REPORT

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.



Ian Howse (Appointed auditor)
For and on behalf of Deloitte LLP
Cardiff, Wales
20 November 2020

Independent auditor's report to the members of the Wiltshire Council on the Pension Fund financial statements of Wiltshire Pension Fund

Opinion

In our opinion, the Pension Fund financial statements of Wiltshire Pension Fund (the 'Pension Fund'):

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2019 and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

We have audited the financial statements which comprise:

- the Fund Account;
- the Net Assets Statement; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of Wiltshire Council and the Pension Fund it administers in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Chief Financial Officer's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Pension Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The Chief Financial Officer is responsible for the other information. The other information comprises the information included in the Wiltshire Council's statement of accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Chief Financial Officer's responsibilities

As explained more fully in the Chief Financial Officer's responsibilities statement, the Chief Financial Officer is responsible for the preparation of the financial statements in accordance with proper practices as set out in the

CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting on the assumption that the functions of the Pension Fund will continue in operational existence for the foreseeable future.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of Wiltshire Council ('the Authority'), as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.



Ian Howse (Appointed auditor)
For and on behalf of Deloitte LLP
Cardiff, United Kingdom
20 November 2020

KEY FINANCIAL STATEMENTS

Comprehensive Income & Expenditure Statement

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

	2018/2019		2017/2018		Net	
	Expenditure £000	Income £000	Expenditure £000	Expenditure £000	Income £000	Expenditure £000
General Fund Services						
ASC Operations - Access & Reablement	75,961	(21,857)	54,104	71,278	(17,590)	53,688
Learning Disability & Mental Health	78,227	(10,933)	67,294	75,113	(9,056)	66,057
Commissioning	77,658	(48,802)	28,856	66,086	(45,359)	20,727
Public Health & Protection	20,508	(18,477)	2,031	20,473	(17,177)	3,296
Legal & Democratic	6,903	(2,087)	4,816	8,588	(2,966)	5,622
Family & Children Services	110,496	(41,833)	68,663	99,012	(38,418)	60,594
Education & Skills	199,472	(174,899)	24,573	189,773	(171,937)	17,836
Communities & Communications	20,554	(9,919)	10,635	22,865	(9,388)	13,477
Human Resources & Org Development	5,217	(1,757)	3,460	5,458	(1,570)	3,888
Economic Development & Planning	14,937	(8,501)	6,436	22,353	(7,736)	14,617
Highways & Transport	54,419	(13,892)	40,527	51,569	(12,422)	39,147
Waste & Environment	53,497	(8,049)	45,448	45,743	(7,703)	38,040
Housing & Commercial Development	42,672	(11,718)	30,954	39,453	(10,516)	28,937
Corporate Services & Digital	21,554	(5,539)	16,015	20,619	(3,794)	16,825
Finance	108,057	(100,819)	7,238	122,088	(115,998)	6,090
Corporate Directors	3,302	(33)	3,269	3,128	(13)	3,115
Corporate	14,628	(4,964)	9,664	13,847	(8,864)	4,983
Housing Revenue Account (HRA)	22,377	(26,253)	(3,876)	20,856	(25,675)	(4,819)
Net Cost of Service	930,439	(510,332)	420,107	898,302	(506,182)	392,120
Other Operating Expenditure		Note 3	46,012			30,200
Financing and Investment Income and Expenditure		Note 4	24,902			27,091
Taxation and non-specific grant income		Note 5	(470,087)			(457,232)
(Surplus)/ Deficit on Provision of Services			20,934			(7,821)
(Surplus) or deficit on revaluation of Property, Plant and Equipment Assets			(25,794)			(39,406)
Actuarial (gains)/losses on pension assets / liabilities			34,485			(91,485)
Other Comprehensive Income and Expenditure			8,691			(130,891)
Total Comprehensive Income and Expenditure			29,625			(138,712)

Movement in Reserves Statement

The Council maintains a number of reserves that are recorded on the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000 Note 31	Unusable Reserves £000 Note 35	Total Authority Reserves £000
Balance at 1 April 2017	(43,379)	(23,170)	(9,722)	(1,182)	(34,790)	(112,243)	58,005	(54,238)
Movement in reserves during 2017/2018								
Total Comprehensive Income and Expenditure	(11,648)	3,827	0	0	0	(7,821)	(130,891)	(138,712)
Adjustments between accounting basis & funding basis under regulations (note 14)	1,596	1,392	(3,275)	(417)	(19,207)	(19,911)	19,911	0
Net (Increase)/Decrease before Transfers	(10,052)	5,219	(3,275)	(417)	(19,207)	(27,732)	(110,980)	(138,712)
Balance at 31 March 2018 carried forward	(53,431)	(17,951)	(12,997)	(1,599)	(53,997)	(139,975)	(52,975)	(192,950)
Movement in reserves during 2018/2019								
Total Comprehensive Income and Expenditure	16,544	4,390	0	0	0	20,934	8,691	29,625
Adjustments between accounting basis & funding basis under regulations (note 14)	(15,456)	(6)	1,027	(3,140)	(9,749)	(27,324)	27,324	0
Net (Increase)/Decrease before Transfers	1,088	4,384	1,027	(3,140)	(9,749)	(6,390)	36,015	29,625
Balance at 31 March 2019 carried forward	(52,343)	(13,567)	(11,970)	(4,739)	(63,746)	(146,365)	(16,960)	(163,325)

Balance Sheet

This statement summarises the Council's assets and liabilities at 31 March for the years 2019 and 2018.

	NOTES	31 March 2019		31 March 2018 amended See note 53
		£000	£000	£000
Property, Plant and Equipment	15			
Council Dwellings & Garages		273,168		270,823
Other Land and Buildings		355,028		354,635
Vehicles, Plant, Furniture and Equipment		66,484		74,993
Infrastructure		388,208		357,494
Community Assets		6,061		6,160
Assets Under Construction		50,673		62,806
Surplus Assets Not Held for Sale		8,634		9,890
			1,148,256	1,136,801
Investment Properties	23	23,452		23,244
Intangible Assets	24	1,985		564
Long Term Debtors		6,403		5,638
			31,840	29,446
Long Term Assets			1,180,096	1,166,247
Current Assets				
Short Term Investments		102,277		63,805
Assets Held for Sale	25	8,427		10,165
Inventories		789		737
Short Term Debtors	26	50,531		50,614
Cash and Cash Equivalents	27	6,703		8,694
Current Assets			168,727	134,015
Current Liabilities				
Short Term Creditors	28	(95,689)		(86,079)
Short Term Borrowing	30	(10,172)		(16,951)
Short Term PFI Creditors	22	(3,581)		(3,350)
Provisions	29	(3,596)		(4,017)
Current Liabilities			(113,038)	(110,397)
Long Term Liabilities				
Long Term PFI Creditors	22	(68,814)		(72,396)
Long Term Borrowing	30	(335,029)		(313,037)
Other Long Term Liabilities		(2,241)		(7,376)
Pension Fund Liability	38	(613,750)		(550,836)
Planning Deposits		(52,626)		(53,270)
Long Term Liabilities			(1,072,460)	(996,915)
Net Assets			163,325	192,950
Financed by				
Usable Reserves	31		(146,365)	(139,975)
Unusable Reserves	35		(16,960)	(52,975)
Total Reserves			(163,325)	(192,950)

In previous years the discounted housing PFI was carried on the balance sheet. This presentation has been reviewed and the prior year amended to reflect this change. Full details are shown in note 53.



Andy Brown

Director of Finance & Procurement (Section 151 Officer) 18 November 2020

Cash Flow Statement

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

	NOTES	2018/2019 £000	2017/2018 £000
Net (surplus) or deficit on the provision of services		20,934	(7,821)
Adjustments to net surplus or deficit on the provision of services for non-cash movements		(18,470)	13,750
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	39	(11,368)	(12,162)
Net cash flows from Operating Activities		(8,904)	(6,233)
Investing Activities	40	22,757	(1,011)
Financing Activities	41	(11,862)	12,554
Net decrease or (increase) in cash and cash equivalents		<u>1,991</u>	<u>5,310</u>
Cash and cash equivalents at the beginning of the reporting period		8,694	14,004
Cash and cash equivalents at the end of the reporting period		6,703	8,694

Expenditure & Funding Analysis Statement

This analysis shows how annual expenditure is used and funded from annual resources (government grants, rents, council tax and business rates) by the Council in comparison with the economic resources consumed or earned by the Council in accordance with generally accepted accounting practice. It shows how the expenditure is allocated for decision making purposes between the Council's services. Income and expenditure is shown more fully in the Comprehensive Income & Expenditure statement.

	2018/2019			2017/2018		
	Net Expenditure Chargeable to the General Fund & HRA Balances £000	Adjustments between Funding and Accounting Basis (see note 13) £000	Net Expenditure in the Comprehensive Income & Expenditure Statement £000	Net Expenditure Chargeable to the General Fund & HRA Balances £000	Adjustments between Funding and Accounting Basis (see note 13) £000	Net Expenditure in the Comprehensive Income & Expenditure Statement £000
General Fund Services						
ASC Operations - Access & Reablement	51,935	2,169	54,104	52,024	1,664	53,688
Learning Disability & Mental Health	66,375	919	67,294	65,189	868	66,057
Commissioning	28,538	318	28,856	20,497	230	20,727
Public Health & Protection	1,515	516	2,031	1,739	1,557	3,296
Legal & Democratic	4,282	534	4,816	5,144	478	5,622
Family & Children Services	66,049	2,614	68,663	57,759	2,835	60,594
Education & Skills	(441)	25,014	24,573	714	17,122	17,836
Communities & Communications	6,833	3,802	10,635	6,720	6,757	13,477
Human Resources & Org Development	3,061	399	3,460	3,483	405	3,888
Economic Development & Planning	2,837	3,599	6,436	2,542	12,075	14,617
Highways & Transport	28,640	11,887	40,527	29,469	9,678	39,147
Waste & Environment	40,436	5,012	45,448	36,599	1,441	38,040
Housing & Commercial Development	14,479	16,475	30,954	15,370	13,567	28,937
Corporate Services & Digital	14,054	1,961	16,015	14,823	2,002	16,825
Finance	6,401	837	7,238	5,290	800	6,090
Corporate Directors	3,192	77	3,269	3,049	66	3,115
Corporate	(10,797)	20,461	9,664	(9,470)	14,453	4,983
Net Cost of Service General Fund	327,389	96,594	423,983	310,941	85,998	396,939
Housing Revenue Account (HRA)	4,384	(8,260)	(3,876)	5,219	(10,038)	(4,819)
Transfer to Earmarked Reserves	3,245	(3,245)	0	(9,642)	9,642	0
Net Cost of Service	335,018	85,089	420,107	306,518	85,602	392,120
Other Operating Expenditure	0	46,012	46,012	0	30,200	30,200
Financing and Investment Income and Expenditure	0	24,902	24,902	0	27,091	27,091
Taxation and non-specific grant income	(329,546)	(140,541)	(470,087)	(311,351)	(145,881)	(457,232)
(Surplus)/ Deficit	5,472	15,462	20,934	(4,833)	(2,988)	(7,821)
Balance Summary						
Opening General Fund & HRA Balance at 1 April	(71,382)			(66,549)		
Add (Surplus)/ Deficit on General Fund & HRA Balances in Year	5,472			(4,833)		
Closing General Fund and HRA Balance at 31 March	(65,910)			(71,382)		

Analysed between type of balance	General Fund	Earmarked	HRA	Total Balances
	£000	Reserves £000	£000	£000
Opening Balance at 1 April 2017	(12,533)	(30,846)	(23,170)	(66,549)
Add (Surplus)/ Deficit in year 2017/2018	(410)	(9,642)	5,219	(4,833)
Closing Balance at 31 March 2018	(12,943)	(40,488)	(17,951)	(71,382)
Add (Surplus) in year 2018/2019	(2,157)	3,245	4,384	5,472
Closing balances at 31 March 2019	(15,100)	(37,243)	(13,567)	(65,910)

The General Fund and earmarked reserves above add together to equal the General Fund balance in the Movement in Reserves Statement.

Notes to the Core Financial Statements

Introduction to the Explanatory Notes

The Statement of Accounts summarises the Council's transactions for the 2018/2019 financial year and its position at the year-end of 31 March 2019. The Statement of Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/2019 and the accounting policies are set out in the Notes to the Accounts Annex 1. For ease of reference, the notes to the core financial statement are grouped in functional areas. In order to streamline the Statement of Accounts and make them more user friendly, a number of notes have been removed this year from previous years, as allowed by the code of practice. These are all non-material notes so do not affect the information presented.

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Note 1a Revenue outturn

In respect of net revenue outturn, the Council's 2018/2019 General Fund revised budget and actual spending figures were as below:

	Original Budget £m	Revised Budget £m	Actual £m	Difference £m
Total General Fund (a)	327.746	327.746	327.389	(0.357)
Additional financial stability top up to reserves			(1.800)	(1.800)
Funded by:				
Draw from General Fund reserves				
Formula Grant	(8.050)	(8.050)	(8.046)	0.004
Business Rates Retained	(55.700)	(55.700)	(56.993)	(1.293)
Council Tax	(240.033)	(240.033)	(240.033)	0.000
Social Care Levy	(18.417)	(18.417)	(18.417)	0.000
Collection Fund (Surplus)/Deficit Council Tax	(1.546)	(1.546)	(5.506)	(3.960)
Collection Fund (Surplus)/Deficit NNDR	(4.000)	(4.000)	1.249	5.249
Total Funding (b)	(327.746)	(327.746)	(327.746)	0.000
Movement on General Fund (a) + (b)	(0.000)	(0.000)	(2.157)	(2.157)

The overall underspend against the revised 2018/2019 budget was £0.357 million. The Council made an additional financial stability top up to reserves of £1.800 million. Therefore the overall movement on the General Fund is a £2.157 million return to reserves. More details about the Council's revenue spending on services are given, with notes, in the Comprehensive Income & Expenditure Statement and subsequent notes.

Note 1b Expenditure and Income Analysed by Nature

	2018/2019 £000	2017/2018 £000
Expenditure		
Employee expenses	270,112	264,043
Other Services expenses	608,008	589,707
Depreciation, amortisation and impairment	67,725	60,760
Interest payments	12,328	12,590
Precept and levies	19,804	16,954
Loss on disposal of assets	25,291	12,491
Total Expenditure	1,003,268	956,545
Income		
Fees, charges and other service income	(510,332)	(506,182)
Interest and investment income	(960)	(428)
Movements in the market value of Investment Properties	(955)	(524)
Income from Council Tax and Business Rates	(339,225)	(306,826)
Government Grants and contributions	(42,766)	(59,524)
Other grants and contributions	(88,096)	(90,882)
Total Income	(982,334)	(964,366)
Deficit on the Provision of Services	20,934	(7,821)

Note 1c Income from Revenue Contracts

The adoption of IFRS 15 (Revenue from Contracts with Customers) has been adopted by the Council for 2018/2019. This standard requires disclosure concerning income arising from contracts with service recipients. Most of the Council's income streams are outside of the scope of IFRS 15 as the majority of income that the Council receives/collects is government grants, council tax, retained business rates and pay as you go charges (e.g. car parking charges). The Council has reviewed the value of income covered by IFRS 15 and considers this to be an immaterial amount therefore no further disclosures are required.

Note 2 Exceptional Items

There are no exceptional items in the accounts for either 2018/2019 or 2017/2018.

Note 3 Other Operating Expenditure

	2018/2019 £000	2017/2018 £000
Parish council precepts	19,804	16,954
Payments to the Government Housing Capital Receipts Pool	917	755
(Gains)/losses on the disposal of non-current assets	25,291	12,491
Total	46,012	30,200

Note 4 Financing and Investment Income and Expenditure

	2018/2019 £000	2017/2018 £000
Interest payable and similar charges	12,328	12,590
Interest and investment income	(960)	(428)
Pension Interest Costs and expected return on pension assets	14,489	15,453
Movements in the market value of Investment Properties	(955)	(524)
Total	24,902	27,091

Note 5 Taxation and Non-specific Grant Income

The Council raises the following income in respect of Council Tax, Non Domestic Rates (NDR) and General Government Grants which are not attributable to specific services.

	2018/2019	2017/2018
	£000	£000
Council Tax Transfer	(258,450)	(237,304)
Collection Fund Surplus	(5,506)	(2,530)
Parish Council Precepts	(19,804)	(16,954)
Adjustment for statutory requirements	2,079	3,191
Council Tax Income	(281,681)	(253,597)
General Government Grants	(34,720)	(41,236)
Formula Grant	(8,046)	(18,288)
Business Rates Retention Scheme	(55,744)	(53,229)
Additional reserves contribution	(1,800)	0
Capital grants and contributions	(88,096)	(90,882)
Total	(470,087)	(457,232)

Note 6 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2018/2019:

	2018/2019 £000	2017/2018 £000
Credited to Taxation and Non Specific Grant Income		
General Government Grants	(34,720)	(41,236)
Formula Grant	(8,046)	(18,288)
Business Rates Retention Scheme	(55,744)	(53,229)
Total	(98,510)	(112,753)
Credited to Services		
Dedicated Schools Grant	(180,474)	(177,679)
Public Health Grant	(17,361)	(17,819)
Pupil Premium Grant	(7,454)	(7,788)
Learning & Skills Council	(1,482)	(1,512)
Universal Infant Free School Meals	(3,980)	(4,350)
PFI	(7,541)	(7,541)
Housing Benefit & Council Tax Admin Grant	(1,469)	(1,597)
Salisbury Recovery	(3,149)	0
Other Grants	(62,216)	(40,591)
Other Contributions	(1,836)	(7,637)
Donations	(895)	(871)
Total	(287,857)	(267,385)
Total Grants, Contributions & Donations	(386,367)	(380,138)

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

	2018/2019 £000	2017/2018 £000
Revenue Grants to be returned (Creditor)		
Other Grants	7	76
Total	7	76

The Council received the following grants in relation to future years:

	2018/2019 £000	2017/2018 £000
Revenue Grants Receipts in Advance		
MOD Education Support Fund	(363)	0
SEND Reform Grant 2018/2019	0	(245)
Other Grants	0	(76)
Total	(363)	(321)

Note 7 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the Council's area. DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2013. The Schools Budget includes elements for a range of educational services provided on a Council-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2018/2019 and 2017/2018 are as follows:

	Central Expenditure £000	Individual Schools Budget (ISB) £000	2018/2019 Total £000	2017/2018 Total £000
Final DSG for year before academy recoupment			(343,264)	(330,349)
Academy figure recouped			162,790	152,675
Total DSG after academy recoupment			(180,474)	(177,674)
Brought forward from previous year			(846)	(583)
Agreed initial budget distribution	(69,372)	(111,948)	(181,320)	(178,257)
In Year Adjustments	36		36	246
Final budgeted distribution	(69,336)	(111,948)	(181,284)	(178,011)
Less actual central expenditure	72,709		72,709	63,016
Less actual ISB deployed to schools		111,948	111,948	114,149
Local Authority Contribution	(1,300)		(1,300)	0
Carry forward	2,073	0	2,073	(846)

Note 8 Pooled Budgets

Partnerships Schemes under S31 Health Act

Better Care Fund

The Better Care Fund (BCF) is a programme spanning both the NHS and local government. It was created to improve the lives of some of the most vulnerable people in our society, placing them at the centre of their care and support, and providing them with 'wraparound' fully integrated health and social care, resulting in an improved experience and better quality of life.

Wiltshire Council and Wiltshire CCG have entered into a formal arrangement from 1 April 2015 to deliver services via the Better Care Fund. The expenditure via the Better Care Fund was as follows:

	2018/2019 £000	2017/2018 £000
Self Care, Self Support	1,645	1,569
Intermediate Care	14,267	13,503
Access, rapid response 7 day working	3,534	3,777
Care Bill	2,500	2,500
Protecting Social Care	18,810	12,577
Invest in Engagement with Heathwatch	0	100
Scheme Management	433	248
Social Care Capital	3,828	2,275
Workforce and bought forward schemes	0	0
Integrated Community Equipment	5,328	4,971
Total Expenditure before return to partners	50,345	41,520
Return to Partners CCG	0	0
Return to Partners Wiltshire Council	0	3,435
Total Schemes	50,345	44,955

This was funded from income and grants as follows:

	2018/2019 £000	2017/2018 £000
Wiltshire CCG BCF Contribution	(31,776)	(31,551)
Wiltshire Council BCF Contribution	(8,943)	(4,524)
Disabled Facilities Grant	0	(3,070)
Improved Better Care Fund	(9,626)	(5,810)
Total Income and Grants	(50,345)	(44,955)

Note 9 Members' Allowances

The Council paid the following amounts to Members of the Council

	2018/2019 £000	2017/2018 £000
Allowances	1,908	1,860
Expenses	76	78
Total	1,984	1,938

Note 10 Officers' Remuneration

The Council is required to disclose the number of employees who received taxable remuneration from Wiltshire Council in excess of £50,000 for the year. These figures include Wiltshire Council employees as well as teaching and non-teaching employees employed directly by Wiltshire Council Schools. This table is based on full remuneration and not just salary. 2017/2018 has been restated to reflect presentational change.

Remuneration Band £	2018/2019 No. Employees	2017/2018 Restated No. Employees
50,000-54,999	99	96
55,000-59,999	63	79
60,000-64,999	64	46
65,000-69,999	28	16
70,000-74,999	10	17
75,000-79,999	13	4
80,000-84,999	4	3
85,000-89,999	4	3
90,000-94,999	2	3
95,000-99,999	6	3
100,000-104,999	7	2
105,000-109,999	2	1
110,000-114,999	0	0
115,000-119,999	2	0
120,000-124,999	0	1
125,000-129,999	2	0
130,000-134,999	1	1
135,000-139,999	0	0
140,000-144,999	2	1
145,000-149,999	0	0
150,000-154,999	1	2
155,000-159,999	0	0
160,000-164,999	0	1
165,000-169,999	0	0
170,000-174,999	0	1
175,000-179,999	0	1
TOTAL	310	281

Notes:

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

2018/2019 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 2018/2019 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2018/2019 £
Executive Director, Adult Care, Public Health & Digital - Carlton Brand	154,290	0	0	0	0	154,290	30,858	185,148
	154,290	0	0	0	0	154,290	30,858	185,148

2017/2018 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 2017/2018 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2017/2018 £
Corporate Director, Communities, Resources & Digital - Carlton Brand (Subnote F)	151,265	0	179	0	0	151,444	28,740	180,184
	151,265	0	179	0	0	151,444	28,740	180,184

2018/2019 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)

2018/2019	Post Holder	Salary (including fees and allowances) £	Bonuses £	Expense Allowances £	Compensation for loss of Office £	Benefits in Kind £	Total Remuneration excluding pension contributions 2018/2019 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2018/2019 £
	Executive Director, Growth, Investment & Place	144,730	0	976	0	0	145,706	28,946	174,652
	Executive Director, Children & Education	144,730	0	336	0	0	145,066	28,946	174,012
	Director, Human Resources & Organisational Development - Head of Paid Service	97,898	0	0	0	0	97,898	19,579	117,477
	Director, Finance & Procurement - s151 Officer (Subnote G)	6,595	0	41	0	0	6,636	1,319	7,955
	Director, Legal and Governance - Monitoring Officer	107,925	0	0	0	0	107,925	21,584	129,509
		501,878	0	1,353	0	0	503,231	100,374	603,605

2017/2018 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)

2017/2018	Post Holder	Salary (including fees and allowances) £	Bonuses £	Expense Allowances £	Compensation for loss of Office £	Benefits in Kind £	Total Remuneration excluding pension contributions 2017/2018 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2017/2018 £
	Corporate Director, Growth, Investment & Place (Subnote A & F)	124,437	0	1,448	0	0	125,885	23,643	149,528
	Corporate Director, Children & Education (Subnote B & F)	133,215	0	986	0	0	134,201	25,311	159,512
	Corporate Director C (Subnote C & F)	88,238	0	0	0	0	88,238	16,765	105,003
	Associate Director, People & Business (Subnote D & F)	96,919	0	228	81,169	0	178,316	13,402	191,718
	Director, Human Resources & Organisational Development (Subnote E & F)	82,750	0	0	0	0	82,750	15,723	98,473
	Director, Finance & Procurement - s151 Officer	105,810	0	318	0	0	106,128	20,104	126,232
	Director Legal & Democratic - Monitoring Officer	102,528	0	0	0	0	102,528	19,480	122,008
		733,897	0	2,980	81,169	0	818,046	134,428	952,474

Subnote A:

Corporate Director, Growth, Investment & Place was appointed on 14 August 2017. The annualised salary for the post is £137,210. Prior to 14 August 2017, the post holder was previously the Associate Director, Economy & Planning. The annualised salary was £101,513.

Subnote B:

Corporate Director, Children & Education was appointed on 14 August 2017 and is designated as the Director of Children's Services (which is a required statutory role) from this date. The annualised salary for the post is £137,210. Prior to 14 August 2017, the post holder was previously the Associate Director, Operational Children's Services. The annualised salary was £104,761.

Subnote C:

Corporate Director C is designated as the Director of Adult Social Services which is a required statutory role, and was designated as the Director of Children's Services (which is a required statutory role) until 13 August 2017. Corporate Director C left the employment of the Council on 31 October 2017. The annualised salary was £149,767.

Subnote D:

Associate Director, People & Business left the employment of the Council on 30 November 2017 following a senior management restructure. The postholder received £81,169 as a severance payment. The annualised salary was £104,761.

Subnote E:

Director, Human Resources & Organisational Development was appointed on 6 November 2017 and is designated as the Head of Paid Service (which is a statutory role) from this date. The annualised salary for the post is £95,978. Prior to 6 November 2017, the post holder was previously the Head of Human Resources & Organisational Development. The annualised salary was £73,097.

Subnote F:

As of November 2013, the statutory role of Head of Paid service is discharged between the Corporate Directors on a rotational basis. Following a report to Cabinet on 20 June 2017, this designation was transferred to the Associate Director role with responsibility for HR, which at the time was the Associate Director, People & Business. Per Subnote E, this designation transferred to the Director, Human Resources & Organisational Development on 6 November 2017.

Subnote G:

Director, Finance & Procurement left the employment of the Council on 23 April 2018 and has since been filled on an interim basis pending recruitment of a new permanent postholder. The annualised salary for the post was £105,809.

Exit Packages

Exit packages include all benefits provided in relation to the termination of employment. These include redundancy payments, pay in lieu of notice and pension strain. The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019
£							£	£
0-20,000	3	2	90	56	93	58	794,469	480,768
20,001-40,000	0	0	7	19	7	19	196,692	553,735
40,001-60,000	0	0	1	14	1	14	58,989	671,465
60,001-80,000	0	0	2	1	2	1	152,270	63,030
80,001-100,000	0	0	1	0	1	0	81,169	0
Total	3	2	101	90	104	92	1,283,589	1,768,998

In 2018/2019 there were 26 exit packages relating to schools, with a value of £220,429.

Note 11 External Audit Fees

Wiltshire Council incurred the following fees in respect of external audit and statutory inspection in accordance with the Local Audit & Accountability Act 2014.

	2018/2019 £000	2017/2018 £000
Fees payable for external audit services carried out by the appointed auditor	129	180
Fees payable for the certification of grant claims and returns	24	27
Fees payable in respect of other services provided by external auditors during the year	0	0
Total	153	207

Note 12 Related Parties

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

UK Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the

form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Details of Grant receipts are shown in Note 6.

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2018/2019 is shown in note 9. 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. The register has been reviewed and Members have not disclosed any material transactions with related parties.

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

Wiltshire Pension fund – In 2018/2019 the Council charged the fund £1.478 million (£1.472 million in 2017/2018) for expenses incurred in administering the fund.

Note 13 Note to the Funding Analysis

Adjustments to General Fund to add Expenditure or Income not Chargeable to taxations or rents and remove items which are only chargeable under statute

	2017/2018			Total Adjustments
	Capital Purposes (Note 13a)	Pension Adjustments (Note 13b)	Other Differences (Note 13c)	
	£000	£000	£000	£000
General Fund Services				
ASC Operations - Access & Reablement	646	1,016	2	1,664
Learning Disability & Mental Health	203	654	11	868
Commissioning	0	232	(2)	230
Public Health & Protection	1,029	516	12	1,557
Legal & Democratic	5	487	(14)	478
Family & Children Services	233	2,601	1	2,835
Education & Skills	16,084	1,966	(928)	17,122
Communities & Communications	5,622	1,156	(21)	6,757
Human Resources & Org Development	35	372	(2)	405
Economic Development & Planning	11,284	788	3	12,075
Highways & Transport	8,996	677	5	9,678
Waste & Environment	804	644	(7)	1,441
Housing & Commercial Development	14,825	436	(1,694)	13,567
Corporate Services & Digital	991	985	26	2,002
Finance	0	803	(3)	800
Corporate Directors	0	65	1	66
Corporate	3	376	23,716	24,095
Housing Revenue Account (HRA)	0	263	(10,301)	(10,038)
Net Cost of Service	60,760	14,037	10,805	85,602
Other operating Expenditure	12,491	0	17,709	30,200
Financing and Investment Income and Expenditure	(524)	15,453	12,162	27,091
Taxation and non-specific grant income	0	0	(145,881)	(145,881)
(Surplus)/ Deficit	72,727	29,490	(105,205)	(2,988)

The adjustments included in the line for 'Corporate' includes the adjustments seen on the face of the EFA for Transfer to Earmarked Reserves.

	2018/2019			Total Adjustments £000
	Capital Purposes (Note 13a) £000	Pension Adjustments (Note 13b) £000	Other Differences (Note 13c) £000	
General Fund Services				
ASC Operations - Access & Reablement	1,144	1,004	21	2,169
Learning Disability & Mental Health	213	667	39	919
Commissioning	1	297	20	318
Public Health & Protection	0	510	6	516
Legal & Democratic	65	464	5	534
Family & Children Services	53	2,532	29	2,614
Education & Skills	24,835	1,782	(1,603)	25,014
Communities & Communications	2,662	1,135	5	3,802
Human Resources & Org Development	35	359	5	399
Economic Development & Planning	2,844	750	5	3,599
Highways & Transport	11,205	674	8	11,887
Waste & Environment	4,681	397	(66)	5,012
Housing & Commercial Development	17,795	469	(1,789)	16,475
Corporate Services & Digital	995	950	16	1,961
Finance	106	735	(4)	837
Corporate Directors	0	70	7	77
Corporate	628	872	15,716	17,216
Housing Revenue Account (HRA)	463	264	(8,987)	(8,260)
Net Cost of Service	67,725	13,931	3,433	85,089
Other operating Expenditure	25,291	0	20,721	46,012
Financing and Investment Income and Expenditure	(955)	14,489	11,368	24,902
Taxation and non-specific grant income	0	0	(140,541)	(140,541)
(Surplus)/ Deficit	92,061	28,420	(105,019)	15,462

The adjustments included in the line for 'Corporate' includes the adjustments seen on the face of the EFA for Transfer to Earmarked Reserves.

Note 13a Adjustments for Capital Funding and Expenditure Purposes

These adjustments are made to the General Fund Balances to meet the requirements of generally accepted accounting practices. For services, this column includes adjustments for depreciation, impairment and revenue funded by capital. In other operating expenditure this adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Note 13b Net changes for the removal of pension contributions and the addition of pension (IAS19) related expenditure and income

Net changes for the removal of pension contribution and the addition of IAS 19 Employee Benefits pension related expenditure and income. For services this represents the removal of the employer pension contributions made by the authority as permitted by statute and the replacement with current service costs and past service costs.

Note 13c Other Differences

Other differences between the amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute. These include adjustments for accumulated absences, PFI service charges and items reported to members but not included in statutory net cost of service (e.g. general government grants, movement on reserves and interest).

Note 14 Adjustments between accounting basis and funding basis under regulations

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

Reserves 2018/2019	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation of non-current assets	(24,616)			(12,153)		36,769
Charges for impairment/ revaluations of plant, property and equipment	(24,977)	(464)				25,441
Movements in the market value of Investment Properties	956					(956)
Amortisation of intangible assets	(323)					323
Revenue expenditure funded from capital under statute	(17,842)					17,842
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(20,532)	(4,759)	(16,033)			41,324
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	14,339					(14,339)
Capital expenditure charged against the General Fund and HRA balances		5,486				(5,486)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement and Expenditure Statement	88,096				(88,096)	0
Application of grants to capital financing transferred to the Capital Adjustment Account					78,347	(78,347)
Adjustments primarily involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure			11,602			(11,602)
Use of the Capital Receipts Reserve to finance repayment of HRA debt			4,810			(4,810)
Reserve to finance the payments to the Government capital receipts pool	(917)		917			0
Adjustments primarily involving the Deferred Capital Receipts Reserve						
Transfer of deferred sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	165		(269)			104
Adjustment primarily involving the Major Repairs Reserve						
Use of the Major Repairs Reserve to finance new capital expenditure and depreciation				9,013		(9,013)
Adjustment primarily involving the Financial Instruments Adjustments Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	2					(2)
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 49)	(28,166)	(263)				28,429
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(3,030)					3,030
Amount by which non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	950					(950)
Adjustment primarily involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	439	(6)				(433)
Total Adjustments	(15,456)	(6)	1,027	(3,140)	(9,749)	27,324

Reserves 2017/2018	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation of non-current assets	(20,837)			(11,548)		32,385
Charges for impairment/ revaluations of plant, property and equipment	(20,357)					20,357
Movements in the market value of Investment Properties	524					(524)
Amortisation of intangible assets	(446)					446
Revenue expenditure funded from capital under statute	(19,119)					19,119
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(7,383)	(5,108)	(9,905)			22,396
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	11,472					(11,472)
Capital expenditure charged against the General Fund and HRA balances	0	6,762				(6,762)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement and Expenditure Statement	90,882				(90,882)	0
Application of grants to capital financing transferred to the Capital Adjustment Account					71,675	(71,675)
Adjustments primarily involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure			6,104			(6,104)
Reserve to finance the payments to the Government capital receipts pool	(755)		755			0
Adjustments primarily involving the Deferred Capital Receipts Reserve						
Transfer of deferred sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	130		(229)			99
Adjustment primarily involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA						0
Use of the Major Repairs Reserve to finance new capital expenditure and depreciation				11,131		(11,131)
Adjustment primarily involving the Financial Instruments Adjustments Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	2					(2)
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 49)	(29,267)	(263)				29,530
Employer's pensions contributions and direct payments to pensioners payable in the year						0
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	3,206					(3,206)
Amount by which non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	(6,397)					6,397
Adjustment primarily involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(59)	1				58
Total Adjustments	1,596	1,392	(3,275)	(417)	(19,207)	19,911

BALANCE SHEET NOTES RELATING TO CAPITAL**Note 15 Property, Plant and Equipment (PPE)**

	Council Dwellings & Garages inc land £000	Other Land & Buildings £000	Vehicles, Plant and Equipment £000	Infra-structure £000	Community Assets £000	Assets under Construction £000	Surplus Assets £000	Total Property, and Plant & Equipment £000
Cost or Valuation								
Opening Balance 1 April 2018 as previously stated	384,670	715,970	228,259	436,525	7,098	77,522	11,988	1,862,032
Restatement of opening balance	(76,170)	(251,642)	(3,122)	(139)	(242)	(14,716)	(2,098)	(348,129)
Restated Opening Balance 1 April 2018	308,500	464,328	225,137	436,386	6,856	62,806	9,890	1,513,903
Additions	8,810	21,855	7,211	9,095	0	36,140	1	83,112
Derecognition - Disposals	(1,989)	(25,007)	(12,566)	0	(99)	0	(1,100)	(40,761)
Revaluation increases/ (decreases) recognised in Revaluation reserve	(6,469)	25,330	7,270	0	0	0	151	26,282
Revaluation increases/ (decreases) recognised in Surplus/ Deficit on provision of services	(3,331)	362	(1,611)	0	0	0	0	(4,580)
Revaluation Reserve	(43,032)	(43,551)	(74,846)	0	0	0	(28)	(161,457)
Category Adjustments & other movements	11,447	6,422	969	29,357	0	(48,273)	21	(57)
At 31 March 2019	273,936	449,739	151,564	474,838	6,757	50,673	8,935	1,416,442
Depreciation and Impairments								
Opening Balance 1 April 2018 as previously stated	(113,847)	(361,335)	(153,266)	(79,031)	(938)	(14,716)	(2,098)	(725,231)
Restatement of opening balance	76,170	251,642	3,122	139	242	14,716	2,098	348,129
Restated Opening Balance 1 April 2018	(37,677)	(109,693)	(150,144)	(78,892)	(696)	0	0	(377,102)
Depreciation	(5,659)	(12,333)	(11,016)	(7,738)	0	0	0	(36,746)
Accumulated depreciation written back on derecognition of assets	0	4,273	1,239	0	0	0	0	5,512
Revaluation losses/impairment recognised in the surplus/deficit on provision	(390)	(20,466)	(5)	0	0	0	0	(20,861)
Revaluation losses/impairment recognised in the revaluation reserve	(74)	(414)						(488)
Category Adjustments & other movements		371					(329)	42
Revaluation adjustment	43,032	43,551	74,846		0	0	28	161,457
At 31 March 2019	(768)	(94,711)	(85,080)	(86,630)	(696)	0	(301)	(268,186)
Net Book Value at 31 March 2019	273,168	355,028	66,484	388,208	6,061	50,673	8,634	1,148,256
Net Book Value at 31 March 2018	270,823	354,635	74,993	357,494	6,160	62,806	9,890	1,136,801

Previously, when assets have been revalued the gross carrying value of the asset has been updated to reflect the revaluation movement. This is not in accordance with the CIPFA Code which requires that accumulated depreciation is eliminated against the gross carrying amount of each revalued asset. As a result of this, the opening cost or valuation and the opening depreciation balances have been restated to adjust for the removal of accumulated depreciation on assets that had been revalued prior to 1 April 2018. As a result of this the cost or valuation opening balance has gone from £1,862,032k to £1,513,903k, as shown in the above table. The opening depreciation balance has also been restated by the same amount to go from £725,231k to £377,102k as shown in the above table.

Overall, the net book value of assets is unaffected.

Note 16 Information about Depreciation Methodologies

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

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

The total depreciation charged to tangible Property Plant and Equipment fixed assets for 2018/2019 is £36,746,000 (£32,176,741 in 2017/2018)

Note 17 Capital Expenditure and Capital Financing

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

Financing of capital expenditure

	31 March 2019		31 March 2018
	£000	£000	£000
Opening Capital Financing Requirement (see below)		539,328	537,296
Adjustment per PFI		24,826	
Capital Investment			
Plant Property & equipment Assets	87,254		89,485
Plant Property & equipment PFI Assets	(14)		52
Investment Properties	27		405
Intangible assets	1,184		22
Revenue Expenditure Funded from Capital under Statute	17,842		19,119
		106,293	109,083
Sources of Finance			
Government Grants		(78,345)	(71,675)
Major Repairs Reserve		(9,013)	(11,131)
Capital Receipts		(11,602)	(6,104)
Assets purchased through Revenue (inc HRA)		(5,487)	(6,762)
Repayment of capital long term assets		(39)	93
Minimum Revenue Provision		(10,727)	(8,542)
Voluntary Revenue Provision		(261)	(261)
Minimum Revenue Provision - PFI Schemes		(3,351)	(2,669)
Use of capital receipts reserve to finance HRA debt repayment		(4,810)	0
		(123,635)	(107,051)
Closing Capital Financing Requirement		546,812	539,328
Explanation of Movements in the Year			
Increase / (decrease) in underlying need to borrow		7,484	2,032
Increase / (decrease) in Capital Financing Requirement		7,484	2,032

Note: The Adjustment per PFI represents the restatement of the PFI liabilities, the details of which can be seen in note 53, Prior Year Adjustment.

Note 18 Fixed Asset Valuation

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

County Farms were most recently revalued in 2018/2019 by a qualified external valuer.

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

The assets revalued during 2018/2019 include Primary, Secondary, Special, Foundation & PFI Schools as well as the Investment Estate, Surplus Assets Not Held for Sale and any new assets acquired during 2018/2019 or significantly altered. All other assets will be revalued over the coming years as part of the rolling programme but have been revalued within the maximum 5 year rolling programme as dictated in the code of practice. The Council is not aware of any material change in the value of the remaining assets that were not revalued in 2018/2019.

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

Valuation of Council Property

	Council Dwellings & Garages inc land £000	Other Land & Buildings £000	Vehicles, Plant and Equipment £000	Infra-structure £000	Community Assets £000	Assets under Construction £000	Surplus Assets £000	Total Property, and Plant & Equipment £000
Valued at historical cost	0	5,786	6,025	388,208	1,009	50,673	0	451,701
Valued at current value in:								
2018/2019	273,168	183,296	46,046	0	0	0	8,634	511,144
2017/2018	0	75,668	9,789	0	114	0	0	85,571
2016/2017	0	84,470	4,624	0	4,938	0	0	94,032
2015/2016	0	5,808	0	0	0	0	0	5,808
Book Value at 31 March 2019	273,168	355,028	66,484	388,208	6,061	50,673	8,634	1,148,256

Schools Assets

During the 2018/2019 financial year any schools that became Academy schools have had their assets removed from the Balance Sheet. This is shown as a derecognition in the note for Property plant and equipment above. The Council does not recognise Academy, Voluntary Controlled and Voluntary Aided schools in its accounts.

Components and effect on depreciation

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

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

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

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

Note 19 Revaluation and Impairment Losses

As part of the valuation process, reductions in the value of our assets (where there have previously not been upward valuations) are charged as downwards revaluation losses charged to Property, Plant and Equipment. These are detailed by asset class in note 15.

Impairments relating to Property, Plant & Equipment total £21.704 million in 2018/2019. This total primarily relates to 4 specific assets that have all incurred significant amounts of construction costs in year. These assets are:

- The Vale Community Campus (DRC valuation)
- Princecroft Primary School (DRC valuation)
- Stonehenge Secondary School (DRC valuation)
- Corsham Mansion house (EUV valuation)

As it is good practice to revalue properties when they are complete to ensure the carrying values are appropriate, the external valuers provided valuations for the new/refurbished buildings as at 31 March 2019.

The total impairment costs are charged to the Comprehensive Income & Expenditure Statement but do not reflect any loss to the Council as these downward valuation charges are reversed out (as statutorily required) so that they have no impact on the General Fund balance.

Note 20 Heritage Assets

Heritage assets are assets that are held by the Council principally for their contribution to knowledge and/ culture. Typical examples of Heritage assets would include works of art, statues, archaeological sites, military or scientific equipment. Wiltshire Council does not have extensive museum collections as most of the museums in the county are owned by other bodies. Therefore the Council does not have a significant collection of art or other antiquities that need to be disclosed on the Balance Sheet with a value. These assets can be disclosed in a note to the accounts if the cost of obtaining a valuation exceeds the benefit to the users of the accounts.

These principal items that have been identified as heritage assets by Wiltshire Council are:

White Horse near Westbury

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

East Grafton Wilton Windmill

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

Village lock-ups

- Village lock-ups are historic buildings that were used for the temporary detention of people in England and Wales. A typical village lock-up is a small structure with a single door and a narrow slit window or opening. A number of these lock ups remain in various towns across Wiltshire. Many of these are owned and maintained by Wiltshire Council and so remain part of the Heritage Assets of the County. No formal valuation has been obtained for these sites as the costs of obtaining one would outweigh the benefits of doing so, and it is felt that they would not have any material value due to their size, condition and specialisation.

County Hall Members' Rooms Art

- There is a small collection of items formally held in the Members' rooms at County Hall. These include various portraits and landscapes, as well as a stuffed Bustard in a stand. These are not on public display but are kept for artistic reasons. These have been valued for insurance purposes in the past with

values individually not exceeding £1,500 per item. The total value of these items is not material, nor is there a benefit to the user of the accounts in obtaining updated valuations. Therefore these items have been disclosed in this note only.

Other items of Historical Interest

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

Note 21 Leases

Finance leases

A finance lease is a lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee. The Council had no finance leases in 2018/2019.

Operating leases

An operating lease is a lease that is not a finance lease (see above) and includes vehicles and other equipment particularly in schools. The Council had no operating leases in 2018/2019.

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 22 Private Financing Initiatives (PFI) and Similar Contracts

The total amount held in Private Financing Initiative and Similar contracts is as follows:

	North Wilts Schools PFI £000	Monkton Park Modified PFI £000	Housing PFI Restated £000	Total Long term contracts restated £000
Balance outstanding at 1 April 2018 as previously stated	(25,527)	(5,464)	(19,929)	(50,920)
Restatement of opening balance	0	0	(24,826)	(24,826)
Balance outstanding at 1 April 2018 restated	(25,527)	(5,464)	(44,755)	(75,746)
Payments during the year to reduce capital liability	1,051	467	1,833	3,351
Liability outstanding 31 March 2019	(24,476)	(4,997)	(42,922)	(72,395)
Split				
Due within 1 year	(1,134)	(498)	(1,949)	(3,581)
Due in over 1 year	(23,342)	(4,499)	(40,973)	(68,814)
Liability outstanding 31 March 2019	(24,476)	(4,997)	(42,922)	(72,395)

North Wiltshire Schools PFI & Additional 6th Form Units.

Wiltshire Council has a Private Finance Initiative (PFI) for three secondary schools with White Horse Education Partnership (WHEP). WHEP is responsible for maintaining and operating the facilities for 30 years from when the first school became operational (March 2002). These are included in the non-current assets in the Balance Sheet with an associated liability.

The funding for the annual PFI payment comes from the Council's own resources and a special government grant called a PFI credit which is credited to the revenue account in the year it is received.

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

Estimated PFI payments North Wilts Schools

Period	Liability	Interest	Service charges	2018/2019 Total	2017/2018 Total
	£000	£000	£000	£000	£000
Within 1 years	(1,134)	(1,605)	(3,478)	(6,217)	(5,947)
Within 2-5 years	(5,517)	(5,475)	(14,802)	(25,794)	(24,644)
Within 6-10 years	(9,772)	(4,054)	(20,681)	(34,507)	(32,900)
Within 11-15 years	(8,053)	(810)	(12,736)	(21,599)	(27,763)
Within 16-20 years	0	0	0	0	0
Total	(24,476)	(11,944)	(51,697)	(88,117)	(91,254)

Monkton Park Offices Modified PFI Scheme

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 from the year 2000. The full PFI contract was modified in January 2011. Therefore only the loan associated with the capital and interest cost of building Monkton Park still has to be repaid. This is repaid directly to the Bank rather than to the former PFI joint vehicle.

The expenditure payable from 12 January 2011 onwards is the amount required for capital and interest only.

Estimated payments Monkton Park Offices Modified PFI

Period	Liability	Interest	2018/2019 Total	2017/2018 Total
	£000	£000	£000	£000
Within 1 years	(498)	(1,058)	(1,556)	(1,502)
Within 2-5 years	(2,336)	(4,449)	(6,785)	(6,555)
Within 6-10 years	(2,163)	(3,574)	(5,737)	(7,523)
Within 11-15 years			0	0
Main Scheme Total	(4,997)	(9,081)	(14,078)	(15,580)
Equalisation Fund	0	0	0	0
Total	(4,997)	(9,081)	(14,078)	(15,580)

Housing PFI Scheme

A total of 242 units have been built since 2012/2013 under a housing PFI scheme at sites across the county. These are included in the non-current assets in the Balance Sheet with an associated liability.

Payments are made to the PFI contractors as monthly unitary payments. These payments are commitments and can vary subject to indexation, reductions for performance and availability failures. The funding of the unitary payment will come from a government grant (the PFI credits referred to above), as well as a Council contribution.

In the year, an error was identified in the determination of Housing PFI liabilities. This resulted in an understatement of expenses and liabilities in 2018/19 and the preceding years. This error has been corrected by restating the comparative periods. The future estimated payments the Council will make under the contract are as follows:

Estimated payments New housing PFI scheme

Period	Liability	Interest	2018/2019 Total	2017/2018 Restated	2017/2018 Previously stated
	£000	£000	£000	£000	£000
Within 1 years	(1,949)	(1,932)	(3,881)	(3,877)	(2,190)
Within 2-5 years	(8,327)	(7,257)	(15,584)	(15,559)	(8,271)
Within 6-10 years	(13,939)	(5,696)	(19,635)	(19,600)	(9,326)
Within 11-15 years	(18,042)	(1,787)	(19,829)	(19,788)	(8,322)
Within 16-20 years	(665)	0	(665)	(4,648)	(1,221)
Total	(42,922)	(16,672)	(59,594)	(63,472)	(29,330)

In previous years the discounted housing PFI was carried on the balance sheet. This presentation has been reviewed and the prior year amended to reflect this change. Full details are shown in note 53.

Note 23 Investment Property

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

	2018/2019 £000	2017/2018 £000
Rental income from investment property	(2,459)	(2,761)
Direct operating expenses arising from investment properties	418	592
Net (Gain)/ Loss	<u>(2,041)</u>	<u>(2,169)</u>

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

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

	2018/2019 £000	2017/2018 £000
Balance at start of the year	23,244	22,952
Additions: Subsequent expenditure	27	405
Disposals	(10)	(819)
Gains from fair value adjustments	956	1,021
Losses from fair value adjustments	0	0
Impairments losses	0	(497)
Transfers (to)/from Property, Plant and Equipment	(765)	182
Balance at end of the year	<u>23,452</u>	<u>23,244</u>

Note 24 Intangible Assets

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

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

	Carrying amount		Remaining Amortisation Period
	31 March 2019 £000	31 March 2018 £000	
Children's Case Management System	1,514	0	5 Years
Planning System	0	197	0 years
Other items of software	471	367	1 - 5 years
Total	<u>1,985</u>	<u>564</u>	

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.323 million charged to revenue in 2018/2019 was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

	2018/2019	2017/2018
	Purchased	Purchased
	Software	Software
	Licences	Licences
	£000	£000
Gross carrying amounts	21,775	21,753
Accumulated amortisation	(21,211)	(20,765)
Net Carrying amount	564	988
Purchases	5,312	22
Amortisation for the period	(323)	(446)
Disposals	(13)	0
Category Adjustments	(3,555)	0
Net carrying amount at end of year	1,985	564
Comprising:		
Gross carrying amounts	23,519	21,775
Accumulated amortisation	(21,534)	(21,211)
	1,985	564

Note 25 Assets Held for Sale

The Council held the following amounts as assets held for sale as at 31 March 2019. The definition of an asset held for sale is one that is readily available for sale, the planned sale will occur within 12 months and that the property is being actively marketed.

	2018/2019	2017/2018
	£000	£000
Balance at start of the year	10,165	8,750
Assets newly classified as held for sale	4,335	1,896
Depreciation	(23)	(207)
Assets Sold	(6,050)	(1,110)
Revaluations	0	836
Balance at end of the year	8,427	10,165

OTHER NOTES TO BALANCE SHEET**Note 26 Short Term Debtors**

These represent sums owed to the Council for supplies and services provided before 31 March 2019 but not received at that date.

	2018/2019	2017/2018
	£000	£000
Other Local Authorities	1,436	1,795
Government Departments	10,029	11,976
NHS Bodies	3,346	3,063
Other entities & individuals:		
Share of Business Rates and Council Tax	14,099	12,510
Housing Tenants	1,698	1,497
Housing Benefit Overpayments	8,564	9,177
Other Sundry Debtors	27,051	22,191
Payments in Advance	6,720	4,647
Total Debtors	72,943	66,856
Less: Allowance for expected credit losses		
General Fund debtors	(9,303)	(2,825)
Housing Benefit Overpayments	(8,564)	(9,177)
Housing Rent arrears	(1,556)	(1,349)
Council Tax arrears	(2,744)	(2,540)
Business Rates Arrears	(245)	(351)
Total Allowance for expected credit losses	(22,412)	(16,242)
Net Debtors	50,531	50,614

The aged split of the major debt is as follows. Allowances for expected credit losses are calculated on this information.

Debt	0-1 year	1-2 years	Over 2 years	Total 2018/2019
Housing Tenants	1,698			1,698
Share of Business Rates	1,119	344	316	1,779
Share of Council Tax	6,585	2,285	3,450	12,320
Housing Benefit Overpayments	8,564			8,564
Sundry Debt	43,988	2,466	2,128	48,582
Total Debt	61,954	5,095	5,894	72,943

Note 27 Cash and Cash Equivalents

This consists of the bank accounts of locally managed schools and the rest of the council's cash and bank accounts.

	2018/2019	2017/2018
	£000	£000
Cash & Bank	(8,567)	(5,740)
Schools' bank accounts	15,270	14,434
	<u>6,703</u>	<u>8,694</u>

Note 28 Short Term Creditors

These represent sums owed by the Council for supplies and services received before 31 March 2019 but not paid for at that date.

	2018/2019	2017/2018
	£000	£000
Other Local Authorities	(4,390)	(3,453)
Government Departments	(10,892)	(7,019)
NHS Bodies	(2,532)	(3,878)
Sundry Creditors	(57,874)	(51,918)
Receipts in Advance	(14,085)	(13,462)
Accumulated Absences	(5,916)	(6,349)
	<u>(95,689)</u>	<u>(86,079)</u>

Note 29 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) that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made. If these conditions are not met no provision should be recognised. Amounts set aside for purposes falling outside the definition of provisions should be considered as earmarked reserves.

	Legal Claims £000	Insurance Claims £000	Business Rate Retention Scheme Appeals £000	Termination Benefits £000	Other £000	Total £000
Balance at 1 April 2018	(474)	(1,266)	(1,804)	(329)	(144)	(4,017)
Additional provisions made in year	(25)	(423)	(1,884)	(71)	0	(2,403)
Amounts used in year	0	330	1,804	267	144	2,545
Unused amounts reversed in year	0	217	0	62	0	279
Balance at 31 March 2019	(499)	(1,142)	(1,884)	(71)	0	(3,596)

Legal Claims

The Council has made provisions in respect of legal claims which may become payable by the Council depending on the outcome of a small number of individual cases totalling £0.499 million. In order not to prejudice seriously the Council's position in these cases any further information has been withheld from this publication. It is currently expected that all of these claims will be settled during the 2019/2020 financial year.

Insurance Claims

An insurance provision is accounted for when it is probable that a cost will be incurred and a reliable estimate of the cost can be made. The insurance provision for 2018/2019 is made up of 22 claims totalling £1.142 million. The 22 claims consisted of a mixture of Public and Employers' Liability claims and own Property claims.

The Council self-insures, with the Council meeting the first £0.100 million of each employers and public liability claim and up to £0.400 million for own property claims. It is currently expected that all of these claims will be settled during 2019/2020.

Insurance claims where liability has yet to be established are detailed in the Contingent Liability note 47.

Termination Benefits

As at 31 March 2019 the Council made a total provision of £0.071 million in respect of termination benefits, relating to redundancy costs for 2 employees. It is expected that all cases will be resolved during the first half of the 2019/2020 financial year.

Business Rate Retention Scheme Appeals

The Council is required to make provision for the costs associated with refunding business ratepayers with regard to current and prior year appeals against the rateable values of their properties on the rating list. The Council has estimated the total value of this provision to be £3.845 million as at 31 March 2019. This liability however, is shared between Wiltshire Council (49%), Central Government (50%) and Dorset and Wiltshire Fire & Rescue Authority (1%). The Council's share of this provision is therefore £1.884 million.

Other Provisions

There are no Other Provisions as at 31 March 2019.

Note 30 Borrowing

An analysis of loans by maturity is as follows:

	2018/2019 £000	2017/2018 £000
Short Term Borrowing		
Maturing within 1 year Temporary Loans	0	0
Maturing within 1 year Long Term Borrowing	(10,172)	(16,951)
	<u>(10,172)</u>	<u>(16,951)</u>
Long Term Borrowing		
Maturing in 1 to 2 years	(4,000)	(8,000)
Maturing in 2 to 5 years	(28,000)	(22,000)
Maturing in 5 to 10 years	(50,123)	(50,123)
Maturing in more than 10 years	(252,906)	(232,914)
Total Maturing after 1 year	<u>(335,029)</u>	<u>(313,037)</u>
Total Borrowing	<u><u>(345,201)</u></u>	<u><u>(329,988)</u></u>

The total borrowing can be further analysed by lender category:

	2018/2019 £000	2017/2018 £000
Temporary Loans	0	0
Long Term Loans:		
Public Works Loans Board	(283,220)	(267,995)
Money Market	(61,981)	(61,993)
	<u>(345,201)</u>	<u>(329,988)</u>

NOTES RELATING TO RESERVES**Note 31 Usable Reserves**

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

Reserve	Note	2018/2019 £000	2017/2018 £000
General Fund		(15,100)	(12,943)
Earmarked Reserves	32	(37,243)	(40,488)
General Fund balance per Movement in Reserves Statement		<u>(52,343)</u>	<u>(53,431)</u>
Housing Revenue Account Balance		(13,567)	(17,951)
Closing General fund and HRA balance per Expenditure & Funding Statement		<u>(65,910)</u>	<u>(71,382)</u>
Other Usable Reserves			
Major Repairs Reserve	33	(4,739)	(1,599)
Usable Capital Receipts Reserve	34	(11,970)	(12,997)
Capital Grants and Contributions		(63,746)	(53,997)
Unapplied Account			
Total Usable Reserves		<u><u>(146,365)</u></u>	<u><u>(139,975)</u></u>

Note 32 Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2018/2019 and 2017/2018.

Earmarked Reserves	2017/2018	Movement	2018/2019
	£000	in 2018/2019 £000	£000
PFI Reserve	(3,873)	390	(3,483)
Insurance Reserve	(3,239)	(175)	(3,414)
Locally Managed Schools' Balances	(5,930)	(1,848)	(7,778)
Elections Reserve	(200)	(200)	(400)
Area Board Reserve	(34)	(134)	(168)
Revenue Grants Earmarked Reserve	(6,714)	3,282	(3,432)
PFI Housing Scheme Earmarked Reserve	(2,851)	90	(2,761)
Economic Development & Planning Reserve	(21)	(31)	(52)
Single View of the Customer Reserve	(829)	88	(741)
Play Area Asset Transfers	(80)	(19)	(99)
Enabling Fund	(5,227)	1,816	(3,411)
Business Rates Equalisation Fund	(4,828)	(1,030)	(5,858)
Housing Benefit Subsidy Clawback	(500)	500	0
Children's Management System	(325)	325	0
Disabled Facilities Grant	(274)	274	0
Adoption West	(200)	127	(73)
Waste Transformation	(1,250)	1,250	0
Area Board Pavements	(150)	(150)	(300)
Leisure	(67)	10	(57)
Capital Financing	(3,300)	972	(2,328)
Development of Local Plan	(500)	200	(300)
Building control	(30)	30	0
Development control cyclical fund	(66)	66	0
Reducing Parental Conflict	0	(40)	(40)
CAMHS Funding	0	(76)	(76)
Pewsey Campus	0	(32)	(32)
National Armed Forces Day	0	(35)	(35)
Culver Street Car Park	0	(25)	(25)
Microsoft Contract	0	(800)	(800)
Young Parents Support	0	(250)	(250)
Oxenwood	0	(80)	(80)
Ofsted	0	(450)	(450)
School Readiness	0	(300)	(300)
Salisbury Recovery	0	(500)	(500)
Total	(40,488)	3,245	(37,243)

Note 33 Major Repairs Reserve

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

	2018/2019 £000	2017/2018 £000
Transfer to Capital	9,013	11,131
HRA Depreciation	(12,153)	(11,548)
Movement in Year	<u>(3,140)</u>	<u>(417)</u>
Balance at 1 April	(1,599)	(1,182)
Balance at 31 March	(4,739)	(1,599)

Note 34 Usable Capital Receipts Reserve

	2018/2019 £000 £000		2017/2018 £000
Amounts Receivable in year			
- disposal of land and buildings	(14,737)		(8,798)
- Other capital receipts - mortgages	(269)		(229)
- Other capital receipts	(421)		(352)
- Housing Pooled Capital Receipt	(875)		(755)
		<u>(16,302)</u>	<u>(10,134)</u>
Amounts applied to finance new capital investment in year			
- capital receipts utilised	11,602		6,104
- capital receipts utilised for HRA repayment	4,810		0
- transfer to I&E for administration costs of Housing Pooling	42		0
- transfer to I&E equal to contribution to Housing Pooled Capital receipt	875		755
		<u>17,329</u>	<u>6,859</u>
Movement in Year		<u>1,027</u>	<u>(3,275)</u>
Balance at 1 April		<u>(12,997)</u>	<u>(9,722)</u>
Balance at 31 March		<u>(11,970)</u>	<u>(12,997)</u>

Note 35 Unusable Reserves

Reserve	Note	2018/2019 £000	2017/2018 £000
Revaluation Reserve	36	(308,687)	(306,098)
Capital Adjustment Account	37	(326,878)	(300,818)
Financial Instruments		951	953
Adjustment Account			
Deferred capital receipts		(1,701)	(1,806)
Pensions Reserve	38	613,750	550,836
Collection Fund Adjustment Account		(311)	(2,391)
Accumulated Absences Account		5,916	6,349
Total Unusable Reserves		<u>(16,960)</u>	<u>(52,975)</u>

Note 36 Revaluation Reserve

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

Following some detailed analysis of asset balances when implementing a new asset management system it was found that the historic balance attributable to the PFI had not been included in the revaluation reserve. This error arose in 2014/15 and has been corrected within the opening balances and is included within the balances below.

Revaluation Reserve	2018/2019	2017/2018
	£000	£000
Balance at 1 April	(306,098)	(229,778)
Opening movement		(55,467)
Revised Opening Balance at 1 April	(306,098)	(285,245)
Upward revaluation of assets	(47,127)	(47,905)
Downward revaluations of not charged to surplus/ deficit on the provision of services	21,333	8,499
Surplus or deficit on revaluation of non-current assets not posted to surplus/ deficit on the provision of services	(331,892)	(324,651)
Difference between fair value depreciation and historic cost depreciation	12,162	9,323
Accumulated gains on assets sold or scrapped	11,043	9,230
Balance at 31 March	(308,687)	(306,098)

Note 37 Capital Adjustment Account

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

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

Capital Adjustment Account

	2018/2019 £000	2017/2018 £000
Opening balance at 1 April	(300,818)	(349,593)
Prior Year adjustment		24,826
Opening movement		55,467
Revised Opening Balance 1 April	(300,818)	(269,300)
Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure account		
- charges for depreciation of non-current assets	36,769	32,385
- charges for impairment/revaluations of plant, property and equipment	25,441	20,357
- gains in fair value on Investment properties	(956)	(524)
- amortisation of intangible assets	323	446
- revenue expenditure funded from capital under statute	17,842	19,119
- disposals	41,322	22,396
	120,741	94,179
Adjusting amounts written out of Revaluation Reserve	(23,205)	(18,553)
Net written out amount of the cost of non-current assets consumed in the year	97,536	75,626
Capital financing applied in the year		
-Use of capital receipts reserve to finance new capital expenditure	(11,602)	(6,104)
-Use of major repairs reserve to finance new capital expenditure	(9,013)	(11,131)
-application of capital grants	(78,346)	(71,675)
-statutory provision for the financing of capital investment charged against the general fund and HRA balances	(14,339)	(11,472)
-capital expenditure charged against the general fund and HRA balances	(5,486)	(6,762)
-Use of capital receipts reserve to finance HRA debt repayment	(4,810)	0
Balance at 31 March	(326,878)	(300,818)

In previous years the discounted housing PFI was carried on the balance sheet. This presentation has been reviewed and the prior year amended to reflect this change. Full details are shown in note 53.

As discussed in note 15, the opening balances on the cost or valuation and the depreciation have been restated to adjust for the removal of accumulated depreciation when assets are revalued. This has led to a change between the Revaluation Reserve and Capital Adjustment Account of £55.467 million. Both these accounts are within Unusable Reserves, so there is no overall net book value Unusable Reserves.

Note 38 Pension Fund Liability

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

	Period ended 31 March 2019			Period ended 31 March 2018		
	Assets		Net (liability)/	Assets		Net (liability)/
	Obligations	Liabilities	asset	Obligations	Liabilities	asset
	£000	£000	£000	£000	£000	£000
Fair value of employer assets	1,044,986	0	1,044,986	971,217	0	971,217
Present value of funded liabilities	0	(1,539,538)	(1,539,538)	0	(1,525,509)	(1,525,509)
Present value of unfunded liabilities	0	(56,284)	(56,284)	0	(58,499)	(58,499)
Opening Position	1,044,986	(1,595,822)	(550,836)	971,217	(1,584,008)	(612,791)
Service cost						
Current service cost*	0	(49,915)	(49,915)	0	(50,252)	(50,252)
Past service cost (including curtailments)	0	(872)	(872)	0	(376)	(376)
Effect of settlements	(985)	1,583	598	(4,440)	7,377	2,937
Total service cost	(985)	(49,204)	(50,189)	(4,440)	(43,251)	(47,691)
Net interest						
Interest income on plan assets	27,035	0	27,035	24,064	0	24,064
Interest cost on defined benefit obligation	0	(41,524)	(41,524)	0	(39,517)	(39,517)
Impact of asset ceiling on net interest	0	0	0	0	0	0
Total net interest	27,035	(41,524)	(14,489)	24,064	(39,517)	(15,453)
Total defined benefit cost recognised in Profit or (Loss)	26,050	(90,728)	(64,678)	19,624	(82,768)	(63,144)
Cash flows						
Plan participants' contributions	7,781	(7,781)	0	7,577	(7,577)	0
Employer contributions	32,702	0	32,702	30,134	0	30,134
Contributions in respect of unfunded benefits	3,547	0	3,547	3,480	0	3,480
Benefits paid	(48,200)	48,200	0	(45,849)	45,849	0
Unfunded benefits paid	(3,547)	3,547	0	(3,480)	3,480	0
Expected closing position	1,063,319	(1,642,584)	(579,265)	982,703	(1,625,024)	(642,321)
Remeasurements						
Change in demographic assumptions	0	0	0	0	0	0
Change in financial assumptions	0	(95,154)	(95,154)	0	29,294	29,294
Other experience	0	(430)	(430)	0	(92)	(92)
Return on assets excluding amounts included in net interest	61,099	0	61,099	62,283	0	62,283
Total remeasurements recognised in Other Comprehensive Income (OCI)	61,099	(95,584)	(34,485)	62,283	29,202	91,485
Effect of business combination and disposals	0	0	0	0	0	0
Fair value of employer assets	1,124,418	0	1,124,418	1,044,986	0	1,044,986
Present value of funded liabilities	0	(1,682,916)	(1,682,916)	0	(1,539,538)	(1,539,538)
Present value of unfunded liabilities	0	(55,252)	(55,252)	0	(56,284)	(56,284)
Closing position	1,124,418	(1,738,168)	(613,750)	1,044,986	(1,595,822)	(550,836)

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

NOTES TO THE CASH FLOW STATEMENT

Note 39 Cash Flow Operating Activities

The cash flows for operating activities include the following items:

	2018/2019	2017/2018
	£000	£000
Interest Received	(960)	(428)
Interest Payable	12,328	12,590
	<u>11,368</u>	<u>12,162</u>

Note 40 Cash Flow Investing Activities

	2018/2019	2017/2018
	£000	£000
Purchase of Property, plant and equipment, investment property and intangible assets	88,451	92,798
Investments - Purchase of and deposits made	1,088,495	752,872
Investments - Sale of and returning of deposits made	(1,050,023)	(745,858)
Proceeds from sale of property, plant and equipment, investment property and intangible assets	(16,071)	(9,941)
Other receipts from investing activities	(88,095)	(90,882)
Net cash flows from investing activities	<u><u>22,757</u></u>	<u><u>(1,011)</u></u>

Note 41 Cash Flow Financing Activities

	2018/2019	2017/2018
	£000	£000
Cash Receipts of short and long term borrowing	(15,213)	12,554
Movement on PFI contracts	3,351	
Net cash flows from financing activities	<u><u>(11,862)</u></u>	<u><u>12,554</u></u>

NOTES RELATING TO ACCOUNTING DECISION-MAKING

Note 42 Accounting Standards that have been issued but have not yet been adopted

For 2018/2019, there are a number of accounting policy changes that have been issued but not yet adopted. The standards introduced in the 2019/2020 Code of Practice that have not yet been adopted are:

- Amendments to IAS 40 Investment Property: Transfers of Investment Property
- Annual Improvements to IFRS Standards 2014-2016 Cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty Over Income Tax Treatments
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

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

Note 43 Critical Judgements in applying accounting policies

In applying the Accounting Policies set out in the Notes to the Accounts Annex 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

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

Note 44 Assumptions made about the future and other major sources of estimation uncertainty

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

The items in the Council's Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. The total depreciation charge made in 2018/2019 on PPE assets was £37 million so if the assumptions were to change this could have an effect on the amount of depreciation charged in future years. This would be mitigated by the fact that depreciation is reversed out so has no impact on the level of Council Tax.

Fair measurements value

When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model), however per note 52, the Council does not hold any of this type of asset at present. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in note 52 below.

The Council uses the discounted cash flow (DCF) model to measure the fair value of some of its investment properties and financial assets.

The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets).

Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.

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

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

The effects on the net pension liability of changes in individual assumptions can be measured and further details of the assumptions are in note 49.

Arrears

At 31 March 2019, the Council had a balance of short term debtors of £72.9 million. An allowance for expected credit losses of £22.4 million or around 31% of the debt has been made. In the current economic climate it is difficult to assess the accuracy of this provision, but this will be continually kept under review.

An increase or decrease in collection rates would have the effect of changing the level of allowance for expected credit losses needed. See note 26 for further details.

Note 45 Authorisation of Accounts for Issue

These accounts were considered and authorised by the Chief Financial Officer of Wiltshire Council on 31 May 2019. The final audited version of these accounts was considered for approval by the Audit Committee at its meeting on 24 July 2019.

Note 46 Events after the Balance Sheet Date

The World Health Organisation (WHO) on 11 March 2020 declared a novel coronavirus (COVID-19) outbreak a global pandemic. This significant world-wide situation has shown to have deep and far reaching economic impacts as a result of interventions that have been applied to contain the spread of the virus. At this stage the economic impact is not considered to affect either the presentation nor the value of any entries within these accounts.

On 11 December 2019 a High Court judge rejected a claim that NHS Trusts and Foundation Trusts were charities and therefore entitled to claim 80% mandatory charitable relief on their business rates. Prior to this date this issue had been disclosed in the council's accounts as a contingent liability due to the potential scale of this liability.

There are no adjusting events after the Balance Sheet date for 2018/2019.

Note 47 Contingent Liabilities

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Council is required to disclose an estimate in respect of future costs that may occur that are not currently reflected in the accounts. The Council has identified two contingent liabilities as at 31 March 2019.

Insurance Claims

As at 31 March 2019 there are 20 insurance claims where liability has yet to be established. The estimated value of these claims should the Council be found liable in every instance is £0.570 million.

Legal Claim

As at 31 March 2019 there was 1 legal claim pending a tribunal. The estimated value of this claim should the Council be found liable is £0.080 million.

Note 48 Pension Schemes Accounted for as defined contribution Schemes**Teachers pension scheme**

In 2018/2019 the Council paid £9.58 million (£9.81 million in 2017/2018) to the Department for Education and Skills in respect of teachers' pension costs which represents 16.48% of teachers' pensionable pay. In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2018/2019 these amounted to £2.38 million (£2.37 million in 2017/2018).

Note 49 Defined benefit Pension Schemes**Participation in Pensions Schemes**

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

The Council participates in two pension schemes:

- The Local Government Pension Scheme for civilian employees, administered by Wiltshire Council— this is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets.
- The Teachers' Pension Scheme – this is an unfunded scheme, meaning that there are no investments assets built up to meet the provisions liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. The liability for this scheme falls upon central government.

Liabilities for the LGPS pension scheme have been assessed by Hymans Robertson, an independent firm of actuaries, on an actuarial basis using the projected unit method based on the full actuarial valuation of the fund carried at 31 March 2019.

Pension costs have been charged to the Comprehensive Income and Expenditure Statement on the basis required by IAS 19, contributions payable to the Wiltshire Council pension scheme are based on a 2019 actuarial valuation report dated 31 March 2019. These IAS 19 amounts are then reversed out by a contribution to/from the Pensions reserve, so that they have no impact on the Council Tax.

Assets and liabilities in relation to Retirement Benefits

The underlying assets and liabilities for the retirement benefits attributable to the Council as at 31 March 2019 and 2018 are as follows:

Local Government Pension Scheme	31 March 2019	31 March 2018
	£000	£000
Fair Value of Employer Assets	1,124,418	1,044,986
Present Value of Funded Liabilities	(1,682,916)	(1,539,538)
Net (Under)/Overfunding in Funded Plans	(558,498)	(494,552)
Present value of Unfunded Liabilities	(55,252)	(56,284)
Net Asset/(Liability)	(613,750)	(550,836)
Amount on balance sheet		
Asset	1,124,418	1,044,986
Liability	(1,738,168)	(1,595,822)
Liability Amount in Balance Sheet	(613,750)	(550,836)

A more detailed breakdown is included in note 38

Information about the defined benefit obligation

	Liability split £000	Liability split %	Duration years
Active members	675,815	40.2	23.8
Deferred members	429,174	25.5	21.6
Pensioner members	577,927	34.3	10.1
Total	1,682,916	100.0	16.5

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

Pension Assumptions

Financial Assumptions

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

Assumptions as at Year Ended:	31 March 2019 % per annum	31 March 2018 % per annum
Pension Increase Rate	2.5%	2.4%
Salary Increase Rate	2.8%	2.7%
Discount Rate	2.4%	2.6%

Assumptions on Mortality Rates

Life expectancies are based on the Fund's Vita Curves with improvements. Based on this, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.5 years	24.9 years
Future Pensioners	24.1 years	26.7 years

Life expectancies for the prior period-end are based on the Fund's analysis. The allowance for future life expectancies is shown below:

Year Ended	Prospective Pensioners	Pensioners
31 March 2018	CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.	CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.

Pension Assets

Fair value of employer assets

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

Asset Category	31 March 2019				31 March 2018				
	Quoted Prices in Active Markets £000	Prices not quoted in Active Markets £000	Total £000	%	Quoted Prices in Active Markets £000	Prices not quoted in Active Markets £000	Total £000	%	
Equity Securities:									
Consumer	23,342	0	23,342	2%	21,693	0	21,693	2%	
Manufacturing	17,380	0	17,380	2%	16,152	0	16,152	2%	
Financial									
Institutions	3,178	0	3,178	0%	2,954	0	2,954	0%	
Health & Care	5,028	0	5,028	0%	4,673	0	4,673	0%	
Information									
Technology	115,462	0	115,462	10%	107,305	0	107,305	10%	
Other	9,399	0	9,399	1%	8,735	0	8,735	1%	
Real Estate:									
UK Property	0	117,928	117,928	11%	0	109,598	109,598	11%	
Overseas Property	0	25,691	25,691	2%	0	23,876	23,876	2%	
Investment Funds & Unit Trusts:									
Equities	0	591,598	591,598	53%	0	549,806	549,806	53%	
Bonds	0	184,071	184,071	16%	0	171,067	171,067	16%	
Infrastructure	0	19,855	19,855	2%	0	18,453	18,453	2%	
Other	0	3,132	3,132	0%	0	2,910	2,910	0%	
Cash & Cash Equivalents									
All	8,354	0	8,354	1%	7,764	0	7,764	1%	
Total	182,143	942,275	1,124,418	100%	169,276	875,710	1,044,986	100%	

Projected defined benefit costs for the period to 31 March 2020

The estimated employer contributions for the year to 31 March 2020 will be approximately £31.392 million.

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

Period Ending 31 March 2020	Assets	Obligations	Net (Liability)/Asset	
	£000	£000	£000	% of Payroll
Projected Current Service Cost	0	55,381	(55,381)	(45.3%)
Total Service Costs	0	55,381	(55,381)	(45.3%)
Interest Income on Plan Assets	26,878	0	26,878	22.0%
Interest Cost on Defined Benefit Obligation	0	41,851	(41,851)	(34.2%)
Total Net Interest Cost	26,878	41,851	(14,973)	(12.2%)
Total included in Profit or Loss	26,878	97,232	(70,354)	(57.5%)

Sensitivity Analysis

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

Change in Assumptions as at 31 March 2019	Approximate % increase to Employer	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	10%	173,223
0.5% increase in the Salary Increase Rate	1%	18,965
0.5% increase in the Pension Increase Rate	9%	151,839

Further information can be found in the Wiltshire Pension Fund annual report 2018/2019 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 Director, Finance & Procurement, Wiltshire Council, County Hall, Bythesea Road, Trowbridge, BA14 8JN.

Note 50 Nature and Extent of risks arising from Financial Instruments

Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies (covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.)

The Council's activities expose it to a variety of financial risks. The key risks are:

- **Credit risk** - the possibility that other parties might fail to pay amounts due to the Council;
- **Liquidity risk** - the possibility that the Council might not have funds available to meet its commitments to make payments;
- **Refinancing risk** - the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms; and
- **Market risk** - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates or stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available to fund services.

Credit Risk

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

This risk is minimised through the Annual Investment Strategy, which is available on the Council's website.

The Annual Investment Strategy requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The credit criteria in respect of financial assets held by the Council are detailed below:

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

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

The full Investment Strategy for 2018/2019 was approved by Full Council on 20 February 2018 and is available on the Council's website.

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

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £102.249 million cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2019 that this was likely to crystallise.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Amounts Arising from Expected Credit Losses

Impairments arising from expected credit losses have been calculated using an historical default table provided by Link Asset Services.

The 12 month Expected Credit Loss for Individual Financial Assets (Fixed Term Deposits) recognised at amortised cost during 2018/2019 is £6,984.69.

For deposits with Local Authorities no impairment is required since the Code does not recognise a loss allowance where the counterparty for a financial asset is central government or a local authority for which relevant statutory provisions prevent default.

As the calculated impairment of £6,984.69 is considered to be immaterial there is no need to recognise this in the Comprehensive Income & Expenditure Statement.

During the year, no financial assets were written off by the Council.

Credit Risk Exposure

The Council has the following exposure to credit risk at 31 March 2019.

	Credit Risk Rating	Gross Carrying Amount £000s
12 month expected credit losses	AAA	54,037
	AA	13
	AA-	24,136
	A+	16,053
	A	8,010
	BBB	0
	Sub BBB	0
Maximum Credit Risk Exposure		102,249
Landsbanki Winding Up Board		28
Total Carrying Amount of all Investments		102,277

The 12 month expected credit losses do not include the carrying amount for Landsbanki Winding Up Board as this investment has already been impaired.

During 2018/2019 the council held no collateral as security.

Liquidity Risk

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

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

Outstanding investments (£102.277 million) are all due to be repaid in less than one year.

Refinancing and Maturity Risk

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

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

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

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (as approved in the Treasury Management Strategy 2018/2019):

Maturity Analysis of Financial Liabilities

	Approved Minimum Limits	Approved Maximum Limits	Actual 31 March 2019		Actual 31 March 2018	
			£000s	%	£000s	%
Less than 1 Year	0%	25%	10,172	2.9%	16,951	5.1%
Between 1 and 2 Years	0%	25%	4,000	1.2%	8,000	2.4%
Between 2 and 5 Years	0%	45%	28,000	8.1%	22,000	6.7%
Between 5 and 10 Years	0%	75%	50,123	14.5%	50,123	15.2%
More than 10 Years	0%	100%	252,906	73.3%	232,914	70.6%
			345,201	100.0%	329,988	100.0%

Market Risk – Interest Rate Risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing

financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

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

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

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

According to this assessment strategy, at 31 March 2019, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

Effects of a 1% Increase in Interest Rates

	2018/2019
	£000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	0
Increase in Government grant receivable for financing costs*	0
Impact on Surplus or Deficit on the Provision of Services	0
Share of overall impact debited to the HRA	0
Decrease in fair value of fixed rate investment assets	(312)
Impact on Other Comprehensive Income and Expenditure	0
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	59,872

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in Note 51 – Fair Value.

Market Risk - Price Risk

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

Market Risk - Foreign Exchange Risk

The Council has no material financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

Note 51 Fair Value

All financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment, highlighting the impact of the alternative valuation;
- For non-PWLB loans payable, prevailing market rates have been applied to provide the fair value;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount; and
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The following table shows the fair values, based on new borrowing rates:

Financial Liabilities	31 March 2019		31 March 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Long Term Debt:				
Non-PWLB (Market) Debt	(61,981)	(93,298)	(61,993)	(91,725)
PWLB Debt	(283,220)	(345,810)	(267,995)	(323,216)
Total Long Term Debt	(345,201)	(439,108)	(329,988)	(414,941)
Temporary Debt	0	0	0	0
Short Term Debt	0	0	0	0
Total Debt Value	(345,201)	(439,108)	(329,988)	(414,941)
Short Term Creditors	(95,689)	(95,689)	(86,079)	(86,079)
Long Term Creditors	(2,241)	(2,241)	(7,376)	(7,376)
Total Financial Liabilities	(443,131)	(537,038)	(423,443)	(508,396)

The following table shows the fair values, based on the alternative premature repayment borrowing rates:

Financial Liabilities	31 March 2019		31 March 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Long Term Debt:				
Non-PWLB (Market) Debt	(61,981)	(115,586)	(61,993)	(113,966)
PWLB Debt	(283,220)	(394,816)	(267,995)	(363,610)
Total Long Term Loans	(345,201)	(510,402)	(329,988)	(477,576)
Temporary Debt	0	0	0	0
Short Term Debt	0	0	0	0
Total Loans Value	(345,201)	(510,402)	(329,988)	(477,576)
Short Term Creditors	(95,689)	(95,689)	(86,079)	(86,079)
Long Term Creditors	(2,241)	(2,241)	(7,376)	(7,376)
Total Financial Liabilities	(443,131)	(608,332)	(423,443)	(571,031)

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2019) arising from a commitment to pay interest to lenders above current market rates.

The Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the Council will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £283.220 million would be valued at £345.810 million. But, if the Council were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £394.816 million.

Financial Assets	31 March 2019		31 March 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Loans and Receivables:	£000	£000	£000	£000
Cash and Cash Equivalents	6,703	6,703	8,694	8,694
Money markets Loans < 1 Year	14,938	14,938	13,700	13,700
Short Term investment	87,339	87,339	50,106	50,106
Total Loans and Receivables	108,980	108,980	72,500	72,500
Short Term Debtors	50,531	39,421	50,614	40,995
Long Term Debtors	6,403	6,403	5,638	5,638
Total Financial Assets	165,914	154,804	128,752	119,133

The fair value of the treasury assets is equal to the carrying amount - because the Council's portfolio of loans only includes short term loans (less than one year to maturity), even with a fluctuation in shorter term rates, the difference between the carrying amount and the fair value will be immaterial.

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

Note 52 Fair Value Measurement of Investment Properties

Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2019 and 2018 are as follows:

Recurring fair value measurements using:	Quoted prices in active market for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2019 £000
Main Portfolio	0	0	23,452	23,452
Other	0	0	0	0
Total	0	0	23,452	23,452

Recurring fair value measurements using:	Quoted prices in active market for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2018 £000
Main Portfolio	0	0	23,244	23,244
Other	0	0	0	0
Total	0	0	23,244	23,244

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Significant Unobservable Inputs Level 3

The Council's Main Portfolio and Nurseries & Community Leases are measured using the income approach, by means of the discounted cash flow method, where the expected cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. The approach has been developed using the Council's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs, etc.

The whole of the Council's Investment Estate is therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

Highest and Best Use of Investment Properties

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs – Level 3

	As at 31 March 2019	Valuation technique used to measure fair value	Unobservable inputs	Sensitivity
Main Portfolio	£000 23,452,300	Income Market Rentals Yields	Comparables Databases (Public & GVA Internal) Rents, yields, capital costs	Medium

Valuation Process for Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out externally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's Finance Officers work closely with the external valuer's and the Council's internal Strategic Property service reporting directly to the Chief Financial Officer on a regular basis regarding all valuation matters.

Note 53 Prior Year Adjustment

In the year, an error was identified in the determination of Housing PFI liabilities. This resulted in an understatement of expenses and liabilities in 2018/19 and the preceding years. This error has been corrected by restating the comparative periods. Details of effect of this change are below.

	NOTES	31 March 2019		31 March 2018 restated	Amendment	31 March 2018 As previously stated
		£000	£000	£000	£000	£000
Property, Plant and Equipment	15					
Council Dwellings & Garages		273,168		270,823		270,823
Other Land and Buildings		355,028		354,635		354,635
Vehicles, Plant, Furniture and Equipment		66,484		74,993		74,993
Infrastructure		388,208		357,494		357,494
Community Assets		6,061		6,160		6,160
Assets Under Construction		50,673		62,806		62,806
Surplus Assets Not Held for Sale		8,634		9,890		9,890
			1,148,256	1,136,801		1,136,801
Investment Properties	23	23,452		23,244		23,244
Intangible Assets	24	1,985		564		564
Long Term Debtors		6,403		5,638		5,638
			31,840	29,446		29,446
Long Term Assets			1,180,096	1,166,247		1,166,247
Current Assets						
Short Term Investments		102,277		63,805		63,805
Assets Held for Sale	25	8,427		10,165		10,165
Inventories		789		737		737
Short Term Debtors	26	50,531		50,614		50,614
Cash and Cash Equivalents	27	6,703		8,694		8,694
Current Assets			168,727	134,015		134,015
Current Liabilities						
Short Term Creditors	28	(95,689)		(86,079)		(86,079)
Short Term Borrowing	30	(10,172)		(16,951)		(16,951)
Short Term PFI Creditors	22	(3,581)		(3,350)	(797)	(2,553)
Provisions	29	(3,596)		(4,017)		(4,017)
Current Liabilities			(113,038)	(110,397)	(797)	(109,600)
Long Term Liabilities						
Long Term PFI Creditors	22	(68,814)		(72,396)	(24,029)	(48,367)
Long Term Borrowing	30	(335,029)		(313,037)		(313,037)
Other Long Term Liabilities		(2,241)		(7,376)		(7,376)
Pension Fund Liability	38	(613,750)		(550,836)		(550,836)
Planning Deposits		(52,626)		(53,270)		(53,270)
Long Term Liabilities			(1,072,460)	(996,915)	(24,029)	(972,886)
Net Assets			163,325	192,950	(24,826)	217,776
Financed by						
Usable Reserves	31		(146,365)	(139,975)		(139,975)
Unusable Reserves	35		(16,960)	(52,975)	24,826	(77,801)
Total Reserves			(163,325)	(192,950)	24,826	(217,776)

Notes to Accounts Annex 1 Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2018/2019 financial year and its position at the year-end of 31 March 2019. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/2019 supported by International Financial Reporting Standards (IFRS).

The Statement of Accounts has been prepared on a "going concern" basis. The accounting conventions adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. Provisions

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

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

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

Landfill Allowance Schemes

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

iv. Reserves

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

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

v. Government Grants and Contributions

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

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

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

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

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

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

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects to support development in the area.

CIL is received without outstanding conditions, it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income & Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges may be used to fund revenue expenditure.

vi. Employee Benefits

Benefits Payable During Employment

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

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

Termination Benefits

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

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

enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

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

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

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

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

The Local Government Pension Scheme

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

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

Liabilities are discounted to their value at current prices, using a discount rate of 4.3% (based on the indicative rate of return on high quality corporate bonds (the Iboxx Sterling Corporates Index, AA over 15 years).

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

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.

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

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs
- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- gains or losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
- contributions paid to the Wiltshire pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

vii. VAT

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

viii. Overheads and Support Services

The costs of overheads and support services are not recharged to services as part of normal management accounts reporting. Therefore, they are no recharges for overheads and support services within the Comprehensive Income & Expenditure Statement.

ix. Intangible Fixed Assets

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

Internally generated assets are capitalised where it is demonstrated that the project is technical, feasible and is intended to be completed (with adequate resources being available) and the authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributed to the asset and is restricted to that incurred during the development phase.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods and services.

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

x. Property, Plant and Equipment

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

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

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

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- Surplus Assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use value (EUV).

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

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

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

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

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

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the remaining useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – Straight line allocation over a useful life of 5 years or in the case of services within buildings remaining useful life of the services as estimated by the valuer
- Infrastructure – straight-line allocation over 60 years.

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

xi. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at the highest and best use. Properties are not depreciated but revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance and are therefore reserved out in the Movement in Reserves Statement.

xii. Charges to Revenue for Non-Current Assets

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

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

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

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

xiii. Revenue Expenditure Funded from Capital Under Statute

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

xiv. Leases

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

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

Operating Leases

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

The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received)
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Operating Leases

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

xv. Financial Instruments**Financial Liabilities**

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

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

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

Loans and receivables**Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measures at:

- Amortised cost;
- Fair value through profit or loss; and
- Fair value through other comprehensive income

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments, are not solely payment of principal and interest.

Financial Assets Measured at Amortised Cost

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

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only life time leases are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk platys a crucial part is assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime bases of 12 month expected losses.

Financial Assets measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices - the market prices
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following 3 levels:

- Level 1 inputs– quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 inputs – unobservable inputs for the asset.

xvi. Inventories and Long-Term Contracts

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

xvii. Interest in companies and other entities

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

xviii. Private Finance Initiative (PFI) and similar contracts

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

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

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

- i. Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- ii. Finance cost – an interest charge made on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- iii. Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- iv. Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- v. Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

xix. Exceptional Items

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

xx. Cash and Cash Equivalents

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

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

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

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

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

xxii. Events after the Balance Sheet Date

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

Two types of events can be identified:

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

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

xxiii. Non-Compliance with Code of Practice

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

xxiv. Foreign Currency

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

xxv. Heritage Assets

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

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

For Wiltshire Council, which does not hold museum or art collections, the costs of commissioning external valuations exceeds the benefit to the users of the accounts therefore the assets are disclosed in a note to the accounts only. The assets disclosed in note 20 include a property (the East Grafton Windmill), the White Horse in Westbury, and a small collection of art held across the county.

xxvi. Carbon Reduction Commitment scheme

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. Phase 2 of this scheme began from 1 April 2014. The Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the costs of the Council's services and is apportioned to services on the basis of energy consumption.

xxvii. Fair value measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

xxviii. Council Tax and Non-domestic Rates

Billing authorities act as agents. Collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund, (the Collection Fund) for the collection and distribution due in respect of council tax and NDR. Under legislation framework for the Collection fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be more or less than predicted.

Accounting for Council Tax and Non-Domestic Rates (NDR)

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of the accrued income for the year. However, regulations determine the amount of the council tax and NDR that must be in the Council's General Fund. Therefore, the difference between the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Housing Revenue Account

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

	NOTE	2018/2019		2017/2018	
		£000	£000	£000	£000
Income					
Rents (gross):					
- dwellings		(24,371)		(24,334)	
- garages		(374)		(359)	
- other		(611)	(25,356)	(349)	(25,042)
Charges for services and facilities			(901)		(633)
Total Income			<u>(26,257)</u>		<u>(25,675)</u>
Expenditure					
Repairs and Maintenance			5,217		5,219
Supervision and Management:					
- general		2,895		2,554	
- special services		997	3,892	844	3,398
Increase in allowance for bad debts			334		370
Depreciation & Impairments of Fixed Assets					
- On dwellings	3	12,003		11,348	
- On garages	3	570		148	
- On other Assets	3	44		52	
			12,617		11,548
Total Expenditure			<u>22,060</u>		<u>20,535</u>
Net Cost Of Services per Income & Expenditure Account			<u>(4,197)</u>		<u>(5,140)</u>
HRA Services share of Corporate and Democratic Core			321		321
Net Cost of HRA Services			<u>(3,876)</u>		<u>(4,819)</u>
(Gain)/Loss on sale of HRA fixed assets			4,759		5,108
Interest Payable			3,672		3,673
Interest:					
- on balances		(110)		(75)	
- on mortgages		(55)	(165)	(60)	(135)
(Surplus)/Deficit for the Year on HRA services			<u>4,390</u>		<u>3,827</u>

Statement of Movement on the HRA Balances

	2018/2019 £000	2017/2018 £000
Balance on HRA at the end of previous year	(17,951)	(23,170)
(Surplus)/ Deficit for year on HRA Income and Expenditure Account	4,390	3,827
Adjustments between accounting basis and funding basis under statute	(6)	1,392
Net (increase)/decrease before transfers to/ from reserves	4,384	5,219
Transfer to/ from reserves		
Net (increase)/decrease in year on HRA	4,384	5,219
Balance on HRA at the end of current year	(13,567)	(17,951)

Note to Statement of Movement on the HRA Balances

	2018/2019 £000	2017/2018 £000
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA balance for the year		
Gain/(Loss) on sale of HRA fixed assets	(4,759)	(5,108)
Items not included in the HRA Income and Expenditure Account but included from the movement on HRA balance for the year		
Transfer to/from Pension Reserve note 6	(263)	(263)
Transfer to/from Capital Adjustment Account	(464)	
Transfer to/from accumulated absences	(6)	1
Revenue Contributions to Capital Expenditure	5,486	6,762
Net Additional amount required by statute to be credited to the HRA balance for the year	(6)	1,392

Housing Revenue Account Notes

1 Housing Stock

	31 March 2019	31 March 2018
Houses and Bungalows		
- 1 bedroom	278	278
- 2 bedrooms	1,439	1,417
- 3 bedrooms	1,714	1,727
- 4+ bedrooms	132	135
Flats		
- 1 bedroom	947	915
- 2 bedrooms	734	683
- 3+ bedrooms	65	66
Total dwellings as at 31 March	5,309	5,221

The Council sold 32 houses during 2018/2019 under the right to buy scheme (RTB). The Council received a total before pooling of £3.315 million as capital receipts. The Council has also built an additional 120 houses as part of the Council House Build Programme in 2018/2019. The overall net increase in council houses since 2017/2018 is therefore 88.

The figures above do not include the PFI housing units recently brought on stream; these are classified as general fund funding, and so are not part of the HRA. Further information on these PFI dwellings is found in the PFI note.

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

	31 March 2019 £000	31 March 2018 £000
Rent arrears	1,698	1,420
less rent payments in advance	(583)	(535)
less bad debt provision	(1,556)	(1,349)
Net arrears position	(441)	(464)

3 Movement of Housing Revenue Account Assets

	Council Dwellings (Structures) £000	Council Dwellings (Services) £000	Council Dwellings (Land) £000	Other Property (Garages) £000	Other Equipment £000	Total £000
Net Book Value 1 April 2018	166,650	32,250	102,381	3,120	44	304,445
Additions in Year	5,485	5,974	3,424	0	0	14,883
Disposals	(1,987)	0	(1,428)	0	0	(3,415)
Revaluations	(4,927)	(973)	(2,975)	0	0	(8,875)
Depreciation	(5,553)	(6,450)	0	(570)	(44)	(12,617)
Category Adjustments	8,821	1,862	727	0	0	11,410
Balance at 31 March 2019	168,489	32,663	102,129	2,550	0	305,831

The Balance Sheet value of Council Dwellings (structures, services and land) as at 31 March 2019 was £303.281 million. 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 (open market) of the properties at 31 March 2019 was £866.517 million. This represents the value of the houses if the property were sold without a secured tenant continuing in the property. Therefore it could be rented out at market rent so has a higher value. This figure has been discounted by a factor of 35% to get the Existing use value - social housing.

The difference between the Vacant Possession value and the Balance Sheet value of dwellings within the HRA shows the Economic Cost of providing Council Housing at less than open market rents. The Economic Cost of the properties at 31 March 2019 was £563.236 million.

4 Financing of HRA capital expenditure

	2018/2019 £000	2017/2018 £000
Revenue and Reserves	5,486	6,762
Other receipts (MRR)	9,013	11,131
	14,499	17,893
Council Dwellings (Structures and Services)	8,991	8,625
Plant and Equipment	0	0
Asset under Construction	5,508	9,268
	14,499	17,893

5 Major Repairs Reserve

	2018/2019 £000	2017/2018 £000
Brought forward at 1 April	(1,599)	(1,182)
Transfer to Capital	9,013	11,131
HRA Depreciation	(12,153)	(11,548)
Transfer to HRA	0	0
Carried forward at 31 March	(4,739)	(1,599)

6 Contribution to Pension Reserve

The HRA bears a share of the pension contribution due to the IAS 19 adjustment in proportion to the payments made during the year. See note 49 to the Core Financial Statements for more information on accounting for retirement benefits.

Collection Fund

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

	NOTE	Non-Domestic Rates 2018/2019 £000	Council Tax 2018/2019 £000	Total 2018/2019 £000	Non-Domestic Rates 2017/2018 £000	Council Tax 2017/2018 £000	Total 2017/2018 £000
Income							
Council Tax	1		(328,735)	(328,735)		(304,708)	(304,708)
Non-Domestic Rates		(153,797)		(153,797)	(147,256)		(147,256)
Transferred from General Fund							
Transitional Relief		2,118		2,118	3,234		3,234
		(151,679)	(328,735)	(480,414)	(144,022)	(304,708)	(448,730)
Disbursement							
Precepts and Demands							
- Wiltshire Council		73,240	258,450		71,993	237,304	
- Police			33,302			30,275	
- Fire		1,495	13,283		1,469	12,551	
- Town and Parish Councils			19,804			16,954	
- Central Government		74,735			73,463		
				474,309			444,009
Share of surplus/(deficit) on Collection Fund							
- Wiltshire Council		(1,249)	5,506		3,068	2,530	
- Police			702			332	
- Fire		(25)	291		63	138	
- Central Government		(1,275)			3,130		
				3,950			9,261
Cost of collection allowance							
	2	621			622		
Movement in allowance for Bad Debts		(215)	276		67	41	
Write-offs		627	724		988	828	
Appeals		164			(159)		
Other transfers to general fund		1,623			2,372		
Interest on overpayments		0			0		
				3,820			4,759
Fund surplus/(deficit) for the year		1,938	(3,603)	(1,665)	(13,054)	3,755	(9,299)
		151,679	328,735	480,414	144,022	304,708	448,730
Fund balance							
		Non-Domestic Rates	Council Tax	Total	Non-Domestic Rates	Council Tax	Total
Fund balance b/f		8,220	(7,576)	644	(4,834)	(3,821)	(8,655)
(Surplus)/deficit for year		(1,938)	3,603	1,665	13,054	(3,755)	9,299
Fund balance c/f	3	6,282	(3,973)	2,309	8,220	(7,576)	644

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; the average for Wiltshire Council was £1,777.93 for 2018/2019 multiplied by the ratio specified for that band. Ratios specified for the bands A to H are as follows:

Band	Ratio	Estimated No. of Taxable Properties after discounts	2018/2019 Band D Equivalent Dwellings	2017/2018 Band D Equivalent Dwellings
Band A Disabled	5/9	30	17	15
Band A	6/9	15,097	10,064	9,890
		15,127	10,081	9,905
Band B	7/9	29,661	23,069	22,786
Band C	8/9	42,974	38,199	37,722
Band D	9/9	32,770	32,770	32,217
Band E	11/9	25,745	31,466	30,976
Band F	13/9	15,807	22,832	22,556
Band G	15/9	10,078	16,797	16,619
Band H	18/9	1,152	2,305	2,280
			177,519	175,061
Adjustment for MOD contribution in lieu, new properties, & collection rate			5,186	2,744
Council Tax Base			182,705	177,805

2 National Non-Domestic Rates

The total non-domestic rateable value at 31 March 2019 was £387,042,044 (£384,427,006 at 31 March 2018). The national non domestic multiplier for the year was 49.3p (47.9p in 2017/2018) and the small business rates relief multiplier was 48.0p (46.6p in 2017/2018).

3 Collection Fund Balance

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

	Non-domestic Rates 31/03/2019 £000	Council Tax 31/03/2019 £000	Total 31/03/2019 £000	Non-domestic Rates 31/03/2018 £000	Council Tax 31/03/2018 £000	Total 31/03/2018 £000
Wiltshire Council	3,078	(3,389)	(311)	4,028	(6,418)	(2,390)
Police	0	(410)	(410)	0	(824)	(824)
Fire	63	(174)	(111)	82	(334)	(252)
Central Government	3,141	0	3,141	4,110	0	4,110
	6,282	(3,973)	2,309	8,220	(7,576)	644

Wiltshire Pension Fund

The Fund is administered by Wiltshire Council for local authorities within Wiltshire and other local government associated organisations. It meets the cost of pension benefits due to current and former employees of these organisations. The current membership as at 31 March 2019 included 22,541 active members, 17,222 pensioners and 37,417 deferred members.

Responsibility for the Report

Wiltshire Council

The Council has to arrange for the proper administration of the Wiltshire Pension Fund. In particular, it needs to ensure an economic, efficient and effective use of resources in carrying out this administration and that the Fund's investments are safeguarded.

The Council has delegated this responsibility to the Wiltshire Pension Fund Committee. It also, however, has to ensure that one of its officers has responsibility for the financial aspects of that administration, this being the Associate Director of Finance.

Wiltshire Pension Fund Committee

There are seven elected members of the Committee, comprising five Wiltshire Councillors and two Swindon Borough Council members. In addition, there are two representatives of the admitted bodies and two observers representing staff interests. Details of the membership of the Committee in 2018/2019 are shown in the Wiltshire Pension Fund Annual Report.

Included amongst the powers delegated by the Council to the Committee are requirements to:

- arrange and keep under review the investments of the Fund through one or more properly authorised investment managers, and to
- appoint investment managers and external advisers as necessary to support the work of the Committee.

Local Pensions Board

The Local Pension Board was established in April 2015 to assist the Administering Authority in securing compliance with the scheme regulations and the effective and efficient governance and administration of the Fund. It is made up of 3 scheme members' representatives and 3 scheme employers' representatives along with a non-voting independent chairman. The LPB has an oversight function to ensure the Fund is compliant with the Pensions Regulator.

The Fund will liaise closely with the Local Pension Board, so they can fulfil their duties providing support and advice to the Administering Authority.

Chief Finance Officer

The Chief Finance Officer is responsible for preparing the financial statements of the Wiltshire Pension Fund, which must show the financial position of the Fund at the accounting date and its income and expenditure for the year.

In preparing the statements, suitable accounting policies must be selected and applied consistently, and judgements and estimates made where necessary that are reasonable and prudent and comply with the appropriate accounting Code of Practice.

Proper accounting records must be maintained and kept up to date and all reasonable steps must be taken to prevent and detect fraud and other irregularities. An anti-fraud and corruption and whistle blowing policy has been implemented for the Fund.

Actuarial Statement

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated September 2016. In summary, the key funding principles are as follows:

- to ensure the long-term solvency of the Fund using a prudent long-term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs to be borne by Council Tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable.

Funding Position as at the last formal valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2016. This valuation revealed that the Fund's assets, which at 31 March 2016 were valued at £1,831 million, were sufficient to meet 82% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2016 valuation was £415 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving full funding within a time horizon and probability measure as per the FSS. Individual employers' contributions for the period 1 April 2017 to 31 March 2020 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2016 valuation report.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2016 valuation were as follows:

Financial Assumptions	31 March 2016
Discount rate	4.0%
Salary increase assumption	2.4%
Benefit increase assumption (CPI)	2.1%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2013 model, assuming the current rate of improvements has reached a peak and will converge to long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	22.5 years	24.9 years
Future Pensioners*	24.1 years	26.7 years

*Aged 45 at the 2016 Valuation

Copies of the 2016 valuation report and Funding Strategy Statement are available on request from Wiltshire Council, the administering authority to the Fund.

Experience over the period since 31 March 2016

Since the last formal valuation, real bond yields have fallen placing a higher value on the liabilities and there have been strong asset returns, particularly during 2016/17. Both events are of broadly similar magnitude with regards to the impact on the funding position.

The next actuarial valuation will be carried out as at 31 March 2019. The Funding Strategy Statement will also be reviewed at that time.

Barry Dodds FFA
For and on behalf of Hymans Robertson LLP
2 May 2019
Hymans Robertson LLP
20 Waterloo Street, Glasgow, G2 6DB

Audit

Deloitte LLP act as the external auditor of the Council, and therefore the pension fund.

Investment Management Policy

Overall responsibility for investment policy lies with the Wiltshire Pension Fund Committee, which reports directly to Wiltshire Council.

The Investment Strategy is revised annually by the Fund.

The current strategy has the dual aim of increasing returns and reducing risk by increasing diversification and alternative approaches. Details of the strategy are provided in the Investment Strategy Statement (ISS) which can be supplied upon request or viewed at www.wiltshirepensionfund.org.uk.

The full list of managers as at 31 March 2019 were:

Company	Mandate	Share of Fund
Baillie Gifford	Global Equity	15.0%
CBRE Global Multi Manager	Property	13.0%
Loomis Sayles	Fixed Income	10.5%
Barings Asset Management	Absolute Return Fund	10.0%
Brunel Pensions Partnership	Passive UK Equity	2.50%
Legal & General	Global Equities	5.0%
Legal & General	Government Bonds	15.0%
Brunel Pensions Partnership	Fundamental Equities	12.5%
Investec Asset Management	Emerging Market Multi Asset	10.0%
Partners Group	Infrastructure	5.0%
M&G Investment Management	UK Companies Financing Fund	1.5%
		100.0%

The value of assets under management at 31 March 2019 was £2,582.1 million, broken down by managers as follows:

	31 March 2019	31 March 2018
Legal & General	£557.1 million	£876.3 million
Brunel Pensions Partnership	£409.8 million	£0.0 million
Baillie Gifford	£436.6 million	£372.5 million
CBRE Global Multi Manager	£343.1 million	£314.7 million
Loomis Sayles	£276.7 million	£276.1 million
Investec Asset Management	£257.8 million	£252.4 million
Barings Asset Management	£246.1 million	£242.2 million
Partners Group	£51.6 million	£35.7 million
M&G Investment Management	£1.5 million	£2.1 million
Cash held at custodian	£1.0 million	£9.4 million
Long-term investment - Brunel Pension Partnership	£0.8 million	£0.8 million
Total	£2,582.1 million	£2,382.2 million

Investments Analysed by Fund Manager

	31 March 2019 £000	31 March 2018 £000
Investments managed by Brunel asset pool		
Passive UK Equity	66,052	-
Passive Multi Factor UK	20,428	-
Passive Multi Factor North America	225,935	-
Passive Multi Factor Europe exc. UK	55,291	-
Passive Multi Factor Japan	27,168	-
Passive Multi Factor Asia pacific exc. Japan	14,910	-
	409,784	-
Long-term investment - Brunel Pension Partnership	840	840
Investments managed outside of Brunel asset pool:		
Baillie Gifford - Global Equity	436,612	372,482
CBRE Global Multi Manager - Property	343,114	314,744
Legal & General - Passive UK Equity	-	171,423
Legal & General - Passive RAFI Equity	-	324,477
Legal & General - Passive Global Equity	132,922	125,349
Legal & General - Passive UK Gilts	424,140	255,092
Barings - Dynamic Assets Allocation	246,080	242,173
Partners Group - Infrastructure	51,556	35,655
Investec - Emerging Markets	257,780	252,365
Loomis Sayles - Multi Asset Credit	116,345	115,238
Loomis Sayles - Absolute Return Bond Fund	160,391	160,878
M&G - Financing Fund	1,531	2,089
Cash held at custodian	1,044	9,419
	2,171,515	2,381,384
	2,582,139	2,382,224

Safe custody of all investments is the responsibility of State Street and as such, they are registered in the name of, and are held by, its nominee companies or, alternatively, by overseas agents.

The Wiltshire Pension Fund

Fund Account For the year ended 31 March	Notes	2018/2019	2017/2018 Restated
		£000	£000
Contributions and benefits			
Contributions receivable	5a	108,207	100,221
Transfers in	5b	30,507	3,798
		138,714	104,019
Benefits payable	6	(89,608)	(83,315)
Payments to and on account of leavers	7	(4,002)	(4,003)
		(93,610)	(87,318)
Management Expenses	8&12	(21,152)	(12,309)
		23,952	4,392
Returns on investments			
Investment income	9	11,355	12,006
Profits and losses on disposal of investments and changes in market value of investments	11	186,134	194,611
		197,489	206,617
Net returns on investments		197,489	206,617
Net Increase in the fund during the year		221,441	211,009
Opening Net Assets of the Fund		2,398,479	2,187,470
Closing Net Assets of the Fund		2,619,920	2,398,479

2017/18 figures have been restated to correct an error. This has resulted in an increase of £3.2m in investment management expenses. Corresponding corrections have resulted in an increase in stock lending income for 2017/18 of £0.3m, and an increase in profit and loss on disposal and changes in value of investments for 2017/18 of £2.9m. Please refer to Note 12 for more information.

Net Asset Statement At 31 March	Notes	31 March 2019	31 March 2018
		£000	£000
LONG TERM INVESTMENTS			
Brunel Pension Partnership		840	840
INVESTMENT ASSETS	11		
Equities		432,614	388,220
Pooled investment vehicles		1,800,530	1,682,650
Property		334,978	281,427
Cash held on deposit		15,321	28,614
Other investment balances		182	473
		2,584,465	2,382,224
INVESTMENT LIABILITIES	11	(2,326)	0
Total net investments		2,582,139	2,382,224
Current assets	13	43,120	19,767
Current liabilities	14	(5,339)	(3,512)
Net assets of the Fund at 31 March		2,619,920	2,398,479

The accounts summarise the transactions of the Fund and deal with the net assets at the disposal of Wiltshire Council. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial position of the Fund, which does take account of such obligations, is dealt with in the actuarial statements and these accounts should be read in conjunction with these.

Notes

Related notes form an integral part of these financial statements

1. Basis of Preparation

The accounts have been prepared in accordance with the current Code of Practice on Local Authority Accounting in the United Kingdom which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

IAS26 requires the actuarial present value of promised benefits to be disclosed. A separate report has been prepared by Hymans Robertson and is enclosed below after note 19.

The accounts have been prepared on an accruals basis except where otherwise stated, i.e. income and expenditure is accounted for as it is earned or incurred, rather than as it is received and paid.

2. Accounting Policies

The principal accounting policies of the Fund are as follows:

Contributions

Contributions are received from employer bodies in respect of their own and their pensionable employees' contributions. Employers' contributions (for both Normal and Deficit Funding) are prescribed in the Actuary's Rates and Adjustment Certificate following the review of the Fund's assets and liabilities during the triennial valuation. The Employees' contributions are included at the rates prescribed by the Local Government Pension Scheme Regulations.

Employer augmentation contributions are accounted for in accordance with the agreement under which they are being paid.

Benefits and Refund of Contributions

The benefits payable and refunds of contributions have been brought into account on the basis of all valid claims approved during the year.

Transfers to and from Other Schemes

No account is taken of liabilities to pay pensions and other benefits after the year end. Transfer values, which are those sums paid to, or received from, other pension schemes relating to previous periods of employment, have been brought into account on a cash basis.

Investment Income

Dividends, interest and coupon receipts have been accounted for on an accruals basis. Income on pooled investments is accumulated and reflected in the valuation of units.

Valuation of Investments

Investments are shown in the accounts at market value, determined on the following basis:

- (i) **Quoted securities**
Quoted Securities have been valued at 31 March 2019 by the Fund's custodian using the bid price where a quotation was available on a recognised stock exchange or unlisted securities market.
- (ii) **Unquoted securities**
Unquoted securities have been valued according to the latest trades, professional valuation, asset values or other appropriate financial information.
- (iii) **Pooled investment vehicles**
Pooled investments are stated at bid price for funds with bid/offer spreads, or single price/net asset value where there are no bid/offer spreads, as provided by the investment manager.
- (iv) **Fixed Interest Stocks**
Segregated fixed interest stocks are valued on a clean basis. Accrued income is accounted for within investment income.

(v) Derivative Contracts

Derivatives are stated at market value. Exchange traded derivatives are stated at market values determined using quoted prices. For exchange traded derivative contracts which are assets, market value is based on quoted bid prices. For exchange traded derivative contracts which are liabilities, market value is based on quoted offer prices.

Over the Counter (OTC) derivatives are stated at market value using pricing models and relevant market data as at the year-end date.

Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

All gains and losses arising on derivative contracts are reported within 'Change in Market Value'.

Reported changes in the market value of investments over the year of account include realised gains or losses arising upon the disposal of investments during the year.

Foreign Currency Translation

All investments held in foreign currencies are shown at market value translated into sterling using the WM 4PM rate on 31 March 2019.

Foreign currency transactions are accounted for on the basis of the equivalent sterling value of the underlying transactions, by applying the relevant exchange rate ruling at the time. Where overseas securities are acquired with currency either previously purchased directly or accruing from the sale of securities, the sterling book cost of the new security will be based on the exchange rate ruling at the time of the purchase of that security. Any profit or loss arising on currency transactions either realised or unrealised, will be reflected in the Net Asset Statement.

Management Expenses

The Fund discloses its management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Costs.

Investment management expenses are based on the quarter end market value of the investments held. The fees paid are determined by the agreed fee scales for each individual manager.

Where a management fee notification has not been received by the time of preparing the accounts, an estimate based upon the market value of the mandate is used for inclusion in the Fund account.

Acquisition Costs of Investments

Transaction costs are charged as part of investment management expenses. These include costs charged directly to the fund such as fees, commissions, stamp duty and other fees.

Administration Expenses

A proportion of the relevant officers' salaries, salary on-costs and general overheads, have been charged to the Fund on the basis of time spent on Fund administration.

Taxation

The Fund is a registered pension scheme for tax purposes and as such is not liable for UK income tax on investment income, nor capital gains tax. As Wiltshire Council is the administering authority, VAT input tax is recoverable on all expenditure.

Income earned from investments in stocks and securities in the USA is exempt from US tax and is not subject to withholding tax. Most tax deducted from income on European investments is also recoverable.

Additional Voluntary Contributions (AVCs)

The accounts of the Fund in accordance with regulation 5 (2) (C) of the Pension Scheme (Management and Investment of Funds) Regulations 1998 do not include transactions in respect of AVCs. These are money purchase arrangements made by individual Fund members under the umbrella of the Local Government Pension Scheme, to enhance pension benefits.

3. Critical Judgement in Applying Accounting Policies

Pension Fund Liability

The Pension Fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in the actuarial position statement. This estimate is subject to significant variances based on changes to the underlying assumptions.

4. Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

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

The items in the net asset statement at 31 March 2019 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Debtors	At 31 March 2019, the fund had a balance of £43.2m for debtors (£0.9m relate to a long-term debtor). A review of significant balances suggested that no impairment is currently necessary. However, in the current economic climate, it is not certain that all debts will be paid.	If collection rates deteriorate it may be necessary for an allowance to be included in the accounts for doubtful debts.

5a. Contributions Receivable

	2018/2019 £000	2017/2018 £000
Employer		
- Normal	71,279	65,373
- Augmentation	1,625	1,976
- Deficit Funding*	14,198	12,812
Members		
- Normal	20,941	19,846
- Additional Contributions	164	214
	108,207	100,221
Analysis of contributions receivable		
	2018/2019 £000	2017/2018 £000
<i>Contributions from employees (Including Additional Contributions)</i>		
- Wiltshire Council	7,724	7,565
- Other scheduled bodies	12,364	11,582
- Admitted bodies	1,017	914
	21,105	20,061
<i>Contributions from employers (Including Augmentations)</i>		
- Wiltshire Council	32,580	29,737
- Other scheduled bodies	46,876	43,461
- Admitted bodies	7,646	6,962
	87,102	80,160
Total contributions receivable	108,207	100,221

* Deficit funding contributions are being paid by the employer for the three years commencing from 1 April 2017 with a minimum specified in the Rates and Adjustment Certificate dated 31 March 2017 in order to improve the Fund's funding position. The recovery period at the last valuation over which the deficit funding is recovered is mainly 20 years for scheduled bodies and 14 years or the length of the employer's contract (whichever is the shorter) for admitted bodies.

5b. Transfers in from other pension funds

	2018/2019 £000	2017/2018 £000
Group transfers	25,003	0
Individual transfers	5,504	3,798
	30,507	3,798

Group transfers comprises an amount of £25m due from Dorset County Pension Fund in respect of a bulk transfer in of Dorset Fire civilians. This amount was received on 2 May 2019.

6. Benefits payable

	2018/2019 £000	2017/2018 £000
Pensions	72,224	68,166
Commutation and lump sum retirement benefits	15,168	13,412
Lump sum death benefits	2,216	1,737
	89,608	83,315
Analysis of benefits payable	2018/2019 £000	2017/2018 £000
<i>Pensions payable</i>		
- Wiltshire Council	37,330	35,825
- Other scheduled bodies	27,709	25,578
- Admitted bodies	7,185	6,763
	72,224	68,166
<i>Retirement and Death grants payable</i>		
- Wiltshire Council	7,152	5,830
- Other scheduled bodies	8,303	7,751
- Admitted bodies	1,929	1,568
	17,384	15,149
Total benefits payable	89,608	83,315

7. Payments to and on account of leavers

	2018/2019 £000	2017/2018 £000
Individual transfer out to other schemes	3,751	3,690
Refunds to members leaving service	250	259
State Scheme Premiums	1	54
	4,002	4,003

8. Management Expenses

	2018/2019 £000	2017/2018 Restated £000
Administration costs	2,941	2,773
Investment Management expenses	18,070	9,401
Oversight & Governance	134	115
Audit Fees	7	20
	21,152	12,309

2017/18 figures have been restated to correct an error. This has resulted in an increase of £3.2m in investment management expenses. Please refer to Note 12 for more information.

The Fund has applied CIPFA's guidance Accounting for Local Government Pension Scheme Management Costs.

9. Investment Income

	2018/2019	2017/2018
	£000	Restated £000
<i>Quoted securities</i>		
- UK equities	0	146
- Overseas equities	1,273	1,099
<i>Pooled Investment Vehicles</i>		
- Overseas equities	0	62
- UK property	6,830	8,944
- Global property	1,544	89
- Infrastructure	162	1,226
<i>Income from stock lending</i>		
- Income from stock lending	596	305
<i>Cash held on deposit</i>		
- Sterling Cash	878	50
- Overseas Cash	72	85
	11,355	12,006

2017/18 figures have been restated to correct an error. This has resulted in an increase in stock lending income for 2017/18 of £0.3m. Please refer to Note 12 for more information.

10. Stock Lending

The Council participates in a securities lending programme administered by State Street. Securities in the beneficial ownership of the Council to a value of £46.8 million (1.8% of the total) were on loan at 31 March 2019. Collateral for these securities is held in a pooled form, the Wiltshire Pension Fund's share (0.014%) representing a value of £51.0million (108.91%). Income earned from this programme amounted to £0.596 million in the year.

	2018/2019	2017/2018
	£ million	£ million
WPF Securities on loan	46.8	52.1
<i>(percentage of total)</i>	1.81%	2.19%
WPF Collateral share of pool	0.01%	0.02%
Value of WPF pooled share	51.0	55.9
Percentage of securities on loan	108.9%	107.3%
Income earned in year	0.596	0.305

11. Investments

Reconciliation of investments held at beginning and end of year

	Value at 01 April 2018	Purchases at cost & derivative payments	Sales Proceeds and derivative receipts	Profit & loss on disposal & change in market value	Value at 31 March 2019
	£000	£000	£000	£000	£000
Long term investments					
- Brunel Pension Partnership	840	0	0	0	840
Funds held with Brunel:					
Pooled funds	0	406,742	-234,479	3276,501	409,784
Equities	368,094	54,663	(55,383)	65,240	432,614
Pooled funds:					
- Other	1,684,739	611,670	(1,000,856)	95,192	1,390,746
- Property	299,464	206,043	(192,692)	22,163	334,978
Derivative assets					
	2,353,138	1,279,118	(1,249,166)	185,871	2,568,961
Cash deposits	28,722			263	15,321
Other Investment	364			0	(2,143)
Balances					
	2,382,224			186,134	2,582,139

	Value at 01 April 2017	Purchases at cost & derivative payments	Sales Proceeds and derivative receipts Restated	Profit & loss on disposal & change in market value Restated	Value at 31 March 2018
	£000	£000	£000	£000	£000
Long term investments					
- Brunel Pension Partnership	0	840	0	0	840
Equities	372,221	32,081	(110,464)	94,382	388,220
Pooled funds:					
- Other	1,519,157	437,221	(363,653)	89,925	1,682,650
- Property	262,758	45,107	(37,085)	10,647	281,427
Derivative assets					
	2,154,136	515,249	(511,202)	194,954	2,353,137
Cash deposits	19,799			(349)	28,614
Other Investment	170			6	473
Balances					
	2,174,105			194,611	2,382,224

*There are some differences in the split of the opening balances of assets compared to the closing balances of 2017/18 due to reclassification of some assets.

2017/18 figures have been restated to correct an error. This has resulted in an increase in profit and loss on disposal and changes in value of investments for 2017/18 of £2.9m. Please refer to Note 12 for more information.

The PRAG guidance, Accounting for Derivatives in Pension Schemes, recommends that derivatives are set out separately in the investment reconciliation table for reasons of clarity and are reconciled on a 'net' basis as opposed to 'gross' as reported in the Net Assets Statement.

Transaction costs have been debited through the Fund Account and have been disclosed as part of the Investment Management Expenses. Costs are also borne by the Fund in relation to transactions in pooled investment vehicles.

Details of investments held at year end

	31 March 2019 £000	31 March 2018 £000
LONG TERM ASSETS		
Brunel Pension Partnership	840	840
INVESTMENT ASSETS		
Equities		
- UK equities	0	24,939
- Overseas equities	432,614	363,281
	432,614	388,220
Pooled Investment Vehicles		
- UK equities	88,011	171,423
- Overseas equities	702,307	691,999
- Overseas fixed income	276,736	276,116
- UK index linked Government bonds	424,140	255,092
- Property	334,978	281,427
- Emerging Market Debt	128,890	100,946
- Emerging Market Equities	128,890	151,419
- Infrastructure	51,556	35,655
	2,135,508	1,964,077
Cash held on deposit		
- Sterling Cash	10,433	14,966
- Overseas Cash	4,888	13,648
	15,321	28,614
Other Investment Balances		
- Outstanding dividend entitlements	28	304
- Recoverable tax	154	169
	182	473
INVESTMENT LIABILITIES		
- Amounts Payable for Purchases	-2,326	0
Total of investments held	2,582,139	2,382,224
NET CURRENT ASSETS & LIABILITIES		
Current Assets	43,120	19,767
Current Liabilities	(5,339)	(3,512)
Total net current assets	37,781	16,255
	2,619,920	2,398,479

Derivative Contracts

Objectives and Policies

The Wiltshire Pension Fund Committee have authorised the use of derivatives by their investment managers as part of the investment strategy for the Fund.

The main objective for the use of key classes of derivatives and the policies followed during the year are summarised as follows:

Options – The Fund allows its managers to invest in options as part of their portfolio construction to assist them in achieving performance targets. These options are limited to ‘Over-the-Counter’ contracts purchased on major exchanges and must not exceed specified limits. Option exposures are limited and hedged through the use of futures.

Futures – The Fund allows a number of its managers to invest in futures, within specified exposure limits, as part of their overall portfolio construction to assist them in achieving performance targets.

Forward foreign exchange – In order to maintain an appropriate diversification of investments within the Fund and take advantage of overseas investment returns a proportion of the investment portfolio is invested overseas.

The Fund did not have any derivative contracts outstanding at the year end.

Financial Instruments

Classification of financial instruments

The accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net asset statement heading. No financial assets were reclassified during the accounting period.

As at 31 March 2019	Designated as Fair value through Profit and Loss	Loans and Receivables
	£000	£000
Long Term Investments		
Brunel Pension Partnership	840	0
Financial assets		
Equities	432,614	0
Pooled investment vehicles	1,800,530	0
Property	334,978	0
Cash held on deposit	0	22,184
Other Investment balances	182	0
Long-term debtors	0	965
Debtors	0	35,293
	<u>2,568,304</u>	<u>58,442</u>
Financial Liabilities		
Creditors	0	(5,339)
Amounts payable for purchases	-2,326	
	<u>(2,326)</u>	<u>(5,339)</u>
	<u>2,566,818</u>	<u>53,103</u>

As at 31 March 2018	Designated as Fair value through Profit and Loss	Loans and Receivables
	£000	£000
Long Term Investments		
Brunel Pension Partnership	840	0
Financial assets		
Equities	386,131	2,089
Pooled investment vehicles	1,682,651	0
Property	281,427	0
Cash held on deposit	0	36,324
Other Investment balances	473	0
Debtors	0	12,057
	<u>2,350,682</u>	<u>50,470</u>
Financial Liabilities		
Creditors	0	(3,512)
	<u>0</u>	<u>(3,512)</u>
	<u>2,351,522</u>	<u>46,958</u>

Net gains/(losses) on financial instruments

	2019	2018 Restated
	£000	£000
Financial assets		
Fair value through profit and loss	185,871	194,953
Loans and receivables	263	(342)
Financial liabilities		
Total	<u>186,134</u>	<u>194,611</u>

Financial Risk Disclosure

As an LGPS Pension Fund, the Fund's objective is to achieve a relatively stable "real" return above the rate of inflation over the long term. In order to achieve this objective, the Fund holds financial instruments such as securities (equities, bonds), property, pooled funds (collective investment schemes) and cash and cash equivalents. The Fund's activities expose it to a variety of financial risks including Market Risk, Credit Risk and Liquidity Risk.

All the Fund's investments are managed by appointed Investment Managers. All investments are held by State Street who act as custodian on behalf of the Fund. Each investment manager is required to invest the assets managed by them in accordance with the terms of a written investment mandate or pooled fund prospectus.

The Wiltshire Pension Fund Committee has determined that these managers are appropriate for the Fund and are in accordance with its investment strategy. The Committee obtains regular reports from each investment manager and its Investment Consultant on the nature of investments made and associated risks.

The analysis below is designed to meet the disclosure requirements of IFRS 7.

Market Risk

Market risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. This could be as a result of changes in market price, interest rates or currencies. The objective of the Funds Investment strategy is to manage and control market risk exposure within acceptable parameters, while optimising the return.

In general, excessive volatility in market risk is managed through diversification across asset class and investment manager. Each manager is also expected to maintain a diversified portfolio within their allocation.

Market Price Risk

Market price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting the market in general.

By diversifying investments across asset classes and managers, the Fund aims to reduce the exposure to price risk. Diversification of asset classes seeks to reduce correlation of price movements, whilst the appointment of specialist managers enables the Fund to gain from their investment expertise.

Market Price - Sensitivity Analysis

The sensitivity of the Fund's investments to changes in market prices has been analysed using the volatility of returns experienced by asset classes. The volatility data has been provided by the Fund's Investment Advisor (Mercers) and is broadly consistent with a one-standard deviation movement. The volatility is measured by the (annualised) estimated standard deviation of the returns of the assets relative to the liability returns. Such a measure is appropriate for measuring "typical" variations in the relative values of the assets and liabilities over short time periods. It is not appropriate for assessing longer term strategic issues. The analysis assumes that all other variables, in particular, interest rates and foreign exchange rates, remain constant.

Movements in market prices would have increased or decreased the net assets valued at 31 March 2019 and 2018 by the amounts shown below.

As at 31 March 2019	Value £000	Volatility of return	Increase £000	Decrease £000
Baillie Gifford - Global Equity	436,612	16.11%	70,338	- 70,338
CBRE Global Multi Manager - Property	343,114	2.76%	9,470	- 9,470
Legal & General - Equity	66,052	9.41%	6,215	- 6,215
Legal & General - Gilts	424,140	17.30%	73,376	- 73,376
Legal & General - Global Equity	132,922	10.40%	13,824	- 13,824
Legal & General - Rafi Equity	343,733	10.38%	35,679	- 35,679
Barings - Dynamic Assets Allocation	246,080	5.56%	13,682	- 13,682
Partners Group - Infrastructure	51,556	10.61%	5,470	- 5,470
Investec - Emerging Markets	257,780	12.22%	31,501	- 31,501
Loomis Sayles - Multi Asset Credit	116,345	3.16%	3,677	- 3,677
Loomis Sayles - Absolute Return Bond Fund	160,391	1.78%	2,855	- 2,855
M&G - Financing Fund	1,531	31.78%	487	- 487
Cash held at custodian	1,044			
Long-term investment - Brunel Pension Partner	840			
	2,582,139		266,574	(266,574)

As at 31 March 2018	Value £000	Volatility of return	Increase £000	Decrease £000
Baillie Gifford - Global Equity	372,482	17.90%	66,674	(66,674)
CBRE Global Multi Manager - Property	314,744	14.10%	44,379	(44,379)
Legal & General - UK Equity	171,423	15.60%	26,742	(26,742)
Legal & General - Gilts	255,092	9.60%	24,489	(24,489)
Legal & General - Global Equity	125,349	15.60%	19,554	(19,554)
Legal & General - Multi Factor	324,477	15.60%	50,618	(50,618)
Barings - Dynamic Assets Allocation	242,173	10.20%	24,702	(24,702)
Partners Group - Infrastructure	35,655	14.30%	5,099	(5,099)
Investec - Emerging Markets	252,365	18.60%	46,940	(46,940)
Loomis Sayles - Multi Asset Credit	115,238	4.70%	5,416	(5,416)
Loomis Sayles - Absolute Return Bond Fund	160,878	4.70%	7,561	(7,561)
M&G - Financing Fund	2,089	0.00%	0	0
Cash held at custodian	9,419	0.00%	0	0
Long-term investment - Brunel Pension Partner	840	0.00%	0	0
	2,382,224		322,174	(322,174)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's exposure to interest rate movements from its investments in cash & cash equivalents, fixed interest and loans at 31 March 2019 and 2018 are provided below.

	31 March 2019
	£000
Cash held on deposit	15,321
Fixed Interest Securities	276,736
Loans	1,531
	293,588

	31 March 2018
	£000
Cash held on deposit	28,614
Fixed Interest Securities	276,116
Loans	2,089
	<u>306,819</u>

Interest Rate – Sensitivity Analysis

The Pension Fund recognises that interest rates vary and can impact on the fair value of the assets. The sensitivity of the Fund's investments to changes in interest rates has been analysed by showing the effect of a 100-basis point (1%) change in interest rates. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

As at 31 March 2019	Value £000	Change in net assets	
		£000 +100 BP	£000 -100 BP
Cash held on deposit	15,321	153	-153
Fixed Interest Securities	276,736	-6,680	6,680
Loans	1,531	0	0
	<u>293,588</u>	<u>(6,527)</u>	<u>6,527</u>

As at 31 March 2018	Value £000	Change in net assets	
		£000 +100 BP	£000 -100 BP
Cash held on deposit	28,614	286	(286)
Fixed Interest Securities	276,116	(9,149)	9,149
Loans	2,089	0	0
	<u>306,819</u>	<u>(8,863)</u>	<u>8,863</u>

A 1% increase in interest rates will reduce the fair value of the relevant net assets and vice versa. The loans identified are part of the M&G Financing Fund. Borrowers pay a fixed annual interest rate agreed at the outset.

Currency Risk

Currency risk represents the risk that the fair value of financial instruments will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in a currency other than sterling. When sterling depreciates the sterling value of foreign currency denominated investments will rise and when sterling appreciates the sterling value of foreign currency denominated investments will fall.

The tables below show approximate exposures to each of the three major foreign currencies based on manager benchmarks and target allocations. This is based on the two global equity managers Baillie Gifford and Legal & General.

2019	US Dollar	Euro	HK Dollar
Benchmark Weights	16.40%	3.65%	1.94%
	£'000	£'000	£'000
Net Currency Exposure	423,420	94,325	49,973

2018	US Dollar	Euro
Benchmark Weights	12.21%	2.79%
	£'000	£'000
Net Currency Exposure	290,850	66,428

Currency Risk – Sensitivity Analysis

The sensitivity of the Fund's investments to changes in foreign currency rates has been analysed using a 10% movement in exchange rates in either direction. This analysis assumes that all variables, in particular interest rates, remain constant.

A 10% strengthening or weakening of Sterling against the various currencies at 31 March 2019 and 31 March 2018 would have increased or decreased the net assets by the amount shown below

2019	Assets Held at Fair Value	Change in net assets	
		+10%	-10%
	£000	£000	£000
US Dollar	423,420	42,342	-42,342
Euro	94,325	9,433	-9,433
HK Dollar	49,973	4,997	-4,997
Net Currency Exposure	567,718	56,772	(56,772)

2018	Assets Held at Fair Value	Change in net assets	
		+10%	-10%
	£000	£000	£000
US Dollar	290,850	29,085	(29,085)
Euro	66,428	6,643	(6,643)
Net Currency Exposure	357,278	35,728	(35,728)

The Fund does hedge 50% of its overseas equity holdings therefore only a proportion of the gains/losses would be experienced. One important point to note is that currency movements are not independent of each other. If sterling strengthened generally it may rise against all the above currencies producing losses across all the currencies.

Credit Risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to meet their obligations and the Fund will incur a financial loss.

The Fund is exposed to credit risk through its investment managers, custodian and its daily treasury management activities. Credit risk is minimised through the careful selection and monitoring of counterparties.

A securities lending programme is run by the Fund's custodian, State Street, who manage and monitor the counterparty risk, collateral risk and the overall lending programme. The minimum level of collateral for securities on loan is 102%, however more collateral may be required depending upon the type of transaction. This level is assessed daily to ensure it takes account of market movements. The current collateral Wiltshire Pension Fund accepts is AAA rated supranational debt, AA rated debt and FTSE 350 Equity DBV. Securities lending is capped by investment regulations and statutory limits are in place to ensure that no more than 35% of eligible assets can be on loan at any one time.

Another source of credit risk is the cash balances held internally or by managers. The Pension Fund's bank account is held at HSBC, which holds a AA- long term fitch credit rating and it maintains its status as a well capitalised and strong financial institution. The management of the cash held in this account is managed by the Council's Treasury Management Team in line with the Fund's Treasury Management Strategy which sets out the permitted counterparties and limits. Cash held by investment managers is invested with the custodian in a diversified money market fund rated AAAM.

The Fund's exposure to credit risk at 31 March 2019 and 2018 is the carrying amount of the financial assets.

2019	£000	2018	£000
Global Fixed interest pooled	276,736	Global Fixed interest pooled	276,116
Cash held on deposit	15,321	Cash held on deposit	28,614
Other investment balances	182	Other investment balances	473
Current assets	43,120	Current assets	19,767
	<u>335,360</u>		<u>324,970</u>

Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The main liabilities of the Fund relate to the benefits payable which fall due over a long period of time. The investment strategy reflects this and set out the strategic asset allocation of the Fund. Liquidity risk is mitigated by investing a proportion of the Fund in actively traded instruments in particular equities and fixed income investments. The Fund maintains a cash balance to meet operational requirements.

The following tables analyse the Fund's financial liabilities as at 31 March 2019 and 2018, grouped into relevant maturity dates.

2019	Carrying Amount £000	Less than 12 months £000	Greater than 12 months £000
Accounts Payable	76	76	0
Benefits Payable	1,977	1,977	0
Sundry Creditors	3,286	3,286	0
	<u>5,339</u>	<u>5,339</u>	<u>0</u>

2018	Carrying Amount £000	Less than 12 months £000	Greater than 12 months £000
Accounts Payable	107	107	0
Benefits Payable	539	539	0
Sundry Creditors	2,866	2,866	0
	<u>3,512</u>	<u>3,512</u>	<u>0</u>

Fair Value Hierarchy

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Unadjusted quoted prices in an active market for identical assets or liabilities that the Fund can access at the measurement date.
- Level 2: Inputs other than quoted prices under Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability used to measure fair value that rely on the Funds own assumptions concerning the assumptions that market participants would use in pricing an asset or liability.

The tables below analyse financial instruments, measured at fair value at the end of the reporting period 31 March 2019 and 31 March 2018, by the level in the fair value hierarchy into which the fair value measurement is categorised. This has been produced from analysis provided by our custodian State Street, which is based on valuations provided by the investment managers. The investment in Brunel Pensions Partnership is valued at cost, as there is no market available for this investment.

2019	£000	£000	£000	£000
	Level 1	Level 2	Level 3	Total
Brunel Pension Partnership	0	0	840	840
Equities	432,614	0	0	432,614
Pooled Funds:				
- Other	0	1,747,443	53,087	1,800,530
- Property	0	167,237	167,741	334,978
	432,614	1,914,680	221,668	2,568,961
Cash Deposits	15,321	0	0	15,321
Other Investment balances	-2,143	0	0	-2,143
	445,791	1,914,680	221,668	2,582,139

2018	£000	£000	£000	£000
	Level 1	Level 2	Level 3	Total
Brunel Pension Partnership	0	0	840	840
Equities	384,770	0	3,450	388,220
Pooled Funds:				
- Other	0	1,646,995	35,655	1,682,650
- Property	0	111,402	170,025	281,427
	385,610	1,758,397	209,130	2,353,137
Cash Deposits	28,614	0	0	28,614
Other Investment balances	473	0	0	473
	414,697	1,758,397	209,130	2,382,224

Wiltshire Pension Fund determines that transfers between levels of the fair value hierarchy have occurred when the investment manager for those assets notifies the Fund's custodian of the change. During 2018/19 there were no transfers between level 1 and 2 of the fair value hierarchy. There were some movements between level 2 and 3 and this is reflected in the table below.

The following tables present the movement in level 3 instruments for the year end 31 March 2019 and 31 March 2018.

2019	£000
Opening balance	209,970
Adjustment for reclassifications	47,109
Total gains/losses	10,627
Purchases	113,826
Sales	-159,864
Transfer out of Level 3	0
Closing balance	<u><u>221,668</u></u>

**The opening balance for assets valued at level three has been adjusted to include the initial share-holding investment held in the Brunel Pension Partnership. This represents an increase in value of the opening value of £840k*

2018	£000
Opening balance	198,098
Total gains/losses	10,373
Purchases	42,242
Sales	-41,583
Transfer out of Level 3	0
Closing balance	<u><u>209,130</u></u>

The following table shows the sensitivity of assets valued

Sensitivity of assets valued at level 3

	Assessed Valuation range (+/-)	Value at 31 March 2019 £'000	Value on increase £'000	Value on decrease £'000
Pooled Property	2.76%	167,741	172,371	163,112
M&G Financing Fund	31.78%	1,531	1,531	1,531
Infrastructure	10.61%	51,556	57,026	46,086
Brunel Pensions Partnership	0%	840	840	840
		221,668	230,928	210,728

The following investments represent more than 5% of the net assets of the scheme:

Security	31 March 2019	
	Market value £m	% of total market value
Investec - Emerging Markets	257.78	9.98
Barings - Dynamic Asset Allocation Fund	246.08	9.53
Legal & General - Multi Factor North Americ	225.94	8.75
LSAA 2068 Index Linked Gilts	213.56	8.27
LUAB 2062 Index Linked Gilts	210.58	8.16
Loomis Sayles Alpha Bond Fund	160.39	6.21
L&G World Equity Index	132.92	5.15
	1,447.25	56.1

12 Investment management expenses

	2018/2019	2017/2018
	£000	Restated £000
Management fees	8,683	6,298
Performance fees	2,283	1,649
Transaction and other costs (pooled funds)	2,714	360
Transaction and other costs (multi-manager portfolios)	604	761
Transaction and other costs (Segregated portfolios)	88	59
Underlying fees for funds in multi-manager portfolios	2,668	0
Custody fees	86	99
Transition costs	33	0
Costs associated with investment pooling	617	-89
Indirect costs incurred in managing investment portfolios	294	263
	18,070	9,401

This Note has been restated for 2017/18 as a result of an error in the prior year, where some income codes were incorrectly allocated to investment management expenses. The resulting correction has resulted in an increase of £3.2m in investment management expenses. Corresponding corrections have resulted in an increase in stock lending income for 2017/18 of £0.3m, and an increase in profit and loss on disposal and changes in value of investments for 2017/18 of £2.9m. The other notes affected are 8, 9, 11, 11c and the Fund Account. There is no change to the overall movement in the fund during the year, or to the Net Asset Statement.

Due to the introduction of improved cost transparency reporting, it has been possible to include additional underlying figures this year associated with the costs of managing the portfolios. The fees and costs of the underlying fund investments in both Partners Group's infrastructure portfolio, and CBRE's pooled property portfolio have been included this year, which were not previously included. Please note that the increase in 2019 does not represent an increase in managers' fees, but better available information about the underlying costs of investment management.

13 Current assets

	31 March 2019	31 March 2018
	£000	£000
Contributions due from other authorities and bodies		
- Employees	1,674	1,570
- Employers	6,111	5,590
Debtors (Magistrates)	965	1,930
Other	27,507	2,967
Cash balances	6,863	7,710
	43,120	19,767
Less:		
Long term debtors (Magistrates)	965	1,930
Net Current Assets	42,155	17,837

Other assets include an amount of £25m due from Dorset County Pension Fund in respect of a bulk transfer in of Dorset Fire civilians. This amount was received on 2 May 2019.

Contributions due at the year-end have been paid to the Fund subsequent to the year end in accordance with the Rates & Adjustment Certificate.

On 8 April 2011 Wiltshire Pension Fund received confirmation from the Government Actuary's Department that they agreed to make a payment to the Fund to cover the liabilities in respect of the Magistrates Courts. In the past active members employed by the Magistrates Courts were transferred out of the LGPS but pensioners/deferred members remained in. The payment would be in 10 instalments over the next 10 years. The total amount of the remaining debt is £1.930m, of this the following year's instalment (£0.965m) is classified as a debt repayable in one year, and the remaining balance £0.965m is a long-term debtor.

14 Current Liabilities

	31 March 2019	31 March 2018
	£000	£000
Managers / Custody fees	2,950	1,646
HMRC	792	722
Unpaid Benefits	954	1,087
Other	643	57
	5,339	3,512

15. Additional Voluntary Contributions (AVCs)

AVC contributions are not included in the Fund's financial statements as they do not come under the requirements of Regulation 4(1)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 2016 regarding regulation 69(1)(a) of the Local Government Pension Scheme Regulations 2013.

Fund members paid contributions totalling £0.934 million (£0.773million in 2017/2018) into their AVC funds during the year. At the year end, the value of funds invested on behalf of Fund members totalled £5.467 million, made up as follows:

Additional Voluntary Contributions (AVCs)

	£ million
<i>Equitable Life Assurance Society</i>	
- <i>With Profits Fund</i>	0.441
- <i>Unit Linked Managed Fund</i>	0.152
- <i>Building Society Fund</i>	0.000
<i>Clerical Medical Funds</i>	0.000
- <i>With Profits Fund</i>	0.145
- <i>Unit Linked Managed Fund</i>	0.922
<i>NPI Fund</i>	0.000
- <i>Managed Fund</i>	0.000
- <i>With Profits Fund</i>	0.000
- <i>Global Care Unit Linked Fund</i>	0.000
- <i>Cash Deposit Fund</i>	0.000
<i>Prudential</i>	0.000
- <i>With Profits Cash Accumulation Fund</i>	1.402
- <i>Deposit Fund</i>	0.623
- <i>Cash</i>	0.022
- <i>Discretionary</i>	0.583
- <i>Diversified Growth Fund</i>	0.000
- <i>Equity Passive</i>	0.126
- <i>Global Equity</i>	0.003
- <i>UK Equity</i>	0.015
- <i>International Equity</i>	0.000
- <i>Index Linked</i>	0.002
- <i>Long Term Growth Fund</i>	0.498
- <i>Pre-Retirement Fund</i>	0.307
- <i>Ethical</i>	0.038
- <i>Property Fund</i>	0.188
	5.467

16. Employer Related Assets

There are no employer related assets within the Fund.

17. Related Party Transactions

The Wiltshire Pension Fund is administered by Wiltshire Council. Consequently, there is a strong relationship between the Council and the Pension Fund.

The Council incurred costs of £1.477m (2017/2018: £1.472m) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Pension Fund and contributed £31.6m to the Fund in 2018/2019 (2017/2018: £30m). A balance of £1.3m was owed by the Pension Fund to the Council at year end.

Part of the pension fund cash holdings are invested on the money markets by the treasury management operations of Wiltshire Council, through a service level agreement. During the year to 31 March 2019, the fund had an average investment balance of £6.9m (31 March 2018: £7.6m), earning interest of £44k (2017/2018: £21k) in these funds.

Brunel Pension Partnership Limited (BPP Ltd.) was formed on the 14th October 2016 and will oversee the investment of pension fund assets for Wiltshire, Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire and Somerset Funds.

Each of the 10 local authorities, including Wiltshire Pension Fund own 10% of BPP Ltd. In 2017/18 the Pension Fund paid BPP £840,000 and there was no further investment in 2018/19.

Governance

There are five members of the Pension Fund Committee that are active members of the Pension Fund, two of these individuals are the employer bodies representatives. One councillor is also a pensioner member of the Pension Fund.

18. Guaranteed Minimum Pension

The Guaranteed Minimum Pension (GMP) Reconciliation project has been split into a number of stages for Local Government Pension Schemes (LGPS). The Fund completed Stage 2, entitled "Review data inconsistencies", on 31st December 2018 & is now liaising with HMRC over a small number of residual queries. As a result of the reconciliation the Fund anticipates receiving a rebate from HMRC of £37.7k in respect of Contribution Equivalent Premium (CEP) overpayments.

Stage 3 entitled "Rectification" whereby LGPS pensions will be amended with the reconciled Stage 2 GMP information will now take place. However, before Stage 3 can be completed its timetable will be subject to a number of dependencies. These dependencies currently include guidance from the Scheme Advisory Board on a national approach concerning the incorrect payment of pensions due to missing GMP information, guidance from HMRC on scoping the treatment of multiple adjusted pension payments which may give rise to unauthorised payment tax charges, guidance on the outcome of the court of appeal case concerning Lloyds Banking Group Pensions Trustees Limited in respect of GMP equalisation and finally receipt of guidance from the Fund's legal advisers on how the Fund should determine the dependencies identified above.

The effect of LGPS pensions not showing the correct amount of GMP for its members means that their pensions will be increased by more than they should be. For LGPS members who have a State Pension Age (SPA) prior to 06/04/2016 their GMP should not be increased by the Fund for their Pre 1988 GMP (in respect of the period 06/04/1978 to 05/04/1988). But for their Post 1988 element (in respect of the period 06/04/1988 to 05/04/1997)

it will be increased by a maximum of 3%. The Government will increase the State Pension for the member fully on the Pre 1988 GMP element and for Post 1988 GMP element it is only increased if CPI is above 3%.

Although these overpayments are costs to the Fund they have been included as expenditure in previous pension fund accounts, therefore no restatement is necessary.

The Government has announced that future GMP increases will be met in full by the Fund where a member's SPA falls between 06/04/2016 and 05/04/2021. We await further confirmation from the Government detailing how GMPs will be increased for those members whose SPA is after 05/04/2021.

19. Contingent Liabilities and Contractual Commitments

Outstanding capital commitments (investments) at 31 March 2019 totalled £94.7m

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the infrastructure part of the portfolio. The amounts 'called' are irregular in both size and timing from the original commitment.

Actuarial Statement in respect of IAS26 as at 31.03.2019**Introduction**

CIPFA's Code of Practice on Local Authority Accounting 2018/19 requires Administering Authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits. I have been instructed by the Administering Authority to provide the necessary information for the Wiltshire Pension Fund ("the Fund").

The actuarial present value of promised retirement benefits is to be calculated similarly to the Defined Benefit Obligation under IAS19. There are three options for its disclosure in the pension fund accounts:

- showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit;
- as a note to the accounts; or
- by reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS19 and not the Fund's funding assumptions.

Present value of Promised Retirement Benefits

£m	Year ended	
	31 March 2019	31 March 2018
Active members	1,750	1,469
Deferred pensioners	929	848
Pensioners	1,107	1,116
Total	3,786	3,433

The promised retirement benefits at 31 March 2019 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2016. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

The above figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, I have not made any allowance for unfunded benefits.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the pension fund accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2019 and 31 March 2018. I estimate that the impact of the change in financial assumptions to 31 March 2019 is to increase the actuarial present value by £217m. There is no impact from any change in the demographic and longevity assumptions because they are identical to the previous period.

Financial assumptions

Year ended (%p.a.)	31 Mar 2019	31 Mar 2018
Pension Increase Rate	2.5%	2.4%
Salary Increase Rate	2.8%	2.7%
Discount Rate	2.4%	2.6%

Longevity assumption

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2013 model, assuming the current rate of improvements has reached a peak and will converge to a long-term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.5 years	24.9 years
Future Pensioners*	24.1 years	26.7 years

*Future pensioners (assumed to be aged 45 at the latest formal valuation)

Please note that the longevity assumptions have not changed since the previous IAS26 disclosure for the Fund.

Commutation assumptions

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Sensitivity Analysis

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the liabilities are set out below:

Sensitivity to the assumptions for the year ended 31 March 2018	Approximate % Increase to liabilities	Approximate monetary amount (£m)
0.5% p.a. increase in the Pension Increase Rate	8%	321
0.5% p.a. increase in Salary Increase Rate	1%	51
0.5% decrease in Real Discount Rate	10%	394

The principal demographic assumption is the longevity assumption. For sensitivity purposes, I estimate that a 1 year increase in life expectancy would approximately increase the liabilities by around 3-5%.

This paper accompanies my covering report titled 'Actuarial Valuation as at 31 March 2019 for accounting purposes'. The covering report identifies the appropriate reliance and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Prepared by:-

Barry Dodds FFA

2 May 2019

For and on behalf of Hymans Robertson LLP

Schedule of Employer Bodies**Scheduled/Resolution bodies**

Wiltshire Council
 Swindon Borough Council
 Dorset and Wiltshire Fire Authority
 Wiltshire Police PCC & CC
 Alderbury Parish Council
 Amesbury parish Council
 Blunsdon Parish Council
 Bradford-on-Avon Town Council
 Calne Town Council
 Central Swindon North Parish Council
 Central Swindon South Parish Council
 Chippenham Town Council
 Corsham Town Council
 Cricklade Town Council
 Devizes Town Council
 Durrington Town Council
 Haydon Wick Parish Council
 Hullavington Parish Council
 Iminster Parish Council
 Ludgershall Parish Council
 Malmesbury Town Council
 Marlborough Town Council
 Melksham Town Council
 Melksham Without Parish Council
 Mere Parish Council
 Purton Parish Council
 Redlynch Parish Council
 Royal Wootton Bassett Town Council
 Salisbury City Council
 Sherston Parish Council
 St Andrews Parish Council
 South Swindon Parish Council
 Stratton St Margaret Parish Council
 Tidworth Town Council
 Trowbridge Town Council
 Wanborough Town Council
 Warminster Town Council
 Westbury Town Council
 West Swindon Parish Council
 Wilton Town Council
 Wroughton Parish Council
 Acorn Academy
 Activate Learning Education Trust
 All Saints (Netheravon) Academy
 Athelston Trust (Bradon Forest)
 Athelston Trust (Malmesbury Academy)
 Bishop Wordsworth Academy
 Blue Kite Academy
 Brunel SEN Multi Academy Trust
 Bybrook Valley Academy
 Colebrook Infants Academy
 Commonweal Academy
 Corsham Secondary Academy
 Dauntsey Academy
 Devizes Academy
 Diocese of Bristol Academy Trust
 Diocese of Salisbury Academy Trust
 Dorcan Technology Academy
 Eastrop Infants Academy
 Excaliber Academy
 Goddards Park Academy
 Hardenhuish School
 Hazelwood Academy
 Highway Warneford Academy
 Holy Cross Catholic Primary

Holy Family Catholic Academy
 Holy Rood Primary Academy
 Holy Trinity Calne Academy
 Holy Trinity Academy – Great Cheverel
 John of Gaunt Academy
 King Alfred trust
 King William Academy
 Kingsdown Academy – River Learning Trust
 Lavington Academy
 Lethbridge Academy
 Magna Learning Partnership
 Malmesbury Primary Academy
 Millbrook Academy
 Morgan Vale Academy
 New College
 Oasis Community Learning
 Peatmore Primary Academy
 Pewsey Vale Academy
 Pickwick Academy Trust
 Reach South Academy Trust
 Rowde Academy
 Royal Wootton Bassett Academy
 Salisbury 6th Form Multi Academy Trust
 Salisbury Plain Multi Academy Trust
 Sevenfields Academy
 Shaw Ridge Academy
 Sheldon Academy
 Somerset Road Academy Trust
 South Wilts Grammar School
 South Wilts UTC
 Southfield Junior Academy
 St Augustines School
 St Catherines Academy
 St Edmunds Calne
 St Josephs Academy Devizes
 St Josephs Academy Swindon
 St Laurence Academy
 St Leonards Academy
 St Mary's Swindon Academy
 Swindon College
 The Mead Primary Academy
 The Parks Academy Trust
 United Learning Trust
 Uplands Educational Trust
 Wansdyke Academy
 Wellington Academy
 Westlea Academy
 White Horse Federation
 Wiltshire College
 Woodford Valley Academy

Admitted bodies

Agincare
 Aster Communities
 Aster Group
 Aster Property Management
 Atkins Global
 Brayborne Facilities Services
 Brunel Partnership
 Capita Business Services Ltd
 Care Home Select (CHS)
 Caterlink 1 Greendown School
 Caterlink 2 Zouch School
 Caterlink 3 WHF
 Caterlink 4 Gorsehill School
 Churchill Services 1
 Churchill Services 2
 CIPFA
 Collaborative Schools
 Community First
 Community Golf and Leisure Trust
 Create Studios
 Deeland
 Direct Cleaning
 Direct Cleaning - Wansdyke
 Direct Cleaning - Westbury School
 Edwards and Wards - Nythe School
 Edwards and Wards – St Peters School
 Elior UK
 FCC Environment
 First City Nursing
 Greenwich Leisure Ltd (GLL)
 GLL Oasis Leisure
 Great Western Hospital
 Greensquare (Westlea housing Association)
 Hills Group
 Idverde
 Imperial Cleaning
 Innovate Services 2
 KGB Cleaning
 Mears Care East 2
 Mears Care North 1
 Mears Care West 1
 Oxford Health NHS Trust
 Places for People Leisure
 Public Power Solutions
 Ringway
 Salisbury and South Wiltshire Museum
 Selwood Housing
 Seren
 Sodexo
 Sodexo 2
 Sodexo 3
 Somerset Care Ltd HTLAH
 Somerset Care Ltd HTLAH 2
 Spurgeons
 Swindon Dance
 Swindon Wildcats
 The Order of St John Care Trust
 Thera South West
 Turning Point
 Visit Wiltshire
 Wiltshire and Swindon Sports Partnership
 Wiltshire CCG
 Wyclean

These accounts form a summary from the Wiltshire Pension Fund Annual Report and Financial Statements publication. This provides information on its activities and a full detailed statement of its accounts. Requests for this report, or any other queries arising from the Wiltshire Pension Fund Accounts, should be addressed to the Chief Financial Officer, County Hall, Bythesea Road, Trowbridge, BA14 8JN.

Glossary

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

Accruals

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

Amortisation

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

Assets

These can be either:

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

Balance Sheet

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

Best Value

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

Budget

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

Capital Expenditure

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

Capital Receipts

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

Cash Flow Statement

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

CIPFA

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

Code of Practice

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

Comprehensive Income and Expenditure Statement (CI&ES)

This account shows expenditure on and income from the Council's day-to-day activities. Expenditure includes salaries, wages, service and depreciation charges. It gives the cost of the main services provided by the Council.

Creditors

Money owed by the Council to others.

Debtors

Money owed to the Council by others.

Dedicated Schools Grant (DSG)

A central government grant paid to the Council for the use for expenditure on schools.

Depreciation

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

Employee Costs

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

Exceptional Items

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

Extraordinary Items

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

General Fund

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

Government Grants

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

Government Grants Deferred

Capital grants which are credited to the Balance Sheet and amortised to revenue over the life of the relevant asset to offset provisions made for depreciation.

Gross Expenditure

Expenditure before deducting any related income.

Housing Revenue Account (HRA)

The account which sets out the expenditure and income on the provision of housing. Other services are charged to the General Fund.

Impairment

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

IFRSs

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

Leases

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

Liabilities

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

Long Term Contracts

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

Minimum Revenue Provision (MRP)

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

Major Repairs Allowance (MRA)

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

Net Expenditure

Gross expenditure less directly related income.

Non-Domestic Rates (NDR)

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

Precept

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

Preceptor

An authority entitled to demand money of the Collection Fund. The preceptors on Wiltshire Council's Collection Fund are the Council itself, the Office of the Police and Crime Commissioner for Wiltshire and Swindon, Wiltshire Fire and Rescue Service and Parish and Town 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.

Usable Capital Receipts Reserve

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

Useful Life

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

Value Added Tax (VAT)

An indirect tax levied on vatiable goods and services.