

CONSOLIDATED REVENUE ACCOUNT FOR YEAR ENDED 31 MARCH 2005

2003/04 Net Expenditure		Note	2004/05 Gross Expenditure	2004/05 Income	2004/05 Net Expenditure
£'000			£'000	£'000	£'000
2,187	Central Services to the Public		25,041	23,287	1,754
1,139	Court Services		1,250	8	1,242
42,350	Cultural, Environmental & Planning		64,017	16,790	47,227
167,395	Education Services		228,377	50,731	177,646
31,614	Highways, Roads and Transport		38,493	7,391	31,102
-1,737	Housing Services		124,398	122,517	1,881
68,604	Social Services		127,165	49,117	78,048
7,063	Corporate and Democratic Core		7,344	401	6,943
3,562	Non Distributed Costs		2,764	0	2,764
322,177	Net Cost of Services		618,849	270,242	348,607
	Other Operating Income and Expenditure				
51	Parish Precepts				56
1,228	Other Levies				0
-943	Trading Account Balances	1			374
-10,664	Transfer to Asset Management Account	2			-16,232
-3,422	Interest & Investment Income	3			-4,609
3,100	Pension interest cost and expected return On pension assets	10			-4,300
0	Contribution of Housing Capital receipts to Government pool				14,171
311,527	Net Operating Expenditure				338,067
-2,841	Transfers to/from (-) HRA Balances				5,375
	Contributions to/from (-) Reserve funds				
938	- LMS Schools				398
704	- Others				-553
-4,418	- Contribution from Pension Reserve	10			1,831
0	- Transfer from usable Capital receipts equal to the contribution to Housing pooled capital receipts				-14,171
-1,938	Contributions to/from(-) capital reserves				
	- Impairment				-591
10,824	- Provision for Repayment of External Loans	4			10,955
-7,422	- Deferred charges				-9,117
13,401	- Financing of Capital Expenditure				4,276
320,775	Amount to be met from Government Grants and Local Taxpayers				336,470
	Sources of Finance				
-88,827	Council Tax Income				-92,134
-88,269	Non-Domestic Rate Income				-84,262
-143,375	Revenue Support Grant				-161,262
304	Net General Fund Surplus (-) / Deficit for the Year(+)				-1,188
-12,478	General Fund Balances at beginning of the year				-12,174
304	Add : Surplus(-) / Deficit for the year (+)				-1,188
-12,174	General Fund Balances at the end of the Year	16			-13,362

I certify that the Consolidated Revenue Account and related accounts present fairly the financial position of Wigan.

D J Smith MA PhD CPFA
Director of Finance & I.T.

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

1. Surpluses / Deficit on Trading Accounts

The Council operates a number of trading accounts for services. In addition to the traditional trading services the Council has also identified other activities which can be classified as such under the Best Value Accounting Code of Practice. These activities include Central Support Services, Markets, Industrial Estates and Printing Services.

	Turnover	Expenditure	(Surplus) / Deficit	FRS17 allocation To DSOs'	Post FRS17 – Surplus / Deficit
	£'000	£'000	£'000	£'000	£'000
Highways Maintenance	11,143	11,055	-88	132	44
Building Maintenance	6,221	6,293	72	114	186
Transport	5,870	5,941	71	64	135
Metro-catering	5,259	5,205	-54	133	79
Refuse Collection	5,048	5,029	-19	118	99
Building Cleaning	4,342	4,273	-69	145	76
Other Cleaning	3,575	3,608	33	69	102
Total	41,458	41,404	-54	775	721
Other Trading Activities	6,497	5,782	0	0	-715
Central Establishment Charges	38,126	38,494	0	0	368
Total	44,623	44,276	0	0	-347

FRS17 is an accounting statutory requirement relating to the Local Government Pension Scheme explained in detail in note 10 to the Consolidated Revenue Account and 14 to the Consolidated Balance Sheet.

2. Transactions on the Asset Management Revenue Account

This account shows how the costs of fixed assets in service committee accounts reconcile to the asset management charges in the consolidated revenue account.

2003/04 £'000	Income	2004/05 £'000	2004/05 £'000
-17,565	Capital Charges – General Fund	-21,766	
-28,439	- Housing Revenue A/c	-33,303	
-124	- Other	-242	
-1,939	- Impairment	-591	
-7,037	Transfers from Govt Grant Deferred A/c	-8,328	
-55,104			-64,230
	Expenditure		
18,648	Provision for depreciation		21,636
1,939	Impairment		591
23,853	External interest charges		25,771
-10,664	Balance to the Consolidated Revenue Account		-16,232

A review of the period over which Government grants deferred are written off to the Revenue Account has led to a further £0.952m being written off. This write down relates to 2003/04 and has been reflected in the Consolidated Balance sheet as a prior year adjustment by restating the 2003/04 comparative figures.

3. Interest on Balances

This is earned on revenue balances held by the Council, which are used instead of borrowing externally.

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

4. Provision for the Repayment of External Loans

The transactions which have taken place are as follows:

2003/04 £'000		2004/05 £'000	2004/05 £'000
6,306	Non housing amount - 4% of Capital Financing Requirement	6,825	
1,980	Housing amount - 2% of Capital Financing Requirement	2,829	
	Non Housing – voluntary repayment amount	328	
<u>8,286</u>	Revenue provision		<u>9,982</u>
-5,291	Amount charged as depreciation	-8,218	
7,037	Government Grants	8,328	
<u>10,032</u>	Increased charge to the appropriation account		<u>10,092</u>
792	Other Principal Repayments		863
<u>10,824</u>	Balance to Consolidated Revenue Account		<u>10,955</u>

The minimum revenue provision is the statutory amount which must be set aside from revenue for the repayment of external loans. From 1 April 2004 this statutory amount applies only to General Fund. In addition in 2004/05 a voluntary repayment was provided in respect of financing of de minimis equipment.

5. Leased Asset Rentals

The Authority uses vehicles and equipment financed under terms of an operating lease. The amount paid under these arrangements in 2004/05 was £2.2m (2003/04 £2.5m).

The Authority is committed to making payments of £2.8m under these leases in 2005/06, comprising the following elements :-

	Operating Leases £'000
Leases expiring in 2005/06	774
Leases expiring between 2006/07 and 2009/10	2,055
Leases expiring after 2009/10	28
Total Leases	<u>2,857</u>

There were no finance lease rental payments made in 2004/05 nor are there any identified commitments in future years.

6. Expenditure on Publicity

Section 5(1) of the Local Government Act 1986 requires a local authority to identify expenditure on publicity.

2003/04 £'000		2004/05 £'000
775	Recruitment advertising expenses	643
459	Other Advertising	578
233	Other Publicity	260
<u>1,467</u>	Total Expenditure on all Publicity	<u>1,481</u>

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

7. Section 137 Revenue Expenditure

The Local Government Act 2000 granted new powers to Authorities in England to promote well being in their area. As a consequence, the majority of the provisions of s137 were repealed with effect from October 2000. Principal Authorities in England will continue to disclose any expenditure under s137 (3).

Section 137 of the Local Government Act 1972, (as amended) empowers the Council to incur expenditure, which is in the interest of their area or any part of it. The expenditure is limited to £3.55 per head of population. The Council was permitted to spend £1.07m under this power in 2004/05. There is no record of the use of s137 power in the Council minutes for 2004/05.

8. Agency Arrangements

The Council provides administrative and financial services to the Greater Manchester Fire Authority to the value of £0.296m (£0.287m in 2003/04). This expenditure is fully reimbursable.

9. Income for Supply of Goods and Services under the Local Authorities (Goods and Services) Act 1970

The Council received £0.168m (£0.153m in 2003/04) for the provision of legal, computer and construction related services to the Greater Manchester Fire and Civil Defence Authority.

10. Pension Costs

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

The Authority participates in two pension schemes:

Teachers Pension Scheme.

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by the Teachers Pension Agency (TPA). It provides teachers with defined benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members pensionable salaries.

The Local Government Pension Scheme.

Employees other than teachers are members of the Local Government Pension Scheme administered by Tameside MBC on behalf of the Greater Manchester Councils. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The cost of retirement benefits is now recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Consolidated Revenue Account (CRA) after Net Operating Expenditure. The following transactions have been made in the CRA during the year:

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

	Local Government Pension Scheme	
	£'000	£'000
	2003/04	2004/05
Net Costs of Services:		
▪ Current service cost	12,000	15,100
▪ Past Service Costs	2,583	2,267
Net Operating Expenditure:		
▪ Interest cost	28,300	27,000
▪ Expected return on assets in the scheme	(25,200)	(31,300)
Pension Interest cost and return on assets	3,100	(4,300)
Amounts to be met from Government Grants and Local Taxation:		
▪ Movement on pensions reserve	(7,083)	(1,637)
	10,600	11,430
Actual amount charged against council tax for pensions in the year :		
▪ Employers' contributions payable to the scheme	8,973	9,766
▪ Retirement benefits payable to pensioners	1,627	1,664
	10,600	11,430

For the teachers pension scheme the Council paid £12.3m in 2004/05 (£11.8m in 2003/04) to the TPA. This represents 13.5% (13.5% in 2003/04) of teachers' pensionable pay for the year.

In addition the Council is responsible for all pension payments for teachers relating to added years together with related increases. In 2004/05 these amounted to £3.5m (£3.4m in 2003/04).

Note 14 to the consolidated Balance Sheet contains details of the assumptions made in estimating the figures included in this note.

11. Members Allowances

Total sums paid to Elected Members for the financial year ended 31 March 2005 in respect of basic, special responsibility and attendance allowance amounted to £0.8m.

12. Officers' Emoluments

The number of employees whose remuneration, excluding pension contributions, was £50,000 or more were:

Number of Employees 2003/04	Remuneration Band	Number of Employees 2004/05
30	£50,000 - £59,999	34
15	£60,000 - £69,999	14
7	£70,000 - £79,999	6
2	£80,000 - £89,999	4
3	£90,000 - £99,999	0
1	£100,000 - £109,999	3
1	£110,000 - £119,999	1
1	£120,000 - £129,999	0
0	£130,000 - £139,999	0
0	£140,000 - £149,999	0
0	£150,000 - £159,999	0
1	£160,000 - £169,999	0
0	£170,000 - £179,999	0
0	£180,000 - £189,999	0
0	£190,000 - £199,999	1

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

13. Building Control Trading Account

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory Authorities. The statement below shows the total cost of operating the Building Control Unit divided between the chargeable and non-chargeable activities.

Total Building Control 2003/04 £'000		Chargeable 2004/05 £'000	Non Chargeable 2004/05 £'000	Total Building Control 2004/05 £'000
Expenditure				
608	Employees Expenses	401	209	610
30	Transport	18	9	27
75	Supplies and Services	76	15	91
198	Central and Support Services Charges	64	113	177
911	Total Expenditure	559	346	905
Income				
-581	Building Regulation Charges	-615	0	-615
-93	Miscellaneous Income	0	-69	-69
-674	Total Income	-615	-69	-684
237	Surplus (-) Deficit (+) for the year	-56	277	221

14. Related Party Transactions

In accordance with Financial Reporting Standard 8, the Council is required to disclose material transactions with related parties. Related parties are individuals or organisations that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. This note exemplifies those transactions between related parties and the Council.

Central Government

The Government has effective control 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. Details of transactions with Government departments are set out in a note to the Cash Flow Statement on [page 40](#).

Members of the Council

Members of the Council have direct control over the Council's financial and operating policies. Each year the Council invites members to declare any such interests including related parties. Details of Members' interests, both pecuniary and non-financial are recorded in the Register of Members' Interest, which is open to public inspection at the New Town Hall, Wigan. During [2004/05](#) there were no reported material transactions with related parties advised by Members.

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

Chief Officers

The Council operates a Code of Conduct whereby individual Chief Officers are required to disclose any pecuniary and non-financial interests with related parties. In addition, the Council on an annual basis necessitates Chief Officers to make a declaration of any related parties. In respect of 2004/05 there were no reported interests in an organisation that generated a related party transaction with the Council.

Other Public Bodies

During 2004/05 financial year levies have been incurred in respect of

Flood Defence via the Environment Agency £0.113m;
Greater Manchester Passenger Transport Authority £13.635m;
Greater Manchester Magistrates' Court Service £0.568m;
Parish Precepts £0.056m

Assisted Organisations

During 2004/05 the Council awarded grants totalling £1.051m to voluntary organisations whose activities complemented the work of the Council in providing services or support to people living in the Borough.

Under Joint Arrangements, the Council received contributions from Primary Care Trusts towards a jointly agreed programme of schemes totalling £1.494m. The Council contributed £0.456m towards joint schemes administered by Primary Care Trusts.

The Youth Justice Board awarded the Council a grant of £0.440m for Youth Offending work.

In 2003/04 the Council approved a loan totalling £0.200m with Proco (Northwest) Ltd to assist the Company's cash flow during the early months of trading. At 31 March 2005, £0.05m remained outstanding. It is expected the loan will be repaid in full during 2005/06.

Associated Companies and Joint Venture Partners

In 2004/05 the Council paid Wigan & Leigh Housing a Management Fee of £14.317m. During the same period Wigan & Leigh Housing paid the Council £14.317m in respect of supplies and services which had been incurred on their behalf.

During the year the Council has provided community services fee funding of £14.862m to the Wigan Leisure Culture Trust.

The Council received a £0.427m dividend in 2004/05 from the Yorkshire Purchasing Organisation.

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

15. Disclosure of Audit Costs

In 2004/05 Wigan Council incurred the following fees relating to external audit and inspection:

	2003/04 £'000	2004/05 £'000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	221	233
Fees payable to the Audit Commission in respect of statutory inspection	19	14
Fees payable to the Audit Commission for the certification of grant claims and returns	106	72
Fees payable in respect of other services provided by the appointed auditor.	NIL	8

The fees for other services payable in 2004/05 related to work undertaken on the National Fraud Initiative and the Balanced Score Card For Older People Services.

16. Balances

The balance of £13.362m represents the accumulated monies of the Council.