

## INCOME & EXPENDITURE ACCOUNT FOR YEAR ENDED 31 MARCH 2010

This Income and Expenditure Account summarises the resources that have been generated and consumed in providing services and managing the Council during the last year. It includes all the day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees during the year.

| 2008/09<br>Net<br>Expenditure |   | Notes    | 2009/10<br>Gross<br>Expenditure | 2009/10<br>Gross<br>Income | 2009/10<br>Net<br>Expenditure |
|-------------------------------|---|----------|---------------------------------|----------------------------|-------------------------------|
| £'000                         |   |          | £'000                           | £'000                      | £'000                         |
|                               | <b>Expenditure On Services</b>  |          |                                 |                            |                               |
| 5,396                         | Central Services to the Public  |          | 34,333                          | 29,090                     | 5,243                         |
| 598                           | Court Services  |          | 650                             | 0                          | 650                           |
| 56,136                        | Cultural, Environmental, Regulatory & Planning Services                           |          | 80,716                          | 15,686                     | 65,030                        |
| 74,277                        | Children's & Education Services   |          | 331,038                         | 253,915                    | 77,123                        |
| 34,542                        | Highways & Transport Services   |          | 46,895                          | 6,802                      | 40,093                        |
| 29,399                        | Housing Services  |          | 161,073                         | 159,619                    | 1,454                         |
| 72,188                        | Adult Social Care   |          | 127,234                         | 44,154                     | 83,080                        |
| 8,138                         | Corporate & Democratic Core   |          | 8,826                           | 452                        | 8,374                         |
| 15,145                        | Non Distributed Costs   |          | 13,849                          | 0                          | 13,849                        |
| <b>295,819</b>                | <b>Net Cost Of Services</b>   | <b>2</b> | <b>804,614</b>                  | <b>509,718</b>             | <b>294,896</b>                |
|                               | <b>Other Operating Income And Expenditure</b>                                     |          |                                 |                            |                               |
| -1,042                        | Gain(-) or Loss on Disposal of Fixed Assets                                       | <b>3</b> |                                 |                            | 54,474                        |
| 76                            | Parish Precepts   |          |                                 |                            | 79                            |
| -886                          | (Surpluses)/Deficits on Trading Undertakings Not Included In Net Cost of Services | <b>4</b> |                                 |                            | -1,664                        |
| 28,169                        | Interest Payable And Similar Charges  |          |                                 |                            | 26,790                        |
| 2,068                         | Contribution of Housing Capital Receipts to Government Pool                       |          |                                 |                            | 1,047                         |
| -8,111                        | Interest & Investment Income  | <b>5</b> |                                 |                            | -5,652                        |
| 7,400                         | Pension Interest Costs and Expected Return  | <b>6</b> |                                 |                            | 15,600                        |
| <b>323,493</b>                | <b>Net Operating Expenditure</b>  |          |                                 |                            | <b>385,570</b>                |
|                               | <b>Financed By:</b>   |          |                                 |                            |                               |
| -108,518                      | Council Tax Income  |          |                                 |                            | -110,808                      |
| -109,277                      | Non-Domestic Rate Income  |          |                                 |                            | -104,834                      |
| -37,966                       | General Government Grants   | <b>7</b> |                                 |                            | -56,326                       |
| <b>67,732</b>                 | <b>Net Income and Expenditure Account Surplus (-) / Deficit (+) For The Year</b>  |          |                                 |                            | <b>113,602</b>                |

I certify that the Income & Expenditure Account, Statement of Movement on the General Fund Balance and related accounts present a true and fair view of the financial position of Wigan Council.

P McKevitt BA(Hons), ACMA  
 Service Director Corporate Services - Business Support Services  
 24 June 2010

## STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE 2009/10

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

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

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

The statement summarises the differences between the outturn on the Income and Expenditure Account and the movement of General Fund Balances.

| 2008/09<br>£'000 |   | Notes | 2009/10<br>£'000 |
|------------------|---|-------|------------------|
| 67,732           | Surplus (-) / Deficit for the year on the Income and Expenditure Account  |       | 113,602          |
| -84,955          | Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year | 2     | -114,797         |
| -17,223          | Increase in General Fund Balance for the year   |       | -1,195           |
| -25,899          | General Fund Balance brought forward  |       | -43,121          |
| <b>-43,122</b>   | <b>General Fund Balance carried forward</b>   | 9     | <b>-44,316</b>   |
| -43,122          | Amount to General Fund Balance generally available for new expenditure  |       | -44,316          |
| <b>-43,122</b>   |   |       | <b>-44,316</b>   |

## STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES 2009/10

This statement brings together all the gains and losses of the Council for the year and shows the aggregate change in its net worth.

| 2008/09<br>£'000 |   | Notes | 2009/10<br>£'000 |
|------------------|---|-------|------------------|
| 67,732           | Deficit for the year on the Income & Expenditure Account            |       | 113,602          |
| -11,213          | Surplus (-) / losses arising on revaluation of fixed assets         |       | -67,880          |
| 77,300           | Actuarial gains (-) / losses on pension fund assets and liabilities | 6     | 238,700          |
| 0                | Other Gains and Losses  |       | -7               |
| <b>133,820</b>   | <b>Total recognised (gains) / losses for the year</b>               |       | <b>284,415</b>   |

## BALANCE SHEET AS AT 31 MARCH 2010

| 31.3.09<br>£'000 |   | Notes        | 31.3.10<br>£'000 | 31.3.10<br>£'000 |
|------------------|---|--------------|------------------|------------------|
| 1,648            | <b>Fixed Assets</b>                                 |              |                  |                  |
|                  | Intangible Fixed Assets                             | 10           | 1,725            |                  |
|                  | Tangible Fixed Assets:                              |              |                  |                  |
|                  | Operational Assets:                                 |              |                  |                  |
| 776,102          | Council Dwellings                                   |              | 804,802          |                  |
| 409,306          | Other Land and Buildings                            |              | 391,456          |                  |
| 4,595            | Vehicles, Plant and Equipment                       |              | 4,453            |                  |
| 102,050          | Infrastructure                                      |              | 107,425          |                  |
| 4,597            | Community Assets                                    |              | 4,484            |                  |
|                  | Non Operational Assets:                             |              |                  |                  |
| 81,898           | Investment Properties                               |              | 44,259           |                  |
| 17,588           | Assets Under Construction                           |              | 6,368            |                  |
| 19,210           | Surplus Assets                                      |              | 23,756           |                  |
| <b>1,416,994</b> | <b>Total Fixed Assets</b>                           | <b>11-15</b> |                  | <b>1,388,728</b> |
| 10,766           | Long Term Investments                               | 16           | 10,766           |                  |
| 9,389            | Long Term Debtors                                   | 17           | 11,480           | 22,246           |
| <b>1,437,149</b> | <b>Total Long Term Assets</b>                       |              |                  | <b>1,410,974</b> |
|                  | <b>Current Assets</b>                               |              |                  |                  |
| -                | Intangible Current Assets                           |              | 895              |                  |
| 1,198            | Stocks and Work in Progress                         |              | 1,112            |                  |
| 44,870           | Debtors and Payments in Advance                     | 19           | 51,479           |                  |
| 44,013           | Investments   | 18           | 36,447           |                  |
| 12,160           | Cash in Hand  |              | 15,042           |                  |
| 102,241          |   |              |                  | 104,975          |
|                  | <b>Current Liabilities</b>                          |              |                  |                  |
| 770              | Short Term Borrowing                                |              | 14,507           |                  |
| 77,383           | Creditors   | 20           | 74,611           |                  |
| 1,365            | Cash Overdrawn                                      |              | 3,680            | 92,798           |
| <b>1,459,872</b> | <b>Total Assets less Current Liabilities</b>        |              |                  | <b>1,423,151</b> |
|                  | <b>Long Term Liabilities</b>                        |              |                  |                  |
| 359,618          | Long term borrowing                                 | 22           | 345,100          |                  |
| 190,396          | Liability related to defined benefit pension scheme | 6            | 433,213          |                  |
| 168,299          | Government Grants Deferred/Unapplied                | 21           | 187,768          |                  |
| 16,696           | Deferred liabilities                                | 23           | 17,333           |                  |
| 6,187            | Provisions  | 24           | 5,477            | 988,891          |
| <b>718,676</b>   | <b>Total Assets less Liabilities</b>                |              |                  | <b>434,260</b>   |
|                  | <b>Financed by:</b>                                 |              |                  |                  |
| 734,741          | Capital Adjustment Account                          | 25           | 663,844          |                  |
| 94,550           | Revaluation Reserve                                 | 26           | 120,973          |                  |
| 0                | Capital Receipts Reserve                            | 27           | 0                |                  |
| -190,396         | Pension Reserve                                     | 6            | -433,213         |                  |
| 27,189           | Earmarked Reserves                                  | 29           | 28,801           |                  |
| 43,122           | General Fund Balances                               | 9            | 44,316           |                  |
| 24               | Collection Fund Adjustment Account                  |              | -79              |                  |
| 9,446            | Housing Revenue Account                             | 9 & 30       | 9,618            |                  |
| <b>718,676</b>   | <b>Total Net Worth</b>                              |              |                  | <b>434,260</b>   |

I certify that the Balance Sheet and related accounts present a true and fair view of the financial position of Wigan Council at 31 March 2010

P McKeivitt BA(Hons), ACMA

Service Director Corporate Services – Business Support Services

24 June 2010

## CASH FLOW STATEMENT FOR YEAR ENDED 31 MARCH 2010

| 2008/09<br>£'000 |  | Notes     | 2009/10<br>£'000 | 2009/10<br>£'000 |
|------------------|--|-----------|------------------|------------------|
|                  | <b>Revenue Activities</b>                              |           |                  |                  |
|                  | <b>Cash outflows</b>                                   |           |                  |                  |
| 294,003          | Cash paid to and on behalf of employees                |           | 309,792          |                  |
| 369,022          | Other operating cash payments                          |           | 424,715          |                  |
| 28,217           | Housing Benefit paid out                               |           | 35,974           |                  |
| 76               | Precepts paid  |           | 79               |                  |
| 3,694            | Payments to the capital receipts pool                  |           | 648              |                  |
| <b>695,012</b>   |  |           |                  | <b>771,208</b>   |
|                  | <b>Cash Inflows</b>                                    |           |                  |                  |
| -72,774          | Rents (after rebates)                                  |           | -73,988          |                  |
| -109,206         | Council Tax receipts                                   |           | -110,946         |                  |
| -109,277         | National Non-Domestic Rate receipts from national pool |           | -104,833         |                  |
| -15,212          | Revenue Support Grant                                  |           | -24,197          |                  |
| -30,912          | DWP Grants for benefits                                |           | -36,562          |                  |
| -329,902         | Other Government Grants                                | 35        | -373,436         |                  |
| -88,479          | Cash received for goods and services                   |           | -97,310          |                  |
| -1,107           | Other operating cash receipts                          |           | -1,109           |                  |
| <b>-61,857</b>   | <b>Net Cash Inflow from Revenue Activities</b>         | <b>31</b> |                  | <b>-51,173</b>   |
|                  | <b>Returns on Investments and Servicing of Finance</b> |           |                  |                  |
|                  | <b>Cash Outflows</b>                                   |           |                  |                  |
| 27,255           | Interest paid  |           | 26,884           |                  |
|                  | <b>Cash Inflows</b>                                    |           |                  |                  |
| -5,455           | Interest received                                      |           | -3,540           |                  |
| <b>21,800</b>    | <b>Net Cash Outflow from Servicing of Finance</b>      |           |                  | <b>23,344</b>    |
|                  | <b>Capital Activities</b>                              |           |                  |                  |
|                  | <b>Cash Outflows</b>                                   |           |                  |                  |
| 68,740           | Purchase of Fixed Assets                               |           | 61,035           |                  |
| 19,877           | Other Capital Cash Payments                            |           | 119              |                  |
|                  | <b>Cash Inflows</b>                                    |           |                  |                  |
| -5,132           | Sale of Fixed Assets                                   |           | -1,512           |                  |
| -59,529          | Capital Grants Received                                |           | -38,807          |                  |
| -10              | Other Capital Cash Receipts                            |           | 0                |                  |
| <b>23,946</b>    | <b>Net Cash Outflow from Capital Activities</b>        |           |                  | <b>20,835</b>    |
| <b>-16,111</b>   | <b>Net Cash Inflow (-) / Outflow before financing</b>  |           |                  | <b>-6,994</b>    |
|                  | <b>Management of Liquid Resources</b>                  |           |                  |                  |
| -831             | Net increase / decrease in short-term deposits         | 33        | -7,565           |                  |
| 2,067            | Net increase / decrease in other liquid resources      |           | 7,015            |                  |
|                  |  |           |                  | <b>-550</b>      |
|                  | <b>Financing</b>                                       |           |                  |                  |
|                  | <b>Cash Outflows</b>                                   |           |                  |                  |
| 1,224            | Net Repayments of Amounts Borrowed – Long Term         |           | 14,525           |                  |
| 299              | Net Repayments of Amounts Borrowed – Deferred Purchase |           | 0                |                  |
| 1,220            | Net Repayments of Amounts Borrowed – Transferred Debt  |           | 1,327            |                  |
| 10,554           | Net Repayments of Amounts Borrowed – Short Term        |           | 0                |                  |
|                  |  |           |                  | <b>15,852</b>    |
|                  | <b>Cash Inflows</b>                                    |           |                  |                  |
| 0                | New Long Term Loans raised                             |           | 0                |                  |
| 0                | New Short Term Loans raised                            |           | -8,875           |                  |
| <b>13,297</b>    | <b>Net Cash Inflow (-) / Outflow from Financing</b>    |           |                  | <b>6,977</b>     |
| <b>-1,578</b>    | <b>Net increase (-) / decrease in cash</b>             | <b>34</b> |                  | <b>-567</b>      |

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 1. Prior Period Adjustments

As a result of the mandatory changes to the 2009 Statement of Recommended Practice (SORP) there has been a prior period adjustment as follows:

#### Collection Fund Accounting

Billing Authorities in England and Wales are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR). The SORP 2009 gives definitive views as to whether the authorities responsible for collecting Council Tax act as agents and the collection of Council Tax is an agency arrangement. The cash collected by the billing authority belongs proportionally to the billing authority and preceptors.

#### Extract from Balance Sheet

| Balance Sheet                                | 2008/09 Before Adjustment | 2008/09 Restated |
|--|---------------------------|------------------|
| Debtors                                      | 45,226                    | 44,870           |
| Creditors                                    | 77,739                    | 77,383           |
| <b>Total Assets less current Liabilities</b> | <b>1,459,872</b>          | <b>1,459,872</b> |
| <b>Total Assets less Liabilities</b>         | <b>718,676</b>            | <b>718,676</b>   |
| Collection Fund Adjustment Account           | 0                         | 24               |
| Collection Fund Balance                      | 24                        | 0                |
| <b>Total Net Worth</b>                       | <b>718,676</b>            | <b>718,676</b>   |

#### Extract from I & E

| I & E Account  | 2008/09 Before Adjustment | 2008/09 Restated |
|--|---------------------------|------------------|
| <b>Financed by:</b>  |                           |                  |
| Council Tax Income   | 108,711                   | 108,518          |
| <b>Net Income &amp; Expenditure Acc Surplus (-) Deficit (+) for the year</b> | <b>67,414</b>             | <b>67,732</b>    |

#### Extract from Movement on General Fund Balances

| SMGF Balances  | 2008/09 Before Adjustment | 2008/09 Restated |
|--|---------------------------|------------------|
| (Surplus) / Deficit for the year on the I & E Account  | 67,414                    | 67,732           |
| Net additional amount required by statute and non statutory proper practice to be debited to GF Bal for year | -84,637                   | -84,955          |
| Increase in General Fund Balance for the year  | -17,223                   | -17,223          |
| General Fund Balance Brought Forward   | -25,899                   | -25,899          |
| <b>Deficit (+) for the year</b>  | <b>-43,122</b>            | <b>-43,122</b>   |

Extract from Statement of Total Recognised Gains & Losses

| STRGL  | 2008/09 Before Adjustment | 2008/09 Restated |
|--|---------------------------|------------------|
| (Surplus) / Deficit for the year on the I & E Account          | 67,414                    | 67,732           |
| (Surplus) / Losses arising on revaluation of fixed assets      | -11,213                   | -11,212          |
| Actuarial Gain (-) losses on pension fund assets & liabilities | 77,300                    | 77,300           |
| Other Gains and Losses   | 319                       | 0                |
| <b>Total Recognised (Gains) / Losses for the year</b>          | <b>133,820</b>            | <b>133,820</b>   |

The supplementary statements and notes to the accounts have been amended as follows:

| Reason for movement | Statement  |
|---------------------|--|
| Collection Fund     | Cash Flow Statement<br>Group Income & Expenditure Account<br>Group Statement of Total Recognised Gains & Losses<br>Group Balance Sheet<br>Group Cash Flow Statement  |
| Collection Fund     | <b>Notes to the Accounts</b><br>Note 2 Reconciling items in the Statement of Movement on General Fund<br>Note 19 Debtors and Payments in Advance<br>Note 20 Creditors<br>Note 31 Reconciliation of Revenue Activities on Net Cash Flow<br>Note 33 Liquid Resources<br>Note 34 Reconciliation of Movement in Cash to Movement in Net Debt |

## 2. Reconciling items in the Statement of Movement on the General Fund

| 2008/09<br>£'000 |   | 2009/10<br>£'000 |
|------------------|---|------------------|
|                  | <b>Amounts included in the Income &amp; Expenditure Account but required by statute to be excluded when determining the movement on the General Fund Balance for the year</b>                                   |                  |
| -285             | Amortisation of intangible fixed assets   | -287             |
| -93,844          | Depreciation and impairment of fixed assets   | -74,686          |
|                  | Excess depreciation charged to HRA services over the Major Repairs Allowance element of Housing subsidy   |                  |
| -133             |   | -133             |
| 3,665            | Government Grants Deferred amortisation (matching depreciation and impairments)   | 5,562            |
| -6,727           | Revenue Expenditure funded from Capital under Statute   | -3,268           |
| 1,042            | Net gain or loss on sale of fixed assets  | -54,474          |
| -27,600          | Net charges made for retirement benefits in accordance with FRS 17  | -27,700          |
| -318             | Amount by which Council tax income and residual community charge adjustment included in the Income and Expenditure Account is different from the amount taken to the General Fund in Accordance with regulation | -104             |
| <b>-124,200</b>  |   | <b>-155,090</b>  |
|                  | <b>Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year</b>                                 |                  |
| 10,357           | Statutory provision for the repayment of debt   | 10,669           |
| 4,961            | Capital expenditure charged to the General Fund Balance   | 5,304            |
|                  | Employers Contributions payable to the Tameside pension fund and retirement benefits payable direct to pensioners   |                  |
| 21,775           |   | 23,583           |
| -2,068           | Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool   | -1,047           |
| <b>35,025</b>    |   | <b>38,509</b>    |
|                  | <b>Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year</b>  |                  |
| 1,893            | Housing Revenue Account Balance   | 172              |
| 2,327            | Net transfer to or from earmarked reserves  | 1,612            |
| <b>4,220</b>     |   | <b>1,784</b>     |
| <b>-84,955</b>   | <b>Net additional amount required to be credited to the General Fund Balance for the year</b>   | <b>-114,797</b>  |

### 3. Gains and Losses on the Disposal of Fixed Assets

The Council is required to account for gains and losses on the disposal of fixed assets in the Income & Expenditure Account. The gain or loss on disposal is the amount by which the disposal proceeds are more (gain) or less (loss) than the carrying value of the fixed asset on the balance sheet. A further entry is then required in the Statement of the Movement on the General Fund Balance to remove any impact upon the Council Tax.

| Gain (-) / Loss on Disposal 2008/09<br>£'000 |                               | NBV 2009/10<br>£'000 | Receipts & Contributions 2009/10<br>£'000 | Gain (-) / Loss on Disposal 2009/10<br>£'000 |
|--|-------------------------------|----------------------|---|--|
| -243   | General Fund Land & Buildings | 525                  | -573                                      | -48  |
| -799   | HRA – Right to Buy            | 1,050                | -1,456                                    | -406   |
| 0  | Foundation Schools            | 54,928               | 0   | 54,928                                       |
| <b>-1,042</b>                                | <b>Total Gain (-) / Loss</b>  | <b>56,503</b>        | <b>-2,029</b>                             | <b>54,474</b>                                |

During 2009/10 five secondary schools transferred to Foundation Status. In accordance with SORP guidance these assets should be derecognised from the Authority's balance sheet.

The effect of this has resulted in a reduction to the value of fixed assets held by the Authority by £67.9m. This is offset by £13.1m of associated deferred grant that has been written back to the I&E account. This is recorded as a £54.9m loss as there are no associated receipts and is reversed out in the Statement of Movement on the General Fund Balance. There is no impact on balances.

### 4. Surpluses and Deficits 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 and Industrial Estates.

#### Surpluses and Deficits on Trading Accounts

|                          | Expenditure<br>£'000 | Turnover<br>£'000 | Surplus (-) / Deficit<br>£'000 | FRS17 Allocation<br>£'000 | Post FRS17 Surplus (-) / Deficit<br>£'000 |
|--------------------------|----------------------|-------------------|--------------------------------|---------------------------|---|
| Highways Maintenance     | 8,495                | 8,390             | 105                            | -105                      | 0   |
| Building Maintenance     | 8,692                | 8,820             | -128                           | -79                       | -207                                      |
| Transport                | 5,586                | 5,548             | 38                             | -38                       | 0   |
| Metrofresh               | 7,737                | 7,612             | 125                            | -162                      | -37                                       |
| Building Cleaning        | 3,267                | 3,346             | -79                            | -99                       | -178                                      |
| <b>Total</b>             | <b>33,777</b>        | <b>33,716</b>     | <b>61</b>                      | <b>-483</b>               | <b>-422</b>                               |
| Central Support Charges  | 62,508               | 62,754            | -246                           | -15                       | -261                                      |
| Other Trading Activities | 2,019                | 2,983             | -964                           | -17                       | -981                                      |
| <b>Total</b>             | <b>98,304</b>        | <b>99,453</b>     | <b>-1,149</b>                  | <b>-515</b>               | <b>-1,664</b>                             |

FRS17 is a statutory accounting requirement relating to the Local Government Pension Scheme explained in note 6. The impact of FRS17 reduced charges to the above services by £0.515m.

BVACOP dictates that significant surpluses or deficits on trading activities should be reallocated back to clients. In this instance surpluses were reported on Highways Maintenance and Transport, which were deemed significant. These have subsequently been reallocated to clients.

## **5. Interest and Investment Income**

During 2009/10 the Council received the following:

- a dividend from the Airport of £1.0m (£1.3m in 2008/09)
- a refund from HM Customs and Excise of £1.190m relating to a VAT claim for the period 1990 to 1994 plus interest
- a dividend from the Yorkshire Purchasing Organisation of £0.440m
- rent from the Airport of £0.420m (£0.427m in 2008/09)

## **6. Pensions**

### **Participation in Pension Schemes**

As part of the terms and conditions of employment of its 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 need to be disclosed at the time that employees earn their future entitlement.

The Council participates in two pension schemes:

#### **Teachers' Pension Scheme**

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Children, Schools and Families (DCSF). 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 Service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on cash payable in the year, so the

real cost of the retirement benefits is reversed out in the Statement of Movement in the General Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year.

### Income and Expenditure Account

| 2008/09<br>£'000 |   | 2009/10<br>£'000 |
|------------------|---|------------------|
|                  | <b>Net Cost of Service:</b>                             |                  |
| 13,400           | current service cost                                    | 11,600           |
| 6,800            | past service cost                                       | 500              |
|                  | <b>Net Operating Expenditure:</b>                       |                  |
| 47,400           | interest cost   | 45,900           |
| -40,000          | expected return on assets in the scheme                 | -30,300          |
| <b>27,600</b>    | <b>Net Charge to the Income and Expenditure Account</b> | <b>27,700</b>    |

For the Teachers' Pension Scheme the Council paid £13.9m in 2009/10 (£13.7m in 2008/09) to Capita Teachers' Pensions. This represents 14.1% (14.1% in 2008/09) of teachers' pensionable pay for the year.

In addition the Council is responsible for all the pension payments for teachers relating to added years and related increases. In 2009/10 these amounted to £3.9m (£3.8m in 2008/09).

### Statement of Movement in the General Fund Balance

| 31.03.09<br>£'000 |  | 31.03.10<br>£'000 |
|-------------------|--|-------------------|
| -27,600           | Reversal of net charges made in retirement benefits in accordance with FRS17           | -27,700           |
| 16,169            | Employers' contributions payable to the scheme   | 17,806            |
| 5,605             | Retirement benefits payable to pensioners  | 5,777             |
| <b>-5,826</b>     | <b>Actual amount charged against the General Fund Balance for Pensions in the year</b> | <b>-4,117</b>     |

### Assets and Liabilities in Relation to Retirement Benefits

#### Reconciliation of the fair value of the scheme liabilities

|                                      | Funded Liabilities: Local Government Pension Scheme |                  | Unfunded Liabilities: Teachers Pension Scheme |                  |
|--------------------------------------|---|------------------|---|------------------|
|                                      | 2008/09<br>£'000                                    | 2009/10<br>£'000 | 2008/09<br>£'000                              | 2009/10<br>£'000 |
| <b>1 April</b>                       | <b>635,200</b>                                      | <b>620,600</b>   | <b>52,600</b>                                 | <b>50,000</b>    |
| Current Service Cost                 | 13,400  | 11,600           | -   | -                |
| Interest Cost                        | 43,900  | 42,600           | 3,500   | 3,300            |
| Contributions by scheme participants | 7,300   | 7,600            | -   | -                |
| Actuarial gains and losses           | -59,900   | 370,000          | -2,300  | 10,900           |
| Benefits Paid                        | -26,100   | -27,400          | -3,800  | -3,900           |
| Past Service Costs                   | 6,800   | 500              | -   | -                |
| <b>31 March</b>                      | <b>620,600</b>                                      | <b>1,025,500</b> | <b>50,000</b>                                 | <b>60,300</b>    |

## Reconciliation of the fair value of the scheme assets

| 2008/09<br>£'000 | Assets: Local Government Pension Scheme | 2009/10<br>£'000 |
|------------------|---|------------------|
| <b>580,600</b>   | <b>1 April</b>                          | <b>480,300</b>   |
| 40,000           | Expected Rate of Return                 | 30,300           |
| -139,500         | Actuarial gains and losses              | 142,200          |
| 16,200           | Employer Contributions                  | 17,800           |
| 7,300            | Contributions by Scheme participants    | 7,600            |
| -24,300          | Benefits Paid                           | -25,600          |
| <b>480,300</b>   | <b>31 March</b>                         | <b>652,600</b>   |

## Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

The main assumptions used in the calculations have been:

| 2008/09<br>% | Rate of Return on assets in the scheme – LGPS only | 2009/10<br>% |
|--------------|--|--------------|
| 7.0          | Equity Investments                                 | 7.8          |
| 5.4          | Bonds  | 5.0          |
| 4.9          | Property   | 5.8          |
| 4.0          | Cash   | 4.8          |

## Mortality Assumptions: Longevity at 65

|   | 2009/10    |
|---|------------|
| Current Pensioners:   |            |
| Male  | 20.8 years |
| Female  | 24.1 years |
| Future Pensioners:  |            |
| Male  | 22.8 years |
| Female  | 26.2 years |
| Rate of Inflation (Price Increases)                               | 3.8%       |
| Rate of increase in salaries (Salary Increases)                   | 5.3%       |
| Rate of increase in pensions (Pension Increases)                  | 6.9%       |
| Rate of discounting scheme liabilities (Discount Rate)            | 5.5%       |
| Take up of option to convert annual pension into retirement grant | 50.0%      |

Life Expectancy is based on the PFA92 and PMA92 tables.

An allowance is included for future retirements to elect to take 50% of the maximum additional tax free cash up to the HRMC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Whereas the Teachers' Pension Scheme has no assets to cover its liabilities, the Local Government Pension Scheme's assets consist of the following:

| 2008/09 |                    | 2009/10 |
|---------|--------------------|---------|
| 67%     | Equity Investments | 67%     |
| 16%     | Bonds              | 16%     |
| 17%     | Other Assets       | 17%     |

### Actuarial Gains and Losses

The actuarial gains identified as movements on the pension reserve in 2009/10 totalled £75m.

|  | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
|--|---------|---------|---------|---------|---------|
|  | %       | %       | %       | %       | %       |
| Differences between the expected and actual return on assets                       | 12.86   | 0.62    | -0.11   | 0.12    | -31.08  |
| Differences between actuarial assumptions about liabilities and actual experiences | -0.19   | -0.43   | -0.02   | 0.00    | -0.27   |

| Scheme History  | 2005/06         | 2006/07         | 2007/08         | 2008/09         | 2009/10         |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | £'000           | £'000           | £'000           | £'000           | £'000           |
| <b>Present Value of Liabilities:</b>                    |                 |                 |                 |                 |                 |
| Local Government Pension Scheme                         | -714,200        | -723,000        | -635,200        | -620,600        | -1,025,500      |
| Teacher Pension Scheme                                  | -55,600         | -53,800         | -52,600         | -50,000         | -60,300         |
| Fair Value of Assets in Local Government Pension Scheme | 578,900         | 626,400         | 580,600         | 480,300         | 652,600         |
| <b>Surplus/Deficit in the scheme:</b>                   |                 |                 |                 |                 |                 |
| Local Government Pension Scheme                         | -135,300        | -96,600         | -54,600         | -140,300        | -372,900        |
| Teachers Pension Scheme                                 | -55,600         | -53,800         | -52,600         | -50,000         | -60,300         |
| <b>Total</b>  | <b>-190,900</b> | <b>-150,400</b> | <b>-107,200</b> | <b>-190,300</b> | <b>-433,200</b> |

The Liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £433.2m has a substantial impact on the net worth of the authority. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy. The deficit on the Local Government Scheme will be made good by increased contributions over the remaining life of the employees, as assessed by the actuary.

### 7. General Government Grants

| 2008/09<br>£'000 | Government Grant                                | 2009/10<br>£'000 |
|------------------|---|------------------|
| 20,095           | Area Based Grant                                | 31,709           |
| 15,212           | Revenue Support Grant                           | 24,197           |
| 1,953            | Local Authority Business Growth Incentive Grant | 367              |
| 706              | Performance Reward Grant                        | 53               |
| <b>37,966</b>    | <b>Total</b>                                    | <b>56,326</b>    |

## 8. Financial Instruments

This is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. One of the key components of the definition is that all financial instruments are defined by contracts. Financial assets include for example cash, debtors, investments and shareholdings. Financial liabilities include creditors, finance leases and loans from other entities.

### Fair Value of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables are disclosed in the balance sheet and carried at amortised cost. The SORP 2009 requires the fair value of each class of asset and liabilities to be disclosed as a note to the accounts in order to be compared to its carrying amount.

### Financial Liabilities

For long term borrowing the fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments. For the Council this applies specifically to PWLB loans. For long term borrowings fair values have been calculated using the new borrowing rate as the discount factor. These figures have been supplied by Sector, the Council's Treasury Management Advisor.

|                       | Carrying Amount<br>2008/09<br>£'000 | Fair Value<br>2008/09<br>£'000 | Carrying Amount<br>2009/10<br>£'000 | Fair Value<br>2009/10<br>£'000 |
|-----------------------|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------|
| Financial Liabilities | 356,209                             | 447,354                        | 355,437                             | 419,352                        |

The SORP also allows for an alternative method of calculation to the above based on the premature repayment set of rates. The value of the loans calculated under this method for 2009/10 would be £429,393m (£458,994m in 2008/09).

The fair value is greater than the carrying amount because the Authority's portfolio of loans include a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. This commitment to pay interest at above current market rates increases the amount that the Authority would have to pay if the lender agreed to the early repayment of the loans.

### Financial Assets

|                                | Carrying Amount<br>2008/09<br>£'000 | Fair Value<br>2008/09<br>£'000 | Carrying Amount<br>2009/10<br>£'000 | Fair Value<br>2009/10<br>£'000 |
|--------------------------------|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------|
| Financial Assets – Investments | 40,700                              | 40,885                         | 35,300                              | 35,316                         |

The fair value is greater than the carrying amount because the Authority's portfolio of loans include a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. The guarantee to receive interest above the

current market rates increases the amount that the Authority would receive if it agreed to early repayment of the loans.

### **Long Term Investments**

Long Term Investments held at 31 March 2010 includes shareholdings of £10.2m in Manchester Airport and £0.5m in Wigan Football Company Ltd. These are unquoted equity investments for which a reliable fair value cannot be established. There are no market transactions that could be used to value these shares and the Council has no plans to sell the shares. They are valued at cost less impairment which follows the SORP guidance as recommended by CIPFA.

### **Long Term Debtors**

The SORP requires the Council to assess whether any loans that have been granted are at less than market rates. Where this is material the SORP requires the discounted interest rate to be recognised as a reduction in the fair value of the asset when measured for the first time.

The Council has identified five areas that fall under the definition of a soft loan;

- Renovation Loans
- Car Loans to Staff
- House Purchase Loans
- Loan to Leigh Sports Village
- Small Business Loans

In each case an exercise has been undertaken to calculate the fair value of the loan due to the discounted interest rate. The amounts are deemed to be immaterial therefore no adjustments have been made in the accounts.

### **Financial Guarantees**

The Authority had no outstanding financial guarantees as at 1 April 2009, and has none as at 31 March 2010.

### **Disclosure of nature and extent of risks arising from financial instruments**

The Authority's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the Authority.
- liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.
- market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

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

The Council has adopted CIPFA's Treasury Management in the Public Services "Code of Practice". In accordance with the code the Council sets an annual Treasury Management Policy containing a number of measures to control financial instrument risks including;

- Approved methods of raising finance
- Limits on external borrowing
- Policy on sources and types of borrowing
- Investment Policy including approved counterparties for lending purposes

## Borrowing

### The maturity structure of borrowing

The Council is required to set for the forthcoming year only both upper and lower limits with respect to the maturity structure of its projected fixed rate borrowing. The limits are to be expressed as percentages of total projected borrowing. The recommended limits are shown in the table below.

Maturity structure of projected borrowing

|                                | Lower limit<br>% | Upper limit<br>% |
|--------------------------------|------------------|------------------|
| 10 years and above             | 50               | 100              |
| 5 years and within 10 years    | 0                | 50               |
| 24 months and within 5 years   | 0                | 50               |
| 12 months and within 24 months | 0                | 0                |
| Under 12 months                | 0                | 0                |

The Treasury Management Policy seeks to limit maturing loans to no more than 10% in any year. To assist in this objective there must be flexibility over the repayment periods selected for new borrowing. The maturity profile that is actually chosen for new borrowing would depend on prevailing market conditions. The acceptance of the above limits will give reasonable flexibility in that it would allow:-

- At least 50% of all new borrowing to be taken out for 10 years or more
- Up to 50% of new borrowing to be taken out for periods of 2 to 10 years
- No borrowing for less than 2 years

### The total principal sums invested for periods longer than 364 days

The Council is required to set a prudential limit on sums invested for periods longer than 364 days. It is not envisaged that there would be any investments held for more than 364 days.

The Council also produces an annual report measuring the performance of the treasury management function.

## Credit risk

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

This risk is minimised through the Treasury Policy Statement, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The Statement also imposes a maximum sum to be invested with different financial institutions. The credit criteria in respect of financial assets held by the Authority are detailed below:

| Financial Asset                  | Criteria   | Maximum Investment<br>£'000 |
|----------------------------------|--|-----------------------------|
| Deposits with Banks              | Short Term: F1+<br>Long Term: AA –<br>Support: 1 | 20,000                      |
| Deposits with building societies | Short Term: F1/F1                                | 2,000                       |

The following analysis summarises the Authority's potential maximum exposure to credit risk based on the experience of the default and uncollectability over the last five years.

|                     | 31/03/09<br>£'000 | Historical<br>experience of<br>default<br>% | Historical experience<br>adjusted for market<br>conditions<br>% | Estimated maximum<br>exposure to default and<br>uncollectability<br>£'000 |
|---------------------|-------------------|---|---|---|
| Deposits with Banks | 35,300            | 0   | 0   | 0   |

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

The Authority does not generally allow credit for customers but some of the current balance is past its due date for payment. The past due amount can be analysed by age as follows:

|                        | 2009/10<br>£'000 |
|------------------------|------------------|
| Less than three months | 8,394            |
| Three to six months    | 1,208            |
| Six months to one year | 945              |
| More than one year     | 1,740            |

## Liquidity risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The maturity risk of financial liabilities is shown below:

|                   | 2009/10<br>£'000 |
|-------------------|------------------|
| Less than 1 year  | 10,359           |
| 1 – 2 years       | 25,905           |
| 2 – 5 years       | 31,838           |
| More than 5 years | 287,357          |

## Market risk

### Interest rate risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise.
- investments at fixed rates – the fair value of the assets will fall.

The Council specifically has a policy on interest rate exposures which states:

- the Council is required to set upper limits to its exposures to the effects of changes in interest rates for both fixed interest rate and variable rate loans
- it has been Council policy to borrow at fixed rates of interest and it is recommended that this will continue. However, for the purposes of these calculations, loans and investments of less than 365 days are classed as variable rate. These transactions are used to assist the Council's day to day cash flows and a prudent level of exposure has been set at a net figure of £10m in each of the 3 years

The table below shows the impact on existing investments had interest rates being 1% higher with all other variables being held constant.

|   | 2009/10<br>£'000 |
|---|------------------|
| Daily average investment balance (average rate of interest 0.83%) | 54,250           |
| Assuming interest rates 1% higher additional interest received    | 542              |

### Price risk

The Authority does not generally invest in equity shares but does have shareholdings in Manchester Airport and Wigan Football Company Ltd. However these are not classed as available for sale assets.

### Foreign exchange risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

## 9. Balances

The General Fund balance of £44.316m represents the accumulated monies of the Council. In addition the HRA retains a balance of £9.618m.

|                         | Balance at 31.3.09<br>£'000 | Increase in year<br>£'000 | Decrease in year<br>£'000 | Balance at 31.3.10<br>£'000 |
|-------------------------|-----------------------------|---------------------------|---------------------------|-----------------------------|
| General Fund            | 43,121                      | 1,195                     | 0                         | 44,316                      |
| Housing Revenue Account | 9,446                       | 172                       | 0                         | 9,618                       |
| <b>Total Balances</b>   | <b>52,567</b>               | <b>1,367</b>              | <b>0</b>                  | <b>53,934</b>               |

## 10. Intangible Fixed Assets

|                                     | £'000        |
|-------------------------------------|--------------|
| Valuation as at 31 March 2009       | 2,869        |
| Less Accumulated Amortisation       | -1,221       |
| <b>Net Book Value as at 31.3.09</b> | <b>1,648</b> |
| Expenditure In Year                 | 364          |
| Amortisation for the Year           | -287         |
| <b>Net Book Value as at 31.3.10</b> | <b>1,725</b> |

The Council's Intangible Fixed Assets consist entirely of purchased computer software licences. These items are considered to have a 10 year life and are written off over that period.

## 11. Movement of Fixed Assets 2009/10

These tables contain details of the revaluations, additions and disposal of tangible fixed assets during the year, together with the reduction in value attributable to depreciation.

|                                      | Council Dwellings<br>£'000 | Other Land & Buildings<br>£'000 | Vehicles Plant and Equip.<br>£'000 | Infrastructure<br>£'000 | Community Assets<br>£'000 | Total<br>£'000   |
|--------------------------------------|----------------------------|---------------------------------|------------------------------------|-------------------------|---------------------------|------------------|
| <b>Operational Assets</b>            |                            |                                 |                                    |                         |                           |                  |
| <b>Certified valuation at 1.4.09</b> | <b>789,756</b>             | <b>424,306</b>                  | <b>12,152</b>                      | <b>141,810</b>          | <b>4,597</b>              | <b>1,372,621</b> |
| Additions                            | 20,312                     | 27,327                          | 1,609                              | 10,837                  | 0                         | 60,085           |
| Disposals                            | -926                       | -64,991                         | 0                                  | 0                       | 0                         | -65,917          |
| Impairments                          | -20,621                    | -35,466                         | 0                                  | 0                       | -25                       | -56,112          |
| Reclassifications                    | 0                          | 24,725                          | 0                                  | 0                       | -233                      | 24,492           |
| Revaluations                         | 30,128                     | 27,593                          | 0                                  | 0                       | 145                       | 57,866           |
| Other Movements                      | 0                          | 0                               | -1,548                             | 0                       | 0                         | -1,548           |
| <b>At 31.3.10</b>                    | <b>818,649</b>             | <b>403,494</b>                  | <b>12,213</b>                      | <b>152,647</b>          | <b>4,484</b>              | <b>1,391,487</b> |
| <b>Depreciation</b>                  |                            |                                 |                                    |                         |                           |                  |
| <b>Certified valuation at 1.4.09</b> | <b>-13,654</b>             | <b>-15,000</b>                  | <b>-7,557</b>                      | <b>-39,760</b>          | <b>0</b>                  | <b>-75,971</b>   |
| Charge for 2009/10                   | -13,847                    | -6,536                          | -1,751                             | -5,462                  | 0                         | -27,596          |
| Disposals                            | 0                          | 892                             | 0                                  | 0                       | 0                         | 892              |
| Reclassifications                    | 0                          | 0                               | 0                                  | 0                       | 0                         | 0                |
| Revaluations                         | 13,654                     | 8,606                           | 0                                  | 0                       | 0                         | 22,260           |
| Other Movements                      | 0                          | 0                               | 1,548                              | 0                       | 0                         | 1,548            |
| <b>At 31.3.10</b>                    | <b>-13,847</b>             | <b>-12,038</b>                  | <b>-7,760</b>                      | <b>-45,222</b>          | <b>0</b>                  | <b>-78,867</b>   |
| <b>Net Book Value at 31.3.10</b>     | <b>804,802</b>             | <b>391,456</b>                  | <b>4,453</b>                       | <b>107,425</b>          | <b>4,484</b>              | <b>1,312,620</b> |
| <b>Net Book Value at 31.3.09</b>     | <b>776,102</b>             | <b>409,306</b>                  | <b>4,595</b>                       | <b>102,050</b>          | <b>4,597</b>              | <b>1,296,650</b> |
| <b>Nature of Asset Holding</b>       |                            |                                 |                                    |                         |                           |                  |
| Owned                                | 804,802                    | 391,456                         | 4,453                              | 107,425                 | 4,484                     | 1,312,620        |
|                                      | <b>804,802</b>             | <b>391,456</b>                  | <b>4,453</b>                       | <b>107,425</b>          | <b>4,484</b>              | <b>1,312,620</b> |

During the year £22.3m of accumulated depreciation was written off to the Capital Adjustment Account due to the revaluation of assets under the 5 year rolling programme.

During the year the Council's assets were reviewed for impairment. £62.7m was charged to the appropriate service revenue accounts of which £30.2m was found to be due to a clear consumption of economic benefits.

In 2008/09, a total of £131.1m was deducted from the value of the Council's assets due to the impact of the economic downturn on property values. The District Valuer has reviewed the market conditions on behalf of the Council and has advised that no significant changes to values have occurred during 2009/10.

|                                      | Surplus<br>£'000 | Assets under<br>Construction<br>£'000 | Investment<br>Properties<br>£'000 | Total<br>£'000 |
|--------------------------------------|------------------|---------------------------------------|-----------------------------------|----------------|
| <b>Non-operational Assets</b>        |                  |                                       |                                   |                |
| <b>Certified valuation at 1.4.09</b> | <b>19,210</b>    | <b>17,588</b>                         | <b>81,898</b>                     | <b>118,696</b> |
| Additions                            | 0                | 1,663                                 | 208                               | <b>1,871</b>   |
| Disposals                            | -372             | -3,890                                | -153                              | <b>-4,415</b>  |
| Impairments                          | -10,538          | 0                                     | -17,866                           | <b>-28,404</b> |
| Reclassifications                    | 13,597           | -12,333                               | -25,756                           | <b>-24,492</b> |
| Revaluations                         | 1,859            | 3,340                                 | 5,928                             | <b>11,127</b>  |
| Other Movements                      | 0                | 0                                     | 0                                 | <b>0</b>       |
| <b>At 31.3.10</b>                    | <b>23,756</b>    | <b>6,368</b>                          | <b>44,259</b>                     | <b>74,383</b>  |
| <b>Net Book Value at 31.3.10</b>     | <b>23,756</b>    | <b>6,368</b>                          | <b>44,259</b>                     | <b>74,383</b>  |
| <b>Net Book Value at 31.3.09</b>     | <b>19,210</b>    | <b>17,588</b>                         | <b>81,898</b>                     | <b>118,696</b> |
| <b>Nature of Asset Holding</b>       |                  |                                       |                                   |                |
| Owned                                | 23,756           | 6,368                                 | 44,259                            | <b>74,383</b>  |
|                                      | <b>23,756</b>    | <b>6,368</b>                          | <b>44,259</b>                     | <b>74,383</b>  |

## 12. Capital Commitments

As at 31 March 2010, the Council was contractually committed to the following major items of capital work:

|                                    | £'000 | Start Date | Projected<br>End Date |
|------------------------------------|-------|------------|-----------------------|
| Saddle Junction                    | 6,947 | 2009       | 2011                  |
| Beech Hill New School              | 4,407 | 2009       | 2012                  |
| Mesnes Park Restoration Project    | 2,207 | 2008       | 2010                  |
| Wigan St James – Remodelling works | 1,779 | 2008       | 2010                  |
| Wigan Wallgate Townscape Heritage  | 1,230 | 2011       | 2013                  |
| Windsor Avenue New Build           | 1,020 | 2010       | 2011                  |

Although not yet contractually committed, the following major schemes over £1m are also in the programme for 2009/10 onwards:

|   | £'000  | Start Date | Projected<br>End Date |
|---|--------|------------|-----------------------|
| Bedford High – Extend & Remodel           | 14,000 | 2010       | 2013                  |
| Westleigh High – Extend & Remodel         | 14,000 | 2010       | 2013                  |
| Lowton Golborne – New School              | 11,700 | 2010       | 2013                  |
| Learning Alliance East (Hesketh Fletcher) | 8,000  | 2010       | 2013                  |
| Ince New School                           | 5,688  | 2010       | 2012                  |
| Hindley Green J & I – Single site         | 5,299  | 2009       | 2011                  |
| JSC Council Contributions                 | 1,421  | 2011       | 2012                  |
| Hindley High – New School                 | 1,000  | 2010       | 2013                  |

### 13. Capital Expenditure and Financing in Year

Capital expenditure and arrangements made to finance this outlay are as follows:

| 2008/09<br>£'000 |   | 2009/10<br>£'000 |
|------------------|---|------------------|
| 435,064          | <b>Opening Capital Financing Requirement</b>  | 440,818          |
|                  | <b>Capital Investment:</b>  |                  |
| 52,773           | Operational Assets  | 62,320           |
| 13,781           | Non-Operational Assets  | 0                |
| 19,444           | Revenue Expenditure Funded from Capital under Statute   | 18,040           |
|                  | <b>Sources of Finance:</b>  |                  |
| -3,066           | Capital Receipts  | -865             |
| -62,396          | Government Grants and Other Contributions   | -61,355          |
| -14,782          | Revenue Provision   | -15,843          |
| <b>440,818</b>   | <b>Closing Capital Financing Requirement</b>  | <b>443,115</b>   |
|                  | <b>Explanation of Movements During Year</b>   |                  |
| -1,351           | Increase / (-) Decrease in underlying need to borrow (supported by Government financial assistance)   | 153              |
| 7,104            | Increase / (-) Decrease in underlying need to borrow (unsupported by Government financial assistance) | 2,144            |
| <b>5,753</b>     | <b>Increase / (-) Decrease in Capital Financing Requirement</b>                                       | <b>2,297</b>     |

### 14. Fixed Asset Valuation

The Authority's property portfolio, which comprises both freehold and leasehold properties, has been valued on the bases outlined below, which accord with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. The valuations were undertaken by RICS qualified personnel from the Authority's Legal and Property Services staff and the District Valuer. Not all the properties were inspected, as this was neither practicable nor considered by the Valuer to be necessary for the purpose of the valuation. Inspections were carried out between April 2009 and March 2010. The actual valuation date was 1 April 2009.

The Code of Practice requires any deficit from the revaluation of assets that is due to impairment rather than a change in the market value to be charged to the net cost of services. Property Assets are revalued on a rolling programme over 5 years, although material changes to asset valuations will be recognised as they occur. Surpluses or deficits arising from revaluation are credited or debited to a Revaluation Reserve. Properties regarded by the Authority as operational were valued on the basis of market value for the existing use or, where this could not be assessed because there was no market value for the subject asset, the depreciated replacement cost method of valuation was employed. Properties regarded by the Authority as non-operational have been valued on the basis of market value. All valuations comply with those definitions settled by the International Valuation Standards Committee.

## Fixed Asset Valuation

|   | Council Dwellings<br>£'000 | Other Land & Buildings<br>£'000 | Vehicles Plant and Equipment<br>£'000 | Infrastructure<br>£'000 | Community Assets<br>£'000 | Non - Operational Assets<br>£'000 | TOTAL<br>£'000   |
|---|----------------------------|---------------------------------|---------------------------------------|-------------------------|---------------------------|-----------------------------------|------------------|
| Value at Historical Cost                | 0                          | 0                               | 12,213                                | 152,647                 | 0                         | 0                                 | 164,860          |
| Gross Value at Current Value in 2009/10 | 818,649                    | 403,494                         | 0                                     | 0                       | 4,484                     | 74,383                            | 1,301,010        |
| <b>Total</b>                            | <b>818,649</b>             | <b>403,494</b>                  | <b>12,213</b>                         | <b>152,647</b>          | <b>4,484</b>              | <b>74,383</b>                     | <b>1,465,870</b> |

## 15. Information on Assets Held

The number and type of fixed assets owned by the Council and included in the Council's Asset Register:

| Number as at<br>31.3.09 |   | Number as at<br>31.3.10 |
|-------------------------|---|-------------------------|
| 22,831                  | <b>Council Dwellings</b>                    | 22,794                  |
|                         | <b>Operational Property</b>                 |                         |
| 9                       | Town Halls / Civic Centre / Civic Buildings | 9                       |
| 31                      | Other District / Area Offices / Offices     | 32                      |
| 8                       | Social Services Homes & Hostels             | 8                       |
| 2                       | Sports Centres / Stadium                    | 3                       |
| 2                       | Swimming Pools                              | 2                       |
| 13                      | Libraries                                   | 13                      |
| 2                       | Nurseries                                   | 1                       |
| 3                       | Sure Start – Early Learning Centres         | 3                       |
| 33                      | Primary Schools                             | 33                      |
| 14                      | Secondary Schools                           | 9                       |
| 7                       | Special Schools                             | 7                       |
| 3                       | Depots                                      | 3                       |
| 56                      | Surface Car Parks                           | 56                      |
| 4                       | Multi-storey Car Parks                      | 4                       |
| 9                       | Cemeteries                                  | 9                       |
| 1                       | Crematorium                                 | 1                       |
|                         | <b>Operational Equipment</b>                |                         |
| 59                      | Vehicles                                    | 70                      |
|                         | <b>Infrastructure Assets</b>                |                         |
| 1,150                   | Highways (km)                               | 1,188                   |
| 480                     | Footpaths & Bridleways (km)                 | 477                     |
|                         | <b>Community Assets</b>                     |                         |
| 34                      | Parks                                       | 34                      |
| 30                      | Playing Fields / Recreation Grounds         | 30                      |
| 8                       | Allotment Sites (statutory)                 | 8                       |
| 5                       | War Memorials                               | 5                       |
| 693                     | Art & Artefacts (items)                     | 693                     |
| 3                       | Civic Regalia (items)                       | 3                       |

## 16. Long Term Investments

The value of investments held at 31 March 2010 is analysed below:

| 31.3.09<br>£'000 |  | 31.3.10<br>£'000 |
|------------------|--|------------------|
| 10,214           | Shareholdings in : Manchester Airport Plc<br>Wigan Football Company Ltd<br>Other Investments | 10,214           |
| 538              |  | 538              |
| 14               |  | 14               |
| <b>10,766</b>    |  | <b>10,766</b>    |

The Council holds 10,214,000 fully paid £1 ordinary shares in Manchester Airport plc, 5% of the issued shares.

Wigan Football Company operates the DW Stadium (formerly the JJB Stadium) at Robin Park, Wigan. The Council holds 4,499,492 ordinary £1 shares in the Wigan Football Company which are 15% of the total issued.

## 17. Long Term Debtors

These are debtors which are not immediately due and payable, but are repayable over a period of time. They are analysed below:

| 31.3.09<br>£'000 |   | 31.3.10<br>£'000 |
|------------------|---|------------------|
| 7,572            | Manchester Airport transferred debt         | 9,267            |
| 469              | Car Loans to Staff                          | 574              |
| 41               | Loans for House Purchases                   | 33               |
| 91               | Transferred Debt re Pre-1974 functions      | 85               |
| 1,016            | Renovation Loans                            | 1,273            |
| 200              | Leigh Sports Village Company Ltd            | 200              |
| -                | Salford & Wigan Local Education Partnership | 48               |
| <b>9,389</b>     |   | <b>11,480</b>    |

During the year a refinancing of the Manchester Airport Group (MAG) was undertaken, which has resulted in transferred debt previously the responsibility of MAG reverting to the ten Greater Manchester districts. Wigan's proportion of this amounts to £1.972m.

## 18. Short Term Investments

During the year the Authority invested its revenue balances, reserves and capital receipts externally in short term deposits. At 31 March 2010 an amount of £36.431m was invested in this way (£43.915m at 31.3.09). Please note the amount carried on the balance sheet includes accrued interest owed to the Authority and is not contained in the figures in the following table:

| <b>31.3.09</b><br><b>£'000</b> |                        | <b>31.3.10</b><br><b>£'000</b> |
|--------------------------------|------------------------|--------------------------------|
| 20,000                         | Barclays Bank          | 25,300                         |
| 11,211                         | Lloyds TSB Bank        | 11,131                         |
| 10,700                         | Royal Bank of Scotland | -                              |
| 2,000                          | West Bromwich BS       | -                              |
| 4                              | Co-operative           | -                              |
| <b>43,915</b>                  |                        | <b>36,431</b>                  |

During the year the Council reduced its Counter Party list of financial institutions its Treasury Management Policy allowed it to place funds with. This was as a result of the falling credit ratings of the banks and building societies concerned.

### 19. Debtors and Payments in Advance

An analysis of debtors which fall due within one year is shown below:

| <b>31.3.09</b><br><b>£'000</b> |   | <b>31.3.10</b><br><b>£'000</b> |
|--------------------------------|---|--------------------------------|
| 7,080                          | Council Tax   | 7,983                          |
| 1,721                          | NNDR – Central Government                               | 6,718                          |
| 3,656                          | Care in the Community                                   | 5,888                          |
| 4,054                          | Housing Benefits – Rent Allowances                      | 5,333                          |
| 5,010                          | Housing Rent Arrears                                    | 4,926                          |
| 3,979                          | Customs & Excise VAT                                    | 3,955                          |
| 1,247                          | Benefits Subsidy Grant                                  | 3,824                          |
| 3,230                          | Capital Grants & Contributions                          | 2,749                          |
| 4,328                          | Sundry Debtors  | 2,731                          |
| 1,367                          | Standards Fund & Other Education Grants                 | 2,523                          |
| 1,359                          | Wigan Leisure and Culture Trust                         | 2,267                          |
| 338                            | Non LMS Community Education Salaries                    | 2,238                          |
| 1,166                          | GMITA Contribution to Transport Infrastructure Fund     | 1,561                          |
| 2,140                          | Wigan & Leigh Housing Company Ltd                       | 1,350                          |
| 1,153                          | Deferred Subsidy Payment Scheme                         | 1,244                          |
| 738                            | Ashton, Leigh & Wigan PCT                               | 671                            |
| 589                            | Operating Leases  | 576                            |
| 0                              | YPO Dividend  | 440                            |
| 473                            | Whelco Holdings Ltd                                     | 425                            |
| 348                            | Supporting People                                       | 331                            |
| 444                            | Wigan Schools   | 318                            |
| 250                            | Police Authority – Share of Council Tax                 | 219                            |
| 2,075                          | ERDF Grants   | 183                            |
| 156                            | Tameside Pension Increase                               | 151                            |
| 202                            | North West Development Agency                           | 143                            |
| 194                            | Salaries & Wages  | 101                            |
| 96                             | GMFRA – Share of Council Tax                            | 79                             |
| 776                            | Nuttals   | 0                              |
| 706                            | Pump Priming Grant                                      | 0                              |
| 534                            | Halton Housing Trust                                    | 0                              |
| 201                            | Extended Community & School Activities Payroll Recharge | 0                              |
| 190                            | Mears Building Services Ltd                             | 0                              |
| 175                            | Learning Skills Council                                 | 0                              |
| 174                            | Manchester Airport                                      | 0                              |
| 121                            | Manchester Enterprises Ltd                              | 0                              |
| 82                             | North West Coalfield Communities                        | 0                              |
| 3,151                          | Others  | 1,930                          |
| 53,503                         |   | 60,857                         |
| -8,633                         | Less: Bad Debts Provisions                              | -9,378                         |
| <b>44,870</b>                  | <b>Net Total</b>  | <b>51,479</b>                  |

## 20. Creditors and Receipts in Advance

An analysis of creditors which are due and payable within one year is shown below:

| 31.3.09<br>£'000 |  | 31.3.10<br>£'000 |
|------------------|--|------------------|
| 10,219           | Children & Young Peoples Services Grants Carried Forward       | 11,502           |
| 9,164            | Construction Industry Trade Creditors                          | 8,307            |
| 7,221            | North West Improvement & Efficiency Partnership (NWIEP) Grants | 7,105            |
| 907              | External School Creditors                                      | 6,916            |
| 6,163            | Inland Revenue   | 6,593            |
| 9,768            | Sundry Creditors – Capital and Revenue                         | 5,315            |
| 1,563            | Adults Services Grants & Fees                                  | 3,231            |
| 2,343            | Other Employees Superannuation                                 | 2,603            |
| 338              | Non LMS Community Education Salaries                           | 2,238            |
| 688              | Wigan Leisure and Culture Trust                                | 1,827            |
| 1,685            | Teachers Superannuation  | 1,729            |
| 782              | Contractors Retentions   | 1,454            |
| 1,574            | Wigan & Leigh Housing Company Ltd Management Fee               | 1,372            |
| 1,504            | Rent Allowances  | 1,227            |
| 843              | Council Tax Prepayments  | 1,221            |
| 3,097            | Greenbank Partnerships Ltd                                     | 1,037            |
| 0                | Performance Reward Grant                                       | 644              |
| 893              | Wages & Salaries   | 587              |
| 1,412            | WRG Ltd  | 574              |
| 572              | Housing Rents Paid in Advance                                  | 573              |
| 512              | Other Local Education Authorities                              | 424              |
| 25               | Housing Right to Buy - Government Pooling of Capital Receipts  | 423              |
| 920              | Ashton, Leigh & Wigan PCT                                      | 366              |
| 0                | Planning & Delivery Grant                                      | 335              |
| 0                | Benefits Admin Grant   | 300              |
| 0                | Healthy Business Project Grant                                 | 294              |
| 1,019            | Drug and Alcohol Funding                                       | 284              |
| 732              | Capital Creditors  | 125              |
| 258              | Surestart Invoices   | 33               |
| 654              | Highways Retentions  | 0                |
| 809              | NPS North West Ltd & NPS Property Works                        | 0                |
| 1,147            | Wigan for Work Projects  | 0                |
| 945              | Wigan for Work Grants  | 0                |
| 561              | NWIN Government Grant carried forward                          | 0                |
| 456              | Housing Benefits Payments                                      | 0                |
| 349              | Adults Day & Domiciliary Care                                  | 0                |
| 313              | External Homecare Contract                                     | 0                |
| 278              | Adults Residential Care  | 0                |
| 7,669            | Others   | 5,972            |
| <b>77,383</b>    | <b>Net Total</b>   | <b>74,611</b>    |

## 21. Government and Capital Grants Deferred

| 31.3.09<br>£'000 |                                       | 31.3.10<br>£'000 |
|------------------|---------------------------------------|------------------|
| 131,356          | <b>Balance Brought forward</b>        | 168,299          |
| 53,997           | Grants received in year               | 53,066           |
| -836             | Grants applied to repay debt          | -130             |
| 0                | Foundation Schools Disposal           | -13,061          |
| -16,218          | Grants written off to revenue in year | -20,406          |
| <b>168,299</b>   | <b>Balance as at 31 March 2010</b>    | <b>187,768</b>   |

The total of £187.768m includes £161.813m of government grants and contributions deferred which will be written off to the revenue account over the lives of the assets the grant has been used to fund. The remaining £25.955m relates to grants and contributions paid in advance of the funding of assets.

## 22. Long Term Borrowing

The tables below show the source of loans outstanding, the movements during the year and an analysis of current borrowings by maturity date.

| 31.3.09<br>£'000 | Source of Loan<br>Outstanding | Increases<br>in year<br>£'000 | Decreases<br>in year<br>£'000 | 31.3.10<br>£'000 |
|------------------|-------------------------------|-------------------------------|-------------------------------|------------------|
| 354,721          | Public Works Loans Board      | 0                             | 9,644                         | 345,077          |
| 27               | Individuals                   | 0                             | 4                             | 23               |
| <b>354,748</b>   |                               | <b>0</b>                      | <b>9,648</b>                  | <b>345,100</b>   |

| 31.3.09<br>£'000 | An Analysis by maturity is:        | 31.3.10<br>£'000 |
|------------------|------------------------------------|------------------|
| 9,666            | Maturing within 1-2 years          | 25,905           |
| 31,710           | Maturing within 2-5 years          | 31,838           |
| 83,963           | Maturing within 5-10 years         | 68,133           |
| 229,409          | Maturing within more than 10 years | 219,224          |
| <b>354,748</b>   |                                    | <b>345,100</b>   |

The accrued interest associated with the PWLB loans is £4.862m. This is included under current liabilities and will be paid in 2010/11.

## 23. Deferred Liabilities

Deferred liabilities are liabilities which are payable beyond the next year. At 31 March 2010, these totalled £17.333m.

| 31.3.09<br>£'000 |                                      | 31.3.10<br>£'000 |
|------------------|--------------------------------------|------------------|
| 15,898           | Former G.M.C. debt                   | 17,041           |
| 757              | Former L.C.C. debt                   | 259              |
| 41               | Loan repayments mortgaged Properties | 33               |
| <b>16,696</b>    | <b>Balance as at 31st March</b>      | <b>17,333</b>    |

The debt outstanding, on the assets transferred from the Greater Manchester Council (GMC) at the 1986 reorganisation, and from Lancashire County Council (LCC) at the 1974 reorganisation to Wigan Council, is administered by Tameside MBC and Lancashire County Council on behalf of all successor Authorities. The assets are included in the relevant class of fixed assets.

During the year a refinancing of Manchester Airport was undertaken which has resulted in transferred debt previously the responsibility of the Manchester Airport Group (MAG) reverting to the ten Greater Manchester districts.

## 24. Provisions

These amounts have been set aside to cover the following potential liabilities:

|                     | Balance at<br>31.3.09<br>£'000 | Increase<br>in year<br>£'000 | Decrease<br>in year<br>£'000 | Balance at<br>31.3.10<br>£'000 |
|---------------------|--------------------------------|------------------------------|------------------------------|--------------------------------|
| Insurance Fund      | 5,182                          | 4,420                        | 4,702                        | 4,900                          |
| Equal Pay           | 730                            | 7                            | 378                          | 359                            |
| Section 117 refunds | 126                            | 49                           | 129                          | 46                             |
| Others              | 149                            | 47                           | 24                           | 172                            |
|                     | <b>6,187</b>                   | <b>4,523</b>                 | <b>5,233</b>                 | <b>5,477</b>                   |

### Insurance

At 31st March 2010 the Council held an Insurance provision of £4.900m. This is for future payments of claims made or yet to be made for incidents which occurred before 31st March 2010. These include incidents where a legal liability arises and incidents of damage to Council property. The increase reflects contributions from services. The decrease is mainly attributable to the payment of premiums, the settlement of claims and risk management. The insurance provision is reviewed annually.

### Equal Pay

This provision represents the residual potential cost of settling Equal Pay claims still outstanding as at 31 March 2010.

### Section 117

The Council has retained a provision of £0.046m for potential claims under Section 117 of the Mental Health Act 1983. Other provisions contain amounts for various claims for compensation and potential liabilities.

### Bad Debt

In addition to the amounts shown above, the Council holds bad debts provisions totalling £9.378m (£11.159m at 31.3.09). The significant change in the Bad Debt provision relates to the prior period adjustment for Council Tax and NNDR. These provisions have been off set against debtors on the Balance Sheet and include £5.056m relating to NNDR, Community Charge and Council Tax (£6.557m at 31.3.09).

## 25. Movements in the Capital Adjustment Account

| 31.3.09<br>£'000 |   | 31.3.10<br>£'000 |
|------------------|---|------------------|
| <b>797,142</b>   | <b>Balance at 1 April</b>   | <b>734,741</b>   |
| 2,366            | Capital Receipts  | 865              |
| 4,961            | Capital expenditure financed from revenue   | 5,174            |
| 1,110            | Provisions for loan repayment   | 2,531            |
| -13,654          | Capital expenditure financed from reserves  | -13,847          |
| 13,594           | Use of CAA to increase Major Repairs Reserve  | 13,714           |
| -30,212          | Impairment due to consumption of economic benefit                                     | -62,617          |
| -48,520          | Impairment due to current economic climate  | 0                |
| -19,444          | Write off Revenue Expenditure funded by Capital under Statute                         | -18,040          |
| 12,537           | Government Grants relating to Revenue Expenditure Financed from Capital under statute | 27,833           |
| -3,912           | Write out of Net Book Values of Disposals   | -69,440          |
| 2,018            | Depreciation Adjustments  | 2,559            |
| 1,213            | Write out of Revaluation Reserve balances on disposal                                 | 18,533           |
| 15,542           | Transfer of HRA non enhancing expenditure to the Revaluation Reserve                  | 20,312           |
| -                | Reclassification of Assets  | 1,526            |
| <b>734,741</b>   | <b>Balance at 31 March</b>  | <b>663,844</b>   |

This account provides a balancing mechanism between the different rates at which assets are depreciated under the SORP and are financed through the capital controls system.

## 26. Movements in the Revaluation Reserve

| 31.3.09<br>£'000 |   | 31.3.10<br>£'000 |
|------------------|---|------------------|
| <b>103,967</b>   | <b>Opening Balance Brought Forward at 1 April</b> | <b>94,550</b>    |
| 11,215           | Gains on Revaluation of Fixed assets              | 67,880           |
| -1,858           | Impairment  | -3,301           |
| -1,213           | Amount written off for disposals                  | -15,285          |
| -2,018           | Depreciation Adjustments                          | -2,559           |
| -15,543          | Amount written off HRA non enhancing expenditure  | -20,312          |
| <b>94,550</b>    | <b>Closing Balance 31 March</b>                   | <b>120,973</b>   |

This reserve records unrealised revaluation gains arising (since 1<sup>st</sup> April 2007) from holding assets.

## 27. Movements in the Usable Capital Receipts Reserve

| 31.3.09<br>£'000 |   | 31.3.10<br>£'000 |
|------------------|---|------------------|
| <b>0</b>         | <b>Opening Balance Brought Forward at 1 April</b>             | <b>0</b>         |
| 5,134            | Amounts receivable in year                                    | 1,912            |
| 3,638            | Reduction in Amounts set aside - Amounts set aside            | 3,494            |
| -6,704           | Amount applied to finance new capital investment & Repay Debt | -4,359           |
| -2,068           | Amount paid in respect of Pooled Housing Capital Receipts     | -1,047           |
| <b>0</b>         | <b>Closing Balance 31 March</b>                               | <b>0</b>         |

## 28. Major Repairs Reserve

This is a statutory reserve maintained to show how the HRA Major Repairs Allowance funding has been used. The reserve commenced the financial year with a zero balance. During the year funding of £13.8m was received from Central Government which was all used during the financial year to pay for major refurbishment works to council dwellings. The reserve has a nil balance to carry forward to 2010/11. A statement of the movements on the Major Repairs Reserve can be found in note 16 on the Housing Revenue Account.

## 29. Reserves

The reserve funds held by the Authority are detailed below.

|  | Balance at<br>1.4.09<br>£'000 | Increase<br>in year<br>£'000 | Decrease<br>in year<br>£'000 | Balance at<br>31.3.10<br>£'000 |
|--|-------------------------------|------------------------------|------------------------------|--------------------------------|
| School Balances – Delegated Fund         | 10,543                        | 55                           | 1,741                        | 8,857                          |
| Insurance Reserve                        | 7,273                         | 0                            | 0                            | 7,273                          |
| Manchester Airport                       | 5,702                         | 0                            | 0                            | 5,702                          |
| Organisational Transition                | 0                             | 2,026                        | 0                            | 2,026                          |
| Schools Balances - Direct Funding        | 1,418                         | 23                           | 36                           | 1,405                          |
| DSG Contingency                          | 0                             | 1,245                        | 0                            | 1,245                          |
| Wigan Football Company Shares            | 538                           | 0                            | 0                            | 538                            |
| Wigan Pier & Robin Park Investment Funds | 398                           | 79                           | 0                            | 477                            |
| Waste Disposal After Care                | 527                           | 0                            | 70                           | 457                            |
| Wigan Life Centre                        | 0                             | 395                          | 0                            | 395                            |
| DSG Centrally Held                       | 411                           | 565                          | 822                          | 154                            |
| VAT Reserve                              | 100                           | 191                          | 244                          | 47                             |
| Other Reserves                           | 279                           | 0                            | 54                           | 225                            |
| <b>Total Reserves</b>                    | <b>27,189</b>                 | <b>4,579</b>                 | <b>2,967</b>                 | <b>28,801</b>                  |

**School Balances - Delegated Fund** - In accordance with the Education Reform Act 1988 individual surpluses/deficits may be carried forward. These balances are committed to be spent on education and are not available to the Council for general use. A distinction has been made between balances accumulated prior to the general introduction of the Dedicated Schools Grant (DSG) and those generated by underspends since.

**Insurance** – This reserve provides a contingency against unforeseen future claims. The reserve also provides a prudent hedge against changes in the insurance market which may require premium increases.

**Manchester Airport** - This reserve represents the Council's share in the net assets of Manchester Airport PLC and matches the transfer of 5,701,500 £1 shares to the Council in 1986 when the Greater Manchester Council was abolished.

### **Organisational Transition**

This reserve has been created to provide longer term funding towards the potential future costs of employment.

**Schools Balances - Direct Funding** - This reserve relates to non-delegated funds which schools have received directly for special investment in technology, equipment and books.

**DSG Contingency** - This relates to unspent contingency held centrally within the Individual Schools Budget (ISB) to cover unexpected items, ie data changes.

**Wigan Football Company Shares** – This reserve represents the Council’s 15% shareholding in Wigan Football Company Ltd.

**Wigan Pier and Robin Park Investment Fund** - These reserves are maintained to provide longer term funding for planned significant upgrades at these two locations.

**Waste Disposal After Care** – This reserve was created following the Council’s sale of Landfill Management Ltd (LML) in 2000. It represents LML’s former liability, subsequently transferred to the Council along with the associated funds, for providing after care services on the former landfill sites at Ince Moss and Amberswood. Annual contributions are made from the reserve to fund any after-care costs, which would, prior to 2000, have been LML’s responsibility.

### **Wigan Life Centre**

In preparation for the opening of the Wigan Life Centre in 2011, the Council has set aside savings on buildings which are being replaced by the new building to assist in the affordability of transition.

**DSG Centrally Held** – This is the DSG unspent in year in respect of schools budget controlled centrally and not delegated to schools.

**VAT Reserve** - This represents previously overpaid output tax reimbursed by HM Customs. The increase in the year represents the repayment of VAT over a number of years and the opportunity has been taken to transfer this to balances to support Council priorities.

**Other Reserves** - These various minor reserves were set aside from underspendings arising during the year.

## **30. Housing Revenue Account**

The Council is required by statute to maintain a ring-fenced account for Council Housing. This balance includes the reclassified reserves. Any year-end balances have to be carried forward separately.

Notes 31 to 35 are produced to support the Cash Flow Statement shown on page 25.

### 31. Revenue Activities

The Net Cash Flow can be reconciled to the Income & Expenditure Account for the year as follows:

| 2008/09<br>£'000 |   | 2009/10<br>£'000 |
|------------------|---|------------------|
| -17,222          | <b>Deficit / Surplus (-) for the Year</b>     | <b>-1,195</b>    |
| -4,961           | Revenue Contributions to Capital Expenditure  | -5,304           |
| -25,709          | Repayment of Debt                             | -26,040          |
| 3,694            | Payment to capital receipts pool              | 648              |
| 1,348            | Use of Reserves and Provisions                | -901             |
| -1,893           | Movements on Housing Revenue Account Balances | -172             |
| 3,665            | Removal of Government Grants Deferred         | 5,635            |
| -27,255          | Interest Paid                                 | -26,884          |
| 5,455            | Interest Received                             | 3,540            |
|                  | <b>Items on accruals basis</b>                |                  |
| 31               | Stocks  | -85              |
| 1,528            | Creditors                                     | -3,034           |
| -125             | Collection Fund                               | 0                |
| 0                | NNDR / Collection Fund                        | -7,015           |
| -197             | Debtors & Payments in Advance                 | 8,739            |
| -216             | Intangible Fixed Assets                       | 895              |
| <b>-61,857</b>   | <b>Revenue Activities Net Cash Flow</b>       | <b>-51,173</b>   |

### 32. Movement in Cash

This statement identifies the items making up the increases in cash shown on the cash flow statement.

| 2008/09<br>£'000 |   | 2009/10<br>£'000 |
|------------------|---|------------------|
| 11,731           | <b>Bank Balance and Cash in Hand at 1 April</b>       | <b>12,160</b>    |
| -2,514           | Bank Balance and Cash Overdrawn at 1 April            | -1,365           |
| 1,578            | Movements in Year                                     | 567              |
| 12,160           | <b>Bank Balance and Cash in Hand at 31 March</b>      | <b>15,042</b>    |
| -1,365           | <b>Bank Balance and Cash in Overdrawn at 31 March</b> | <b>-3,680</b>    |

### 33. Liquid Resources

Short term investments have reduced by £7.581m from £44.013m at 31 March 2009 to £36.432m at 31 March 2010 (£0.831m in previous year).

Liquid resources includes the difference between the NNDR collected and amounts paid over to central government and the difference between the major preceptors share of the net cash collected from Council Tax receipts and the net cash paid to major preceptors as precepts and settlement of the previous years surplus/deficit on the Collection Fund of £7.015m (£2.067m in previous year).

### 34. Reconciliation of the Movement in Cash to the Movement in Net Debt

| 2008/09<br>£'000 | Net Debt Per Balance Sheet                                | 2009/10<br>Deferred<br>Purchase<br>£'000 | 2009/10<br>Transferred<br>Debt<br>£'000 | 2009/10<br>Loans<br>Outstanding<br>£'000 | 2009/10<br>Temporary<br>Loans<br>£'000 | 2009/10<br>TOTAL<br>£'000 |
|------------------|---|--|---|--|--|---------------------------|
| 390,871          | Council Debt at 01.4.09                                   | 0  | 16,655                                  | 359,659                                  | 770                                    | 377,084                   |
| 377,574          | Council Debt at 31.3.10                                   | 0  | 15,329                                  | 345,133                                  | 9,645                                  | 370,107                   |
| <b>13,297</b>    | <b>Movement in Year</b>                                   | <b>0</b>                                 | <b>1,326</b>                            | <b>14,526</b>                            | <b>-8,875</b>                          | <b>6,977</b>              |
| -16,111          | Add Net Cash Inflow before Financing                      |  |   |  |  | -6,978                    |
| -831             | Add Net Increase / Decrease (-) in Short Term Deposits    |  |   |  |  | -7,581                    |
| 2,067            | Add Net Increase / Decrease (-) in Other Liquid Resources |  |   |  |  | 7,015                     |
| <b>-1,578</b>    | <b>Net Movement in Cash</b>                               |  |   |  |  | <b>-567</b>               |

### 35. Government Grants

This statement analyses the other government grants, which are shown in the revenue activities section of the cash flow statement.

| 2008/09<br>£'000 | Grant  | Awarding<br>Body | 2009/10<br>£'000 |
|------------------|--|------------------|------------------|
| -182,506         | Dedicated Schools Grant                          | DCSF             | -191,030         |
| -40,534          | Housing Benefit                                  | DWP              | -44,243          |
| -24,876          | Standards Fund & School Standards Fund           | DCSF             | -28,645          |
| -20,350          | Area Based Grant                                 | DCLG             | -23,851          |
| -23,256          | Council Tax Benefit Grant                        | DWP              | -22,805          |
| 0                | REFCUS Grants                                    | Various          | -14,772          |
| -7,697           | Early Years & Child Care                         | DCSF             | -8,978           |
| -6,688           | Capacity Building Support Grant                  | DCLG             | -8,837           |
| -7,577           | Supporting People                                | DCLG             | -7,858           |
| -4,789           | Learning & Skills Council                        | DCSF             | -5,084           |
| 0                | Total Place                                      | DCLG             | -4,862           |
| -1,338           | General Education Grants                         | Various          | -2,356           |
| -1,286           | Housing Benefit Administration                   | DWP              | -1,397           |
| 0                | Social Care Reform                               | DOH              | -1,318           |
| -487             | Housing Revenue Account Subsidy                  | DCLG             | -1,309           |
| -1,012           | Criminal Justice Intervention Programme          | HO               | -1,061           |
| -1,953           | Local Authority Business Growth Incentive Scheme | DCLG             | -367             |
| -1,064           | Performance Reward Grant                         | DCLG             | -252             |
| -129             | Planning Delivery Grant                          | DCLG             | -55              |
| -599             | Neighbourhood Element Grant                      | DCLG             | 0                |
| -278             | Partnership for Older People                     | DOH              | 0                |
| -3,483           | Others   | Various          | -4,354           |
| <b>-329,902</b>  |  |                  | <b>-373,436</b>  |

### 36. Leased Asset Rentals

#### Authority as lessee:

During 2009/10 the Council continued to lease vehicles, plant, machinery and equipment by means of operating leasing. Operating lease rentals on vehicles, plant, equipment and property paid in 2009/10 was £2.851m (2008/09 £1.801m). The Authority also operates a car leasing scheme for its employees. The amount paid under these arrangements in 2009/10 was £0.335m (2008/09 £0.330m).

The Authority was committed at 31 March 2010 to making payments of £2.796m under these operating leases in 2010/11, comprising the following elements :-

|   | Car Lease<br>Info.<br>£'000s | Vehicle,<br>Plant &<br>Equipment<br>£'000s | Property<br>£'000s | Total<br>£'000s |
|---|------------------------------|--|--------------------|-----------------|
| Leases expiring in 2010/11                  | 64                           | 413  | 55                 | 532             |
| Leases expiring between 2011/12 and 2014/15 | 110                          | 965  | 643                | 1,718           |
| Leases expiring after 2014/15               | 0                            | 0  | 546                | 546             |
| <b>Total Leases</b>                         | <b>174</b>                   | <b>1,378</b>                               | <b>1,244</b>       | <b>2,796</b>    |

#### Authority as lessor:

Where the Council acts as lessor, the gross value of assets held for use in operating leases at 31 March 2010 was £29.888m. The rent receivable in respect of these operating leases for the year 2009/10 was £1.927m. In the main assets held are investment properties and there is no depreciation associated with the majority of these as they are non-operational commercial and industrial assets.

The future minimum lease payments receivable are:

|   | Total<br>£'000s |
|---|-----------------|
| Leases expiring in 2010/11                  | 78              |
| Leases expiring between 2011/12 and 2014/15 | 457             |
| Leases expiring after 2014/15               | 1,155           |
| <b>Total Leases</b>                         | <b>1,690</b>    |

### 37. Expenditure on Publicity

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

| 2008/09<br>£'000 |   | 2009/10<br>£'000 |
|------------------|---|------------------|
| 628              | Recruitment advertising expenses          | 359              |
| 652              | Other Advertising                         | 601              |
| 542              | Other Publicity                           | 1,007            |
| <b>1,822</b>     | <b>Total Expenditure on all Publicity</b> | <b>1,967</b>     |

### 38. Members Allowances

Total sums paid to Elected Members for the financial year ended 31 March 2010 amounted to £1.175m (£1.136m in 2008/09).

### 39. Officers' Emoluments

In order to provide more information the emoluments have now been separated between Chief and Senior Officers, Leadership Heads, Deputies and Assistants in Schools and Colleges.

The number of employees (including senior management) whose remuneration, excluding employer's pension contributions, was £50,000 or more is shown below.

#### Chief and Senior Officers

a)

| Number of<br>Employees<br>Restated<br>2008/09 | Remuneration Band   | Number of<br>Employees<br>2009/10 |
|---|---------------------|-----------------------------------|
| 20  | £50,000 - £54,999   | 19                                |
| 22  | £55,000 - £59,999   | 18                                |
| 9   | £60,000 - £64,999   | 18                                |
| 3   | £65,000 - £69,999   | 4                                 |
| 3   | £70,000 - £74,999   | 1                                 |
| 3   | £75,000 - £79,999   | 1                                 |
| 2   | £80,000 - £84,999   | -                                 |
| 1   | £85,000 - £89,999   | 4                                 |
| 1   | £90,000 - £94,999   | 3                                 |
| 1   | £95,000 - £99,999   | 2                                 |
| -   | £100,000 - £104,999 | 1                                 |
| -   | £105,000 - £109,999 | -                                 |
| -   | £110,000 - £114,999 | -                                 |
| -   | £115,000 - £119,999 | -                                 |
| -   | £120,000 - £124,999 | -                                 |
| 1   | £125,000 - £129,999 | 1                                 |
| 1   | £130,000 - £134,999 | 1                                 |
| 2   | £135,000 - £139,999 | 2                                 |
| -   | £140,000 - £144,999 | 1                                 |
| 1   | £145,000 - £149,999 | -                                 |
| -   | £150,000 - £199,999 | -                                 |
| 1   | £200,000 - £204,999 | 1                                 |
| <b>71</b>                                     |                     | <b>77</b>                         |

Employee in remuneration band £100,000 - £105,000 includes a one off redundancy payment.

## Schools and Colleges Leadership – Heads, Deputies and Assistants

The number of school and college employees whose remuneration, excluding employer's pension contributions, was £50,000 is as follows:

b)

| Number of Employees Restated 2008/09 | Remuneration Band   | Number of Employees 2009/10 |
|--------------------------------------|---------------------|-----------------------------|
| 83                                   | £50,000 - £54,999   | 89                          |
| 36                                   | £55,000 - £59,999   | 49                          |
| 33                                   | £60,000 - £64,999   | 34                          |
| 8                                    | £65,000 - £69,999   | 11                          |
| 6                                    | £70,000 - £74,999   | 9                           |
| 5                                    | £75,000 - £79,999   | 6                           |
| 4                                    | £80,000 - £84,999   | 6                           |
| 2                                    | £85,000 - £89,999   | 2                           |
| 1                                    | £90,000 - £94,999   | 2                           |
| 2                                    | £95,000 - £99,999   | 2                           |
| -                                    | £100,000 - £104,999 | 1                           |
| -                                    | £105,000 - £109,999 | -                           |
| 1                                    | £110,000 - £114,999 | -                           |
| -                                    | £115,000 - £119,999 | 1                           |
| <b>181</b>                           |                     | <b>212</b>                  |

The following table lists the individual remuneration of the Strategic Management Team and Statutory Officers of the Council whose remuneration is over £50,000

c)

| 2008/09 Restated Totals incl. pension contrib. £ | Name               | Job Title   | Salary £ | Election Fees £ | Leased car & other taxable benefits £ | Total Remun. excl. pension contrib. £ | Employers Pension Contrib. | Total Remun. Incl. pension contrib. 2009/10 |
|--|--------------------|---|----------|-----------------|---------------------------------------|---------------------------------------|----------------------------|---|
| 227,872  | Joyce Redfearn (1) | Chief Executive   | 193,974  | 6,194           |                                       | 200,168                               | 28,708                     | 228,876                                     |
| 166,211  | David Smith (2)    | Executive Director  | 143,943  | 500             |                                       | 144,443                               | 19,916                     | 164,359                                     |
| 154,237  | Sue Johnson        | Deputy Chief Executive                                    | 125,983  | 2,777           | 10,407                                | 139,167                               | 18,646                     | 157,813                                     |
| 156,141  | Bernard Walker (3) | Executive Director  | 137,029  |                 |                                       | 137,029                               | 20,262                     | 157,291                                     |
| 152,520  | Martin Kimber (4)  | Executive Director (left 25/10/09)                        | 76,329   |                 |                                       | 76,329                                | 11,296                     | 87,625                                      |
| 0  | Gillian Bishop (4) | Executive Director (wef Nov '09)                          | 42,053   |                 | 134                                   | 42,187                                | 5,826                      | 48,013                                      |
| 142,980  | Nick Hudson        | Executive Director  | 128,962  |                 |                                       | 128,962                               | 19,086                     | 148,048                                     |
| 108,669  | Kevin Lawson (5)   | Service Director – Borough Solicitor                      | 98,310   | 500             |                                       | 98,810                                | 14,550                     | 113,360                                     |
| 105,507  | Paul McKevitt (5)  | Service Director Corporate Services & Section 151 Officer | 92,157   |                 | 5,608                                 | 97,765                                | 13,621                     | 111,386                                     |

- (1) Post includes remuneration as Clerk to Greater Manchester Fire and Rescue Authority
- (2) Post includes remuneration as Treasurer of Greater Manchester Fire and Rescue Authority
- (3) The Authority received a 50% contribution from Ashton, Leigh and Wigan Primary Care Trust (PCT) towards the remuneration of Bernard Walker. This is a reciprocal arrangement as the Authority paid a 50% contribution towards the remuneration of the Director of Public Health employed by the PCT.

- (4) Martin Kimber, the Executive Director of Environmental Services, left the Authority on 25 October 2009, his annual salary was £134,570 and for presentation is shown in the relevant line in the table a) above. Mr Kimber was replaced by Gillian Bishop from November 2009 on an interim basis who provides services for both the Authority and North West Improvement & Efficiency Partnership (NWIEP). The salary is shared by both parties, 4 days per week for the Authority and 1 day for NWIEP. The annualised salary is £133,000.
- (5) The Service Directors – Borough Solicitor and Corporate Services are statutory posts and have therefore been included.

#### 40. Building Control Trading Account

The Building (Local Authority Charges) Regulations 1998 require the disclosure of information regarding the setting of charges for the administration of the building control function. Wigan Council sets charges for work carried out in relation to building regulations with the aim of covering all costs incurred. 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 2008/09<br>£'000 |   | Chargeable<br>2009/10<br>£'000 | Non<br>Chargeable<br>2009/10<br>£'000 | Total Building Control<br>2009/10<br>£'000 |
|---|---|--------------------------------|---------------------------------------|--|
|   | <b>Expenditure</b>                      |                                |                                       |  |
| 720                                     | Employees Expenses                      | 378                            | 309                                   | 687  |
| 33                                      | Transport                               | 16                             | 14                                    | 30   |
| 50                                      | Supplies and Services                   | 36                             | 15                                    | 51   |
| 170                                     | Central and Support Services Charges    | 106                            | 88                                    | 194  |
| <b>973</b>                              | <b>Total Expenditure</b>                | <b>536</b>                     | <b>426</b>                            | <b>962</b>                                 |
|   | <b>Income</b>                           |                                |                                       |  |
| -379                                    | Building Regulation Charges             | -331                           | 0                                     | -331                                       |
| -109                                    | Miscellaneous Income                    | -36                            | -22                                   | -58  |
| <b>-488</b>                             | <b>Total Income</b>                     | <b>-367</b>                    | <b>-22</b>                            | <b>-389</b>                                |
| <b>485</b>                              | <b>Surplus (-) Deficit for the year</b> | <b>169</b>                     | <b>404</b>                            | <b>573</b>                                 |

#### 41. 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 53.

### **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 2009/10 there were no reported material transactions with related parties advised by Members.

### **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 2009/10 there were no reported interests in an organisation that generated a related party transaction with the Council.

### **Joint Services and Partnerships**

#### **Manchester City Region Combined Authority**

As a result of an agreement reached between the ten Greater Manchester Councils and Central Government, the Combined Authority will take over arrangements for the coordination of a range of policy issues including economic development and regeneration for Greater Manchester, assume responsibility for determining skill needs with a statutory Employment and Skills Board and have responsibility for the exercise of new powers and function for the prioritisation of transport investment.

This development will in the future have financial implications which will impact on the availability and use of resources by Wigan Council and the other Greater Manchester Authorities which will become clearer as the work of the Combined Authority develops.

#### **Building Schools for the Future (BSF)**

The Council and Salford have been working together since 2007 on a joint "Building Schools for the Future" (BSF) procurement. A Local Education Partnership (LEP) has been established between the Council and Salford. BSF involves the establishment of a joint venture company in which Wigan and Salford will both be shareholders (the LEP) alongside BSF Investments LLP (BSFI) and the private sector partner. As a shareholder the Council paid £0.050m in 2009/10 towards the working capital of the LEP.

### **Association of Greater Manchester Authorities (AGMA)**

The Association is a partnership between the ten Local Authorities within the Greater Manchester area. The ten co-operate on a number of issues both statutory and non-statutory, where there is the possibility of improving service delivery by working together. A number of AGMA units exist which the Authority contributes to. The expenditure incurred is contained within the relevant service headings in the Income and Expenditure Account.

### **Other Public Bodies**

During 2009/10 levies have been incurred in respect of:

- Flood Defence via the Environment Agency (£0.150m);
- Greater Manchester Integrated Transport Authority (£19.649m);
- Parish Precepts (£0.079m)

The Council, together with key local partners including the Greater Manchester Police Authority and Ashton, Leigh and Wigan Primary Care Trust, has formed a Local Strategic Partnership to deliver a Local Area Agreement. The Local Area Agreement is an agreement between Central Government and the Local Strategic Partnership setting out the agreed priorities for the local area. During 2009/10 no material transactions occurred between the Council and members of the Local Strategic Partnership that are not disclosed elsewhere in these accounts.

### **Assisted Organisations**

During 2009/10 the Council awarded grants totalling £1.065m 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 £4.677m. The Council contributed £0.959m towards joint schemes administered by Primary Care Trusts.

In addition, under Section 31 of the Health Act 1999 as amended by Section 75 of the National Health Service Act 2006, the Council in the role as host partner of the pooled funds received contributions from Primary Care Trusts towards a jointly agreed programme of Drug Misuse and Alcohol related schemes totalling £4.946m. The Council contributed £1.112m towards joint schemes administered by Primary Care Trusts.

The Youth Justice Board awarded the Council a grant of £0.390m for Youth Offending work.

The Council provided Community Services Fee funding of £16.912m during 2009/10, to the Wigan Leisure and Culture Trust.

## Accountable Bodies

The Council acts as accountable body for the North West Improvement and Efficiency Partnership (NWIEP) which is a partnership formed from the merging of the North West Centre of Excellence and the North West Improvement Network.

The Partnership is funded by Central Government and works with Councils from the region to deliver a three year strategy that will focus on shaping improvements and efficiencies around the priority outcomes from North West Local Area Agreements and the broader transformation agenda.

Although NWIEP funding is being used to benefit all Local Authorities in the North West, Wigan is the accountable body and the income and expenditure associated with the project are included in Wigan's Statement of Accounts. Any interest earned on the NWIEP funds held by Wigan Council is ring-fenced for use by the partnership.

During 2009/10 income of £20.4m was received. The main source of funding was the following Government Grants:

- Main NWIEP Year 2 allocation of £8.0m
- Total Places Grant of £5.1m
- Efficiency and Transformation Grant of £3.8m
- Efficiency Projects of £1.6m
- Tell Us Once Programme of £1.1m

Expenditure, including that incurred on the former North West Improvement Network (NWIN) Schemes, amounted to £14.1m during 2009/10.

## 42. Disclosure of Audit Costs

In 2009/10 Wigan Council incurred the following fees relating to external audit and inspection:

| 2008/09<br>£'000 |  | 2009/10<br>£'000 |
|------------------|--|------------------|
| 280              | Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor | 310              |
| 23               | Fees payable to the Audit Commission in respect of statutory inspection  | 16               |
| 92               | Fees payable to the Audit Commission for the certification of grant claims and returns                           | 85               |
| 10               | Fees payable in respect of other services provided by the appointed auditor                                      | 2                |
| <b>405</b>       | <b>Total</b>   | <b>413</b>       |

The 2009/10 fees payable for other services included the National Fraud Initiative.

### 43. Pooled Funds

A partnership agreement, under Section 75 of the National Health Service Act (2006), exists between Wigan Council and Ashton, Leigh & Wigan Primary Care Trust. The partnership includes provision for the creation of a pooled budget and lead commissioning arrangements for services for people with drug and alcohol problems. The partners to the agreement jointly contribute to the creation and maintenance of the pooled budget, which is used to carry out NHS functions, health related functions, Local Authority functions and statutory social care.

Wigan Council is the host organisation for this pooled budget, and as the responsible authority for the commissioning and purchasing activities of the Community Safety Partnership, the Local Authority manages and procures services on behalf of key stakeholders, in order to meet the needs of drug and alcohol users in the borough.

The total expenditure incurred during 2009/10 under the partnership arrangement was £5.787m. Total joint funding income for 2009/10 was £6.066m.

The 2009/10 underspend of £0.279m has been attributed to the partners according to their joint funding of the scheme (82% to Ashton, Wigan and Leigh PCT (£0.229m), the remaining share (18%) reflecting the portion relating to the Drugs Implementation Programme Main Grant (£0.050m)).

The Memorandum of Account for 2009/10 for the Adult Pooled Treatment Budget is summarised below.

| Gross Funding 2009/10                    | Total<br>£'000 |
|--|----------------|
| <b>Drug Scheme Funding:</b>              |                |
| Wigan Council                            | 1,112          |
| Ashton, Leigh & Wigan Primary Care Trust | 3,483          |
| Greater Manchester Police                | 8              |
| <b>Total Drug Scheme Funding</b>         | <b>4,603</b>   |
| <b>Alcohol Scheme Funding:</b>           |                |
| Ashton, Leigh & Wigan Primary Care Trust | 1,463          |
| <b>Total Alcohol Scheme Funding</b>      | <b>1,463</b>   |
| <b>Total Pooled Budget Funding</b>       | <b>6,066</b>   |

| Gross Expenditure 2009/10   | Staff<br>Costs<br>£'000 | Non Staff<br>Costs<br>£'000 | Overheads<br>£'000 | Other<br>£'000 | Total<br>£'000 |
|---|-------------------------|-----------------------------|--------------------|----------------|----------------|
| <b>Adult Pooled Treatment Budget – Drugs &amp; Alcohol Services</b> | 374                     | 5,412                       | 1                  | 0              | <b>5,787</b>   |
| <b>Total Expenditure</b>  | <b>374</b>              | <b>5,412</b>                | <b>1</b>           | <b>0</b>       | <b>5,787</b>   |
| <b>Net Over / Underspend (-)</b>                                    |                         |                             |                    |                | <b>-279</b>    |

In addition a pooled budget was established on 1 August 2005 between the Council and Ashton, Leigh and Wigan PCT. The Integrated Community Equipment Store (ICES) brought together previously separate community equipment operations to achieve more efficient and effective equipment purchase and maintenance.

The Council is the host organisation for the ICES which it administers on behalf of the two parties. The ICES budget is top sliced by the Council from the Aids and Adaptations capital budget. The Pooled Budget arrangement is currently scheduled to last three years.

The table below shows the total for the year:

| Gross Funding 2009/10   | Cash<br>£'000 | Grants<br>£'000 | In Kind<br>£'000 | Other<br>£'000 | Total<br>£'000 |
|---|---------------|-----------------|------------------|----------------|----------------|
| <b>Integrated Community Equipment Service (ICES) Funding:</b> |               |                 |                  |                |                |
| Wigan Council   | 588           | 0               | 0                | 0              | 588            |
| Ashton, Leigh & Wigan Primary Care Trust                      | 295           | 0               | 0                | 0              | 295            |
| <b>Total ICES Funding</b>                                     | <b>883</b>    | <b>0</b>        | <b>0</b>         | <b>0</b>       | <b>883</b>     |

| Gross Expenditure 2009/10                            | Staff Costs<br>£'000 | Non Staff Costs<br>£'000 | Overheads<br>£'000 | Community Equipment<br>£'000 | Other<br>£'000 | Total<br>£'000 |
|--|----------------------|--------------------------|--------------------|------------------------------|----------------|----------------|
| <b>Integrated Community Equipment Service (ICES)</b> | 205                  | 187                      | 0                  | 491                          | 0              | 883            |
| <b>Total Expenditure</b>                             | <b>205</b>           | <b>187</b>               | <b>0</b>           | <b>491</b>                   | <b>0</b>       | <b>883</b>     |

#### 44. Trust Funds

The Council administers a number of trust and charitable funds, which are not included in the Balance Sheet. These funds are invested in Local Authority Bonds and Charitable Unit Trusts.

| 2008/09<br>Assets<br>£ | Fund   | 2009/10<br>Income<br>£ | 2009/10<br>Expenditure<br>£ | 2009/10<br>Assets<br>£ |
|------------------------|--|------------------------|-----------------------------|------------------------|
|                        | <b>Children &amp; Young People's Service</b> |                        |                             |                        |
| 75,467                 | Wigan Grammar Scholarship Fund               | 703                    | 0                           | 76,170                 |
| 23,283                 | Wigan Grammar Prize Fund                     | 321                    | 0                           | 23,604                 |
| 34,788                 | Leigh Higher Education Prize Fund            | 217                    | 0                           | 35,005                 |
| 10,752                 | Wigan Grammar Recreation Fund                | 86                     | 0                           | 10,838                 |
| 10,836                 | Leigh Boys Grammar Prize Fund                | 52                     | 0                           | 10,888                 |
| 10,667                 | James Boydell Fund                           | 76                     | 0                           | 10,743                 |
| 9,543                  | Ronald Watkins Williams Fund                 | 48                     | 0                           | 9,591                  |
| 8,354                  | A M Lamb Scholarship Fund                    | 42                     | 0                           | 8,396                  |
| 24,289                 | Others                                       | 211                    | 0                           | 24,500                 |
| <b>207,979</b>         |  | <b>1,756</b>           | <b>0</b>                    | <b>209,735</b>         |
|                        | <b>Adult Services</b>                        |                        |                             |                        |
| 2,484                  | Criminal Injuries Compensation               | 4                      | 2,488                       | 0                      |
| 4,035                  | J A Smith Bequest                            | 86                     | 0                           | 4,121                  |
| 3,132                  | T Holland Bequest                            | 50                     | 0                           | 3,182                  |
| 5,087                  | J W Litter Bequest                           | 22                     | 0                           | 5,109                  |
| 9,410                  | B Griffiths Bequest                          | 44                     | 131                         | 9,323                  |
| <b>24,148</b>          |  | <b>206</b>             | <b>2,619</b>                | <b>21,735</b>          |
| <b>232,127</b>         | <b>Total Trust Funds</b>                     | <b>1,962</b>           | <b>2,619</b>                | <b>231,470</b>         |

There are no significant liabilities to be disclosed.

#### 45. Related Businesses and Companies

The Council has a minority interest with a number of companies whose assets and liabilities do not appear in these accounts.

The companies where the Council has a material interest are included in the Council's Group Accounts. These are Wigan Metropolitan Development Company Limited, Wigan and Leigh Housing Company Limited and Leigh Sports Village Limited. Further reference to these companies have been removed from the Related Businesses and Companies note and are included within the Group Accounts on pages 76 to 83.

The two companies in which the Council has a financial interest are detailed below:

##### Wigan Football Company Limited

This Company operates the DW Stadium (formerly the JJB Stadium) at Robin Park, Wigan. The Council holds 4,499,492 ordinary £1 shares, which is 15% of the total issued. These have been valued at £538,000 in the Council's accounts. The Company is limited by shares and the Council has no liability for losses. Copies of the accounts can be obtained from the registered office at DW Stadium, Loire Drive, Robin Park, Wigan, Lancs. WN5 0UH. The Wigan Football Company financial position is summarised below:

| Year ended<br>31.5.08<br>£'000 |   | Year ended<br>31.5.09<br>£'000 |
|--------------------------------|---|--------------------------------|
| 27,778                         | Company's Net Assets                    | 27,863                         |
| 50                             | Company's profit / (loss)<br>before tax | 85                             |
| 50                             | after tax                               | 85                             |

During 2009/10, there were no amounts received by the Authority as dividends or amounts written down in respect of the investment held.

##### Manchester Airport Group

This Company operates and develops Manchester International Airport. The Council holds 5% of the issued shares. The company is limited by shares and the Council has no liability for losses. Copies of the accounts are available from Manchester Airport Group, Town Hall, Manchester M20 2LA. Manchester Airport PLC financial position is summarised below :-

| Year ended<br>31.3.09<br>£'m |   | Year ended<br>31.3.10<br>£'m |
|------------------------------|---|------------------------------|
| 788.5                        | Company's Net Assets                    | 769.1                        |
| 2.2                          | Company's profit / (loss)<br>before tax | 56.1                         |
| -100.9                       | after tax                               | 36.9                         |

## The Council also has a minority interest in the following Companies:

|  |   |
|--|---|
| Borough Care Services Ltd                              | New Environment Ltd                     |
| CLS Care Services Ltd                                  | NPS North West Ltd                      |
| Commission for the New Economy Ltd                     | S&W TLP Partnership Ltd                 |
| Community Forests NW Ltd                               | Wigan Economic Partnership Ltd          |
| Douglas Valley Community Ltd                           | Wigan Leisure & Culture Enterprises Ltd |
| Douglas Valley Properties Ltd                          | Wigan Leisure & Culture Trust           |
| Groundwork Lancashire West and Wigan Ltd               | Yorkshire Purchasing Organisation       |
| Manchester Investment & Development Agency Service Ltd |   |

## 46. Contingent Liabilities

### Municipal Mutual Insurance Ltd

MMI Ltd no longer trade as an insurance company but they continue to meet their claims liabilities, in full, from remaining resources.

A Scheme of Arrangement with major creditors has been agreed and became effective, but held in reserve, on 21 January 1994. The main effect of the Scheme if triggered would be the imposition of a levy on all claims paid since 30 September 1993.

As at 31 March 2010 the unpaid claims submitted by the Authority in respect of legal liability claims made by other parties have been estimated by MMI to be valued at £657,648 and the amount liable to the 'clawback' levy if the Scheme is triggered is estimated to be £5.649m.

### Modesole Ltd

As a result of the Council receiving a distribution from the proceeds of Modesole's sale of its shares in the Midland Hotel and Conference Centre, a liability may arise, the extent of which can not yet be determined, to repay its share of a grant given in 1986 towards the refurbishment of the hotel.

As a result of the Council receiving a distribution of proceeds from the sale of its entire shareholding in Modesole Ltd, an indemnity was given to the buyer against any future liabilities arising in Modesole prior to the date of the sale. This indemnity is limited to the value of the sale proceeds received and will last for a period of 10 years from the date of sale, which was completed on 9th August 2005.

### Pensions Liability for Wigan and Leigh Housing

The Council has provided to Wigan and Leigh Housing (WALH), a wholly owned subsidiary of the Council, a letter of support for the pension liability of £24.156m as assessed by actuarial advice that arises from compliance with FRS17 requirements. This requires the disclosure of what the cost of pension liabilities are as they are being earned by employees irrespective of the fact that they may not be due and payable for many years. WALH has no assets and retains a limited surplus therefore, the pensions liability gives WALH a net deficit position on the balance sheet.

If a letter was not provided by the Council then WALH would not effectively be seen as a going concern and their Auditors would be unable to sign off the accounts.

### **Grant Claims**

The Council submits grant claims for substantial amounts each year. From time to time interpretation of legislation may be a matter of professional and technical judgement. In this context it may lead to possible grant qualifications by the external auditors. It is not possible to produce a reliable forecast for the cost of any grant qualifications.

### **Equal Pay**

The Council has previously carried out an Equal Pay process and reached agreement with the majority of staff. Some further offers have been made during 2009/10 and these have been charged in the accounts. However, a number of staff have not accepted the offers made by the Council and these are being dealt with under the statutory grievance process. There still remains the potential for equal value claims to be submitted to the Council but these are likely to take some time to be resolved. The quantification of claims and a reliable financial estimate of the potential liability arising from any claims of this nature is still uncertain.

### **Metrolink**

The Association of Greater Manchester Authorities (AGMA), the Greater Manchester Integrated Transport Authority (GMITA) and the Department for Transport (DFT) for Metrolink phase 3a have entered into a partnership funding approach.

Within the agreement the DFT contribution is capped at £244m in cash and that the GMITA and the AGMA authorities are jointly and severally responsible for meeting all costs over and above that sum on the strict understanding that the scope of the scheme granted full approval is delivered. The scheme is fully funded at present and the above arrangement will only be operative if it is exceeded. Strict monitoring arrangements will be put in place by all parties to minimise the risk of that happening.

A separate business case is being compiled to extend the Metrolink from 3a to 3b (ie to extend the Metrolink to Ashton-under-Lyne). This funding and prioritisation proposal has been submitted formally to the Secretary of State for approval.

## 47. Contingent Assets

### Leigh Sports Village Ltd (LSV Ltd)

In addition to a grant payment of £0.203m in 2008/09, the Council made a contribution of £0.500m in 2009/10 to LSV Ltd in respect of managing the Leigh Sports Village site. This amount is to be repaid to the Council in the event that either the company or the site is sold to a third party.

## 48. Authorisation of Accounts for Issue

In line with the requirements of FRS21 "events after the balance sheet date" this set of accounts will be authorised for issue on 28<sup>th</sup> September 2010. This date is the date after which events will not be recognised in the Statement of Accounts.

## 49. Disclosure of Deployment of Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Children, Schools and Families, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2008. The Schools Budget includes elements for a range of educational services provided on an authority-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 2009/10 are as follows:

| Notes |  | Central Expenditure | Individual Schools Budget | Total    |
|-------|--|---------------------|---------------------------|----------|
|       |  | £'000               | £'000                     | £'000    |
|       |  | Column 1            | Column 2                  | Column 3 |
| A     | Final DSG for 2009/10                      | -                   | -                         | 186,156  |
| B     | Brought forward from 2008/09               | -                   | -                         | 716      |
| C     | Carry forward to 2010/11 agreed in advance | -                   | -                         | 590      |
| D     | Agreed budgeted distribution in 2009/10    | 14,817              | 171,465                   | 186,282  |
| E     | Actual central expenditure                 | 14,135              | -                         | 0        |
| F     | Actual ISB deployed to schools             | -                   | 171,337                   | -        |
| G     | Local authority contribution for 2009/10   | -                   | -                         | 0        |
| H     | Carry forward to 2010/11                   | 682                 | 128                       | 1,399    |

A DSG figure as issued by DCSF on 25 June 2009.

B Figure brought forward from 2008/09 as agreed with DCSF.

- C Any amount which the authority decided after consultation with the schools forum to carry forward to 2010/11 rather than distribute in 2009/10 – this will be the difference between estimated and final DSG for 2009/10, or a figure (positive or negative) brought forward from 2008/09 which the authority is carrying forward again.
- D Budgeted distribution of DSG, adjusted for carry forward as agreed with the schools forum.
- E Actual amount of central expenditure items in 2009/10 – amount not actually spent, eg money that is moved into earmarked reserves, should be included in row H column 1 as carried forward.
- F Amount of ISB actually distributed to schools (ISB is regarded for DSG purposes as spend by the authority once it is deployed to schools' budget shares).
- G Any contribution from the local authority in 2009/10 which will have the effect of substituting for DSG in funding the Schools Budget.
- H Carry forward to 2010/11, ie:

For central expenditure, difference between budgeted distribution of DSG (row D column 1) and actual expenditure (row E column 1), plus any local authority contribution (row G column 1).

For ISB, difference between budget (row D column 2) and amount actually deployed to schools (row F column 2), plus any local authority contribution (row G column 2). Over – or under-deployment on the ISB can arise from transfers from central expenditure during the year, eg for contingencies; or from adjustments to schools' budget shares during the year, eg for named SEN pupils or excluded pupils.

Total is carry forward on central expenditure (row H column 1) plus carry forward on ISB (row H column 2) plus/minus any carry forward to 2010/11 already agreed (row C column 3).