

GLOSSARY

A

ACCRUALS

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

AGENCY ARRANGEMENTS

Services performed by or for another Authority or public body, where the agent is reimbursed for the cost of the work done.

B

BUDGET

A statement defining in financial terms the Authority's plans over a specified period. The budget is prepared as part of the process of setting the Council Tax.

C

CAPITAL ADJUSTMENT ACCOUNT

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

CAPITAL EXPENDITURE

Expenditure on the acquisition of fixed assets such as land, buildings, vehicles and equipment which are of long term value, or expenditure which adds to and not merely maintains the value of existing fixed assets.

CAPITAL FINANCING COSTS

Each service is charged with an annual capital charge to reflect the cost of fixed assets used in the provision of services.

CAPITAL FINANCING REQUIREMENT

This measures the underlying need to borrow to finance capital expenditure.

CAPITAL RECEIPTS

Money received from the sale of capital assets such as land and buildings and vehicles, which may be used to repay outstanding debt or to finance new assets.

COLLECTION FUND

The Collection Fund is a separate statutory fund, which details the transactions in relation to non-domestic rates and the council tax, and the distribution to preceptors and the General Fund. The Collection Fund is consolidated with the other accounts of the Authority.

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core is concerned with the costs of corporate policy making and member based activities. Other costs relate to the general running of the Authority including corporate management, public accountability and treasury management.

CORPORATE GOVERNANCE

This is concerned with the Council's accountability for the stewardship of resources, risk management, and relationship with the community. It also encompasses policies on whistle blowing, fraud and corruption.

CREDITORS

Amounts owed by the Authority for work done, goods received or services rendered but for which payment has not been made at the balance sheet date.

COUNCIL TAX

This is a banded property tax levied on domestic properties in the Borough. The banding is based on estimated property values.

D

DEBTORS

Sums of money due to the Authority but unpaid at the balance sheet date.

DEFINED BENEFIT PENSION SCHEME

A defined benefit pension scheme is one where retirement benefits are determined independently of the investments of the scheme and employers have obligations to make contributions where assets are insufficient to meet employee benefits. The Local Government scheme is classified as a defined benefit scheme. For these schemes the FRS17 requires recognition of the net asset/liability and a pension reserve in the Balance sheet and transactions in the Income and Expenditure Account for movements in the asset/liability.

DEPRECIATION

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.

DEFERRED LIABILITIES

These are liabilities which are payable beyond the next year; they are primarily mortgage repayments and transferred debt.

F

FAIR VALUE

This is the amount that an asset could be bought or sold for between parties; the current market value of an asset can be evidence that the assets have been valued fairly.

FINANCIAL INSTRUMENTS

This is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another. The term covers both financial assets (eg. loans receivable) and financial liabilities (eg. borrowings).

FINANCIAL REPORTING STANDARDS

A Document issued by the Accounting Standards Board, setting out approved accounting treatment.

FIXED ASSETS

Tangible assets that yield benefits to the Authority and the services it provides for a period of more than one year.

FUNDED PENSION SCHEME

A funded pension scheme is one in which the future liabilities for pension benefits are provided for by the accumulation of assets held externally to the employer's business.

H

HOUSING REVENUE ACCOUNT

The Housing Revenue Account is a statutory account maintained separately from General Fund services. It includes all revenue expenditure and income relating to the provision, maintenance and administration of Council Housing and associated areas.

I

IMPAIRMENT

A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

INTANGIBLE ASSETS

These are assets that have no physical substance, for example, the purchase of computer software licences.

INTERNATIONAL FINANCE REPORTING STANDARDS (IFRS)

These are the new accounting standards that must be adopted for 2010/11 onwards.

L

LIBID

This is the rate charged by one bank to another for a deposit, known as the London Interbank Bid Rate.

M

MEDIUM TERM FINANCIAL STRATEGY (MTFS)

A financial plan detailing projected expenditure and available resources over a period of three years.

MINIMUM REVENUE PROVISION (MRP)

This is the minimum amount which must be set aside from revenue as provision for debt repayment. For this Authority it is currently 4% of the internal and external debt outstanding at the start of the year.

N

NATIONAL NON DOMESTIC RATES

A NNDR poundage is set annually by the government, collected by local authorities and paid into a national pool. The proceeds are then redistributed by Central Government as a grant to authorities in accordance with a government formula.

NET-BOOK VALUE

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current cost less the cumulative depreciation.

NET REALISABLE VALUE

The market value of the asset in its existing use (or open market value in the case of a non-operational asset), less any expenses incurred in realising the asset.

NON-OPERATIONAL ASSETS

Fixed Assets held by the Authority but not directly occupied, used or consumed in the delivery of services.

NON DISTRIBUTED COSTS

Costs incurred by the Authority which are excluded from service costs. These include past service costs relating to changes in pension regulations, the costs associated with unused shares of IT facilities and impairment losses relating to assets under construction.

O

OPERATIONAL ASSETS

Fixed Assets held and occupied, used or consumed by the Authority in the direct delivery of services for which it has either a statutory or discretionary responsibility.

P

PRECEPTS

An amount of money levied by one authority (the precepting authority) which is collected by another authority (the collecting authority) as part of the council tax.

PRIVATE FINANCE INITIATIVE (PFI)

A partnership between the private and public sectors that uses private sector financing to provide public sector assets. The partnership has to meet certain criteria to qualify for Central Government subsidy.

PROVISIONS

An amount set aside to provide for a liability, which is likely to be incurred, but the exact amount and the date it will arise is uncertain.

R

RESERVES

A reserve is an amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

REVALUATION RESERVE

This reserve replaced the Fixed Asset Restatement Account (FARA). It contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation from holding fixed assets.

REVENUE EXPENDITURE

This is the day to day running costs the Authority incurs in providing the service.

REFCUS

Revenue expenditure funded by capital under statute.

U**UNFUNDED PENSION SCHEME**

This is one in which liabilities for pension benefits are charged to the employer's revenue account in the year in which they arise and are not financed from investments held.

V**VOLUNTARY REVENUE PROVISION (VRP)**

The VRP is a voluntary revenue contribution for the repayment of debt. It recognises the shorter life span of a number of assets i.e. vehicles, that would become obsolete before the original debt has been repaid.

TERMS OF REFERENCE

REGULATORY BODIES, OTHER BODIES AND REGULATORY FRAMEWORK

A

Association of Greater Manchester Authorities (AGMA)

AGMA was formed after the abolition of the Greater Manchester Council in 1986. The 1985 Local Government Act devolved power to local areas but also recognised that there were some functions that needed to be co-ordinated at a metropolitan level. AGMA was formed to undertake these functions.

<http://www.agma.gov.uk/>

Audit Commission

Independent body with the responsibility of appointing external auditors to local authorities. The Audit Commission has a duty to ensure that local authorities make sufficient arrangements to secure economy, efficiency, and effectiveness in their use of resources and is able to subject a local authority to “Value for Money” studies.

<http://www.audit-commission.gov.uk/>

B

Best Value Accounting Code of Practice (BVACOP)

Published by CIPFA (below) the BVACOP establishes “proper practice” with regard to consistent financial reporting to enhance the comparability of local authority financial information and is given statutory force in England by regulations under the Local Government Act 2003.

C

CIPFA (Chartered Institute of Public Finance and Accountancy)

The leading professional body for public sector accounting which sets accounting standards for the public sector. CIPFA advises central government and other bodies on local government and public sector finance matters.

<http://www.cipfa.org.uk/>

**Code of Practice on Local Government Accounting in the United Kingdom 2008:
A Statement of Recommended Practice (SORP)**

Detailed guidance on the proper accounting treatment to be used in the preparation of local authority statement of accounts.

Communities and Local Government (CLG)

Government department formerly known as the Office of the Deputy Prime Minister (ODPM) or Department of Communities and Local Government (CLG), CLG issues government lead initiatives on issues such as fire prevention, emergency planning and training. CLG is also a major funding source.

<http://www.communities.gov.uk/>

Commission for Social Care Inspection (CSCI)

The Commission for Social Care Inspection (CSCI) registers inspects and reports on social care services in England to highlight good practice and expose bad practices.

<http://www.csci.org.uk/>

Comprehensive Area Assessment (CAA)

Undertaken by the Audit Commission, the CAA assesses the performance of local authorities and the services that they provide for local people. The assessment highlights areas of good practice and also areas where improvement is needed.

D

Department for the Environment, Food and Rural Affairs (DEFRA)

This government department integrates environmental, social and economic objectives. DEFRA promotes sustainable development as the way forward for Government.

<http://www.defra.gov.uk/>

F

Financial Reporting Standards (FRS's)

These statements prescribe the methods by which all published accounts should be prepared and presented and compliance is mandatory; any departure must be clearly disclosed within the published accounts. The SORP incorporates these accounting standards to the extent that they comply with specific legal requirements and are relevant to the activities of the local authority.

H

Her Majesty's Revenue and Customs (HMRC)

HMRC is the body with the legal responsibility for collecting the bulk of tax revenue.

<http://www.hmrc.gov.uk/>

L

Local Authority (Scotland) Accounts Advisory Committee (LASAAC)

Often working as a joint committee with CIPFA, LASAAC aims to develop and promote proper accounting practice for Local Government in Scotland and contributes to the formal approval process for the SORP and BVACOP.

<http://www.cipfa.org.uk/scotland/technical/lasaac.cfm>

O

Office for Standards in Education, Children's Services and Skills (OFSTED)

Inspects and regulates educational services in the UK and promotes educational, economic and social well-being of children, young people and adult learners.

<http://www.ofsted.gov.uk/>

P

Public Works Loan Board (PWLB)

This is a government agency which provides long-term loans to public bodies at better rates than what would be obtained commercially.

<http://www.dmo.gov.uk/index.aspx?page=PWLB/Introduction>

R

Royal Institute of Chartered Surveyors (RICS)

Accrediting body for the surveying profession. Surveyors who value our properties must be RICS accredited.

<http://www.rics.org/>

S

Society of Local Authority Chief Executives and Senior Managers (SOLACE)

SOLACE is the representative body for senior strategic managers working in the public sector. The society promotes effective local government and provides professional development for its members.

<http://www.solace.org.uk/index.htm>

Statements of Standard Accounting Practice (SSAP's)

These statements prescribe the methods by which all published accounts should be prepared and presented and compliance is mandatory; any departure must be clearly disclosed within the published accounts. SSAP's are gradually being replaced by Financial Reporting Standards (see above).

T

TPA (Teachers Pension Agency)

The agency administers the Teachers pension scheme in England and Wales on behalf of the Department for Education and Skills.

<http://www.teacherspensions.co.uk/index.htm>

U

UK Generally Accepted Accounting Policies (UK GAAP)

The Generally Accepted Accounting Principles are the overall principles of regulation in the UK establishing how company accounts must be prepared. These principles not only include accounting standards but also UK company law.

GOVERNMENT FUNDING

A

Area Based Grant

Area Based Grant is a general grant allocated directly to local authorities as additional revenue funding to areas. It is allocated according to specific policy criteria rather than general formulae. Local authorities are free to use all of this non-ringfenced funding as they see fit to support the delivery of local, regional and national priorities in their areas.

D

Dedicated Schools Grant (DSG)

The Council's expenditure on schools is funded primarily by grant monies provided by the DCSF. 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.

E

European Regional Development Fund (ERDF)

The Department for Communities and Local Government manages the ERDF in England.

The aim of the fund is to stimulate economic development in the least prosperous regions of the European Union.

N

National Non Domestic Rate (NNDR)

NNDR poundage is set annually by the government, collected by local authorities and paid into a national pool. The proceeds are then redistributed by central government as a grant to authorities in accordance with a government formula.

Neighbourhood Renewal Fund (NRF)

Government grant given to local authorities to improve services in most deprived areas.

North West Improvement and Efficiency Partnership (NWIEP)

This is a new partnership formed between the merging of the NW Centre of Excellence and the NW Improvement Network.

R

Revenue Support Grant (RSG)

A government grant to aid local authority services generally. It is based on the government's assessment of how much an authority needs to spend in order to provide a standard level of service.

S

Supported Capital Expenditure (Revenue) (SCE(R))

A source of funding from Central Government which is repaid to government from the revenue accounts.

SCHEMES

Integrated Community Equipment Store (ICES)

This project brings together previously separate community equipment operations in order to achieve more effective and efficient equipment purchase and maintenance. This project works in partnership with Ashton, Wigan and Leigh PCT (see below – PCT).

Local Government Pension Scheme (Greater Manchester Pension Fund)

This is a defined benefit scheme meaning that the authority and employees pay contributions into a fund. Contributions are calculated at a level intended to balance the pension liabilities with investment assets. This scheme is administered by Tameside Council on behalf of the authority and other public sector organisation in Greater Manchester.

Teachers Pension Scheme

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

OTHER TERMS OF REFERENCE

A

ALMO (Arms Length Management Organisation)

An ALMO is a not-for-profit organisation run by an unpaid board of directors that includes councillors and tenant representatives. It takes over the running of the housing day-to-day service e.g. ordering repairs and collecting rents; it gets extra cash to spend on improvements if it performs well. The council continues to own the homes; tenants stay as council tenants and keep all their legal rights.

C

Comprehensive Spending Review (CSR)

The review sets firm and fixed three-year Departmental Expenditure Limits and defines key improvements that the public can expect from these resources. The review is undertaken every two years by HM Treasury.

CPA (Corporate Performance Assessment)

Undertaken by the Audit Commission, the CPA assesses the performance of local authorities and the services that they provide for local people. The assessment highlights areas of good practice and also areas where improvement is needed.

G

Gershon Review

This is a review that leads the way in enhancing efficiencies within the public service and allows for benchmarking comparisons to be made across authorities.

L

LMS (Local Management of Schools)

Under this programme, the schools within the authority have the responsibility of effectively managing their own bank account.

P

PCT (Primary Care Trust)

The National Health Service (NHS) established PCT's as a first port of call for health care. They work with local authorities and other agencies that provide health and social care locally to make sure that local communities have access to health care.

S

SEN (Special Educational Needs)

There are a number of SEN projects running across the Council. The ultimate aim of the schemes is to ensure that every child with special educational needs reaches their full potential in school and can make a successful transition to adulthood. The Council does this by promoting the welfare and interests of disabled children and offering advice for parents, teachers and other professionals working with children with special educational needs.

2009/10 Statement of Accounts Feedback Questionnaire

Here at Wigan Council, we value the input and views of our stakeholders. Having read our 2009/10 Statement of Accounts we would be extremely grateful if you could spare a few moments to complete and return our Feedback Questionnaire.

Your views would be valuable in assisting us to improve the content, language and format used in the 2010/11 Statement of Accounts.

(Please tick the appropriate box and place any comments on the dotted lines provided below)

1. Did you find the information contained within the Statement of Accounts easy to understand?

Yes No

If No, please state why:

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2. Was there a sufficient level of information to allow you the user to assess the financial performance of Wigan Council?

Yes No

If No, please state why:

.....
.....

3. Did you find that the financial information contained was presented in a clear and easy to understand format?

Yes No

If No, please state why:

.....
.....

4. Did you find the notes to the accounts added value to the financial statements?

Yes No

If No, please state why:

.....
.....

Please turn over the page

5. Did you find the Group financial accounts information relevant and useful?

Yes No

If No, please state why:

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.....

6. Overall, has the Statement of Accounts been of value in helping you to assess Wigan Council's financial position and performance?

Yes No

If No, please state why:

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.....

7. Do you think there is anything that should be added to the Statement of Accounts to provide you the user with a more complete view of the financial position and performance of Wigan Council?

Yes No

If Yes, please state what:

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8. Please state below any further comments or suggested improvements you may have regarding the Statement of Accounts?

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9. Which of the following best describes you?

An employee or elected member of the authority
A member of the public
A member of another organisation/interested party

Thank you for taking the time to complete this questionnaire

Please return the completed feedback questionnaire to:
Anthony Clarke, Wigan Council, Business Support Services, Civic Centre, Millgate, Wigan,
WN1 1DD
If you require any further information please do not hesitate to contact us on 01942 827272