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## **FOREWORD by Cllr Ged Bretherton Cabinet Member**

I am pleased to introduce the Statement of Accounts for the Council. The 2010/11 financial year has been extremely difficult as the Council has had to adapt quickly and place itself on a sound platform to meet the financial constraints that will effect the future of the Local Government.

Managing the finances of such a large organisation is extremely important and the 2010/11 accounts shows the community where it receives its money from and what it spends it on. The accountability of public funds provides assurance to the taxpayer and the Government that we are taking our responsibilities very seriously and that risks are managed in a proper considered manner. The Council seeks to maintain a reasonable level of revenue balances to assist with budget planning and longer term stability and to smooth out wherever possible any year on year increases which may be required from the Council Tax payers of Wigan.

The 2010/11 financial year has delivered a number of significant challenges which have been met by the Council. The new Government introduced emergency budget measures in the summer of 2010 which resulted in the Council losing approximately £6m of funding which it had already built into its spending plans. The Government also indicated of the potential austerity measures that would need to be put in place to make the necessary improvement to the economy. As a result the Council reacted quickly and introduced measures to minimise the impact of the proposals by cutting in year budgets and placing an embargo on non essential spend.

Wigan has for a number of years had an excellent reputation as an efficient low spending Council. It has continued to consult with its stakeholders on its budget and has developed a corporate plan setting out its priorities for improvement.

The Council's financial strategy remains to achieve a balanced budget with no structural funding deficit. However to maintain this, significant changes to the services that the Council provides will be necessary to ensure that the delivery of services remains affordable.

**Councillor Ged Bretherton**  
**30 June 2011**

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## **EXPLANATORY FOREWORD by the Director Corporate Services – Resources**

### **Introduction**

The Statement of Accounts is a statutory publication that sets out the financial results of the Council's activities for the year ended 31 March 2011. The accounts have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards (IFRS) for 2010/11 and any other Accounting Codes of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The most significant change in accounting requirements that has been introduced for the 2010/11 financial year is the introduction of International Financial Reporting Standards. The major changes relate to the treatment of government grants, leasing, asset accounting and classification of assets, the requirement to accrue for employee benefits and segmental reporting. There are also a significant number of minor changes and increased disclosure requirements. The impact of these changes do not affect the charges to the Council Taxpayer due to the introduction of a statutory instrument to override any impact on the general fund. More detail on the changes is dealt with below and in the accounting policies and notes to the accounts.

The overriding requirement of the Code of Practice is that the Statement of Accounts 'presents a true and fair view' of the financial position and transactions of the Council. This explanatory foreword is required by the Code and similarly seeks to explain as fairly as possible the most significant matters reported in the accounts. Wherever possible the use of technical language is avoided, however inevitably some technical language is used and a glossary is provided at the back of the publication to explain some of the technical terms.

The Council's accounts for the year 2010/11 are set out on pages 2 to 126 and in addition to this foreword they consist of:

- The statement of accounting policies which explains the basis for the recognition, measurement and disclosure of transactions in the accounts.
- The Comprehensive Income and Expenditure Statement for 2010/11 shows the accounting cost in year of providing services with generally accepted accounting practices, rather than the amount to be funded by taxation.
- The Movement in Reserves Statement shows the movement in year on the different reserves held by the Council, analysed into "usable reserves" (those that can be applied to fund expenditure or reduce taxation) and other reserves.
- The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. For this statement of accounts that date is 31 March 2011.
- The Cash Flow Statement which summarises the total movement of cash and cash equivalents during 2010/11.
- The Notes to the Statement of Accounts.

- The Housing Revenue Account which separately summarises the transactions relating to the Council's housing stock.
- The Collection Fund which separately summarises the transactions in relation to National Non-domestic Rates and Council Tax.
- The Statement of Responsibilities for the Statement of Accounts which sets out the responsibilities of the Council and the Service Director Corporate Services – Resources for the accounts.
- The Annual Governance Statement which reviews how the Council conducts its business.

### Accounting Issues

The introduction of IFRS as mentioned above has introduced a number of changes. The most significant changes are;

- Under IFRS Councils must accrue for any employee benefit that has not been taken at the end of the financial year. In effect this means any Leave, Flexi time or Time off in Lieu (TOIL) must be recognised on the balance sheet as a liability with a corresponding charge to the Comprehensive Income and Expenditure Statement. The Department for Communities and Local Government (CLG) have issued mitigating guidance that reverses the impact of this accrual otherwise it would adversely impact upon the balances of Councils countrywide.
- Grants and contributions for capital purposes will be recognised as income immediately rather than being deferred and released to revenue to match depreciation.
- The main financial statements have changed and now incorporate a Movement in Reserves Statement (MIRS), a Comprehensive Income and Expenditure Statement, Balance Sheet and Cashflow Statement. In addition further disclosures are required for segment reporting.
- There is a greater emphasis on component accounting, and a greater emphasis on derecognising parts of an asset that are replaced.
- Property leases are classified and accounted for as separate leases of land and buildings. Local authorities will also need to assess whether other arrangements contain the substance of a lease.
- Investment properties are measured at fair value, with gains and losses recognised in Surplus or Deficit rather than through the revaluation reserve.
- Impairment losses will be taken initially to the revaluation reserve to the extent that there is a balance on that reserve relating to the specific asset.
- The Code introduces a new classification of non-current assets held for sale. Specific criteria apply to this classification.

An explanation of the impact of any changes arising from implementing the Code have been fully disclosed in the notes to the main accounting statements.

### Revenue Expenditure in 2010/11

The deficit for the year is £16.958m and an overall comparison of the actual position for 2010/11 compared with the budgeted figures for the financial year is set out below.

	Original Estimate £'000	Actual £'000	Variations £'000
Net Position on Services	231,958	248,916	16,958
Passenger Transport Levy	20,729	20,729	0
Receipts from Council Tax, Business Rates and Revenue Support Grant	-245,920	-245,920	0
<b>Total Surplus(-)/Deficit for the year</b>	<b>6,767</b>	<b>23,725</b>	<b>16,958</b>

The deficit of £16.958m is significantly greater than that anticipated when the original budget was set. This increase is made of a significant number of variations but the main ones are discussed below:

- The Council has recognised the claims against it in respect of Equal Pay. These are currently estimated at £7.8m. Accounting guidelines require that this liability is recognised in the accounts as it is now more certain that the claims will be settled in 2011/12. The Council had earmarked the use of balances within its medium term financial plan to meet this liability.
- During 2010/11 the Council put emergency measures in place in an attempt to address the funding pressures that the Government introduced in 2010/11 when it ceased a number of grant streams totalling some £6m. The measures would also be used to mitigate the savings that the Council has to find as a result of the government's spending review for 2011/12 and beyond.
- These measures provided the necessary funding in 2010/11 to meet the costs of voluntary redundancies of £7m incurred during the year. However further redundancies with an estimated cost of £6m were announced in March 2011 and these have now contributed towards the budget deficit reported. In line with proper accounting practice these costs have also been recognised within the 2010/11 accounts.

As a direct result of the deficit in 2010/11 the level of Council Balances have reduced to £20.591m (£44.316m in 2009/10). Subject to a prudent level remaining balances will be utilised to continue to support some of the major pressures and issues facing the Council.

The Council has a proven track record of efficiently managing its spend against budget and as a result of this year on year underspends have allowed the Council to use the flexibility of balances to help maintain low Council Tax rises, enhance services and provide valuable additional funding to the capital programme when necessary. As the level of balances held fall, then this can place stress on the financial framework and potentially create instability and difficulties for the medium term forecast.

The following tables summarise the Council's income and expenditure and shows the spend net of any income for larger services.

### Where the Money comes from:

	£'000	%
Grants and Contributions	501,600	54.7
Council Tax	112,991	12.3
National Non Domestic Rates	116,206	12.8
Rents, Fees and Charges	186,591	20.3
<b>Total</b>	<b>917,389</b>	<b>100.0</b>

### What the Money is spent on:

	£'000	%
Employees	333,481	36.4
Capital Financing	67,534	7.4
Other Operating Costs	537,076	58.5
Transfer to Balances	-20,702	-2.3
<b>Total</b>	<b>917,389</b>	<b>100.0</b>

### Where the Money is spent (significant services only):

	£'000	%
Children's and Education Services	387,389	42.2
Economy, Environmental, Culture and Housing	231,018	25.2
Adult Social Care	141,323	15.4
Central Services to the Public, Governance, Policy and Support	128,005	14.0
Other	29,654	3.2
<b>Total</b>	<b>917,389</b>	<b>100.0</b>

### Capital Expenditure 2010/11

The Council spent over £55m on its capital programme in 2010/11. The programme underpins the Council's objectives and provides for investment in long term assets which are used to deliver the Council's services. The largest spending areas were :-

	£'000	%
Housing Services	25,346	45.3
Children's and Education Services	16,336	29.2
Highways and Transport Services	8,250	14.7
Cultural, Environmental, Regulatory and Planning Services	4,933	8.8
Adult Social Care	1,080	2.0
<b>Total</b>	<b>55,945</b>	<b>100.0</b>

A number of capital projects spent less than originally planned in 2010/11 and expenditure on the following has been re-phased into 2011/12 and future years:

- Devolved Capital – Community Schools
- Vehicle Replacement Programme
- Borsdane Precinct Redevelopment
- Saddle Junction
- HR & Payroll System
- Capitalised Repairs

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## **Borrowing Facilities**

The majority of all approved borrowing has been secured via the Public Works Loan Board (PWLB). The PWLB offers borrowing at rates only slightly above rates at which the Government secures its borrowing. It has traditionally been considered to be the most cost effective source of obtaining “traditional” funding. The level of PWLB borrowing at 31 March 2011 was £345.1m.

In contrast, the Capital Financing Requirement (as defined in the Prudential Framework for Capital Accounting), which measures the underlying need to borrow to finance capital expenditure was some £439.5m as at 31 March 2011. The Council’s adopted strategy in previous years has been to defer elements of its borrowing requirements by funding this temporarily by available ‘free’ internal resources. During the year, the Council has sought to reduce its long-term borrowing liabilities further and in doing so has reduced its exposure to credit risk associated with investment holdings.

## **Other Matters**

### **International Accounting Standard 19 (IAS)**

This standard covers a wide area relating to Employee Benefits. The most significant area that have been applied to the Council are discussed below:

- **IAS19 – Pension Benefits**

The application of IAS 19 requires employers to report the full cost of pension benefits as they are earned regardless of whether they have been paid for and the fact that they may not be due and payable for many years. The position for 2010/11 has improved significantly when compared to 2009/10 due to the fact that the pension increase assumption this year will be in line with the Consumer Prices Index (CPI) rather than the Retail Price Index (RPI). This measure formed part of the government’s Emergency Budget announcement in June 2010.

The pension liability now stands at £195m (a decrease of £238m compared to 2009/10). This liability is matched by a pensions reserve and therefore has no impact on the Council’s revenue balances.

- **IAS19 – Accumulated Absences**

The code requires the identification of any untaken leave, flexi and time off in lieu as at the balance sheet date which in this case is 31 March 2011. This must then be included in the accounts as a cost to the Council. However there is no impact upon the balances held by the Council as there is a statutory override in place to eliminate any impact upon the Council Tax payer. The figure calculated for 2010/11 was £6.8m.

- **IAS19 – Termination Benefits**

Termination benefits are defined as the amounts payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

In March 2011 the Council announced that redundancies would be required during 2011/12 to enable it to meet its budget deficit. At that time it was estimated that the cost of these redundancies would be £6m. IAS19 requires that as the decision was made public prior to the end of the financial year then these costs must be included in the 2010/11 accounts. A provision has been created to meet these future costs.

### **Revaluation of Assets**

The Council values 20% of its assets annually on a 5 year rolling programme. This valuation provides the Council with an up to date value for its asset portfolio and reflects the market conditions. The value of assets can fluctuate significantly due to a number of factors such as, market conditions resulting in a rise or fall in specific asset values or evidence of obsolescence where physical damage to the asset has occurred.

In 2010/11 the assets of the Council reduced in value by £49.6m (£73.7m in 2009/10). This excludes Council House Dwellings which are discussed below.

### **Housing Revenue Account (HRA)**

The Council is required to keep a separate account in respect of Council housing. The HRA will show the major elements of expenditure (maintenance, management and capital financing) and income (rents, charges and Housing Subsidy).

The HRA Statement of Accounts has two parts; the HRA Income and Expenditure Statement and the Movement on the Housing Revenue Account Statement.

The HRA commenced the 2010/11 financial year with a surplus of £9.6m. During the year £2.4m of revenue resources were used to support the capital programme. The HRA ended the year with an accumulated surplus of £12.6m. This represents the final surplus position after accounting for the entries within the Movement on the Housing Revenue Account Statement. The surplus will be partially used in 2011/12 to support the capital programme and to cover the significant amount that the HRA will now have to contribute to the National HRA Housing Subsidy system. A prudent level of surplus, £4.0m, will be retained to cover unforeseen circumstances in 2011/12 and future years.

In 2010/11 a £12.9m contribution from the Major Repairs Reserve was used to provide additional funds for housing stock refurbishment. The Major Repairs Reserve balance was £0.921m as at 31 March 2011.

The Council borrowed £0.928m to support the 2010/11 HRA Capital Programme. The borrowing was specifically to support the Affordable Housing New Build programme which saw Wigan

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Council provide 14 new HRA dwellings in 2010/11. The Affordable Housing New Build programme was also supported by grant funding from the Homes & Communities Agency. The programme will continue in 2011/12 with the completion of the development at The Orchards in Leigh.

The Council uses Wigan & Leigh Housing Company Ltd to manage the Council's housing stock and other housing activities (Homelessness and Housing Advice for example) that were previously administered by the Housing Department. The Council retains ownership of the housing stock and other associated assets.

The value of Council Dwellings has reduced from £804m in 2009/10 to £579m in 2010/11. This is as a result of the change in the calculation introduced by CLG in its stock valuation for resource accounting guidance issued during the year.

From April 2012 the Government has announced that greater freedom will be given to Local Council's by ceasing the current system of Housing Subsidy. Council's will be allowed to keep all of the rent that is raised locally which will provide greater flexibility on local housing decisions. However a one off payment to Central Government will be required to buy out of the current system. The exact level of this payment is still being assessed but could potentially be around £100m which will be financed from PWLB loans.

## **Schools**

Schools have responsibility for their budgets and may carry forward their own balances. In 2010/11 the cumulative level of balances held by the schools has decreased by £0.247m and now stands at £8.610m. Whilst these balances are not available to the Council, the level of school balances remains a major concern at both national and local levels and so the Government expects local authorities working with the Schools Forum to continue to review the level of school balances and continue to utilise the clawback scheme to re-distribute excessive and uncommitted surplus revenue funding.

## **PFI**

During 2011/12 the flagship Wigan Life Centre is due to open and will provide a multi agency one stop shop, library, swimming pool and gym facilities. The scheme is operated under a private financing initiative (PFI) which is a contract between a private contractor and the Council for the use of fixed assets. The Council will pay an annual charge for the use of the facility over a 25 year period. The annual charge will be funded from the savings made by rationalising the Council's office accommodation.

Under accounting regulations the asset, whilst not owned by the Council, will be shown on the Council's Balance Sheet from 2011/12 onwards, as the Council is deemed to have control over the services that are provided and the asset will pass to the Council at the end of the contract.

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## Financial Outlook

The Council, over the last two years has been taking measures to deal with the number of pressures which have been emerging and to put the Council in a position where it was better able to meet the future financial pressures that have been introduced by the Government.

It has addressed its Capital programme deficit which previously stood at £7m. It made an in year decision to introduce an across the board budget reduction of 3%, in preparation to meet the costs of anticipated voluntary redundancies and it placed an embargo on all non essential spend. It also undertook a review of the senior management structure of the Council resulting in projected savings of £1m per annum.

The Council has announced that, over the next 3 years, it needs to make cuts of £52m in its budget to meet with the Governments' spending plans for Local Government and this has been built into the Medium Term Forecast.

The Council, as part of its Budget setting process, has published a Medium Term Forecast for 2011/12 – 2013/14. The Medium Term Forecast helps to give greater stability and predictability to the Council's finances by looking to the future to ensure strategic changes are implemented in a timely manner. The forecast includes a number of assumptions and risks which need careful consideration as to the potential impact upon the level of balances that the Council holds, particularly the uncertainty surrounding 2013/14 and beyond.

The Council has traditionally operated with balances at or about 5% of the net budget requirement for many years and this has proved to be appropriate in light of the many challenges the Council has faced. The position on balances will be reviewed to ensure a prudent level is maintained.

Local Government is facing an uncertain future as the Government's austerity measures start to impact upon Councils. Further to this there is a fundamental review of the financing of Local Government underway which may have a significant impact on the Council. One proposal is to allow the retention of business rates income to move more towards localism and incentivise Councils to increase business growth in their area. The change to financing is not due to be introduced until the 2013/14 financial year but the risk will be recognised in future budget forecasts.

In addition, during 2010/11 the Government commissioned Lord Hutton to review public sector pensions. The interim findings of this report have suggested that employees should make higher contributions, funds should not be based upon final salary schemes and also there should be an increase in the pension age. The final details have yet to be issued but if the above proposals are accepted then potentially any increase to the employers contributions towards the Local Government Pension Scheme could be minimised.

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## **Concluding Remarks**

It is recognised that the full Statement of Accounts is a statutory document and therefore must comply with detailed technical accounting requirements which may not be easily understood by the reader. Therefore a summary of the accounts will also be available once the statutory audit has been completed.

I would like to take the opportunity to pass on my thanks to all the staff who have contributed to the completion of the Statement of Accounts. Given the continual development of accounting standards and their complex nature, producing the accounts ready for approval by the end of June is a considerable achievement.

Further information about the accounts is available from the Finance Division of the Resources Directorate, Civic Centre, Millgate, Wigan. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. For 2010/11 the inspection date will start on July 25<sup>th</sup> and the appointed day for raising queries with the External Auditors will be August 22<sup>nd</sup>. The full pre-audited Statement of Accounts will be made available on the Council website at the beginning of July.

**P McKevitt BA(Hons), ACMA**  
**Director Corporate Services – Resources Directorate**  
**30 June 2011**

## MOVEMENT IN RESERVES STATEMENT 2010/11

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charges to the General Fund Balance and Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The 'Net increase /Decrease before transfers to earmarked reserves' line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Single Entity	Note	General Fund Balance £'000	Earmarked GF Reserves £'000	Housing Revenue Account £'000	Major Repair Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
<b>Balance at 31 March 2009</b>		<b>43,122</b>	<b>43,538</b>	<b>9,446</b>	<b>0</b>	<b>19,014</b>	<b>115,120</b>	<b>776,536</b>	<b>891,656</b>
<b>Movement in Reserves during 2009/10</b>									
Surplus or (deficit) on provision of services		-74,325	0	30,885	0	0	-43,440	0	-43,440
Other Comprehensive Expenditure and Income		0	0	0	0	0	0	-229,656	-229,656
<b>Total Comprehensive Expenditure and Income</b>		<b>-74,325</b>	<b>0</b>	<b>30,885</b>	<b>0</b>	<b>0</b>	<b>-43,440</b>	<b>-229,656</b>	<b>-273,096</b>
Adjustments between accounting basis & funding basis under regulations	6	77,947	0	-30,713	0	6,205	53,439	-53,439	0
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>		<b>3,622</b>	<b>0</b>	<b>172</b>	<b>0</b>	<b>6,205</b>	<b>9,999</b>	<b>-283,095</b>	<b>-273,096</b>
Transfers to / from Earmarked Reserves	21	-2,428	2,428	0	0	0	0	0	0
<b>Increase / Decrease in Year</b>		<b>1,194</b>	<b>2,428</b>	<b>172</b>	<b>0</b>	<b>6,205</b>	<b>9,999</b>	<b>-283,095</b>	<b>-273,096</b>
<b>Balance at 31 March 2010 carried forward</b>		<b>44,316</b>	<b>45,966</b>	<b>9,618</b>	<b>0</b>	<b>25,219</b>	<b>125,119</b>	<b>493,441</b>	<b>618,560</b>
<b>Movement in Reserves during 2010/11</b>									
Surplus or (deficit) on provision of services		42,407	0	-220,494	0	0	-178,087	0	-178,087
Other Comprehensive Expenditure and Income		0	0	0	0	0	0	165,792	165,792
<b>Total Comprehensive Expenditure and Income</b>		<b>42,407</b>	<b>0</b>	<b>-220,494</b>	<b>0</b>	<b>0</b>	<b>-178,087</b>	<b>165,792</b>	<b>-12,295</b>
Adjustments between accounting basis & funding basis under regulations	6	-55,715	0	223,306	1,131	-3,906	164,816	-164,816	0
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>		<b>-13,308</b>	<b>0</b>	<b>2,812</b>	<b>1,131</b>	<b>-3,906</b>	<b>-13,271</b>	<b>976</b>	<b>-12,295</b>
Transfers to / from Earmarked Reserves	21	-10,417	10,417	210	-210	0	0	0	0
<b>Increase / Decrease in Year</b>		<b>-23,725</b>	<b>10,417</b>	<b>3,022</b>	<b>921</b>	<b>-3,906</b>	<b>-13,271</b>	<b>976</b>	<b>-12,295</b>
<b>Balance at 31 March 2011 carried forward</b>		<b>20,591</b>	<b>56,383</b>	<b>12,640</b>	<b>921</b>	<b>21,313</b>	<b>111,848</b>	<b>494,417</b>	<b>606,265</b>

## COMPREHENSIVE INCOME & EXPENDITURE STATEMENT FOR YEAR ENDED 31 MARCH 2011

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2009/10 Gross Expenditure	2009/10 Gross Income	2009/10 Net Expenditure		Notes	2010/11 Gross Expenditure	2010/11 Gross Income	2010/11 Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
			<b>Expenditure On Services</b>				
35,005	29,362	5,643	Central Services to the Public		37,236	30,609	6,627
81,572	16,025	65,547	Cultural, Environmental, Regulatory & Planning Services		84,734	17,041	67,693
326,320	254,500	71,820	Children's & Education Services		362,102	276,419	85,683
48,530	6,802	41,728	Highways & Transport Services		48,436	5,493	42,943
118,219	159,618	-41,399	Housing Services		146,502	164,828	-18,326
0	0	0	Exceptional Item - Housing Stock	5	228,825	0	228,825
126,733	42,953	83,780	Adult Social Care		131,765	38,416	93,349
8,826	452	8,374	Corporate & Democratic Core		8,596	530	8,066
21,060	0	21,060	Non Distributed Costs		13,464	0	13,464
0	0	0	Exceptional Pension Adjustment	5	-97,100	0	-97,100
<b>766,265</b>	<b>509,712</b>	<b>256,553</b>	<b>Net Cost Of General Fund Services</b>		<b>964,560</b>	<b>533,336</b>	<b>431,224</b>
68,662	0	68,662	Other Operating Expenditure	7			855
170,355	141,411	28,944	Financing and investment income and expenditure	8			30,918
0	310,718	-310,718	Taxation and Non Specific Grant Income	9			-284,910
<b>1,005,282</b>	<b>961,841</b>	<b>43,441</b>	<b>Surplus (-) or Deficit on the provision of services</b>				<b>178,087</b>
0	9,044	-9,044	Surplus or deficit on revaluation of Property, Plant and Equipment assets				-9,092
0	0	0	Surplus or deficit on revaluation of available for sale financial assets				0
238,700	0	238,700	Actuarial gains / losses on pension assets / liabilities				-156,700
0	7	-7	Other Gains and Losses				0
		<b>229,648</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>-165,792</b>
		<b>273,089</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>12,295</b>

I certify that the Comprehensive Income & Expenditure Statement and related accounts show a true and fair view of the financial position of Wigan Council.

**P McKevitt BA(Hons), ACMA**  
**Director Corporate Services – Resources Directorate**  
**29 September 2011**

## BALANCE SHEET AS AT 31 MARCH 2011

The Balance Sheet shows the value as at the Balance Sheet date of the asset and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

01.04.09 £'000	31.3.10 £'000		Notes	31.3.11 £'000
1,648	1,725	Intangible Assets	12	1,999
1,374,748	1,336,725	Property, Plant and Equipment	10	1,096,009
35,097	34,228	Investment Property	11	35,598
10,766	10,766	Long Term Investments	13	10,765
9,389	11,480	Long Term Debtors	13	13,383
<b>1,431,648</b>	<b>1,394,924</b>	<b>Long Term Assets</b>		<b>1,157,754</b>
1,198	1,112	Inventories	16	854
44,870	51,319	Short Term Debtors	17	49,737
1,220	1,146	Assets Held for Sale	19	1,723
54,808	47,793	Cash and Cash Equivalents	18	41,377
0	895	Intangible Current Assets (LATS)		851
<b>102,096</b>	<b>102,265</b>	<b>Current Assets</b>		<b>94,542</b>
770	9,644	Short Term Borrowing	13	30,749
42	82	Provisions	21	16,851
67,053	67,125	Creditors	20	63,670
<b>67,865</b>	<b>76,852</b>	<b>Current Liabilities</b>		<b>111,270</b>
6,145	5,394	Provisions	21	3,171
359,618	345,100	Long term borrowing	13	319,192
152,520	17,333	Other Long Term Liabilities	14	16,393
190,396	433,213	Defined Benefit Pension Scheme	40	195,480
1,365	736	Capital Grants Receipts in Advance	33	525
<b>574,226</b>	<b>801,776</b>	<b>Long Term Liabilities</b>		<b>534,761</b>
<b>891,653</b>	<b>618,560</b>	<b>Net Assets</b>		<b>606,265</b>
115,119	125,119	Usable Reserves	22&23	111,848
776,534	493,441	Unusable Reserves	24	494,417
<b>891,653</b>	<b>618,560</b>	<b>Total Reserves</b>		<b>606,265</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 2011.

**P McKevitt BA(Hons), ACMA**  
**Director Corporate Services – Resources Directorate**  
**29 September 2011**

## CASH FLOW STATEMENT FOR YEAR ENDED 31 MARCH 2011

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the Council.

2009/10 £'000		2010/11 £'000
	<b>Operating Activities</b>	
<b>43,440</b>	<b>Net Surplus or Deficit on the provision of services</b>	<b>178,087</b>
-88,478	Adjustments to net surplus or deficit on the provision of services for non cash movements	-234,360
25,817	Interest Paid	25,682
-2,524	Interest Received	-3,424
-1,000	Dividends Received	0
<b>-66,185</b>	<b>Net Cash flows from Operating Activities</b>	<b>-212,102</b>
	<b>Investing Activities</b>	
	<b>Cash Outflows:</b>	
62,327	Purchase of Fixed Assets	54,724
948	Other Capital Cash Payments	1,910
	<b>Cash Inflows:</b>	
-865	Sale of Fixed Assets	-2,815
-38,803	Capital Grants Received	-24,283
<b>23,607</b>	<b>Net Cash Outflow from Investing Activities</b>	<b>29,536</b>
	<b>Financing Activities</b>	
14,518	Net Repayments of Amounts Borrowed – Long Term	9,647
509	Net Repayments of Amounts Borrowed – Transferred Debt	1,248
-8,874	Net Repayments of Amounts Borrowed - Short Term	0
<b>6,153</b>	<b>Net Cash Outflow from Financing Activities</b>	<b>10,895</b>
<b>7,015</b>	<b>Net increase (-) / decrease in cash and cash equivalents</b>	<b>6,416</b>
<b>54,808</b>	<b>Cash and cash equivalents at the beginning of the period</b>	<b>47,793</b>
<b>47,793</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>41,377</b>

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## **NOTES TO THE CORE FINANCIAL STATEMENTS**

### **1. IFRS 1 First-time Adoption of International Financial Reporting Standards**

The Statement of Accounts for 2010/11 is the first to be prepared on an IFRS basis. Adoption of the code has resulted in the restatement of various balances and transactions, with the result that some amounts presented in the financial statements are different from the equivalent figures in the 2009/10 accounts.

The following narrative explains the material differences between the amounts presented on the 2009/10 financial statements and the equivalent amounts presented in the 2010/11 statements. The tables show the effect on the balances of transition to IFRS at 1 April 2009 and 31 March 2010 and the restated position of the Comprehensive Income and Expenditure Statement for 2009/10.

#### **Short-term accumulating compensated absences (Employee Benefits)**

This refers to the benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the Council. The most significant element is holiday pay.

Employees build up an entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increases their entitlement to future compensated absences. As a result, the Council is required to accrue for any annual leave earned and not taken at the 31 March each year. Under previous accounting arrangements, no such accrual was required.

The Government has issued regulations that mean local authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the accumulated absences account until the benefits are used.

#### **Government Grants - Capital**

Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable. Previously, grants were held in a grants deferred account and recognised as income over the life of the assets which they were used to fund.

As a consequence of adopting the accounting policy required by the Code, the financial statements have been amended as follows:

The balance on the Government Grants Deferred Account as at the 31 March 2009 has been transferred to the Capital Adjustment Account.

Those deferred government grants previously recognised as income in 2009/10 have been removed from the Comprehensive Income and Expenditure Account in the comparative figures.

Capital grants received in 2009/10 which were not used were not recognised as income in the Comprehensive Income and Expenditure Account. Following the change in policy the grants have been recognised in full and transferred to the Capital Grants Unapplied Account within the reserves section of the balance sheet.

### Government Grants - Revenue

Where a Council was holding a revenue grant on the balance sheet to be matched to future expenditure, and there were no conditions (as defined by the Code) in respect of that grant, the grant would be recognised immediately under the Code and not held as a creditor balance. The income will be credited instead to an earmarked reserve to be spent in future years.

### Property, Plant and Equipment (PPE)

The Code has introduced two new classifications – non - current assets held for sale and PPE surplus assets. The criteria for the classification of investment properties has also been revised so that only properties held solely to earn rentals or capital appreciation are held under this category on the balance sheet. These changes have required the following amendments to the balance sheet and comprehensive income and expenditure account. Investment properties are measured at fair value, with gains and losses recognised in Surplus or Deficit rather than through the revaluation reserve. Impairment losses will be taken initially to the revaluation reserve to the extent that there is a balance on that reserve relating to the specific asset.

The effect of these changes are illustrated below for the balance sheet at 31 March 2009 and 31 March 2010 and for the Comprehensive Income and Expenditure Statement for 2009/10.

BALANCE SHEET 01/04/2009	Balance at 1.4.09 SORP £'000	Assets £'000	Grants £'000	Cash £'000	Provisions £'000	Employee Benefits £'000	Balance at 1.4.09 IFRS £'000
Other Land & Buildings	409,306	29,588					438,894
Assets Under Construction	17,588	-508					17,080
Surplus Assets (SORP Non Op)	19,210	-19,210					0
Surplus PPE	0	31,430					31,430
Investment Properties	81,898	-46,801					35,097
Assets Held for Sale	0	1,220					1,220
Investments	44,013			-44,013			0
Cash & Cash Equivalents	12,160			42,648			54,808
Creditors	77,383		-16,349			6,019	67,053
Provisions - Current Liability	0				45		45
Cash Overdrawn	1,365			- 1,365			0
Government Grants Deferred / Unapplied	168,299		-168,299				0
Capital Grants Receipts in Advance	0		1,365				1,365
Provisions	6,187				-45		6,142
Capital Adjustment Account	734,741	-1,609	147,921				881,053
Revaluation Reserve	94,550	-2,677					91,873
Employee Accumulated Absences Account	0					-6,019	-6,019
Capital Grants Unapplied Reserve	0		19,013				19,013
Earmarked Reserves	27,189		16,349				43,538

BALANCE SHEET 2009/10	Balance	Assets	Grants	Cash	Provisions	Employee	Balance
	at					Benefits	at 31.3.10
	31.3.10	£'000	£'000	£'000	£'000	£'000	IFRS
	SORP						£'000
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Other Land & Buildings	391,456	6,369					397,825
Community Assets	4,484	-277					4,207
Assets Under Construction	6,368	329					6,697
Surplus Assets (SORP Non Op)	23,756	-23,756					0
Surplus PPE	0	11,316					11,316
Investment Properties	44,259	-10,031					34,228
Investments	36,447			-36,447			0
Assets Held for Sale	0	1,146					1,146
Cash in Hand	15,042			32,767			47,809
Creditors	74,435		-17,165			4,993	62,263
Provisions - Current Liability	0				83		83
Cash Overdrawn	3,680			-3,680			0
Government Grants Deferred / Unapplied	187,767		-187,031		-736		0
Capital Grants Receipts in Advance	0				736		736
Provisions	5,477				-83		5,394
Capital Adjustment Account	663,844	22,277	161,812				847,933
Revaluation Reserve	120,973	-37,181					83,792
Employee Accumulated Absences Account	0					4,993	4,993
Capital Grants Unapplied Reserve	0		25,219				25,219
Earmarked Reserves	28,801		17,165				45,966

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	at 31.3.10	Grants	Capital	Employee	at 31.3.10
	SORP	£'000	£'000	Benefits	IFRS
	£'000	£'000	£'000	£'000	£'000
Central Services to the Public	5,892	- 17	- 262	30	5,643
Cultural, Environmental, Regulatory & Planning Services	65,030	- 6	1,096	- 573	65,547
Children' s & Education Services	77,123	- 766	1,271	- 5,808	71,820
Highways & Transport Services	40,093	- 11	1,763	- 117	41,728
Housing Services	1,454		398	- 43,252	- 41,399
Adult Social Care	83,080	- 42	1,311	- 569	83,780
Corporate & Democratic Core	8,374				8,374
Non Distributed Costs	13,849			7,211	21,060
Gain or Loss on disposal of fixed assets	54,474			13,061	67,535
(Surpluses)/deficits on trading undertakings not included in Net					
Cost of Services	-1,664	- 184	- 811		-2,659
Interest & Investment Income	-5,653			- 427	-6,080
Gains and Losses on the revaluation of Investment Property	0			- 4,707	-4,707
Capital Grants	-56,326		53	- 38,802	-95,075

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## **2. Accounting Standards that have been issued but have not yet been adopted**

The adoption of FRS 30 'Heritage Assets' from 2011/12 will result in a change in accounting policy, therefore requiring disclosure in the 2010/11 accounts. As a new requirement the Council shall recognise Heritage Assets as a separate class of assets for the first time in the 2011/12 financial statements in accordance with FRS 30.

Heritage Assets are assets preserved in trust for future generations because of their cultural, environmental or historical associations. The standard applies to assets held and maintained by the Council for the contribution of knowledge and culture.

The amount of assets expected to be reclassified as Heritage Assets is £1.9m these are currently classified as Community Assets in the 2010/11 financial statements.

## **3. Critical Judgements in applying Accounting Policies**

The Council has relationships with a number of companies over which it has varying degrees of control or influence. In previous years the Council has prepared Group Accounts to include those companies where the Council has a significant interest. With the introduction of IFRS and updated guidance from CIPFA, the Council has re assessed both the quantitative and qualitative aspects of materiality and consulted with the Audit Commission. It was determined that the Council does not have to prepare Group Accounts. The three former group companies included the Wigan and Leigh Housing Company, Leigh Sports Village Limited and Wigan Metropolitan Development Company Limited. For the reader's benefit we have continued to include details of the relationship with the Council and financial performance of these companies.

The Council also has an interest in the Wigan Leisure and Culture Trust a charitable company that manages leisure facilities on behalf of the Council. It has been determined that the Council does not have control of the Trust and it is not a subsidiary.

All the Council's lease arrangements have been assessed as operational. The Council's Finance Officers have applied and followed the primary indicators within the Code in determining lease classification between an operating lease and a finance lease. The assessment of some of these indicators does require a degree of professional judgment in determining the classification. It should be noted that materiality has also been applied to assess whether the classification would significantly affect the financial statements.

There is a high degree of uncertainty about future levels of funding for the Council and local government as a whole. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be materially impaired as a result of a need to close facilities and reduce levels of service provision.

## 4. Assumptions made about the future and other major sources of estimation uncertainty

### Plant, Property and Equipment

The Council's portfolio of Land and Buildings is revalued as part of a 5 year rolling programme. The value of those assets is based upon calculations and estimation techniques employed by the Council's valuers following the Royal Institute of Chartered Surveyors (RICS) guidance. Changes in asset values are largely influenced by market forces which can be volatile. Therefore it is uncertain that the Council's assets will not see a significant change in value.

Any revaluation of assets either upward or downward would be reflected in the Council's asset base. It is estimated that a 1% change in asset values would result in a change of £4m.

### Provisions

The Council has made a provision of £7.8m for the settlement of claims for back pay arising from the Equal Pay initiative, based on the number of claims received and a formulae approach in calculating the settlement amount. It is not certain that these claims will be settled based upon estimated calculations and that all valid claims have yet been received by the Council.

If this value increased or reduced by 10% then £0.780m would be either added or deducted from the provision. Whilst this sum is not material in the context of the overall spend of the Council it is an area of particular risk as any increase will need to be funded in future years.

In addition the Council has also made a provision for the costs of £6m towards the cost of redundancies. A 10% increase would cost a further £0.600m and would require funding from within existing resources.

### Pensions

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

The effects on the net pensions liability of changes in assumptions can be measured. For instance, a change in the discount factor of + or – 0.5% would change the liability by £72.8m. A change in excess of earnings of + or – 0.5% would potentially change the total liability by £16.2m. An increase in excess of pensions of 0.5% would change the liability by £56.8m and an increase in longevity of 1 year would result in a £47.7m increase in the total liability. However, the assumptions interact in complex ways and changes to other estimates and actuarial assumptions may produce a different impact upon the total liability.

## 5. Material items of Income and Expenditure

This note provides details of the material items that have been included in the Comprehensive Income and Expenditure Statement (CIES) but have not been separately shown.

There is a requirement under IAS19 to account for the cost of pensions. This figure fluctuates each year due to a number of factors such as, the discount rate that is used, changes in mortality rates and changes in contribution rates. However in 2010/11 a further substantial change has also occurred which is explained below.

In June 2010 the Government introduced a change in the way that pension increases were to be calculated in the future. The calculation would now use the consumer price index (CPI) rather than the retail price index (RPI). As the CPI is nearly always lower than the RPI then a significant reduction in overall pension liabilities occurred. The impact of this is shown in the CIES as a reduction in past service costs under the Non Distributed Costs line.

The table below shows the comparison between 2009/10 and 2010/11

Service	Net Expenditure 2009/10 £'000	Net Expenditure 2010/11 £'000	Difference £'000
Central Services to the Public	-230	156	386
Cultural, Environmental, Regulatory and Planning Services	-689	476	1,165
Childrens and Education Services	-7,170	-1,879	5,291
Highways and Transport Services	-225	155	380
Housing Services	0	0	0
Adult Social Care	-1,334	1,012	2,346
Corporate and Democratic Core	-20	29	49
Non Distributed Costs	-1,300	5,040	6,340
Exceptional Pension Adjustment	0	-97,100	-97,100
<b>Net Cost of General Fund Services</b>	<b>-10,968</b>	<b>-92,111</b>	<b>-81,143</b>
Financing and Investment Income and Expenditure	15,085	11,078	4,007

## Capital Charges

The Services on the face of the CIES are charged with a number of items relating to the cost of capital in line with the accounting code of practice. These charges include Depreciation, Revaluation and Impairment.

These items are charged through to the CIES and include Depreciation and Impairment. Depreciation has not materially changed between 2009/10 and 2010/11. However, there has been a significant change in the level of revaluation and impairment in two particular areas.

## Extract from the Comprehensive Income and Expenditure Statement

### Revaluation and Impairment

Service	Net Expenditure 2009/10 £'000	Net Expenditure 2010/11 £'000	Difference £'000
Housing Services – Exceptional Item	-22,772	228,825	251,597
Non Distributed Costs	15,427	6,593	-8,834

The material change in the Housing Services line is due to a drop in the value of Council Dwellings as a result of a change in the valuation calculation introduced by the Government.

Both the Pension Charges and the Capital Charges above do not impact upon the balances of the Council and have no impact upon the Council Tax.

## 6. Adjustments between Accounting Basis and Funding Basis under regulations

2010/11	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
<b>Adjustments involving the CAA:</b>						
<b>Reversal of items debited/credited to the CI&amp;E:</b>						
Charges for depreciation and impairment of non-current assets	24,046	31,015	0	0	0	-55,061
Revaluation losses on PP&E	20,967	211,828	0	0	0	-232,795
Movements in the market value of Investment Properties	-1,986	-47	0	0	0	2,033
Amortisation of intangible assets	250	74	0	0	0	-324
Capital grants and contributions applied	-12,539	-2,244	0	0	0	14,783
Revenue expenditure funded from capital under statute	16,352	0	0	0	0	-16,352
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&E	224	1,467	0	0	0	-1,691
<b>Insertion of items not debited or credited to the CI&amp;E:</b>						
Statutory provision for the financing of capital investment	-10,361	0	0	0	0	10,361
Capital expenditure charged against the General Fund and HRA balances	-3,077	-2,417	0	0	0	5,494
<b>Adjustments involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the CI&E	-11,247	0	0	0	11,247	0
Application of grants to capital financing transferred to the CAA	0	0	0	0	-15,152	15,152
<b>Adjustments involving the Capital Receipts Reserve:</b>						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CI&E	-356	-2,459	0	2,815	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	-950	0	950
Contribution from the Capital Receipts Reserve towards admin costs of non current asset disposals	0	136	0	-136	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1,729	0	0	-1,729	0	0
<b>Adjustments involving the Major Repairs Reserve:</b>						
Use of the Major Repairs Reserve to finance new capital expenditure	0	-14,047	14,047	0	0	0
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the CI&E are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	-12,916	0	0	12,916
<b>Adjustments involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the CI&E	-55,400	0	0	0	0	55,400
Employer's pensions contributions and direct payments to pensioners payable in the year	-25,634	0	0	0	0	25,634
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax income credited to the CI&E is different from council tax income calculated for the year in accordance with statutory requirements	-487	0	0	0	0	487
<b>Adjustments involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the CI&E on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,804	0	0	0	0	-1,804
<b>Total Adjustments</b>	<b>-55,715</b>	<b>223,306</b>	<b>1,131</b>	<b>0</b>	<b>-3,905</b>	<b>-164,817</b>

2009/10 Comparative Figures	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
<b>Adjustments involving the CAA:</b>						
<b>Reversal of items debited/credited to the CI&amp;E:</b>						
Charges for depreciation and impairment of non-current assets	31,468	19,488	0	0	0	-50,956
Revaluation losses on PP&E	22,627	-28,348	0	0	0	5,721
Movements in the market value of Investment Properties	-4,707	0	0	0	0	4,707
Amortisation of intangible assets	287	0	0	0	0	-287
Capital grants and contributions applied	-12,103	-2,791	0	0	0	14,894
Revenue expenditure funded from capital under statute	3,268	0	0	0	0	-3,268
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&E	68,511	934	0	0	0	-69,445
<b>Insertion of items not debited or credited to the CI&amp;E:</b>						
Statutory provision for the financing of capital investment	-10,669	0	0	0	0	10,669
Capital expenditure charged against the General Fund and HRA balances	-494	-4,810	0	0	0	5,304
<b>Adjustments involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the CI&E	-23,909	0	0	0	23,909	0
Application of grants to capital financing transferred to the CAA	0	0	0	0	-17,704	17,704
<b>Adjustments involving the Capital Receipts Reserve:</b>						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CI&E	-573	-1,456	0	2,029	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	-865	0	865
Contribution towards administrative costs	0	117	0	-117	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1,047	0	0	-1,047	0	0
<b>Adjustments involving the Major Receipts Reserve:</b>						
Reversal of Major Receipts Allowance credited to the HRA	0	-13,847	13,847	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	-13,847	0	0	13,847
<b>Adjustments involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the CI&E	27,700	0	0	0	0	-27,700
Employer's pensions contributions and direct payments to pensioners payable in the year	-23,583	0	0	0	0	23,583
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax income credited to the CI&E is different from council tax income calculated for the year in accordance with statutory requirements	103	0	0	0	0	-103
<b>Adjustments involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the CI&E on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-1,026	0	0	0	0	1,026
<b>Total Adjustments</b>	<b>77,947</b>	<b>-30,713</b>	<b>0</b>	<b>0</b>	<b>6,205</b>	<b>-53,439</b>

## 7. Other Operating Expenditure

31.3.10 £'000		31.3.11 £'000
79	Parish Precepts	114
67,535	Gains (-) and Losses on Disposal of Non Current Assets	-988
1,047	Payment to Housing Capital Receipts Pool	1,729
<b>68,661</b>		<b>855</b>

## 8. Financing and Investment Income and Expenditure

31.3.10 £'000		31.3.11 £'000
26,790	Interest payable and similar charges	26,826
-5,653	Investment receivable and similar income	-5,031
-3,086	Trading Accounts	456
-4,707	Gains & Losses on the Revaluation of Investment Property	-2,033
15,600	Pension interest cost and expected return on pension assets	10,700
<b>28,944</b>		<b>30,918</b>

## 9. Taxation and Non Specific Grant Income

31.3.10 £'000		31.3.11 £'000
-110,809	Council Tax Income	-112,991
-104,834	National Non Domestic Rates	-116,207
-56,273	Other Non Ring Fenced grants	-45,982
-38,803	Capital Grants and Contributions	-9,730
<b>-310,719</b>		<b>-284,910</b>

## 10. Property, Plant and Equipment

These tables contain details of the movements relating to Property, Plant and Equipment.

	Council Dwellings	Other Land & Buildings	Vehicles Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	PP & E Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or value at 1.4.10</b>	<b>839,271</b>	<b>419,838</b>	<b>12,213</b>	<b>152,646</b>	<b>4,208</b>	<b>11,899</b>	<b>16,852</b>	<b>1,456,927</b>
Additions	18,610	8,474	1,488	8,212	0	0	2,855	<b>39,639</b>
Revaluation increases/decreases to Revaluation Reserve	0	2,359	0	0	29	3,865	622	<b>6,875</b>
Revaluation increases/decreases to surplus/deficit on the provision of services (SDPS)	-245,979	-18,113	0	0	-2,124	-1,427	-326	<b>-267,969</b>
Derecognition – Disposals	-1,467	0	0	0	0	0	0	<b>-1,467</b>
Derecognition – Other	0	-6,032	-80	0	0	-1,230	-11,022	<b>-18,364</b>
Reclassified to/from held for sale	0	-3,821	0	0	0	-150	0	<b>-3,971</b>
Other Movements	97	-2,945	0	0	236	3,107	-738	<b>-243</b>
<b>At 31.3.11</b>	<b>610,532</b>	<b>399,760</b>	<b>13,621</b>	<b>160,858</b>	<b>2,349</b>	<b>16,064</b>	<b>8,243</b>	<b>1,211,427</b>
<b>Depreciation &amp; Impairment at 1.4.10</b>	<b>34,469</b>	<b>22,013</b>	<b>7,759</b>	<b>45,222</b>	<b>1</b>	<b>583</b>	<b>10,155</b>	<b>120,202</b>
Depreciation	13,836	6,624	1,468	5,875	0	81	0	<b>27,884</b>
Depreciation written out to the Revaluation Reserve	0	-2,938	0	0	0	-126	0	<b>-3,064</b>
Depreciation written out to SDPS	-13,847	-1,216	0	0	0	-408	0	<b>-15,471</b>
Impairment losses/reversals to Revaluation Reserve	0	830	0	0	0	3	11	<b>844</b>
Impairment losses/reversals to SDPS	-3,307	5,490	0	0	0	1,227	856	<b>4,266</b>
Derecognition – Disposals	0	0	0	0	0	0	0	<b>0</b>
Derecognition - Other	0	-6,031	-80	0	0	-1,230	-11,022	<b>-18,363</b>
Eliminated on reclassification to held for sale	0	-13	0	0	0	0	0	<b>-13</b>
Other Movements	0	-867	0	0	0	0	0	<b>-867</b>
<b>At 31.3.11</b>	<b>31,151</b>	<b>23,892</b>	<b>9,147</b>	<b>51,097</b>	<b>1</b>	<b>130</b>	<b>0</b>	<b>115,418</b>
<b>Net Book Value at 31.3.11</b>	<b>579,381</b>	<b>375,868</b>	<b>4,474</b>	<b>109,761</b>	<b>2,348</b>	<b>15,934</b>	<b>8,243</b>	<b>1,096,008</b>
<b>Net Book Value at 31.3.10</b>	<b>804,802</b>	<b>397,825</b>	<b>4,454</b>	<b>107,424</b>	<b>4,207</b>	<b>11,316</b>	<b>6,697</b>	<b>1,336,725</b>

## Capital Commitments

As at 31 March 2011, the Council was contractually committed to the following major items of capital work:

	£'000	Start Date	Projected End Date
Hindley Green J & I – Single Site	4,604	2010	2012
Beech Hill New School	3,547	2009	2012
The Orchards New Build	3,400	2010	2012
Saddle Junction	3,299	2009	2012
Wigan St James – Remodelling Works	2,356	2008	2012
Mesnes Park Restoration Project Phase 1	2,293	2008	2012
Wigan Wallgate Townscape Heritage	2,138	2011	2013
HR Payroll System	1,200	2010	2012
Tyldesley Primary	1,023	2010	2012

Although not yet contractually committed, the following major schemes over £1m are also in the programme for 2011/12 onwards:

	£'000	Start Date	Projected End Date
Learning Alliance	7,054	2010	2013
Ince Schools	4,865	2010	2012
Mesnes Park Restoration Project Phase 2	2,603	2011	2013
Wigan Life Centre Council Contributions	1,421	2011	2012

## Property, Plant and Equipment Valuation

The Council'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 Council's Property Services staff. Not all 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 2010 and March 2011. The actual date of valuation was 1 April 2010.

The Code requires gains arising from the revaluation of Property, Plant and Equipment to be used initially to reverse previous losses for the asset that have been charged to the Surplus/Deficit on the Provision of Services before crediting the Revaluation Reserve. Revaluation losses and impairments are debited initially to the Revaluation Reserve up to the balance for the asset, and thereafter charged to the Surplus/Deficit on the Provision of Services.

The Council carries out a rolling programme of revaluations that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years, although material changes to asset valuations are recognised as they occur. All valuations were carried out internally in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Vehicles, Plant and Equipment are carried at depreciated historical cost rather than depreciated replacement cost due to the short useful lives and low values of these assets. This is in accordance with paragraph 4.1.2.30 of the Code. Where the fair value – existing use value for a property could not be determined because there was no market value for the asset, the depreciated replacement cost method of valuation was employed. All valuations comply with those definitions settled by the International Valuation Standards Committee.

### Property, Plant and Equipment Valuation

	Council Dwellings	Other Land & Buildings	Vehicles Plant and	Infrastructure Assets	Community Assets	Surplus Assets	PP & E Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Depreciated Historical Cost	0	0	4,473	109,761	2,348	0	8,243	<b>124,825</b>
Fair Value – Existing Use Value – Social Housing	579,381	0	0	0	0	0	0	<b>579,381</b>
Fair Value – Existing Use Value	0	375,868	0	0	0	15,934	0	<b>391,802</b>
<b>Net Book Value at 31.3.11</b>	<b>579,381</b>	<b>375,868</b>	<b>4,473</b>	<b>109,761</b>	<b>2,348</b>	<b>15,934</b>	<b>8,243</b>	<b>1,096,008</b>

### 11. Investment Properties

The following items of income and expense have been accounted for in the Comprehensive Income and Expenditure Statement:

31.3.10 £'000		31.3.11 £'000
-1,783	Rental income from Investment Property	-1,852
350	Direct operating expenses arising from Investment Property	357
<b>1,433</b>	<b>Net gain/loss (-)</b>	<b>1,495</b>

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

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

	2009/10 £'000	2010/11 £'000
<b>Balance at start of the year</b>	<b>35,096</b>	<b>34,228</b>
Additions:		
Purchases	182	0
Construction		
Subsequent expenditure	26	15
Disposals	-127	-55
Net gains/losses (-) from fair value adjustments	4,707	2,033
<b>Transfers:</b>		
to/from Inventories	0	0
to/from Property, Plant and Equipment	-5,652	-623
Other changes	-4	0
<b>Balance at end of the year</b>	<b>34,228</b>	<b>35,598</b>

## 12. Intangible Assets

The Council accounts for major items of software as intangible assets, to the extent that the software is not an integral part of a particular IT system. The intangible assets are purchased licences.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council is 7 to 10 years:

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.324m charged to revenue in 2010/11 was charged to the Appropriate Service Revenue Account.

The movement on Intangible Asset balances during the year is as follows:

	2009/10	2010/11
	Other Assets	Other Assets
	£'000	£'000
Balance at start of year:		
Gross carrying amounts	2,869	3,233
Accumulated amortisation	-1,221	-1,508
<b>Net carrying amount at start of year</b>	<b>1,648</b>	<b>1,725</b>
Additions:		
Purchases	364	598
Amortisation for the period	-287	-324
<b>Net carrying amount at end of year</b>	<b>1,725</b>	<b>1,999</b>
Comprising:		
Gross carrying amounts	3,233	3,831
Accumulated amortisation	-1,508	-1,832
	<b>1,725</b>	<b>1,999</b>

There are several items of capitalised software as follows:

	Carrying Amount		Remaining Amortisation Period
	31 March 2010 £'000	31 March 2011 £'000	
Agresso System – Trading	726	569	2 - 10 Years
Housing SX3 – Housing Services	378	304	3 Years
Social Services ANITE – Adult Services	320	261	2 - 9 Years
Customer Relationship Management System – Trading	281	342	7 - 10 Years
HR & Payroll – Trading	20	523	6 Years

## 13. Financial Instruments

### Categories of Financial Instruments

The following categories of financial instruments are carried on the Balance Sheet:

	Long-term		Current	
	31 March 2010 £'000	31 March 2011 £'000	31 March 2010 £'000	31 March 2011 £'000
<b>Investments</b>				
Loans and receivables*				
Short Term Investments	0	0	36,431	31,993
Cash at Bank	0	0	11,362	9,384
Unquoted equity investment at cost	10,766	10,765	0	0
<b>Total Investments</b>	<b>10,766</b>	<b>10,765</b>	<b>47,793</b>	<b>41,377</b>
<b>Debtors</b>				
Loans and receivables	11,480	13,383	0	0
Financial assets carried at contract amounts	0	0	51,319	49,737
Less items not classed as Financial Instruments (such as VAT, NNDR, Council Tax, Payments in Advance)	0	0	-16,458	-16,024
<b>Total Debtors</b>	<b>11,480</b>	<b>13,383</b>	<b>34,861</b>	<b>33,713</b>
<b>Borrowings</b>				
Financial liabilities at amortised cost	345,100	319,192	10,359	30,749
<b>Total Borrowings</b>	<b>345,100</b>	<b>319,192</b>	<b>10,359</b>	<b>30,749</b>
<b>Creditors</b>				
Financial liabilities at amortised cost	17,333	16,393	0	0
Financial liabilities carried at contract amount	0	0	67,125	63,670
Less items not classed as Financial Instruments (such as VAT, NNDR, Council Tax, Receipts in Advance)	0	0	-24,567	-22,698
<b>Total Creditors</b>	<b>17,333</b>	<b>16,393</b>	<b>42,558</b>	<b>40,972</b>

\* These are shown as cash and cash equivalents on the Balance Sheet

### Income, Expenditure, Gains and Losses

31.3.10 £'000	Financial Liabilities measured at amortised cost	31.3.11 £'000
26,761	Interest expense	26,653
<b>26,761</b>	<b>Total expense in Surplus or Deficit on the Provision Services</b>	<b>26,653</b>

31.3.10 £'000	Financial Assets, Loans and Receivables	31.3.11 £'000
-4,212	Interest & Investment income	-3,654
<b>-4,212</b>	<b>Total income in Surplus or Deficit on the Provision Services</b>	<b>-3,654</b>

### Fair Value of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their 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, using the following assumptions:

- estimated ranges of interest rates at 31 March 2011 for loans from the PWLB and for short term investments based on new lending rates for equivalent loans at that date
- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

Financial Liabilities	31 March 2010		31 March 2011	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB borrowing	355,437	419,352	349,941	381,847
Long - term creditors	17,333	17,333	16,393	16,393

The Code also allows for an alternative method of calculation to the above based on the premature repayments set of rates. The value of the loans under this method for 2010-11 would be £420.665m (£429.393m in 2009/10).

The fair value of the liabilities is greater than the carrying amount because the Council'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 commitment to pay interest at above the current market rates increases the amount that the Council would have to pay if the lender agreed to the early repayment of the loans.

Financial Assets	31 March 2010		31 March 2011	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Loans and Receivables	46,662	46,678	40,744	40,781
Long-term debtors	11,480	11,480	13,383	13,383

The fair value of the assets is greater than the carrying amount because the Council'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 Council would receive if it agreed to early repayment of the loans.

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

### Long Term Investments

The value of investments held at 31 March 2011 is analysed below:

31.3.10 £'000		31.3.11 £'000
10,214	Shareholdings in : Manchester Airport Plc Wigan Football Company Ltd Other Investments	10,214
538		538
14		13
<b>10,766</b>		<b>10,765</b>

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

The value of the investment in Manchester Airport is held at historic cost as it has not been possible to establish a reasonable fair value due to the shares not being traded.

Wigan Football Company operates the DW 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.

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 Code guidance as recommended by CIPFA.

### 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:

31.3.10 £'000		31.3.11 £'000
9,267	Manchester Airport transferred debt	9,267
1,273	Renovation Loans	1,825
0	WALH Loan	1,215
574	Car Loans to Staff	581
200	Leigh Sports Village Company Ltd	200
0	Access to Finance Loans	137
85	Transferred Debt re Pre-1974 functions	78
48	Salford & Wigan Local Education Partnership	52
33	Loans for House Purchases	28
<b>11,480</b>		<b>13,383</b>

### Short Term Investments

During the year the Council invested its revenue balances, reserves and capital receipts externally in short term deposits. At 31 March 2011 an amount of £31.993m was invested in this way (£36.431m at 31 March 2010).

31.3.10 £'000		31.3.11 £'000
25,300	Royal Bank of Scotland	14,010
11,131	Lloyds TSB Bank	5,633
0	Barclays Bank	5,000
0	Birmingham City Council	5,000
0	Nationwide	2,000
0	Co-operative Bank Plc	350
<b>36,431</b>		<b>31,993</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. Please note that short term investments are now held on the balance sheet under cash and cash equivalents.

## 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 £'000	31.3.10 £'000	Source of Loan Outstanding	Increases in year £'000	Decreases in year £'000	31.3.11 £'000
354,721 27	345,077 23	Public Works Loans Board Individuals	0 0	25,905 3	319,172 20
<b>354,748</b>	<b>345,100</b>		<b>0</b>	<b>25,908</b>	<b>319,192</b>

31.3.09 £'000	31.3.10 £'000	An Analysis by maturity is:	31.3.11 £'000
9,666	25,905	Maturing within 1-2 years	782
31,710	31,838	Maturing within 2-5 years	57,032
83,963	68,133	Maturing within 5-10 years	42,336
229,409	219,224	Maturing within more than 10 years	219,042
<b>354,748</b>	<b>345,100</b>		<b>319,192</b>

The accrued interest associated with the PWLB loans is £4.843m. This is included under current liabilities and will be paid in 2011/12.

## Short Term Borrowing

At 31 March 2011 the figure for Short Term Borrowing outstanding was £30.749m, (£9.644m in 2009/10). This represents the amount of PWLB Loans repayable within 12 months of the Balance Sheet date.

### 14. Deferred (Long Term) Liabilities

Deferred liabilities are liabilities which are payable beyond the next year. At 31 March 2011, these totalled £16.392m.

31.3.09 £'000	31.3.10 £'000		31.3.11 £'000
15,898	17,041	Former G.M.C. debt	16,050
757	259	Former L.C.C. debt	0
0	0	Home Computer Initiative	314
41	33	Loan repayments mortgaged Properties	28
<b>16,696</b>	<b>17,333</b>	<b>Balance as at 31st March</b>	<b>16,392</b>

The debt outstanding on the assets transferred from the Greater Manchester Council (GMC) following the 1986 reorganisation is administered by Tameside MBC on behalf of all successor Authorities. The assets are included in the relevant class of fixed assets.

### 15. Nature and Extent of Risks Arising from Financial Instruments

The Council'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 Council.
- liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.

- market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

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

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 %	Upper limit %
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 Council'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 Council are detailed below:

Financial Asset	Criteria	Maximum Investment £'000
Deposits with Banks	Short Term: F1+ Long Term: AA – Support: 1	20,000
Deposits with Building Societies	Short Term: F1/F1	2,000

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

	31/03/11 £'000	Historical experience of default %	Historical experience adjusted for market conditions %	Estimated maximum exposure to default and uncollectability £'000
Deposits with Banks	31,360	0	0	0
Trade Debtors	33,713	0.8	0	0

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

The Council 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:

	2010/11 £'000
Less than three months	13,385
Three to six months	673
Six months to one year	990
More than one year	2,199

## Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council 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 Council 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:

	2010/11 £'000
Less than 1 year	25,905
1 – 2 years	782
2 – 5 years	57,032
More than 5 years	261,378

## Market risk

### Interest rate risk

The Council 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 Council. 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 Surplus or Deficit on the Provision of Services 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 been 1% higher with all other variables being held constant.

	2010/11 £'000
Daily average investment balance (average rate of interest 0.95%) Assuming interest rates 1% higher additional interest received	52,006 520

### Price risk

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

## 16. Inventories

Inventories are defined by the Code as assets and are required to be measured at the lower of cost and net realisable value. The method of valuation for inventories is first in first out (FIFO) or a weighted average costing formula.

	Consumable Stores		Maintenance Materials		Property Acquired or Constructed for Sale		Total	
	2009/10 £'000	2010/11 £'000	2009/10 £'000	2010/11 £'000	2009/10 £'000	2010/11 £'000	2009/10 £'000	2010/11 £'000
<b>Balance outstanding at start of year</b>	<b>564</b>	<b>501</b>	<b>629</b>	<b>608</b>	<b>5</b>	<b>3</b>	<b>1,198</b>	<b>1,112</b>
Purchases	1,679	2,846	1,663	1,198	0	0	3,342	4,044
Recognised as an expense in the year	-1,712	-2,900	-1,659	-1,400	-2	-1	-3,373	-4,301
Written off balances	-30	0	-25	0	0	-1	-55	-1
Reversals or write-offs in previous years	0	0	0	0	0	0	0	0
<b>Balance outstanding at year-end</b>	<b>501</b>	<b>447</b>	<b>608</b>	<b>406</b>	<b>3</b>	<b>1</b>	<b>1,112</b>	<b>854</b>

### Consumable Stores

This is the stock relating to the Transport DSO, Metrolite Industries, Metrofresh Catering, the Mayor's bar and the Print Unit.

### Maintenance Materials

These are stock items relating to Leigh Building Services and the Highways DLO.

### Property Acquired

These small items of stock relate to the Mayoral pendants and the Public Relations/Media Section reception gifts.

## 17. Debtors

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

31.3.09 £'000	31.3.10 £'000		31.3.11 £'000
		<b>Central Government Bodies</b>	
1,721	6,718	NNDR – Central Government	6,953
3,979	3,955	Her Majesty's Revenue & Customs VAT	3,867
3,230	2,749	Capital Grants & Contributions	1,843
1,367	2,523	Standards Fund & Other Education Grants	1,365
202	143	North West Development Agency	305
1,247	3,824	Benefits Subsidy Grant	24
2,075	183	ERDF Grants	0
706	0	Pump Priming Grant	0
175	0	Learning Skills Council	0
82	0	North West Coalfield Communities	0
<b>14,784</b>	<b>20,095</b>		<b>14,357</b>
		<b>Other Local Authorities</b>	
0	0	Projects	2,195
444	318	Wigan Schools	365
250	219	Police Authority – Share of Council Tax	149
96	79	GMFRA – Share of Council Tax	53
<b>790</b>	<b>616</b>		<b>2,762</b>
		<b>NHS Bodies</b>	
738	671	Ashton, Leigh & Wigan PCT	2,490
<b>738</b>	<b>671</b>		<b>2,490</b>
		<b>Public Corporations and Trading Funds</b>	
1,166	1,561	GMITA Contribution to Transport Infrastructure Fund	677
<b>1,166</b>	<b>1,561</b>		<b>677</b>
		<b>Other Entities and Individuals</b>	
2,140	1,350	Wigan & Leigh Housing Company Ltd	7,966
2,809	5,065	Care in the Community	4,696
3,049	2,751	Council Tax	2,671
4,054	5,333	Housing Benefits – Rent Allowances	1,909
1,153	1,244	Deferred Subsidy Payment Scheme	1,387
1,359	2,267	Wigan Leisure and Culture Trust	1,359
1,285	1,348	Housing Rent Arrears	1,346
338	2,238	Non LMS Community Education Salaries	998
473	425	Whelco Holdings Ltd	473
0	440	YPO Dividend	377
589	576	Operating Leases	365
348	331	Supporting People	363
194	101	Salaries & Wages	152
156	151	Tameside Pension Increase	150
534	0	Halton Housing Trust	109
0	0	Interest and Debt Management	36
0	0	Surestart	18
776	0	Nuttals	0
201	0	Extended Community & School Activities Payroll Recharge	0
190	0	Mears Building Services Ltd	0
174	0	Manchester Airport PwLB Interest	0
121	0	Manchester Enterprises Ltd	0
<b>19,943</b>	<b>23,620</b>		<b>24,375</b>
4,328	2,731	Sundry Debtors	3,130
3,121	2,025	Others	1,946
<b>7,449</b>	<b>4,756</b>		<b>5,076</b>
<b>44,870</b>	<b>51,319</b>	<b>Net Total</b>	<b>49,737</b>

The Code of Practice no longer requires the disclosure of any provision for bad debts on the face of the debtors note. However it recognises that in certain cases there is a need to record bad debts. Therefore the debtors for Council Tax, Business Rates and Rent Arrears reflects such provisions.

## 18. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2009 £'000	31 March 2010 £'000		31 March 2011 £'000
98	104	Cash held by the Council (Petty Cash)	102
10,697	11,258	Bank current accounts	9,282
44,013	36,431	Short-term deposits with building societies	31,993
<b>54,808</b>	<b>47,793</b>	<b>Total Cash and Cash Equivalents</b>	<b>41,377</b>

The Cash Overdrawn element is included within Bank Current Accounts as it is deemed to be integral to the Council's cash management.

## 19. Assets Held for Sale

These are assets that are being actively marketed for sale at a price that is reasonable to the current value. The sale is highly probable and likely to occur within 12 months.

	Current		Non Current	
	2009/10 £'000	2010/11 £'000	2009/10 £'000	2010/11 £'000
<b>Balance outstanding at start of the year</b>	<b>1,220</b>	<b>1,146</b>	<b>0</b>	<b>0</b>
<b>Assets newly classified as held for sale:</b>				
Property, Plant and Equipment	754	3,958	0	0
Revaluation loss	-96	-3,369	0	0
Revaluation gains	68	158	0	0
<b>Assets declassified as held for sale:</b>				
Plant, Property and Equipment	-800	0	0	0
Assets sold	0	-170	0	0
<b>Balance outstanding at year-end</b>	<b>1,146</b>	<b>1,723</b>	<b>0</b>	<b>0</b>

## 20. Creditors

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

31.3.09 £'000	31.3.10 £'000		31.3.11 £'000
		<b>Central Government Bodies</b>	
6,163	6,593	Her Majesty's Revenue & Customs	6,157
0	4,862	PWLB	0
2,141	2,955	Children & Young Peoples Services	2,397
0	851	Landfill Allowances (DEFRA)	850
25	423	Housing Right to Buy - Government Pooling of Capital Receipts	265
48	2,331	Adults Services Grants & Fees	241
50	50	Drug and Alcohol Funding	0
577	0	Wigan for Work Projects	0
945	0	Wigan for Work Grants	0
258	33	Surestart Invoices	0
<b>10,207</b>	<b>18,098</b>		<b>9,910</b>
		<b>Other Local Authorities</b>	
907	5,404	External School Creditors	4,111
2,556	1,663	Various Local Authorities (NWIEP)	2,268
512	424	Other Local Education Authorities	255
<b>3,975</b>	<b>7,491</b>		<b>6,634</b>
		<b>NHS Bodies</b>	
335	251	Ashton, Leigh & Wigan PCT	3,174
969	234	Drug and Alcohol Funding	486
<b>1,304</b>	<b>485</b>		<b>3,660</b>
		<b>Other Entities and Individuals</b>	
6,019	4,993	Employee Benefits	6,796
9,164	8,307	Construction Industry Trade Creditors	6,106
9,768	5,315	Sundry Creditors – Capital and Revenue	5,598
2,343	2,603	Other Employees Superannuation	2,359
1,685	1,729	Teachers Superannuation	1,744
782	1,454	Contractors Retentions	1,709
1,412	574	WRG Ltd	1,503
0	0	GMPF	1,476
1,574	1,372	Wigan & Leigh Housing Company Ltd Management Fee	1,358
1,504	1,227	Rent Allowances	1,239
843	1,045	Council Tax Prepayments	1,048
338	2,238	Non LMS Community Education Salaries	998
572	573	Housing Rents Paid in Advance	641
0	0	Working Neighbourhood Fund	591
688	1,827	Wigan Leisure and Culture Trust	463
893	587	Wages & Salaries	355
0	0	AGMA	255
0	0	Home Computers Initiative	220
809	0	NPS North West Ltd & NPS Property Works	133
3,097	1,037	Greenbank Partnerships Ltd	0
732	125	Capital Creditors	0
570	0	Wigan for Work Projects	0
654	0	Highways Retentions	0
456	0	Housing Benefits Payments	0
349	0	Adults Day & Domiciliary Care	0
313	0	External Homecare Contract	0
278	0	Adults Residential Care	0
6,724	6,045	Others	8,874
<b>51,567</b>	<b>41,051</b>		<b>43,466</b>
<b>67,053</b>	<b>67,125</b>	<b>Net Total</b>	<b>63,670</b>

## 21. Provisions

### Current Liability

	Insurance Fund £'000	Redundancy £'000	Equal Pay £'000	Schools Support £'000	Other Provisions £'000	Total £'000
<b>Balance at 1 April 2010</b>	<b>2,230</b>	<b>0</b>	<b>359</b>	<b>0</b>	<b>82</b>	<b>2,671</b>
Additional provisions made in 2010/11	2,151	6,065	7,865	651	0	16,732
Amounts used in 2010/11	-2,246	0	-256	0	-7	-2,509
Unused amounts reversed in 2010/11	0	0	0	0	43	43
Unwinding of discounting in 2010/11	0	0	0	0	0	0
<b>Balance at 31 March 2011</b>	<b>2,135</b>	<b>6,065</b>	<b>7,968</b>	<b>651</b>	<b>32</b>	<b>16,851</b>

### Long Term Liability

	Insurance Fund £'000	Section 117 Refunds £'000	Other Provisions £'000	Total £'000
<b>Balance at 1 April 2010</b>	<b>2,670</b>	<b>46</b>	<b>90</b>	<b>2,806</b>
Additional provisions made in 2010/11	280	85	2	367
Amounts used in 2010/11	0	-2	0	-2
Unused amounts reversed in 2010/11	0	0	0	0
Unwinding of discounting in 2010/11	0	0	0	0
<b>Balance at 31 March 2011</b>	<b>2,950</b>	<b>129</b>	<b>92</b>	<b>3,171</b>

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

#### Insurance

At 31st March 2011 the Council held an Insurance provision of £5.086m. This is for future payments of claims made or yet to be made for incidents which occurred before 31st March 2011. 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.

#### Redundancy

In response to the reduced level of funding for Local Government the Council has approved a number of financial and staffing controls to service budgets across the council. This provision represents the cost of early and voluntary redundancies to meet future potential costs.

#### Equal Pay

This provision represents the potential cost of settling Equal Pay claims still outstanding as at 31 March 2011.

#### Schools Support

These are centrally held school support provisions to pay for extra costs associated with uninsured sickness, workforce supply and health education.

## Section 117

The Council has retained a provision of £0.129m for potential claims under Section 117 of the Mental Health Act 1983. The provision was created in the light of an Ombudsman ruling that clients discharged from detention under Section 117 should not be charged for their aftercare. The provision is to pay for any refunds of clients wrongly charged by the Council, or those who may have arranged and paid for their own care. One refund was made during 2010/11.

## Other Provisions

These contain amounts for various claims for compensation and potential liabilities.

## 22. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans. It also shows the amounts used in year to meet General Fund expenditure in 2010/11.

	Balance at 1.4.09 £'000	Transfers Out £'000	Transfers in £'000	Balance at 31.3.10 £'000	Transfers Out £'000	Transfers in £'000	Balance at 31.3.11 £'000
<b>General Fund</b>							
Grants Reserve	16,349	-16,349	17,165	17,165	-17,165	20,833	20,833
School Balances – Delegated Fund	10,543	-1,741	55	8,857	-563	316	8,610
Insurance Reserve	7,273	0	0	7,273	-1,750	540	6,063
Organisational Transition	0	0	2,026	2,026	-1,475	6,651	7,202
DSG Contingency	0	0	1,245	1,245	0	715	1,961
Schools Balances - Direct Funding	1,418	-36	23	1,405	-193	127	1,339
Wigan Life Centre	0	0	395	395	0	702	1,097
DSG Centrally Held	411	-822	565	154	-154	1,044	1,044
Leigh Sports Village	200	0	0	200	0	400	600
VAT Reserve	100	-244	191	47	0	456	503
Wigan Pier & Robin Park Investment Funds	398	0	79	477	-90	79	466
Waste Disposal After Care	527	-70	0	457	-43	0	414
Other Reserves	79	-54	0	25	-13	0	11
<b>Usable Reserves (available)</b>	<b>37,298</b>	<b>-19,316</b>	<b>21,744</b>	<b>39,726</b>	<b>-21,446</b>	<b>31,863</b>	<b>50,143</b>
Manchester Airport	5,702	0	0	5,702	0	0	5,702
Wigan Football Company Shares	538	0	0	538	0	0	538
<b>Usable Reserves (unavailable)</b>	<b>6,241</b>	<b>0</b>	<b>0</b>	<b>6,241</b>	<b>0</b>	<b>0</b>	<b>6,241</b>
<b>Total Reserves</b>	<b>43,538</b>	<b>-19,316</b>	<b>21,744</b>	<b>45,966</b>	<b>-21,446</b>	<b>31,863</b>	<b>56,383</b>

## Usable Reserves (available)

### Grants Reserve

This reserve represents grant funding unspent in the year to be used in the future costs of various projects.

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### **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 introduction of the Dedicated Schools Grant (DSG) and those generated by underspends since.

### **Insurance**

This reserve provides a contingency against unforeseen future claims. It also provides a prudent hedge against changes in the insurance market which may require premium increases. The decrease is a contribution to general fund balances to support the Medium Term Financial Strategy.

### **Organisational Transition**

This reserve has been created to provide longer term funding towards the potential future costs of the significant changes the Council will go through in the next few years.

### **DSG Contingency**

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

### **Schools Balances - Direct Funding**

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

### **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.

### **Leigh Sports Village**

This reserve is to provide funding for maintenance and upgrades of the facility.

**VAT Reserve** - This represents previously overpaid output tax reimbursed by HM Customs. The increase in the year represents the repayment of VAT.

### **Wigan Pier and Robin Park Investment Funds**

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.

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

### Usable Reserves (unavailable)

The reserves held in relation to Manchester Airport and Wigan Football Club, whilst classified as usable reserves, are not readily available for use.

#### 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.

#### Wigan Football Company Shares

This reserve represents the Council's 15% shareholding in Wigan Football Company Ltd.

## 23. Usable Reserves

### Movements in the Usable Capital Receipts Reserve

31.3.10 £'000		31.3.11 £'000
0	<b>Opening Balance Brought Forward at 1 April</b>	0
5,134	Amounts receivable in year	-2,679
3,638	Reduction in Amounts set aside - Amounts set aside	0
-6,704	Amount applied to finance new capital investment & repay debt	950
-2,068	Amount paid in respect of Pooled Housing Capital Receipts	1,729
<b>0</b>	<b>Closing Balance 31 March</b>	<b>0</b>

### Movements in the Capital Grants Reserve

31.3.10 £'000		31.3.11 £'000
19,013	<b>Opening Balance Brought Forward at 1 April</b>	25,219
21,567	Grants and Contributions unapplied credited to CIES	11,247
-15,361	Application of grants to capital financing transferred to the Capital Adjustment Account	-15,152
<b>25,219</b>	<b>Closing Balance 31 March</b>	<b>21,314</b>

### Balances

	Balance at 31.3.10 £'000	Increase in year £'000	Decrease in year £'000	Balance at 31.3.11 £'000
General Fund	44,316	0	-23,725	20,591
Housing Revenue Account	9,618	3,022	0	12,640
<b>Total Balances</b>	<b>53,934</b>	<b>3,022</b>	<b>-23,725</b>	<b>33,231</b>

## 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, most of which was used during the financial year to pay for major refurbishment works to council dwellings. The reserve has a £0.921m balance to carry forward to 2011/12. A statement of the movements on the Major Repairs Reserve can be found in note 15 on the Housing Revenue Account.

## 24. Unusable Reserves

31 March 2009 £'000	31 March 2010 £'000		31 March 2011 £'000
91,873	83,792	Revaluation Reserve	91,542
881,053	847,934	Capital Adjustment Account	604,743
-190,396	-433,213	Pensions Reserve	-195,480
23	-79	Collection Fund Adjustment Account	408
-6,019	-4,992	Accumulated Absences Account	-6,796
<b>776,534</b>	<b>493,442</b>	<b>Total Unusable Reserves</b>	<b>494,417</b>

## Revaluation Reserve

The Revaluation reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

31.3.10 £'000		31.3.11 £'000	
<b>91,873</b>	<b>Balance at 1 April</b>		<b>83,793</b>
47,820	Upward revaluation of assets	26,851	
-38,929	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-17,759	
<b>8,891</b>	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		<b>9,092</b>
-2,729	Difference between fair value depreciation and historical cost depreciation	-1,343	
-14,242	Accumulated gains on assets sold or scrapped	0	
<b>-16,971</b>	Amount written off to the Capital Adjustment Account		<b>-1,343</b>
<b>83,793</b>	<b>Balance at 31 March</b>		<b>91,542</b>

## Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is charged with the cost of acquisition, construction or enhancement, as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

31.3.10 £'000		31.3.11 £'000	
734,741	<b>Balance at 1 April 2009 (SORP)</b>		
147,921	IFRS adjustments - Write out of Government Grants Deferred		
-1,609	IFRS adjustments - Asset Accounting Adjustments		
<b>881,053</b>	<b>Balance at 1 April 2010</b>		<b>847,933</b>
	<b>Reversal of items relating to capital expenditure debited or credited to the CI&amp;E:</b>		
-50,956	Charges for depreciation and impairment of non-current assets	-55,385	
5,721	Revaluation losses on Property, Plant and Equipment	-232,795	
-287	Amortisation of Intangible Assets	0	
4,707	Movement in Market Value of Investment Property	2,033	
-3,268	Revenue expenditure funded from capital under statute	-16,352	
-69,445	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&E	-1,692	
<b>-113,528</b>			<b>-304,190</b>
	Adjusting amounts written out of the Revaluation Reserve		1,343
<b>-113,528</b>	Net written out amount of the cost of non-current assets consumed in the year		<b>-302,847</b>
	Capital financing applied in the year:		
865	Use of the Capital Receipts Reserve to finance new capital expenditure	951	
13,847	Use of the Major Repairs Reserve to finance new capital expenditure	12,915	
14,894	Capital grants and contributions credited to the CI&E that have been applied to capital financing	14,783	
17,704	Application of grants to capital financing from the Capital Grants Unapplied Account	15,152	
10,669	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	10,361	
5,304	Capital expenditure charged against the General Fund and HRA balances	5,493	
<b>63,283</b>			<b>59,657</b>
17,125	Depreciation of non-current asset revaluation gains		0
<b>847,933</b>	<b>Balance at 31 March</b>		<b>604,743</b>

## Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pensions funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2009/10 £'000		2010/11 £'000
-190,396	<b>Balance at 1 April</b>	<b>-433,213</b>
-238,700	Actuarial gains or losses (-) on pensions assets and liabilities	156,700
-27,700	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CI&E	55,400
23,583	Employer's pensions contributions and direct payments to pensioners payable in the year	25,633
<b>-433,213</b>	<b>Balance at 31 March</b>	<b>-195,480</b>

## Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2009/10 £'000		2010/11 £'000
<b>24</b>	<b>Balance at 1 April</b>	<b>-79</b>
-103	Amount by which council tax income credited to the CI&E is different from council tax income calculated for the year in accordance with statutory requirements	487
<b>-79</b>	<b>Balance at 31 March</b>	<b>408</b>

## Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2009/10 £'000		2010/11	
		£'000	£'000
<b>-6,019</b>	<b>Balance at 1 April</b>		<b>-4,993</b>
6,019	Settlement or cancellation of accrual made at the end of the preceding year	4,993	
-4,993	Amounts accrued at the end of the current year	-6,796	
1,026	Amount by which officer remuneration charged to the CI&E on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		-1,803
<b>-4,993</b>	<b>Balance at 31 March</b>		<b>-6,796</b>

## 25. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across panels. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- a. no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- b. the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- c. expenditure on some support services is budgeted for centrally and not charged to panels.

The income and expenditure of the Council's principal panels recorded in the budget reports for the year is as follows:

Service Information for the year ended 31 March 2011	Audit, Governance & Improvement £'000	Economy, Environment, Culture & Housing £'000	Building Stronger Communities £'000	Children & Young Peoples Services £'000	Adult Services £'000	DSOs £'000	Total £'000
Fees, charges & other service income	50,539	23,407	592	23,958	37,095	34,021	169,612
Government grants	54,785	96,823	6,036	277,116	18,158	457	453,375
<b>Total Income</b>	<b>105,324</b>	<b>120,230</b>	<b>6,628</b>	<b>301,074</b>	<b>55,253</b>	<b>34,478</b>	<b>622,987</b>
Employee expenses	31,323	21,326	2,322	221,592	38,109	13,654	328,326
Other operating expenses	75,976	169,850	6,849	119,376	81,860	19,017	472,928
Support service recharges	14,393	16,181	848	14,573	19,811	959	66,765
Capital	6,313	23,661	57	31,848	1,543	915	64,337
<b>Total operating expenses</b>	<b>128,005</b>	<b>231,018</b>	<b>10,076</b>	<b>387,389</b>	<b>141,323</b>	<b>34,545</b>	<b>932,356</b>
<b>Surplus (-)/Deficit on provision of service</b>	<b>22,681</b>	<b>110,788</b>	<b>3,448</b>	<b>86,315</b>	<b>86,070</b>	<b>67</b>	<b>309,369</b>

Service Information for the year ended 31 March 2010	Audit, Governance & Improvement £'000	Economy, Environment, Culture & Housing £'000	Building Stronger Communities £'000	Children & Young Peoples Services £'000	Adult Services £'000	DSOs £'000	Total £'000
Fees, charges & other service income	54,305	23,082	780	25,379	37,620	34,046	175,212
Government grants	45,089	91,763	6,006	246,921	22,251	432	412,462
<b>Total Income</b>	<b>99,394</b>	<b>114,845</b>	<b>6,786</b>	<b>272,300</b>	<b>59,871</b>	<b>34,478</b>	<b>587,674</b>
Employee expenses	29,567	20,424	2,304	213,722	33,892	13,134	313,043
Other operating expenses	68,336	156,304	7,168	105,499	85,726	19,600	442,633
Support service recharges	13,398	16,194	733	13,575	21,135	872	65,907
Capital	14,767	24,774	-163	23,826	3,689	768	67,661
<b>Total operating expenses</b>	<b>126,068</b>	<b>217,696</b>	<b>10,042</b>	<b>356,622</b>	<b>144,442</b>	<b>34,374</b>	<b>889,244</b>
<b>Surplus (-)/Deficit on provision of service</b>	<b>26,674</b>	<b>102,851</b>	<b>3,256</b>	<b>84,322</b>	<b>84,571</b>	<b>-104</b>	<b>301,570</b>

## Reconciliation to Net Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of panel income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2009/10 £'000	2010/11 £'000
<b>Cost of Services in Services Analysis</b>	<b>301,570</b>	<b>309,369</b>
Services not included in main analysis	2,261	210,234
Amounts not reported to management	-49,808	-72,560
Amounts reported to management not included in the CI&E	-556	-15,363
Allocation of Recharges	0	0
Trading Account	3,086	-456
<b>Net cost of services</b>	<b>256,553</b>	<b>431,224</b>

## Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of panel income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Service included in the Comprehensive Income and Expenditure Statement.

2010/11	Service Analysis	Service not in Analysis	Amounts not reported to management	Amounts not included in CI&E	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	169,613	72,438	0	-17,978	-42,381	<b>181,692</b>	0	<b>181,692</b>
Interest & Investment Income	0	0	0	0	0	<b>0</b>	5,031	<b>5,031</b>
Income from Council Tax	0	0	0	0	0	<b>0</b>	112,991	<b>112,991</b>
Non Domestic rates	0	0	0	0	0	<b>0</b>	116,206	<b>116,206</b>
Government grants & contributions	453,375	0	0	0	0	<b>453,375</b>	45,982	<b>499,357</b>
Capital Grant	0	0	0	0	0	<b>0</b>	9,730	<b>9,730</b>
<b>Total Income</b>	<b>622,988</b>	<b>72,438</b>	<b>0</b>	<b>-17,978</b>	<b>-42,381</b>	<b>635,067</b>	<b>289,940</b>	<b>925,007</b>
Employee expenses	328,327	20	-74,095	0	0	<b>254,252</b>	0	<b>254,252</b>
Other operating expenses	472,928	38,354	1,535	-28,145	-10,003	<b>474,669</b>	0	<b>474,669</b>
Support Service recharges	66,764	1,359	0	0	-32,378	<b>35,745</b>	0	<b>35,745</b>
Capital charges	64,337	242,939	0	-5,196	0	<b>302,080</b>	0	<b>302,080</b>
Interest payable	0	0	0	0	0	<b>0</b>	26,826	<b>26,826</b>
Precepts & Levies	0	0	0	0	0	<b>0</b>	114	<b>114</b>
Payments to Housing capital Receipts Pool	0	0	0	0	0	<b>0</b>	1,729	<b>1,729</b>
Gain/loss on disposal of non-current assets	0	0	0	0	0	<b>0</b>	-988	<b>-988</b>
Gain/loss on investment of revaluation properties	0	0	0	0	0	<b>0</b>	-2,033	<b>-2,033</b>
Pension Interest Costs	0	0	0	0	0	<b>0</b>	10,700	<b>10,700</b>
<b>Total expenditure</b>	<b>932,356</b>	<b>282,672</b>	<b>-72,560</b>	<b>-33,341</b>	<b>-42,381</b>	<b>1,066,746</b>	<b>36,348</b>	<b>1,103,094</b>
<b>Surplus (-)/deficit on the provision of services</b>	<b>309,369</b>	<b>210,234</b>	<b>-72,560</b>	<b>-15,363</b>	<b>0</b>	<b>431,679</b>	<b>-253,592</b>	<b>178,087</b>

2009/10 Comparative Figures	Service Analysis	Service not in Analysis	Amounts not reported to management	Amounts not included in CI&E	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	175,077	70,077	-2,237	-2,502	-44,002	<b>196,413</b>	0	<b>196,413</b>
Interest & Investment Income	0	0	0	0	0	<b>0</b>	5,653	<b>5,653</b>
Income from Council Tax	0	0	0	0	0	<b>0</b>	110,808	<b>110,808</b>
Non Domestic rates	0	0	0	0	0	<b>0</b>	104,834	<b>104,834</b>
Government grants & contributions	411,565	1,841	630	0	0	<b>414,036</b>	56,273	<b>470,309</b>
Capital Grant	0	0	0	0	0	<b>0</b>	38,803	<b>38,803</b>
<b>Total Income</b>	<b>586,642</b>	<b>71,918</b>	<b>-1,607</b>	<b>-2,502</b>	<b>-44,002</b>	<b>610,449</b>	<b>316,371</b>	<b>926,820</b>
Employee expenses	313,043	23	-12,509	0	-3,275	<b>297,282</b>	0	<b>297,282</b>
Other operating expenses	441,601	38,308	-982	-3,058	-10,550	<b>465,319</b>	0	<b>465,319</b>
Support Service recharges	65,907	1,175	0	0	-30,177	<b>36,905</b>	0	<b>36,905</b>
Capital charges	67,661	34,673	-37,924	0	0	<b>64,410</b>	0	<b>64,410</b>
Interest payable	0	0	0	0	0	<b>0</b>	26,790	<b>26,790</b>
Precepts & Levies	0	0	0	0	0	<b>0</b>	79	<b>80</b>
Payments to Housing capital Receipts Pool	0	0	0	0	0	<b>0</b>	1,047	<b>1,047</b>
Gain/loss on disposal of non- current assets	0	0	0	0	0	<b>0</b>	67,535	<b>67,535</b>
Gain/loss on investment of revaluation properties	0	0	0	0	0	<b>0</b>	0	<b>0</b>
Pension Interest Costs	0	0	0	0	0	<b>0</b>	10,893	<b>10,893</b>
<b>Total expenditure</b>	<b>888,212</b>	<b>74,179</b>	<b>-51,415</b>	<b>-3,058</b>	<b>-44,002</b>	<b>863,916</b>	<b>106,345</b>	<b>970,261</b>
<b>Surplus/deficit on the provision of services</b>	<b>301,570</b>	<b>2,261</b>	<b>-49,808</b>	<b>-556</b>	<b>0</b>	<b>253,467</b>	<b>-210,026</b>	<b>43,441</b>

## 26. Trading Operations

### Surpluses and Deficits on Trading Accounts

The Council operates a number of trading accounts for the following services.

- Highways Maintenance – which provides repairs to and maintenance of the highways infrastructure including lighting, drainage and winter maintenance.
- Building Maintenance – which provides maintenance, installation and repairs to Council property and Council Housing.
- Transport – the procurement, repair, maintenance and inspection of vehicles and other related plant.
- Metrofresh – which provides a comprehensive catering service including delivering 3.23m meals per year in more than 100 primary and special schools and 18 high schools in the borough.
- Building Cleaning – which provides cleaning services and caretaking support to education establishments, sheltered housing and council offices.

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 Support Services, Markets and Industrial Estates.

2010/11	Expenditure	Turnover	Surplus (-) / Deficit	IAS 19 Allocation	Post IAS 19 Surplus (-) / Deficit
	£'000	£'000	£'000	£'000	£'000
Highways Maintenance	7,449	7,690	-241	74	-167
Building Maintenance	9,602	9,728	-126	55	-71
Transport	5,139	5,516	-377	26	-351
Metrofresh	9,703	8,133	1,569	121	1,691
Building Cleaning	3,424	3,499	-75	77	2
<b>Total</b>	<b>35,317</b>	<b>34,567</b>	<b>750</b>	<b>354</b>	<b>1,104</b>
Other Trading Services	3,285	3,003	282	11	293
<b>Total Trading Services</b>	<b>38,602</b>	<b>37,570</b>	<b>1,032</b>	<b>365</b>	<b>1,397</b>
<b>Support Services</b>					<b>-941</b>

BVACOP classifies support services as trading activities and proposes that any non-material balances remaining at the end of the financial year should be recorded against the financing and investment income line on the face of the CIES. The residual balance on support services at 31 March 2011 was -£0.941m and is included above for completeness.

IAS 19 is a statutory accounting requirement relating to the Local Government Pension Scheme explained in note 40. The impact of IAS 19 increased charges to the above services by £0.378m.

The Metrofresh deficit is significantly due to the cost of equal pay and redundancy allocations.

## Surpluses and Deficits on Trading Accounts

2009/10 Comparative figures	Expenditure	Turnover	Surplus (-) / Deficit	FRS17 Allocation	Post FRS17 Surplus (-) / Deficit
	£'000	£'000	£'000	£'000	£'000
Highways Maintenance	8,479	8,390	89	-105	-16
Building Maintenance	8,690	8,820	-130	-79	-209
Transport	5,589	5,548	41	-38	3
Metrofresh	7,655	7,612	43	-162	-119
Building Cleaning	3,236	3,346	-110	-99	-209
<b>Total</b>	<b>33,649</b>	<b>33,716</b>	<b>-67</b>	<b>-483</b>	<b>-550</b>
Other Trading Services	1,809	2,983	-1,174	-17	-1,191
<b>Total Trading Services</b>	<b>35,458</b>	<b>36,699</b>	<b>-1,241</b>	<b>-500</b>	<b>-1,741</b>
<b>Support Services</b>					<b>-1,345</b>

### 27. Agency Services

The Council is a billing authority for National Non Domestic Rates (NNDR) and council tax. This includes the billing of precepts for the Greater Manchester Police Authority, Greater Manchester Fire Authority and the precepts for the parishes of Haigh and Shevington.

The Council also collects superannuation payments from its employees on behalf of the Greater Manchester Pension Fund and the Teachers Pension Scheme.

### 28. Pooled Budgets

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 Memorandum of Account for 2010/11 for the Adult Pooled Treatment Budget is summarised below.

Gross Funding 2010/11	Total £'000
<b>Drug Scheme Funding:</b> Wigan Council Ashton, Leigh & Wigan Primary Care Trust	964 3,551
<b>Total Drug Scheme Funding</b>	<b>4,515</b>
<b>Alcohol Scheme Funding:</b> Ashton, Leigh & Wigan Primary Care Trust	1,227
<b>Total Alcohol Scheme Funding</b>	<b>1,227</b>
<b>Total Pooled Budget Funding</b>	<b>5,742</b>

Gross Expenditure 2010/11	Staff Costs £'000	Non Staff Costs £'000	Overheads £'000	Other £'000	Total £'000
<b>Adult Pooled Treatment Budget – Drugs &amp; Alcohol Services</b>	206	5,500	36	0	<b>5,742</b>
<b>Total Expenditure</b>	<b>206</b>	<b>5,500</b>	<b>36</b>	<b>0</b>	<b>5,742</b>
<b>Net Over / Underspend (-)</b>					<b>0</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 2010/11	Cash £'000	Grants £'000	In Kind £'000	Other £'000	Total £'000
<b>Integrated Community Equipment Service (ICES) Funding:</b> Wigan Council Ashton, Leigh & Wigan Primary Care Trust	422 366	0 0	0 0	0 0	<b>422</b> <b>366</b>
<b>Total ICES Funding</b>	<b>788</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>788</b>

Gross Expenditure 2010/11	Staff Costs £'000	Non Staff Costs £'000	Overheads £'000	Community Equipment £'000	Other £'000	Total £'000
<b>Integrated Community Equipment Service (ICES)</b>	216	155	0	417	0	<b>788</b>
<b>Total Expenditure</b>	<b>216</b>	<b>155</b>	<b>0</b>	<b>417</b>	<b>0</b>	<b>788</b>

Further, with effect from 1 April 2010, a pooled budget was established under a S.75 agreement between the Council and NHS Ashton, Leigh and Wigan.

The pooled budget was put in place to support the Single Commissioning Agency (SCA) that had been set up by the two organisations.

The objective of the SCA is to have oversight of, and further develop, integrated arrangements over a range of commissioning resources to deliver improved outcomes for health and wellbeing. The table below shows the total for the year:

Gross Funding 2010/11	Cash £'000	Grants £'000	In Kind £'000	Other £'000	Total £'000
<b>Single Commissioning Agency (SCA) Funding:</b>					
Wigan Council	64,671	0	0	0	<b>64,671</b>
NHS Ashton, Leigh & Wigan	95,145	0	0	0	<b>95,145</b>
<b>Total SCA Funding</b>	<b>159,816</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>159,816</b>

Gross Expenditure 2010/11	Staff Costs £'000	Non Staff Costs £'000	Overheads £'000	Other £'000	Total £'000
<b>Single Commissioning Agency (SCA)</b>	19,471	140,345	0	0	<b>159,816</b>
<b>Total Expenditure</b>	<b>19,471</b>	<b>140,345</b>	<b>0</b>	<b>0</b>	<b>159,816</b>

## 29. Members' Allowances

The Council paid the following amounts to members of the council during the year.

	2009/10 £'000	2010/11 £'000
Salaries	1,162	1,136
Allowances	6	5
Expenses	20	17
<b>Total</b>	<b>1,188</b>	<b>1,158</b>

The employers' pension contributions associated with these allowances was £0.069m (£0.062m in 2009/10).

### 30. Officers' Remuneration

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 Employees 2009/10	Remuneration Band	Number of Employees 2010/11
19	£50,000 - £54,999	29*
18	£55,000 - £59,999	23*
18	£60,000 - £64,999	26*
4	£65,000 - £69,999	14*
1	£70,000 - £74,999	6*
1	£75,000 - £79,999	6*
-	£80,000 - £84,999	3*
4	£85,000 - £89,999	7*
3	£90,000 - £94,999	4
2	£95,000 - £99,999	4*
1*	£100,000 - £104,999	-
-	£105,000 - £109,999	1
-	£110,000 - £114,999	-
-	£115,000 - £119,999	1
-	£120,000 - £124,999	1
1	£125,000 - £129,999	-
1	£130,000 - £134,999	1
2	£135,000 - £139,999	1*
1	£140,000 - £144,999	1*
-	£145,000 - £149,999	-
-	£150,000 - £154,999	-
-	£155,000 - £159,999	1*
-	£160,000 - £164,999	-
-	£165,000 - £169,999	-
-	£170,000 - £174,999	-
-	£175,000 - £179,999	-
-	£180,000 - £184,999	-
-	£185,000 - £189,999	1*
-	£190,000 - £194,999	-
-	£195,000 - £199,999	-
1	£200,000 - £204,999	-
-	£205,000 - £209,999	1
-	£210,000 - £214,999	-
<b>77</b>		<b>131</b>

• Figures include redundancy payments

During 2010/11 the Council announced a scheme of early retirement/voluntary redundancy. It also undertook a review of its senior managers. The increase in the numbers shown above is due to the statutory redundancy payments made to 65 staff.

## 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 2009/10	Remuneration Band	Number of Employees 2010/11
89*	£50,000 - £54,999	97*
49	£55,000 - £59,999	52*
34	£60,000 - £64,999	34
11	£65,000 - £69,999	20
9	£70,000 - £74,999	12
6	£75,000 - £79,999	5
6	£80,000 - £84,999	9*
2	£85,000 - £89,999	4
2	£90,000 - £94,999	4
2	£95,000 - £99,999	1
1	£100,000 - £104,999	1
-	£105,000 - £109,999	-
-	£110,000 - £114,999	-
1	£115,000 - £119,999	-
-	£120,000 - £124,999	-
-	£125,000 - £129,999	1
<b>212</b>		<b>240</b>

• Figures include redundancy payments

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)

Total Remun. Incl. pension contrib. 2009/10 £	Name	Job Title	Salary £	Comp. for loss of employ. £	Election Fees £	Leased car & other taxable benefits £	Total Remun. excl. pension contrib. £	Employers Pension Contrib. £	Total Remun. Incl. pension contrib. 2010/11 £
228,876	Joyce Redfearn (1)	Chief Executive	193,150		14,977		208,127	30,131	238,258
157,291	Bernard Walker (2)	Executive Director Service Director –	110,690	74,368	152		185,210	17,252	202,462
113,360	Kevin Lawson (3)	Borough Solicitor	101,851	53,819	600	54	156,324	15,889	172,213
148,048	Nick Hudson	Executive Director	132,503		152		132,655	20,671	153,326
164,359	David Smith (4)	Executive Director	121,222		600	80	121,902	18,910	140,812
48,013	Gillian Bishop (5)	Executive Director Service Director	115,449			149	115,598	20,786	136,384
111,386	Paul McKeivitt (6)	Corporate Services & Section 151 Officer	99,392			6,031	105,423	15,487	120,910
157,813	Vacant (7)	Deputy Chief Executive							

Please note that the officers included in table (c) are also included in table (a).

(1) Joyce Redfearn also became the Chief Executive of Ashton, Leigh & Wigan PCT (ALWPCT) on 1 January 2011. The Council receives a 35% contribution from ALWPCT towards the remuneration of Joyce Redfearn. The Chief Executive post at Wigan Council includes remuneration as Clerk to Greater Manchester Fire and Rescue Authority.

- (2) Bernard Walker retired on 23 January 2011. The annual remuneration for this post was £124,724 - £136,062. His salary above includes redundancy payments as listed. The Council received a 50% contribution from ALWPCT towards the remuneration of Bernard Walker up to 17 January 2011. This is a reciprocal arrangement as the Council paid a 50% contribution towards the remuneration of the Director of Public Health.
- (3) Kevin Lawson retired on 31 March 2011. His salary above includes redundancy payments as listed.
- (4) David Smith resigned on 20 February 2011. The annual remuneration for this post is £124,724 - £136,062. This post included position as Treasurer of Greater Manchester Fire and Rescue Authority.
- (5) Gillian Bishop became an Executive Director on an interim basis in November 2009, becoming full time in 2010. The annual remuneration for this post is £124,724 - £136,062. In the current year she has also taken on the responsibilities of the Deputy Chief Executive on an interim basis.
- (6) Paul McKeivitt became Treasurer to Greater Manchester Fire and Rescue Authority following David Smith's resignation in February.
- (7) The post of Deputy Chief Executive became vacant on 23 December 2010. The annual remuneration for this post is £124,724 - £136,062.

### 31. Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors:

	2009/10	2010/11
	£'000	£'000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	310	295
Fees payable to the Audit Commission in respect of statutory inspections	16	0
Fees payable to the Audit Commission for the certification of grant claims and returns	85	80
Fees payable in respect of other services provided by the appointed auditor	2	0
<b>Total</b>	<b>413</b>	<b>375</b>

The 2009/10 fees payable for other services included the National Fraud Initiative. The 2010/11 fees payable to the Audit Commission includes a rebate of £0.013m to recognise the cancellation of scored Use of Resources assessment and move to VFM conclusion. The Council also received a further £0.021m to subsidise the 'one off' element of the cost of transition to IFRS.

### 32. Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). 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 2010/11 are as follows:

Notes	Central Expenditure £'000 Column 1	Individual Schools Budget £'000 Column 2	Total £'000 Column 3
<b>A</b>			<b>192,731</b>
<b>B</b>			<b>1,399</b>
<b>C</b>			<b>-11</b>
<b>D</b>	16,129	177,990	<b>194,119</b>
<b>E</b>	-14,534		
<b>F</b>		-177,833	
<b>G</b>	0	0	<b>0</b>
<b>H</b>	1,595	157	<b>1,763</b>

- A DSG figure as issued by the Department on 1 July 2010.
- B Figure brought forward from 2009/10 as agreed with the Department.
- C Any amount which the Council decided after consultation with the schools forum to carry forward to 2011/12 rather than distribute in 2010/11 – this will be the difference between estimated and final DSG for 2010/11, or a figure (positive or negative) brought forward from 2009/10 which the Council 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 2010/11 – amounts 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 Council once it is deployed to schools' budget shares).
- G Any contribution from the local authority in 2010/11 which will have the effect of substituting for DSG in funding the Schools Budget.

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H Carry forward to 2011/12, 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 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 2011/12 already agreed (row C column 3).

### 33. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2010/11:

Credited to Taxation and Non Specific Grant Income	Awarding Body	2009/10 £'000	2010/11 £'000
Area Based Grant	CLG	31,709	28,972
Revenue Support Grant	CLG	24,197	16,874
Capital Grants	Various	10,970	9,730
Local Authority Business Growth Incentive Grant	CLG	367	0
Magistrates Grant	MoJ	87	102
Probation Grant	MoJ	37	33
Performance Reward Grant	CLG	53	0
<b>Total</b>		<b>67,420</b>	<b>55,711</b>

Credited to Services	Awarding Body	2009/10 £'000	2010/11 £'000
Dedicated Schools Grant	DFE	186,433	193,083
HRA Rent Rebates	DWP	43,357	44,509
Rent Allowance Subsidy	DWP	35,555	40,447
Standards Fund Grant	DFE	18,065	28,872
Council Tax Benefit	DWP	24,267	25,276
REFCUS	Various	27,833	14,308
Surestart	DFE	8,935	11,536
Capacity Building Support Grant	CLG	7,531	10,993
Schools Standards Grant	DFE	9,563	9,661
NWIEP	CLG	6,528	8,765
Young Peoples Learning Agency (formerly Learning Skills Council)	DFE	4,541	4,596
General Education Grants	Various	2,400	2,353
Social Care Reform Grant	DOH	1,318	2,307
Council Tax Admin Grant	DWP	1,747	1,843
Housing Benefit Admin Grant	DWP	1,429	1,263
NW Coalfields Communities Regeneration	NWDA	400	1,242
Climate Skills Change Grant *	DEFRA	0	1,085
Criminal Justice Intervention Programme Grant	HO	1,061	937
Housing Subsidy Grant	DWP	959	837
Youth Justice Board	DOH	660	675
Performance Reward Grant	CLG	686	644
Coalfield Regeneration Trust *	CLG	0	471
Planning Delivery Grant	CLG	390	335
Youth Opportunity Fund	DFE	369	328
Intensive Start Up Support (ISUS)	DWP/NWDA	0	275
Workstep Grant	DWP	264	236
Contact Point Grant	DFE	179	231
Youth Crime Action Plan	DFE	170	185
Other Grants	Various	2,029	2,261
<b>Total</b>		<b>386,669</b>	<b>409,554</b>

\* These grants are new for 2010/11

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

Grants Receipts in Advance	Awarding Body	2009/10 £'000	2010/11 £'000
Section 106	Various	736	525
Open University	HEFCE	113	167
Local Delivery Support Grant	DFE	0	166
Childcare Startup	DFE	63	162
<b>Total</b>		<b>912</b>	<b>1,020</b>

## **34. Related Parties**

In accordance with International Accounting Standard 24 (IAS24), the Council is required to disclose material transactions with related parties. Related parties are bodies or individuals 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 (eg Council Tax bills, Housing Benefits). Details of transactions with Government departments are set out in note 33 Grant Income.

### **Members of the Council**

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2010/11 is shown in Note 29. 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 2010/11 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. There were no reported interests in an organisation that generated a related party transaction with the Council in respect of 2010/11.

However the Council's Chief Executive and Director of Corporate Services (Resources Directorate) are also the Clerk and Treasurer respectively to Greater Manchester Fire and Rescue Authority. There is also an arrangement between the Council and Ashton, Leigh and Wigan Primary Care Trust (PCT) of a shared post for the Chief Executive of the Council and the PCT where the Council receives a 35% contribution from the PCT towards the remuneration of the Chief Executive. The Council also received a 50% contribution from the PCT towards the remuneration of The Executive Director of Adult Health and Wellbeing . This was a reciprocal arrangement as the Council paid a 50% contribution towards the remuneration of the Director of Public Health. All Chief Officer remuneration payments are included in detail in Note 30 Officers' Remuneration.

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## **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. This will become clearer as the work of the Combined Authority develops. This Combined Authority was formally established on 1 April 2011.

### **Local Education Partnership (LEP)**

The Council owns a 5% share of a LEP company established in December 2009. This was established as a joint venture with Salford Council (who also own a 5% share) and was expected to deliver the Council's Building Schools for the Future programme. The programme was cancelled as part of the October 2010 spending review.

### **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 Council contributes to. The expenditure incurred is contained within the relevant service headings in the Comprehensive Income and Expenditure Statement.

### **Other Public Bodies**

During 2010/11 levies have been incurred in respect of:

- Flood Defence via the Environment Agency (£0.154m);
- Greater Manchester Integrated Transport Authority (£20.729m);

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## **Assisted Organisations**

During 2010/11 the Council awarded grants totalling £1.130m 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 £5.207m. The Council contributed £0.974m 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 £4.778m. The Council contributed £0.964m towards joint schemes administered by Primary Care Trusts. Further details are included in Note 28 Pooled Budgets.

The Council provided Community Services Fee funding of £16.411m during 2010/11, 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 2010/11 income of £9.3m was received. The main source of funding was the following Government Grants:

- Main NWIEP Year 3 allocation of £8.0m
- Climate Skills Change Fund Grant of £1.0m

Expenditure amounted to £13.3m during 2010/11. The excess of expenditure over income received during the year was funded by unspent NWIEP grant funding received in earlier years.

### **35. Related Businesses and Companies**

The Council has relationships with a number of companies over which it has varying degrees of control or influence. In previous years the Council has prepared Group Accounts to include those companies where the Council has a significant interest. With the introduction of IFRS and updated guidance from CIPFA, the Council has consulted with the Audit Commission. It was determined that the Council does not have to prepare Group Accounts. The three former group companies included the Wigan and Leigh Housing Company, Leigh Sports Village Limited and Wigan Metropolitan Development Company Limited. For the reader's benefit we have continued to include details of the relationship with the Council and financial performance of these companies.

#### **Wigan and Leigh Housing Company Limited**

This is a company limited by guarantee. The Council is the sole member of the company and has the right to appoint 4 out of 12 Directors. The Council would be able to secure a distribution of assets and could equally dissolve the company. The company has a contractual relationship with the Council and is responsible for the management of the Council's housing stock. The Council paid the Company a management fee of £15m for 2010/11. At the end of the financial year the Company was indebted to the Council by a net £6.6m. This has since been settled.

The company returned a pre-IAS19 loss of £340,400 and a post IAS19 surplus of £4,259,600 for the financial year 2010/11. Copies of the accounts are available at Unity House, Westwood Park Drive, Wigan, Lancs. WN3 4HE.

The Council has provided to Wigan and Leigh Housing (WALH), a letter of support for their pension liability of £4.9m as assessed by actuarial advice that arises from compliance with IAS19 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.

#### **Wigan Metropolitan Development Company Limited**

This is a company limited by guarantee. The Council is entitled to appoint 14 out of 17 members of the Company. The Council has the ability to dissolve the company and to procure the distribution of its assets, although the Council does not have direct liability for the losses of the company. The company either directly or through its subsidiaries (Wigan Metropolitan Development Company (Property) Ltd and Wigan Metropolitan Development Company (Investment) Ltd) manages offices and industrial units and promotes regeneration within the borough of Wigan.

The company returned a profit of £32,948 for the financial year 2010/11. Copies of the accounts are available at Wigan Investment Centre, Waterside Drive, Wigan, Lancs. WN3 5OA.

### Leigh Sports Village Company Limited

This is a company limited by shares. The Council is the only shareholder. The Council has the ability to dissolve the company and to procure the distribution of its assets, although the Council does not have direct liability for the losses of the company. The company manages the sports facilities at the Leigh Sports Village site. The company returned a loss of £10,320 in 2010/11. Copies of the accounts are available at Wigan Investment Centre, Waterside Drive, Wigan, Lancs. WN3 50A.

### Details of the other companies where the Council has a minority interest are;

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 (dissolved 22 June 2010)
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	

There are two companies that the Council has a financial interest in;

### Wigan Football Company Limited

This Company operates the DW 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 31.5.09 £'000		Year ended 31.5.10 £'000
27,863	Company's Net Assets	27,938
85	Company's profit / (loss) before tax	167
85	after tax	75

During 2010/11, there were no amounts received by the Council 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 31.3.10 £'000		Year ended 31.3.11 £'000
769,100	Company's Net Assets	817,000
45,600	Company's profit / (loss) before tax	80,600
36,900	after tax	84,700

### 36. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance lease and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by changes to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Finance Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

2009/10 £'000		2010/11 £'000
440,818	<b>Opening Capital Financing Requirement</b>	443,115
	<b>Capital Investment:</b>	
62,320	Property, Plant and Equipment	39,593
18,040	Revenue Expenditure Funded from Capital under Statute	16,352
	<b>Sources of Finance:</b>	
-865	Capital Receipts	-951
-61,355	Government Grants and Other Contributions	-40,990
-15,843	Revenue Provision	-17,591
<b>443,115</b>	<b>Closing Capital Financing Requirement</b>	<b>439,528</b>
	<b>Explanation of Movements During Year</b>	
153	Increase / (-) Decrease in underlying need to borrow (supported by Government financial assistance)	5,633
2,144	Increase / (-) Decrease in underlying need to borrow (unsupported by Government financial assistance)	-2,046
<b>2,297</b>	<b>Increase / (-) Decrease in Capital Financing Requirement</b>	<b>3,587</b>

### 37. Leases

#### Authority as lessee:

During 2010/11 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 2010/11 was £2.813m (2009/10 £2.851m). The Council also operates a car leasing scheme for its employees. The amount paid under these arrangements in 2010/11 was £0.241m (2009/10 £0.252m).

The Council was committed at 31 March 2011 to making payments of £2.623m under these operating leases in 2011/12, comprising the following elements :-

	Car Lease Info. £'000s	Vehicle, Plant & Equipment £'000s	Property £'000s	Total £'000s
Leases expiring in 2011/12	74	487	250	811
Leases expiring between 2012/13 and 2015/16	102	546	454	1,102
Leases expiring after 2015/16	0	555	155	710
<b>Total Leases</b>	<b>176</b>	<b>1,588</b>	<b>859</b>	<b>2,623</b>

#### Authority as lessor:

Where the Council acts as lessor, the gross value of assets held for use in operating leases at 31 March 2011 was £23.727m. The rent receivable in respect of these operating leases for the year 2010/11 was £1.852m. 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 £'000s
Leases expiring in 2011/12	66
Leases expiring between 2012/13 and 2015/16	294
Leases expiring after 2015/16	1,336
<b>Total Leases</b>	<b>1,696</b>

### **38. Impairment Losses**

During 2010/11 the Council recognised total impairment losses of £29.5m, of which £17.2m was in respect of its council dwellings stock.

The capital expenditure of £17m on council dwellings during the year, which included £5m on boiler and heating replacements, was initially added to the value of the housing stock, however this was determined by the valuer to be non-enhancing expenditure. The recoverable value of the housing stock was therefore reduced by this amount to Fair Value (Existing Use Value – Social Housing). The impairment loss was charged to the Local Authority Housing line in the Comprehensive Income and Expenditure Statement. The previous year's impairment loss of £20.6m was written out on revaluation in accordance with the Code. Value in Use was determined using the specific bases and methods of valuation set out in the *Stock Valuation for Resource Accounting – Guidance for Valuers – 2010* published by the Department for Communities and Local Government.

With regard to the remaining £12.3m impairment losses recognised during the year, the most significant (£5.9m) related to the demolition of Abraham Guest High School.

### **39. Termination Benefits**

The Council terminated the contracts of a number of employees in 2010/11, incurring liabilities of £3.480m (£0.524m in 2009/10). These amounts are payable to employees across all Council Services who were made redundant or took voluntary redundancy as part of the Council's rationalisation of services in respect of budget cuts.

Of this total, £1.718m is also disclosed in Note 30 Officers Remuneration.

In March the Council made public its decision to release further staff during 2011/12. It is estimated that this will amount to £6.5m. The Accountancy Code of Practice requires this to be included in the accounts.

### **40. Pension Schemes**

#### **Participation in Pension Schemes**

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that 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 Education. 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 we are required to make against Council Tax is based on cash payable in the year, so the real cost of the retirement benefits is reversed out of the General Fund Balance via the Movements in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Account and the General Fund Balance during the year via the Movements in Reserves Statement.

### Income and Expenditure Account

2009/10 £'000		2010/11 £'000
	<b>Net Cost of Service:</b>	
11,600	current service cost	24,200
500	past service cost	-97,100
	Settlements and Curtailments	6,800
	<b>Net Operating Expenditure:</b>	
45,900	interest cost	55,700
-30,300	expected return on assets in the scheme	-45,000
<b>27,700</b>	<b>Net Charge to the Comprehensive Income and Expenditure Account</b>	<b>-55,400</b>

For the Teachers' Pension Scheme the Council paid £14.0m in 2010/11 (£13.9m in 2009/10) to Capita Teachers' Pensions. This represents 14.1% (14.1% in 2009/10) of teachers' pensionable pay for the year.

In addition the Council pays the pension payments for teachers relating to added years together with related increases. In 2010/11 these amounted to £4.3m (£3.9m in 2009/10).

## Movement in the Reserves Statement - General Fund

31.03.10 £'000		31.03.11 £'000
-27,700	Reversal of net charges made in retirement benefits in accordance with IAS19	55,400
17,806	Employers' contributions payable to the scheme	19,572
5,777	Retirement benefits payable to pensioners	6,061
<b>-4,117</b>	<b>Actual amount charged against the General Fund Balance for Pensions in the year</b>	<b>81,033</b>

## Note to the Statement of Recognised Income and Expenses

31.03.10 £'000		31.03.11 £'000
142,200	Actuarial Gains / (Losses) on Plan Assets	-16,300
-380,900	Actuarial Gains / (Losses) on Obligation	173,000
<b>-238,700</b>	<b>Actuarial Gain / Loss Recognised in the SRIE</b>	<b>156,700</b>
<b>-311,700</b>	<b>Cumulative Actuarial Gain / Loss Recognised in the SRIE *</b>	<b>-155,000</b>

\*Please note that the Cumulative Actuarial Gains and Losses are based on the full available history of Actuarial Gains and Losses for the Employer.

## Assets and Liabilities in Relation to Post Employment Benefits

### Reconciliation of the present value of the scheme liabilities

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Teachers Pension Scheme	
	2009/10 £'000	2010/11 £'000	2009/10 £'000	2010/11 £'000
<b>1 April</b>	<b>620,600</b>	<b>1,025,500</b>	<b>50,000</b>	<b>60,300</b>
Current Service Cost	11,600	24,200	0	0
Interest Cost	42,600	52,600	3,300	3,100
Contributions by scheme participants	7,600	8,000	0	0
Actuarial gains and losses	370,000	-174,900	10,900	1,900
Benefits Paid	-27,400	-29,600	-3,900	-4,300
Past Service Costs	500	-86,800	0	-3,500
<b>31 March</b>	<b>1,025,500</b>	<b>819,000</b>	<b>60,300</b>	<b>57,500</b>

### Reconciliation of the fair value of the scheme assets

2009/10 £'000	Assets: Local Government Pension Scheme	2010/11 £'000
<b>480,300</b>	<b>1 April</b>	<b>652,600</b>
30,300	Expected Rate of Return	45,000
142,200	Actuarial gains and losses	-16,300
17,800	Employer Contributions	21,400
7,600	Contributions by Scheme participants	8,000
-25,600	Benefits Paid	-29,600
<b>652,600</b>	<b>31 March</b>	<b>681,100</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:

2009/10 %	Rate of Return on assets in the scheme – LGPS only	2010/11 %
7.8	Equity Investments	7.5
5.0	Bonds	4.9
5.8	Property	5.5
4.8	Cash	4.6

## Mortality Assumptions: Longevity at 65

	2010/11
Current Pensioners:	
Male	20.1 years
Female	22.9 years
Future Pensioners:	
Male	22.5 years
Female	25.0 years
Rate of Inflation (Price Increases)	2.8%
Rate of increase in salaries (Salary Increases)	4.3%
Rate of increase in pensions (Pension Increases)	2.8%
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:

2009/10		2010/11
67%	Equity Investments	66%
16%	Bonds	17%
17%	Other Assets	17%

## History of Experience Gains and Losses

The actuarial gains identified as movements on the pension reserve in 2010/11 totalled £156.7m can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2011.

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
	%	%	%	%	%	%
Differences between the expected and actual return on assets	12.86	0.62	-0.11	0.12	-31.08	-13.03
Differences between actuarial assumptions about liabilities and actual experiences	-0.19	-0.43	-0.02	0.00	-0.27	8.75

## Scheme History

Scheme History	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Present Value of Liabilities:	£'000	£'000	£'000	£'000	£'000	£'000
Local Government Pension Scheme	-714,200	-723,000	-635,200	-620,600	-1,025,500	-819,000
Teacher Pension Scheme	-55,600	-53,800	-52,600	-50,000	-60,300	-57,500
Fair Value of Assets in Local Government Pension Scheme	578,900	626,400	580,600	480,300	652,600	681,100
Surplus/Deficit in the scheme:						
Local Government Pension Scheme	-135,300	-96,600	-54,600	-140,300	-372,900	-137,900
Teachers Pension Scheme	-55,600	-53,800	-52,600	-50,000	-60,300	-57,500
<b>Total</b>	<b>-190,900</b>	<b>-150,400</b>	<b>-107,200</b>	<b>-190,300</b>	<b>-433,200</b>	<b>-195,400</b>

The Liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £195.4m has a substantial impact on the net worth of the Council. However, statutory arrangements for funding the deficit mean that the financial position of the Council 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.

The total contributions expected to be made to the LGPS by the Council in the year to 31 March 2012 will be approximately £20.9m. Expected contributions for the discretionary benefits scheme in the year to 31 March 2012 are £1.8m.

## **41. 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 the 21st January 1994. The main effect of the Scheme if triggered would be the imposition of a levy on all claims paid since 30th September 1993, the amount liable to the 'clawback' levy if the Scheme is triggered is estimated to be £5.9 Million.

The Greater Manchester Council's (GMC) former insurer was also MMI. As at 31 March 2011 £10.7m of claims relating to GMC had already been paid (£10.7m at 31 March 2010), with outstanding claims estimated at £0.025m (£0.1m at 31 March 2010).

GMC ceased to exist on 31 March 1986 and any residual liabilities are shared between the ten local authorities of AGMA based on the population estimated by the Registrar General on the 30th June which falls 21 months before the beginning of the financial year in which any sum recoverable falls. Wigan's share of this liability is presently 11.9%. Therefore Wigan's share of the ex GMC claims paid and outstanding at 31 March 2011 are £1.276m.

As at June 2010 the MMI Annual Report and Accounts stated that the Directors are of the view that if a positive outcome can be achieved in the current litigation case a solvent run off with full payment of claims will be achieved. The litigation case is to be considered by the Supreme Court at the end of 2011 and a decision to be made possibly summer 2012.

At the present time it is not known whether the claw back clause will be invoked and therefore no provision for the potential liability has been made in the balance sheet.

### **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.

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## **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 £4.9m as assessed by actuarial advice that arises from compliance with IAS19 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.

## **Equal Pay**

The Council, in its 2010/11 accounts, has recognised a provision for Equal Pay of £7.8m. In addition to this the potential still remains for equal value claims to be submitted to the Council but the quantification and a reliable estimate of the possible liability arising from any claims of this nature is still uncertain.

## **Metrolink**

### **Phase 3a**

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

Within the agreement the DFT contribution is capped at £244m in cash and the TfGM 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 opening is programmed for winter 2012.

### **Phase 3b**

The Greater Manchester Transport Fund Accelerated Package includes the Metrolink phase 3b extension from Droylsden to Ashton-under-Lyne. The AGMA authorities reported (in September 2009) a total cost at £88m. The scheme opening date is programmed for winter 2013.

Variations to costs for these schemes are under the governance arrangements through TfGM and will be reported through to the Wider Leadership Group for their consideration in respect of future budget allocations for major Transport Schemes. In this respect there may be adjustments to funding available to Districts through this process.

### Joint Committees

A joint committee of which the Council is a member authority has been asked by a regulatory body to provide information in relation to its activities. At present it is not known whether this will lead to any action or if there will be any financial impact.

## 42. Contingent Assets

### Leigh Sports Village Ltd (LSV Ltd)

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.

## 43. Expenditure on Publicity

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

2009/10 £'000		2010/11 £'000
359	Recruitment advertising expenses	152
601	Other Advertising	574
1,007	Other Publicity	1,109
<b>1,967</b>	<b>Total Expenditure on all Publicity</b>	<b>1,835</b>

#### 44. Building Control Trading Account

The Building (Local Authority Charges) Regulations 2010 require the disclosure of information regarding the setting of charges for the administration of the building control function.

From 1 April 2010, revised Building (Local Authority Charges) Regulations 2010 became applicable to Local Authorities in England and Wales; the implications of the new regulations and the CIPFA guidance on Local Authority Building Control Accounting (2010) are reflected in the 2010/11 financial statements, of which this note fulfils the disclosure requirements.

Wigan Council sets charges for work carried out in relation to building regulations with the aim of covering all costs incurred. In accordance with the revised Building (Local Authority Charges) Regulations 2010, Wigan Council aims to ensure that, taking one financial year with the next, Building Control fees are set to cover costs without generating a material surplus or loss.

However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities, including pre-application advice up to one hour duration.

In 2010/11 the schedule of Building Control fees has been established at the same level as the Association of Greater Manchester Authorities (AGMA). This reflects the intention to collaborate and have a single AGMA Building Control function in the near future.

The statement below shows the total cost of operating the Building Control Unit divided between the chargeable and non-chargeable activities.

Total Building Control 2009/10 £'000		Chargeable 2010/11 £'000	Non Chargeable 2010/11 £'000	All Other Building Control 2010/11 £'000	Total Building Control 2010/11 £'000
	<b>Expenditure</b>				
687	Employees Expenses	264	493	254	1,011
30	Transport	14	6	13	33
51	Supplies and Services	19	3	6	28
194	Central and Support Services Charges	62	28	61	151
<b>962</b>	<b>Total Expenditure</b>	<b>359</b>	<b>530</b>	<b>334</b>	<b>1,223</b>
	<b>Income</b>				
-331	Building Regulation Charges	-298	0	0	-298
-58	Miscellaneous Income	-42	0	-31	-73
<b>-389</b>	<b>Total Income</b>	<b>-340</b>	<b>0</b>	<b>-31</b>	<b>-371</b>
<b>573</b>	<b>Surplus (-) Deficit for the year</b>	<b>19</b>	<b>530</b>	<b>303</b>	<b>852</b>

## 45. 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.

2009/10 Income £	2009/10 Expenditure £	2009/10 Assets £	Fund	2010/11 Income £	2010/11 Expenditure £	2010/11 Assets £
			<b>Children &amp; Young People's Service</b>			
703	0	76,170	Wigan Grammar Scholarship Fund	584	0	76,754
321	0	23,604	Wigan Grammar Prize Fund	302	0	23,906
217	0	35,005	Leigh Higher Education Prize Fund	201	0	35,206
86	0	10,838	Wigan Grammar Recreation Fund	71	0	10,909
52	0	10,888	Leigh Boys Grammar Prize Fund	52	0	10,940
76	0	10,743	James Boydell Fund	0	10,743	0
48	0	9,591	Ronald Watkins Williams Fund	0	9,591	0
42	0	8,396	A M Lamb Scholarship Fund	0	8,396	0
211	0	24,500	Others	47	18,724	5,823
<b>1,756</b>	<b>0</b>	<b>209,735</b>		<b>1,257</b>	<b>47,454</b>	<b>163,538</b>
			<b>Adult Services</b>			
4	2,488	0	Criminal Injuries Compensation	0	0	0
86	0	4,121	J A Smith Bequest	86	4,186	21
50	0	3,182	T Holland Bequest	29	3,182	29
22	0	5,109	J W Littler Bequest	22	5,120	11
44	131	9,323	B Griffiths Bequest	44	699	8,668
<b>206</b>	<b>2,619</b>	<b>21,735</b>		<b>181</b>	<b>13,187</b>	<b>8,729</b>
<b>1,962</b>	<b>2,619</b>	<b>231,470</b>	<b>Total Trust Funds</b>	<b>1,438</b>	<b>60,641</b>	<b>172,267</b>

There are no significant liabilities to be disclosed. The decrease in funds relates to any inactive/dormant funds being transferred over to the Greater Manchester Community Foundation.

## 46. Accounting Policies

### General Principles

The Statement of Accounts summarises the Council's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2003. These regulations require the Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice 2010/11, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act. As a result of the change to IFRS a number of accounting policies have been amended and added as per guidance from the Code –

- Cash & Cash Equivalents (revised)
- Impairment (revised)
- Employee Benefits (new)
- Government Grants and Contributions (revised)
- Inventories (revised)
- Lease Arrangements (revised)
- Property, Plant and Equipment (revised)

Prior Period Adjustments (new)  
Investment Property (revised)  
Intangible Assets (revised)

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### **Accruals of Income and Expenditure**

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

### **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months from the balance sheet date and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

## Charges to Revenue for Non Current Assets

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

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

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. This should be equal to either:-

an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance, or loans funded principal charges

or:

equal to at least 4% of the underlying amount measured by the adjusted Capital Financing Requirement, excluding amounts attributable to Housing Revenue Account (HRA) activity.

Depreciation, impairment and revaluation losses and amortisations are therefore replaced by revenue provision in the General Fund Balance, by way of an adjusting transaction within the Capital Adjustment Account for the difference between the two. There is no requirement to make a repayment of housing debt.

## Cost of Support Services

The costs of overheads and support services are charged to those service areas that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2010/11. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation or impairment losses chargeable to non-operational properties such as assets under construction, surplus assets and assets held for sale.

These two cost categories are accounted for as separate headings in the Comprehensive Income and Expenditure Account, as part of the Net Cost of Continuing Services.

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## **Employee Benefits**

### **Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### **Termination Benefits**

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

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

### **Exceptional Items**

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

## Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

## Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.
- available-for-sales assets that have a quoted market price and/or do not have fixed or determinable payments.

## Loans and Receivables

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

Where the Council has made a number of loans to voluntary organisations at less than market rates (soft loans) a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves

Statement. Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### **Available-for-Sale Assets**

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

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Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

### **Guarantees Entered Into Before 1 April 2006**

Where the Council entered into financial guarantees before 1 April 2006 these are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts to the extent that provisions might be required or a contingent liability note is included.

### **Financial Liabilities**

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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

### **Foreign Currency Translation**

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

### **Government Grants and Contributions**

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

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

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

## **Intangible Current Assets**

Landfill allowances, whether allocated by DEFRA or purchased from another Waste Disposal Authority (WDA) are recognised as current assets and are initially measured at fair value. Landfill allowances allocated by DEFRA are accounted for as a government grant. After initial recognition, allowances are measured at the lower of cost and net realisable value.

As landfill is used, a liability and an expense are recognised. The liability is discharged either by surrendering allowances or by payment of a cash penalty to DEFRA (or by a combination). The liability is measured at the best estimate of the expenditure required to meet the obligation, normally the market price of the number of allowances required to meet the liability at the reporting date. However, where some of the obligation will be met by paying a cash penalty to DEFRA, that part of its liability is measured at the cost of the penalty.

## **Inventories and Long Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using either the FIFO/weighted average costing formula. Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

## **Intangible Fixed Assets**

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

## Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

### The Authority as Lessee

#### Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

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

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

#### Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a rent-free period at the commencement of the lease).

## The Authority as Lessor

### Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to [the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

## Pensions

The Council contributes to two different pension schemes. There is an unfunded Teachers' Pension scheme administered by Capita Teachers' Pensions on behalf of the Department for Education and for other staff there is a funded Local Government scheme administered by Tameside MBC.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council. However, the arrangements for the Teachers' scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme. No liability for future payments of benefits is recognised in the balance sheet and the Children and Education service revenue account is charged with the employer's contributions payable to Teachers' Pensions in the year.

### The Local Government Pension Scheme

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

The liabilities of the Greater Manchester pension scheme attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method. This is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate of 5.5% (based on the indicative rate of return on high quality corporate bonds).

The assets of the Greater Manchester pension fund attributable to the Council are included in the balance sheet at their fair value:

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

The change in the net pensions liability is analysed into seven components:

1. **current service cost** – the increase in liabilities as a result of years of service earned this year. This is allocated in the Comprehensive Income and Expenditure Account to the revenue accounts of services for which the employees worked
2. **past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. This is debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Account as part of Non Distributed Costs

3. **interest cost** – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. This is debited to Financing and Investment Income and Expenditure Line in the Comprehensive Income and Expenditure Account
4. **expected return on assets** – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return. This is credited to Financing and Investment Line in the Comprehensive Income and Expenditure Account
5. **gains/losses on settlements and curtailments** – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees. This is debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Account as part of Non Distributed Costs
6. **actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
7. **contributions paid to the pension fund** – cash paid as employer’s contributions to the fund

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

### **Discretionary Benefits**

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

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## **Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, ie in the current and future years affected by the change and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

## **Provisions, Contingent Liabilities and Contingent Assets**

### **Provisions**

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

### **Contingent Liabilities**

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

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

### **Contingent Assets**

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

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

### **Property, Plant and Equipment**

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

### **Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. A de minimus level of £6,000 is in place for the capitalisation of expenditure for repairs. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred.

### **Measurement**

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (ie it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made

conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

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

Where decreases in value are identified, they are accounted for by:

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

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

## Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services.

Depreciation is not charged on Assets Held for Sale. If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## Depreciation

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

- Newly acquired assets with the exception of vehicles, plant and equipment are depreciated in the year following acquisition and assets under construction are not depreciated until they are used.
- Newly acquired vehicles, plant and equipment are depreciated in the year of acquisition on a pro-rata basis.

Depreciation is calculated on the following bases:

- council dwellings – equivalent to the major repairs allowance.
- other buildings – straight line allocation over the life of the property as estimated by the valuer.
- vehicles, plant and equipment – straight line allocation over a period of between 3 and 20 years, or over the asset's estimated remaining life.
- highways infrastructure – straight line allocation over 25 years.
- bridges – straight line over 60 years.
- freehold land and community assets are not depreciated

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. Where there is more than one significant part of the same asset which have the same useful life and depreciation method, such parts may be grouped in determining the depreciation charge. In practice this can be achieved by only separately accounting for significant components that have different useful lives and/or depreciation methods.

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

### **Investment Property**

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### **Revenue Expenditure Funded from Capital under Statute (REFCUS)**

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

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## Reserves

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

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

## VAT

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

### **47. Authorisation of Accounts for Issue**

In line with the requirements of FRS21 "events after the balance sheet date" this set of accounts is now authorised for issue by the Director of Corporate Services - Resources on 29<sup>th</sup> September 2011. This date is the date after which events will not be recognised in the Statement of Accounts.

## HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT FOR YEAR ENDED 31 MARCH 2011

2009/10 £'000		Notes	2010/11 £'000
	<b>Expenditure</b>		
22,017	Repairs & Maintenance	1	21,516
17,104	Supervision & Management	2	17,445
52	Rents, Rates, Taxes and Other Charges	3	69
0	Negative Housing Revenue Account Subsidy payable	4	283
-8,149	Depreciation and Impairment on Non Current Assets	5	242,870
49	Debt Management Costs	6	69
231	Movement in the Allowance for Bad Debts	7	249
<b>31,304</b>	<b>Total Expenditure</b>		<b>282,501</b>
	<b>Income</b>		
66,823	Dwelling Rents	8	68,384
646	Non-dwelling Rents	9	679
2,465	Charges for Services & Facilities	10	2,440
1,024	Contributions towards Expenditure	11	935
959	Housing Revenue Account Subsidy Receivable		0
<b>71,917</b>	<b>Total Income</b>		<b>72,438</b>
<b>-40,613</b>	<b>Net Cost Of HRA Services as included in the Comprehensive Income &amp; Expenditure Statement</b>		<b>210,063</b>
174	HRA services share of Corporate and Democratic Core		171
0	HRA share of other amounts included in the whole authority Cost of Services but not allocated to specific services		0
<b>-40,439</b>	<b>Net Income for HRA Services</b>		<b>210,234</b>
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income &amp; Expenditure Statement:</b>		
-405	Gain (-) or loss on sale of HRA non current assets		-856
13,538	Interest payable and similar charges	12	13,472
-78	Interest and investment income	13	-112
0	Pensions interest cost and expected return on pensions assets		0
-2,792	Capital grants and contributions receivable		-2,244
<b>-30,176</b>	<b>Surplus (-) or deficit for the year on HRA services</b>		<b>220,494</b>

Under section 74 of the Local Government and Housing act 1989, the Council is required to maintain a separate account for transactions relating to the provision of council dwellings. This account shows the income to the Council in respect of rents, housing subsidy (income from the government), interest and charges. It also shows how that money is spent managing and maintaining properties and financing capital expenditure.

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

The day to day operation of the Council's housing stock is undertaken by Wigan and Leigh Housing Company Ltd, which is an Arms Length Management Organisation (ALMO).

## MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2009/10 £'000		Notes	2010/11 £'000
<b>-9,446</b>	<b>Housing Revenue Account surplus brought forward</b>		<b>-9,618</b>
-30,176	Surplus (-) or deficit for the year on the HRA Income and Expenditure Statement		220,494
25,487	Adjustments between accounting basis and funding basis under statute	<b>16</b>	-226,579
405	Gain or loss on sale of HRA non current assets		856
4,810	Capital expenditure funded by the HRA	<b>14</b>	2,417
-698	Transfer to / (from) Major Repairs Reserve	<b>15</b>	-211
<b>-9,618</b>	Net increase or decrease before transfers to or from reserves		<b>-12,641</b>
0	Transfers to (from) reserves		0
<b>-9,618</b>	<b>Balance on the HRA at the end of the current year</b>	<b>17</b>	<b>-12,641</b>

## NOTES TO THE HOUSING REVENUE ACCOUNT

### 1. Repairs & Maintenance

This is the cost of undertaking programmed and day to day responsive repairs to the properties within the HRA, partially offset by an apportionment of the surplus earned by Leigh Building Services on providing the repairs service to the HRA.

### 2. Supervision & Management

This is the cost of managing and delivering services to all of the properties within the Housing Revenue Account. The main cost is the Management Fee charged by Wigan and Leigh Housing.

### 3. Rents, Rates and Other Charges

This includes the cost of Council Tax on empty properties and various minor charges relating to properties within the HRA.

### 4. Housing Subsidy

This is the central government subsidy based on the deficit on the Notional Housing Revenue Account as analysed below:

2009/10 £'000		2010/11 £'000
	<b>Expenditure</b>	
35,487	Management & Maintenance	36,615
13,847	Major Repairs Allowance	13,836
7,320	Charges for Capital	7,207
10,984	ALMO Allowance	10,984
<b>67,638</b>	<b>Total Expenditure</b>	<b>68,642</b>
	<b>Income</b>	
66,664	Housing Rents	68,934
3	Interest Received	3
<b>66,667</b>	<b>Total Income</b>	<b>68,937</b>
<b>971</b>	<b>Housing Subsidy due for the year</b>	<b>0</b>
0	Housing Subsidy to repay CLG for the year	295
-12	Adjustments to previous years claims	-12
<b>959</b>	<b>Total net Housing Subsidy received</b>	<b>0</b>
<b>0</b>	<b>Total net Housing Subsidy paid to CLG</b>	<b>283</b>

In 2010/11 Wigan Council moved from being a net recipient of Housing Subsidy grant to a net contributor to the HRA Subsidy system.

## 5. Depreciation and Impairment Charges

The depreciation and impairment charges for 2010/11 are as follows:

	£'000
Depreciation on Property, Plant and Equipment – Dwellings	13,836
Depreciation on Property, Plant and Equipment – Other Land and Buildings	137
Depreciation on Non - Operational Assets	74
<b>Total Depreciation</b>	<b>14,047</b>
Impairment	228,823
<b>Total Depreciation and Impairment</b>	<b>242,870</b>

The impairment charge represents the change in the calculation introduced by CLG in its stock valuation guidance, together with, the value of non-enhancing capital expenditure on HRA dwellings in 2010/11.

## 6. Debt Management Expenses

This is the HRA proportion of the total cost of managing the Wigan Council debt portfolio.

## 7. Movement in the Allowance for Bad Debts

Contributions towards the HRA Allowance for Bad Debt amounted to £0.249m in 2010/11 compared with £0.231m in 2009/10.

Cumulative provisions for uncollectable debts are as follows:

	£'000
31 March 2010	3,386
31 March 2011	3,194

Rent Arrears are analysed below:

31 March 2010			31 March 2011	
£'000	%		£'000	%
1,362	4.41	Current Tenants Arrears	1,214	3.93
2,365	7.66	Former Tenants Arrears	2,204	7.13
1,007	3.26	Overpaid Housing Benefit	1,120	3.63
<b>4,734</b>	<b>15.33</b>	<b>Total Arrears</b>	<b>4,538</b>	<b>14.68</b>

## 8. Dwelling Rents

This is the total income due for the year after allowing for rent lost on void properties. In 2010/11 the void property rent loss was 1.06% compared with 1.02% in 2009/10.

## 9. Non Dwelling Rents

Rents from garages, shops and miscellaneous parcels of land.

## 10. Charges for Services and Facilities

Amounts charged to tenants in respect of items such as heating, lighting, caretaking, wardens etc.

## 11. Contributions towards Expenditure

Various contributions including:

- Tenants rechargeable repairs
- Settlement of insurance claims

## 12. Interest Payable and Similar Charges

This is interest payable on the HRA debt outstanding. As at 31 March 2011 the amount of HRA debt outstanding was £219.0m.

## 13. HRA Interest and Investment Income

This comprises interest on cash balances and interest from HRA mortgage loans.

## 14. Funding the 2010/11 HRA Capital Expenditure

	£'000
<b>Capital Expenditure 2010/11</b>	<b>19,637</b>
<b>Funded by:</b>	
Borrowing	570
Usable Capital Receipts	595
Other Grants and Contributions	3,140
Revenue Contributions to Capital Expenditure	2,417
Contributions from the Major Repairs Reserve	12,915
<b>Total Funding 2010/11</b>	<b>19,637</b>

## 15. Transfer to / (from) Major Repairs Reserve

This transfer from the Major Repairs Reserve is in respect of depreciation on non-dwelling assets.

## Major Repairs Reserve Movements 2010/11

	£'000
<b>Opening Balance at 1 April 2010</b>	<b>0</b>
Transfers Into the MRR 2010/11	14,047
Transfers From the MRR to the HRA in 2010/11	211
Expenditure charged to the MRR in 2010/11	12,915
Principal repayments charged to the MRR in 2010/11	0
<b>Closing Balance at 31 March 2011</b>	<b>921</b>

## 16. Adjustment between Accounting Basis and Funding Basis under statute

This comprises of the reversal of the charge for impairment and capital grants credited to the HRA statement.

## 17. Surplus at 31 March 2011

This is the accumulated HRA surplus as at 31 March. This is carried forward into 2011/12 for use in future years.

## 18. Summary of Capital Receipts 2010/11

	£'000
Disposal of Dwellings (Right to Buy)	2,380
Disposal of Land & Other Property	88
<b>Total Capital Receipts 2010/11</b>	<b>2,468</b>

## 19. Stock Numbers & Valuations

	1 April 2010	31 March 2011	Change Number	Change %
<b>Houses</b>				
1 Bedroom	2,405	2,404	-1	-0.04
2 Bedrooms	4,595	4,600	5	0.11
3 Bedrooms	10,113	10,079	-34	-0.34
4 or more Bedrooms	271	272	1	-0.37
<b>Total Houses</b>	<b>17,384</b>	<b>17,355</b>	<b>-29</b>	<b>-0.17</b>
<b>Flats</b>				
1 Bedroom	3,266	3,258	-8	-0.24
2 Bedrooms	2,062	2,060	-2	-0.10
3 or more Bedrooms	82	82	0	0.00
<b>Total Flats</b>	<b>5,410</b>	<b>5,400</b>	<b>-10</b>	<b>-0.18</b>
<b>Total Houses &amp; Flats</b>	<b>22,794</b>	<b>22,755</b>	<b>-39</b>	<b>-0.17</b>

### The balance sheet value for HRA assets is as follows

	1 April 2010 £'000	31 March 2011 £'000
Property, Plant and Equipment – Dwellings	804,802	579,831
Property, Plant and Equipment – Other	7,175	7,397
Property, Plant and Equipment – Assets Under Construction	97	1,026
Intangible Assets	378	304
Assets Held for Sale	32	0
Investment Property	71	176
<b>Total HRA Assets</b>	<b>812,555</b>	<b>588,734</b>

The dwelling values within the above table are on the basis of Social Housing Use.

The vacant possession value of the dwellings within the Housing Revenue Account as at 1 April 2010 has been assessed at £1.698bn. The vacant possession value and balance sheet value of the dwellings within the HRA show the economic cost to Government of providing council housing at less than open market value.

## THE COLLECTION FUND 2010/11

2009/10 £'000		Notes	2010/11 £'000	2010/11 £'000
	<b>Income</b>			
	<b>Council Tax</b>			
106,081	Net Council Tax Receivable	1	107,856	
-2	Add : Transfers from General Fund		-1	
24,014	Transitional Relief Grant		25,135	
0	Council Tax Benefit		336	
0	Contribution to previous years deficit			
<b>130,093</b>				<b>133,326</b>
	<b>National Non Domestic Rates (NNDR)</b>			
72,534	Income from Business Ratepayers	2		68,196
<b>202,627</b>				<b>201,522</b>
	<b>Expenditure</b>			
110,912	Wigan Council General Fund		112,839	
4,920	GM Fire Precept		5,051	
12,859	GM Police Precept		13,847	<b>131,737</b>
0	Distribution of previous years surplus			0
399	NNDR Cost of Collection Allowance			391
72,135	NNDR Contribution to National Pool	2		67,805
1,523	Increase in Bad Debts Provision			1,019
<b>202,748</b>				<b>200,952</b>
<b>-121</b>	<b>Movement on Fund Balance</b>			<b>570</b>

## NOTES TO THE COLLECTION FUND

### Introduction

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The fund records the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR).

The year-end surplus or deficit, on the Collection Fund is distributed between billing and precepting authorities in a future financial year.

### 1. Council Tax

The average (Band D, 2 adult equivalent) Council Tax for the area of the billing authority was £1,368.66. This was based on a Band D equivalent tax base of 96,208 properties, set by the Councils' Chief Financial Officer in January 2010 in accordance with section 84 of the Local Government Act 2003 and regulation 3 of the Local Authorities (Calculation of Tax Base) Regulations 1992. The calculation of the tax base contains a provision of 1% losses on collection arising from bad debts and appeals against valuation etc.

**Tax Base (Band D equivalents):**

**COUNCIL TAX BANDS (NO. OF PROPERTIES)**

A	B	C	D	E	F	G	H	TOTAL
36,898	21,051	18,204	10,569	6,257	2,313	884	32	96,208

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

The total non-domestic rateable value at the year end was £207,907,128. From 2005/06, the Government introduced a new scheme of relief for small businesses which included the concept of two national non-domestic rate multipliers. The rates for 2010/11 are 40.7p for Qualifying Small Businesses and 41.4p for Non-qualifying Small Businesses and all Other Businesses.

# STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

## The Council's Responsibilities

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Corporate Services (Resources);
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to consider and if agreeable approve the Statement of Accounts.

In accordance with the decision of the Audit, Governance and Improvement Review Committee held on 29 September 2011, I hereby approve the accounts for Wigan Council for the year ended 31 March 2011.

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**Chair of Meeting**  
**29 September 2011**

## The Director - Corporate Services (Resources) Responsibilities

The Director of Corporate Services (Resources) is responsible for the preparation of the Council's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

In preparing this statement of accounts, the Director of Corporate Services (Resources) has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice;
- kept proper up to date accounting records;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- certified and dated the Statement of Accounts, to the effect that it presents fairly the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2011.

I certify that the Responsibilities for the Statement present a true and fair view of the financial position of Wigan.

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**P McKeivitt BA(Hons) ACMA, Director Corporate Services – Resources Directorate**  
**29 September 2011**

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# Annual Governance Statement for the year ended 31<sup>st</sup> March 2011

## 1. Introduction/Background to the Annual Governance Statement

The preparation of the Annual Governance Statement to support the Annual Statement of Accounts is a statutory requirement for local authorities. Its purpose is to demonstrate and evidence that there is a continuous review of the effectiveness of the Council's internal control, performance, and risk management systems. This allows an assurance on their effectiveness to be provided so that users of the Accounts can be satisfied that proper arrangements are in place to govern spending and safeguard assets. The process also enables the production of a corporate action plan to address any identified weaknesses.

CIPFA have confirmed that "proper practice" in relation to internal control is as detailed in the Delivering Good Governance in Local Government publication (CIPFA/SOLACE 2007) and this has statutory backing.

Wigan has always complied with the appropriate legislation and "proper practice" guidance resulting in a corporate disclosure statement that have always met the current "proper practices" criteria and as such, the format of this years statement is not significantly different than the wider governance statement produced in previous financial years.

A description of the key elements of the Councils assurance and internal control environment is detailed at Appendix 1.

## 2. Council Purpose

The Council's Corporate Strategy 2009-2012 was a three-year rolling plan, driven by the Community Strategy priorities for Wigan viz.:-

- Ambitious Communities
- Living Longer and Healthier
- Realising Aspirations
- Strong Community

However, the Council has recently revisited this strategy and is currently finalising the details of a revised "Corporate Strategy on a Page – Connecting People to Opportunities" structured under four core priorities, viz.:-

- Radical Efficiency
- Great Places for Great People
- Better Life Chances
- Economic Prosperity

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### 3. Scope of Responsibility

The governance framework comprises the systems and processes, the culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with, and leads its community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether these objectives have led to the delivery of appropriate, cost effective services.

Wigan Council, through its elected Members and Officers, is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. In discharging this accountability, members and senior officers are responsible for putting in place proper arrangements for the governance of Wigan Council's affairs and the stewardship of the resources at its disposal. To this end Wigan Council has approved and adopted a Constitution and a Code of Corporate Governance, which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. Copies of the policy documents are available on our website ([www.wigan.gov.uk](http://www.wigan.gov.uk)) under the "Council, Standards, and Codes Of Practice" sections.

This statement explains how the Council has complied with the CIPFA/SOLACE Framework, identifying areas in which our governance arrangements can be strengthened. This statement also meets the requirements of regulation 4 (4) of the Accounts and Audit (England) Regulations 2011 in relation to the approval by Members of "an annual governance statement, prepared in accordance with proper practices in relation to internal control".

The Council is committed to fulfilling its responsibilities in accordance with the highest standards of good governance, underpinned by the ethical behaviour of officers and Members.

The governance framework has been in place at the Council for the year ended 31<sup>st</sup> March 2011 and up to the date of the approval of the annual report and statement of accounts.

### 4. Purpose of the Assurance Framework and System of Internal Control

The Council sets the overall strategy and policy (via its Constitution), and has put in place a well-defined organisational structure, with clearly understood lines of responsibility and delegation of authority to help ensure that strategies and policies are effectively implemented and adhered to.

Chief Officers are ultimately responsible to the Council for the system of internal control and reviewing its effectiveness. Any system of internal control can only provide reasonable assurance, and not absolute assurance, that all significant risks will be mitigated. The key issue is that risks, their potential for occurring and possible impact are identified. A conscious decision can then be made on how to prioritise and deal with those risks.

The system, therefore, is designed to effectively manage, rather than eliminate, the risks that are attached to the fulfilment of the Authority's Vision of "Building the future together – a place where people matter and you can afford to live the life you want". The Council has an internal priority to keep focused on being responsive, responsible, efficient, and effective in the way it delivers public services/"Corporate Strategy on a Page – Connecting People to Opportunities".

## **5. The Assurance Framework and Internal Control Environment**

The Authority's Assurance Framework (Appendix 1) is based on ongoing management and review processes developed to minimise the impact of risks to the achievement of the Authority's vision and associated objectives.

The Council has agreed a Constitution which sets out how the Authority operates, how decisions are made and the processes which are followed to ensure that these are efficient, transparent and accountable to local people. Many of these processes are required by statute, while the Authority has determined others locally. The Constitution is divided into appropriate articles that set out the basic rules governing the Authority's business.

The Council's internal control environment is fundamental to the operation of the assurance framework and is designed to manage risk to acceptable levels. It is not possible to eliminate all levels of risk of failure in respect of Council aims and actions and accordingly can only provide reasonable but not absolute assurance of effectiveness.

In summary, the Authority's Assurance Framework and Internal Control Environment includes:-

- A high level vision embedded in the service planning, delivery, risk management, and performance management frameworks.
- A Monitoring Officer responsible for maintaining the Authority Constitution, supporting the Standards Committee, and ensuring the legality of Authority actions.
- A Standards Committee to promote and maintain high standards of conduct by the Elected Members and co-opted Members of the Authority.
- An Overview and Scrutiny Co-ordinating Committee to support and challenge the work of the Executive supported by four appropriate Scrutiny Committees and two Select Scrutiny Committees.
- An Audit, Governance, and Improvement Review Committee, chaired by an Opposition Leader, including 3 independent (non-elected) Members, to oversee the work of the Internal and External Audit functions and provide independent assurance of the effectiveness of:-

- 
- a. The governance arrangements of the Council and its services.
  - b. The Council's risk management framework and the associated control environment.
  - c. The Council's financial management framework processes and the way this relates to the performance of individual services and the Council as a whole.
- 
- An Internal Audit function that consistently meets professional standards, (as assessed by the Audit Commission and validated by the Audit, Governance and Improvement Review Committee) supports the Authority in the achievement of its improvement and inspectorate agenda and has responsibility for the continual review of major financial controls and the wider internal control environment.
  - Comprehensive budget setting and monitoring framework with clearly defined guidelines and responsibilities with frequent reporting of performance to the Executive.
  - A local Code of Corporate Governance based on the CIPFA/SOLACE Framework that is reassessed annually by Internal Audit.
  - A risk management policy framework and Strategic Risk Register approved and monitored by Cabinet and the Audit, Governance and Improvement Review Committee. The framework demonstrates that risk management arrangements are robust and embedded within the service planning and decision making processes of the Authority. The Strategic Risk Register was last updated by the Audit, Governance and Improvement Review Committee on 10<sup>th</sup> June 2010.
  - A consistent and clear commitment to countering fraud and corruption that is demonstrated within core policy documents and associated investigatory practices with outcomes reported annually to Members.
  - The development of a portfolio of improvement and efficiency programmes and a series of strategies that support the achievement of the Council's strategic business objectives.
  - Nationally and IIP accredited employee development needs process, dovetailed with well publicised human resource policies, associated procedures, induction processes, and Codes of Conduct designed to ensure that staff are appropriately skilled to deliver the Authority's aims and objectives and conduct themselves in a proper manner.
  - A system of internal control based on a detailed framework contained within the constitution and supported by an extensive range of policy documentation covering all aspects of governance, rules of procedure, codes of conduct, and operational/governance related rules. In addition, a suite of policies cover all aspects of fraud related activity/conduct. Flowing from the above, Members of the Council are regularly and fully briefed on all significant financial, operational, and strategic decisions.

- The introduction of the Support Services Review in 2008 introduced a reduced number of Council departments. The Council operated on the basis of only 5 departments each led by an Executive Director supported by a total of twelve Service Directors. The Council had a dual level leadership team structure based on a Strategic Management Team (Executive Directors) and Business Management Group (Service Directors). Following a Senior Management Review, a new organisational structure was introduced from 1<sup>st</sup> April 2011. There are now 3 directorates, led by Corporate Directors supported by seven Directors. The new approach to SMT is based on an Extended Management Team which brings together Corporate Directors and Directors on a fortnightly basis, with the core SMT (Corporate Directors) meeting on the intervening weeks. The clarity here is that the core (focussed) SMT are responsible for strategic policy debate and AGMA sharing with the extended SMT being responsible for business items and decision making.
- A Responsible Financial Officer (S.151 Officer), supported by statute, to ensure the effective administration of the financial affairs of the Council.
- The CFO role (S.151 Officer) is undertaken by the Director - Corporate Services who is responsible to the Corporate Director - Resources. However, in terms of statutory responsibilities, the CFO reports directly and independently to the Chief Executive and Leader of the Council.
- In addition the CFO is considered to be a key member of both SMT (pre-programmed and adhoc meetings) and the Extended Management Team, and provides a pivotal link along with the Monitoring Officer between the two management groups on all financial and governance related matters. This approach has been crucial to ensuring that Directors accept financial responsibility for their budgets, present their own associated Cabinet reports, and are held accountable for their departmental performance.
- The CFO is at the core of the organisation leading, challenging, and holding to account SMT (collectively) and the CEO and individual Directors.
- It is considered that this approach does meet best practice as determined by CIPFA guidance in that the CFO is a key member of the leadership team (although not in the traditional sense) to develop financial strategy via SMT and resource, implement and monitor financial strategy via the Extended Management Team. The CFO has direct and independent access to the CEO and the Leader of the Council on all financial and governance related matters.

## 6. Review of Effectiveness

The Authority has a statutory responsibility to conduct, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Committees and management with responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's Annual Report and also work completed by external inspectorates.

The effectiveness of the Authority's system of internal control is demonstrated by a range of independent procedures and protocols, including :-

- Strategic/Corporate Management Teams procedures and associated management action
- Financial Management reporting
- Performance Management reporting (including the formal review of Risk Registers)
- Cabinet, Audit, Governance, and Improvement Review Committee, and Committee reporting
- Overview and Scrutiny and Standards function
- Statutory Officers (Head of Paid Service, Monitoring Officer, S151 Officer and authorised deputies)
- Internal Audit

Collectively, these form the basis of the Council's governance arrangements and are further validated by independent assessments from various external agencies, viz.:-

- External Inspectorate
- External Audit

The Director Corporate Services and Head of Service Legal and Risk (Monitoring Officer) have been formally given the responsibility for overseeing the implementation and monitoring the operation of the Local Code of Corporate Governance, reviewing the operation of the Local Code in practice, and reporting annually to Cabinet on compliance with the Local Code and any changes that may be necessary to maintain it and ensure its effectiveness in practice. This is supported by the continuous review work performed by Internal Audit.

The Internal Audit remit is under continual review to reflect and support the legislative requirements of the Section 151 Officer, the required professional standards, the revisions to the responsibilities of external audit, and the key priorities of the Authority. The effectiveness and detailed remit of Internal Audit are reviewed through the Audit, Governance and Improvement Review Committee who approve all Internal Audit Plans and receive reports on Internal Audit Activities (reports 25<sup>th</sup> November 2010, 9<sup>th</sup> June 2011). The latter report is contained within the Annual Report for the Section which, in accord with the Accounts and Audit Regulations, provides an annual review of the Service and demonstrates that a high quality and effective Internal Audit service is provided.

The Authority's current risk management policy was approved by the Senior Management Team prior to formal approval by Council on 6<sup>th</sup> January 2010.

The Strategic Risk Register continues to be further refined by the Strategic Management Team and Members to clarify the links between the Register and the Council's Corporate Strategy, placing further emphasis on the opportunities (positive risks) to improve the Council services and outcomes for the residents of Wigan. The latest refresh process incorporated comments from the Audit, Governance, and Improvement Review Committee on 25<sup>th</sup> November 2010.

Since all of the Strategic Risks and opportunities detailed within the Strategic Risk Register relate to the achievement of the Council's Vision, they are monitored via the Corporate Strategy. Other risks are managed through corporate projects (such as Business Continuity Management), through departmental Service Plans and may also be subject to review by Internal Audit to ensure the controls in place are operating effectively. Progress reports, as identified within the Register, are presented to the respective Member Panels so that there is a constant level of Member involvement in ensuring potential risks are effectively managed.

Although risk management is the responsibility of each Chief Officer, the Council's Section 151 officer undertakes this responsibility at a corporate level.

Significant Internal Audit reviews on governance arrangements, internal control validation, risk management/service planning, and system development/implementation have been completed during the financial year and reported accordingly.

In addition, the Head of Audit and Risk Management has the responsibility to review independently and report to Members annually, to provide assurance on the adequacy and effectiveness of the Code of Corporate Governance in practice and the extent of management compliance with it. This report was reported to the Audit, Governance and Improvement Review Committee on 9<sup>th</sup> June 2011.

The Audit Commission complete detailed reviews of all aspects of Internal Audit work (as required under their Code of Practice) to ensure that the section satisfies statutory requirements and maintains the required competence in all Internal Auditing Professional Standards.

On the basis of the above, assurance can be gained that the Authority is committed not only to properly managing its affairs but to striving to improve in respect of all governance related aspects of its functions. This is particularly evident in the key areas of risk management, performance management, service planning, and corporate governance. **In conclusion, it is the opinion of the Director-Corporate Services that the Authority operates an effective overall internal control environment.**

The Council is subject to an annual programme of independent external audits and statutory inspections. The above assurance opinion is supported by the independent review work performed by external agencies allowing the Council to draw assurance on its governance arrangements from additional external sources, viz.:-

## **Audit Commission**

In 2006 the Audit Commission introduced several key changes in the way in which they reported their work to the Authority, viz.:-

- The introduction of an annual governance report to present a draft audit opinion and also a VFM conclusion, and
- A change in style of the Annual Audit Letter to present only the high level results of the audit and inspection programme and the associated direction of travel assessment.

In December 2010 the Audit Commission revised its VFM methodology with the statutory conclusion being based on two criteria specified by the Audit Commission, viz.:-

- The organisation has proper arrangements in place for securing financial resilience.
- The organisation has proper arrangements for challenging how it secures economy, efficiency, and effectiveness.

The above conclusion being supported by risk-based work focussing on the robustness of the Authority's arrangements relating to financial governance, strategic financial planning and financial control.

Appropriate External Audit reports were presented to the Audit, Governance, and Improvement Review Committee during 2010/2011 as follows:-

- Annual Governance Report (28<sup>th</sup> September 2010)
- Annual Audit and Inspection Letter (including VFM Conclusion) (25<sup>th</sup> November 2010)
- 2010/2011 Audit Plan (24<sup>th</sup> March 2011)

The opinions within the above reports continue the previous years' trends and again commented positively on the Authority's internal control and performance frameworks as outlined below: -

Key consistent governance related messages from these reports are that the Council:-

- "continues to have effective financial management arrangements in place underpinned by a detailed medium term financial strategy and appropriate levels of balances and reserves."
- "continues to demonstrate a good understanding of costs across all Council areas. A thorough review process of service provision and associated spending is in place that seeks to identify cashable savings and improved service user benefits."
- "continues to produce accurate, relevant and timely budgets and budget monitoring information that supports decision making."
- "continues to have appropriate arrangements in place for commissioning. The commissioning and procurement strategies align with the sustainable community strategy and each directorate is commissioning services to meet their own strategic objectives. Partner involvement in commissioning has also been strong."
- "commitment to and demonstration of effective governance arrangements has continued throughout 2009/10. The Council maintains a sound framework of policies that underpin governance."
- "Internal control arrangements are sound and appropriate."

## Other Inspectorates

During 2010/2011 the Council was subject to inspections of aspects of its services by :-

Care Quality Commission – CQC (adult social care services). Overall grade awarded for delivery of outcomes – “Performing Well”.

Office For Standards in Education, Children’s Services and Skills-OFSTED (children’s services). “Children’s Services perform well”.

Audit Commission (Housing Benefits). “The Benefits Service is “fair” with “promising” prospects for improvement.”

Information Commissioner –ICO (Information Governance and Data Protection). Arrangements for data protection compliance with regards to governance and controls provide only a “limited assurance” that processes and procedures are in place and being complied with.

Key consistent governance related messages from these reports are that the Council:-

- “can demonstrate it has a clear strategic direction with an alignment of corporate and service priorities to inform commissioning decisions that are understood outside as well as within the organisation”
- “has an improved performance management culture and a robust performance management framework is in place”
- “has new governance arrangements for programme and project management that help to ensure that the actions taken by the Council are in line with borough-wide priorities and are effectively monitored”

## Ongoing Improvements

Outline areas where the Council recognises Audit Commission and other inspectorate/regulator concerns and is seeking to make improvements include :-

- “Ensure that all planned checks on housing and council tax benefit claims are undertaken.”
- “Ensure that all members make the required declarations ahead of the preparation of the related party transaction disclosure within the draft financial statements.”
- “Demonstrate further progress on the Transforming Social Care Agenda and the supporting workforce strategy and continue to explore with partners the options for strengthening and developing the third sector.”
- “Improve service planning, performance, and the value for money the Service (Housing Benefits) delivers.”
- “Improve corporate oversight of data protection compliance across the Council.”
- “Improve delivery of mandatory and regular data protection training for key staff handling personal data and introduce spot checks to ensure staff compliance with policies and procedures.”

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## 7. Significant Partnerships Assurances

The Statement on Recommended Practice (SORP) 2006 placed an additional responsibility on Councils in that their Statement on Internal Control should embrace controls over group activities where an Authority undertakes significant activities through a group. The “proper practices” guidance has extended this responsibility to controls over partnerships considered by the Authority to be significant i.e. have a detrimental effect on the Authority if the partnership failed.

For this purpose the Council considers that the bodies involved are:-

- Wigan and Leigh Housing Company
- Wigan Development Company
- Leigh Sports Village
- Wigan, Leisure, and Culture Trust
- Ashton, Leigh, and Wigan Primary Care Trust (SCA)
- Norfolk Property Services

Assurance on the control environment of the individual bodies has been assessed as follows:-

### Wigan and Leigh Housing Company

On 19<sup>th</sup> May 2011 an annual assurance opinion was presented to the Company’s Governance, Standards, and Audit Committee by the Head of Audit and Risk Management within the Annual Internal Audit Report viz.:-

“From the Internal Audit work undertaken in 2010/2011 it is the opinion of the Head of Audit and Risk Management Services that Wigan and Leigh Housing operates an effective overall control environment.”

Wigan and Leigh Housing produce their own Annual Governance Statement, which is to be presented to the Company’s Governance, Standards, and Audit Committee on 21<sup>st</sup> July 2011.

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## **Wigan Metropolitan Development Company**

Wigan Metropolitan Development Company provides good quality office space, industrial units and workshops to over 250 businesses throughout the Wigan Borough all located in prime sites. The company has a property portfolio with a current market value in the region of £10m, with the potential (if all 130 units and offices were let) to generate rental income in the region of £1m per annum .

An Assurance Statement has been provided by the Head of Economic Development in her Council role as Company Secretary of Wigan Metropolitan Development Company that she is satisfied that the company demonstrates “satisfactory” governance arrangements across the governance framework subject to additional work required in respect of internal communications and sickness absence management.

## **Leigh Sports Village**

Leigh Sports Village is a partnership venture valued at approximately £83m. Wigan Council have made financial and land asset contributions to the scheme. The major partners are Greenbank Partnerships Ltd, Wigan Council, Wigan Leisure and Culture Trust, Wigan and Leigh College, Leigh Sports Village Company, Sports Council, and a number of local sports clubs.

All the sporting partners previously agreed and signed a Memorandum of Association which sets out terms of proposed working arrangements. The structure is that the majority voting interests in the company will be held by the Council with minority interests in the company held by the various clubs operating on the site once lease agreements are in place. Currently the Council retains all shares, some partners having completed agreements, others remaining in discussions with the Council and are in occupation under licence. Pending completion of the agreement, the Council has appointed the Chairman, Company Secretary, and two non-Executive Directors of the company.

The Stadium and the majority of the sporting facilities are owned by the Council. This is and remains the most efficient arrangement as recommended by PricewaterhouseCoopers based on company tax and securement of public funds perspectives.

Short and medium term governance options were discussed by the Council's SMT on 5<sup>th</sup> January 2010 and Cabinet on the 5<sup>th</sup> February, Cabinet recommended moving forward with a governance model that places emphasis on partnership working and a strategic commissioning approach. Longer term it was recommended that the governance structure is kept under review to ensure that it continues to be the right one to meet the agreed performance framework.

Under the senior management review the responsibility for Leigh Sports Village transferred to the Places Directorate, along with the Wigan Leisure and Culture Trust. The siting of the major Leisure service providers under one Directorate gives us an opportunity to review the overall governance arrangements in 2011/12.

## **Wigan Leisure and Culture Trust (WLCT)**

An enhanced Assurance Statement has been provided by the Finance Director of Wigan Leisure and Culture Trust that he is satisfied that the company demonstrates “good” governance arrangements across all aspects of the governance framework.

## Norfolk Property Services

In 2005, the Council entered into a partnership agreement with Norfolk Property Services (NPS) for the delivery of a range of property related services. A client function was retained by the Council to manage the contractual relationship including performance and governance issues.

Throughout 2010/2011, the departure of the Council's Property Manager, the restructuring of the Property Team, a fundamental review of the Council's property management arrangements and a major restructuring of NPS have meant that a focus could only be maintained on the essential elements of the client /contractor governance arrangements, with limited scope for development or improvement over the year. Internal Audit have supported these arrangements, particularly with highlighting the risks involved in the "light touch" management of the repairs and maintenance partner, along with some proposals for strengthening this approach.

The partnership agreement facilitates opportunities for review and accordingly the Council and NPS are currently evaluating joint venture opportunities to develop further service improvements and enhanced value for money. All options are currently being considered by the Director of Corporate Services on behalf of Council's Senior Management Team before determining an appropriate course of action to enhance the existing arrangements."

The recent appointment of an officer from the Internal Audit Section into the client role will enable the partnership to be more actively managed, and the governance arrangements to become more comprehensive, with renewed focus on:

- Performance management
- Effective systems and processes, particularly financial management
- Communication
- Responsibility and Governance
- Partnership culture

The direct delegation to schools of the property maintenance budgets (wef April 2011) will impact on the range and numbers of sites that are currently overseen by this client / contractor relationship, which is reflected in the overall downsizing of the NPS operation, thereby reducing some of the risks relating to the volume and value of maintenance spend which is managed through this arrangement.

## Ashton, Leigh, and Wigan Primary Care Trust (SCA)

On 10<sup>th</sup> March 2010, Council approved a Single Commissioning Agency (SCA) governance and funding proposal that included an Agreement with Ashton, Leigh and Wigan NHS Trust under S.75 of the National Health Services Act 2006 namely to-

- share resources (pooling of budgets and staff)
- establish the SCA Board
- delegate to the SCA Board authority to act in a commissioning, supervisory, monitoring, directional role under statutory functions which are to be retained by the Council and the PCT
- delegate to each other under the relevant statutes the provision of services to the extent required to carry out the agreed joint provision/commissioning

In carrying out the services there is a requirement for both the Council and the PCT to apply agreed financial policies and practices and performance monitoring and reporting arrangements as directed by the SCA Board.

Liaison arrangements have commenced with the PCT Internal Audit Section to ensure that appropriate governance arrangements are in place to safeguard the interests of both the Council and the PCT.

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The arrangements whereby the section 75 agreement with the PCT was concluded covered a review of internal control at both organisations. The PCT produce a statement of internal control that was used to aid Cabinet in approving the agreement. Meetings were also held with our External Auditors and their advice taken on the process.

## **8. Significant Internal Control Issues**

Two significant internal control issues have been identified during the year involving Information Governance/Data Protection and also the recovery of Care in the Community Arrears. Both this issues are being addressed by the Council and are detailed in Appendix 2 (Significant Control Issues).

The recent review by Internal Audit re-assessed each component of the Local Code and concluded that Wigan "Council's position against the local code of corporate governance is still based on a strong governance framework underpinned by the relevant statutory roles."

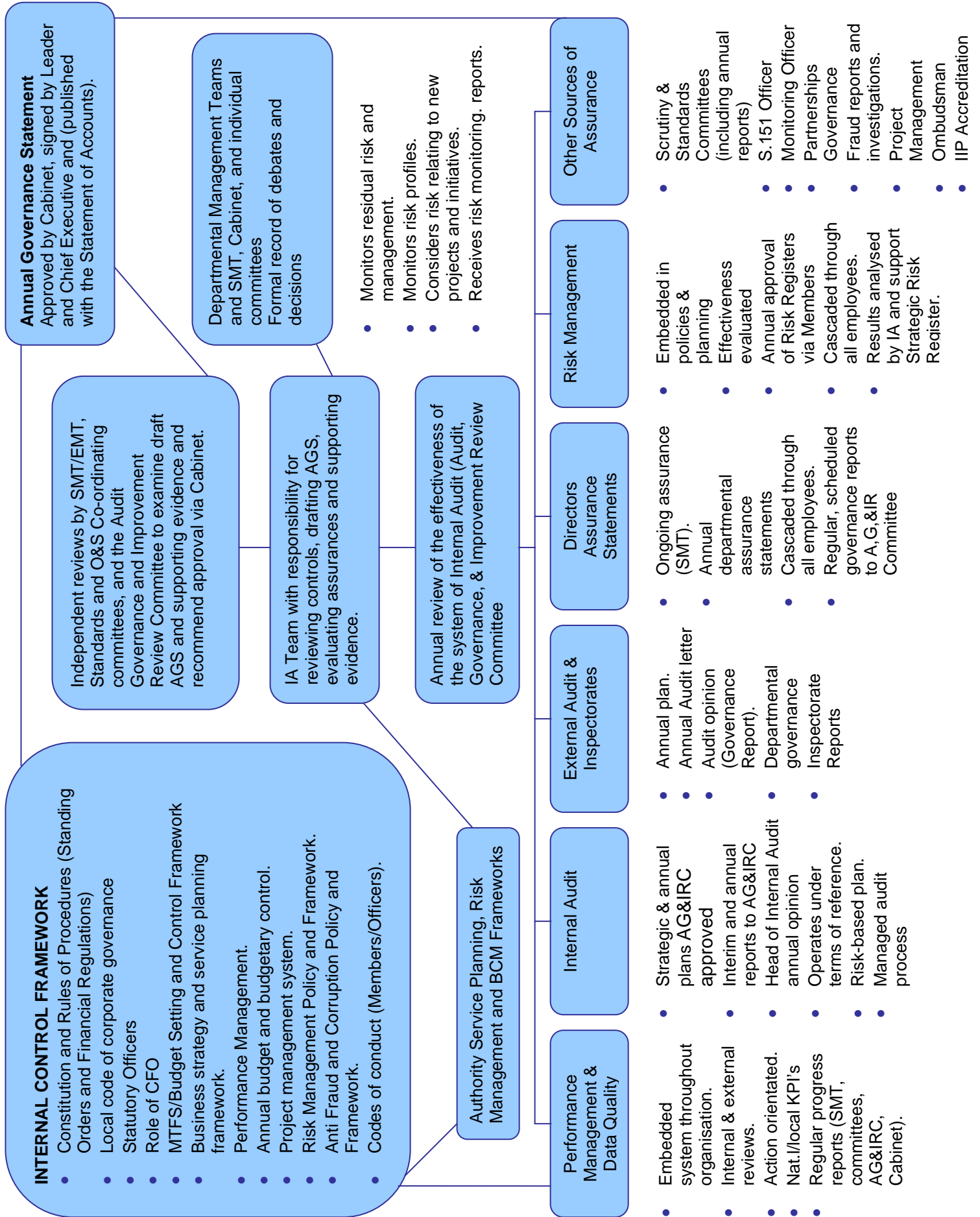
A summary of progress and further agreed action is included at Appendix 2. It also highlights some sensitive issues within the public arena that the Council is addressing and which provide practical illustrations of the Council's continued commitment to effective governance.

On the basis of the opinion of the Director – Corporate Services as detailed above, we are satisfied that Wigan Council's internal control/corporate governance arrangements are adequate and are operating effectively. We are satisfied that the enhancements identified will further improve our governance and internal control arrangements. We will assess their implementation and the effectiveness of dealing with the issues outlined as part of the formal risk management process.

**Signed:**

**Councillor David Molyneux, Deputy Leader of the Council & Joyce Redfearn, Chief Executive on behalf of the Members and Senior Officers of Wigan Council.**

**Date: 1 September 2011**



### Corporate Governance Annual Statement of Assurance

Areas where improvement work is ongoing include:-

#### **Principle 1 - Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area.**

##### **Corporate Strategy and Strategic Planning**

The Council has revised its Corporate Strategy and its Strategic Planning Approach. The new 'Strategy on a Page – Connecting People to Opportunities' is due to be launched during May 2011 and a Communications Plan has been developed by the Media and Communications team for the roll out and promotion of the strategy, both internally and externally.

The delivery of the revised Corporate Strategy will focus upon a portfolio of improvement and efficiency programmes and the series of strategies that support the achievement of the business objectives. The requirement for Departmental Performance Plans has been removed, although it is suggested that Business Unit Plans are developed at Head of Service level to support operational delivery. A suite of outcomes-focused performance measures will support monitoring and evaluation at a corporate level, with operational delivery supported through a greater connection between management information and performance data.

Plans are in place to publish an article in Borough Life summarising the Authority's activities, achievements, financial position and performance for 2010/2011. A more detailed document will be produced for Senior Managers and Councillors approximately September 2011.

##### **Local Strategic Partnership**

In view of the changing national and local context, a strategic review of the structures and functions of the Local Strategic Partnership (LSP) is now underway. At its meeting on the 14<sup>th</sup> February 2011, a paper was presented to the LSP Board meeting which outlined three options for adapting the LSP to ensure that it continues to remain fit for purpose. Draft proposals for the new LSP will be discussed at the next Local Strategic Management Group (LSMG) meeting on 20<sup>th</sup> May 2011 and the LSP Board on 23<sup>rd</sup> May 2011. A revised LSP Improvement Plan will be developed after this date to support any new agreed proposals. The Architecture and Protocol will also be reviewed and updated to make any decisions made.

A paper was presented to the LSMG on the 14<sup>th</sup> February 2011 to update the group on progress made towards the development of a 'Framework for a Civil Society'. The paper detailed a number of core themes which might provide the basis for consultation around a new framework for a civil society. It was also confirmed that early work has focused on many key issues emerging from the new policy agenda.

Last year we reported that the Local Strategic Partnership (LSP) Peer Review made a number of recommendations to improve performance management within the partnership environment. Work was underway to incorporate a focus upon data quality arrangements. The Business Partner (Resources Directorate) confirmed that the review of the role and function of the Local Strategic Partnership is still underway. The associated work on performance management at LSP level will be picked up as the review concludes.

## Complaints

One of the improvements proposed to the complaints procedure was the introduction of a central database to enhance monitoring and increase the focus on customer satisfaction. The complaints database was expected to be ready by the end of April 2010. The Customer Support Manager confirmed that the inputting of data from 1 April 2010 onwards is almost complete and only a small number of complaints remain outstanding. Staff are working through them to resolve any anomalies before inputting onto the new database.

The complaints web page, online form, leaflet and guidance notes for staff have recently been re-vamped. The Customer Services Manager confirmed that the Head of Customer Services is currently liaising with the Media and Communications team to progress launching the revised Customer Complaints Policy.

Within the Customer Service's workplan for the year is the implementation of a regular reporting framework which encompasses performance around complaints, satisfaction and comments. This will be focussed on identifying learning opportunities and actions taken to make changes in response to customer feedback. This will be rolled out to managers during May 2011 and it is expected that the Overview and Scrutiny Committee will receive a summary of this work on a regular basis.

## Housing Benefits Subsidy

The Council appointed an independent subsidy consultant and continues to liaise with the DWP on key elements of the Subsidy Claim qualification and has had positive responses from which good outcomes are expected. Performance has improved and a new Revenues and Benefits system has been procured and was planned to be introduced 8<sup>th</sup> June 2011, however, this date has now been pushed back to the end of September 2011 as a result of data quality issues. This system will improve productivity, input accuracy, quality assurance, and automate the Subsidy Claim.

## **Principle 2 - Members and officers working together to achieve a common purpose with clearly defined functions and roles.**

### Members

In accordance with good practice, the Council was due to appoint an Independent Panel to conduct a review of Members Allowances during 2010. The Principal Solicitor confirmed that the Independent Panel are due to meet 9<sup>th</sup> and 10<sup>th</sup> June 2011.

### Partnerships

During 2010/11, discussions were held with the PCT about the expansion of the partnerships register into a register for the LSP. However, this work was put on hold following the announcement of government plans to abolish PCTs. This work will be picked up during 2011/12, along with internal arrangements for maintenance of the Partnerships Register.

## **Statutory Officers**

Due to the budget reduction programme and the new Senior Management structure, there is a need to:

- Constantly review the effectiveness of financial management and internal control arrangements to ensure reductions in “back office” costs do not compromise the stewardship role of the S151 officer.
- Ensure the reduced seniority of the monitoring officer does not impair his ability to question or challenge as appropriate.

## **Principle 3 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.**

### **Declaration of Interests**

Last year we reported that Internal Audit work found inconsistencies across the Council in terms of how departments collect and record employees' interests. This issue is compounded by the fact that there have been two Internal Audit investigations into the actions of senior Council officers who either failed to correctly declare interests in companies they were associated with or provided work to such companies in contravention of their declared interests. Arrangements for Register of Interests were discussed at the Business Management Group on 26<sup>th</sup> October 2010. The possibility of an annual register of interests is to be explored and will be picked up by the Internal Audit section with the Head of Service (Legal and Risk).

## **Principle 4 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.**

### **Business Continuity Management**

The Business Continuity Officer confirmed that the new Business Continuity Management Information System (BCMIS) is still pending due to the ongoing Council restructure as the system required Sections to be linked to Services. Once restructures have taken place and officers are in post, staff will be targeted for training and the system will be rolled out across all Directorates.

### **Strategic Risk Management**

It should be noted that the Strategic Risk Register is refreshed on an annual basis to align to changes within the organisation. The Head of Risk Management updated Members with emerging risks at the November 2010 meeting. The updated Strategic Risk Register was due to be presented to the Audit, Governance and Improvement Review Committee in March 2011. This will now be presented to the December 2011 meeting.

It is noted that due to the changes around departmental planning and associated organisational and staffing changes the process and responsibility for maintaining departmental and strategic risk registers will need to be reviewed.

## **Principle 5 - Delivering the capacity and capability of officers and members to be effective.**

### **Human Resources and Organisational Development**

A policy review programme for all Human Resource policies and procedures has been implemented. This is a two year programme with high priority areas featuring in year one and this includes critical HR policies such as discipline, performance and organisational change. The

Employee Relations Manager confirmed that the HR policy development programme is progressing well with a number of policies and procedures having been approved and implemented as part of the programme. The following policy reviews are underway and will be completed within the next 4 - 6 months:

- Disciplinary Procedure
- Dignity at Work Policy
- Grievance Procedure
- Code of Conduct
- Performance Capability Procedure
- Flexible Working in Schools

Following the restructure of the Council and its senior leadership team, it is the intention that both the OD Strategy and People Strategy are refreshed and integrated into one Human Resources and OD Strategy. Until then, both the OD Strategy and the People Strategy will both continue to be monitored by the Overview and Scrutiny Co-ordinating Committee and via the Council's corporate performance reporting.

There is a need to review of the effectiveness of the Leadership Development Programme for senior managers.

## **Principle 6 Engaging with local people and other stakeholders to ensure robust public accountability.**

### **Customer Services**

An area that continues to be an ongoing development is the building of the Wigan Life Centre. Once complete, the centre will provide a 'One Stop Shop' for public services, an Information and Learning Zone, a Neighbourhood Zone and Wigan Tourist Information Centre.

### **Significant Internal Control Issues**

#### **Information Governance - Data Security**

Following two separate significant data security issues involving sensitive Council data during 2008/2009, both of which necessitated the involvement of the Information Commissioner (ICO), the Council signed a Voluntary Undertaking (September 2009) confirming the remedial action to be taken to improve data security. Following further data losses, the Authority accepted an invitation from the Information Commissioner's Office to undergo a consensual audit of its data protection policies and practices.

The Authority fully co-operated with the ICO's audit team on the understanding that the audit offered a frank assessment of the Authority's current ability to meet its statutory responsibilities. It is important to note that the ICO review methodology utilises current data at the point of fieldwork completion (November 2010) and does not utilise any planned Authority remedial action.

Accordingly the ICO concluded that the Authority's arrangements for data protection compliance only provided "limited assurance" that processes and procedures were in place and being adhered to. An Action Plan covering 47 recommendations was agreed that is subject to re-inspection by the ICO in October 2011.

Immediately prior to the inspection, one of the Authority's mail vans was stolen (30<sup>th</sup> September 2010) with the resultant loss of a significant amount of personal data. The ICO Enforcement Team investigated the incident and called Authority officers to a meeting on 5<sup>th</sup> July 2011 to discuss in detail the actual incident, the impact on data subjects, and the remedial actions taken by the Authority. The Authority should be notified of any action the ICO propose by early August 2011.

Such action is independent of the ICO re-inspection (planned for October 2011) and could include an Enforcement Notice and monetary fine.

In March 2011 there was a further “confidentiality” data breach discovered when Emails in respect of pupil school placements were issued that inadvertently contained the Email addresses of other parents/representatives. Immediate communication links were established with all affected persons and the ICO notified of the issue. The ICO has subsequently confirmed that it is unlikely that “any significant detriment will be caused by the error” and that no action will be taken in respect of this issue.

An additional control issue has been identified in respect of removing system access when employees leave the Authority’s employment. It has been established that an ex-employee’s access was not promptly removed and she copied confidential files after she left Authority employment. This matter has been referred to the ICO, Police and her current employer. Revised control processes have been developed and are being introduced as a matter of urgency.

### **Care in the Community Arrears**

An Internal Audit follow-up review on recommendations previously accepted was undertaken in August 2010. Although a number of recommendations had been implemented, one of the key issues around the need to implement legal action to recover arrears had not been progressed. A further major concern, allied to the failure to take appropriate recovery action, was that the arrears figure had increased significantly from the previous review and there was no Management action proposed to control further escalation, etc.

The significant issues identified by this review included:-

- A lack of Senior Management ownership of the arrears recovery process, knowledge of individual and cumulative arrears, and strategic direction to arrears recovery officers prior to the current officer group being established.
- Recovery action (via Court) as approved by Cabinet in February 2004 has not been taken by departmental Management. The direct consequence has been an increase in individual Service User and also cumulative Care in the Community arrears and also substantial debt write-off due to the stipulations of the Limitations Act.
- Current arrears levels have increased by 77% from January 2007 (including write-offs) and currently stand at £3.5m (this figure excludes deferred charges of £1.9m where the debt is covered by a legal charge on residents properties).
- Core documentation whereby Service Users or their representatives accept liability for the charges associated with the services provided by or commissioned by the Authority are not in place (at all) in respect of Day and Domiciliary charges, and not consistently in place in respect of Residential charges.

An appropriate Working Group of key officers has been established to agree the principles necessary to successfully and appropriately develop the strategy, priorities, and processes to recover the outstanding arrears and also the extent and source of the likely additional short term resources needed.

### **Other Significant Issues**

A range of issues, involving the Authority, has attracted press and public interest during the financial year. Many of these issues have been recognised as significant risks to the Council and are/will be included in the Strategic Risk Register which outlines the mitigating actions along with providing a high level mechanism to monitor the effectiveness of the actions being taken.

A précis of the issues with the remedial action taken/scheduled is detailed below, viz.:-

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## **Employee Issues**

Several major “employee related” issues are being faced by the Council that have appeared in the press in various guises, etc. These issues include:-

### **Sickness absence**

Several press articles stated that the sickness absence statistics for Wigan Council staff was significantly higher than the target figures and resulted in a cost of nearly £4m per annum. The Council responded by highlighting that the issue was known, was comparable with other Manchester authorities and was being addressed by the introduction of a more robust reporting and monitoring framework allied to the introduction of a range of employee initiatives to further reduce sickness absence.

### **Mail Van Theft**

The theft of one of the Council’s internal mail delivery vehicles containing a range of confidential and personal data necessitated a referral to the Information Commissioner (see Information Governance - Data Security reference above). Disciplinary action was taken against the employee resulting in dismissal (this decision being upheld on appeal). In addition a review of mail security and distribution methodologies was completed.

### **Members Issues**

Several issues involving the conduct of Members have received media coverage culminating within the period of the statement, viz.:-

### **Members Community Money**

A report that Wigan Councillors were “sitting on a half-million-pound jackpot of unspent community cash” made headline news in the local press. The report identified that the funds related to a fourteen year accrual of unspent members “Brighter Borough Allowance”. The Council maintained that there were legitimate reasons why funds remained unspent, that the timing of the report had an impact, that carry through between financial years was allowed, and due to match funding constraints, delays were sometimes inevitable. A formal review of the situation together with updated guidance was presented to the Audit, Governance and Improvement Review committee on 28<sup>th</sup> September 2010 and approved by Cabinet on 21<sup>st</sup> October 2010.

### **Bullying Ban**

Several press articles detailed the case of a member who following a breach of the national code of conduct was suspended, required to publicly apologise to the officer concerned, and also undertake external training. A further media report followed when other members left the meeting at which the member delivered his apology. In response the Council’s Monitoring Officer outlined that the council’s Officer/Member Protocol would be revised to stress the need for constructive working relationships between Councillors and officers.

## Other Issues

### Economic Downturn Coalition Government Funding

A range of articles have been reported in the media stemming from the overall economic/fiscal downturn, the associated Coalition Government actions, and the Council budget position. The articles generally concerned the proposed Government funding cuts and the potential impact on Council jobs and service provision. Such articles included.:-

April 2011 – “Save our Libraries.”

February 2011 – “£47m Bombshell – the axe is set to fall on Council servicers in Wigan – to the tune of a staggering £47m this year ”.

February 2011 – “Children’s centres may feel axe under cuts.”

December 2010 – “Cut Apart – Council must slash £20m from budget”.

December 2010 – “Council Spending Power Is Slashed”.

October 2010 – “Council lets 225 staff go.”

October 2010 – “Budget cuts will hit services hard.”

August 2010 – “Tough Times Ahead”.

August 2010 – “Connexions jobs are axed in funding cuts.”

August 2010 \_ “Day Centres are to shut.”

July 2010 – “Budget cuts to signal job axe.”

The Council’s consistent response to these measures is that it has prepared promptly and addressed all issues in a structured way with the intention to safeguard the services it provides to residents and minimise compulsory job losses. In response to the February 2011 article the Leader of the Council re-iterated that the budget aimed to protect front line services and the most vulnerable – “We decided early in this process not to delay making difficult decisions, at the risk of merely storing them up for the year ahead. As a result the Council is in a better financial situation going forward than other authorities.”

### Civic Halls

Following a decision to remove the annual subsidy for operating the Civic Halls, a process was undertaken to seek alternative providers, encouraging bids from community groups, in an attempt to retain the facilities. The resultant sale of the halls for less than their full capital receipt value – but on condition that they be maintained as civic venues – caused considerable commentary. As the process was likely to be a forerunner for future community based arrangements, an internal audit review was commissioned to consider the whole process and identify learning points.

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A report is scheduled for the Audit, Governance and Improvement Review Committee in June 2011 to demonstrate transparency and ensure the experience gained from these transactions contributes to improved processes in future.

### **Council Costs**

February 2011 – “Shock Cost of Council Legal Bills”. Concerns were expressed that the Council had expended more than £1m on legal fees with external consultants in a five year period. The article linked this expenditure to pending budget cuts and potential jobs losses. The Council stressed that external sources were only used when appropriate and that a cross authority tendering process had been followed to obtain such services at the lowest possible cost.

December 2010 – “Waste of Money ?”. The article highlighted that the Council had expended £38k to a recruitment consultancy to fill three director posts. The Council confirmed that this process was adopted as the most appropriate for this senior level of post and followed a tendering exercise to ensure lowest cost.

### **Insurance Fraud**

The Council successfully defended an insurance compensation claim of £70,000 by one of its contractors in respect of a minor vehicle accident. The Council accepted liability for the collision but refuted both compensation and legal costs claims. At Court the judge dismissed all claims, described the claims as “wholly wrong”, and awarded the Council costs in excess of £9,000.

The Director Corporate Services stated that “Local authorities across the country are facing an increasing number of claims from people who say they were injured in low speed impacts but this council is determined to scrutinise all allegations in order to protect public funds. By putting a cohesive and persuasive defence before the court we have saved the council tax payers of this borough more than £70,000 of public money.”

In all of the above instances, appropriate and prompt action was taken within a controlled framework to mitigate any potential financial and/or reputational loss to the Council.

The Council’s governance and risk management arrangements enable it to deal openly and effectively with situations such as those highlighted above. The nature of the organisation means that there will always be difficult situations to deal with, but it’s internal control mechanisms ensure that actions are taken appropriately and promptly, and it is openly accountable for those actions. This is a major strength of the Council and a significant factor in its continued external assessment categorisation.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WIGAN COUNCIL**

### **Opinion on the Council accounting statements**

I have audited the accounting statements of Wigan Council for the year ended 31 March 2011 under the Audit Commission Act 1998. The accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account, the Movement on the Housing Revenue Account Statement and Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Wigan Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

### **Respective responsibilities of the Director – Corporate Services and auditor**

As explained more fully in the Statement of responsibilities, the Director – Corporate Services is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **Opinion on accounting statements**

In my opinion the accounting statements:

- give a true and fair view of the state of Wigan Council's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

## **Opinion on other matters**

In my opinion, the information given in the explanatory foreword for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

## **Matters on which I report by exception**

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

## **Conclusion on Council's arrangements for securing economy, efficiency and effectiveness in the use of resources**

### **Council's responsibilities**

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

### **Auditor's responsibilities**

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Basis of conclusion**

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2010, as to whether the Council has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2011.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

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## **Conclusion**

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, I am satisfied that, in all significant respects, Wigan Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

## **Delay in certification of completion of the audit**

The audit cannot be formally concluded and an audit certificate issued until I have completed my consideration of matters brought to my attention by local authority electors. I am satisfied that these matters do not have a material effect on the financial statements or a significant impact on my value for money conclusion.

**Mark Heap**  
**Officer of the Audit Commission**

30 September 2011

Aspinall House  
Aspinall Close  
Middlebrook  
Horwich  
Bolton, BL6 6QQ

# 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.

### **ACCUMULATED ABSENCES**

Leave, Flexi-time and Time in Lieu that has not been taken at the end of the financial year.

## 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 Code 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.

### **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).

### **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**

### **HERITAGE ASSETS**

These are held by the Council principally for their contribution to knowledge and culture.

### **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, 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.

### **LATS**

Landfill allowances allocated or purchased from DEFRA.

## **M**

### **MEDIUM TERM FINANCIAL PLAN (MTFP)**

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 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.

## **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 records gains made by the Council arising from increases in the value of Property, Plant and Equipment

### **REVENUE EXPENDITURE**

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

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**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.

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## **T**ERMS 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 2010/11:**

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

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### **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/>

## **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/>

### **Department for Education (DFE)**

UK government department with responsibility for infant, primary and secondary education.

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

## **G**

### **Greater Manchester Combined Authority (GMCA)**

The ten authorities in Greater Manchester are the first in the country to develop a statutory Combined Authority which will co-ordinate key economic development, regeneration and transport functions. The Greater Manchester Combined Authority (GMCA) was established on the 1 April 2011.

<http://www.gma.gov.uk/gmca/index.html>

## **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/>

## I

### **International Financial Reporting Standards (IFRS'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 Code incorporates these accounting standards to the extent that they comply with specific legal requirements and are relevant to the activities of the local authority.

## 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>

## 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>

## 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.

## 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.

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## 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.

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## 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.

# 2010/11 Statement of Accounts Feedback Questionnaire

Here at Wigan Council, we value the input and views of our stakeholders. Having read our 2010/11 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 2011/12 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:

.....  
.....

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:

.....  
.....

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:

.....  
.....

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:

.....  
.....

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

.....  
.....

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, Resources Directorate, Finance Division, Civic Centre,  
Millgate, Wigan, WN1 1DD  
If you require any further information please do not hesitate to contact us on 01942 827272**