

Statement of Accounts 2005 -2006

CONSOLIDATED REVENUE ACCOUNT FOR YEAR ENDED 31 MARCH 2006

2004/05 Net Expenditure		2005/06 Gross Expenditure	2005/06 Income	2005/06 Net Expenditure
£'000	Note	£'000	£'000	£'000
Expenditure on Services				
1,754		25,361	23,169	2,192
1,242		412	21	391
47,227		72,324	25,696	46,628
177,646		237,848	53,271	184,577
31,102		41,064	8,582	32,482
1,881		131,294	127,315	3,979
78,048		132,388	50,457	81,931
6,943		8,123	702	7,421
2,764		1,856	2	1,854
348,607		650,670	289,215	361,455
Net Cost of Services				
Other Operating Income and Expenditure				
56				62
0				0
374	1			-271
-16,232	2			-23,497
-4,609	3			-3,697
-4,300	10			2,700
				On pension assets
14,171				11,229
				Contribution of Housing Capital receipts to Government pool
338,067				347,981
Net Operating Expenditure				
5,375				-2
				Transfers to/from (-) HRA Balances
				Contributions to/from (-) Reserve funds
398				582
-553				134
1,831	10			-2,981
-14,171				-11,229
				- Contribution from Pension Reserve
				- Transfer from usable Capital receipts equal to the contribution to Housing pooled capital receipts
				Contributions to/from(-) capital reserves
-591				0
10,955	4			8,106
-9,117				-7,128
4,276				13,486
				- Impairment
				- Provision for Repayment of External Loans
				- Deferred charges
				- Financing of Capital Expenditure
336,470				348,949
Amount to be met from Government Grants and Local Taxpayers				
Sources of Finance				
-92,134				-97,016
-84,262				-101,254
-161,262				-158,645
				Council Tax Income
				Non-Domestic Rate Income
				Revenue Support Grant
-1,188				-7,966
Net General Fund Surplus (-) / Deficit for the Year(+)				
-12,174				-13,362
-1,188				-7,966
				General Fund Balances at beginning of the year
-13,362				-21,328
				Add : Surplus(-) / Deficit for the year (+)
				General Fund Balances at the end of the Year 16

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

David Smith

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

28th June 2006

Consolidated Revenue Account

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NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

1. Surpluses / Deficit on Trading Accounts

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

	Expenditure £'000	Turnover £'000	(Surplus) / Deficit £'000	FRS17 allocation To DSOs' £'000	Post FRS17 – Surplus / Deficit £'000
Highways Maintenance	11,966	11,999	-33	120	87
Building Maintenance	6,720	6,755	-35	81	46
Transport	8,586	8,615	-29	56	27
Metro-catering	7,033	7,052	-19	113	94
Refuse Collection	5,663	5,680	-17	106	89
Building Cleaning	4,550	4,547	3	128	131
Other Cleaning	3,417	3,390	27	58	85
Total	47,935	48,038	-103	662	559
Other Trading Activities	4,092	5,016	-924	24	-900
Central Establishment Charges	40,144	40,074	70	0	70
Total	44,236	45,090	-854	24	-830

FRS 17 is an accounting statutory requirement relating to the Local Government Pension Scheme explained in detail in note 10 to the Consolidated Revenue Account and note 13 to the Consolidated Balance Sheet.

2. Transactions on the Asset Management Revenue Account

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

2004/05 £'000	Income	2005/06 £'000	2005/06 £'000
-21,766	Capital Charges – General Fund	-24,135	
-33,303	- Housing Revenue A/c	-39,518	
-242	- Other	-477	
-591	- Impairment	0	
-8,328	Transfers from Govt Grant Deferred A/c	-9,413	
-64,230			-73,543
	Expenditure		
21,636	Provision for depreciation		23,047
591	Impairment		0
25,771	External interest charges		26,999
-16,232	Balance to the Consolidated Revenue Account		-23,497

3. Interest and Investment Income

This account records the interest and investment income that the Council receives in respect of dividends and other non service based investments.

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NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

4. Provision for the Repayment of External Loans

The transactions which have taken place are as follows:

2004/05 £'000		2005/06 £'000	2005/06 £'000
6,825	Non housing amount - 4% of Capital Financing Requirement	6,845	
2,829	Housing amount - 2% of Capital Financing Requirement	0	
328	Non Housing - voluntary repayment amount	475	
9,982	Revenue provision		7,320
-8,218	Amount charged as depreciation	-9,567	
8,328	Government Grants	9,413	-154
10,092	Increased charge to the appropriation account		7,166
863	Other Net Principal Repayments		940
10,955	Balance to Consolidated Revenue Account		8,106

The minimum revenue provision is the statutory amount which must be set aside from revenue for the repayment of external loans. In addition in 2005/06 a voluntary repayment was provided for in respect of financing of deminimus equipment.

5. Leased Asset Rentals

The Council uses vehicles and equipment financed under terms of an operating lease. The amount paid under these arrangements in 2005/06 was £2.0m (2004/05 £2.2m). In addition the Council operates a car leasing scheme for its employees and £0.3m was paid under these arrangements during 2005/06.

The Council acts as lessor and grants leases to a number of organisations and these arrangements are accounted for as operating leases. The market rental from these leased properties received during 2005/06 was £1.2m.

The Authority is committed to making payments of £1.7m under these leases in 2006/07, comprising the following elements :-

	Operating Leases £'000
Leases expiring in 2006/07	596
Leases expiring between 2007/08 and 2011/12	1,114
Leases expiring after 2011/12	0
Total Leases	1,710

As the Council acts as lessor, the gross value of assets held for use in operating leases at 31st March 2006 was £16.1m. There is no depreciation associated with the majority of these properties as they are non-operational commercial and industrial assets. Depreciation associated with the operational property at 31st March 2006 was £0.01m. The Council has no assets employed for use in Finance Leases or Hire Purchase Contracts.

6. Expenditure on Publicity

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

2004/05 £'000		2005/06 £'000
643	Recruitment advertising expenses	597
578	Other Advertising	561
260	Other Publicity	293
1,481	Total Expenditure on all Publicity	1,451



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NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

7. Section 137 Revenue Expenditure

Section 137 of the Local Government Act 1972 (as amended), empowers the Council to make contributions to certain charitable funds, not for profit bodies providing a public service in the UK and mayoral appeals. The Council was permitted to spend £1.08m under this power in 2005/06. There is no record of the use of S137 power in the Council minutes for 2005/06.

8. Agency Arrangements

The Council provides administrative and financial services to the Greater Manchester Fire and Rescue Authority to the value of £0.296m (£0.296m in 2004/05). This expenditure is fully reimbursable.

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

The Council received £0.159m (£0.168m in 2004/05) for the provision of legal, computer and construction related services to the Greater Manchester Fire and Rescue Authority.

10. Pension Costs

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

The Authority participates in two pension schemes:

Teachers Pension Scheme.

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

The Local Government Pension Scheme.

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

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

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NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

	Local Government Pension Scheme	
	£'000	£'000
	2004/05	2005/06
Net Costs of Services:		
• Current service cost	15,100	16,800
• Past Service Costs	2,267	1,200
Net Operating Expenditure:		
• Interest cost	27,000	35,100
• Expected return on assets in the scheme	-31,300	-32,400
Pension Interest cost and return on assets	-4,300	2,700
Amounts to be met from Government Grants and Local Taxation:		
• Movement on pensions reserve	-1,637	-2,980
	<u>11,430</u>	<u>17,720</u>
Actual amount charged against council tax for pensions in the year :		
• Employers' contributions payable to the scheme	9,766	12,410
• Retirement benefits payable to pensioners	1,664	5,310
	<u>11,430</u>	<u>17,720</u>

For the teachers pension scheme the Council paid £12.5m in 2005/06 (£12.3m in 2004/05) to the TPA. This represents 13.5% (13.5% in 2004/05) of teachers' pensionable pay for the year. In addition the Council is responsible for all pension payments for teachers relating to added years together with related increases. In 2005/06 these amounted to £3.6m (£3.5m in 2004/05).

Note 13 to the consolidated Balance Sheet contain details of the assumptions made in estimating the figures included in this note.

11. Members Allowances

Total sums paid to Elected Members for the financial year ended 31 March 2006 in respect of basic, special responsibility and attendance allowance amounted to £0.8m (£0.8m in 2004/05).

12. Officers' Emoluments

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

Number of Employees 2004/05	Remuneration Band	Number of Employees 2005/06
34	£50,000 - £59,999	59
14	£60,000 - £69,999	14
6	£70,000 - £79,999	7
4	£80,000 - £89,999	5
0	£90,000 - £99,999	2
3	£100,000 - £109,999	0
1	£110,000 - £119,999	3
0	£120,000 - £129,999	1
0	£130,000 - £139,999	0
0	£140,000 - £149,999	1
0	£150,000 - £159,999	0
0	£160,000 - £169,999	0
0	£170,000 - £179,999	0
0	£180,000 - £189,999	0
1	£190,000 - £199,999	0
<u>63</u>		<u>92</u>

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NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

13. Building Control Trading Account

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

Total Building Control 2004/05 £'000	Chargeable 2005/06 £'000	Non Chargeable 2005/06 £'000	Total Building Control 2005/06 £'000
Expenditure			
610 Employees Expenses	428	232	660
0 Premises	1	0	1
27 Transport	20	11	31
91 Supplies and Services	122	26	148
177 Central and Support Services Charges	69	98	167
905 Total Expenditure	640	367	1,007
Income			
-615 Building Regulation Charges	-664	0	-664
-69 Miscellaneous Income	0	-49	-49
-684 Total Income	-664	-49	-713
221 Surplus (-) Deficit (+) for the year	-24	318	294

14. Related Party Transactions

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

Central Government

The Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties. Details of transactions with Government departments are set out in a note to the Cash Flow Statement on page 41.

Members of the Council

Members of the Council have direct control over the Council's financial and operating policies. Each year the Council invites members to declare any such interests including related parties. Details of Members' interests, both pecuniary and non-financial are recorded in the Register of Members' Interest, which is open to public inspection at the New Town Hall, Wigan. During 2005/06 there were no reported material transactions with related parties advised by Members.

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Chief Officers

The Council operates a Code of Conduct whereby individual Chief Officers are required to disclose any pecuniary and non-financial interests with related parties. In addition, the Council on an annual basis necessitates Chief Officers to make a declaration of any related parties. In respect of 2005/06 there were no reported interests in an organisation that generated a related party transaction with the Council.

Other Public Bodies

During 2005/06 financial year levies have been incurred in respect of:

Flood Defence via the Environment Agency £0.133m;
Greater Manchester Passenger Transport Authority £14.309m;
Parish Precepts £0.062m

Assisted Organisations

During 2005/06 the Council awarded grants totalling £1.151m to voluntary organisations whose activities complemented the work of the Council in providing services or support to people living in the Borough.

Under Joint Arrangements, the Council received contributions from Primary Care Trusts towards a jointly agreed programme of schemes totalling £1.886m. The Council contributed £0.519m towards joint schemes administered by Primary Care Trusts.

The Youth Justice Board awarded the Council a grant of £0.355m for Youth Offending work.

In 2003/04 the Council approved a loan totalling £0.200m with Proco (Northwest) Ltd to assist the Company's cash flow during the early months of trading. At 31st March 2006, £0.05m remained outstanding.

Associated Companies and Joint Venture Partners

In 2005/06 the Council paid Wigan & Leigh Housing a Management Fee of £14.699m. During the same period Wigan & Leigh Housing paid the Council £14.699m in respect of supplies and services which had been incurred on their behalf.

Following the creation of a Leisure Trust on 1 April 2003, the Council has provided Community Services Fee funding of £15.326m.

The Council received a £0.435m dividend in 2005/06 from the Yorkshire Purchasing Organisation. In addition, dividends were also received from Manchester Airport £1.25m and Modesole Limited £0.359m.

15. Disclosure of Audit Costs

In 2005/06 Wigan Council incurred the following fees relating to external audit and inspection:

	2004/05 £'000	2005/06 £'000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	233	243
Fees payable to the Audit Commission in respect of statutory inspection	14	14
Fees payable to the Audit Commission for the certification of grant claims and returns	72	114
Fees payable in respect of other services provided by the appointed auditor.	8	0
Total	327	371



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16. Balances

The balance of £21.328m represents the accumulated monies of the Council.

17. Pooled Funds

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 Council contribution in 2005/06 was £0.166m for equipment, £0.050m for staff and £0.049m for running costs. The contribution from the PCT totalled £0.118m.