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GLOSSARY

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.

Budget

A statement of an authority's plans for net revenue expenditure over a specified time period.

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 Grants

Grants received towards Capital Expenditure incurred on specific schemes.

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.

Community Assets

These are assets which the Council intends to hold forever and which have an indeterminable useful life. An example is civic regalia.

Consistency

A concept that the accounting treatment of like items, within the same accounting period and from one period to the next is the same, this allows for greater comparability of information between periods.

Council Tax

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

Deferred Charge

Is capital expenditure which does not result in a tangible fixed asset which the Council has ownership over. The cost for the deferred charge is written off to revenue and offset by a matching transaction from the capital financing reserve in the year that the cost is incurred.

Deferred Liabilities

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



Defined Benefit Scheme

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

Defined Contribution Scheme

A defined contribution scheme is a pension scheme where the employer pays fixed amounts into the scheme and has no obligation to pay further amounts if the scheme does not have sufficient assets to pay employee benefits. The Teachers Pension Scheme is a defined benefit scheme. However, as it is not possible for the Council to identify its share of the underlying liabilities then for the purpose of this statement it is classified as a defined contribution scheme. For these schemes FRS17 requires that the pension cost reported for the year is equal to the contributions payable to the scheme for the accounting period. However, any unfunded discretionary benefits within such schemes are to be accounted for in the same way as defined benefit schemes.

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.

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 has 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 (e.g. loans receivable) and financial liabilities (e.g. borrowings).

Financial Reporting Standards (FRS)

Financial Reporting Standards are accounting standards which set out the framework and requirements that need to be adopted for certain transactions in the published accounts.

Fixed Assets

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

General Fund

The main revenue fund of the Authority. This account includes the net cost of all services financed by local taxpayers and Government grants.

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.



Infrastructure Assets

Fixed assets such as highways and footpaths.

Impairment

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

Intangible Assets

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

Major Repairs Allowance (MRA)

An allowance received as part of the Housing Subsidy grant.

Major Repairs Reserve (MRR)

The MRR is a reserve to which the Council's Major Repairs Allowance is transferred. The balance on the account will be used to finance future major housing repairs.

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 value less the cumulative depreciation.

Non-Operational Assets

Fixed Assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operating Leases

These are leases under which the Council pays to use an asset but does not get the risks and rewards of ownership.

Operational Assets

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

Precepts

This is a charge levied by one Council which is collected on its behalf by another by adding the precept to its own Council Tax and paying over the appropriate cash collected.

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.



Prudence

The principle that revenue is not anticipated, but is recognised only when realised, in the form either of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

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.

Useful (economic) Life

The period over which the local authority will derive benefits from the use of an asset.



TERMS OF REFERENCE

Regulatory Bodies, Other Bodies and Regulatory Framework

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/>

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.

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 2007: A Statement of Recommended Practice (SORP)

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

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/>

Department for Communities and Local Government (DCLG)

The DCLG issues government lead initiatives on issues such as fire prevention, emergency planning and training. DCLG is also a major funding source.

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

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/>

Financial Reporting standards (FRSs)

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



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/>

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>

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/>

PWLB (Public Works and Loans Board)

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

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

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/>

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

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

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

Statements of Standard Accounting Practice (SSAPs)

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

TPA (Teachers Pension Agency)

The agency administers the Teachers pension scheme in England and Wales on behalf of the Department for Children, Schools and Families (DCSF).

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

UK Generally Accepted Accounting Policies (UK GAAP)

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



Government Funding

European Regional Development Fund (ERDF)

The Department for Transport, Local Government, and the Regions manages the ERDF in England. The aim of the fund is to stimulate economic development in the least prosperous regions of the European Union.

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

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.

Pump Priming Grants

Given to authorities as a reward for good service to spend on improving services even more.

Single Regeneration Budget (SRB)

Provides resources to support regeneration initiatives in England carried out by local partnerships. It is an important tool in the governments drive to tackle social exclusion and promote equality.

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

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.

Corporate Governance

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

CPA (Corporate Performance Assessment)

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

CSR (Comprehensive Spending Review)

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

Gershon Review

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

LMS (Local Management of Schools)

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

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.

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.





2007/08 Statement of Accounts Feedback Questionnaire

Here at Wigan Council, we value the input and views of our stakeholders. Having read our 2007/08 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 2008/09 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:

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

Yes No

If No, please state why:

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.....

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

Yes No

If Yes, please state what:

.....
.....

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, Business Support Services, Finance Division,
Corporate Accountancy Section, Civic Centre, Millgate, Wigan, WN1 1DD
If you require any further information please do not hesitate to contact us on 01942 827272



We can make this information available in other formats and languages on request. Contact us at Wigan Council, Business Support Services, Finance Division, Corporate Accountancy Section, Civic Centre, Millgate, Wigan, WN1 1DD Phone: 01942 827272 Email T.Clarke@wigan.gov.uk

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