

Core Financial Statements

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INCOME & EXPENDITURE ACCOUNT FOR YEAR ENDED 31 MARCH 2008

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

2006/07 Net Expenditure		Notes	2007/08 Gross Expenditure	2007/08 Gross Income	2007/08 Net Expenditure
£'000			£'000	£'000	£'000
	Expenditure On Services				
3,362	Central Services To The Public		30,341	25,933	4,408
148	Court Services		538	16	522
47,381	Cultural, Environmental & Planning Services		80,091	27,170	52,921
26,456	Children and Young Peoples Services		263,723	237,197	26,526
32,237	Highways, Roads & Transport Services		44,126	11,224	32,902
-23,924	Housing Services (inc. HRA)		153,213	152,522	691
88,795	Adult Services		147,566	57,923	89,643
8,067	Corporate & Democratic Core		8,958	629	8,329
625	Non Distributed Costs		3,254	1,741	1,513
8,500	Exceptional Item – Equal Pay		0	0	0
191,647	Net Cost Of Services		731,810	514,355	217,455
	Other Operating Income And Expenditure				
-6,057	Gain or Loss on Disposal of Fixed Assets	2			-1,383
67	Parish Council Precepts (Surpluses)/Deficits on Trading Undertakings Not Included In Net Cost of Services				69
-576	Interest Payable And Similar Charges – External Interest	3			-1,826
25,500	Contribution of Housing Capital Receipts to Government Pool				31,266
9,428	Investment Losses				7,693
-	Interest & Investment Income	4			-
-5,360	Pension Interest Costs and Expected Return	5			-4,847
100					-1,400
214,749	Net Operating Expenditure				247,027
	Financed By:				
-101,130	Council Tax Income				-105,360
-91,064	Non-Domestic Rate Income				-96,242
-17,579	General Government Grants				-17,479
-368	Collection Fund Surplus				-249
4,608	Net Income and Expenditure Account Surplus (-) / Deficit (+) For The Year				27,697

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

D J Smith MA PhD CPFA
Executive Director of Business Support Services
26th June 2008



STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE 2007/08

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

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

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

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

2006/07 £'000		Notes	2007/08 £'000
4,608	Surplus (-) / Deficit for the year on the Income and Expenditure Account		27,697
-4,769	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	6	-32,106
-161	Increase in General Fund Balance for the year		-4,409
-21,328	General Fund Balance brought forward		-21,489
-21,489	General Fund Balance carried forward	7	-25,898
-21,489	Amount to General Fund Balance generally available for new expenditure		-25,898
-21,489			-25,898

STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES 2007/08

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

2006/07 £'000		Notes	2007/08 £'000
4,608	Surplus (-) / losses for the year on the Income and Expenditure Account		27,697
-132,267	Surplus (-) / losses arising on revaluation of fixed assets		-137,492
-45,400	Actuarial gains (-) / losses on pension fund assets and liabilities	5	-42,100
-3,141	Other Gains (-) and Losses		-581
-176,200	Total recognised gains (-) / losses for the year		-152,476



BALANCE SHEET AS AT 31 MARCH 2008

31.3.07 £'000		Notes	31.3.08 £'000	31.3.08 £'000
1,985	Fixed Assets			1,918
	Intangible Fixed Assets	8		
	Tangible Fixed Assets			
	Operational Assets			
801,723	Council Dwellings		867,767	
336,610	Other Land and Buildings		361,263	
4,742	Vehicles, Plant and Equipment		4,781	
95,907	Infrastructure		98,474	
4,456	Community Assets		4,610	
	Non Operational Assets			
40,525	Investment Properties		44,694	
17,874	Assets Under Construction		44,812	
23,963	Surplus Assets		23,304	
1,325,800	Total Fixed Assets	9 - 13		1,449,705
0	Deferred Charges	14	0	
10,765	Long Term Investments	15	10,766	
9,455	Long Term Debtors	1 - 16	9,240	20,006
1,348,005	Total Long Term Assets			1,471,629
	Current Assets			
2,493	Intangible Current Assets		216	
1,067	Stocks and Work in Progress		1,166	
45,840	Debtors and Payments in Advance	18	45,938	
26,320	Investments	17	44,844	
5,239	Cash in Hand		9,217	
80,959				101,381
	Current Liabilities			
1,077	Short Term Borrowing		11,324	
74,259	Creditors and Receipts In Advance	19	81,604	92,928
1,353,628	Total Assets less Current Liabilities			1,480,082
	Long Term Liabilities			
366,263	Long term borrowing	20	360,843	
150,497	Liability related to defined benefit pension scheme	5	107,270	
97,125	Government Grants Deferred/Unapplied	19	131,356	
21,565	Deferred liabilities	21	18,388	
18,159	Provisions	22	9,730	627,587
700,019	Total Assets less Liabilities			852,495
	Financed by:			
801,017	Capital Adjustment Account	23a		797,142
0	Financial Instruments Adjustment Account			0
0	Revaluation Reserve	23b		103,967
0	Available-for-sale Financial Instruments Reserve			0
0	Usable Capital Receipts Reserve	24		0
-150,497	Pension Reserve	5		-107,270
2,604	Major Repairs Reserve	25		0
20,564	Earmarked Reserves	26		24,861
21,489	General Fund Balances	7		25,898
505	Collection Fund Balance			343
4,337	Housing Revenue Account	7 & 27		7,554
700,019	Total Net Worth			852,495

I certify that the Balance Sheet and related accounts present fairly the financial position of Wigan Council at 31st March 2008.

D J Smith MA PhD CPFA - Executive Director of Business Support Services
26th June 2008



CASH FLOW STATEMENT FOR YEAR ENDED 31 MARCH 2008

2006/07 £'000		Notes	2007/08 £'000	2007/08 £'000
	Revenue Activities			
	Cash outflows			
293,310	Cash paid to and on behalf of employees		290,115	
283,525	Other operating cash payments		336,436	
57,986	Housing Benefit paid out		23,597	
64,259	National non-domestic rate payments to national pool		66,805	
14,866	Precepts paid		15,554	
7,608	Payments to the capital receipts pool		6,041	
721,554				738,548
	Cash Inflows			
-67,613	Rents (after rebates)		-71,871	
-116,290	Council Tax receipts		-121,230	
-91,062	National Non-Domestic Rate receipts from national pool		-96,242	
-63,416	National Non-Domestic Rate receipts from local business		-66,805	
-17,579	Revenue Support Grant		-16,151	
-21,495	DWP Grants for benefits		-23,784	
-302,949	Other Government Grants	32	-318,640	
-80,503	Cash received for goods and services		-85,185	
-9,103	Other operating cash receipts		-3,089	-802,997
-48,456	Net Cash Inflow from Revenue Activities	28		-64,449
	Returns on Investments and Servicing of Finance			
	Cash Outflows			
26,392	Interest paid		29,801	
	Cash Inflows			
-2,866	Interest received		-2,015	
23,526	Net Cash Outflow from Servicing of Finance			27,786
	Capital Activities			
	Cash Outflows			
82,612	Purchase of Fixed Assets		71,854	
12,618	Deferred Charges		20,928	
	Cash Inflows			
-23,686	Sale of Fixed Assets		-20,007	
-37,225	Capital Grants Received		-54,221	
-428	Other Capital Cash Receipts		-958	
33,891	Net Cash Outflow from Capital Activities			17,596
8,961	Net Cash Inflow (-) / Outflow before financing			-19,067
	Management of Liquid Resources			
-5,983	Net increase / decrease in short-term deposits	30		18,523
	Financing			
	Cash Outflows			
1,716	Net Repayments of Amounts Borrowed – Long Term		5,421	
	Net Repayments of Amounts Borrowed – Deferred Purchase		270	
	Net Repayments of Amounts Borrowed – Transferred Debt		1,121	6,812
	Cash Inflows			
-	New Long Term Loans raised			-
-	New Short Term Loans raised			-10,246
1,716	Net Cash Inflow (-) / Outflow from Financing			-3,434
4,694	Net increase (-) / decrease in cash	31		-3,978



NOTES TO THE CORE FINANCIAL STATEMENTS

1. Prior Period Adjustment

Following a reclassification of the treatment of renovation loans granted to individuals, a prior period adjustment has been made to correctly align the relevant accounts. The Balance Sheet figures for 2006/07 have been restated to show the impact of this reclassification. The entries being an increase in Long Term Debtors of £0.536m and a corresponding adjustment to the Capital Financing Account.

2. Gains and Losses on the Disposal of Fixed Assets

During the year the Council received overage of £1m for the Trencherfield Mill development reflecting the increase in end use value of the development.

Gain (-) / Loss on Disposal 2006/07 £'000		NBV 2007/08 £'000	Receipts & Contributions 2007/08 £'000	Gain (-) / Loss on Disposal 2007/08 £'000
-6,057	Land & Buildings	8,855	-8,897	-42
0	Other		-1,461	-1,461
0	Housing Revenue	10,963	-10,843	120
-6,057	Total Gain (-) / Loss	19,818	-21,201	-1,383

3. 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 £'000	Post FRS17 Surplus (-) / Deficit £'000
Highways Maintenance	9,563	9,636	-73	103	30
Building Maintenance	9,411	9,629	-218	71	-147
Transport	5,758	6,039	-281	45	-236
Metrofresh	6,704	6,726	-22	15	-7
Refuse Collection	5,482	5,561	-79	82	3
Building Cleaning	4,650	4,773	-123	31	-92
Other Cleaning	3,343	3,433	-90	60	-30
Total	44,911	45,797	-886	407	-479
Central Establishment Charges	40,433	40,828	-396	0	-396
Other Trading Activities	3,613	4,564	-951	0	-951
Total	88,957	91,189	-2,233	407	-1,826

FRS 17 is an accounting statutory requirement relating to the Local Government Pension Scheme explained in note 5. The impact of FRS17 increased charges to the above services by £0.407m.



4. 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. During 2007/08 the Council received a payment from the liquidators of the Bank of Credit and Commerce International (BCCI) of £0.061m (nil in 2006/07).

5. Pensions

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 Children, Schools and Families (DCSF). It provides teachers with defined benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Local Government Pension Scheme.

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

The cost of retirement benefits is now recognised in the Net Cost of Service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge 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 in the Statement of Movement in the General Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year.



Income and Expenditure Account

2006/07 £'000's		2007/08 £'000's
	Net Cost of Services:	
23,100	- current service cost	20,000
500	- past service cost	500
	Net Operating Expenditure	
38,200	- interest cost	41,900
-38,100	- expected return on assets in the scheme	-43,300
23,700	Net Charge to the Income and Expenditure Account	19,100

For the teachers pension scheme the Council paid £13.4m in 2007/08 (£12.8m in 2006/07) to Capita Teachers' Pensions. This represents 14.0% (14.1% in 2006/07) of teachers' pensionable pay for the year.

In addition the Council is responsible for all the pension payments for teachers relating to added years and related increases. In 2007/08 these amounted to £3.7m (£3.7m in 2006/07).

Statement of Movement in the General Fund Balance

31.03.07 £'000's		31.03.08 £'000's
-23,700	Reversal of net charges made in retirement benefits in accordance with FRS17	-19,100
	Actual amount charged against the General Fund Balance for pensions in the year	
13,333	Employers' contributions payable to the scheme	14,748
5,404	Retirement benefits payable to pensioners	5,477
-4,963		1,125

Assets and Liabilities in Relation to Retirement Benefits

This note to the Balance Sheet provides details relating to the pension liability and matching pension reserve of £107m. The date of the most recent actuarial valuation is 31st March 2007.

The underlying assets and liabilities for retirement benefits attributable to the Council at 31st March for the Local Government Scheme are as follows:

31.03.07 £'000's		31.03.08 £'000's
-776,897	Estimated liabilities in scheme	-687,870
626,400	Estimated assets in scheme	580,600
-150,497	Net asset / (liabilities)	-107,270



The figure of £581m shown for the market value of pension fund assets is based on the Actuary's estimate of the total value of the GM Pension Fund as at 31 March 2008. This estimated figure for the total value of the Fund was revised from £8.8bn to £8.9bn when the final accounts for the Pension Fund were produced.

The effect of this revision on the Wigan accounts would be to increase the figure shown in the table above by £6.4m. Given that the valuation of the Fund is itself an estimate and that the revision gives rise to a change which is not material in the context of the Wigan accounts, the accounts have not been amended.

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The statutory arrangements for funding the deficit mean 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 working life of the employees, as assessed by the scheme actuary.

Basis for Estimating Assets and Liabilities

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

The main assumptions used in the Local Government Scheme calculations have been:

31 March 2007		31 March 2008
3.2%	Rate of Inflation (Price Increases)	3.6%
4.7%	Rate of increase in salaries (Salary Increases)	5.1%
3.2%	Rate of increase in pensions (Pension Increases)	3.6%
5.4%	Rate of discounting scheme liabilities (Discount Rate)	6.9%
25.0%	Take up of option to convert annual pension into retirement grant	50.0%

Changes to the Local Government Pension Scheme, permit employees retiring on or after 6th April 2006 to take an increase in their lump sum payments on retirement in exchange for a reduction in their future annual pension. The Actuary has assumed that 50% of members may take their maximum tax-free cash allowances.

Assets in the Local Government Scheme are valued at fair value. This is principally the market value for investments and consist of the following categories, by proportion of the total assets held by the fund:

2006/07			2007/08	
£'000's	%		£'000's	%
418,500	7.8%	Equity investments (Equities)	366,400	7.7%
99,800	4.9%	Bonds	108,500	5.7%
61,700	5.8%	Property	50,500	5.7%
46,400	4.9%	Cash	55,200	4.8%
626,400	6.9%	Total	580,600	6.9%



Actuarial Gains and Losses

The actuarial gains identified as movements on the pension reserve in 2007/08 totalled £42.1m. This is made up of a gain on the Teachers Pension Scheme of £0.3m, following a review of unfunded benefits and a gain on the Local Government Pension Scheme of £41.8m.

The gains can be analysed into the following categories, measured as absolute amounts and a percentage of assets or liabilities at 31 March 2008.

	03/04		04/05		05/06		06/07		07/08	
	£'000's	%	£'000's	%	£'000's	%	£'000's	%	£'000's	%
Differences between the expected and actual return on assets	65,100	14.36	21,900	4.61	74,500	12.86	3,900	0.62	-66,400	-0.11
Differences between actuarial assumptions about liabilities and actual experiences	1,000	0.21	-11,200	-1.95	-1,300	-0.19	-3,000	-0.43	-10,400	-0.02
Changes in the demographic and financial assumptions used to estimate liabilities	0	0.00	-103,000	-17.95	-85,100	-12.37	44,500	6.38	118,900	0.17
	<u>66,100</u>		<u>-92,300</u>		<u>-11,900</u>		<u>45,400</u>		<u>42,100</u>	

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6. Reconciling items in the Statement of Movement on the General Fund

2006/07 £'000		2007/08 £'000
	Amounts included in the Income & Expenditure Account but required by statute to be excluded when determining the movement on the General Fund Balance for the year	
-254	Amortisation of intangible fixed assets	-265
-13,821	Depreciation and impairment of fixed assets	-24,903
124	Excess depreciation charged to HRA services over the Major Repairs Allowance element of Housing subsidy	129
2,043	Government Grants Deferred amortisation	2,769
-2,298	Write downs of deferred charges to be financed from capital resources	-5,582
6,057	Net gain or loss on sale of fixed assets	1,383
-23,700	Net charges made for retirement benefits in accordance with FRS 17	-19,100
-31,849		-45,569
	Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year	
7,643	Minimum revenue provision for capital financing	8,027
1,021	Statutory provision for the repayment of debt	1,111
254	Capital expenditure charge in-year to the General Fund Balance	2,444
18,737	Employers Contributions payable to the pension fund and retirement benefits payable direct to pensioners	20,227
-9,428	Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	-7,693
18,227		24,116
	Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year	
9,769	Housing Revenue Account Balance	-16,149
517	Voluntary revenue provision for capital financing	1,199
-1,433	Net transfer to or from earmarked reserves	4,297
8,853		-10,653
-4,769	Net additional amount required to be credited to the General Fund Balance for the year	-32,106



7. Balances

The General Fund balance of £25.898m represents the accumulated monies of the Council. In addition the HRA retains a balance of £7.554m.

	Balance at 1.4.07 £'000	Increase in year £'000	Decrease in year £'000	Balance at 31.3.08 £'000
General Fund	21,489	4,409	-	25,898
Housing Revenue Account	4,337	3,217	-	7,554
Total Balances	25,826	7,626	-	33,452

8. Intangible Fixed Assets

Valuation as at 31 March 2007	£'000	2,655
Less Accumulated Amortisation		-670
Net Book Value as at 31.3.07		1,985
Expenditure In Year		199
Amortisation for the Year		-266
Net Book Value as at 31.3.08		1,918

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

9. Movement of Fixed Assets 2007/08

This table contains details of the revaluations, additions and disposal of tangible fixed assets during the year, together with the reduction in value attributable to depreciation.

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant and Equip. £'000	Infrastructure £'000	Community Assets £'000	Non-Operational Assets £'000	Total £'000
Certified valuation at 31.3.07	815,378	350,033	9,445	125,684	4,456	82,378	1,387,374
Accumulated depreciation	13,655	13,423	4,703	29,777	0	16	61,574
Net book value of assets At 31 March 2007	801,723	336,610	4,742	95,907	4,456	82,362	1,325,800
Movement in 2007/08							
Additions / Expenditure in year	25,567	7,561	1,592	7,416	0	29,481	71,617
Prior Year Adjustments	0	0	0	0	0	0	0
Disposals	-10,963	-179	0	0	0	-8,676	-19,818
Revaluations	90,715	33,486	150	0	256	12,903	137,510
Depreciation	-13,654	-5,802	-1,703	-4,849	0	0	-26,008
Depreciation adjustment following revaluation	0	0	0	0	0	0	0
Impairment	-25,621	-10,413	0	0	-102	-3,260	-39,396
Net book value as at 31.3.08	867,767	361,263	4,781	98,474	4,610	112,810	1,449,705



During the year £18.1m accumulated depreciation was written off to the Capital Adjustment Account due to the revaluation of assets under the 5 year rolling programme.

During the year the Council's assets were reviewed for impairment. £39.3m was charged to the appropriate service revenue accounts and £0.91m was found to be due to a clear consumption of economic benefits and charged to the Capital Adjustment Account (see Note 23a).

In 2006/07 the Council was required to account for its share of land held at Manchester Airport. The Council's share of the land was valued at £7.6m. During 2007/08 the land has been revalued downwards and the Council's share now amounts to £6.7m. The downward revaluation has been treated in line with recommended practice as impairment and charged to the Income and Expenditure Account. It should be noted that this does not impact upon the bottom line or balances since a reversing entry is made to the Capital Adjustment Account.

10. Capital Commitments

As at 31 March 2008, the Council was contractually committed to the following major items of capital work:

	£'000	Start Date	Projected End Date
Abraham Guest High School replacement	21,140	2007	2010
Platt Bridge – new Emotional Behavioural Social Difficulties (EBS) School	7,077	2008	2010
Leigh Sports Village	6,013	2005	2008
New Oakfield School	4,620	2007	2009
Hindley Green Junior & Infant School – single site	3,168	2008	2010
Sandyforth Farm Opencast Phase 2	2,861	2007	2011
St Stephens – new EBS School	1,511	2007	2009
Ince Contaminated Land	1,268	2005	2010
Ashton Bryn Landgate School	942	2008	2009
Bickershaw Colliery Reclamation	699	2008	2011
A49 Goose Green to Westwood	691	2007	2011
St Peters Junior & Infant School, Ashton Bryn	548	2008	2010

Although not yet contractually committed, the following major schemes over £1m are also programmed for 2008/09 onwards:

	£'000	Start Date	Projected End Date
A49 Goose Green To Westwood	19,467	2007	2011
Bickershaw Colliery Reclamation	14,933	2008	2011
Scholes High Rise Blocks	10,000	2008	2010
Trencherfield Mill Redevelopment	8,899	2008	2010
Primary Capital Pilot	6,408	2008	2011
Ince Contaminated Land	3,095	2005	2010
ICT Harnessing Technology	3,048	2008	2011
Mesnes Park Restoration Project	2,571	2008	2010
History Shop Project	1,051	2008	2010



11. Capital Expenditure and Financing in Year

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

2006/07 £'000		2007/08 £'000
430,985	Opening Capital Financing Requirement	440,579
	Capital Investment:	
70,189	Operational Assets	42,604
15,753	Non-Operational assets	29,481
11,398	Deferred Charges	21,112
262	Long Term Debtors	227
	Sources of Finance:	
-16,093	Capital Receipts	-13,967
-45,734	Government Grants and Other Contributions	-65,194
-26,181	Revenue Provision	-19,778
440,579	Closing Capital Financing Requirement	435,064
	Explanation of Movements During Year	
-7,273	Increase / (-) Decrease in underlying need to borrow (supported by Government financial assistance)	-7,759
16,867	Increase / (-) Decrease in underlying need to borrow (unsupported by Government financial assistance)	2,244
9,594	Increase / (-) Decrease in Capital Financing Requirement	-5,515

12. Fixed Asset Valuation

The Authority's property portfolio, which comprises both freehold and leasehold properties, has been valued on the bases outlined below, which accord with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. The valuations were undertaken by RICS qualified personnel from the Authority's Legal and Property Services staff and the District Valuer. Not all the properties were inspected, as this was neither practicable nor considered by the valuer to be necessary for the purpose of the valuation. Inspections were carried out between April 2007 and March 2008.

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



Fixed Asset Valuation

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant and Equip. £'000	Infrastructure £'000	Community Assets £'000	Non - Operational Assets £'000	TOTAL £'000
Value at Historical Cost	-	-	10,643	133,100	-	-	143,743
Gross Value at Current Value in 2007/08	881,421	375,464	-	-	4,611	112,809	1,374,305
Total	881,421	375,464	10,643	133,100	4,611	112,809	1,518,048

13. Information on Assets Held

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

Number as at 31.3.07		Number as at 31.3.08
23,093	Council dwellings	22,888
	Operational buildings	
9	Town Hall/Offices	9
35	Other District Offices	35
8	Social Services Homes & Hostels	8
2	Sports Centres/Stadium	2
3	Swimming Pools	3
14	Libraries	14
2	Nurseries	2
34	Primary schools	34
14	Secondary schools	14
8	Special schools	8
3	Depots	3
56	Surface car parks	56
4	Multi-storey car parks	4
9	Cemeteries	9
1	Crematorium	1
	Operational equipment	
68	Vehicles	57
	Infrastructure assets	
1,100	Highways (km)	1,144
476	Footpaths & Bridleways (km)	480
	Community assets	
34	Parks	34
30	Playing Fields/Recreation Grounds	30
8	Allotment Sites	8
5	War Memorials	5
693	Art & Artefacts (items)	693
3	Civic regalia (items)	3



14. Deferred Charges

These represent expenditure which may be properly capitalised but which does not result in the creation of a fixed asset in the Council's ownership.

2006/07 £'000		2007/08 £'000
-	Balance as at 1 April	-
11,398	Expenditure on Deferred Charges incurred	21,112
-11,398	Amounts written off to Capital Adjustment Account	-21,112
0	Balance as at 31 March	0

Expenditure on deferred charges is generally written off to the relevant service account in the year. A transfer to the Capital Adjustment Account then reverses out the amounts charged to the Statement of Movement on the General Fund Balance so there is no impact on the level of Council Tax.

15. Long Term Investments

The value of investments held at 31st March 2008 is analysed below:

31.3.07 £'000		31.3.08 £'000
10,214	Shareholdings in : Manchester Airport Plc Wigan Football Company Ltd Other Investments	10,214
538		538
13		14
10,765		10,766

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

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

These are unquoted equity investments for which a reliable fair value cannot be established. There have been no market transactions that could be used as a basis for valuing these shares and the Council has no plans to sell the shares and no valuation has been done. They are valued at cost less impairment which follows the SORP guidance as recommended by CIPFA.



16. 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:

31.3.07 £'000		31.3.08 £'000
8,138	Manchester Airport transferred debt	7,869
565	Car Loans to Staff	438
70	Loans for House Purchases	51
146	Transferred Debt re Pre-1974 functions	119
536	Renovation Loans	764
9,455		9,241

The 2007 SORP incorporated the requirements of FRS25, FRS26 and FRS29. Under these standards the Council is required to assess whether any loans that it has made have been granted at less than market rates (Soft Loans). If this is the case then these soft loans must be subject to the new requirements and a fair value calculated. The Council has identified under Long Term Debtors three areas which meet with the soft loan criteria.

Car loans to staff, Loans for House Purchase and Renovation Loans.

In each case an exercise has been undertaken in line with the new requirements but none of the calculations have generated any material changes to the figures included above. Therefore, on the grounds of materiality no adjustment has been made to these loans.

17. Short Term Investments

During the year the Authority invested its revenue balances, reserves and capital receipts externally in short term deposits. At 31st March 2008 an amount of £44.703m was invested in this way (£26.32m at 31.3.07).

Previously, the SORP required authorities to show accrued interest on Short Term Investments within the current assets section of the balance sheet. This presentation was based on the optional treatment allowed under FRS4.

The 2007 SORP incorporated the requirements of FRS25, FRS26 and FRS29. Under these standards, the optional treatment allowed under FRS4 is no longer permitted. The Council is therefore required to show the accrued interest associated as part of the carrying value of the investment (£0.141m for 2007/08).

The total of the Short Term Investments for 2007/08 is therefore £44.844m.

A further requirement under the new FRSs' is to show the Fair Value of these investments and as at 31st March 2008 this was calculated by Sector, a leading Treasury Management and Capital Financing Advisor to Public Services, as £44.843. This figure does not include any accrual of interest.



18. Debtors and Payments in Advance

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

31.3.07		31.3.08
£'000		£'000
6,438	Council Tax	7,041
4,396	Customs & Excise VAT	5,579
5,171	Housing Rent Arrears	5,178
5,205	Sundry Debtors	3,855
2,877	Capital Grants & Contributions	3,820
2,887	Care in the Community	3,254
0	Greenbank Partnership	3,020
3,540	NNDR Local Businesses	2,522
2,744	ERDF Grants	2,258
1,468	Wigan & Leigh Housing - ALMO	2,254
354	Leisure Trust	1,771
1,086	Housing Benefits – Rent Allowances	1,643
1,607	Standards Fund & Other Education Grants	1,562
879	NNDR Pool	1,287
1,526	PTE Contribution to Transport Infrastructure Fund	1,260
3,501	North West Development Agency	1,100
681	North West Coalfield Communities	1,046
5,500	Trencherfield Mill	896
444	Ashton, Leigh & Wigan PCT	875
696	Operating Leases	511
0	Whelco Holdings Ltd	473
429	External Debtors 07/08 Schools	348
422	Supporting People	337
299	Non LMS Salaries Recovered	314
133	Learning Skills Council	261
231	Extended Community & School Activities Payroll Recharge	245
0	Manchester Enterprises Ltd	231
262	Benefits Subsidy Grant	224
0	Mears Building Services Ltd	212
153	Tameside Pension Increase	190
0	Pump Priming Grant	189
190	Manchester Airport PWLB interest	183
180	Independent Schools	171
262	Halton Housing Trust	163
279	Independent Fostering / Residential Care Agencies – Out of Borough Placements	147
0	Modus Properties (Wigan) Ltd	103
75	Salaries & Wages Accruals	66
177	Surestart General Grant 07/08	0
298	Waste, Electrical & Electronic Equipment Grant (WEEE)	0
3,000	Others	2,598
57,390		57,187
-11,550	Less: Bad Debts Provisions	-11,249
45,840	Net Total	45,938



19. Creditors and Receipts in Advance

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

31.3.07 £'000		31.3.08 £'000
8,602	Construction Industry Trade Creditors	12,700
8,382	Children & Young Peoples Services Grants carried forward	10,749
13,339	Sundry Creditors – Capital and Revenue	9,571
6,349	Inland Revenue	6,243
4,571	NWIN Government Grant carried forward	3,966
0	Greenbank Partnerships Ltd	3,726
33	Other Employees Superannuation	2,108
1,671	Teachers Superannuation	1,695
1,820	Pooling of Capital Receipts	1,652
448	NPS North West Ltd & NPS Property Works	1,549
940	Wigan & Leigh Housing Management Fee	1,321
1,351	WRG Ltd	1,243
603	Rent Allowances	1,120
588	Adult Services Grants & Fees	1,095
1,406	Wigan for Work Grants	1,046
0	External Homecare Contract	1,044
925	External School Creditors	1,002
1,056	Council Tax Prepayments	995
678	Wigan for Work Projects	960
1,038	Drug and Alcohol Funding	887
848	Leisure Trust	886
411	NNDR refunds outstanding	655
263	Neighbourhood Renewal Fund - NRF	647
1,075	Retentions	644
517	Housing Rents paid in advance	604
518	Highways Retentions	586
607	Wages & Salaries	575
1,596	Capital Creditors Others	575
349	Ashton, Leigh & Wigan PCT	545
701	Leigh Sports Village	479
0	NWIN invoices	478
437	Other Local Education Authorities	413
0	Surestart invoices	401
0	Housing Benefits Payments	359
605	Manchester City Council	330
256	Adults Residential Care	322
299	Non LMS Community Education Quarter 4	314
289	Adults Day & Domiciliary Care	306
300	NNDR Prepayments	273
128	Modus Properties	210
346	Payroll week 53	188
175	Adults Charging Policy	167
1,325	Bolton, Salford & Trafford invoices	141
74	Collection Fund Balance	51
6,236	Public Works Loan Board	0
3,104	Others	6,783
74,259	Net Total	81,604

Government and Capital Grants Deferred

31.3.07 £'000		31.3.08 £'000
72,518	Balance Brought forward	97,125
38,184	Grants received in 2007/08	53,678
-2,100	Grants applied to repay debt	-801
-258	Magistrates Court	0
0	Mere Oaks Disposal	-45
-11,219	Grants written off to revenue in 2007/08	-18,601
97,125	Balance as at 31 March 2008	131,356



The total of £131.355m includes £116.215m of government grants and contributions deferred which will be written off to the revenue account over the lives of the assets the grant has been used to fund. The remaining £15.140m relates to grants and contributions paid in advance of the funding of assets.

20. 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.

31.3.07 £'000	Source of Loan Outstanding	Increases in year £'000	Decreases in year £'000	31.3.08 £'000
366,239	Public Works Loans Board	-	10,748	355,491
24	Individuals	3	-	27
366,263		3	10,748	355,518

31.3.07 £'000	An Analysis by maturity is:	31.3.08 £'000
10,749	Maturing within 1-2 years	786
36,341	Maturing within 2-5 years	36,337
72,842	Maturing within 5-10 years	78,792
246,331	Maturing within more than 10 years	239,603
366,263		355,518

Previously the SORP required authorities to show accrued interest on borrowing within the current liabilities section of the balance sheet. This presentation was based on the optional treatment allowed under FRS4. The 2007 SORP incorporated the requirements of FRS25, FRS26 and FRS29. Under these standards, the optional treatment allowed under FRS4 is no longer permitted. Authorities now need to show the accrued interest with a loan as part of the carrying value of the loan.

The accrued amounts added to the PWLB loans is £5.3286m. This is not included in the table above. This will be paid in 2008/09 but is included on the face of the balance sheet.

Financial liabilities and assets represented by loans and receivables are carried in the balance sheet as 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 instrument. For the Council this applies specifically to PWLB loans.

Fair values have been calculated by Sector by using the new borrowing rate, as opposed to the premature repayment rate as the discount factor for all PWLB borrowing. This is because the premature repayment rate includes a margin which represents the lender's profit as a result of rescheduling the loan, which is not included in the fair value calculation since any motivation other than securing a fair price should be ignored. However it should be noted that alternative fair values can be calculated if an early repayment basis is adopted. If this basis was used the fair value would be £445.956m as calculated by PWLB.



Please note this includes debt maturing within 1 year of £10.7m

Loan	Nominal Value £m	Fair Value £m
PWLB Loan – Maturity	356,360,503	422,767,778
PWLB Loan – Annuity	9,836,065	12,381,481
PWLB Loan – EIP	44,269	46,215
Total	366,240,837	435,195,474

21. Deferred Liabilities

Deferred liabilities are liabilities which are payable beyond the next year. At the 31st March 2008, these totalled £18.388m.

31.3.07 £'000		31.3.08 £'000
17,326	Former G.M.C. debt	16,643
1,979	Landfill Allowance Trading Scheme	185
1,622	Former L.C.C. debt	1,210
569	Deferred Purchase Repayments	299
69	Loan repayments mortgaged Properties	51
21,565	Balance as at 31st March	18,388

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

The deferred liability relating to the Landfill Allowance Trading Scheme (LATS) represents the Council's full 2007/08 liability for biodegradable municipal waste landfill usage as required by the Waste Emission Trading Act 2003. The above figure is offset within the relevant classification of assets. The liability was in previous years based upon a valuation provided by the Government. However in 2007/08 no figure has been provided and the liability is now valued using a weighted average of trades made during the year. Within 2007/08 the valuation of LATS allowances reduced significantly precipitated by a report from the Environment Agency, which, given the increased performance on diversion achieved in 2006/07 projected that for England as a whole, there would be a greater supply of allowances available in 2007/08 than would be needed to discharge the overall landfill liability, thus driving down the trading price.



22. Provisions

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

	Balance at 31.3.07 £'000	Increase in year £'000	Decrease in year £'000	Balance at 31.3.08 £'000
Insurance Fund	13,391	4,740	9,876	8,255
Equal Pay	3,816	-	2,801	1,015
Residential Payments Backlog	500	-	500	-
Section 117 refunds	273	-	148	125
Care Costs	-	128	-	128
Others	179	105	77	207
	18,159	4,973	13,402	9,730

Insurance

At 31st March 2008 the Council held an Insurance provision of £8.255m. Out of this total a sum is earmarked for environmental liabilities in respect of former domestic refuse sites. The remainder is for future payments of claims made or yet to be made for incidents which occurred before 31st March 2008. These include incidents where a legal liability arises and incidents of damage to Council property. The in year increase reflects contributions from services. The decrease is mainly attributable to the payment of premiums of £1.1m, the settlement of claims of £2.5m and a transfer to the Insurance Reserve which provides a prudent contingency against unforeseen circumstances.

Equal Pay

This provision represents the potential costs of settling Equal Pay claims still outstanding as at 31st March 2008.

Residential Payments Backlog

This provision was created in respect of Residential Payments delays due to system changes during 2006/07. The backlog has been resolved during 2007/08, and the provision extinguished.

Section 117

The Council has retained a provision of £0.125m for potential claims under Section 117 of the Mental Health Act 1983. Other provisions contain amounts for various claims for compensation and potential liabilities.

Care Costs

This provision is for disabled clients being cared for by an external organisation. These clients have been self-funding using their compensation money but a provision has been made for any claims.



Bad Debt

In addition to the amounts shown above, the Council holds bad debts provisions totalling £11.249m (£11.550m at 31.3.07). These have been off set against debtors on the Balance Sheet and include £5.819m relating to Business Rates, Community Charge and Council Tax (£6.513m at 31.3.07). The opportunity was taken during the year to increase provisions for general sundry debt in line with best practice. The provision will be used to fund debt as it is written off.

23a. Movements in the Capital Adjustment Account

	31.3.08 £'000
Balance at 1 st April	800,481
Capital Receipts	14,879
Capital expenditure financed from revenue	9,170
Provisions for loan repayment	504
Capital expenditure financed from reserves	-13,653
Use of CAA to increase Major Repairs Reserve	16,205
Impairment due to consumption of economic benefit	-39,398
Write off of Deferred Charges expenditure	-21,112
Government Grants relating to Deferred Charges	15,531
Write out of Net Book Values of Disposals	-19,773
Write out of Revaluation Reserve balances on disposal	7,977
Transfer of HRA non enhancing expenditure to the Revaluation Reserve	25,567
Reclassification of Renovation Loans to Long Term Debtors	764
Balance at 31st March	797,142

23b. Movements in the Revaluation Reserve

	31.3.08 £'000
Opening Balance Brought Forward at 1 st April	0
Gains on revaluation of fixed assets	137,492
Amount written off HRA non enhancing expenditure	-25,567
Amount written off for disposals	-7,958
Closing Balance at 31st March	103,967

The balance sheet figures have been adjusted from those included in the accounts for 2006/07 to accommodate the implementation of the Revaluation Reserve. This reserve replaces the Fixed Asset Restatement Account (FARA). The £537.39m balance on FARA as at 31st March 2007 has been written off to Capital Financing Account to form the new Capital Adjustment Account. The Revaluation Reserve has been included in the balance sheet with a zero balance. The closing position on the reserve at 31st March 2008 therefore only shows revaluation gains accumulated since 1st April 2007.



24. Movements in the Usable Capital Receipts Reserve

31.3.07 £'000		31.3.08 £'000
0	Opening Balance Brought Forward at 1 st April	0
25,506	Amounts receivable in year	21,660
-4,057	Amounts set aside	-2,897
-12,021	Amount applied to finance new capital investment	-11,070
-9,428	Amount paid in respect of Pooled Housing Capital Receipts	-7,693
0	Closing Balance 31st March	0

25. Major Repairs Reserve

This is a statutory reserve maintained to show how the HRA Major Repairs Allowance funding has been used. The balance in the reserve is nil at 31.3.08 compared with £2.604m at 31.3.07. The reserve has been used to fund major repairs to the dwellings within the Housing Revenue Account. A statement of the movements on the Major Repairs Reserve can be found in note 16 on the Housing Revenue Account.

26. Reserves

The reserve funds held by the Authority are detailed below.

	Balance at 1.4.07 £'000	Increase in year £'000	Decrease in year £'000	Balance at 31.3.08 £'000
School Balances – Delegated Fund	6,965	2,019	271	8,713
Insurance Reserve	0	6,069	-	6,069
Manchester Airport	5,702	-	-	5,702
Interest Reserve	4,249	-	4,249	0
Schools Balances - Direct Funding	1,151	115	-	1,266
Standards Fund – Devolved Base Budget	1	-	1	-
Waste Disposal After Care	582	-	17	565
Standards Fund – Central Base Budget	68	-	68	-
Wigan Football Company Shares	538	-	-	538
Wigan Pier & Robin Park Investment Funds	288	79	48	319
Education Children's Services	203	-	149	54
Transport DSO Vehicles	137	255	50	342
Print Surplus	14	-	-	14
Dedicated Schools Grant (DSG) Contingency	269	790	269	790
DSG Centrally Held	18	134	18	134
Other Reserves	379	6	30	355
Total Reserves	20,564	9,467	5,170	24,861

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



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

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

Interest Reserve – This reserve funds previously unaccrued interest relating to loans taken out prior to 1986.

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

Standards Fund – As part of the introduction of DSG, a significant proportion of the match funding requirement from Authorities was removed, which accounts for the reduction in these reserves.

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

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

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

Education Children's Services – This relates to unspent contingency within the Individual Schools Budget (ISB) that Schools Forum have agreed to put aside to help fund the staffing implications of forthcoming school closures.

Transport DSO Vehicles – The annual Transport DSO trading surpluses are credited to the reserve, which can be utilised to finance the acquisition of new vehicles and plant.

Print Surplus – This reserve represents the accumulated surpluses generated by the print unit and is being held to fund investments in machinery and equipment.

DSG Contingency – This relates to unspent contingency held centrally within the ISB to cover unexpected items, ie data changes.

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

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



27. Housing Revenue Account

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

28. Revenue Activities

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

2006/07 £'000		2007/08 £'000
-162	Deficit / Surplus (-) for the Year	-4,410
-16,758	Revenue Contributions to Capital Expenditure	-9,295
-24,993	Repayment of Debt	-25,261
7,608	Payment to capital receipts pool	6,041
-1,576	Use of Reserves and Provisions	4,794
6,429	Movements on Housing Revenue Account Balances	-3,217
2,043	Removal of Government Grants Deferred	2,844
-26,392	Interest Paid	-29,801
2,866	Interest Received	2,015
	Items on accruals basis	
517	Stocks	99
-2,309	Creditors	-7,984
4,271	Debtors & Payments in Advance	25
-	Intangible Fixed Assets	-299
-48,456	Revenue Activities Net Cash Flow	-64,449

29. Movement in Cash

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

2006/07 £'000		2007/08 £'000
9,932	Bank Balance and Cash in Hand at 1 April	5,238
-4,694	Movements in Year	3,978
5,238	Bank Balance and Cash in Hand at 31 March	9,216

30. Liquid Resources

Short term investments have increased by £18.524 million from £26.320 million at 31st March 2007 to £44.844 million at 31st March 2008.



31. Reconciliation of the Movement in Cash to the Movement in Net Debt

2006/07 £'000	Net Debt Per Balance Sheet	2007/08 Deferred Purchase £'000	2007/08 Transferred Debt £'000	2007/08 Loans Outstanding £'000	2007/08 Temporary Loans £'000	2007/08 TOTAL £'000
389,161	Council Debt at 01.4.07	569	19,536	366,263	1,077	387,445
387,445	Council Debt at 31.3.08	299	18,415	360,842	11,323	390,879
1,716	Movement in Year	270	1,121	5,421	-10,246	-3,434
8,961	Add Net Cash Inflow before Financing					-19,067
-5,983	Add Net Increase / Decrease (-) in Short Term Deposits					18,523
4,694	Net Movement in Cash					-3,978

32. Government Grants

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

2006/07 £'000	Grant	Awarding Body	2007/08 £'000
-169,716	Dedicated Schools Grant	DCSF	-177,240
-36,818	Housing Benefit	DWP	-39,215
-20,774	Standards Fund & School Standards Fund	DCSF	-24,674
-19,578	Council Tax Benefit Grant	DWP	-20,334
-7,338	Supporting People	DCLG	-7,595
-6,148	Early Years & Child Care	DCSF	-6,425
-5,788	Single Regeneration Budget & Neighbourhood Renewal Fund	DCLG	-5,620
-4,427	Learning & Skills Council	DCSF	-4,883
-6,647	Housing Revenue Account Subsidy	DCLG	-4,806
-3,636	Social Services Access & Systems Capacity	DOH	-3,538
-509	Capacity Building Support Grant	DCLG	-3,467
-3,323	Connexions Grant	DCSF	-2,896
-897	Housing Benefit Administration	DWP	-1,257
-	Local Area Agreement	DCLG	-1,204
-883	General Education Grants	DCSF	-1,077
-1,153	Carers Grant	DOH	-1,066
-800	Childrens Services Grant	DCSF	-1,054
-1,182	Criminal Justice Intervention Programme	HO	-1,046
-	Childrens Fund	DCSF	-906
-848	Mental Health Grant	DOH	-886
-641	Partnership for Older People	DOH	-852
-648	Delayed Discharge Grant	DOH	-642
-612	National Training Strategy	DOH	-626
-317	Local Authority Business Growth Incentive Scheme	DCLG	-527
-2,573	Performance Reward Grant	DCLG	-517
-599	Preserved Rights	DOH	-491
-568	Planning Delivery Grant	DCLG	-338
-588	Local Public Service Agreement	DCLG	-229
-5,938	Others	Various	-5,229
-302,949			-318,640



33. Leased Asset Rentals

The Council uses vehicles and equipment financed under the terms of operating leases. The amount paid under these arrangements in 2007/08 was £1.573m (2006/07 £1.868m). However, the amount charged on an accruals basis to the Income and Expenditure Account was £1.759m. In addition the Council operates a car leasing scheme for its employees and £0.38m was paid under these arrangements during 2007/08.

The Authority is committed to making payments of £1.332m under these leases in 2008/09, comprising the following elements :-

	Operating Leases £'000
Leases expiring in 2008/09	78
Leases expiring between 2009/10 and 2013/14	1,241
Leases expiring after 2013/14	13
Total Leases	1,332

Where the Council acts as lessor, the gross value of assets held for use in operating leases at 31st March 2008 was £18.53m. The rent receivable in respect of these operating leases for the year 2007/08 was £1.52m. 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 Council has no assets employed for use in Finance Leases or Hire Purchase Contracts.

34. Expenditure on Publicity

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

2006/07 £'000		2007/08 £'000
505	Recruitment advertising expenses	478
522	Other Advertising	641
318	Other Publicity	329
1,345	Total Expenditure on all Publicity	1,448

35. Section 137 Local Government Act 1972 Expenditure

The Local Government Act 2000 granted new powers to authorities in England and Wales to promote wellbeing in the area. As a consequence, the majority of the provisions of Section 137 were repealed with effect from October 2000 (but retained for full parish and community councils). Principal authorities in England and Wales will continue to disclose any expenditure incurred under Section 137 (3), e.g. donations to charities, not-for-profit bodies and mayoral appeals, but there is no specified limit on such expenditure. There is no record of the use of S137 power in the Council minutes for 2007/08.



36. Agency Arrangements

Wigan Council acts as Treasurer to the Greater Manchester Fire and Rescue Authority (GMFRA) and as such provides financial and administrative services to the value of £0.312m (£0.303m in 2006/07). This expenditure is fully reimbursed by GMFRA.

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

As lead authority for the Greater Manchester Fire and Rescue Authority (GMFRA), Wigan Council received £0.135m (£0.132 in 2006/07) for the provision of legal, computer and construction related services in the 2007/08 financial year.

38. Members Allowances

Total sums paid to Elected Members for the financial year ended 31st March 2008 in respect of basic, special responsibility and attendance allowance amounted to £1.081m (£1.0m in 2006/07).

39. Officers' Emoluments

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

Number of Employees 2006/07	Remuneration Band	Number of Employees 2007/08
126	£50,000 - £59,999	154
32	£60,000 - £69,999	36
11	£70,000 - £79,999	14
3	£80,000 - £89,999	6
3	£90,000 - £99,999	1
1	£100,000 - £109,999	2
2	£110,000 - £119,999	1
1	£120,000 - £129,999	-
3	£130,000 - £139,999	-
-	£140,000 - £149,999	2
-	£150,000 - £159,999	2
-	£160,000 - £169,999	-
-	£170,000 - £179,999	1
-	£180,000 - £189,999	-
1	£190,000 - £199,999	1
183		220

The 2007 SORP introduced a change in the definition for the calculation of officers emoluments. From 1st April 2006, employee pension contributions are taken into account.

The number of employees in 2007/08 includes 152 teachers compared to 121 teachers in 2006/07.



40. 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 may not be recharged: for example 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 2006/07 £'000		Chargeable 2007/08 £'000	Non Chargeable 2007/08 £'000	Total Building Control 2007/08 £'000
	Expenditure			
694	Employees Expenses	402	275	677
3	Premises	0	0	0
33	Transport	18	13	31
112	Supplies and Services	60	6	66
186	Central and Support Services Charges	84	132	216
0	Capital Charges	2	1	3
1,028	Total Expenditure	566	427	993
	Income			
-595	Building Regulation Charges	-507	0	-507
-32	Miscellaneous Income	-61	-7	-68
-627	Total Income	-568	-7	-575
401	Surplus (-) Deficit for the year	-2	420	418

41. Related Party Transactions

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

Central Government

The Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties. Details of transactions with Government departments are set out in a note to the Cash Flow Statement on page 49.



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 2007/08 there were no reported material transactions with related parties advised by Members.

Chief Officers

The Council operates a Code of Conduct whereby individual Chief Officers are required to disclose any pecuniary and non-financial interests with related parties. In addition, the Council on an annual basis necessitates Chief Officers to make a declaration of any related parties. In respect of 2007/08 there were no reported interests in an organisation that generated a related party transaction with the Council.

Other Public Bodies

During 2007/08 levies have been incurred in respect of:

Flood Defence via the Environment Agency (£0.142m);
Greater Manchester Passenger Transport Authority (£18.278m);
Parish Precepts (£0.069m)

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The Council, together with key local partners including the Greater Manchester Police Authority and Ashton, Leigh and Wigan Primary Care Trust, has formed a Local Strategic Partnership to deliver a Local Area Agreement. The Local Area Agreement is an agreement between Central Government and the Local Strategic Partnership setting out the agreed priorities for the local area. During 2007/08 no material transactions occurred between the Council and members of the Local Strategic Partnership that are not disclosed elsewhere in these accounts.

Assisted Organisations

During 2007/08 the Council awarded grants totalling £1.053m 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 £8.217m. The Council contributed £5.048m towards joint schemes administered by Primary Care Trusts.

The Youth Justice Board awarded the Council a grant of £0.207m 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 2007, £0.03m remained outstanding, which was written off by the Council in 2007/08.



Associated Companies and Joint Venture Partners

In 2007/08 the Council paid Wigan & Leigh Housing Company Ltd a Management Fee of £14.376m. During the same period the Company paid the Council £14.376m in respect of supplies and services which had been incurred on their behalf.

The Council provided Community Services Fee funding of £16.546m during 2007/08, to the Wigan and Leisure Cultural Trust.

Accountable Bodies

In March 2005 the Government approved the payment of £7.9 million to be made over a three year period for the North West Improvement Network (NWIN). This funding followed proposals seeking Capacity Building Support on behalf of all the Councils in the North West and is being used for:

- The procurement of a central "hub" of expertise that will assist all Councils in the North West to create individual learning plans that set out the learning requirement of each authority.
- Supporting Council learning plans that will be linked to the Comprehensive Performance Assessment, efficiency agenda and Pay & Workforce strategy. These will also be the basis upon which Network activities will be prioritised and directed.
- Commissioning new support and sharing good practice facilitated by the "hub" whilst making maximum use of existing programmes.

NWIN is managed by a Strategic Board which makes the strategic decisions supported by an Executive Board which influences the development and scope of NWIN as a membership organisation and acts as a policy and commissioning agent. It also uses advisory panels to provide the membership network with the opportunity to influence investment decisions and provide technical or professional advice.

Although the NWIN funding is being used to benefit all Councils 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 funds held by Wigan Council is ring-fenced for use by NWIN. During 2007/08 income of £3.3 million was received and expenditure of £3.9 million incurred relating to NWIN.



42. Disclosure of Audit Costs

In 2007/08 Wigan Council incurred the following fees relating to external audit and inspection:

2006/07 £'000		2007/08 £'000
256	Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	274
117	Fees payable to the Audit Commission in respect of statutory inspection	22
101	Fees payable to the Audit Commission for the certification of grant claims and returns	79
10	Fees payable in respect of other services provided by the appointed auditor	4
484	Total	379

The 2007/08 fees payable for other services included voluntary improvement work for Culture, Sport & Recreation of £3.5k.

43. Pooled Funds

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A partnership agreement exists between Wigan Council and Ashton, Leigh & Wigan Primary Care Trust for the creation of a pooled budget and lead commissioning arrangements for services for people with drug problems. The partnership agreement once signed will jointly contribute to the creation and maintenance of the pooled budget, which is used to carry out NHS functions, health related functions, Local Authority functions and statutory social care.

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

The total expenditure incurred during 2007/08 under the proposed partnership arrangements was £4.8m.

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 Council contribution in 2007/08 was £0.464m and the contribution from the PCT totalled £0.208m.

Gross Funding	Cash £'000	Grants £'000	In Kind £'000	Other £'000	Total £'000
Wigan Council	464	-	-	-	464
Ashton Leigh & Wigan Primary Care Trust	208	-	-	-	208
Total Funding	672	-	-	-	672

Gross Expenditure	Staff Costs £'000	Non Staff Costs £'000	Overheads £'000	Community Education £'000	Other £'000	Total £'000
Integrated Community Equipment Service	169	141	-	362	-	672
Total Expenditure	169	141	-	362	-	672

44. Trust Funds

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

2006/07 Assets £	Fund	2007/08 Income £	2007/08 Expenditure £	2007/08 Assets £
	Children & Young People's Service			
69,003	Wigan Grammar Scholarship Fund	3,754	0	72,757
21,455	Wigan Grammar Prize Fund	1,029	0	22,484
31,793	Leigh Higher Education Prize Fund	1,765	0	33,558
9,843	Wigan Grammar Recreation Fund	531	0	10,374
9,942	Leigh Boys Grammar Prize Fund	530	0	10,472
9,746	James Boydell Fund	541	0	10,287
8,723	Ronald Watkins Williams Fund	486	0	9,209
7,635	A M Lamb Scholarship Fund	426	0	8,061
22,224	Others	1,293	150	23,367
190,364		10,355	150	200,569
	Adult Services			
5,314	Criminal Injuries Compensation	238	1,282	4,270
3,863	J A Smith Bequest	86	0	3,949
3,032	T Holland Bequest	50	0	3,082
4,689	J W Litter Bequest	234	0	4,923
9,748	B Griffiths Bequest	482	0	10,230
26,220	L Fearnley Bequest	0	26,220	0
52,866		1,090	27,502	26,454
243,230	Total Trust Funds	11,445	27,652	227,023

There are no significant liabilities to be disclosed.

45. Related Businesses and Companies

The Council has a material involvement with a number of companies whose assets and liabilities do not appear in these accounts. Details are summarised below.

In previous years the companies with which the Council has a material interest were listed under this note. The SORP requires the Council to produce a set of group statements. The Council must identify any companies that are deemed to form part of the Council's Group Company Accounts.



The companies now included in the Council's Group Accounts are Wigan Metropolitan Development Company Limited, Wigan and Leigh Housing Company Limited and Leigh Sports Village Limited. Further reference to these companies have been removed from the Related Businesses and Companies note and are included within the Group Accounts on pages 74 to 81.

i) Wigan Football Company Limited

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

Year ended 31.5.06 £'000		Year ended 31.5.07 £'000
27,682	Company's Net Assets	27,728
182	Company's profit / (loss) before tax	46
182	after tax	46

During 2007/08, there were no amounts received by the Authority as dividends or amounts written down in respect of the investment held.

ii) 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 31.3.07 £'m		Year ended 31.3.08 £'m
861.1	Company's Net Assets	938.2
80.9	Company's profit / (loss) before tax	87.8
67.7	after tax	80.8
-	Amounts Received by Authority as Dividends	-
-	Amounts written down by Council in respect of the investment held	-



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

Borough Care Services Ltd
 CLS Care Services Ltd
 Community Forests NW Ltd
 Douglas Valley Community Ltd
 Douglas Valley Properties Ltd
 New Environment Ltd
 North West Regional Assembly
 NPS North West Ltd

Positive Futures Ltd
 Proco Enterprises Ltd / Proco NW Ltd
 Groundwork Lancashire West and Wigan Ltd
 Wigan Economic Partnership Ltd
 Wigan Leisure & Culture Enterprises Ltd
 Wigan Leisure & Culture Trust
 Yorkshire Purchasing Organisation

46a. Contingent Liabilities

i) Municipal Mutual Insurance Ltd

MMI Ltd is no longer trading as an insurance company but they continue, at present, 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.

As at the 31 March 2008 the unpaid, reported, claims had been estimated at £0.126m. This sum relates to claims submitted by the Authority in respect of legal liability claims made by other parties (e.g. injured employees).

The estimated amount liable to the 'clawback' levy if the Scheme is triggered is £5.455m.

ii) 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.



iii) Architectural Heritage Fund

As at 31st March 2008 the Council acted as guarantor of a loan of £0.250m from the Architectural Heritage Fund to the Heritage Trust for the North West to assist with the completion of restoration work to two properties in the Wigan Town Centre Conservation Area. This loan was repaid in full in June 2008.

iv) 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 £3.3m as assessed by actuarial advice that arises from compliance with FRS17 requirements. This requires the disclosure of what the cost of pension liabilities are as they are being earned by employees irrespective of the fact that they may not be due and payable for many years. WALH has no assets and retains a limited surplus therefore, the pensions liability gives WALH a net deficit position on the balance sheet. If a letter was not provided by the Council then WALH would not effectively be seen as a going concern and their Auditors would be unable to sign off the accounts.

v) Grant Claims

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

vi) Equal Pay

The Council has carried out an Equal Pay process and reached agreement with the majority of staff affected and the costs were included in the relevant accounts for 2006/07. However, a minority of staff have not accepted the offer made and the Council is currently dealing with these claims under the statutory grievance process. In addition, a small number of staff that the Council considers are not eligible for Equal Pay have also submitted claims and these will be dealt with under the relevant employment legislation. There is also a risk of equal value claims being submitted to the Council. It is likely to take some time for these claims to be resolved and insufficient information is currently available to produce a reliable financial forecast of the potential liability arising from these claims.



vii) Leigh Sports Village

In 2005 the Council entered into an agreement with Greenbank Partnerships and other parties to develop Leigh Sports Village, a public and private sector development. The following public sector facilities all opened in 2007/08; Wigan & Leigh College Sixth Form, Leigh East ARLFC Clubhouse, 3-G rugby and football pitches, athletics track and training facility, swimming pool and sports hall to be managed by WLCT. The stadium is due to be completed in summer 2008, with the private sector facilities being developed later in the year and beyond. The LSV site will be managed and maintained by Leigh Sports Village Ltd, a limited company which is a wholly owned subsidiary of Wigan Council.

As part of the development agreement, the developer (Greenbank) placed £20m in a separate bank account (the Fund) to act as security for the Council for the overall scheme. This money is to be drawn down against the final £20m of public sector works on Leigh Sports Village. As the scheme has progressed the balance of the Fund has been allowed to reduce and as at 31st March 2008, the balance of the Fund was £9.8m.

viii) Metrolink

The Association of Greater Manchester Authorities (AGMA), the Greater Manchester Passenger Transport Authority & Executive (GMPTA/E) and the Department for Transport (DFT) for Metrolink phase 3a have entered into a partnership funding approach.

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

46b. Contingent Assets

Positive Futures Ltd

As part of the arrangements when Positive Futures Ltd went into liquidation it was agreed that the Council was to receive any remaining reserves after the wind-up of the company. These reserves are currently assessed in excess of £0.700m although the final amount is yet to be determined. It is expected that the transfer of the funds to the Council will take place during 2008/09 but an exact date has yet to be agreed. The Council has entered into an undertaking that any funds transferred will be spent in a way that is consistent with certain charitable objects.



47. Authorisation of Accounts for Issue

In line with the requirements of FRS21 “events after the balance sheet date” this set of accounts has been authorised for issue on 25th September 2008. This date is the date after which events will not be recognised in the Statement of Accounts.

48. Disclosure of Deployment of Dedicated Schools Grant

The Council’s expenditure on schools is funded by grant monies provided by the Department for Education and Skills, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget. The Schools Budget includes elements for a restricted range of services provided on an authority-wide basis and for the ISB, which is divided into a budget share for each school. Over and underspends on the two elements are required to be accounted for separately.

Details of the deployment of DSG receivable for 2007/08 are as follows:

	Schools Budget Funded by Dedicated Schools Grant		
	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s
Original grant allocation to Schools Budget for the current year in the authority’s budget	11,145	166,188	177,333
Adjustment to finalised grant allocation	197	-143	54
DSG receivable for the year	11,342	166,045	177,387
Actual expenditure for the year	-11,227	-165,524	-176,751
(Over) / Underspend for the year	115	521	636
Planned top-up of ISB from Council resources	-	-	-
Use of schools balances brought forward	-	-	-
(Over) / Underspend from prior year	18	269	287
(Over) / Underspend carried forward to 2008/09	133	790	923

49. Local Area Agreement Grant

The Council is a participant in a Local Area Agreement (LAA) which is a partnership with other public and voluntary bodies involving the pooling of Government grants to finance work towards jointly agreed objectives for local public services. 2007/08 is the final year of a three year LAA.

The purpose of the LAA is to deliver a number of high level goals set out in the Borough’s Community Plan which aim to reduce the inequality gap across the Authority area. These include:

- High aspirations, education and skills.
- Provide accessible decent homes in a safe, clean neighbourhood.
- Similar chances of staying healthy.
- A strong community.
- Social inclusion.



The Council's senior partners in the LAA are Ashton Leigh and Wigan Primary Care Trust, Greater Manchester Police Authority, Wigan and Leigh Council for Voluntary Services and Wigan Leisure & Culture Trust.

Wigan Council acts as the accountable body for the LAA and is responsible for managing the distribution of Government grant to the partners involved. The Council determines the distribution of the grants paid under the LAA during 2007/08 and the expenditure and income associated with these grants have therefore been recognised in the Council's accounts.

The total amount of LAA grant received during 2007/08 was £13.7 million. There is no expectation that any of this grant will be repaid and, as such, no provision has been made in the accounts for any such eventuality.

