Wigan Council

Statement of Accounts 2019/20

www.wigan.gov.uk/TheDeal

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FOREWORD by Cllr David Molyneux, Leader of Wigan Council

The start of the financial year 2019/20 began with our continued promise to keep council tax rises as low as possible by not raising general council tax. This made Wigan the lowest Council Tax in Greater Manchester. The Council also set a budget which meant that no further efficiencies to frontline services were needed for 2019/20.

It has been an exciting year with many highlights such as the launch of The Fire Within, which is the Borough's pioneering cultural manifesto and aims to make arts and culture accessible to all. The exhibitions have transformed former vacant units within The Galleries Shopping Centre into vibrant and engaging rooms and was shortlisted for 'The Best Culture and Arts Scheme' in the Town and City Management Industry awards.

The Borough welcomed some of the world's top cyclists as they embarked on the last stage of the Tour of Britain and there has been exciting progress being made on a number of transformational projects – such as the redevelopment of Wigan Pier. The buildings will transform from vacant spaces into providing a leisure and social offer that visitors and locals can be proud of. Together with eight modern, sleek town houses, perfect for young families and professionals.

We have continued to deliver our affordable homes strategy with dozens of new developments opening during the year, as part of our plan to provide specialist housing and deliver good quality affordable homes.

Following on from the Big Listening Project, with the sense of community spirit and pride shining through, we launched Our Town, a campaign that will celebrate our local towns, foster community links and improve our environment. This community spirit and pride we knew existed within the Borough really came to the fore as we approached the end of the financial year and began to deal with the COVID-19 pandemic.

I am incredibly proud of how this borough has responded to these unprecedented circumstances. The response has been inspiring and we could not have faced up to COVID-19 in the way we have without such a team effort. COVID-19 has had such a profound impact on public services and we must accept that there will be no going back to how we operated prior to this crisis.

The end of the financial year 2019/20 brought a small surplus which we have added to general balances. However, we are predicting a financial deficit following COVID-19 into 2020/21 and beyond. So we now look to the future and our recovery plans to ensure that our Borough will come out of this stronger and more resilient. The Deal principles helped us adapt and then thrive despite the challenges posed by 10 years of austerity, but this is a challenge like no other we have faced.
We have set out the following priority areas to focus our efforts in the immediate transition phase after lockdown and into a transformation phase for a refreshed Deal 2030.

- Protect and improve the health and wellbeing of all our people
- Support a sustainable economic recovery that benefits everyone
- Build on strengths within our communities
- Ensure all our children and young people return to and thrive in their education or training
- Meet the council's financial challenges and retain new and better ways of working

Through setting out our five priority areas we hope to reassure residents across the borough that we will continue – along with all our partners – to provide them with the support and services they need, as we have done throughout this crisis. #TeamWigan

Councillor David Molyneux, Leader of Wigan Council

NARRATIVE REPORT by the Director Resources and Contracts (Deputy Chief Executive)

Introduction

The Statement of Accounts is produced annually to give electors, local taxpayers, Members of the Council, employees and other interested parties clear information about the Council's finances.

The accounts must be completed by law and in accordance with the requirements of the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards (IFRS) for 2019/20, Accounting Codes of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and any other government legislation or regulations.

To support the response to COVID-19 pandemic, the Government introduced new accounts and audit legislation in April to extend the timelines for the production of the 2019/20 Statement of Accounts. Despite the challenges posed by COVID-19, it is pleasing to report that the draft accounts were submitted to External Audit within the extended timeline.

The overriding requirement of the Code of Practice is that the Statement of Accounts 'presents a true and fair view' of the financial position and transactions of the Council. The main financial statements follow this report.

The accounts are highly technical and inevitably include some technical language. Wherever possible this has been avoided in an attempt to provide the reader with an easily understandable guide to the most significant matters reported in the accounts. Together with this narrative report, a glossary is provided at the back of the publication to explain some of the technical terms to assist in the interpretation of the financial statements.

This narrative report aims to provide an explanation of the Council's financial position for the financial year ending 31 March 2020, together with additional information about the Council in general and how it has dealt with the COVID-19 Pandemic. The report also includes the risks and pressures which the Council faces and plans that have been developed to place the Council in the best possible position to meet those risks.

I also take this opportunity to thank the finance teams for their work in producing the accounts. This year has been a particularly challenging one given the timing of lockdown and then the call to assist our residents. Many finance team members were redeployed to community hubs to assist with community support, welfare and food packages for the most vulnerable together with frontline work with Children's services and Registrars. In addition, a number of finance staff have been heavily involved in the passporting of the COVID Business Rate grants. All tasks have taken the team away from their normal duties but it's pleasing to say they did so in their stride and strengthened that here in Wigan we are One Team #TeamWigan.

Wigan Borough

Our residents are very proud of their borough and its parks, green spaces, sporting and cultural heritage, and industrial history. Most of all they are proud of its people, their accents, good humour and personalities.

Expansive countryside

two thirds of borough

We have strong proud towns, historic villages and a wealth of green spaces. Around two-thirds of the borough is expansive countryside and we love our stunning parks, woodlands, wetlands, canals and green space, which is rich in flora and fauna.

Size of the borough

Our strong employment rates, outstanding schools and affordable housing make Wigan an attractive place to live and work.

76.4%
of working age adults are in employment

62.4%
of pupils achieved a grade 4+ in English and Maths

Population of
324,700
(projected to be 346,300 by 2030)

29%
of our population lives in the 20% most deprived areas in England

Housing
in the borough is affordable (top 20% in England)

Happiest
place to live in GM

Solidarity and working for the common good is in the borough's DNA. Perhaps not surprising then that Wigan is the happiest place to live in Greater Manchester. A place that's ready for the future.

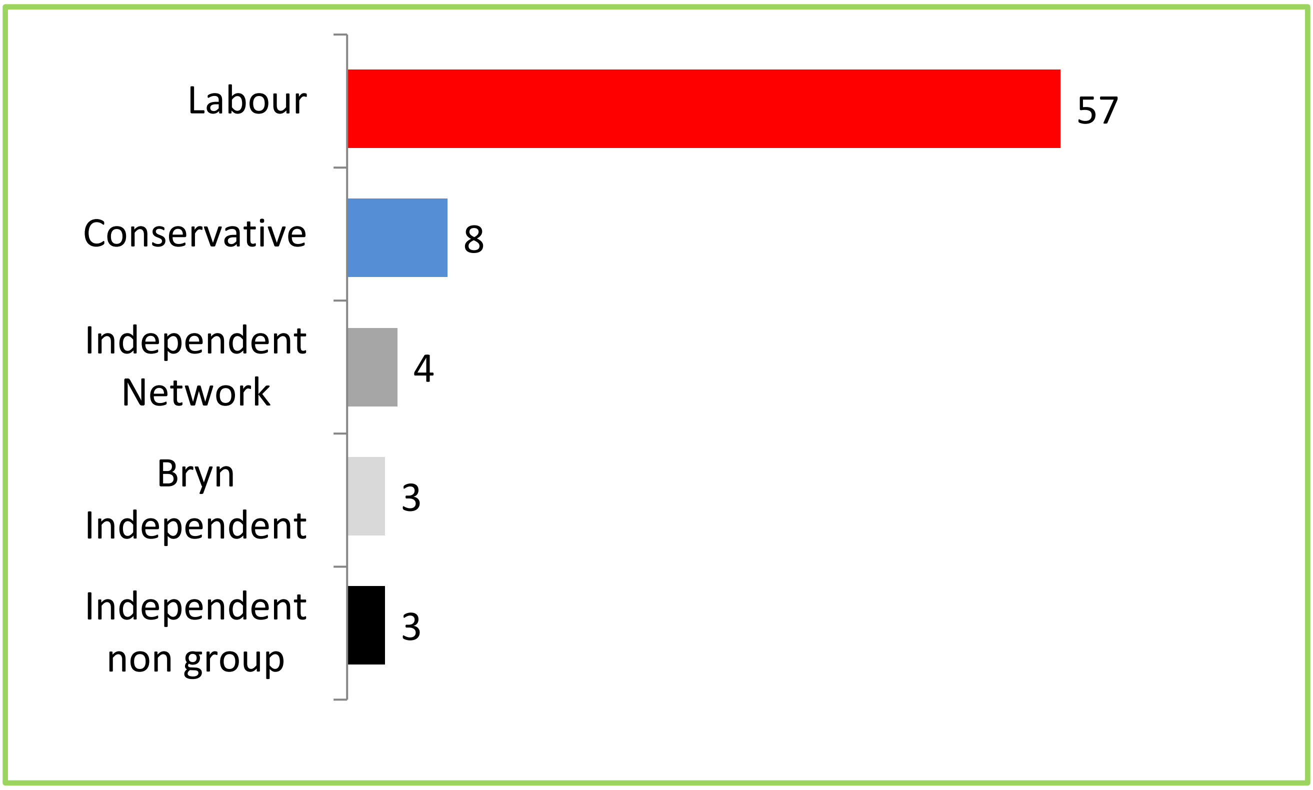
71%
people report that they are in good health

Who We Are

Wigan Council was created in 1974 as part of a major reorganisation of Local Government. Wigan is the second largest borough in Greater Manchester and occupies an enviable position between Liverpool and Manchester. The area it covers is still c70% countryside with its "Greenheart" covering some 77 square miles.

The Borough is split into 25 wards each with 3 elected Councillors. Local Councillors are elected by the community to decide how the Council should carry out its various activities. They represent public interest as well as individuals living within the ward in which he or she has been elected to serve a term of office. They have regular contact with the general public through council meetings, telephone calls or surgeries. Surgeries provide an opportunity for any ward resident to go and talk to their Councillor face to face and these take place on a regular basis.

The political structure of the Council for 2019/20 was as follows:



The Cabinet, also known as the Executive, is the main policy making body of the Council and carries out Council functions that are not the responsibility of any other part of the Council, whether by law or under the constitution. It consists of an Executive Leader together with at least 2, but no more than 9, Councillors appointed by the Executive Leader.

At Wigan, the Cabinet (Executive) consists of 8 senior Councillors who are each 'Portfolio Holders' for a major area of responsibility.

The Deal 2030 Our Corporate Strategy

The Deal 2030 Our People Our Place Our Future

The Deal 2030 has been developed following the findings of the Big Listening Project:

The Big Listening Project ensured that all of our residents were given the opportunity to tell us their aspirations for the future. We asked two simple questions;

- What should the borough look and feel like in 2030?
- How can we work together to achieve this?

In total, The Big Listening Project reached the views of almost 6,000 people, visited 83 locations and events and listened to 2,650 residents who sat on our green sofa, 500 residents had their say in the Video Booth and 666 people completed an online survey. Over 2,000 staff gave their ideas at Listening in Action staff sessions and our social media promotions managed to reach 252,170 people.

We were inspired by the pride, passion and creativity that we encountered on this journey and we have been able to capture some truly brilliant ideas of how we can work together to make this borough an even better place.

Throughout our discussions with residents, stakeholders, staff and Members, there were certain themes that came through loud and clear. We have identified 10 strategic goals for our borough. We have grouped these together as priorities for our people, our place and those which will shape our future.

Our People

Together we feel happy, safe, included and look out for each other

- Best start in life for children and young people
- Happy healthy people
- Communities that care for each other

Our Place

Together we are proud of our towns and look after our environment

- Vibrant town centres for all
- An environment to be proud of
- Embracing Culture, Sport and Heritage

Our Future

Together we will build a future where everyone has the opportunity to thrive

- Economic growth that benefits everyone
- A well connected place
- Confidently digital
- A home for all

These themes form the basis for our Deal 2030 Corporate Strategy.

The Deal 2030 sets out how we will work together to create a truly world class place to live in the decade ahead. The Council cannot realise the potential of our borough alone – to do this we have to be working effectively with our partners. Whether it's making our communities safe, our town centres more vibrant or our environment cleaner we have to have strong and effective partnership working to achieve that.

It is also fundamentally a strategy that is founded in partnership with our residents who have helped set our priorities. Through our Big Listening Project we have truly listened to our residents and their ideas have been amazing. This plan could not have been created without their input. We have read, watched, documented and analysed everything that was said. From that we have established the ten priorities for the borough for 2030.

Each priority area has an 'Our Part' (the borough's public sector organisations and partners) and 'Your Part' (residents) so that the Deal principles of working together to achieve our ambitions continues and we all know what we need to do to play our part. Our strategy is also underpinned by the notion of fairness. Whether it is fairness in opportunities for our young people, our towns having a fair share of funding, fairness in local wealth generation or through equality and diversity – residents told us that they wanted everyone to have an equal opportunity to achieve their full potential. Now that we have set down in writing what our ambitions are, it is now our collective responsibility as a council, with our partners and with our residents, to deliver on those priorities. It was significant through the Big Listening Project that a lot of inspirational ideas and enthusiasm for the future came from our young people of the borough.

During 2019/20 we began to act upon what the Big Listening Project highlighted to us, and one of those strands was how attached residents felt to their local community and the individual characteristics of our districts and as a result we launched Our Town

It is the plan that council teams will work in each of the district centres delivering the following:

- Deep clean and public realm improvements; jet washing, weeding, pruning and removal of fly posting. Replacement or additional bins, replacement street furniture, new planters or new trees, improved street lighting, signage and bollards, if required.

- Vacant shop improvement fund; a pro-active approach to engage with owners and encourage them to apply for grants to improve the condition of the shop fronts.

- Event budget; an opportunity to celebrate local heritage through providing a funding stream for one-off community-led events.

Through Deal 2030, we will continue to build on the success of The Deal and the amazing achievements we have seen so far:

We've already achieved so much together.

90% of schools rated good our outstanding

Children ready for school percentage has increased to **69%**

14,000 children completing the daily mile each day

52% reduction in first time entrants to the Youth Justice System – significantly better than statistical neighbour, north west and national comparators.

5% reduction in looked after children.

Ofsted Children's services rated 'good' and Adoption service rated as 'outstanding'

Wigan's economy has grown by 2.2% since 2011, faster than GM's average of 1.9%

3,000 more people in employment today than in 2016/17

4,180 Apprenticeship starts, highest across Greater Manchester

£10 million invested in the community

3,000 local volunteers have helped improve their local community

Lowest levels of particulate air pollution across Greater Manchester

Highways maintenance performance one of the best in the country

Recycling rates increased by 8%

78% of our residents supported by the outstanding reablement services require no further on-going support

95% of people with a learning disability are supported to live at home or with their family – 6th best in the country

One of the best in the North West at getting people home from hospital and better than the England average

Launch of a **5 YEAR** Cultural Manifesto to increase cultural engagement across the borough

THE FIRE WITHIN

99% of Day Nurseries and Pre-Schools are OFSTED rated outstanding

TOP PLASTIC RECYCLING TOWN in the UK – Recycling almost double that of the next closest area

Review of the Financial Performance 2019/20

Revenue

The Council's 2019/20 revenue outturn position is shown in the table below. A surplus of £0.130m has been achieved in 2019/20 together with the planned savings of £12m. The underspend has been added to the General Fund reserves and can be seen in the Movement in Reserves Statement in the following accounts.

Service	Revised Budget £'000	Actual Income and Expenditure £'000	Variation £'000
People	147,328	160,201	12,872
Places	46,168	46,168	0
Resources	26,519	34,649	8,130
Total Cost of Services	**220,015**	**241,017**	**21,002**
Passenger Transport Levy	22,709	21,708	-1,001
Other Charges including Capital and Asset related transactions	-1,058	-8,243	-7,185
Total Other Costs	**21,651**	**13,465**	**-8,186**
NDR*	-125,030	-137,284	-12,254
Council Tax including Parishes*	-116,636	-117,328	-692
Total Funding	**-241,666**	**-254,612**	**-12,946**
Net Position 2019/20	**0**	**-130**	**-130**

*Note that variances in NNDR and Council Tax relate to reconciling amounts of Section 31 grant calculated at the year end in accordance with regulations, and the respective surpluses on Collection Fund accounted for during the year. Please see the Collection Fund Statement within the accounts for further information.

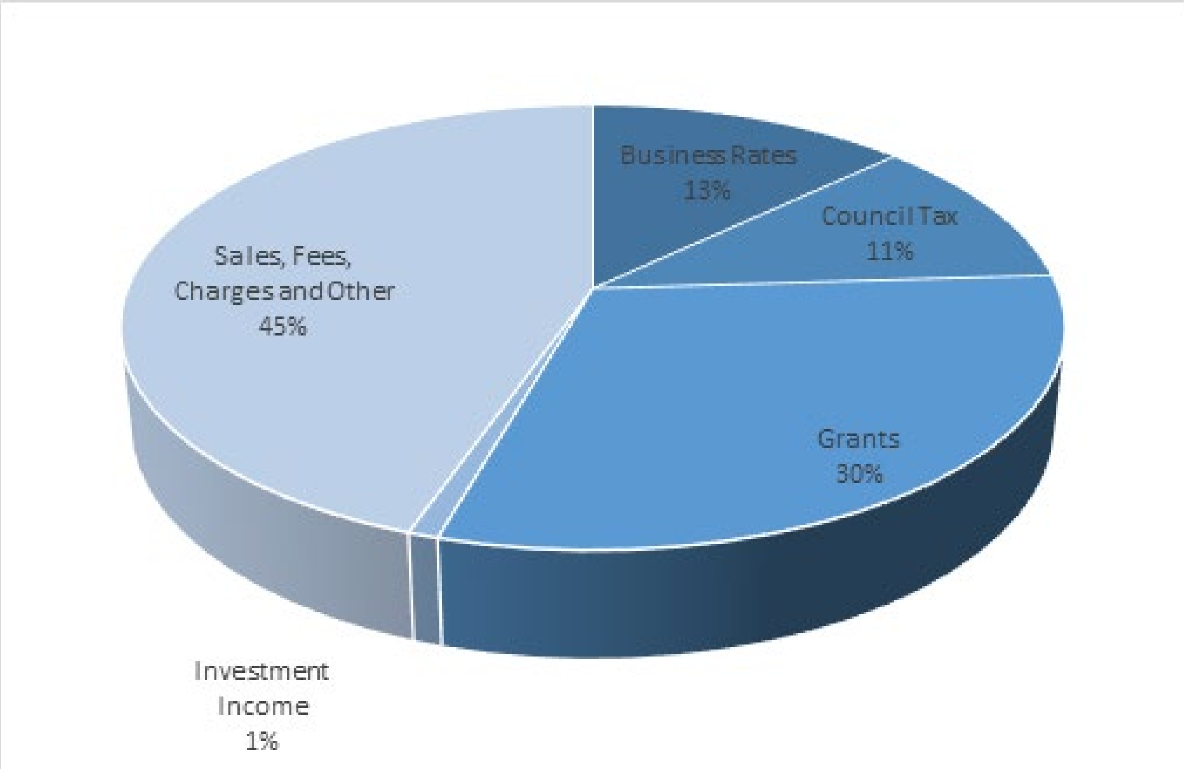
The first tranche of COVID-19 support grant was received during 2019/20 and is disclosed as grant income within the accounts. This income and a subsequent contribution to reserves forms part of the cost of services in the table above.

The table is in the format that is reported to the Council's Cabinet throughout the year and includes both controllable and uncontrollable budgets. The table above will look different to the main financial statements as they contain a number of technical accounting adjustments required to complete the financial statements.

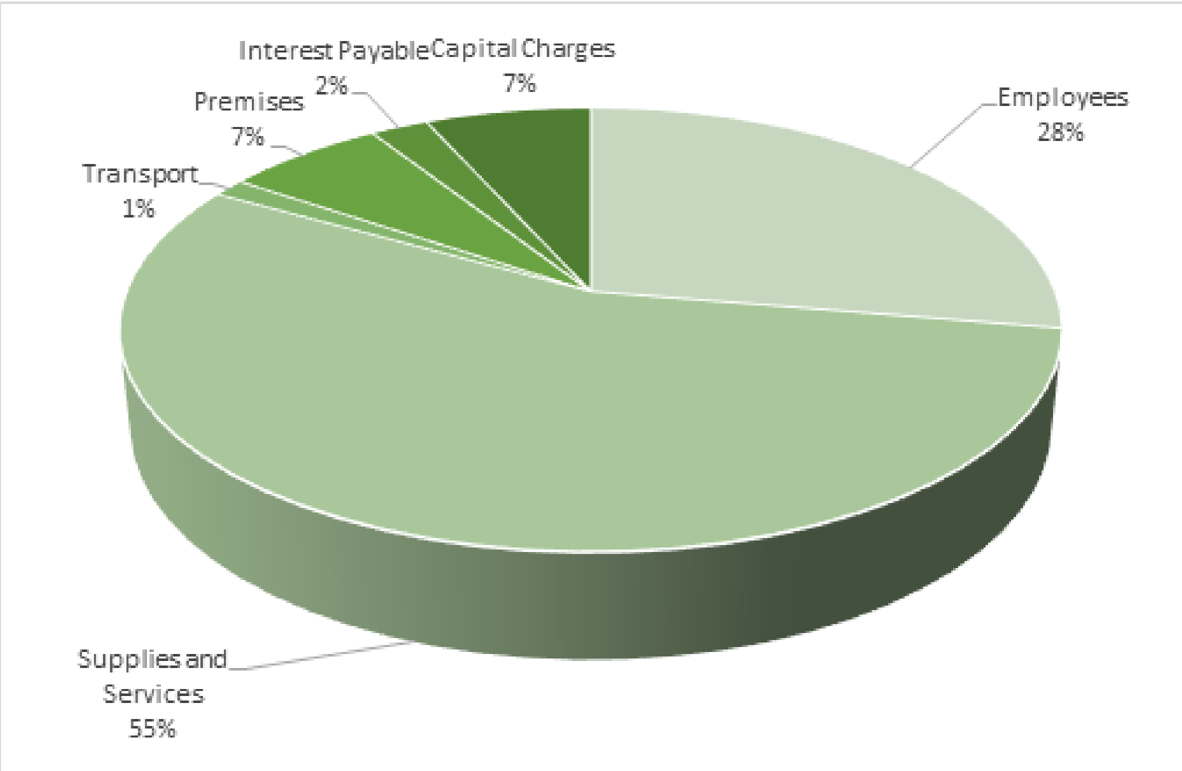
Where the Council received its money from and how it is spent

The following charts show the main sources of income that the Council received in 2019/20 and a high level breakdown of the money that it spent on providing services.

Where does the money come from?



What is the money spent on?

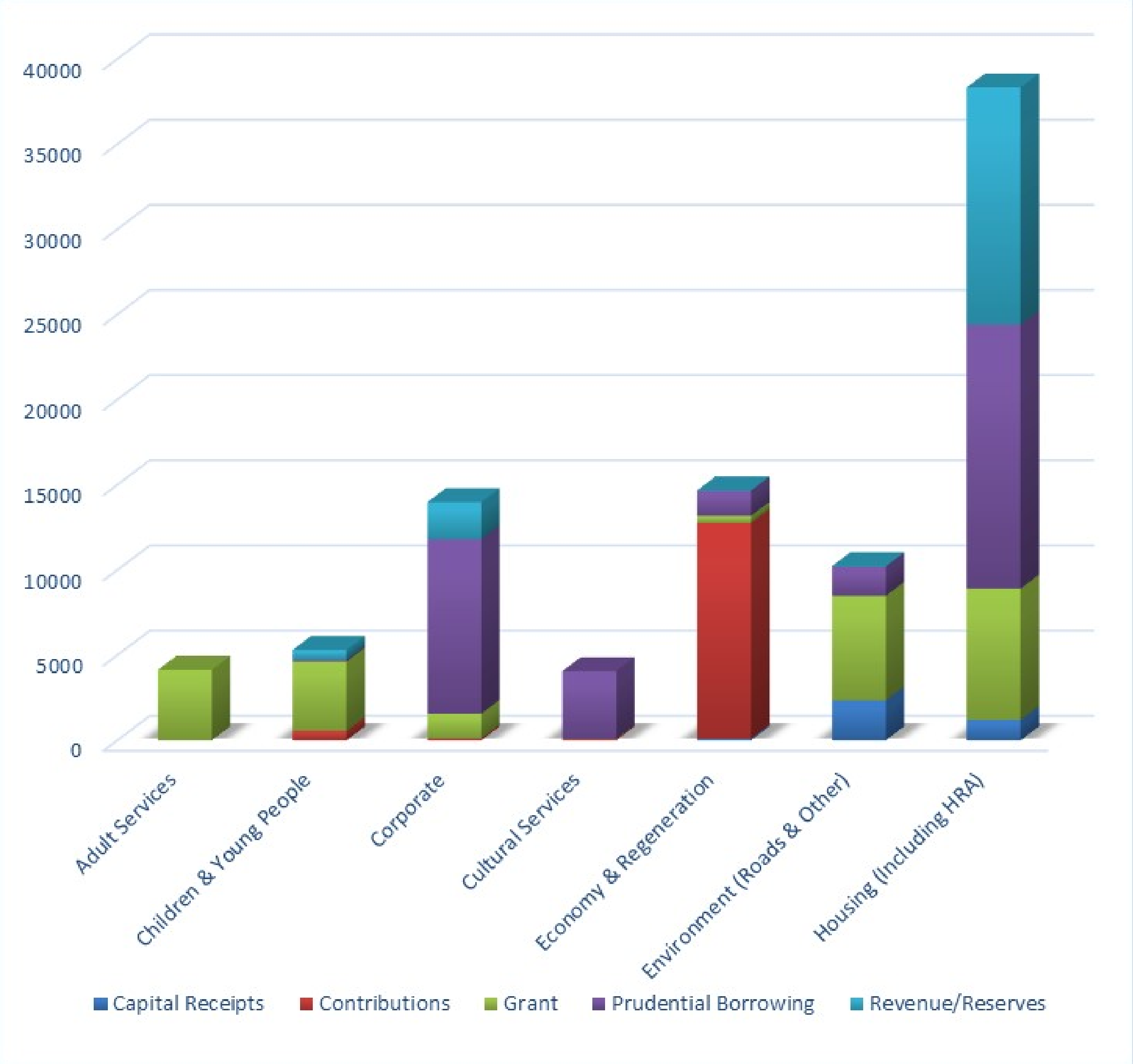


Capital

The Council spent over £78.8m on its capital programme in 2019/20. The programme underpins the Council's objectives and provides for investment in long term assets which are used to deliver the Council's services.

The Council operates a rolling capital programme that is reviewed throughout the year. The programme is funded from a variety of sources which includes capital receipts generated from the sale of council assets, government grants, contributions from developers and borrowing, both internal and external. The Council's strategy is to operate a balanced programme over its duration.

The chart below analyses the expenditure across the different areas together with the funding sources.



Capital investment is linked with the Deal 2030. This is demonstrated by investments which are taking place associated with providing opportunities for healthy lifestyles and driving growth in the local economy. Such significant investments over the next 3 to 5 years include:

- Improvements in both primary and secondary school provision
- building the M58 Link Road
- maintaining our highways
- improving cycle routes across the borough
- town centre masterplanning

Borrowing Facilities and Cash

In accordance with Treasury Management policy, when there is a requirement to borrow then the majority of borrowing will be secured via the Public Works Loan Board (PWLB). The PWLB offers borrowing at rates only slightly above rates at which the Government secures its borrowing. It has traditionally been considered to be the most cost effective source of obtaining "traditional" funding.

For a number of years the level of debt held by the Council has been reducing as the Council has taken the opportunity to utilise its cash balances to repay debt. There was an anticipation that in 2019/20 the Council would need to borrow to fund its current capital plans as its cash balances reduced. As a result of economic uncertainty surrounding the UK reaching a Brexit agreement, the PWLB rates continued to reduce in the early months of 2019/20. The opportunity was taken to borrow during 2019/20 at rates close to the lowest ever on record. The £25m borrowed will provide the Council with the cash funds necessary to facilitate capital spending plans over the next few years.

The level of PWLB borrowing at 31 March 2020 increased to £403.205m (2018/19 £388.4m).

In contrast, the Capital Financing Requirement (as defined in the Prudential Framework for Capital Accounting), which measures the underlying need to borrow to finance capital expenditure was £553.6m as at 31 March 2020. The Council's adopted strategy in previous years has been to defer elements of its borrowing requirements by funding this temporarily by available internal resources, such as cash backed reserves and cash balances. It is evident that the Council is in an under borrowed position.

Accounting and Other Matters 2019/20

Business Rate 100% Pilot

From 1 April 2017, the Council together with the other Greater Manchester (GM) authorities agreed to take part in the Government's 100% Business Rate Retention Pilot. As a pilot authority, the Council in the first instance retains 100% of locally-raised business rates. Revenue Support Grant and Public Health Grant are no longer receivable, but are funded instead through the increased local share. The basis of the pilot is that this is to be without detriment to the resources that would have been available to the individual local authorities within GM under the original scheme. The calculation is at GM level.

In 2019/20, the council shared the benefit of the pilot on a 50:50 basis with Greater Manchester Combined Authority (GMCA). These additional resources now provide the opportunity both to support the Council's budget but also to support the wider plans of the GM Mayor Andy Burnham and the work carried out through GMCA.

The Business Rates Pilot has been a success so far with the benefits currently outweighing the risks. Developing changes in the economic climate in particular as a result of COVID-19 will ultimately result in reduced business rates income due to pressure on the retail sector, appeals and a potential fall in collection rate. As a result the position of the pilot across GM is being carefully monitored and the Council continues to be committed to investing in supporting the high street and redeveloping retail sites such as The Galleries.

Pensions

The actuarial valuation of the Council's pension scheme liabilities and pension reserve shown on the Balance Sheet has decreased by £108.793m during the year. The valuation is determined by the Actuary and represents the market conditions at the reporting date. The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation. Further details are given in Note 40.

Revaluation of Assets

The Council values its assets annually based on a 5 year rolling programme. This valuation provides the Council with an up to date value for its asset portfolio and reflects the market conditions. The value of assets can fluctuate significantly due to a number of factors, such as market conditions or obsolescence, or where physical damage to the asset has occurred. To ensure that asset values are accurate and reflect the most up to date values a review of the market is undertaken to consider any changes in value across the various asset types. The impact of COVID-19 on asset valuations included within the accounts is covered in Note 3.

During 2019/20 one school transferred to Academy status. In line with the Code the asset has been treated as a disposal and removed from our balance sheet. The net book value written out of the accounts in relation to the Academy disposal is £4.1m.

Manchester Airport Group

The Council holds a minority shareholding of 3.22%. In 2019/20 the Airport Group paid over to the Council a dividend of £6.4m, and in addition interest payments from investments of £2.2m. However, the COVID-19 pandemic has had a significant impact on the aviation industry and it is to be expected that the annual dividend is not expected to be payable for a number of years.

In addition, the value of the Council's shareholding has shown a decrease from £52.7m to £30.2m. The shareholding is regarded as a strategic investment and not held for trading, therefore there is no impact on the revenue budget as the loss has been transferred to the financial instruments revaluation reserve

Housing Revenue Account (HRA)

The Council is required to keep a separate account in respect of council housing.
The Housing Revenue Account (HRA) shows the main elements of expenditure including maintenance, management and capital financing along with details of income from rents and other charges.

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

The HRA commenced the 2019/20 financial year with a surplus of £26.5m and ended the year on 31 March 2020 with an accumulated surplus of £24.5m.

Approximately £38.5m was spent on capital schemes which included New Build Housing developments of £13.3m at Ullswater and Hyndelle,Golborne; Etherstone, Leigh; Park Road, Hindley and Walkden, Ashton. These developments were funded from reserves, borrowing and supported by grant funding from Homes England. Further new sites are planned over the next few years to add to the Council's housing portfolio.

Other significant areas of capital spend during 2019/20 included boiler renewals, bathroom upgrades, works to sheltered accommodation and bringing void properties up to standard.

From December 2019, 80 properties formerly owned by Wigan & Leigh Homes Ltd (WALH) were brought into the council stock to be managed by the HRA going forward and WALH ceased trading.

Schools

Schools have responsibility for their budgets and may carry forward their own balances. In 2019/20 the cumulative level of delegated balances held by the schools has increased and now stands at £14.859m (2018/19 £16.293m). This balance is spread across schools and is not available to the Council. Further information on schools funding is available in Note 36 Dedicated Schools Grant.

Health and Social Care Integration / Healthier Wigan Partnership

As part of the Devolution plans for Greater Manchester the Integration of Health and Social Care was a priority. The aim was to work together to develop a locality plan that would facilitate the large scale structural change required to deliver clinical and financial sustainability with the health and social care system by 2020/21.

In response Wigan Council has been working closely with its health colleagues to develop a single commissioning function for the place. In particular it has been progressing the establishment of a formal Integrated Commissioning Committee for the locality with the Wigan Clinical Commissioning Group (CCG). The Committee which came into effect on 1 April 2019, brings together the senior political and clinical leadership of the locality and has met regularly throughout 2019/20.

The integrated committee will be responsible for the oversight of a pooled budget of c£341m of gross expenditure which has been created under a section 75 agreement (the mechanism that allows joint funding / pooled budgets). Embedded within this will be the delivery of a locality care organisation 'Healthier Wigan Partnership' in a recognisable format. Further to this an Alliance Agreement between the main health partners in the place, Wigan Borough CCG and Wigan Council has been signed up to. The agreement sets out the behaviours and principles of the operation of a shadow integrated provider model for the locality.

During 2019/20 it was apparent that the continued scale of the financial challenge for the Wigan CCG was significant and unless a mechanism was put in place the CCG would be unable to achieve its targets. If the CCG did not achieve its targets then the NHS could place them under special measures, which could ultimately result in control being handed to an out of borough CCG.

On this basis the Council determined that using the current section 75 agreement it could inject a further net contribution of £17.3m into the pooled budget, using a mixture of risk share around savings and maximising areas of expenditure for the CCG thus ensuring that any decisions around health plans for Wigan residents for primary and secondary health care would remain under local control.

For the Council, the transaction will show a temporary reduction in earmarked reserves and a reduction in available cash. Both reserves and cash will be replenished when the CCG repay the support in 2020/21.

This builds on the Joint Commissioning Group previously set up between the Council and the CCG. It is jointly chaired by the Director of Finance of the CCG and the Deputy Chief Executive, Wigan Council and approved investment of c£14m across health and social care initiatives to assist delivery of the integrated care strategy and health and adult social care objectives.

In 2019/20 the locality has spent £1.728m of the Transformation Funding approved by Greater Manchester Health and Social Care Partnership. This leaves a balance of £5.003m out of the overall approved allocation of £31.030m to be invested by the locality in 2020/21.

Response to COVID-19

The COVID-19 pandemic has been the most challenging emergency Wigan Borough and the Council has responded to in recent times.

The nature of the pandemic saw the council react at speed to implement Government policy and five key local political priorities to limit the spread of the virus, protect the health of all our residents and ensure the most vulnerable in our communities are safe and cared for. This has required a remarkable effort by our staff, partners and residents many of whom have worked tirelessly and acted with compassion and love to protect, support and care for others. Yet the financial, social and wider economic impact of the pandemic is the great test we now face and the scale of it cannot be underestimated.

Wigan Council

Coronavirus (Covid-19)
Recovery Principles and Priorities

PRIOITY AREAS

We have set out the following priority areas to focus our efforts in the immediate transition phase after lockdown and into a transformation phase for a refreshed Deal 2030:

- Protect and improve the health and wellbeing of all our people
- Support a sustainable economic recovery that benefits everyone
- Build on strengths within our communities
- Ensure all our children and young people return to and thrive in their education or training
- Meet the council's financial challenges and retain new and better ways of working

As we move from lockdown to a transition period, the Council is committed to fundamentally transform and collectively work through the unprecedented challenges while retaining the behaviours and principles which are at the core of being Wigan.

Coronavirus (Covid-19)
Recovery Principles and Priorities

Wigan Council

PHASES

Our recovery will be delivered in three phases:

1. Release of lockdown (0 - 2months)
2. Transition (0 - 12 months)
3. Transformation (0 - beyond 12 months through a refreshed Deal 2030)

We aim to support all communities, businesses and public services in Wigan Borough to recover following COVID-19. We will have to transform as a council to address the significant adverse economic impacts of the crisis. We will strive to create a new future through harnessing the innovation and improvements made during the pandemic. We will build on the strengths and creativity of our communities and the partnerships we have developed to build a fairer, safer, greener and more secure society, with better health outcomes and a growing and more sustainable local economy

Future Outlook – Risks and Uncertainties

Given the current climate the focus firstly needs to be on the financial impact of COVID-19 to the Council and then look to other risks and uncertainties which at this time are unable to be quantified.

COVID-19 Financial Impact

The impacts of COVID-19 on the Council's finances fall into two areas: Increased costs and more significantly, a fall in anticipated income.

Council Tax

Following lockdown the Council immediately halted recovery action over the first 3 months of the year. The position is being closely monitored and a welfare support offer has been launched to provide support to those individuals at this time of need.

The Government has issued a grant to increase council tax benefit payments, of which Wigan share was £3.5m. This roughly equated to an increased £150 benefit payment to any current claimants and relief for any hardship cases. Whilst this is welcome, next year when the benefit returns to its previous level, this is likely to result in a recovery problem, when this cohort are expected to make increased contributions.

The increasing number of unemployed has also started to have an impact as the number of claimants for Universal Credit has increased significantly with a resultant increase in the number of cases applying under the Council Tax Reduction Scheme.

Business Rates

The Government's retail relief scheme and business grants provides valuable support to businesses but did not reach all businesses. There are concerns around the levels of business rates being received from our local businesses together with the wider economical impact of this if businesses fail to reopen.

Fees and Charges and Commercial Income

Income levels across several services have collapsed since March. Specifically, income from car parking, market rents, planning fees and income from schools has fallen significantly and commercial income has all but disappeared.

The impact of the pandemic on our airports has been widely reported in the media. It is extremely likely that based upon the activity at the airport that our dividend and other airport income are at significant risk (£4.7m to July, £8.2m full year impact). The period of risk will be dependent upon how quickly the aviation industry recovers.

Housing Rents

The estimated full year impact anticipates a significant rise in the current bad debt position. The indications are that rent arrears are on the increase and every effort will be undertaken to minimise the impact. The opportunity was taken in the closedown of the 2019/20 accounts to increase the bad debt provision which will assist in mitigating this potential shortfall.

Increased Cost Pressures

We are experiencing cost increases in all our front-line services as we deal with the impact. The demands on our services have also increased significantly which has impacted on the planned delivery of savings in our Children's services and other Directorates.

The Council is now in recovery phase, with the financial position being a key. The scale of this challenge should not be underestimated and with this in mind a number of steps are being taken to ensure that work commences to address the issue as soon as possible.

We have already completed a review of the Capital programme and this has resulted in a rephasing of c£40m of schemes into later years. Some of these schemes were funded from revenue which will free up this resource to provide one off support in the current year. We have also rephased some of the Housing schemes, which although disappointing, is required to support the pressure on rent collection for the foreseeable.

In addition a Budget Management Board has been created, lead by the S151 Officer, Deputy Chief Executive and other senior staff. Its purpose will be to review key budget areas to ensure that planned savings are delivered and to critically review some of our service areas that run at a loss. We are also looking to slow down non-essential spend and reviewing our reserve position that will provide the necessary funds to mitigate remaining one-off costs.

Future areas of risk and pressure

Notwithstanding the impact of COVID-19 on services, there still remains underlying issues and pressures within services and beyond which have been flagged as risks.

Adult Social Care

Pressures are set to continue year on year to meet the cost of rising demand and complexity of need. Pressures relate to the impact of an ageing population alongside the increasing costs of caring for younger adults. Local transformation underpinned by the Deal for Adult Social Care and investment in early intervention and prevention are having a positive impact and with further improvements planned, it should alleviate this cost pressure.

There has been a sustained rise in the volume and complexity of people aged 18-64 requiring support, particularly in the area of learning disability. This represents a key area of risk and forms part of the Directorate's transformation plans.

Children's Services

The major risk area for the Council's revenue budget remains within Children's Social Care. The most significant budget pressure relates to our Looked after Children – External Residential Costs and Care Leavers. Demand management continues to be an issue and even with the introduction of more innovative models this area will always be subject to some uncertainty and volatility. Some of this can be addressed through longer term financial planning and more robust demand management, but however well managed, there will be financial pressures as we are dealing with our most vulnerable children.

High Needs (SEND)

There are significant financial pressures related to increased growth in the number of Education, Health and Care (EHC) plans, special school placements, alternative provision and independent school fees. Numbers continue to rise in respect of independent school places which is a real cause for concern. The government announced £700m extra next year for SEND which will see Wigan receive c£5m additional funding. There is an ongoing transformation programme in this area to address some of the pressures related to demand and a North West Framework is being established for commissioning independent school places which is hoped will improve value for money.

Other Areas of Risk

Insurance claims are as ever a risk. This combined with rising premiums places pressure on the insurance fund. However the current level of resources within the insurance fund will be sufficient in meeting any liability claims arising. The fund has been actuarially assessed and is deemed more than adequate. This will allow some further investment in risk based schemes which will protect the Council further from future claims.

Construction industry prices continue to rise and are increasing in excess of the rates of inflation as the economy is showing signs of improvement. This will impact upon the costs of proposed capital schemes particularly the large infrastructure projects currently being planned.

Funding Risk

As part of the spending announcement in September 2019,the Government stated that a full fair funding review would take place during 2020 together with other changes surrounding business rate baselines and resets however all of this has now been put on hold as a result of COVID-19. Currently there is no indication of the level of funding the Council will receive for 2021/22 and beyond. It is hoped and anticipated that the Autumn Statement will give some clarity especially surrounding grants such as Improved Better Care Fund and Social Care funding.

Together with this level of uncertainty and given the financial impact of COVID-19 we have already witnessed, a report was presented to Cabinet in July 2020 with an updated forecast for 2021/22.

Fair Funding Formula Review

For a number of years the Government has indicated that a review of the funding formula was required. The formula which assesses the underlying assessment of needs has not been reviewed for over 10 years. The formula is extremely complicated and includes a large range of criteria together with the assumption that council tax rises form part of the income calculation. Any changes to the formula will alter the funding distribution which ultimately impacts upon the level of Government support which the Council receives. The review was expected to be in place for financial year 2021/22, however due to the pressures and uncertainties created by COVID-19 the timeframes for a review are currently uncertain.

Business Rates

Following the devolution deal for Greater Manchester; Wigan along with the other 9 GM Councils are part of the pilot 100% business rates growth scheme.

In practice this means the Council can retain 99% of its business rates, with 1% going to the Fire Service. This is not additional monies as the Council no longer receives Revenue Support Grant or Public Health Grant. A no detriment clause was introduced to ensure no Council could be worse off under the new arrangement, and if this scenario occurred a support package would be provided. The pilot will continue into 2020/21 however there is yet to be confirmation of any further extension, which will be linked with the Fair Funding Review. The Government intention is to redesign the system, and with the COVID-19 outbreak there is already significant uncertainty around the level of appeals and collection rate. This has a major impact on our ability to accurately assess the Council's major funding source. Despite the current circumstances, the continuation of the 100% scheme into 2020/21 is good news, as since its inception, the Council has seen growth in its business rates base which it has been able to keep subject to the arrangements agreed by Leaders that allows the GMCA to retain up to 50% of any growth to cover regional costs thus reducing the need to increase district contributions.

Technical Terms

Wherever possible the use of technical language is avoided, however inevitably some is necessary and a glossary is provided at the back of this publication to explain some of the technical terms. The following is a brief explanation of the main statements within the accounts:

Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in year of providing services with generally accepted accounting practices, rather than the amount to be funded by taxation. Councils raise taxation to cover expenditure in accordance with regulations, this will generally be different to the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Movement in Reserves Statement

This statement shows the movement in year on the different reserves held by the Council, analysed into 'usable reserves' (those that can be applied to fund expenditure or reduce taxation) and 'unusable reserves'. The Surplus or Deficit on the provision of services line shows the true economic cost of providing the Council's services, more details of which are shown in the CIES. These are different from the statutory amounts required to be charged to the general fund balance for council tax setting.

Balance Sheet

The Balance Sheet shows the value as at the 31 March 2020 of the assets and liabilities recognised by the Council. The net assets of the Council, i.e. assets less liabilities are matched by reserves which are split into two categories, usable and unusable reserves. Usable reserves are those which the Council can use to support initiatives and services. Unusable reserves are not available to use on Council Services and are in the main technical accounting reserves.

Cash Flow Statement

The Cash Flow Statement summarises the total movement of cash and cash equivalents during 2019/20. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flow as operating, investing and financial activities.

Housing Revenue Account

The Housing Revenue Account Comprehensive Income and Expenditure Statement shows the costs in year of providing and operating the Council's housing stock and includes the major elements of expenditure (property maintenance, management and capital finance) and the income due from rents and charges.

Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the funding available to the authority (ie government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Collection Fund

The Collection Fund separately summarises transactions in relation to Non-Domestic Rates and Council Tax.

Statement of Responsibilities

The Statement of Responsibilities for the Statement of Accounts which sets out the responsibilities of the Council and the Director of Resources and Contracts (Deputy Chief Executive) for the accounts.

Concluding Remarks

As the Council continues to transform, it is expected that as Chief Financial Officer, I ensure that the budget and council tax is appropriate and that a prudent level of reserves and balances are available to ensure the delivery of future plans are achievable.

The financial statements provide assurance to the reader that the Council's financial position is robust and that its pro-active approach to the impact of the austerity measures has delivered the necessary savings in advance thus providing a one off opportunity to set monies aside into reserves which will be utilised to support initiatives in line with the Corporate Strategy Deal 2030.

The preparation of these statutory accounts to a high standard is a testament to the finance staff who have contributed to the completion of this Statement of Accounts and I would like to take the opportunity to pass on my thanks for this considerable achievement.

Paul McKevitt

P McKevitt BA(Hons), ACMA & CGMA
Director Resources and Contracts (Deputy Chief Executive)

MOVEMENT IN RESERVES STATEMENT 2019/20

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'Usable Reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'Unusable Reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax (or rents) for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

Single Entity	Note	General Fund Balance £'000	Earmarked Reserves £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2018		**16,075**	**100,465**	**25,013**	**3,079**	**8,815**	**23,915**	**177,363**	**171,371**	**348,734**
Movement in Reserves during 2018/19										
Surplus or (deficit) on provision of services		-25,387	0	598	0	0	0	**-24,790**	**0**	**-24,790**
Other Comprehensive Expenditure and Income		0	0	0	0	0	0	**0**	**-72,755**	**-72,755**
Total Comprehensive Expenditure and Income		**-25,387**	**0**	**598**	**0**	**0**	**0**	**-24,790**	**-72,755**	**-97,545**
Adjustments between accounting basis & funding basis under regulations	**6**	8,238	0	955	-790	4,220	9,928	**22,550**	**-22,550**	**0**
Net Increase / Decrease before Transfers to Earmarked Reserves		**-17,150**	**0**	**1,553**	**-790**	**4,220**	**9,928**	**-2,240**	**-95,305**	**-97,545**
Transfers to / from Earmarked Reserves	**27**	17,453	-17,453	0	0	0	0	**0**	**0**	**0**
Increase / Decrease in Year		**303**	**-17,453**	**1,553**	**-790**	**4,220**	**9,928**	**-2,240**	**-95,305**	**-97,545**
Balance at 31 March 2019		**16,378**	**83,011**	**26,566**	**2,289**	**13,035**	**33,843**	**175,122**	**76,066**	**251,188**
Movement in Reserves during 2019/20										
Surplus or (deficit) on provision of services		-53,000	0	53,096	0	0	0	**96**	**0**	**96**
Other Comprehensive Expenditure and Income		0	0	0	0	0	0	**0**	**138,960**	**138,960**
Total Comprehensive Expenditure and Income		**-53,000**	**0**	**53,096**	**0**	**0**	**0**	**96**	**138,960**	**139,056**
Adjustments between accounting basis & funding basis under regulations	**6**	54,847	0	-55,114	3,220	-1,662	5,080	**6,371**	**-6,371**	**-0**
Net Increase / Decrease before Transfers to Earmarked Reserves		**1,847**	**0**	**-2,018**	**3,220**	**-1,662**	**5,080**	**6,467**	**132,589**	**139,056**
Transfers to / from Earmarked Reserves	**27**	-1,716	1,717	0	0	0	0	**0**	**0**	**0**
Increase / Decrease in Year		**131**	**1,717**	**-2,018**	**3,220**	**-1,662**	**5,080**	**6,468**	**132,589**	**139,056**
Balance at 31 March 2020		**16,509**	**84,728**	**24,548**	**5,509**	**11,373**	**38,923**	**181,590**	**208,655**	**390,245**

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT FOR YEAR ENDED 31 March 2020

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

Restated* 2018/19 Gross Expenditure £'000	Restated* 2018/19 Gross Income £'000	Restated* 2018/19 Net Expenditure £'000		Notes	2019/20 Gross Expenditure £'000	2019/20 Gross Income £'000	2019/20 Net Expenditure £'000
			Expenditure on Services				
			People Directorate:				
206,497	-84,505	121,991	Adult Social Care and Health		251,171	-126,145	125,026
290,513	-239,949	50,564	Children and Families		302,410	-233,354	69,056
			Places Directorate:				
9,027	-5,725	3,302	Economy		12,033	-6,048	5,986
62,999	-14,875	48,124	Environment		63,078	-10,342	52,736
80,205	-87,757	-7,552	HRA		10,075	-70,348	-60,273
			Resources Directorate:				
34,180	-13,652	20,528	Corporate Services		53,124	-24,773	28,351
106,250	-92,144	14,106	Customer Transformation		113,597	-93,245	20,351
789,670	**-538,607**	**251,063**	**Net Cost of General Fund Services**		**805,488**	**-564,254**	**241,235**
		41,354	Other Operating Expenditure	7			27,720
		26,932	Financing and Investment Income and Expenditure	8			31,148
		-294,559	Taxation and Non Specific Grant Income	9			-300,199
		24,790	**Surplus (-) or Deficit on the provision of services**				**(96)**
		-9,225	Surplus (-) or Deficit arising on the revaluation of non-current assets				-12,736
		1,219	Impairment Loss on non-current assets charged to revaluation reserve				5,429
		81,561	Re-measurement of the net defined benefit liability				-154,153
		0	Impact of Pensions – Wigan and Leigh Housing				0
		-800	Surplus (-) / Deficit on financial assets measured at fair value through Other CIES				22,500
		97,545	**Total Comprehensive Income and Expenditure**				**-139,056**

*See Note 5 for details of prior period restatement

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

P McKevitt BA(Hons), ACMA & CGMA

Director Resources and Contracts (Deputy Chief Executive)

BALANCE SHEET AS AT 31 March 2020

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

31.3.19 £'000		Notes	31.3.20 £'000
1,068,517	Property, Plant and Equipment	**10**	1,135,239
3,981	Heritage Assets	**11**	3,660
39,487	Investment Property	**12**	38,967
614	Intangible Assets	**14**	402
53,243	Long Term Investments	**17**	32,613
27,407	Long Term Debtors	**17**	23,854
1,193,249	**Long Term Assets**		**1,234,735**
689	Inventories		771
52,255	Short Term Debtors	**20**	57,025
72,308	Cash and Cash Equivalents	**22**	70,601
125,252	**Current Assets**		**128,397**
20,623	Short Term Borrowing	**17**	3,273
52,412	Creditors	**25**	57,913
0	Capital Grants Receipts in Advance	**25**	4,151
6,156	Provisions	**26**	5,955
79,191	**Current Liabilities**		**71,292**
378,832	Long term borrowing	**17**	403,429
2,614	Deferred Income – Receipt in Advance	**17**	2,455
46,053	Other Long Term Liabilities (Deferred Liabilities)	**18**	43,771
2,439	Provisions	**26**	2,550
558,184	Defined Benefit Pension Scheme	**40**	449,391
988,122	**Long Term Liabilities**		**901,596**
251,188	**Net Assets**		**390,245**
175,122	Usable Reserves	**28**	181,590
76,066	Unusable Reserves	**29**	208,655
251,188	**Total Reserves**		**390,245**

I certify that the Balance Sheet and related accounts present a true and fair view of the financial position of Wigan Council at 31 March 2020.

Paul McKevitt

P McKevitt BA(Hons), ACMA & CGMA

CASH FLOW STATEMENT FOR YEAR ENDED 31 March 2020

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

2018/19 £'000		Notes	2019/20 £'000
	Operating Activities		
24,790	**Net Surplus or Deficit on the provision of services**		**-96**
-90,847	Adjustments to net surplus or deficit on the provision of services for non- cash movements	**23**	-66,425
40,235	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	**23**	49,547
	Cash Outflows:		
18,178	Interest Paid		25,072
5,339	Interest element of PFI rental payments		5,210
	Cash Inflows:		
-6,004	Dividends Received		-6,828
-2,316	Interest Received		-1,940
-15,197	Reversal of operating activity items included in the net surplus or deficit on the provision of service		-21,513
-25,822	**Net Cash flows from Operating Activities**		**-16,973**
	Investing Activities		
	Cash Outflows:		
66,716	Purchase of Property, Plant and Equipment		71,144
11,326	Other Capital Cash Payments		1,890
	Cash Inflows:		
-31,175	Capital Grants Received		-41,246
-9,904	Sale of Property, Plant and Equipment		-9,127
-300	Other Receipts		-383
36,663	**Net Cash flows from Investing Activities**		**22,278**
	Financing Activities		
	Cash Outflows:		
12,607	Repayments of Amounts Borrowed		17,752
1,599	Repayments of Amounts Borrowed – Transferred Debt		1,696
1,020	Payment for reduction of liability relating to PFI		1,128
	Cash Inflows:		
-43,000	Cash receipts of short and long term borrowing		-25,000
844	Billing Authorities – Council Tax and NDR Adjustment		826
-26,930	**Net Cash flows from Financing Activities**		**-3,598**
-16,090	**Net increase (-) / decrease in cash and cash equivalents**		**1,707**
56,218	**Cash and cash equivalents at the beginning of the reporting period**		**72,308**
72,308	**Cash and cash equivalents at the end of the reporting period**	**22**	**70,601**

INDEX FOR THE NOTES TO THE CORE FINANCIAL STATEMENTS

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Standards that have been issued but have not yet been adopted

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted:

- **Amendments to IAS 19 Employee Benefit: Plan Amendment, Curtailment or Settlement .**

  If a plan amendment, curtailment or settlement occurs it will be mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition the amendment has clarified requirements regarding the asset ceiling.

- **Other Amendments or Improvements, namely Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures**

  This amendment clarifies that the exclusion in IFRS9 Financial Instruments, relating to the impairment of long term interests in associates and joint ventures, applies only to interests that a company accounts for using the equity method.

- **Annual Improvements to IFRS Standards 2015-2017 Cycle**

  The improvements relate to the following:

  - IFRS 3 Business Combinations The amendment clarifies that when an entity obtains control of a business that is a joint operation it re-measures previously held interests in that business.
  - IFRS11 Joint Arrangements. The amendments to IFRS11 clarifies that when an entity obtains joint control of a business that is a joint operation it does not re-measure previously held interests in that business.
  - IAS23 Borrowing Costs. This amendment clarifies the calculation of the capitalisation rate on general borrowings.
  - IAS12 Income Taxes. This amendment clarifies the income tax consequences of dividends.

These changes are not expected to have a material impact on the Council's financial statements.

2. Critical Judgements in applying Accounting Policies

Related Companies

An assessment of the Council's interests has been carried out during the year in accordance with the Code. The Council has identified 7 entities within the group boundary. However, having due regard to levels of materiality, both quantitative and qualitative, it has been determined that the Council does not have to prepare Group Accounts for 2019/20. For the reader's benefit we have included details of the relationship with the Council and financial performance of the most significant companies. These details are included in Note 37 Related Parties.

Better Care Fund

The Section 75 agreement by which Better Care resources have been pooled between the Council and Wigan Borough CCG has been assessed against the appropriate standards, mainly IFRS10 and IFRS11. The arrangement has been assessed to be classified as a Joint Operation given the control and governance arrangements of the pool. As such, each party accounts for the assets, liabilities, revenues and expenses relating to its involvement in a joint operation. The details are included in Note 31 Pooled Budgets.

Regional Adoption Agency

A Regional Adoption Agency (RAA) was established as a shared service between Wigan, Warrington, St Helens, Halton and Cheshire West and Chester local authorities. Wigan Council acts as the host local authority on behalf of the RAA Partnership. Funds are pooled together in order to deliver the service. The Partnership has now been in operation since 2017/18. The RAA has been assessed against appropriate standards and is deemed as a Joint Operation given the nature, governance and control arrangements of the partnership. The treatment is similar to that of the Better Care Fund, and as such, details are included in Note 31 Pooled Budgets.

Private Finance Initiative (PFI)

The Council is deemed to control the services provided under its PFI arrangement for the Wigan Life Centre. This assessment was based on advice received from expert external advisors. The accounting policy for PFIs and similar arrangements has been applied to these arrangements and the assets are recognised as Property, Plant and Equipment in the Balance Sheet.

Leases

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

Schools

In line with accounting standards and the Code, it has been determined that maintained schools (excluding academies) meet the definition of entities controlled by the Council. Rather than produce Group Accounts, school income and expenditure as well as assets, liabilities and reserves of each school are recognised within the Council's single entity accounts.

The recognition of non-current assets used by the different types of maintained schools has been assessed in line with the provisions of the Code. The Council has reviewed the various arrangements that it has with schools. The decision as to whether the school is recorded on the Council's Balance Sheet is determined by the ownership of the asset and the rights and obligations the legal owner has over the asset.

The types and numbers of schools that have been assessed are shown in the table below. Please note in respect of Community schools, the non-current assets are already recognised within the Council's Balance Sheet as previous assessments have determined that these are owned by the Council.

	No. of Schools 2019/20
Voluntary Aided – Primary	52
Voluntary Aided – Secondary	5
Voluntary Controlled – Primary	4
Foundation – Primary	1
Foundation – High	3
Total	**65**

The assessment has been based on information obtained in respect of legal title and information provided by the relevant dioceses. A conclusion has been reached that for all 57 Voluntary Aided and 4 Voluntary Controlled schools, legal title, and/or substantive rights rest with the relevant Diocese and the Diocese has granted a 'mere licence' to the schools to use the Land and Buildings. Under this licence, the rights of use of the land and buildings have not transferred to the school and thus it has been judged not to be included on the Council's Balance Sheet.

In respect of Foundation schools, 3 are classed as Foundation Trusts, and therefore a separate entity, in this instance a Trust, owns the land and buildings and no transfer of rights have been made to the Council in this respect. Therefore, these are judged not to be included on the Council's Balance Sheet. For the remaining Foundation School, the school governing body has legal ownership of the land and buildings and therefore is included on the Council's Balance Sheet.

Academies are not considered to be maintained schools within the Council's control. The Land and building assets are not owned by the Council and are therefore not included on the Council's Balance Sheet.

Investment Properties

Investment properties have been categorised as such, based on careful consideration of the criteria for recognition identified in IAS 40 Investment Property. Overall the Council has determined that it holds assets with a value of £38.9m that it judges are held solely for capital appreciation or for the generation of investment income, or both.

Airport Investment

The Council has a 3.22% shareholding in Manchester Airport Holdings Limited (MAHL). Following the adoption of accounting standard IFRS 9 Financial Instruments which came into effect on 1 April 2018, the default valuation method of the Council's equity holdings would be Fair Value through Profit and Loss. However, the shareholding is a strategic investment and not held for trading and therefore the Council has designated the investment as fair value through other comprehensive income. It is the Council's view that this is a reasonable and reliable accounting policy for the investment.

Pension Guarantees

For strategic and/or operational reasons, the Council has provided a number of admission agreements to the Greater Manchester Pension Fund (GMPF) to a number of organisations (admission bodies). Each admission body manages the funding of its section of the pension fund through the payment of pension contributions. Each of the admission agreements are underpinned by a pension guarantee from the Council. As guarantor the Council would be required to make good any costs incurred by GMPF as a result of an admission body being unable to meet its pension costs (i.e. if the admission body is unable to pay benefits to its members) as a result of premature termination by reason of insolvency, winding up or liquidation.

Thus the pension guarantee is only activated by GMPF when an admission body is unable to pay and all other cost recovery options have been exhausted. At this point GMPF would activate the guarantee and ask the Council to fund the outstanding costs. However, it is unlikely that these costs would ever crystalise resulting in a payment by the Council to GMPF. There are a number of options available to the Council but it is likely that the pension assets and liabilities of the admission body would be absorbed into the Council's section of the pension fund. Doing this allows GMPF to value the admission body's pension assets and liabilities on a more optimistic going concern (ongoing) valuation basis. This valuation basis will result in an improved pension fund position being absorbed by the Council.

COVID-19 support

In response to the COVID-19 pandemic, Central Government has provided several grants to meet unforeseen costs and financial pressures impacting on the Council. The first tranche of £10.465m was received at the late end of 2019/20 and is therefore disclosed as grant income in Note 36, but as it will not be applied to expenditure until 2020/21 there was a subsequent contribution to reserves. This forms part of the balance on the Grants Reserve disclosed in Note 27. The remaining tranches of COVID support grants will be included within the 2020/21 financial statements.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.

Manchester Airport Group

The Council's shareholding in Manchester Airport Group is 3.22% as at 31 March 2020. The asset is valued using the earning based method and discounted cash flow method resulting in the asset being valued at fair value rather than historic cost, therefore requiring an annual valuation. A firm of financial experts and valuers provide an independent valuation which includes reviewing the financial performance, stability and business assumptions of the Manchester Airport Group. The valuation provided is based on estimations and assumptions and therefore should the Council sell its shareholding, the value held in these statements may not be realised. As at 31 March 2020 the Council's valuers advised of a decrease of £22.500m in the fair value Council share from £52.700m to £30.200m which has been reflected in the financial statements.

Non-Domestic Rates (NDR)

Following the introduction on 1 April 2013 of the Business Rates Retention Scheme, Local Authorities are liable for their share of successful appeals against business rates charged in the period to 31 March 2020. An estimated provision of £4.640m has been calculated using the latest Valuation Office (VOA) ratings list of appeals as at 31 March 2020 and an analysis of successful appeals to date.

Pensions

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

During 2019/20 the Council's actuaries advised that the net pension liability had decreased by £108.793m. This comprises:

- £154.153m actuarial gain on pensions assets and liabilities
- £45.360m loss arising from employer contributions of £32.826m being less than the pension obligations of £78.186m

The effects on the net pensions liability of changes in assumptions can be measured. For instance, a change in the discount factor of + or – 0.5% would change the liability by £157.8m. A change in excess of earnings of + or – 0.5% would potentially change the total liability by £17.3m. An increase in excess of pensions of 0.5% would change the liability by £138.9m. However, the assumptions interact in complex ways and changes to other estimates and actuarial assumptions may produce a different impact upon the total liability.

The Pension Fund in their financial statements for 2019/20 have disclosed material uncertainty in accordance with the Valuation Practice Supplement 3 and Valuation Practice Guidance Assumption 10 of the RICS Red Book Global due to the impact of COVID-19, in respect of the valuation of their property investments. Consequently, less certainty, and a higher degree of caution should be attached to the valuation of those assets than would normally be the case. In Note 40 the Council have disclosed that their share of the total property assets held by the Pension Fund is valued at £53.927m. The valuation of the Council's share of the property assets is subject to the same material valuation uncertainty as applies to the Pension Fund financial statements and as such less certainty can be applied to the valuations than would typically be the case.

Depreciation of Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance on them. If the useful life of assets is reduced then depreciation will increase and the carrying amount of the asset on the Balance Sheet will fall.

Property, Plant and Equipment

The Council's portfolio of Land and Buildings is re-valued as part of a 5 year rolling programme (investment portfolio annually). These asset valuations are prepared in accordance with the requirements of RICS Red Book Global and consider RICS guidance.

The outbreak of COVID-19 has impacted global financial markets and market activity is being impacted in many sectors. As at the 31st March 2020, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuations than would normally be the case.

The reported values have been based on the market prior to COVID-19. However during the present and evolving pandemic there is limited evidence to support changing the 31st March 2020 asset values, other than reporting 'material valuation uncertainty'.

Fair Value

When the fair values of Investment Properties and Surplus Assets cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using the following valuation techniques:

- For Level 2 inputs, quoted prices for similar assets or liabilities in active markets at the balance sheet date

- For level 3 inputs, valuations are based on most recent valuations adjusted to current valuation by the use of indexation and impairment review.

Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible, judgment is required in establishing fair values. These judgments typically include considerations such as uncertainty and risk. Changes in assumptions used could affect the fair value of the Council's assets and liabilities.

Private Finance Initiative

The PFI arrangement has an implied finance lease within the agreement. The Council estimates the implied interest rate within the contract to calculate the interest and principal payments. In addition, the future RPI increase within the contract has been estimated as remaining constant throughout the period of the contract.

4. Material items of Income and Expenditure

This note provides details of the material items that have been included in the Comprehensive Income and Expenditure Statement (CIES).

None of the charges impact upon the balances of the Council or upon the Council Tax.

Revaluation and Impairments

Overall it was found that the net book value of assets rose by £45.7m in 2019/20 compared to an increase of £5.7m in 2018/19. The net change was made up of upward revaluations of £91.9m offset by downward revaluations of £25.4m and impairment of £20.8m. The main change is in relation to council dwellings. In 2018/19 the net movement in the value of council dwellings decreased by £8.8m compared to an increase in 2019/20 of £47.7m. This was made up of a valuation increase of £71.5m with downward revaluations and impairment during the year of £23.8m.

Excluding council dwellings, decreases to the net book value of assets fell to £20.3m from £33.0m in 2018/19. Downward revaluations fell to £25.4m compared with £27.3m in 2018/19 and impairments also fell to £20.8m from £23.4m the previous year.

Better Care Fund

As part of the joint operation with Wigan Borough Clinical Commissioning Group, £35.405m of revenue expenditure is included within Comprehensive Income and Expenditure Statement under Adult Social Care together with £33.610m of income.

To assist the scale of the financial challenge for the Wigan Borough CCG, in 2019/20 the Council made an additional £17.340m contribution into the pool as part of the risk share agreement, thus ensuring that any decisions around health plans for Wigan residents for primary and secondary health care would remain under local control.

5. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Restated 2018/19				2019/20		
Net Expenditure Chargeable to the General Fund and HRA balances £'000	Adjustments between the funding and accounting basis £'000	Net Expenditure in the CIES £'000		Net Expenditure Chargeable to the General Fund and HRA balances £'000	Adjustments between the funding and accounting basis £'000	Net Expenditure in the CIES £'000
			People Directorate:			
108,841	13,150	121,991	Adult Social Care and Health	113,147	11,879	125,026
50,606	-42	50,564	Children and Families	57,473	11,583	69,056
			Places Directorate:			
2,007	1,295	3,302	Economy	4,118	1,868	5,986
35,360	12,764	48,124	Environment	37,340	15,396	52,736
-36,763	29,212	-7,552	HRA	-35,353	-24,920	-60,273
			Resources Directorate:			
16,535	3,993	20,528	Corporate Services	17,691	10,661	28,351
10,408	3,698	14,106	Customer Transformation	15,569	4,782	20,351
186,993	**64,070**	**251,063**	**Net Cost of Services**	**209,986**	**31,249**	**241,235**
-171,396	-54,877	-226,274	Other Operating Income and Expenditure	-209,815	-31,516	-241,331
15,597	**9,193**	**24,790**	**Surplus (-) or Deficit General Fund and HRA Balance in Year**	**171**	**-267**	**-96**
-141,553			**Opening General Fund and HRA Balance**	**-125,956**		
15,597			Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year	171		
-125,956			**Closing General Fund and HRA Balance**	**-125,785**		

a) Note to the Expenditure Funding Analysis

Adjustments from General Fund & HRA to arrive at the CIES	Adjustments for Capital Purposes		Net Change for Pensions Adjustments		Other Adjustments		Total Adjustments	
	Restated 2018/19 £'000	2019/20 £'000	Restated 2018/19 £'000	2019/20 £'000	Restated 2018/19 £'000	2019/20 £'000	Restated 2018/19 £'000	2019/20 £'000
People Directorate:								
Adult Social Care and Health	603	305	6,698	10,170	5,849	1,404	13,150	11,879
Children and Families	-2,440	5,905	2,008	4,825	391	853	-42	11,583
Places Directorate:								
Economy	94	94	1,233	1,773	-32	1	1,295	1,868
Environment	9,123	10,758	4,077	6,361	-436	-1,722	12,764	15,396
HRA	29,212	-24,920	0	0	0	0	29,212	-24,920
Resources Directorate:								
Corporate Services	4,470	8,957	-215	1,762	-262	-58	3,993	10,661
Customer Transformation	923	169	3,081	4,502	-306	111	3,698	4,782
Net Cost of Services	**41,984**	**1,267**	**16,882**	**29,393**	**5,204**	**589**	**64,070**	**31,249**
Other Income and Expenditure	-45,401	-45,760	14,197	15,967	-23,674	-1,813	-54,877	-31,516
Surplus (-) or Deficit General Fund and HRA Balance in Year							**9,193**	**-267**

The narrative commentary below provides an explanation of the major adjusting items necessary to reconcile the Expenditure and Funding Analysis Deficit on the General Fund to the Surplus on the Provision of Services from the Comprehensive Income and Expenditure Statement.

The Expenditure and Funding Analysis Deficit represents the statutorily defined charges to the General Fund and HRA, excluding items charged under accounting practices.

Adjustments for Capital Purposes

This column adjusts for depreciation and impairment and revaluation gains and losses in the net cost of services line.

Within the other income and expenditure line, the adjustments relate to:

- Capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

This column adjusts for the pension contributions and the addition of Employee Benefits pension expenditure and income calculated under IAS19.

- For net cost of services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

- For other income and expenditure this represents the net interest on the defined benefit liability which is charged to the CIES.

Other Adjustments

This column represents any further differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement which need to be adjusted to reach the statutorily defined charges to the General Fund and HRA. These include:

- For net cost of services the accumulated absences accrual for compensating absences earned but not taken in year
- For other income and expenditure this represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year, and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund
- This also includes the statutory charges for capital financing i.e. Minimum Revenue Provision, and any revenue contributions to capital outlay allowed under the Code.

b) Expenditure and Income Analysed by Nature

	Restated 2018/19 £'000	2019/20 £'000
Expenditure		
Employee Benefits Expenses	276,314	282,811
Other Service Expenses	484,373	545,978
Support Service Recharges	-7,581	-8,802
Capital Charges	46,857	3,785
Interest Payable	25,117	24,949
Precepts and Levies	32,647	21,949
Payments to Housing Capital Receipts Pool	3,540	3,812
Gain/loss on disposal of non-current assets	5,166	1,959
Gain/loss on revaluation of investment property	-929	632
Trading	725	190
Pension Interest Costs	12,274	13,773
Total Expenditure	**878,503**	**891,036**
Income		
Fees, charges & other service income	-242,826	-278,903
Interest & Investment Income	-10,255	-10,267
Income from Council Tax and Non Domestic Rates	-237,214	-232,550
Government Grants and Contributions	-328,423	-336,178
Capital Grants	-34,995	-33,234
Total Income	**-853,713**	**-891,132**
Surplus or Deficit on Provision of Services	**24,790**	**-96**

c) Prior Period Restatement

During 2019/20 the Council reviewed the treatment of the Traded Services line within Financing and Investment Income and Expenditure in the CI&ES. It was no longer considered that support services met the definition and should instead form part of the Net Cost of Service. To give a clear comparison, the 2018/19 figures have been re-stated in the CI&ES, note 5b and note 8 so that like for like services are included within this heading.

A summary of the changes made is included below:

Changes to Comprehensive Income and Expenditure Statement

	2018/19			Restated 2018/19			Change		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
People Directorate									
Adult Social Care and Health	207,573	-84,505	123,067	206,497	-84,505	**121,991**	-1,076	0	**-1,076**
Children & Families	292,193	-239,949	52,244	290,513	-239,949	**50,564**	-1,680	0	**-1,680**
Places Directorate									
Economy	9,219	-5,879	3,340	9,027	-5,725	**3,302**	-192	154	**-39**
Environment	64,085	-14,875	49,209	62,999	-14,875	**48,124**	-1,086	0	**-1,086**
HRA	80,205	-87,757	-7,552	80,205	-87,757	**-7,552**	0	0	**0**
Resources Directorate									
Corporate Services	16,930	-1,080	15,850	34,180	-13,652	**20,528**	17,250	-12,572	**4,678**
Customer Transformation	93,553	-83,906	9,647	106,250	-92,144	**14,106**	12,697	-8,238	**4,459**
Net Cost of General Fund Services	**763,757**	**-517,950**	**245,807**	**789,670**	**-538,607**	**251,063**	**25,913**	**-20,656**	**5,257**
Other Operating Expenditure			41,354			**41,354**			**0**
Financing & Investment Income & Expenditure			32,188			**26,932**			**-5,257**
Taxation and Non Specific Grant Income			-294,559			**-294,559**			**0**
(Surplus) or Deficit on the Provision of Services			**24,790**			**24,790**			**0**

The change on the Financing & Investment Income & Expenditure line is also reflected in Note 8.

Changes to Expenditure and Income by Nature

	2018/19 £000	2018/19 Restated £000	Change £000
Expenditure			
Employee Benefits Expenses	250,861	276,314	25,453
Other Service Expenses	457,630	484,373	26,743
Support Service Recharges	21,041	- 7,581	- 28,622
Capital Charges	44,678	46,857	2,179
Interest Payable	25,117	25,117	-
Precepts and Levies	32,647	32,647	-
Payments to Housing Capital Receipts Pool	3,540	3,540	-
Gain/Loss on Disposal of Non Current Assets	5,166	5,166	-
Gain/Loss on Revaluation of Investment Property	- 929	- 929	-
Trading	5,668	725	- 4,943
Pension Interest Costs	12,274	12,274	-
Total Expenditure	**857,693**	**878,503**	**20,810**
Income			
Fees, Charges and Other Service Income	- 222,016	- 242,826	- 20,810
Interest and Investment Income	- 10,255	- 10,255	-
Income from Council Tax and Non Domestic Rates	- 237,214	- 237,214	-
Government Grants and Contributions	- 328,423	- 328,423	-
Capital Grants	- 34,995	- 34,995	-
Total Income	**- 832,903**	**- 853,713**	**- 20,810**
Surplus/Deficit on Provision of Services	**24,790**	**24,790**	**-**

6. Adjustments between Accounting Basis and Funding Basis under regulations

2019/20	Usable Reserves: General Fund Balance £'000	Usable Reserves: Housing Revenue Account £'000	Usable Reserves: Major Repairs Reserve £'000	Usable Reserves: Capital Receipts Reserve £'000	Usable Reserves: Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments involving the CAA:						
Reversal of items debited/credited to the CIES:						
Charges for depreciation and impairment of non-current assets	19,188	36,238	0	0	0	-55,426
Revaluation gains/losses on PP&E	6,788	-61,158	0	0	0	54,370
Movements in the market value of Investment Properties	632	0	0	0	0	-632
Amortisation of intangible assets	212	0	0	0	0	-212
Capital grants and contributions applied	-15,350	-4,990	0	0	0	20,339
Income in relation to donated assets	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	5,844	0	0	0	0	-5,844
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	4,387	6,454	0	0	0	-10,840
Insertion of items not debited or credited to the CIES:						
Statutory provision for the financing of capital investment	-8,391	-6,966	0	0	0	15,357
Capital expenditure charged against the General Fund and HRA balances	-1,008	0	0	0	0	1,008
Adjustments involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the CIES	-15,514	-0	0	0	15,514	0
Application of grants to capital financing transferred to the CAA	0	0	0	0	-10,434	10,434
Adjustments involving the Capital Receipts Reserve:						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	-410	-8,717	0	9,506	0	-379
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	-7,110	0	7,110
Contribution from the Capital Receipts Reserve towards admin costs of non-current asset disposals	0	246	0	-246	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	3,812	0	0	-3,812	0	0
Adjustments involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	0	-16,220	16,220	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	-13,000	0	0	13,000
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CIES	78,186	0	0	0	0	-78,186
Employer's pensions contributions and direct payments to pensioners payable in the year	-32,826	0	0	0	0	32,826
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax and NDR income credited to the CIES is different from council tax and NDR income calculated for the year in accordance with statutory requirements	9,203	0	0	0	0	-9,203
Adjustments involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	94	0	0	0	0	-94
Total Adjustments	**54,847**	**-55,114**	**3,220**	**-1,662**	**5,080**	**-6,371**

2018/19	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
Adjustments involving the CAA:						
Reversal of items debited/credited to the CIES:						
Charges for depreciation and impairment of non-current assets	20,349	40,554	0	0	0	-60,903
Revaluation gains/losses on PP&E	-7,540	-11,312	0	0	0	18,852
Movements in the market value of Investment Properties	-929	-30	0	0	0	959
Amortisation of intangible assets	282	0	0	0	0	-282
Capital grants and contributions applied	-14,399	-3,221	0	0	0	17,620
Income in relation to donated assets	0	-1,196	0	0	0	1,196
Revenue expenditure funded from capital under statute	5,446	0	0	0	0	-5,446
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	9,339	5,500	0	0	0	-14,839
Insertion of items not debited or credited to the CIES:						
Statutory provision for the financing of capital investment	-7,937	-7,082	0	0	0	15,019
Capital expenditure charged against the General Fund and HRA balances	-2,134	0	0	0	0	2,134
Adjustments involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the CIES	-20,446	-1	0	0	20,447	0
Application of grants to capital financing transferred to the CAA	0	0	0	0	-10,519	10,519
Adjustments involving the Capital Receipts Reserve:						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	-1,650	-8,254	0	10,153	0	-249
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	-2,161	0	2,161
Contribution from the Capital Receipts Reserve towards admin costs of non-current asset disposals	0	231	0	-231	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	3,540	0	0	-3,540	0	0
Adjustments involving the Major Repairs Reserve:						
Posting of HRA resources from revenue to the Major Repairs Reserve	0	-14,235	14,235	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	-15,025	0	0	15,025
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CIES	63,763	0	0	0	0	-63,763
Employer's pensions contributions and direct payments to pensioners payable in the year	-32,684	0	0	0	0	32,684
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax and NDR income credited to the CIES is different from council tax and NDR income calculated for the year in accordance with statutory requirements	-6,266	0	0	0	0	6,266
Adjustments involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-497	0	0	0	0	497
Total Adjustments	**8,238**	**955**	**-790**	**4,220**	**9,928**	**-22,550**

7. Other Operating Expenditure

2018/19 £'000		2019/20 £'000
5,166	Gains (-) & Losses on Disposals of Non-current Assets	1,959
3,540	Payment to Housing Capital Receipts Pool	3,812
81	Parish Precepts	72
32,566	Passenger Transport Levy & Land Drainage Levy	21,877
41,354		**27,720**

8. Financing and Investment Income and Expenditure

Restated 2018/19 £'000		2019/20 £'000
25,117	Interest payable and similar charges	24,949
12,274	Net Interest on the Net Defined Benefit Pension Liability (Asset)	13,773
-10,255	Investment receivable and similar income	-10,267
725	Trading Accounts	2,061
-929	Gains (-) & Losses on Revaluation of Investment Property	632
26,932		**31,148**

9. Taxation and Non Specific Grant Income

2018/19 £'000		2019/20 £'000
-121,701	Non Domestic Rates income	-114,995
-115,512	Council Tax Income	-117,556
-34,995	Capital Grants and Contributions	-33,234
-21,154	Other Non-ring Fenced grants	-34,415
-1,196	Donated Asset Additions	0
-294,559		**-300,199**

10. Property, Plant and Equipment

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

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant and Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	PP & E Assets Under Construction £'000	Total £'000	PFI Assets Included in PP & E £'000
Cost or value at 1.4.19	**613,055**	**347,622**	**13,537**	**244,043**	**1,932**	**16,452**	**9,062**	**1,245,703**	**37,969**
Additions	25,970	12,158	2,102	16,893	29	1,411	12,538	**71,102**	**0**
Donations	0	0	0	0	0	0	0	**0**	**0**
Revaluation increases/decreases to Revaluation Reserve	-345	5,792	0	0	20	1,157	0	**6,623**	**0**
Revaluation increases/decreases to surplus/deficit on the provision of services (SDPS)	21,779	-10,432	0	0	-7	-142	0	**11,198**	**-2,918**
De-recognition – Disposals	-6,454	-4,343	-764	0	0	-105	0	**-11,666**	**0**
De-recognition – Other	-386	-1,511	-233	0	0	-702	0	**-2,832**	**0**
Reclassified to/from held for sale	0	0	0	0	0	0	0	**0**	**0**
Other Movements	8,443	758	0	0	0	-311	-9,007	**-118**	**0**
At 31.3.20	**662,062**	**350,044**	**14,642**	**260,936**	**1,974**	**17,760**	**12,593**	**1,320,011**	**35,051**
Depreciation & Impairment at 1.4.19	39,303	20,668	8,024	107,782	11	1,398	0	**177,186**	**241**
Depreciation	23,138	6,185	1,399	9,224	0	90	0	**40,037**	**496**
Depreciation written out to the Revaluation Reserve	0	-5,319	0	0	0	-10	0	**-5,329**	**0**
Depreciation written out to SDPS	-21,185	-3,323	0	0	0	0	0	**-24,508**	**0**
Impairment losses/reversals to Revaluation Reserve	0	3,154	0	0	0	591	0	**3,745**	**0**
Impairment losses/reversals to SDPS	-5,066	2,171	0	0	0	245	0	**-2,650**	**0**
De-recognition – Disposals	0	0	-742	0	0	0	0	**-742**	**0**
De-recognition – Other	-386	-1,639	-233	0	0	-702	0	**-2,960**	**0**
Other Movements	1	65	0	0	0	-73	0	**-6**	**0**
At 31.3.20	**35,805**	**21,962**	**8,448**	**117,006**	**11**	**1,539**	**0**	**184,771**	**737**
Net Book Value at 31.3.20	**626,257**	**328,082**	**6,194**	**143,930**	**1,963**	**16,221**	**12,593**	**1,135,239**	**34,314**
Net Book Value at 31.3.19	**573,752**	**326,954**	**5,513**	**136,261**	**1,921**	**15,054**	**9,062**	**1,068,517**	**37,728**

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant and Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	PP & E Assets Under Construction £'000	Total £'000	PFI Assets Included in PP & E £'000
Cost or value at 1.4.18	**616,606**	**336,316**	**14,385**	**229,619**	**1,879**	**13,375**	**8,453**	**1,220,633**	**34,627**
Additions	29,344	11,006	376	14,424	52	1,671	8,315	**65,188**	**873**
Donations	1,196	0	0	0	0	0	0	**1,196**	**0**
Revaluation increases/decreases to Revaluation Reserve	-939	5,308	0	0	3	879	0	**5,251**	**0**
Revaluation increases/decreases to surplus/deficit on the provision of services (SDPS)	-30,172	2,269	0	0	-2	-961	0	**-28,866**	**2,469**
De-recognition – Disposals	-5,500	-8,597	-109	0	0	-845	0	**-15,051**	**0**
De-recognition – Other	-1,119	-130	-1,115	0	0	-163	0	**-2,527**	**0**
Reclassified to/from held for sale	0	0	0	0	0	0	0	**0**	**0**
Other Movements	3,639	1,450	0	0	0	2,496	-7,706	**-121**	**0**
At 31.3.19	**613,055**	**347,622**	**13,537**	**244,043**	**1,932**	**16,452**	**9,062**	**1,245,703**	**37,969**
Depreciation & Impairment at 1.4.18	**41,505**	**20,016**	**7,653**	**98,935**	**11**	**1,358**	**0**	**169,478**	**782**
Depreciation	21,185	7,135	1,516	8,847	0	107	0	**38,790**	**765**
Depreciation written out to the Revaluation Reserve	0	-2,915	0	0	0	-230	0	**-3,145**	**0**
Depreciation written out to SDPS	-20,980	-4,436	0	0	0	-34	0	**-25,450**	**-1,306**
Impairment losses/reversals to Revaluation Reserve	0	134	0	0	0	276	0	**410**	**0**
Impairment losses/reversals to SDPS	-1,288	2,085	0	0	0	-952	0	**-155**	**0**
De-recognition – Disposals	0	-181	-30	0	0	0	0	**-211**	**0**
De-recognition – Other	-1,119	-130	-1,115	0	0	-163	0	**-2,527**	**0**
Other Movements	0	-1,040	0	0	0	1,036	0	**-4**	**0**
At 31.3.19	**39,303**	**20,668**	**8,024**	**107,782**	**11**	**1,398**	**0**	**177,186**	**241**
Net Book Value at 31.3.19	**573,752**	**326,954**	**5,513**	**136,261**	**1,921**	**15,054**	**9,062**	**1,068,517**	**37,728**
Net Book Value at 31.3.18	**575,101**	**316,300**	**6,732**	**130,684**	**1,868**	**12,017**	**8,453**	**1,051,155**	**33,845**

Capital Commitments

As at 31 March 2020, the Council was contractually committed to the following major items of capital work:

	£'000	Start Date	Projected End Date
Affordable Housing	4,745	2018	2020
A49 Link Road	3,657	2018	2020
Leigh Town Centre Refurb	1,350	2019	2020

Property, Plant and Equipment Valuation

The Council's property portfolio, which comprises both freehold and leasehold properties, has been valued on the bases outlined below, which accord with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors (RICS). The valuations were undertaken by in-house staff and certified by T. Redding (MRICS) the qualified Principal Asset Management Planning Officer within the Council's Asset Management Service. Not all properties were inspected, as this wasn't considered by the Valuer to be necessary for the purposes of the valuation. Inspections were carried out between April 2019 and March 2020. The actual date of valuation was 1 April 2019.

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

The Council carries out a rolling programme of revaluations that ensures that all Property, Plant and Equipment required to be measured at current value is re-valued at least every five years, although material changes to asset valuations are recognised as they occur. All valuations were carried out internally in accordance with the methodologies and bases for estimation set out in the professional standards of the RICS.

Where the current value – existing use value for a property could not be determined because there was no market value for the asset, the depreciated replacement cost method of valuation was employed. This is in accordance with paragraph 4.1.2.31 of the Code. All valuations comply with those definitions settled by the International Valuation Standards Committee.

Vehicles, Plant and Equipment are carried at depreciated historical cost basis as a proxy for current value due to the short useful lives and low values of these assets in accordance with paragraph 4.1.2.32 of the Code.

Property, Plant and Equipment Valuation

By valuation method:

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant and Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	PP & E Assets Under Construction £'000	TOTAL £'000
Depreciated Historical Cost	0	0	6,194	143,930	1,963	0	12,593	**164,680**
Depreciated Replacement Cost		181,829						**181,829**
Current Value – Existing Use Value – Social Housing	626,257	0	0	0	0	0	0	**626,257**
Current Value – Existing Use Value	0	146,253	0	0	0	0	0	**146,253**
Fair Value – Highest and Best	0	0	0	0	0	16,221	0	**16,221**
Net Book Value at 31.3.20	**626,257**	**328,082**	**6,194**	**143,930**	**1,963**	**16,221**	**12,593**	**1,135,239**

By year of valuation:

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant and Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	PP & E Assets Under Construction £'000	TOTAL £'000
Depreciated Historical Cost:	0	0	6,194	143,930	1,963	0	12,593	**164,680**
Valued at Current Value as at:								
31st March 2020	626,257	239,259	0	0	0	16,221	0	**881,737**
31st March 2019	0	24,374	0	0	0	0	0	**24,374**
31st March 2018	0	15,977	0	0	0	0	0	**15,977**
31St March 2017	0	22,266	0	0	0	0	0	**22,266**
31st March 2016	0	26,206	0	0	0	0	0	**26,206**
Net Book Value at 31.3.20	**626,257**	**328,082**	**6,194**	**143,930**	**1,963**	**16,221**	**12,593**	**1,135,239**

Fair Value

The Council's surplus properties have been assessed at a mixture of Levels 2 and 3 for valuation purposes, see the Accounting Policies Note for an explanation of fair value levels. The fair value of surplus assets has been measured using the market valuation technique and has taken account of the following factors :- market evidence of capital values, location, size and layout. As the future use of these assets is yet to be determined, the current use cannot be assumed to be highest and best, however in estimating the fair value of surplus properties, the highest and best use of the properties has been adopted in accordance with the Code.

11. Heritage Assets

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historic associations. Heritage Assets are preserved principally for their contribution to knowledge and culture and this distinguishes them from other assets. The Authority has three collections of Heritage Assets which are held in support of the primary objective of increasing the knowledge, understanding and appreciation of the Authority's history, culture and local area.

The carrying amounts of Heritage Assets are reviewed where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment – see impairment note in the accounting policies.

Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with the statutory accounting requirements relating to capital expenditure and capital receipts, again see disposal note in the accounting policies. The Authority's collections of Heritage Assets are accounted for as follows:

Reconciliation of the Carrying Value of Heritage Assets held by the Authority

	Art & Artefacts £'000	Civic Regalia £'000	Outside Artwork £'000	Total £'000
Cost or Valuation				
1 April 2018	**2,415**	**366**	**1,180**	**3,961**
Additions	0	0	0	**0**
Disposals	0	0	0	**0**
Revaluations	20	0	0	**20**
Reclassifications	0	0	0	**0**
31 March 2019	**2,435**	**366**	**1,180**	**3,981**
	Art & Artefacts £'000	**Civic Regalia £'000**	**Outside Artwork £'000**	**Total £'000**
Cost or Valuation				
1 April 2019	**2,435**	**366**	**1,180**	**3,981**
Additions	0	0	0	**0**
Disposals	0	0	-45	**-45**
Revaluations	-265	0	-11	**-276**
Reclassifications	0	0	0	**0**
31 March 2020	**2,170**	**366**	**1,124**	**3,660**

More information on our Heritage Assets is contained within the accounting policies in Note 44.

12. Investment Properties

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

Income from Investment Properties is shown against relevant Service headings within the CI&ES. For 2019/20 this amounted to £2.043m which is included within the £4.244m lease income shown in Note 40.

Fair Value

The Council's investment property portfolio has been assessed at a mixture of levels 2 and 3 for valuation purposes. The Council's interest in land held at Manchester Airport is assessed at level 2, with the remainder of the Council's investment assets assessed at level 3 (see Accounting Policies for a description of the fair value hierarchy).

The fair value has been measured using the market valuation technique, taking into account the following factors:- existing lease terms and rentals, market evidence including market rentals and yields, adjusted to reflect the nature of each tenancy or void and the covenant strength for existing tenants.

There has been no change in the valuation techniques used during the year for investment properties and no properties have moved between levels in the fair value hierarchy.

In estimating the fair value of the Council's investment properties, the highest and best use of the properties has been adopted and is deemed to be their current use.

Quantitative Information for Properties using Significant Unobservable Inputs – Level 3

As at 31 March 2020, just 14 of the Council's 130 investment assets accounted for 81% (£31.5m) of the total portfolio value (£38.9m), and 13 of these were assessed at level 3 at a combined value of £21.5m.

A sensitivity analysis of these assets indicated that a 1% increase in the unobservable yields adopted would reduce their value by £4.4m. A 1% decrease in the unobservable yields adopted would increase their value by £2.6m. The majority of this (£4.0m and £2.6m respectively) relates to the land holding at the Grand Arcade.

A breakdown of investment property types is shown below:

Recurring Fair Value Measurements Using:	Level 1 Quoted prices in active markets for identical assets	Level 2 Other significant observable inputs	Level 3 Significant unobservable inputs	Fair Value at 31 March 2020
	£000	£000	£000	£000
Airport Land Holding		**10,019**		**10,019**
Commercial Land			21,632	**21,632**
Commercial Units			976	**976**
Industrial Land and Units			6,211	**6,211**
Office Units			130	**130**
Total		**10,019**	**28,948**	**38,967**

Movement in Investment Properties

Sensitivity data has not been provided for the remaining portfolio of smaller assets, containing a mix of commercial land holdings, industrial sites, shops and advertising sites.

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

	2018/19 £'000	2019/20 £'000
Balance at start of the year	**38,411**	**39,487**
Additions:	0	0
Disposals	0	0
Net gains / losses (-) from fair value adjustments	959	-632
Transfers: to / from (-) Property, Plant and Equipment	117	112
Balance at end of the year	**39,487**	**38,967**

The changes in fair value of investment property is attributable to a £0.504 gain on the level 2 airport land holding, with the remaining changes attributable to level 3 assets.

13. Private Finance Initiative (PFI)

The Wigan Joint Service Centre (JSC) is under a 25 year PFI contract that began in 2011/12. The contract was for the construction and maintenance of the facility. The Centre is split between two sites:

- the Wigan Life Centre and Healthy Living Zone containing office accommodation, a swimming pool and a fitness suite.

- the Learning, Information and Neighbourhood Zone containing a library, office accommodation and registrars.

Inspiring Healthy Lifestyles have a separate agreement with the Council to manage all the leisure facilities contained within the JSC. The PFI operator is still responsible for all building maintenance of the sites.

The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards.

The building and equipment will be transferred to the Council at the end of the 25 year contract.

Payments

The Council makes monthly payments which comprise of a service charge, a finance lease rental and an interest charge. The Service Provider throughout the contractual term will pay for the repair and replacement of the premises and fixture and fittings with the consent of the Authority. 30% of the Unitary Payment is subject to an annual inflation increase in line with the RPI.

Payments remaining to be made under the contract as at 31 March 2020 (excluding any estimation of performance deductions) are as follows:

	Repayment of Liability £'000	Repayment of Interest £'000	Payment for Services £'000	Total £'000
Payable in 2020/21	542	5,246	2,801	8,588
Within 2 – 5 years	5,392	19,814	9,899	35,105
Within 6 – 10 years	11,156	19,928	14,936	46,020
Within 11 – 15 years	17,526	11,809	19,226	48,560
Within 16 – 18 years	7,797	966	6,364	15,127
Total	**42,413**	**57,762**	**53,225**	**153,401**

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed.

The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

	2019/20 £'000	2020/21 £'000
Balance at start of the year	43,541	42,413
Payments during the year	-1,128	-542
Balance outstanding at year end	**42,413**	**41,871**

The PFI liability represents the outstanding long term liability to the contractor for capital expenditure. This is deemed to be an appropriate proxy for the fair value as the actual borrowing lies with the PFI provider and not the Council.
The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Council receives PFI grant from the Government to part fund the scheme, the annual grant is £6.023m. The Council is committed to making gross payments estimated at £153.401m, however the net cost to the Council after the PFI grant is £54.767m.

14. Intangible Assets

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

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council is 7 to 10 years, minor items of software are 3 to 5 years.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.212m charged to revenue in 2019/20 was charged to the appropriate Service Revenue Account.

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

	2018/19 Other Assets £'000	2019/20 Other Assets £'000
Balance at start of year:		
Gross carrying amounts	2,434	2,434
Accumulated amortisation	-1,538	-1,820
Net carrying amount at start of year	**896**	**614**
Additions:		
Purchases	0	0
Amortisation for the period	-282	-212
Net carrying amount at end of year	**614**	**402**
Comprising:		
Gross carrying amounts	2,434	2,434
Accumulated amortisation	-1,820	-2,032
Total	**614**	**402**

There are several items of capitalised software as follows:

	Carrying Amount		Remaining Amortisation Period
	31 March 2019 £'000	31 March 2020 £'000	
Agresso System –Trading	15	0	0 Years
Social Services ANITE – Adult Services	3	0	0 Years
Customer Relationship Management System – Trading	45	18	1 - 2 Years
HR & Payroll – Trading	229	141	2 - 3 Years
Revenue & Benefits IT System – Trading	84	56	2 Years
Corelogic System	224	187	5 Years
Kaleida	14	0	0 Years
Total	**614**	**402**	

15. Impairment Losses

During 2019/20, including Investment Property, the Council recognised total impairment losses of £20.8m (2018/19 £23.4m), and reversed previous impairment losses of £21.8m (2018/19 £29.1m) to give a net impairment reversal of £1.0m (2018/19 net impairment of £5.7m). Note 10. Property Plant and Equipment analyses the net impairment movements between the Revaluation Reserve and SDPS.

£13m of impairment losses were in respect of the council dwellings stock. Excluding expenditure on new build properties, there was capital expenditure of £18.1m (2018/19 £24.9m) on council dwellings during the year. Major items included £1.3m on bathrooms (2018/19 £5.2m), £1.1m on boilers (2018/19 £0.5m) and £7.6m on the refurbishment of empty dwellings prior to re-letting (2018/19 £6.6m), which was initially added to the value of the housing stock. This was determined by the valuer to be non-enhancing expenditure and so the recoverable value of the housing stock was therefore reduced by this amount to Current Value (Existing Use Value - Social Housing). The impairment loss was charged to the Local Authority Housing line in the Comprehensive Income and Expenditure Statement. Value in Use was determined using the specific bases and methods of valuation set out in the Stock Valuation for Resource Accounting - Guidance for Valuers - 2016 published by the Department for Communities and Local Government.

With regard to the remaining £7.8m (2018/19 £4.2m) of impairment losses recognised during the year, significant areas include Hindley Baths where due to structural issues the life expectancy was significantly reduced resulting in substantial drop in value with impairment of £1.0m. The rest of impairment relates to essential capital work completed on various assets throughout the year.

16. Capital Expenditure and Capital Financing

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

2018/19 £'000		2019/20 £'000
522,502	**Opening Capital Financing Requirement**	541,983
	Capital Investment:	
65,187	Property, Plant and Equipment	71,102
5,446	Revenue Expenditure Funded from Capital under Statute	5,844
11,326	Loans	1,891
	Sources of Finance:	
-2,161	Capital Receipts	-7,110
-28,139	Government Grants and Other Contributions	-30,774
	Sums set aside from Revenue:	
-17,159	Direct Revenue Contributions	-14,008
-15,019	MRP / loans fund principal repayments	-15,357
541,983	**Closing Capital Financing Requirement**	**553,570**
	Explanation of Movements During Year	
19,481	Increase / Decrease (-) in underlying need to borrow (unsupported by Government financial assistance)	11,587
19,481	**Increase / Decrease (-) in Capital Financing Requirement**	**11,587**

17. Financial Instruments

Categories of Financial Instruments

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

Financial Assets	Non-current				Current				Total
	Investments		Debtors		Investments		Debtors		
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2019/20 £'000
Fair Value through profit and loss	0	0	0	0	5,000	0	0	0	**0**
Amortised Cost	5	5	27,407	23,854	73,742	77,722	39,686	35,945	**137,526**
Cash at Bank	0	0	0	0	-6,434	-7,121	0	0	**-7,121**
Plus items not classed as financial instruments e.g. VAT, NDR, Council Tax, RIA	0	0	0	0	0	0	12,569	21,080	**21,080**
Fair Value through Other CIES – designated equity instruments	53,238	32,608	0	0	0	0	0	0	**32,608**
Fair Value through Other CIES – other	0		0	0	0	0	0	0	**0**
Total Financial Assets	**53,243**	**32,613**	**27,407**	**23,854**	**72,308**	**70,601**	**52,255**	**57,025**	**184,093**

Financial Liabilities	Non-current				Current				Total
	Borrowings		Creditors		Borrowings		Creditors		
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2019/20 £'000
Fair Value through profit and loss	0	0	0	0	0	0	0	0	**0**
Amortised Cost	378,832	403,429	2,614	2,455	20,623	3,273	39,325	27,633	**436,790**
Plus items not classed as financial instruments e.g. VAT, NDR, Council Tax, RIA	0	0	0	0	0	0	13,087	34,431	**34,431**
PFI and Other Deferred Liabilities	0	0	42,413	41,912	0	0	0	0	**41,912**
Total Financial Liabilities	**378,832**	**403,429**	**45,027**	**44,367**	**20,623**	**3,273**	**52,412**	**62,064**	**513,133**

The Council has a 3.22% shareholding in Manchester Airport Holdings Limited and up to 31 March 2018 the shareholding was held as an 'Available for Sale Financial Asset' and measured at fair value each year. Any change in fair value is posted to Other Comprehensive Income and Expenditure and accumulated gains and losses have been held in an Available-for-Sale Financial Instruments Reserve.

Under accounting standard IFRS 9 'Financial Instruments', investments in equity are to be classified as fair value through profit and loss unless there is an irrevocable election to designate the asset as fair value through Other Comprehensive Income.

The investment in Manchester Airport Holdings Limited and Wigan Football Company Limited are an equity instrument and as such, the default valuation method is any gains and losses on changes in fair value would be recognised through profit and loss.

The Manchester Airport Holdings Limited shareholding and Wigan Football Company Limited shareholding are strategic investments and not held for trading and therefore the Council has opted to designate them as fair value through Other Comprehensive Income. This means that there is no impact on the revenue budget and the decision to designate to fair value through Other Comprehensive Income is irrevocable. Any gains or losses on the valuation of the shareholdings will therefore be transferred to a Financial Instruments Revaluation Reserve.

Income, Expense, Gains and Losses

	2018/19		2019/20	
	Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000	Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000
Net gains / losses on:				
Investments in equity instruments designated at fair value through Other Comprehensive Income and Expenditure		800		-22,500
Total net gains / losses		**800**		**-22,500**
Interest Revenue				
Financial assets measured at amortised cost	-1,152		-1,228	
Other financial assets measured through fair value through Other Comprehensive Income and Expenditure	-7,337		-7,569	
Total Interest Revenue	**-8,489**		**-8,797**	
Interest Expense	24,505		24,316	
Total Interest Expense	**24,505**		**24,316**	
Fee Expense				
Financial assets or financial liabilities that are not at fair value through profit or loss	14		9	
Total Fee Expense	**14**		**9**	

Fair Value of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments (Level 2 inputs), using the following assumptions: :

- estimated ranges of interest rates at 31 March 2020 for loans from the Public works Loan Board (PWLB) and for short term investments based on new lending rates for equivalent loans at that date
- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair values calculated are as follows:

Financial Liabilities	2018/19		2019/20	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB borrowing	388,360	491,442	403,205	478,720
Salix Finance Ltd	1,163	1,144	617	597
Long - term creditors	42,413	42,413	41,912	41,912

The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loans with the PWLB, against what would be paid if the loans were at prevailing market rates.

However the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than the markets. If the Council were to seek to realise the projected gain by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that now has to be paid. The Fair value calculation for early redemption including the penalty charge would be £664.933m (£568.722m in 2018/19).
The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans include a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. The commitment to pay interest at above the current market rates increases the amount that the Council would have to pay if the lender agreed to the early repayment of the loans.

Financial Assets	2018/19		2019/20	
	Carrying amount £'000	Fair value* £'000	Carrying amount £'000	Fair value £'000
At Fair Value through profit and loss				
Investments	5,000	5,000	-	-
At Amortised Cost				
Loans and Receivables	73,742	73,742	77,722	77,722
Long-term debtors	27,407	71,911	23,854	64,589

*Fair value for the Manchester Airport Group loans contained within Long Term Debtors were obtained as at 31st March 2019 during 2019/20. This is a restatement to the prior year accounts.

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

Long Term Investments

The value of investments held at 31 March 2020 is analysed below:

2018/19 £'000		Input level in Fair Value Hierarchy	2019/20 £'000
52,700	Shareholdings in : The Manchester Airports Group Plc	Level 2	30,200
0	Manchester Airport Car Park – C Shares	Level 2	1,870
538	Wigan Football Company Limited	Level 3	538
5	Other Investments		5
53,243			**32,613**

Manchester Airport Group

The Council's shareholding in Manchester Airport Group is 3.22% as at 31 March 2020. The shares in this company are not traded in an active market, the fair value shown above has been based on valuation techniques that are observable for the asset on an open market basis. The earnings based method (EBITA) has been used based on data for comparable quoted companies operating in the same sector. These shares are subject to an annual valuation. In 2019/20 this has seen a decrease in value of £22.5m.

In light of the COVID-19 impact on international and domestic flights at Manchester Airport, passenger activity has been much reduced since March 2020 and the share price has been revalued downwards. The Council expects the position to recover once the impact of the epidemic recedes.

With regard to the Car Park Investment, in March 2020 the Council made an equity investment in Manchester Airport Holding Ltd (MAHL), (along with the other nine Greater Manchester District Councils). The Council's investment of £1.870m is to assist in funding the capital build of a car park in return for the issue of class C ordinary shares in MAHL. It should be noted that as a result of the C share equity investment there will be no change to the existing share capital or shareholdings of MAHL other than the creation of the new C shares.

Two further investments were made in April 2020, each of the same amount (totalling £5.610m). The equity investment and subscription for the C shares paid in three tranches meant one C share was issued to the Council in each of the three subscription rounds. The initial investment has been valued at cost. The rationale for this approach is that the amount of investment is not material and the full transaction spans into the 2020/21 financial year. Further the company is not yet operational as at 31/3/20 and the Council had not fully invested in the company as at 31/3/20.

From 2020/21 the shareholding will be classed as a financial instrument and held at fair value on the Council's Balance Sheet. Under IFRS 9 the shareholding (investment) will be designated as a strategic investment, with movements in the fair value treated as other comprehensive income and expenditure. Under this designation gains or losses on the valuation of the shareholding will not affect general reserves. As a result, the Council alongside the other District Council's will obtain a valuation of the shares each year as part of its year-end closedown process.

Wigan Football Company

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

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

Long Term Debtors

These are debtors which are not immediately due and payable, but are repayable over a period of time. The following table shows the breakdown. The Code requires the disclosure of the fair value alongside the carrying value held on the balance sheet.

2018/19 Fair Value* £000	2018/19 Carrying Value £000		2019/20 Fair Value £000	2019/20 Carrying Value £000
65,050	20,546	The Manchester Airports Group Plc	61,281	20,546
3,190	3,190	WALH Loans	0	0
3,165	3,165	Renovation Loans	2,796	2,796
462	462	Housing – Insulation Loans	472	472
44	44	Transferred Debt re Pre-1974 functions	40	40
71,911	**27,407**		**64,589**	**23,854**

*Fair value obtained at 31st March 2019 during 2019/20. This is a restatement to the prior year accounts.

Short Term Investments

During the year the Council invested its revenue balances, reserves and capital receipts externally in short term deposits. At 31 March 2020 £77.722m was invested in this way (£78.742m at 31 March 2019) as follows:

2018/19 £'000		2019/20 £'000
21,200	Barclays Bank	17,680
0	Handelsbanken	15,000
20,000	Lloyds TSB Bank	5,000
5,000	Goldman Sachs intl	5,000
0	Australia & NZ Bank	5,000
0	Santander UK Bank	5,000
5,000	Aberdeen Standard	5,000
0	Federated MMF	5,000
0	Workingham BC	5,000
0	LB of Barking and Dagenham	5,000
0	Kingston upon Hull CC	5,000
42	Royal Bank of Scotland	42
5,000	Telford and Wrekin Council	0
5,000	London Borough of Southwark	0
5,000	West Dunbartonshire Council	0
5,000	Invesco Sterling Liquidity	0
5,000	Federated Sterling Cash Plus	0
2,500	Blackrock Sterling Liquidity MMF	0
78,742		**77,722**

Please note that short term investments are now held on the balance sheet under cash and cash equivalents.

Long Term Borrowing

The tables below show the source of loans outstanding, the movements during the year and an analysis of current borrowings by maturity date.

2018/19 £'000	Source of Loan Outstanding	Increases in year £'000	Decreases in year £'000	2019/20 £'000
378,204	Public Works Loans Board	25,000	156	403,048
617	Salix Finance Ltd	0	247	370
11	Individuals	0	0	11
378,832		**25,000**	**403**	**403,429**

2018/19 £'000	An Analysis by maturity is:	2019/20 £'000
404	Over 1 year but not over 2 years	5,410
26,901	Over 2 years but not over 5 years	26,667
54,808	Over 5 years but not over 10 years	54,756
114,616	Over 10 years but not over 15 years	119,493
23,005	Over 15 years but not over 20 years	13,006
7	Over 20 years but not over 25 years	8
159,091	Over 25 years	184,089
378,832		**403,429**

The accrued interest associated with the PWLB loans is £1.324m. This is included under current liabilities and will be paid in 2020/21.

Short Term Borrowing

At 31 March 2020 the figure for Short Term Borrowing outstanding was £3.273m (£20.623m in 2018/19).

18. Deferred (Long Term) Liabilities

Deferred liabilities are liabilities which are payable beyond the next financial year. At 31 March 2020, these totalled £43.771m.

2018/19 £'000		2019/20 £'000
42,413	PFI (Wigan Joint Service Centre)	41,871
3,640	Former G.M.C. debt	1,859
0	5 Borough Medical Centre	41
46,053	**Balance as at 31 March**	**43,771**

The PFI liability represents the outstanding long term liability to the contractor for capital expenditure. See Note 13. A fair value disclosure has not been provided for the PFI liability as the actual borrowing lies with the PFI provider and not the Council. The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There is no basis on which the Council can exchange a financial liability held by a third party, as they are not directly a market participant. .

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

19. Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the Council
- liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements
- refinancing risk – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous rates or terms

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out under policies approved in the Annual Treasury Management Policy.

The Council has adopted CIPFA's Treasury Management in the Public Services "Code of Practice". In accordance with the Code the Council sets an annual Treasury Management Policy containing a number of measures to control financial instrument risks including;

- Approved methods of raising finance
- Limits on external borrowing
- Policy on sources and types of borrowing
- Investment Policy including approved counterparties for lending purposes

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Annual Treasury Management Policy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria.

The Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated approach incorporating:

- Credit ratings from all three credit rating agencies
- Credit watches and credit outlooks from all three rating agencies
- Credit Default Swap (CDS) spreads to give an early warning of likely changes in credit ratings

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads to create colour coded bands. These colour codes are used to indicate relative creditworthiness of counterparties and the suggested maximum investment period.

The annual Treasury Management Policy also imposes a maximum sum or percentage to be invested with financial institutions. Due to the current shortage of high quality counterparties, a percentage limit was introduced to be utilised in periods of high investment balances.

The full investment policy for 2019/20 was approved by Council on 6 March 2019 and is available on the Council's website.

The credit criteria in respect of financial assets held by the Council are detailed below:

Financial Asset	Criteria	Maximum Investment £'000	Or % Limit (if greater)
Deposits with Part Nationalised Banks Deposits with Banks	Short Term: F1 Long Term: A -	15,000	45% 35%
Deposits with Building Societies	Short Term: F1	10,000	
Deposits with Money Market Funds	AAA by 2 or more rating agencies	5,000 each or 20,000 in total	
Deposits with Local Authorities	N/A	5,000	

There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

Amounts arising from Expected Credit Losses

We have accessed the Council's Short Term and Long term investments and concluded that the expected credit loss is not material, therefore no allowances have been made.

A summary of the credit quality of the Council's investments at 31st March 2020 is shown below, along with the potential maximum exposure to Credit Risk, based on experience of default and uncollectability.

Deposits with Banks and other Financial Institutions	Amount as at 31st March 2020 £000	Lowest LT Credit Rating	Historic Risk of Default %	Product of Investment and historical risk £000
Call Accounts				
Handelsbanken	15,000	AA-	0.000%	0.000
Barclays Bank	2,680	A	0.000%	0.000
Royal Bank of Scotland	42	A	0.000%	0.000
Fixed Term Deposits				
Lloyds Bank Plc	5,000	A+	0.006%	0.300
Goldman Sachs Int	5,000	A	0.004%	0.200
Australia & New Zealand Bank	5,000	AA-	0.002%	0.100
Wokingham Borough Council	5,000	AA-	0.002%	0.100
LB of barking and Dagenham	5,000	AA-	0.002%	0.100
Kingston upon Hull City Council	5,000	AA-	0.001%	0.050
Notice Accounts				
Barclays Bank 95 day notice	15,000	A	0.015%	2.250
Santander UK Plc 95 day notice	5,000	A	0.015%	0.750
Money Market Funds				
Federated MMF	5,000	AAA	0.000%	0.000
Aberdeen Standard Liquidity MMF	5,000	AAA	0.000%	0.000
	77,722		**0.005%**	**3.850**

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

2018/19 £'000		2019/20 A £'000	Historical experience of default B %	Historical experience adjusted for market conditions C %	Estimated maximum exposure to default and un-collectability A x B £'000
39,686	Trade Debtors	35,945	1.97	0	708

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

Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowing from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The policy is to ensure that no more than 10% of loans mature within any year.

The maturity analysis of financial liabilities is shown below:

2018/19 £'000		2019/20 £'000
12,247	Up to 1 year	1,949
404	Over 1 year but not over 2 years	5,410
26,901	Over 2 years but not over 5 years	26,667
54,808	Over 5 years but not over 10 years	54,756
114,616	Over 10 years but not over 15 years	119,493
23,005	Over 15 years but not over 20 years	13,006
7	Over 20 years but not over 25 years	8
159,091	Over 25 years	184,089
391,079		**405,378**

Market risk

Interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at fixed rates – the fair value of the liabilities borrowings will fall;
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise;
- investments at fixed rates – the fair value of the assets will fall.

The Council specifically has a policy on interest rate exposures which states:

- the Council is required to set upper limits to its exposures to the effects of changes in interest rates for both fixed interest rate and variable rate loans;
- it has been Council policy to borrow at fixed rates of interest and it is recommended that this will continue.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would have been:

	2019/20 £'000
Daily average investment balance (average rate of interest 0.86%)	101,210
Assuming interest rates 1% higher additional interest received	1,012
Decrease in fair value of fixed rate borrowings liabilities (no impact on Comprehensive Income and Expenditure Statement)	63,584

Price risk

The Council does not generally invest in equity shares, but does have shareholdings in Manchester Airport Holdings Ltd and Wigan Football Company Ltd. The Council has elected to designate both shareholdings as Fair Value through Other Comprehensive Income and Expenditure. Any change in valuation is charged to the Financial Instruments Revaluation Reserve, therefore does not impact upon the CIES.

The Wigan Football Company Ltd shares are unquoted equity investments for which a reliable fair value cannot be established. They are valued at cost less impairment and are not available for sale.

Foreign exchange risk

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

20. Short Term Debtors

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

2018/19 £'000		2019/20 £'000
32,011	Other Entities and Individuals	38,016
10,718	Other Local Authorities	7,009
4,917	Central Government Bodies	7,293
4,610	NHS Bodies	4,707
52,255	**Net Total**	**57,025**

21. Debtors for Local Taxation

The past due but not impaired amount for local taxation (council tax and non-domestic rate) can be analysed can be analysed by age as follows:

2018/19 £'000		2019/20 £'000
7,007	Less than one year	8,095
7,963	One year to two years	4,649
13,036	More than two years	18,527
28,006		**31,271**

22. Cash and Cash Equivalents

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

2018/19 £'000		2019/20 £'000
48	Cash held by the Council (Petty Cash)	48
11,417	Bank Current Accounts - Schools	11,928
-17,899	Bank Current Accounts - Council	-19,097
78,742	Short-term deposits	77,722
72,308	**Total Cash and Cash Equivalents**	**70,601**

The Cash Overdrawn element (£19.097m) is included within Cash and Cash Equivalents as it is deemed to be integral to the Council's cash management.

23. Cashflow Adjustments Analysis

2018/19 £'000	Adjust Net Surplus or Deficit on the Provision of Services for Non Cash Movements	2019/20 £'000
-38,790	Depreciation	-40,037
-282	Intangibles	-212
-2,302	Impairment and Revaluation Losses	38,349
-10,875	Increase +/- decrease in Creditors	-9,652
6,354	Increase +/- decrease in Debtors	1,217
-13	Increase +/- decrease in Inventories	83
846	Increase +/- decrease in Provisions	90
-31,079	Movement in Pension Liability	-45,360
-14,839	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	-10,840
133	Other non-cash items charged to net surplus and deficit on the provision of services	-63
-90,847	**Total**	**-66,425**

2018/19 £'000	Adjust for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	2019/20 £'000
9,904	Sale of PPE	9,127
31,175	Capital Grants credited to the surplus or deficit on the provision of services	41,246
-844	Council Tax and NDR adjustment	-826
40,235	**Total**	**49,547**

Reconciliation of liabilities arising from financing activities	As at 01/04/19 £'000	Financing Cashflows £'000	As at 31/03/20 £'000
Long term borrowing	378,832	24,597	403,429
Short term borrowing	20,622	-17,349	3,273
Transferred Debt	5,317	-1,696	3,621
On balance sheet PFI liabilities	43,542	-1,128	42,414
Total	**448,313**	**4,424**	**452,737**

24. Assets Held for Sale

These are assets that are being actively marketed for sale at a price that is reasonable to the current value. The Council does not currently hold any assets that are expected to be sold within 12 months.

25. Creditors

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

2018/19 £'000		2019/20 £'000
28,271	Other Entities and Individuals	30,317
16,417	Central Government Bodies	19,419
7,018	Other Local Authorities	7,278
706	NHS Bodies	899
52,412	**Net Total**	**57,913**

When grants are received in year which have conditions remaining they are treated as Grants Receipts in Advance and are held under Current Liabilities on the Balance Sheet until the conditions are met.

2018/19 £'000		2019/20 £'000
0	Capital Grants Receipts in Advance	4,151
0	**Net Total**	**4,151**

26. Provisions

Current Liability

	Insurance Fund £'000	Business Rates Appeals £'000	Total £'000
Balance at 1 April 2019	**1,426**	**4,729**	**6,155**
Additional provisions made in 2019/20	4,755	1,029	5,785
Amounts used in 2019/20	-4,866	-1,119	-5,985
Unused amounts reversed in 2019/20	0	0	**0**
Balance at 31 March 2020	**1,315**	**4,640**	**5,955**

Long Term Liability

	Insurance Fund £'000
Balance at 1 April 2019	**2,439**
Additional provisions made in 2019/20	111
Amounts used in 2019/20	0
Unused amounts reversed in 2019/20	0
Balance at 31 March 2020	**2,550**

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

Insurance

At 31 March 2020 the Council held an Insurance provision of £3.865m. This is for future payments of claims made or yet to be made for incidents which occurred before 31 March 2020. These include incidents where a legal liability arises and incidents of damage to Council property. The costs of premium payments, settlement of claims and risk management are shown as decreases to the provision in 2019/20. The level of the Insurance provision is reviewed on an annual basis.

Business Rates Appeals

Following the introduction of the Business Rates Retention Scheme in April 2013 local authorities are now liable for their share of successful appeals against business rates charged in previous financial years. The Council has set aside a provision for any potential liabilities. There are appeals outstanding from the 2010 valuation list for which information is provided from the Valuation Office Agency to allow the Council to estimate the value of successful appeals. For the 2017 rating list the Council does not receive information on specific appeals and has therefore made the assumption that appeals lodged will be settled at a similar percentage and timing to previous lists. For 2019/20, as part of the Greater Manchester 100% Business Rates retention pilot the Council is responsible for a 99% share of this liability, along with Greater Manchester Fire and Rescue Authority being responsible for 1%.

27. Transfers to / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans. It also shows the amounts used in year to meet General Fund expenditure in 2018/19.

	Balance at 31.3.18 £'000	In year realign. £'000	Trans. Out £'000	Trans. in £'000	Balance at 31.3.19 £'000	In year realign. £'000	Trans. Out £'000	Trans. in £'000	Balance at 31.3.20 £'000
Invest to Save - General Fund									
Organisational Transition	**19,609**	-3,280	-5,242	14,363	**25,450**	0	-25,930	25,132	**24,652**
IT Investment Reserve	**1,111**	2,921	-1,663	1,772	**4,141**	0	-2,878	1,200	**2,463**
Invest to Save Reserve	**2,536**	-131	-206	0	**2,199**	0	-321	0	**1,879**
Transformation Agenda	**1,056**	0	-891	1,000	**1,165**	0	0	0	**1,165**
Residential Social Care- New Initiative	**1,194**	0	-57	0	**1,137**	0	-54	0	**1,083**
Legal Costs Reserve	**1,367**	0	-1,027	1,000	**1,340**	0	-387	0	**953**
Leisure Facilities Investment Funds	**481**	390	-31	0	**840**	0	0	0	**840**
Carbon Reduction Scheme	**251**	0	-168	0	**83**	0	0	0	**83**
Waste Procurement	**79**	0	-79	0	**0**	0	0	0	**0**
	27,674	**-100**	**-9,363**	**18,135**	**36,356**		-29,570	26,332	**33,118**
Council approved Budget Funding – General Fund									
Community Investment Fund - round 7	**0**	0	0	0	**0**	1,000	-5	0	**995**
Community Investment Fund	**2,647**	0	-1,768	1,588	**2,467**	-1,000	-1,202	300	**565**
Deal in Action	**710**	0	-126	0	**584**	0	-145	0	**439**
Access to Internet	**366**	0	-7	0	**359**	0	-29	0	**330**
Life Scheme – Leigh	**300**	0	0	0	**300**	0	0	0	**300**
Apprenticeship Scheme – Business	**0**	125	-28	250	**347**	0	-106	0	**241**
Borough Spring Clean	**222**	0	0	0	**222**	0	0	0	**222**
Development of Brown Field Sites	**250**	0	-9	0	**241**	0	-75	0	**166**
Apprenticeship Scheme – General	**690**	-395	-52	56	**299**	0	-187	50	**162**
Graduate Scheme	**264**	0	-73	0	**191**	0	-29	0	**162**
World War One Commemorations	**81**	0	-32	0	**49**	0	-5	0	**44**
Road Traffic Safety Reserve	**50**	0	-28	0	**22**	0	0	0	**22**
Community Service Pressures	**250**	0	0	0	**250**	0	-250	0	**0**
Apprenticeship Scheme – Internal	**0**	125	-94	0	**31**	0	-31	0	**0**
Transport Redistribution	**10,216**	0	-10,216	0	**0**	0	0	0	**0**
Pot Holes	**500**	0	-500	0	**0**	0	0	0	**0**
Armed Forces Reserve	**500**	0	-500	0	**0**	0	0	0	**0**
NEETs	**23**	145	-241	73	**0**	0	0	0	**0**
	17,069	**0**	**-13,674**	**1,967**	**5,362**	0	-2,064	350	**3,648**
Joint Arrangement - General Fund									
Public Health Joint Arrangement	**595**	**0**	**-401**	**1,728**	**1,922**	**0**	**-1,872**	**33**	83
Usable Reserves General Fund	**45,338**	**-100**	**-23,438**	**21,830**	**43,640**	**0**	**-33,507**	**26,715**	**36,849**
Corporate									
Grants Reserve	**8,046**	-260	-4,556	2,209	**5,439**	0	-2,562	14,090	**16,967**
Insurance Reserve	**9,001**	0	0	1,311	**10,312**	0	0	641	**10,953**
Wigan Life Centre	**1,182**	0	-229	0	**953**	0	-97	0	**856**
Leigh Sports Village	**1,555**	0	-575	0	**980**	0	-400	0	**580**
Deal for Business	**775**	100	-114	0	**761**	0	-198	0	**564**
IT Partnership Reserve	**255**	0	-55	119	**319**	0	-24	112	**407**
FCC Waste Disposal - Recycling Credit Penalties	**403**	0	0	0	**403**	0	-38	0	**364**
Waste Disposal After Care	**392**	0	-64	0	**328**	0	0	0	**328**
VAT Reserve	**402**	0	-77	0	**325**	0	0	0	**325**
Various Bequests – Culture – Other Reserves	**6**	0	0	0	**6**	0	0	0	**6**
Warrington Rd Allotments – Other Reserves	**6**	0	0	0	**6**	0	0	0	**6**
Business Rates Safety Net	**9,600**	0	-9,600	0	**0**	0	-9,600	9,600	**0**
Usable Reserves Corporate	**31,633**	**-160**	**-15,270**	**3,639**	**19,832**	**0**	**-12,919**	**24,443**	**31,356**

	Balance at 31.3.18 £'000	In year realign. £'000	Trans. Out £'000	Trans. in £'000	Balance at 31.3.19 £'000	In year realign. £'000	Trans. Out £'000	Trans. in £'000	Balance at 31.3.20 £'000
Schools / DSG Balances									
DSG Schools Block – Delegated Fund	**14,999**	0	-471	1,765	**16,293**	0	-1,945	511	**14,859**
DSG Carry Forward (Note 36)	**870**	260	-600	1590	**2,120**	0	-3,049	1,208	**279**
Schools Balances – Direct Funding	**958**	0	-519	78	**517**	0	-163	493	**847**
Schools PPG Reserve	**49**	0	-49	71	**71**	0	-71	0	**0**
Closed Schools Balances – Delegated Fund	**378**	0	-378	0	**0**	0	0	0	**0**
Usable Reserves Schools	**17,254**	**260**	**-2,017**	**3,504**	**19,001**	**0**	**-5,228**	**2,212**	**15,985**
Shares									
Wigan Football Company Shares	**538**	0	0	0	**538**	0	0	0	**538**
Usable Reserves Shares	**6,240**	**0**	**-5,702**	**0**	**538**	0	0	0	**538**
Total Usable Reserves - Earmarked	**100,465**	**0**	**-46,427**	**28,973**	**83,011**	**0**	**-51,653**	**53,370**	**84,728**

The Schools reserves are not available to the Council.

Usable Reserves

Details of the categories and purpose of other earmarked reserves are set out below.

Invest to Save - General Fund:

Organisational Transition

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

IT Investment Reserve

This will be utilised to support the transformation of the Council's IT service and provide the necessary funds to ensure efficiencies are achieved.

Invest to Save Reserve

This reserve was created to provide funds to support investment bids which will help to deliver the savings required as part of the Council's budget strategy.

Legal Costs Reserve

Monies have been set aside to assist the Council in meeting the potential cost of legal support as it progresses the delivery of its change programme.

Transformation Agenda

Monies have been set aside to provide the investment required for the Council to deliver its Transformation Agenda which underpins the Council's approach to manage the revenue cuts beyond 2015. The Transformation Agenda is aimed at building self-reliance which means integrating local public services around the whole life issues that our residents and families face, not providing individual services that deal with elements of their lives in isolation.

Residential Social Care – New Initiative

Reserve is to invest in the local care home market to support its ongoing transformation and deliver increased quality, efficiency and capacity whilst enabling economic growth for the Wigan Borough. Funding is to be invested on a reducing value basis over a three year period.

Leisure Facilities Investment Funds

These reserves are maintained to provide longer term funding for planned significant upgrades to Leisure Facilities.

Carbon Reduction Scheme

This scheme requires the Council to purchase allowances from the Government based upon its CO2 emissions. The price of the allowances is currently set by the Government. The funds set aside will assist the Council with the investment in new low carbon energy efficient schemes.

Council Approved Budget Funding - General Fund:

Community Investment Fund (Building Self Reliance Programme)

As part of the budget strategy the Council is pumping one off investment into voluntary and charitable organisations which deliver services in partnership with the Council with the plan to reduce permanent funding to the voluntary sector in the longer term. This funding is set aside to assist in the transition of organisations from the current model which is largely a one off grant funding towards a situation whereby groups become sustainable in the delivery of complementary services both they and the Council would wish to see for the benefit of the citizens of Wigan.

Deal in Action Reserve

This reserve was created to provide the funds necessary to further extend the Wigan Deal across the borough.

Access to Internet Reserve

This reserve will be used to promote and provide training on internet use for all ages across the borough.

Apprenticeship Scheme – General / Business / Internal

This reserve provides funding to support apprenticeship opportunities for local businesses and internal Council Departments.

Life Scheme - Leigh

The Council plans to roll out its successful multi-channel, one stop shop customer service approach across the borough and this reserve will earmark funds for this purpose in Leigh.

Community Service Pressures

Development of Family Services in the Community.

Development of Brown Field Sites

Incentivise private sector to invest in the use Brown Field sites for housing use.

Borough Spring Clean Reserve

The Council approved this reserve to support the Wigan Deal by providing funds for each ward member to engage in a series of activities to improve their local wards.

Graduate Scheme

The aim is to utilise these funds to employ a number of graduate trainees and give them the necessary experience to develop their careers within the Council.

World War One Commemorations
The Council has a programme of events planned in June of each year to coincide with Armed Forces week. This reserve has been set aside to provide the necessary funds.

Road Traffic Safety Reserve
These funds have been put aside and will be utilised to fund the Council's commitment to introduce a lower speed limit in residential areas.

General Fund:

Public Health Joint Arrangement
This reserve has been set aside to facilitate investment across Health and Social Care sectors to deliver joint Council and CCG priorities whilst improving the quality of life for the residents of Wigan Borough. The investments are approved by the Joint Commissioning Group with the schemes being short term in nature to provide proof of concept whilst clearly demonstrating delivery against key metrics which will divert activity away from hospital care by avoiding hospital admissions altogether or at the very least ensuring that care is undertaken in a less costly community setting.

Corporate:

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

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

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

Wigan Life Centre
Monies have been earmarked from the rationalisation of Council buildings and will be utilised to assist in the affordability of the Life Centre in future years.

Deal for Business
Funds have been set aside to support local business growth and development.

FCC Waste Disposal – Recycling Credit Penalties
The reserve has been created to record any recycling credit penalties generated as part of the waste disposal contract.

Waste Disposal After Care
This reserve was created following the Council's sale of Landfill Management Limited (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.

VAT Reserve
This represents previously overpaid output tax reimbursed by HM Customs.

IT Partnership Reserve
This reserve has been created from credit penalties and volume reduction credits awarded during the year for the IT partnership. Any decision on the utilisation of the reserve will be made by the IT Partnership Board, which is made up of representatives from Wigan and Bolton Councils, Wigan and Leigh Housing, and Wigan Leisure and Culture Trust.

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

Schools / DSG Balances:

DSG Schools Block – Delegated Fund
This represents the total balances of all schools within the borough that remain open and maintained by the local authority.

DSG Early Years Block
This represents unspent DSG in respect of Early Years Funding.

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

DSG Contingency / Centrally Retained
This relates to unspent contingency and centrally retained funds to cover unexpected items. The Schools' Forum have agreed to earmark some of this reserve to provide transitional supplementary funding to schools facing financial difficulty.

Schools PPG Reserve
The Pupil Premium Grant is additional funding given to schools so that they can support their disadvantaged pupils and close the attainment gap between them and their peers. In accordance with the conditions of the grant, schools can carry forward unspent money to future financial years. This reserve represents the amount held by schools at 31 March 2020.

Shares:

Wigan Football Company Shares

This reserve represents the Council's 15% shareholding in Wigan Football Company Limited. Whilst classified as a usable reserve, this is not readily available for use.

28. Usable Reserves

General Fund Balance: This is a statutory fund to hold Council balances to safeguard against risks identified in the Local Government Act.

Earmarked General Fund Reserves: Reserves set aside to fund specific future spend, as detailed in note 27.

Housing Revenue Account: Represents balances remaining from the Housing Revenue Account held to fund future expenditure in connection with the Council's landlord function.

Major Repairs Reserve: A reserve to holds balances available for funding capital expenditure on the Council's housing stock.

Capital Grant Unapplied Reserve: This reserve holds capital grants and contributions received which have no outstanding grant conditions, but have yet to be applied to meet the relevant capital expenditure.

Capital Receipts Reserve: This holds proceeds the Council has received from the sale of assets, which by statute can only be used to fund capital expenditure.

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement on page 22. Movements within the Usable Capital Receipts Reserve are shown in Note 6.

29. Unusable Reserves

2018/19 £'000		2019/20 £'000
516,605	Capital Adjustment Account	567,729
68,916	Revaluation Reserve	73,384
42,486	Financial Instruments Revaluation Reserve	19,986
-558,184	Pensions Reserve	-449,391
-4,197	Employee Accumulated Absences Account	-4,290
10,440	Collection Fund Adjustment Account	1,237
76,066	**Total Unusable Reserves**	**208,655**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is charged with the cost of acquisition, construction or enhancement, as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement. The account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2018/19 £'000		2019/20 £'000	
512,311	**Balance at 1 April**		**516,605**
	Reversal of items relating to capital expenditure debited or credited to the CIES:		
-60,903	Charges for depreciation and impairment of non-current assets	-55,426	
18,852	Revaluation losses on Property, Plant and Equipment	54,370	
-282	Amortisation of Intangible Assets	-212	
959	Movements in the Market Value of Investment Property	-632	
-5,446	Revenue expenditure funded from capital under statute	-5,844	
-14,839	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	-10,840	
-61,659			**-18,584**
2,528	Adjusting amounts written out of the Revaluation Reserve		2,839
-59,131	Net written out amount of the cost of non-current assets consumed in the year		**-15,745**
	Capital financing applied in the year:		
2,161	Use of the Capital Receipts Reserve to finance new capital expenditure	7,110	
15,025	Use of the Major Repairs Reserve to finance new capital expenditure	13,000	
17,620	Capital grants and contributions credited to the CIES that have been applied to capital financing	20,339	
10,519	Application of grants to capital financing from the Capital Grants Unapplied Account	10,434	
15,019	Statutory provision for the financing of capital investment charged against the General Fund	15,357	
2,134	Capital expenditure charged against the General Fund and HRA Balances	1,008	
62,478			**67,248**
1,196	Movement in the Donated Assets Account credited to the CIES		0
-249	Write down of Long Term Debtors		-379
516,605	**Balance at 31 March**		**567,729**

Revaluation Reserve

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

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

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

2018/19 £'000		2019/20 £'000	
63,438	**Balance at 1 April**		**68,916**
13,867	Upward revaluation of assets	17,468	
-5,861	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-10,161	
8,006	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		**7,307**
-1,072	Difference between fair value depreciation and historical cost depreciation	-1,189	
-1,456	Accumulated gains on assets sold or scrapped	-1,650	
-2,528	Amount written off to the Capital Adjustment Account		**-2,839**
68,916	**Balance at 31 March**		**73,384**

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:

- re-valued downwards or impaired and the gains are lost
- disposed of and the gains are realised

2018/19 £'000		2019/20 £'000
0	**Balance at 1 April**	**42,486**
41,686	Transfer from Available for Sale Financial Instruments Reserve	0
800	Revaluation of Shareholding in Manchester Airport	-22,500
42,486	**Balance at 31 March**	**19,986**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pensions funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore represents a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The Statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. The balance of the reserve is based upon actual employer / employee contributions. However, the IAS19 notes are based on the Actuary estimated figures.

2018/19 £'000		2019/20 £'000
-445,544	**Balance at 1 April**	**-558,184**
0	Business combinations and disposals – Wigan and Leigh Housing	
-81,561	Actuarial gains or losses (-) on pensions assets and liabilities	154,153
-63,763	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-78,186
32,684	Employer's pensions contributions and direct payments to pensioners payable in the year	32,826
-558,184	**Balance at 31 March**	**-449,391**

Accumulated Absences Account

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

2018/19 £'000		2019/20 £'000	2019/20 £'000
-4,693	**Balance at 1 April**		**-4,197**
4,693	Settlement or cancellation of accrual made at the end of the preceding year	4,197	
-4,197	Amounts accrued at the end of the current year	-4,290	
497	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		-94
-4,197	**Balance at 31 March**		**-4,290**

Collection Fund Adjustment Account

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

2018/19 £'000		2019/20 £'000
4,173	**Balance at 1 April**	**10,440**
6,266	Amount by which council tax and non-domestic rates income credited to the CIES is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	-9,203
10,440	**Balance at 31 March**	**1,237**

30. Agency Services

The Council is a billing authority for Non-Domestic Rates (NDR) and Council Tax. The Council collects Manchester Mayoral Police and Crime Commissioner Precept and Mayoral General Precept (including Fire Services) on behalf of the Greater Manchester Combined Authority (GMCA). The Council also collects precepts for the parishes of Shevington and Haigh. Only the elements of NDR and Council Tax that relate to the Council's income are included within the main financial statements. Total sums collected on behalf of GMCA were £25.680m.

The Council also collects superannuation payments of £8.543m from its employees on behalf of the Greater Manchester Pension Fund (administered by Tameside MBC) and £6.953m on behalf of the Teachers' Pension Scheme (administered by Capita).

31. Pooled Budgets

Better Care Fund

Since 2015/16, the Council has been in a joint arrangement with Wigan Borough Clinical Commissioning Group (CCG) to pool resources in order to improve the Health and Social Care outcomes for the residents of the Borough. The arrangement is made in accordance with Section 75 of the National Health Service Act 2006 and any surplus or deficit generated will be distributed as per agreement by the Joint Commissioning Finance Group. The Pooled Budget is hosted by the Council. For 2019/20 the Council provided 60% of funding inclusive of revenue and capital allocations.

2018/19 £'000		Better Care Fund	2019/20 £'000	
		Funding Provided to the Pooled Budget		
-23,336		Revenue – CCG	-24,452	
-27,719		Revenue – Wigan Council	-33,610	
-3,720		Capital 18/19 Allocation – Wigan Council	-4,014	
-683		Capital 17/18 Underspend	-994	
	-55,458	**Total Funding**		**-63,070**
		Expenditure on behalf of Pooled Budget		
20,564		Revenue expenditure – CCG	22,657	
30,492		Revenue expenditure – Wigan Council	35,405	
3,408		Capital expenditure – Wigan Council	3,962	
	54,464	**Total Expenditure**		**62,024**
	-994	**Total Underspend**		**-1,046**
		Allocated as agreed by the Joint Commissioning Finance Board:		
0		Revenue Underspend – CCG	0	
-994		Capital Underspend – Wigan Council*	-1,046	
	-994	**Total Underspend**		**-1,046**

*Note – the capital underspend is included in the Councils accounts.

Regional Adoption Agency – Together for Adoption

The Government announced changes to the provision of adoption services by proposing regional adoption agencies, with all Local Authorities belonging to a regional adoption agency by 2020.

As a consequence of this, it was agreed that these can be provided locally by Local Authority areas and brought together to form a single Regional Adoption Agency (RAA).

Wigan Council entered into a Partnership agreement with 4 other neighbouring authorities to create "Together for Adoption" RAA. The Partnership combines:

- Wigan Council – 27.11% share
- Cheshire West & Chester Council – 22.63% share
- Warrington Borough Council – 13.68% share
- Halton Borough Council – 15.00% share
- St Helens Council – 21.58% share

The annual budget has been agreed at £2.121m per annum. Any surplus or deficit generated at the end of each financial year will be distributed or reinvested as agreed upon by the collective decision of the Partnership Board.

The pooled budget is hosted by Wigan Council with operational costs being incurred directly to Wigan. The salary costs are incurred and retained by each local authority partner. A quarterly exercise is undertaken to determine that partners incurring greater salary costs than their % share will be reimbursed from the partners whose costs are lower than their agreed share of the Partnership agreement.

The Partnership Board have agreed to retain the collective underspend. This will be used to meet existing commitments to voluntary adoption agency placement costs where the Partnership have been unable to identify matching adopters to the children awaiting placements.

Together for Adoption - Regional Adoption Agency	2018/19 £'000	2019/20 £'000
Funding Provided to the Pooled Budget		
Revenue:		
Wigan Council	-575	-575
Cheshire West & Chester Council	-480	-480
Warrington Borough Council	-290	-290
Halton Borough Council	-318	-318
St Helens Council	-458	-458
Total Funding	**-2,121**	**-2,121**
Expenditure on behalf of Pooled Budget		
Revenue – Wigan Council on behalf of Together for Adoption (Operational Costs)	348	598
Wigan Council – salary costs	417	510
Cheshire West & Chester Council – salary costs	348	495
Warrington Borough Council – salary costs	211	104
Halton Borough Council – salary costs	231	128
St Helens Council – salary costs	332	162
Back Office Functions – supported by two Local Authority Partners (CW&C & Wigan)	70	70
Total Expenditure	**1,957**	**2,067**
Total Underspend	**-164**	**-54**

32. Members' Allowances

The Council paid the following amounts to elected members and independent appointed members of the council during the year.

	2018/19 £'000	2019/20 £'000
Allowances	1,229	1,330
Expenses	3	5
Total	**1,232**	**1,335**

33. Officers' Remuneration

The following table lists the remuneration paid to the Authority's senior employees (Senior Management, Statutory Officers and officers with remuneration of above £150,000) as follows:

Table a)

Name	Job Title	Financial Year	Salary, Fees and Allow. Note * £	Employers Pension Contrib. £	Total Remun. Incl. pension contrib. £
Alison McKenzie-Folan (1)	Chief Executive	**2019/20** 2018/19	**183,600** 12,582	**35,986** 2,466	**219,586** 15,048
Donna Hall (1)	Chief Executive (for Comparative Year)	2018/19	186,106	29,943	216,049
Previously Alison McKenzie-Folan **(1)**	Deputy Chief Executive (Director of Customer Transformation)	**2019/20** 2018/19	**0** 132,000	**0** 25,872	**0** 157,872
Paul McKevitt **(2)**	Deputy Chief Executive (Director of Resources and Contracts)	**2019/20** 2018/19	**145,656** 142,800	**11,895** 27,989	**157,551** 170,789
Stuart Cowley **(3)**	Director of Adult Social Care and Health	**2019/20** 2018/19	**145,656** 139,900	**27,216** 28,655	**172,872** 168,555
James Winterbottom **(4)**	Director of Children's Services	**2019/20** 2018/19	**131,007** 139,400	**25,677** 4,665	**156,684** 144,065
Interim Director (24/2/20-31/3/20) ***(4)***	*Director of Children's Services*	**2019/20**	**28,652**	**0**	**28,652**
Sonia Halliwell **(5)**	Director of Transformation	**2019/20** 2018/19	**96,097** 0	**19,304** 0	**115,401** 0
Rebecca Heron	Director of Economy and Skills	**2019/20** 2018/19	**124,848** 122,400	**24,470** 23,990	**149,318** 146,390
Paul Barton	Director of Environment	**2019/20** 2018/19	**124,848** 122,400	**24,470** 9,878	**149,318** 132,278
Kate Ardern **(6)**	Director of Public Health	**2019/20** 2018/19	**121,865** 105,528	**17,524** 17,390	**139,389** 122,918

*Salary, fees and allowances include basic pay plus any overtime, special responsibility allowance and accrued holiday pay. Election payments are not included in the above figures.

(1) Alison McKenzie-Folan was appointed to the post of Chief Executive on 6 March 2019. Her 2019/19 salary against the post of Chief Executive relates to 6th March 2019 - 31st March 2019. The former Chief Executive post holder Donna Hall is shown for the comparative year and this salary relates to the period 1st April 2018 – 5th March 2019. Alison McKenzie-Folan's former post of Deputy Chief Executive (Director of Customer Transformation) has been disestablished and the new position for Director of Transformation created (See note 5). The salary for Deputy Chief Executive in 2018/19 relates to the period 1st April 2018 – 5th March 2019.

(2) Paul McKevitt is the S151 Officer for Wigan.

(3) Stuart Cowley is the Director of Social Services which is defined as a statutory post under Section 6 of the Local Authority Social Services Act 1996.

(4) The Chief Education Officer is defined as a statutory chief officer post under Section 532 of the Education Act 1970. James Winterbottom left this role on 23 February 2020 and an Interim Director of Children's Services is paid by agency until the role is permanently appointed to.

(5) Sonia Halliwell was appointed to the Director of Transformation post on 17 June 2019. The annualised salary for this post is £124,848.

(6) Section 57 of Schedule 5 to the Health and Social Care Act 2012 defines the Director of Public Health as a statutory Chief Officer and is therefore included here

Other Senior Officers

In order to provide further analysis, the remaining emoluments have been separated between Senior Officers and Leadership Heads, Deputies and Assistants in Schools and Colleges.

The Chief Officers whose individual remuneration has been declared in Table A are not included in this banding table.

The Authority's other senior employees receiving more than £50,000 remuneration (excluding employer's pension contributions) were paid the following amounts:

Table b)

Number of Employees 2018/19	Remuneration Band	Number of Employees 2019/20
58	£50,000 - £54,999	41
10	£55,000 - £59,999	26
16	£60,000 - £64,999	15
1	£65,000 - £69,999	6
2	£70,000 - £74,999	1
1	£75,000 - £79,999	0
9	£80,000 - £84,999	0
3	£85,000 - £89,999	7
3	£90,000 - £94,999	1
0	£95,000 - £99,999	1
2	£100,000 - £104,999	5
0	£105,000 - £109,999	1
0	£110,000 - £114,999	0
1	£115,000 - £119,999	0
0	£120,000 - £124,999	0
1	£125,000 - £129,999	0
0	£130,000 - £134,999	0
0	£135,000 - £139,999	0
0	£140,000 - £144,399	0
107		**104**

Redundancy payments are included in the remuneration.

Schools and Colleges Leadership – Heads, Deputies and Assistants

The number of school and college employees receiving more than £50,000 remuneration, (excluding employer's pension contributions) were paid the following amounts:

Table c)

Number of Employees 2018/19	Voluntary Aided and Foundation School Employees included in previous column Total 2018/19	Remuneration Band	Number of Employees 2019/20	Voluntary Aided and Foundation School Employees included in previous column Total 2019/20
79	41	£50,000 - £54,999	77	47
46	32	£55,000 - £59,999	60	30
38	22	£60,000 - £64,999	38	26
23	12	£65,000 - £69,999	30	19
12	7	£70,000 - £74,999	16	7
7	5	£75,000 - £79,999	7	5
3	2	£80,000 - £84,999	7	4
4	1	£85,000 - £89,999	4	2
3	2	£90,000 - £94,999	3	2
2	1	£95,000 - £99,999	2	1
2	1	£100,000 - £104,999	0	0
0	0	£105,000 - £109,999	1	1
0	0	£110,000 - £114,999	2	0
0	0	£115,000 - £119,999	0	0
0	0	£120,000 - £124,999	0	0
2	0	£125,000 - £129,999	0	0
0	0	£130,000 - £134,999	1	0
221	**126**		**248**	**144**

Redundancy payments are included in the remuneration.

Exit Packages – Contractual obligation on termination of employment

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit Package Cost Band (including special payments)	Col B Number of Compulsory Redundancies*		Col C Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band (Col B+C)		Total Cost of Exit Packages in Each Band £'000	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
0 - £20,000	64	23	114	69	178	92	1,217	605
£20,001 - £40,000	4	1	22	12	26	13	761	366
£40,001 - £60,000	4	0	4	5	8	5	386	264
£60,001 - £80,000	1	0	7	4	8	4	537	293
£80,001 - £100,000	0	0	2	1	2	1	191	81
£100,001 - £150,000	2	0	5	2	7	2	805	238
Total	**75**	**24**	**154**	**93**	**229**	**117**	**3,897**	**1,847**

*see below termination benefits note for cost value

The total cost of £1.847m for exit packages has been charged to the authority's Comprehensive Income and Expenditure Statement in the current year.

Termination Benefits

The Council terminated the contracts of a number of employees in 2019/20, incurring liabilities of £0.217m (£1.056m in 2018/19). Further details on the overall number of exit packages and the total cost per band is disclosed in the tables above.

Termination benefits are payable to employees across all Council Services whose employment has been terminated by the Council, not at the employees request. The number of compulsory redundancies throughout 2019/20 can be seen in the exit packages table above.

34. Audit Costs

In 2019/20 Wigan Council incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and non-audit services provided by the Council's auditors:

	2018/19 £'000	2019/20 £'000
Fees payable with regard to external audit services carried out by the appointed auditor	103	104
Fees payable in respect of other services provided by the external auditor during the year		3
Total	**103**	**107**

£600 of the disclosed 2019/20 fee relates to additional work carried out on the pension liability in the 2018/19 accounts. The 2019/20 fee also includes £3,000 for other services provided in respect of the Strategic School Improvement Fund grant fund.

35. Dedicated Schools Grant

The Council's expenditure on schools is financed primarily by Dedicated Schools Grant (DSG) provided by the Education and Skills Funding Agency (ESFA). DSG is ring-fenced and can only be used to finance expenditure that is included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2019. The balance on the DSG is separate to the general fund reserves of the council. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each Council maintained school.

Details of the deployment of DSG receivable for 2019/20 are as follows:

Notes		Central Expenditure £'000 Column 1	Individual Schools Budget £'000 Column 2	Total £'000 Column 3
A	Final DSG for 2019/20 before Academy and High Needs recoupment			**254,685**
B	Academy and High Needs figure recouped for 2019/20			**66,441**
C	Total DSG after Academy and High Needs recoupment for 2019/20			**188,244**
D	Brought forward from 2018/19			**2,121**
E	Carry forward to 2020/21 agreed in advance			**2,121**
F	Agreed initial budgeted distribution in 2019/20	31,222	157,022	**188,244**
G	In Year Adjustments	-850	826	**-25**
H	Final budgeted distribution for 2019/20	30,371	157,848	**188,219**
I	Actual central expenditure	32,213		**32,213**
J	Actual ISB deployed to schools		157,848	**157,848**
K	Local authority contribution for 2019/20	0		**0**
L	Carry forward to 2020/21	-1,841	0	**279**

The DSG carry forward can be analysed as follows:

	£000
Schools Block	1,680
High Needs Block	-2,915
Early Years Block	1,514
	279

This balance has been identified separately from general reserves that are at the full disposal of the authority in accordance with the requirements of the Accounts and Audit Regulations 2015, as amended (Regulation 7 [4]).

The deficit on the High Needs Block will be recovered from future funding alongside a transformation plan for SEND. The LA reports regularly to Schools Forum and has set up a working group to monitor the progress of the transformation plan. This plan will ultimately look to deliver efficiencies and reduce demand on the High Needs Block.

A Final DSG figure before any amount has been recouped from the authority excluding the January 2020 early years block adjustment.

B Figure recouped from the authority in 2019/20 by the DfE for the conversion of maintained schools into Academies and for High Needs payments made by the ESFA.

C Total figure after DfE Academy recoupment for 2019/20

D Figure brought forward from 2018/19 as agreed with the Department

E Any amount which the authority decided after consultation with the schools forum to carry forward to 2020/21 rather than distribute in 2019/20 – this may be the difference between estimated and final DSG for 2019/20, or a figure (positive or negative) brought forward from 2018/19 which the authority is carrying forward again.

F Budgeted distribution of DSG, adjusted for carry forward, as agreed with the schools forum.

G Changes to the initial distribution, for example, adjustments for exclusions, or final early years block adjustment.

H Budgeted distribution of DSG as at the end of the financial year.

I Actual amount of central expenditure items in 2019/20 – amounts not actually spent, eg money that is moved into earmarked reserves, should be included in items L20 or L21 as carried forward.

J Amount of ISB actually distributed to schools (ISB is regarded for DSG purposes as spent by the authority once it is deployed to schools' budget shares).

K Any contribution from the local authority in 2019/20 which will have the effect of substituting for DSG in funding the Schools Budget. Do not include any change in balances held by schools as they are not to be recorded in this note.

L Carry forward to 2020/21, i.e.

For central expenditure, difference between final budgeted distribution of DSG (H) and actual expenditure (I), plus any local authority contribution (K).

For ISB, difference between final budgeted distribution (H) and amount actually deployed to schools (J), plus any local authority contribution (K)

Total is carry forward on central expenditure (L) plus carry forward on ISB (L) plus/minus any carry forward to 2019/20 already agreed (E).

36. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2019/20:

Credited to Taxation and Non Specific Grant Income	Awarding Body	2018/19 £'000	2019/20 £'000
Capital Grants	Various	-34,995	-33,234
Small Business Rate Relief	MHCLG	-11,158	-12,858
COVID-19 Support Grant*	MHCLG	0	-10,465
Private Finance Initiative	MHCLG	-6,023	-6,023
New Homes Bonus	MHCLG	-3,105	-3,527
Apprenticeship Scheme		-216	-594
Levy Account Surplus Grant *	MHCLG	0	-237
Education Services Grant	DFE	-221	-221
EU Exit Preparation Grant	HMCLG	-105	-210
School Improvement Grant	ESFA	-148	-150
Local Services Support Grant	MHCLG	-65	-76
Other	MHCLG	-30	-30
Magistrates Grant	MOJ	-51	-24
Probation Grant	MOJ	-32	0
Donated Assets	Various	-1,196	0
Total		**57,345**	**67,649**

Credited to Services	Awarding Body	2018/19 £'000	2019/20 £'000
Dedicated Schools Grant	DFE	-188,377	-188,244
Rent Allowance Subsidy	DWP	- 36,422	-32,136
HRA Rent Rebates	DWP	- 38,441	-34,135
Improved Better Care Funding	MHCLG	-11,719	-14,678
Pupil Premium Grant	DFE	-10,931	-10,836
Teachers Pension Grant *	DFE	0	-3,308
Universal Infant Free School Meals	DFE	-2,989	-2,684
REFCUS Grants	Various	-3,071	-2,619
Young Peoples Learning Agency	DFE	-3,493	-2,558
General Education Grants	Various	-2,628	-2,078
Adult Social Care Support Fund *	MHCLG	0	-1,720
Teachers Pay Award Grant *	DFE	0	-1,663
Adult Social Care Winter Funding	DHSC	-1,592	-1,592
PE & Sports Grants	Various	-1,617	-1,527
Independent Living Grant	MHCLG	-1,502	-1,456
Adult Social Care Support Fund	MHCLG	-995	-1,000
Other Grants	Various	-1,452	-953
Non HRA Rent Subsidy	DWP	-703	-952
Housing Benefit Admin Grant	DWP	-1,053	-950
Skills Fund Agency	BEIS	-786	-874
Adoption Support Fund - Together for Adoption	DFE	-646	-828
Youth Justice Board	MOJ	-532	-659
Discretionary Housing Payments Grant	DWP	-723	-625
Troubled Families	MHCLG	-595	-595
Rough Sleeping Initiative Fund	MHCLG	-341	-467
Local Council Tax Support Admin Grant	MHCLG	-464	-452
Free School Meals Supplementary Grant	DFE	-267	-445
Flexible Homelessness Support Grant	MHCLG	-326	-359
Unaccompanied Asylum Seeker Children Grant	HO	-320	-327
Serious Violence Grant *	GMCA	0	-300
Community Safety Fund	GMCA	-248	-248
Rapid Rehousing Pathway Grant	MHCLG	-10	-247
Local Reform & Community Voices Grant	MHCLG	-224	-228
New Burdens Welfare Reform	DWP	-159	-203
Year 7 Catch up Premium Grant	DFE	-140	-177
Armed Forces Covenant Fund *	MOD	0	-120
Staying Put Grant	DFE	-115	-117
Future High Streets Fund *	MHCLG	0	-105
Community Grant Funding	GMCA	-100	-100
Apprenticeship Scheme	GMCA	-123	0
Total		**-313,104**	**-312,566**

* These sources of funding are new for 2019/20

37. Related Parties

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

Central Government

Central Government has significant influence over the general operations of the Authority. 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 (e.g. Council Tax bills, Housing Benefits). Details of grant transactions with Government departments are set out in note 37 Grant Income.

Members of the Council

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2019/20 is shown in note 33. Each year the Council invites Members to declare any such interests including related parties. In respect of 2019/20 financial year, a number of members declared interests in other organisations that the Council transact with. Contracts were entered in full compliance with the Council's standing orders.

Details of Members' interests, both pecuniary and non-financial are recorded in the Register of Members' Interest, which is open to public inspection at Wigan Town Hall on appointment and is available on the Council's website.

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 necessitates Chief Officers to make a declaration of any related parties on an annual basis. During 2019/20 none of the Chief Officers declared a pecuniary interest in accordance with Section 117 of the Local Government Act 1972.

All Chief Officer remuneration payments are included in detail in note 33 Officers' Remuneration.

Joint Services and Partnerships

Greater Manchester Combined Authority (GMCA)

As a result of an agreement reached between the ten Greater Manchester Councils and Central Government, the Combined Authority has taken over arrangements for the coordination of a range of policy issues including economic development and regeneration for Greater Manchester and have responsibility for the exercise of new powers for the Greater Manchester Mayoral Function and function for the prioritisation of transport investment.

During 2019/20 the following amounts were paid to the GMCA:

- Passenger Transport Levy £21.708m
- Economic Regeneration £0.998m

Association of Greater Manchester Authorities (AGMA)

The Association is a partnership between the ten Local Authorities within the Greater Manchester area. The ten co-operate on a number of issues both statutory and non-statutory, where there is the possibility of improving service delivery by working together. A number of AGMA units exist which the Council contributes to. The expenditure incurred is contained within the relevant service headings in the Comprehensive Income and Expenditure Statement. During 2019/20 this amounted to £0.150m.

Assisted Organisations

The Council has pooled budget arrangements with Wigan Borough Clinical Commissioning Group (CCG) in order to improve the Health and Social Care outcomes for the residents of the Borough. As part of this integration, the S151 for Wigan Council is also a separately appointed Director of Wigan Borough CCG.

The Council also entered a pooled budget arrangement on 1 September 2017 with four other neighbouring local authorities to create 'Together for Adoption' Regional Adoption Agency to provide local adoption services. Further details are included in note 32 Pooled Budgets.

The Council also provided Community Services Fee funding of £2.225m during 2019/20 to Inspiring Healthy Lifestyles (formerly Wigan Leisure and Culture Trust).

NPS North West Ltd

Wigan Council has the right to appoint 2 Directors that have voting rights but do not form a majority of the board (which has 6 Directors). The Council has no shareholding in the company. In 2019/20 the Council made payments of £0.345m to NPs North West Ltd. There was no year-end accrual made for any outstanding values as at 31st March 2020.

NPS NW Ltd

Wigan Council has the right to appoint 2 Directors that have voting rights but do not form a majority of the board (which has 4 Directors).
The Council has no shareholding in the company.
In 2019/20 the Council made payments of £1.455m to NPS NW Ltd.
There was no year-end accrual made for any outstanding values as at 31st March 2020.

38. Related Businesses and Companies

Wigan and Leigh Homes Ltd

The company ceased trading on 31st January 2020.

During the year 2019/20 to cessation of trading the Council was the sole member of the company and appointed three Directors to oversee operations.

On 29th August 2019 the Council approved the transfer of the 80 properties remaining in company ownership to the Council. These properties are now accounted for as part of the Housing Revenue Account. The transfer was completed on 16th December 2019 and the respective administration completed by 31st January 2020.

For the period 1st April 2019 to cessation of trading 31st January , the company returned a draft pre-tax surplus of £1.114m. Copies of the accounts are available at Progress House, Westwood Park Drive, Wigan, Lancs, WN3 4HE.

At the end of the trading period the company had outstanding liabilities of £0.017m related to taxation and audit fees.

Wigan Metropolitan Development Company Limited

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

As from March 2016, Wigan Metropolitan Development Company (Property) Limited has ceased active trading. Therefore, figures reported in this note relate to the trading company of Wigan Metropolitan Development Company (Investment) Limited for the financial year 2019/20.

The Council manages surplus cash balances on behalf of the company. The amount deposited with the Council at 31 March 2019 was £1.530m.

The company returned a draft pre-tax profit of £0.352m for the financial year 2019/20. Copies of the accounts are available at Wigan Investment Centre, Waterside Drive, Wigan, Lancashire, WN3 5BA.

Leigh Sports Village Limited

This is a company limited by shares. The Council is the only shareholder. The Council has the ability to dissolve the company and to procure the distribution of its assets, although the Council does not have direct liability for the losses of the company. The company manages the sports facilities at the Leigh Sports Village site. The Council paid the company £1.138m in 2019/20.
The company returned a draft pre-tax loss of £0.239m in 2019/20.

At the end of the financial year, the company had £807k outstanding debt owed to the Council. Copies of the accounts are available at Leigh Sports Stadium, Sale Way, Leigh, Lancashire, WN7 4JY.

Douglas Valley Community Limited

This is a company limited by guarantee. The Council has the right to nominate 4 out of 12 members, hence the Council directly/indirectly holds more than 20% of the company's voting power. The Council paid £0.001m for services provided by the Douglas Valley Community Limited in 2019/20.

Douglas Valley Properties Limited (DVP)

This is a company limited by guarantee. The Council has the right to appoint 3 out of the 9 members. The Council and Douglas Valley Community Limited must consent to the acquisition of any interest in land or premises by the Company and further, that the Council and Douglas Valley Community Limited may determine what the Company may do with its profits. The Council has not made payments to the company in 2019/20.

The company has ceased active trading and has had no activity during 2019/20. There are a number of properties leased from the council to DVP expiring up to 2035. Wigan Metropolitan Development Company (Investment) Ltd manage these properties on behalf of DVP however as they are still in place despite not trading the company will continue to be active for the short to medium term, until all leases are reviewed.

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PSP Wigan LLP

The Council has entered into an agreement with Public Sector PLC (PSP) to establish a Limited Liability Partnership, trading as PSP Wigan LLP. This is classed as a Joint Venture as decisions about activities require the unanimous consent of all the parties sharing control and the Council and PSP have rights to the net assets of the arrangement. The partnership has been established to facilitate property related projects which could include development of surplus assets, facilitation of regeneration schemes, portfolio management and the investment of private sector funds in projects to mutual benefit. As at 31 March 2020, no assets have been transferred to the LLP.

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

Company Name
Borough Care Services Limited
CLS Care Services Ltd
Community Forest Trust
Groundwork Cheshire, Lancashire & Merseyside
Manchester Airport Group
New Environment CIC
North West Evergreen (GP) Limited
NPS North West Limited
S&W TLP Education Partnership Limited
Wigan Football Company Ltd
Wigan Leisure & Culture Enterprises Limited
Wigan Leisure & Culture Trust (now Inspiring Healthy Lifestyles)
Yorkshire Purchasing Organisation

39. Leases

Authority as lessee:

During 2019/20 the Council continued to lease vehicles, plant, machinery and equipment by means of operating leasing. Operating lease rentals on vehicles, plant, equipment and property paid in 2019/20 was £1.148m (2018/19 £1.018m).

The Council was committed at 31 March 2020 to future lease payments of £7.927m under these operating leases, comprising the following elements:

2018/19 Total £'000s		Vehicles, Plant & Equipment £'000s	Property £'000s	2019/20 Total £'000s
438	Lease payments due within 1 year	269	455	**724**
798	Lease payments between 1 and 5 years	414	1,088	**1,502**
2,690	Lease payments after 5 years	0	5,701	**5,701**
3,926	**Total Leases**	**683**	**7,244**	**7,927**

Authority as lessor:

The Council acts as lessor for numerous commercial and industrial land and property assets in the borough and the rent receivable in respect of these operating leases for the year 2019/20 was £4.244m (2018/19 £4.617m).

The future minimum lease payments receivable are:

2018/19 Total £'000s		2019/20 Total £'000s
3,758	Leases expiring within 1 year	3,830
10,260	Leases expiring between 1 and 5 years	10,273
164,920	Leases expiring after 5 years	161,513
178,938	**Total Leases**	**175,616**

Of the minimum lease payments receivable after 2024/25 of £161.513m, £92.279m is in respect of leases which are due to expire more than 50 years after 31 March 2020.

40. Pension Schemes

Pension Schemes Accounted for as Defined Contribution Schemes

Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DFE). 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 scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every three years.

The scheme has in excess of 6,000 participating employers and consequently the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total contributions into the Teacher's Pension Scheme during the year ending March 2020, the Council's own contributions equate to approximately 20.68%.

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In 2019/20 the Council paid £14.4m (£12.1m in 2018/19) to Capita Teachers' Pensions in respect of teachers' retirement benefits. In addition, the Council pays the pension payments for teachers relating to added years together with related increases. In 2019/20 these amounted to £4m (£4m in 2018/19).

The Council is not liable to the scheme for any other entities obligations under the plan.

NHS Staff Pension Scheme

During 2019/20, NHS staff have continued to work within the Council and have maintained their membership in the NHS Pension Scheme. The scheme provides these staff with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is an unfunded defined benefit scheme. However, the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2019/20, the Council paid £91,000 to the NHS Pension Scheme (£125,000 in 2018/19) in respect of former NHS staff retirement benefits. There were no contributions remaining payable at the year end.

Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Council makes contributions towards the cost of post-employment 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 Local Government Pension Scheme

Non-teaching employees 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 recognised in the reported Net Cost of Service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on cash payable in the year, so the real cost of the post-employment / retirement benefits is reversed out of the General Fund Balance via the Movements in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance through the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement

2018/19 £'000		2019/20 £'000
	Cost of Services:	
50,316	Current service cost	61,336
1,173	Past service cost (including curtailments)	3,077
51,489	**Total Service Cost**	**64,413**
	Financing and Investment Income & Expenditure:	
-32,027	Interest income on scheme assets	-30,525
44,301	Interest cost on defined benefit obligation	44,298
12,274	**Total Net Interest**	**13,773**
63,763	**Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services**	**78,186**
	Remeasurements of the Net Defined Liability Comprising:	
-56,179	Return on plan assets (excluding amounts included in net interest)	-122,262
0	Actuarial gains/losses arising from changes in demographic assumptions	52,438
136,530	Actuarial gains/losses arising from changes in financial assumptions	132,130
1,210	Other experience and actuarial adjustments	91,847
81,561	**Total Remeasurements Recognised in Other in the Comprehensive Income and Expenditure Statement**	**154,153**
145,324	**Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	**232,339**

Movement in the Reserves Statement - General Fund

2018/19 £'000		2019/20 £'000
-63,763	Reversal of net charges made to the surplus / deficit on the provision of service	-78,186
27,137	Employers' contributions payable to the scheme	27,360
5,547	Retirement benefits payable to pensioners	5,466
-31,079	**Actual amount charged against the General Fund Balance for Pensions in the year**	**-45,360**

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

	Local Government Pension Scheme	
	2018/19 £'000	2019/20 £'000
Present value of the funded liabilities	-1,754,757	-1,558,392
Present value of the unfunded liabilities*	-76,463	-64,654
Fair value of plan assets	1,273,036	1,173,655
Total	**-558,184**	**-449,391**
Other movements in the liability (asset)	0	0
Net liability arising from the defined benefit obligation	**-558,184**	**-449,391**

* this liability in 2019/20 comprises of £18.616m (£22.223m in 2018/19) in respect of LGPS unfunded pensions and £46.038m (£54.240m in 2018/19) in respect of Teachers' unfunded pensions.

Reconciliation of the present value of the scheme liabilities (Defined Benefit Obligation)

	Funded Liabilities: Local Government Pension Scheme	
	2018/19 £'000	2019/20 £'000
Opening present value of funded liabilities	**1,556,999**	**1,754,757**
Opening present value of unfunded liabilities	**77,737**	**76,463**
Current Service Cost	50,316	61,336
Interest Cost	44,301	44,298
Contributions from scheme participants	8,101	8,543
Remeasurement gain		
Actuarial gains/losses arising from changes in demographic assumptions	0	-52,438
Actuarial gains/losses arising from changes in financial assumptions	136,530	-132,130
Other experience and actuarial adjustments	1,210	-91,847
Past Service Costs	1,173	3,077
Benefits Paid	-45,147	-49,013
Closing present value of funded liabilities	1,754,757	1,558,392
Closing present value of unfunded liabilities	76,463	64,654
Closing fair value of scheme liabilities at 31 March	**1,831,220**	**1,623,046**

Reconciliation of movements in fair value of the scheme assets

	Local Government Pension Scheme	
	2018/19 £'000	2019/20 £'000
Opening fair value of scheme assets	**1,189,192**	**1,273,036**
Interest Income	32,027	30,525
Remeasurement gain		
Return on plan assets excluding amounts included in net interest	56,179	-122,262
Contributions from employer into the scheme	32,684	32,826
Contributions from employees into the scheme	8,101	8,543
Benefits Paid	-45,147	-49,013
Closing fair value of scheme assets at 31 March	**1,273,036**	**1,173,655**

In 2019/20 one school transferred to Academy Status. The actuary has not separately valued the bulk transfer of membership relating to the school. The figure has been estimated to be immaterial to the total figures and therefore is not required to be shown separately.

Local Government Pension Scheme assets comprised:

	Quoted prices in active markets 2018/19 £'000	Quoted prices in active markets 2018/19 £'000	Total 2018/19 £'000	Percentage of Total Assets 2018/19 %	Quoted prices in active markets 2019/20 £'000	Quoted prices in active markets 2019/20 £'000	Total 2019/20 £'000	Percentage of Total Assets 2019/20 %
Equity Securities								
Consumer	70,315	0	**70,315**	**6**	88,882	0	**88,882**	**8**
Manufacturing	73,567	0	**73,567**	**6**	73,249	0	**73,249**	**6**
Energy and utilities	71,539	0	**71,539**	**6**	58,199	0	**58,199**	**5**
Financial Institutions	100,748	0	**100,748**	**8**	105,441	0	**105,441**	**9**
Health and care	37,592	0	**37,592**	**3**	54,525	0	**54,525**	**5**
Information Technology	22,728	0	**22,728**	**2**	48,290	0	**48,290**	**4**
Other	13,948	0	**13,948**	**1**	24,106	0	**24,106**	**2**
Debt Securities								
Corporate bonds (investment grade)	47,617	0	**47,617**	**4**	56,398	0	**56,398**	**5**
UK Government	8,383	0	**8,383**	**1**	0	0	**0**	**0**
Other	32,289	0	**32,289**	**3**	47,987	0	**47,987**	**4**
Private Equity - All	0	59,620	**59,620**	**5**	0	74,703	**74,703**	**6**
Real Estate								
UK Property	0	60,465	**60,465**	**5**	0	53,927	**53,927**	**5**
Investment Funds and Unit Trusts								
Equities	287,782	0	**287,782**	**22**	109,817	0	**109,817**	**9**
Bonds	158,354	0	**158,354**	**11**	147,503	0	**147,503**	**13**
Infrastructure	0	61,032	**61,032**	**5**	0	70,214	**70,214**	**6**
Other	24,807	109,807	**134,614**	**10**	28,041	119,129	**147,170**	**13**
Derivatives - Other	645	0	**645**	**0**	0	0	**0**	**0**
Cash and Cash Equivalents - All	31,798	0	**31,798**	**2**	13,245	0	**13,245**	**1**
Totals	**982,112**	**290,924**	**1,273,036**	**100**	**855,683**	**317,973**	**1,173,656**	**100**

Basis for Estimating Assets and Liabilities

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

Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates are based on the latest full valuation of the scheme as at 31 March 2020 adjusted for any known changes.

The significant assumptions used by the actuary have been:

Mortality Assumptions

2018/19		2019/20
	Longevity at 65 for current pensioners:*	
21.5 years	Male	20.5 years
24.1 years	Female	23.1 years
	Longevity at 65 for future pensioners:*	
23.7 years	Male	22.0 years
26.2 years	Female	25.0 years
2.6%	Rate of increase in salaries (Salary Increases)	2.7%
2.5%	Rate of increase in pensions (Pension Increases)	1.9%
2.4%	Rate of discounting scheme liabilities (Discount Rate)	2.3%
55.0%	Take up of option to convert annual pension into retirement grant	55.0%

*Life Expectancy is based on the Fund's VitaCurves.

Vitacurves is a method of measuring mortality specifically tailored to fit the membership profile of the fund.

An allowance is included for future retirements to elect to take 55% of the maximum additional tax-free cash up to the HRMC limits for pre-April 2008 service and 60% of the maximum tax-free cash for post-April 2008 service.

Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below is consistent with that adopted in the previous year.

Change in Assumption at 31 March 2020	Approximate % increase to Employer Liability £'000	Approximate monetary amount £'000
0.5% decrease in Real Discount Rate	10%	157,798
0.5% increase in the Salary Increase Rate	1%	17,330
0.5% increase in the Pension Increase Rate	9%	138,942

Impact on the Council's cash flow – Local Government Pension Scheme

The objectives of the scheme are to keep employers contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 93% over the next 3 years. Funding levels are monitored on an annual basis. The next triennial valuation will take effect from 1 April 2020.

The scheme has taken account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The Council estimates paying £26.656m contributions to the scheme for the period to 31 March 2021

Pensions – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

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

During 2019/20 the Council's actuaries advised that the net pension liability had decreased by £108.8m to £449.4m. This comprises of:

- £154.153m actuarial gain on pensions assets and liabilities
- £45.360m loss arising from employer contributions of £32.826m being less than the pension obligations of £78.186m

The effects of changes in individual assumptions can be measured. For instance, a change in the discount factor of + or – 0.5% would change the pension liability by £157.8m. A change in the excess of earnings of + or – 0.5% would potentially change the liability by £17.3m. An increase in excess of pensions of 0.5% would change the liability by £138.9m.

However, the assumptions interact in complex ways and changes to other estimates and actuarial assumptions may produce a different impact upon the total liability.

41. Contingent Assets

Equity Loan Scheme

The Council operates an Equity Loan scheme to assist people to purchase a property. Eligible applicants secure a conventional mortgage with a high street lender for 70% of the full market value. The Council then secures a second charge or “equity loan” for the remaining percentage (30%) against the property.

Repayment of the equity loan will occur when the property is re-sold in the future or if the occupier decided to acquire the additional 30% equity. The repayment sum will be linked to the property value and will depend on the value at the time of repayment. The repayment sums will be classed and treated as Section 106 contributions. As at 31 March 2020, 244 equity loans were outstanding totalling £10.9m and possible repayment dates range from 2038 to 2045.

42. Contingent Liabilities

NDR

The Council has made a provision for appeals based upon its best estimate on information from the VOA. There are significant uncertainties as to what the ultimate effect of these backdated appeals will be and there is also a risk that further appeals, both national and local, could be lodged with the Valuation Office Agency under the Check, Challenge, Appeal system which may negatively impact on the Council’s financial position.

43. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Director of Resources and Contracts (Deputy Chief Executive) on 25 August 2020. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Paragraph 3.8.4.3 of the Code requires the Council to disclose the nature and estimated financial impact (where available) of non-adjusting events if these events could influence the decisions of users made on the basis of the financial statements. The following transactions will be included within the 2020/21 financial statements:

Manchester Airport

The Council has a 3.22% minority stake in Manchester Airport Holdings Limited (MAHL). As a result of Covid-19, due to the world-wide lock down there has been much reduced passenger traffic through the group’s airports since late March and uncertainty in the aviation industry will continue for the foreseeable future. In order to ensure MAHL’s financial sustainability, the Council along with MAHL’s other shareholders has agreed to provide financial support.

In March 2020, the Council made an equity investment of in Manchester Airport Holding Ltd (MAHL), (along with the other nine Greater Manchester District Councils) for the Airport’s new Drop and Go Car Park Project. The Council’s investment of £1.8m in March 2020 is to assist in funding the capital build of a car park in return for the issue of class C ordinary shares in MAHL. It should be noted that as a result of the C share equity investment there will be no change to the existing share capital or shareholdings of MAHL other than the creation of the new C shares. Further investments were made in April 2020 totalling £3.8m. The investment will be revalued during 2020/21 and reflected at fair value in the financial statements for 2020/21.

In July 2020, the Council (along with the other nine GM authorities) provided a shareholder loan to Manchester Airport to the value of £9.6m in order to provide financial stability. This additional loan protects the Council's investment in the Airport, which is an important strategic asset for Greater Manchester and the wider region.

44. Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. These regulations require the Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) and the Service Reporting Code of Practice 2019/20, supported by International Financial Reporting Standards (IFRS).

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

Going Concern

The accounts have been prepared on the assumption that the Council will continue in existence for the foreseeable future.

Accruals of Income and Expenditure

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

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

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Cash and Cash Equivalents

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

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

Charges to Revenue for Non-Current Assets

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

- depreciation attributable to the assets used by the relevant service.

- revaluation and impairment losses used by the service where there are no accumulated gains in the Revaluation Reserve against which they can be written off.

- amortisation of intangible fixed assets attributable to the service.

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

- an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance or,

- equal to at least 2.5% of the underlying amount measured by the adjusted Capital Financing Requirement, excluding amounts attributable to Housing Revenue Account (HRA) activity.

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

Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance.

Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the appropriate service.

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

Pensions

The Council contributes to three different pension schemes;

- Teachers' Pension scheme (unfunded) administered by Capita Teachers' Pensions on behalf of the Department for Education
- Local Government scheme (funded) administered by Tameside MBC
- NHS Pension scheme (unfunded)

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council. However, the arrangements for the Teachers' and NHS schemes mean that liabilities for these benefits cannot be identified. These schemes are therefore accounted for as if it were defined contribution schemes. No liability for future payments of benefits is recognised in the Balance Sheet and the relevant service lines are charged with the employer's contributions payable to the schemes.

The Local Government Pension Scheme

The Local Government scheme is accounted for as a defined benefits scheme.

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

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

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

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

1. **Current service cost** – the increase in liabilities as a result of years of service earned this year. This is allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked

2. **Past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. This is debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement to the relevant service heading.

3. **Net interest on the net defined benefit liability (asset)** – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined obligation at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

4. **Expected return on plan assets** – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return. This is credited to Financing and Investment Line in the Comprehensive Income and Expenditure Statement

5. **Actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

6. **Contributions paid to the pension fund** – cash paid as employer's contributions to the fund

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

Discretionary Benefits

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

Events After the Balance Sheet Date

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

- events which provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.

- events which are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial Assets

Financial assets (e.g. investments and debtors) are classified into three types:

- Amortised cost
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value through Profit and Loss (FVPL)

The categorisation of financial assets into these types are dependent on the reason for holding the assets (to collect cash flows, to sell assets or achieve objectives by other means).

Amortised Cost

These assets relate to financial instruments where the amounts received are solely principal and interest and the assets are held to generate cashflows. The interest received on these assets are spread evenly over the life of these instruments. Any gain or loss in the value of these assets is recognised in the net surplus/deficit on the net provision of services at the point of derecognition (disposal) or reclassification.

Fair Value through Other Comprehensive Income (FVOCI)

These assets relate to the financial instruments where the amounts received are solely principal and interest, but they are held to collect cash and sell the assets. The interest received on these assets are spread evenly over the life of these instruments.

Changes in the fair value of these assets are charged to the Other Comprehensive Income and Expenditure. Cumulative gains and losses are charged to the surplus/deficit on provision of services when they are disposed of. Where these assets are treated as capital expenditure the gain or loss is reversed to an unusable reserve – the Financial Instruments Revaluation Reserve.

Fair Value through Profit and Loss (FVPL)

These assets relate to the financial instruments where the amounts received are not solely principal and interest. Dividends received are accounted for at the point they are declared.

Changes in fair value are charged to the surplus/deficit on the net provision of services as they occur. Where these assets were treated as capital expenditure the gain or loss is reversed through the Movement in Reserves Statement and charged to an unusable reserve – the Capital Adjustment Account.

An equity instrument that has been classified as FVPL can be designated as FVOCI if it is not held for trading (e.g. Strategic Investment). Once a designation has been made it cannot be reversed. Any gains or losses would be held in the Financial Instruments Revaluation Reserve.

The Council has a 3.22% shareholding in Manchester Airport Holdings Ltd and up to 31 March 2018 the shareholding was held as an 'Available for Sale Financial Asset' and measured at fair value each year. Any change in fair value is posted to Other Comprehensive Income and Expenditure and accumulated gains and losses have been held in an Available-for-Sale Financial Instruments Reserve.

Following the adoption of the accounting standard IFRS9 Financial Instruments, the 'Available for Sale Financial Asset' category is no longer available. The new standard requires investments in equity to be classified as fair value through Other Comprehensive Income. The investment in Manchester Airport Holdings Ltd and Wigan Football Company Ltd are equity instruments and as such, the default valuation method is any gains and losses on changes in fair value would be recognised through profit and loss.

The Manchester Airport Holdings Ltd and Wigan Football Company Ltd shareholdings are strategic investments and are not held for trading, therefore the Council has opted to designate them as fair value through Other Comprehensive Income. This means there is no impact on the revenue budget and the gains and losses on the valuation of the shareholdings will therefore be transferred to the Financial Instruments Revaluation Reserve.

Credit Loss

The Council will recognise a loss allowance for expected credit losses, if applicable, on assets where cash flows are solely principal and interest. This does not apply where the Counterparty is central government or other local authority.

At each year end the loss allowance for a financial instrument is calculated as equal to the lifetime of expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If at year end the credit risk has not increased significantly since initial recognition the loss allowance is measured at an amount equal to twelve month expected credit losses. Where the financial asset was treated as capital expenditure any losses will be reversed via the Movement in Reserves Statement to the Capital Adjustment Account.

Where the Council has made a number of loans to individuals at less than market rates of interest (these are known as soft loans) a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet.

Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

Financial Liabilities

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

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

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

Foreign Currency Translation

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

Government Grants and Contributions

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

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

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Inventories and Long Term Contracts

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

Intangible Fixed Assets

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

Intangible assets are measured initially at cost. Amounts are only re-valued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion and they are therefore carried at amortised cost.

The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. The Authority has no finance leases.

The Authority as Lessee

Operating Leases

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

The Authority as Lessor

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

Group Accounts

The Council is required to produce group accounts where it has interests in subsidiaries, associates and/or joint ventures unless interest is considered not material. The group boundary is dependent upon the extent of the Council's control or significant influence over the entity which is based on the requirements of IFRS10, IFRS11 and IAS 28.

Interests in subsidiaries require consolidation by including items of assets, liabilities, reserves, income and expenses line by line to those of other group members. Intragroup balances and transactions are eliminated. Associates and/or Joint ventures are incorporated into group accounts using the equity method, i.e. bring the investment into group balance sheet at cost and then adjust the carrying value by the change in the share of the associate's or joint venture's net assets. In addition, a share of profits and losses is included in the group comprehensive income and expenditure statement.

Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Authority as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor.

As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Authority at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at current value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are re-valued and depreciated in the same way as property, plant and equipment owned by the Authority.

The amounts payable to the PFI operators each year are analysed into the following elements:

- **fair value of the services received during the year** – debited to the relevant service in the Comprehensive Income and Expenditure Statement

- **finance cost** – an interest charge of 12% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- **payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)

- **life cycle costs** – proportion of the amounts payable are treated as revenue expenditure and part of the services element of the unitary payment. Regular replacement of components are treated as part of the finance lease rentals

The cost of the PFI is partly funded from Government Grant. This grant is treated as non-specific and credited to the Taxation and Non Specific Grant Income line on the Comprehensive Income and Expenditure Statement.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. De minimis levels of £6,000 for vehicles, plant and equipment and £10,000 for land and buildings are in place for the acquisition and creation of Property, Plant and Equipment. A de minimis level of £6,000 is also in place for the capitalisation of expenditure for repairs. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

The Council does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council. Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account.

Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- **infrastructure, community assets and assets under construction** – depreciated historical cost

- **vehicles, plant, furniture & equipment** – depreciated historical cost

- **Investment properties and surplus assets** - the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective

- **school buildings** – current value, however because of their specialist nature they are measured at depreciated replacement cost which is used as an estimate of current value

- **dwellings** – current value determined using the basis of existing use value for social housing (EUV-SH)

- **all other assets** – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

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

Impairment

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

- where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals and Non-Current Assets Held for Sale

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

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government.

The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (ie freehold land and certain community assets) and assets that are not yet available for use (ie assets under construction).

Depreciation is calculated by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use according to the following policy:

- newly acquired assets with the exception of vehicles, plant and equipment are depreciated in the year following acquisition
- newly acquired vehicles, plant and equipment are depreciated in the year of acquisition on a pro-rata basis.
- Assets are subject to depreciation in the year of disposal.

Depreciation is calculated on the following bases:

- **council dwellings** – based on straight line allocation over the life of the property.
- **other buildings** – straight line allocation over the life of the property as estimated by the valuer, these can range from 10 to 70 years.
- **vehicles, plant and equipment** – straight line allocation over a period of between 3 and 20 years, or over the asset's estimated remaining life.
- **highways infrastructure** – straight line allocation over 25 years.
- **Public open space infrastructure** – straight line allocation over 20 years
- **bridges** – straight line over 60 years.

Each component part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item and has a different useful life shall be depreciated separately. Components with similar useful lives which when combined also have a significant cost in relation to the total cost of the item may be grouped together in determining the depreciation charge.

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

Fair Value

The Council measures some of its non-financial assets, such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming those market participants were acting in their economic best interest).

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets:

- **Level 1** – quoted prices in active markets for identical assets that the Council can access at the measurement date

- **Level 2** – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

- **Level 3** – unobservable inputs for the asset or liability where market data is not available.

A sensitivity analysis will be carried out on those assets assessed as Level 3 where the value exceeds £250k and where significant changes in unobservable inputs would result in a material change in fair value.

Investment Properties

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the

Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Heritage Assets

Heritage Assets are recognised and measured in accordance with the Authority's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

Acquisitions are initially recognised at cost and donations are recognised at valuation in accordance with the authority's policy on acquisitions and disposals. The assets are deemed to have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

Arts and Artefacts Collection

The total museum collection comprises of an estimated 35,000 objects. This includes well over 4,000 paintings, prints, sketches, musical instruments, decorative arts, pewter and glass items, coins and jewellery. The collection also contains approximately 55 Egyptian artefacts, some of which were revalued by The Manchester Museum and external experts in 2015. The museum collection also contains the Drumcroon art collection which was transferred to the museum in May 2015. This collection is still being documented, although some high value pieces were valued by Christies prior to transfer. When donations to the collection occur they are initially recognised at insurance valuation.

There is a large collection of social and industrial items held in the museum collection, illustrating domestic, civic, religious, leisure and working life in Wigan Borough from the 17th century to present day alongside collections of geology, natural history and archaeology covering a longer historical period. Due to the low value of these individual items they are not recognised on the balance sheet, but some details are available on the museums database. Only the items over £5,000 are included on the Authority's Balance Sheet and reported at insurance value.

The Museum will occasionally dispose of heritage assets in accordance with the Museum Code of Ethics and with approval by the Council if they are not deemed to be relevant to the borough, do not comply with collecting policies or would be better placed in another museum.

Civic Regalia

Items of civic regalia are objects relating to duties of civic office. Examples of civic regalia are the mayoral chains, corporation mace, caskets, badges and other items commemorating civic duty. Civic Regalia are reported in the balance sheet at insurance valuation. These items are available for the public to view; prior arrangements must be made with the Principal Democratic Services Officer. Tel: 01942 827156.

Public / Outside Art

Throughout the borough are numerous items of Outside Public Art/Statues. These items are owned by the Council but have been funded by various external funding sources e.g. Lottery Fund, European Regional Development Fund, Single Regeneration Budget and private developers. These assets are included in the balance sheet at cost.

Other Heritage Assets

The Council has numerous Cenotaphs, War Memorials and Ancient Crosses within the borough which would fall under the Heritage Assets definition. Due to the historic nature of these assets, no cost or insurance valuation is available and obtaining valuations would involve a disproportionate cost in comparison to the benefits to the users of the Authority's financial statements. Consequently, the Authority does not recognise these assets on the balance sheet.

All items of Heritage Assets are available for the public to view, but prior arrangements must be made. For further information of the museum collection contact the Community History Manager at the Museum of Wigan Life, Library Street, Wigan WN1 1NU. Tel: 01942 828128. Email: wiganmuseum@wigan.gov.uk

Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not the Group Accounts). Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

Schools Non-Current Assets

The Council recognises schools non-current assets (school buildings and playing fields) on its Balance Sheet where it has direct ownership of the assets, there is formal agreement or evidence that the rights of ownership have been transferred or that these are no longer substantive. Where the non-current assets used by the school are owned by an entity other than the Council, school or school Governing Body then it is not included on the Council's Balance Sheet. The exception is where the entity has transferred the rights of use of the asset to the Council, school or school Governing Body.

Community schools are owned by the Council and are, therefore recognised on the Balance Sheet.

The legal title of ownership of Voluntary aided and Voluntary Controlled schools lies with the respective Diocese with no rights if ownership transfer to the school or governing bodies, therefore these schools are not recognised on the Balance Sheet.

Where the ownership of a Foundation school lies with a charitable trust, the school is not recognised on the Council's Balance Sheet. Where the ownership lies with the school or the schools Governing Body, the school is recognised on the Council's Balance Sheet.

When a maintained school converts to an Academy, the schools non-current assets held on the Council's balance sheet are treated as a disposal. The carrying value of the asset is written off to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

Reserves

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

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

Accounting for Council Tax

While the Council Tax income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the Council's General Fund or paid out from the Collection Fund to the major preceptors.

The Council Tax income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year. Revenue related to council tax shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

The cash collected by the Council from Council Tax payers belongs proportionately to all the major preceptors. The difference between the amounts collected on behalf of the other major preceptors and the payments made to them is reflected as a debtor or creditor balance as appropriate.

National Non-Domestic Rates (NNDR)

The NNDR income for the year credited to the Collection Fund is the accrued income for the year. Regulations determine when it should be released from the Collection Fund and paid out to major preceptors and the Government. The amount credited to the General Fund under statute is the Council's estimated share of NNDR for the year from the National Non Domestic Rates (NNDR) 1 return.

The NNDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year from the NNDR 3 return. Revenue relating to non-domestic rates shall be measured at the full amount receivable (net of any impairment losses), as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates

VAT

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

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT FOR YEAR ENDED 31 March 2020

2018/19 £'000		Notes	2019/20 £'000
	Expenditure		
25,152	Repairs & Maintenance	**1**	26,896
23,450	Supervision & Management	**2**	23,178
1,354	Rents, Rates, Taxes and Other Charges	**3**	1,111
40,554	Depreciation and Impairment of Non-Current Assets	**4/5**	36,238
-11,342	Gain (-) or loss on Revaluation of Stock	**4**	-61,158
57	Debt Management Costs	**6**	46
860	Movement in the Allowance for Bad Debts	**7**	1,486
80,085	**Total Expenditure**		**27,798**
	Income		
-83,705	Dwelling Rents	**8/9**	-84,359
-378	Non-dwelling Rents	**10**	-424
-1,582	Charges for Services & Facilities	**11**	-1,595
-2,091	Contributions towards Expenditure	**12**	-1,766
-87,756	**Total Income**		**-88,144**
-7,671	**Net Cost of HRA Services as included in the whole authority Comprehensive Income & Expenditure Statement**		**-60,347**
120	HRA services share of Corporate and Democratic Core		120
-7,551	**Net Cost of HRA Services**		**-60,226**
	HRA share of the operating income and expenditure included in the whole authority Comprehensive Income & Expenditure Statement:		
-2,523	Gain (-) or loss on sale of HRA non-current assets		-2,017
14,110	Interest payable and similar charges	**13**	14,390
-216	HRA Interest and investment income	**14**	-253
0	Gain (-) or loss on the Revaluation of HRA Investment Property		0
-4,418	Capital grants and contributions receivable		-4,990
-598	**Surplus (-) or deficit for the year on HRA services**		**-53,096**

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2018/19 £'000		Notes	2019/20 £'000
-25,013	**Housing Revenue Account surplus brought forward**		**-26,566**
-598	Surplus (-) or deficit for the year on the HRA Income and Expenditure Statement		-53,096
-955	Adjustments between accounting basis and funding basis under the legislative framework	**15**	55,114
-26,566	**Balance on the HRA at the end of the current year**	**18**	**-24,549**

NOTES TO THE HOUSING REVENUE ACCOUNT

Under Section 74 of the Local Government and Housing Act 1989, the Council is required to keep a separate account in respect of the provision of council dwellings.

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

From 1 April 2017, this management of the HRA has reverted back to the Council.

1. Repairs & Maintenance

This is the cost of undertaking programmed and day to day responsive repairs to the properties within the HRA.

2. Supervision & Management

This is the cost of managing and delivering services to all of the properties within the Housing Revenue Account.

3. Rents, Rates and Other Charges

This includes all such items the Council is liable to pay in respect of property within the HRA, including the cost of Council Tax on empty properties and various minor charges.

4. Depreciation and Impairment Charges

The depreciation and impairment charges for 2019/20 are as follows:

	£'000
Depreciation on Property, Plant and Equipment – Dwellings	23,139
Depreciation on Property, Plant and Equipment – Other Land and Buildings	47
Depreciation on Property, Plant and Equipment – Surplus Assets	0
Depreciation on Property, Plant and Equipment – Vehicles, Plant, Furniture and Equipment	0
Total Depreciation	**23,186**
Impairment	13,052
Revaluation loss	-61,158
Total Depreciation and Impairment	**-24,920**

The net book value of dwellings was £573.752m in 2018/19 and increased by £52.505m during 2019/20 to £626.257m

5. Capital Asset Charges Accounting Adjustment

The costs of impairment are included as charges to the HRA Income and Expenditure Account. The effect of the capital asset charges accounting adjustment is that the impairment cost is reversed out of the HRA in the Movement on HRA Statement as this is not a cost that is to be borne by the HRA tenants. For 2019/20 the impairment charge is £13.052m.

6. Debt Management Expenses

This is the total cost of managing the HRA debt portfolio. The cost for 2019/20 was £0.046m.

7. Movement in the Allowance for Bad Debts

Contributions towards the HRA Allowance for Bad Debt amounted to £1.486m compared with £0.860m in 2018/19.

Cumulative provisions for uncollectable debts are as follows:

	£'000	%
31 March 2019	7,433	90.00
31 March 2020	8,749	90.00

Rent Arrears are analysed below:

2018/19 £'000		2019/20 £'000
3,680	Current Tenants Arrears	4,330
4,211	Former Tenants Arrears	4,938
461	Overpaid Housing Benefit	453
8,352	**Total Arrears**	**9,721**

8. Dwelling Rents

This is the total income due for the year after allowing for rent lost on void properties. In 2019/20 the void property rent loss was 2.01% compared with 1.84% in 2018/19

9. Stock Numbers and Valuations

The opening stock at 1 April 2019 was 21,736 properties, with a closing stock at 31 March 2020 of 21,676. The movements in stock relate were are follows :

	2018/19	2019/20
Opening Stock	**21,915**	21,736
Disposals		
Right to Buys	-178	-189
Conversions	-1	0
Pending Demolition	-61	-22
Total Disposals	**-240**	**-211**
New Additions		
New Build / Acquisitions	61	151
Total Additions	**61**	**151**
Closing Stock	**21,736**	**21,676**

The balance sheet value for HRA assets is as follows

	1.4.19 £'000	31.3.20 £'000
Property, Plant and Equipment – Dwellings	573,752	626,257
Property, Plant and Equipment – Other Land and Buildings	6,698	6,520
Property, Plant and Equipment – Assets Under Construction	7,457	12,593
Depreciation on Property, Plant and Equipment – Plant and Equipment	0	0
Property, Plant and Equipment – Surplus	1,386	1,739
Intangible Assets	0	0
Assets Held for Sale	0	0
Investment Property	277	277
Total HRA Assets	**589,570**	**647,386**

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

The market value of HRA properties for 2019/20 was £1.612bn. The vacant possession value and balance sheet value of the dwellings within the HRA show the economic cost to Government of providing council housing at less than market rents.

10. Non Dwelling Rents

This is rental income from garages and shops.

11. Charges for Services and Facilities

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

12. Contributions towards Expenditure

Various contributions including:
- Tenants rechargeable repairs
- Settlement of insurance claims

13. Interest Payable and Similar Charges

This is interest payable on the HRA debt outstanding.

Interest charges have increased from £14.110m in 2018/19 to £14.390m in 2019/20. As at 31 March 2020 the amount of HRA debt outstanding was £315m.

14. HRA Interest and Investment Income

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

15. Adjustment between Accounting Basis and Funding Basis under statute

This comprises of the reversal of the charge for impairment, revaluation of assets and the capital grants credited to the HRA Statement.

16. Funding the 2019/20 HRA Capital Expenditure

	£'000
Capital Expenditure 2019/20	**38,508**
Funded by:	
Contributions from the Major Repairs Reserve	13,000
Borrowing	15,500
Revenue Contributions to Capital Expenditure	0
Usable Capital Receipts	4,990
Other Grants and Contributions	5,018
Total Funding 2019/20	**38,508**

The total Capital Grants received in 2019/20 was £1.478m which has been used in full for works completed in 2019/20. £4.990m of retained Right to Buy receipts were used towards building affordable homes, leaving a balance of £8.707m in retained receipts for future building projects.

Summary of Capital Receipts 2019/20

	£'000
Disposal of Dwellings (Right to Buy)	-8,453
Disposal of HRA Land & Other Receipts	-18
Total Capital Receipts 2019/20	**-8,471**

17. Transfer to / from Major Repairs Reserve

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

Major Repairs Reserve Movements 2019/20

	£'000
Opening Balance at 1 April 2019	**-2,289**
Transfers into the MRR 2019/20	-23,186
Expenditure charged to the MRR in 2019/20	13,000
Revenue Provision on legacy debt from the MRR in 2019/20 to the HRA	6,966
Closing Balance at 31 March 2020	**-5,509**

This is a statutory reserve maintained to show how the HRA Major Repairs Allowance funding has been used. The reserve commenced the financial year with a balance of -£2.289m.
In 2019/20 funding of -£23.186m was received, which was used during the financial year to pay for major refurbishment works to Council dwellings & debt repayments. The reserve has a -£5.509m balance to carry forward to 2020/21.

18. Surplus at 31 March 2020

This is the accumulated HRA surplus as at 31 March 2019. The balance of -£24.472m is carried forward into 2020/21 for use in future years.

THE COLLECTION FUND STATEMENT FOR YEAR ENDED 31 MARCH 2020

The Collection Fund reflects the statutory requirement for billing authorities to establish and maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and Non-Domestic Rates (NDR). There is no requirement for a separate Collection Fund balance sheet, however the relevant transactions are incorporated into the Council's balance sheet.

The transactions of the Collection Fund are wholly prescribed by legislation. Billing authorities have no discretion to determine which receipts and payments are accounted for within the fund and which outside.

Business Rates 2018/19 £'000	Council Tax 2018/19 £'000	Total 2018/19 £'000		Business Rates 2019/20 £'000	Council Tax 2019/20 £'000	Total 2019/20 £'000
			Income			
0	138,357	138,357	Council Tax Receivable	-	144,359	144,359
84,155	0	84,155	Income from Business Ratepayers	84,382	-	84,382
2,472	0	2,472	Contribution towards previous years Collection Fund deficit	-	-	-
86,627	**138,357**	**224,984**		**84,382**	**144,359**	**228,741**
			Precepts, Demands and Shares			
74,873	115,205	190,078	Wigan Council	78,541	116,707	195,248
0	15,556	15,556	Greater Manchester Mayoral – Police and Crime Commissioner	-	17,929	17,929
756	6,064	6,821	Greater Manchester Mayoral – Fire Service	793	5,420	6,214
0	714	714	Greater Manchester Mayoral – Mayor	-	1,537	1,537
1,941	0	1,941	Transitional Protection Payments	1,485	-	1,485
0	2,313	2,313	Contribution towards previous years Collection Fund surplus	11,306	737	12,042
77,570	**139,139**	**216,709**		**92,125**	**142,330**	**234,455**
			Charges to Collection Fund			
426	1,198	1,624	Increase / Decrease in Bad Debt Provision	1,497	1,738	3,235
3,037	0	3,037	Increase / Decrease in Provision for Appeals	1,040	-	1,040
-2,960	0	-2,960	RV List Amendments charged to Provision	-1,130	-	-1,130
380	0	380	Cost of Collection	376	-	376
883	**1,198**	**2,081**		**1,782**	**1,738**	**3,521**
8,174	-1,980	6,194	**Surplus / Deficit (-) arising in the year**	-9,526	291	-9,235
3,027	1,176	4,203	**Surplus / Deficit (-) b/fwd 1 April**	11,201	-803	10,398
11,201	**-803**	**10,398**	**Surplus / Deficit (-) c/fwd 31 March**	**1,675**	**-513**	**1,162**
			Allocated to:			
11,089	-649	10,440	**Wigan Council**	1,658	-421	1,237
0	0	0	**Central Government**	-	-	-
0	-111	-111	**Greater Manchester Mayoral – Police and Crime Commissioner**	-	-65	-65
112	-30	82	**Greater Manchester Mayoral – Fire Service**	17	-20	-3
0	-13	-13	**Greater Manchester Combined Authority**	-	-6	-6
11,201	**-803**	**10,398**		**1,675**	**-513**	**1,162**

NOTES TO THE COLLECTION FUND

1. Council Tax

Collection Fund deficits or surpluses declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting authorities in the subsequent financial year. The precepting bodies are the Police and Crime Commissioner for Greater Manchester, Greater Manchester Fire and Rescue Authority and Greater Manchester Combined Authority (Mayor).

For 2019/20, the proportions were as follows:

	%
Wigan Council	82.42%
Police Crime and Commissioner for Greater Manchester	12.66%
Greater Manchester Fire and Rescue Authority	3.83%
Greater Manchester Combined Authority	1.09%

Council Tax charges are calculated by estimating the amount of income required from the Collection Fund by the Council and precepting authorities for the forthcoming year and dividing this by the Council Tax base (i.e. the number of Band D equivalent dwellings).

The Council Tax base for 2019/20 was 90,413 (89,249 in 2018/19) calculated as follows:

Tax Base

Council Tax Bands (No. of Properties)			
Band	**Number of chargeable dwellings**	**Multiplier**	**Band D equivalent dwellings**
A	44,166	6/9	29,444
B	26,768	7/9	20,820
C	21,070	8/9	18,729
D	11,417	9/9	11,417
E	6,022	11/9	7,360
F	1,818	13/9	2,626
G	578	15/9	963
H	48	18/9	96
Tax Base before adjustment to Collection Rate			**91,455**
Adjustment for Estimated Collection Rate 99%			-1,042
Total Band D Equivalent			**90,413**

The average Council Tax for Band D dwellings for the Council and major precepting authorities was £1,574.55.

2. Non-Domestic Rates

The Council collects NDR for its area based on local rateable values provided by the Valuation Office. The Rateable Value is multiplied by a multiplier rate set by Central Government. From 2017/18, the Council will retain 99% of Business Rates collected locally (previously 49%) as part of the 100% Business Rate Retention Pilot. The increased rates are in lieu of Revenue Support Grant and Public Health Grant.

The total non-domestic rateable value at the year-end was £214.926m.

The national multipliers are as follows:

	2018/19	2019/20
Standard Business rate*	49.3p	50.4p
Small Businesses rate*	48.0p	49.1p

Wigan Council is part of the Greater Manchester 100% business rates pilot. Authorities receive 99% of their business rates income in lieu of Revenue Support Grant and Public Health Grant. The Business Rates shares payable for 2019/20 were estimated before the start of the financial year as £78.541m to Wigan Council (99%), £0.793m to Greater Manchester Fire (1%) and £0 to Central Government.

Any year end surplus or deficits will be shared between the three bodies in the proportions mentioned above and taken into account in their budget processes in the following year.

3. Contributions to Collection Fund Surpluses and Deficits

The Council under statute has to prepare an estimate each January of the surplus or deficit expected to arise at the end of the financial year. In January 2019, it was estimated that the following amounts were due to/from the preceptors in 2019/20.

	Estimated Surplus Council Tax £'000	Estimated Deficit NDR £'000
Central Government	0	0
Wigan Council	620	11,193
Greater Manchester Mayoral – Fire Service	33	113
Greater Manchester Mayoral – Police and Crime Commissioner	84	0
Total	**737**	**11,306**

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required:

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

In accordance with the decision of the Audit, Governance and Standards Committee held on 14th January 2021 where delegated authority was given, I hereby approve the accounts for Wigan Council for the year ended 31 March 2020.

C Rigby

Councillor Charles Rigby
Chair of Meeting
09 March 2021

The Director of Resources and Contracts (Deputy Chief Executive) Responsibilities

The Director of Resources and Contracts (Deputy Chief Executive) is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

In preparing this Statement of Accounts, the Director of Resources and Contracts (Deputy Chief Executive) has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Code of Practice
- kept proper up to date accounting records
- taken reasonable steps for the prevention and detection of fraud and other irregularities
- certified and dated the Statement of Accounts, to the effect that it presents fairly the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2020.

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

Paul McKevitt

P McKevitt BA (Hons) CGMA, Director Resources and Contracts (Deputy Chief Executive)
09 March 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WIGAN COUNCIL

Report on the financial statements

Opinion

We have audited the financial statements of Wigan Metropolitan Borough Council ('the Council') for the year ended 31 March 2020, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund, the Housing Revenue Account and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of Wigan Metropolitan Borough Council as at 31st March 2020 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Effect of the Covid-19 pandemic on the valuation of property, plant and equipment and pension fund property investments

We draw attention to note 3 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Council's land and buildings and the valuation of the Council's share of Greater Manchester Pension Fund's property investments. As disclosed in note 3 of the financial statements, the Council's and Pension Fund's valuers included a 'material valuation uncertainty' declaration within their report as a result of the Covid-19 pandemic. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Resources and Contracts (Deputy Chief Executive)'s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director of Resources and Contracts (Deputy Chief Executive) has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Director of Resources and Contracts (Deputy Chief Executive) is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Director of Resources and Contracts (Deputy Chief Executive) for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts the Director of Resources and Contracts (Deputy Chief Executive) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view. The Director of Resources and Contracts (Deputy Chief Executive) is also responsible for such internal control as the Director of Resources and Contracts (Deputy Chief Executive) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Resources and Contracts (Deputy Chief Executive) is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution without transfer of services or function to another entity. The Director of Resources and Contracts (Deputy Chief Executive) is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Conclusion on Wigan Metropolitan Borough Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that, in all significant respects, Wigan Metropolitan Borough Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Basis for conclusion

We have undertaken our review in accordance with the Code of Audit Practice issued by the Comptroller and Auditor General, having regard to the guidance on the specified criterion issued in November 2017, as to whether the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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

Responsibilities of the Council

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

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice requires us to report to you our conclusion relating to proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Use of the audit report

This report is made solely to the members of Wigan Metropolitan Borough Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack. We are satisfied that these matters do not have a material effect on the financial statements or on our conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Karen Murray

Karen Murray
For and on behalf of Mazars LLP
One St Peter's Square Manchester M2 3DE
10 March 2021

GLOSSARY

A

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

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

ACTUARY
An actuary is a business professional who deals with the financial impact of risk and uncertainty.

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

AMORTISATION
The measure of the consumption or other reduction in the useful economic life of an intangible asset, whether arising from use, passage of time or obsolescence through technological or other changes.

B

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

C

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

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

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

CAPITAL FINANCING REQUIREMENT
This measures the underlying need to borrow to finance capital expenditure.

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

COLLECTION FUND
The Collection Fund is a separate statutory fund which details the transactions in relation to Non-domestic Rates and the Council Tax and the distribution to preceptors and the General Fund. The Collection Fund is consolidated with the other accounts of the Authority.

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

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

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

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

D

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

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

DEFINED BENEFIT PENSION SCHEME
A defined benefit pension scheme is one where retirement benefits are determined independently of the investments of the scheme and employers have obligations to make contributions where assets are insufficient to meet employee benefits. The Local Government scheme is classified as a defined benefit scheme.

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

DONATED ASSETS
Assets transferred at nil value or acquired at less than fair value

F

FAIR VALUE
Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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).

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

H

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

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

I

IMPAIRMENT
A reduction in the value of a non-current asset below its carrying amount on the balance sheet.

INTANGIBLE ASSETS
These are assets that have no physical substance, for example computer software licences.

INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS)
Defined Accounting Standards that must be applied by all reporting entities to financial statements in order to provide a true and fair view of their financial position and enables a standardised method of comparison with the financial statements of other entities.

L

LOCAL AUTHORITY (SCOTLAND) ACCOUNTS ADVISORY COMMITTEE (LASAAC)
Is an independent committee that develops and promotes proper accounting practice for Local Government

M

MEDIUM TERM FINANCIAL PLAN (MTFP)

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

MINIMUM REVENUE PROVISION (MRP)

This is the minimum amount which must be set aside from revenue as provision for debt repayment. For this Authority it is currently 2.5% of the internal and external debt outstanding at the start of the year.

N

NON DOMESTIC RATES (NDR)

These are often referred to as Business Rates and are a levy on business properties based on a national rate in the pound applied to the ‘rateable value’ of the property. The Government determines the national rate poundage and Local Authorities collect the sums due, with distribution made in accordance with rules governing the Business Rates retention scheme.

NET-BOOK VALUE

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

NET REALISABLE VALUE

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

NON DISTRIBUTED COSTS

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

P

POOLED BUDGETS

Where services provided are closely linked, for example health and social care, partnership agreements are set up whereby the service provision is funded jointly by two or more partner organisations.

PRECEPTS

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

PRIVATE FINANCE INITIATIVE (PFI)

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

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

PRUDENTIAL BORROWING
The set of rules governing local authority borrowing in the UK. Under prudential borrowing, the amount of debt and other liabilities most local authorities can incur is no longer capped by an upper limit. Instead borrowing must conform to the Prudential Code which (among other things) requires that borrowing be affordable and prudential.

R

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

REVALUATION RESERVE
This records unrealised gains made by the Council arising from increases in the value of Property, Plant and Equipment.

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

REFCUS
Revenue expenditure funded by capital under statute.

S

SECTION 106
A legally binding agreement or planning obligation with a landowner in association with the granting of planning permission.

U

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

V

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

TERMS OF REFERENCE

REGULATORY BODIES, OTHER BODIES AND REGULATORY FRAMEWORK

C

Chartered Institute of Public Finance and Accountancy (CIPFA)

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.
https://www.cipfa.org/

Code of Practice on Local Government Accounting in the United Kingdom 2018/19

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

Ministry of Homes, Communities and Local Government (MHCLG)

MHCLG issues government lead initiatives on issues such as fire prevention, emergency planning and training. CLG is also a major funding source.
https://www.gov.uk/government/organisations/department-for-communities-and-local-government

D

Department for Education (DFE)

UK government department with responsibility for infant, primary and secondary education.
http://www.education.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.
https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs

Department for Work and Pensions (DWP)

UK government department with responsibility for welfare and pension policy.
https://www.gov.uk/government/organisations/department-for-work-pensions

G

Greater Manchester Combined Authority (GMCA)

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

H

Her Majesty's Revenue and Customs (HMRC)

HMRC is the body with the legal responsibility for collecting the bulk of tax revenue.
http://www.hmrc.gov.uk/

Homes England (HE)

The HE is the national housing and regeneration delivery agency for England and also has regulatory responsibility for social housing providers.
https://www.gov.uk/government/organisations/homes-and-communities-agency

Home Office (HO)

The Home Office is the lead government department responsible for immigration and passports, drugs policy, crime, counter-terrorism and police.
https://www.gov.uk/government/organisations/home-office

I

International Accounting Standards Board (IASB)

The independent standard setting body that are responsible for the development and publication of International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

O

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

Inspects and regulates educational services in the UK and promotes educational, economic and social well-being of children, young people and adult learners.
http://www.ofsted.gov.uk/

P

Public Works Loan Board (PWLB)

This is a government agency which provides long-term loans to public bodies at more economical rates than what would be obtained commercially.
https://www.dmo.gov.uk/responsibilities/local-authority-lending-pwlb/about-pwlb/

R

Royal Institute of Chartered Surveyors (RICS)

Accrediting body for the surveying profession. Surveyors who value our properties must be RICS accredited.
http://www.rics.org/uk/

S

Service Reporting Code of Practice (SERCOP)

Published by CIPFA for 2019/20, the SERCOP 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.

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/

T

Teachers Pension Agency (TPA)

The agency administers the Teachers pension scheme in England and Wales on behalf of the Department for Education.
https://www.teacherspensions.co.uk/

V

Valuation Office Agency (VOA)

The VOA is an executive agency of HM Revenue & Customs (HMRC) who provide the Government with the valuations and property advice required to support taxation and benefits. They also deliver a range of statutory and non-statutory valuation and surveying services to public sector bodies.
http://www.voa.gov.uk/

FUNDING

D

Dedicated Schools Grant (DSG)

The Council's expenditure on schools is funded primarily by grant monies provided by the DfE. DSG is ring-fenced and can only be applied to meet expenditure included in the schools budget, as defined in the School Finance (England) Regulations 2012.

N

Non Domestic Rate (NDR)

The operation of NDR follows a similar process to Council Tax where an assessment of the receipts which can be raised will be forecast by the Council and this will be shared between the Council, The Greater Manchester Combined Authority and Greater Manchester Mayor for Police and Fire Services. Any year end surplus or deficits will be shared between the three bodies and taken into account in their budget processes in the following year.

S

SCHEMES

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 organisations 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.

NHS Pension Scheme

The Scheme provides these staff with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

OTHER TERMS OF REFERENCE

C

CCG (Clinical Commissioning Group)

Clinical Commissioning Groups are authorised to provide healthcare services for their communities following the transition from the PCTs (Primary Care Trusts) on 1 April 2013. The Wigan Borough Clinical Commissioning Group is the statutory body responsible for commissioning local health services in Ashton, Leigh and Wigan.

L

LMS (Local Management of Schools)

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

S

SEN (Special Educational Needs)

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