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## **FOREWORD by Cllr Peter Smith, Leader of Wigan Council**

As part of my role I need to ensure that the Council makes the most effective use of its resources in order to deliver a value for money service for the people of Wigan Borough. The Accounts prove that strong financial management is in place, which provides the taxpayer and the Government with the assurance that the Authority takes its responsibility for the accountability of public funds very seriously.

In 2014/15 the Council was faced with another year of financial challenges as it has had to deliver budget savings of £14m as a result of the cut in funding received from the Government. It is pleasing to note that the savings required have been delivered. In response to these funding cuts and future proposed cuts the Council has so far adopted a pro-active approach and is transforming how it operates to meet the challenges ahead. Integral to this approach is the early recognition and delivery of savings targets. This has provided us with the opportunity to further invest in a range of areas which will assist in the longer term transformation plans.

Council took the opportunity at its March meeting to approve additional funding on Investment in the Community. These schemes include, Improving Access to the Internet, Borough Spring Clean, Armed Forces in the Community, the Deal in Neighbourhoods and a further investment in the Community Investment Fund.

I must also ensure that the Authority maintains a sufficient level of balances that will provide long term stability to assist with budget planning and the capital programme. It is also important that balances are available to smooth out wherever necessary any year on year increases which may be required from the Council Tax payers.

As the Government has confirmed that it is continuing with its strategy to balance address the budget deficit we must continue to plan for the longer term as austerity is set to continue for the foreseeable future. It is therefore more important than ever that balances are available or the Council would be extremely restricted in its ability to respond.



**Councillor Peter Smith, Leader of Wigan Council M.Sc.  
Lord Smith of Leigh  
6 August 2015**

# EXPLANATORY FOREWORD by the Director Resources and Contracts (Deputy Chief Executive)

## Introduction

I am pleased to introduce to you the Statement of Accounts for the Council for 2014/15. The purpose of this foreword is to present the financial results of the Council's activities for the year and to provide details of the changes and challenges that the Council faces.

The financial statements provided within the accounts show that the Council has sound financial management processes and takes the stewardship of public funds extremely seriously. The statements show that the financial standing of the Council is robust and is in a strong position to meet future challenges.

We are required by law to complete our accounts in accordance with the requirements of the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards (IFRS) for 2014/15, Accounting Codes of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and any other government legislation or regulations. The guidance ensures that the accounts of different authorities can be compared with each other. It tells us how the figures need to be prepared and the definition of services to be included under the main headings. 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 accounts that follow this foreword 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. A glossary is provided at the back of the publication to explain some of the technical terms.

## Wigan Borough

Wigan Council is the second largest Council within Greater Manchester with a population of c318,000. The Council is made up of 25 Councillor Wards each having 3 elected Councillors giving a total of 75 Councillors. Following the local election on 7 May 2015 the political structure of the Council is as follows:

	Number of Councillors
Labour	64
Independent	6
Conservative	3
Independent Non Group	2
	<b>75</b>

In 2014 the Council launched The Deal. The Deal is a new approach to the way we operate. We want to work together with our residents to continue to protect frontline services and keep Council Tax down. To do this we are encouraging residents to recycle more, volunteer in their local communities, use our front line services and be healthy and active. In return we will:

- Help communities to support each other
- Cut red tape and provide value for money
- Build services around you and your family
- Create opportunities for young people
- Support the local economy to grow
- Listen be open honest and friendly
- Believe in our borough

### Review of the Financial Year 2014/15

A surplus of £0.495m has been achieved in 2014/15 when compared to the budget. What this means is that the planned budget cuts for the year of £14m have been delivered. The Council’s pro-active approach to the austerity measures introduced by the Government has released some one-off benefits which have been invested in schemes aligned with key Council priorities. The table below shows the final position for 2014/15 and compares the actual income and expenditure with the revenue budget.

	Original Budget	Actual Income and Expenditure	Variation
	£'000	£'000	£'000
Net Position on Services	220,245	219,767	-478
Passenger Transport Levy	23,361	23,361	0
Receipts from Council Tax, Business Rates and Revenue Support Grant	-243,606	-243,623	-17
<b>Total Surplus(-)/Deficit for the year</b>	<b>0</b>	<b>-495</b>	<b>-495</b>

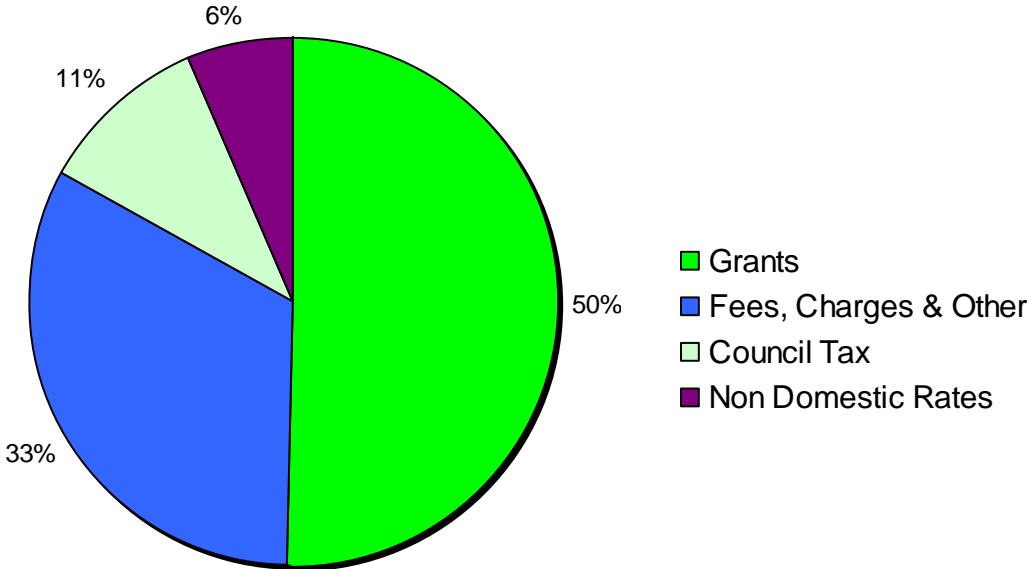
The surplus is added to the general balances held by the Council which as at 31 March 2015 amount to £15.359m. It is my duty to ensure an adequate level of balances are maintained and it is essential that a prudent level is available, as it provides the funds necessary to meet the challenges facing the Council and are also available as a hedge against future Council Tax rises.

The following section provides details of where the Council gets its money from and where and how the money is spent. Details are also provided on the Council's capital programme.

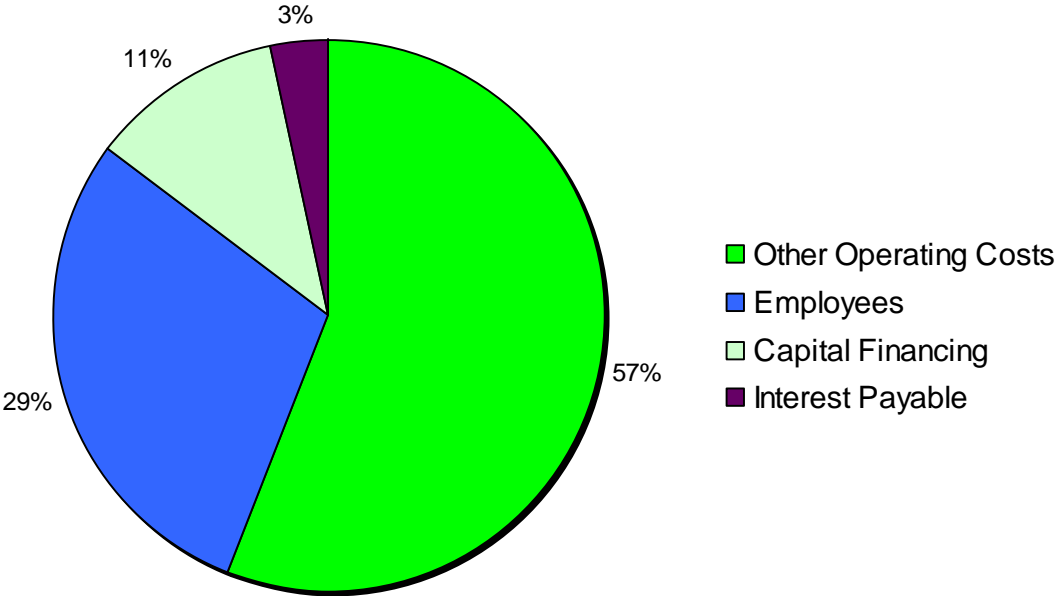
**Where the Council received its money from and how it was spent**

The following charts show the main sources of income that the Council received in 2014/15 and a high level breakdown of the money that it spent on providing services.

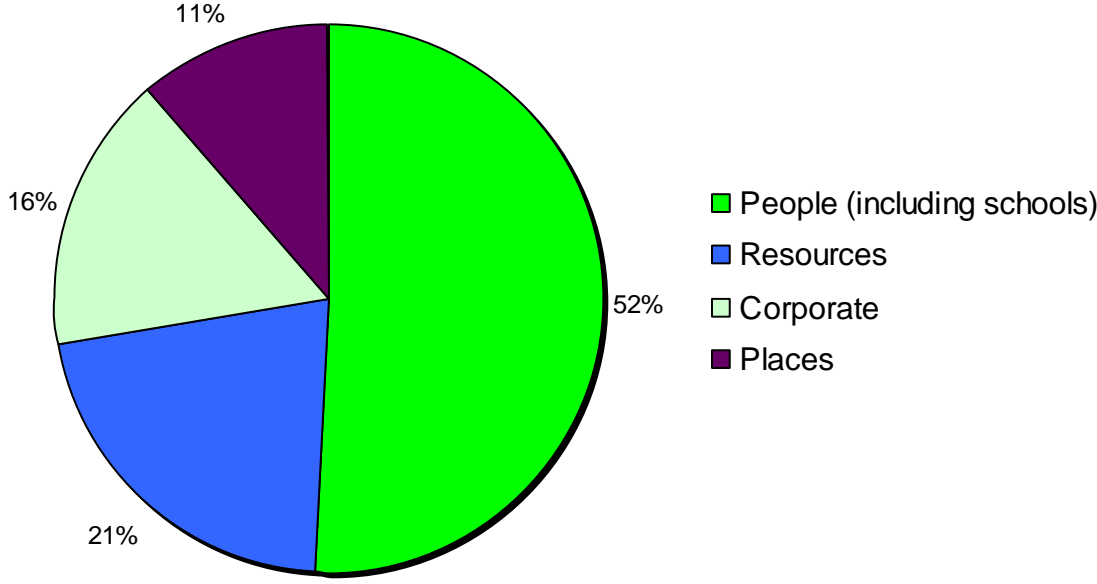
**Where the Money comes from:**



**What the Money is spent on:**



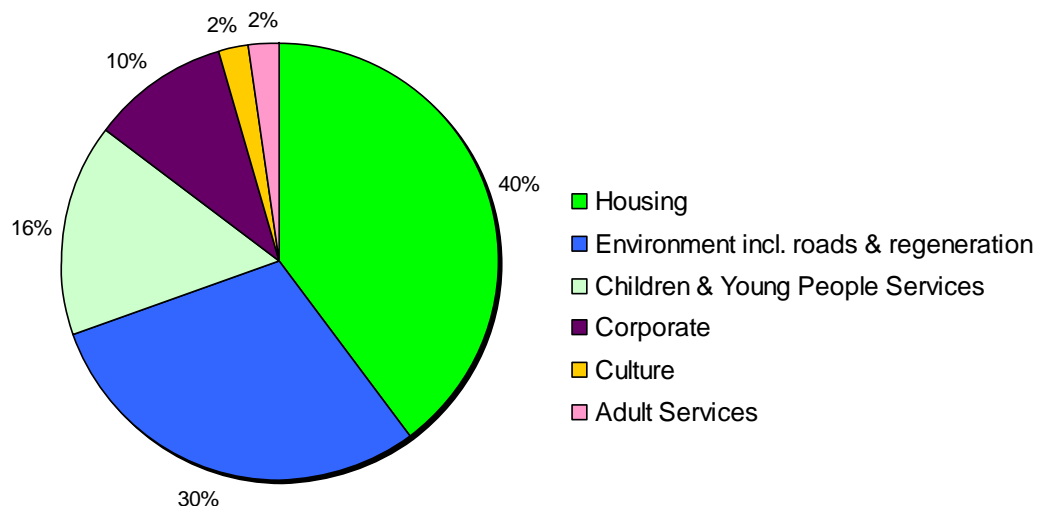
**Where the Money is spent:**



## Capital Expenditure 2014/15

The Council spent over £69m on its capital programme in 2014/15. 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 spending areas were:

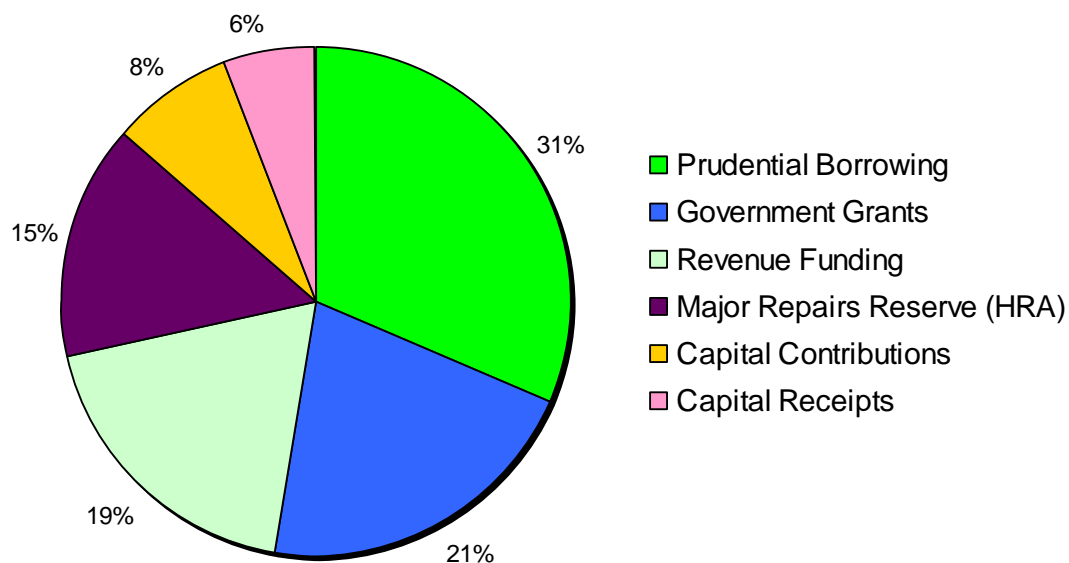
### Capital Expenditure 2014/15:



## Financing of Capital Expenditure

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 2014/15 expenditure was funded as follows:

### Financing of Capital Expenditure:



## **Borrowing Facilities and Cash**

For a number of years the debt held by the Council has been reducing as the Council has taken the opportunity to utilise its cash balances to repay debt. This strategy will continue whilst cash balances remain buoyant and interest rates remain low. If there is a requirement to borrow then the majority of all 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. The level of PWLB borrowing at 31 March 2015 dropped to £386.4m (2013/14 £412m).

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 £535.8m as at 31 March 2015. 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 2014/15**

### **Transfer of Functions**

During 2014/15 Library and Heritage Services, which were previously managed and operated by the Wigan Leisure and Culture Trust, transferred back to the Council. There are no changes to the current accounting requirements following this transfer.

### **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, 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. This review has confirmed that there is no evidence of changes in value since the most recent valuation date and therefore, there is no need to carry out a general revaluation across all asset types at the balance sheet date.

The Council also has a strategy to minimise its office based accommodation and is looking to the market to sell assets no longer deemed of use to the Council. However in certain circumstances assets are treated as disposed of without a sale transaction taking place. During 2014/15 six Schools transferred to Academy status. In line with the Code these schools have been treated as disposals and removed from our balance sheet. The net book value written out of the accounts is £8.4m.



## Manchester Airport Group (MAG)

In 2012/13 Manchester Airport Group acquired Stansted Airport, resulting in a change to the structure of the company. As a result of the restructure the Council's minority shareholding in Manchester Airport Holdings has reduced from a 5% holding to 3.22%.

The new Airport Structure was anticipated to provide the Council with longer term financial benefits of being part of a larger organisation. In 2014/15 the Airport Group paid over to the Council a dividend of £2.5m which is £0.2m more than in previous years. It is anticipated that annual dividends will continue to be buoyant in future years.

The Airport Group is valued annually based upon the earnings based method and discounted cash flow method. The value as at 31 March 2015 for the Council's share of Manchester Airport has been assessed at £41.0m. This is a revaluation of £4.3m above the previous level of £36.7m.

## 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 2014/15 financial year with a surplus of £13.325m and ended the year on 31 March 2015 with an accumulated surplus of £16.794m.

Approximately £25.3m was spent on capital schemes which included the Affordable New Build Housing developments at Moore Street, Whelley and Holt Street, Worsley Mesnes. The Affordable New Build Housing programme was also supported by grant funding from the Homes and Communities Agency. 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 2014/15 included bathroom and boiler replacement schemes.

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

## Schools

Schools have responsibility for their budgets and may carry forward their own balances. In 2014/15 the cumulative level of balances held by the schools has increased marginally and now stands at £16.044m (2013/14 £15.579m). This balance is spread across 115 schools and is not available to the Council.

## Schools Non-Current Assets

The Council is required to recognise land and buildings used by schools in line with the provisions of the Code. It states that property used by maintained schools should be recognised in accordance with the relevant asset recognition tests. During 2014/15 an assessment of schools was undertaken against these tests and ownership details were obtained. Following this exercise, 2 schools were brought onto the Council's balance sheet at a value of £6.680m.

## Future Outlook

The Government has indicated that it will continue with its goal of achieving a balanced economy. This means that for elements of the public sector, the austerity measures are set to continue. The funding for the Council is set to reduce by £12m in 2015/16 and it is estimated that future cuts will be significantly higher.

Locally, the Council has successfully met these financial challenges to date by taking decisions early to ensure the financial health of the Council. In addition, the transformation plans and evolving corporate strategy together with developments such as the Deal, means the Council has a sound financial basis for taking up the challenge of further cuts in public spending. The Council can also point to investments undertaken during this period of austerity in spite of the pressures. These have included the apprenticeships programme to tackle youth unemployment, creating a community investment fund to encourage the sustainable development of local charities and investing in local road safety with the 20mph speed limit programme and tackling potholes. These were possible because savings were made early and quickly, releasing cash for these measures.

As part of the Council's budget strategy a Medium Term Financial Plan is produced which looks forward over a 3 year period. The plan takes into account the latest national economic forecasts and makes an estimation of the potential impact of future austerity measures.

The MTFP is key part of the Council's financial strategy and is underpinned by the Corporate Strategy and Transformation Plan. The Corporate Strategy is continually refreshed to ensure it is up to date as the Council continues to transform. Together these will deliver the Council's transformation plan through 5 main programmes as follows:

- Modernisation
- Adult Social Care and Health
- Children and Young People
- Environmental Services
- Economy and Skills

It remains the Council's objective to build an environment which employs "Public Service Reform to Build Self Reliance". This means integrating local public services around whole life issues that our residents and families face.

## Risks Facing the Council

The localisation of business rates has placed significant risk on the Council as any shortfall in business rates collection up to a safety net level (set at 92.5%) falls upon the Council and would need to be funded from other resources. In particular, the impact of successful business rate appeals is having an adverse impact upon the Council's finances as the number of appeals has increased and the percentage of successful appeals has also risen. A longer term continuation of this position will mean additional budget cuts in the future.

The local economy has proven difficult to grow, but it is hoped that as the Council invests further in infrastructure projects and looks to develop its business deal that it will be able to attract and develop new business growth to the borough.

The number of schools transferring to Academy status continues to be a financial risk for the Council as any school attaining academy status attracts 80% mandatory relief for business rates. The Council currently recovers approx £1.4m in business rates from schools.

Demographic changes remain a key risk for the Council and are currently anticipated to cost an additional £1.3m per year to meet the rising demand and complexity of need. All the statistics show an increasing trend in the elderly population and in particular those in the 85+ bracket who are more likely to require some sort of social care. Investment in the Deal for Adult Social Care and joint working with the Clinical Commissioning Group is expected to mitigate this risk.

After assessing the above risks as the Council's Chief Finance Officer, I am required to ensure that its budget and council tax are appropriate and that a suitable level of reserves and balances are maintained to ensure that the delivery of future plans are achievable. The Council's strategy remains to deliver affordable council tax rises in future years whilst seeking to deliver the changes in the way we deliver our service as set out in the Corporate Strategy.

## Public Health

The responsibility for Public Health was transferred to the Council in 2013 and is now fully integrated into the Council's budget framework. As part of this integration the Government has introduced further funding "the Better Care Fund" (BCF), which became operational in 2015/16. Working together with the Clinical Commissioning Group (CCG) a 5 year strategic and operational plan was submitted to Government to demonstrate the improvements and efficiencies through joint working and the ability to deliver a more integrated service for older and disabled people. However, there is a performance element to some of this funding which creates some risk for both the Council and the CCG in terms of the overall funding levels of the BCF.

## 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 contained within 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 other reserves. The Surplus or Deficit on the provision of services line shows the true economic cost of providing the Council's services, more details of which are shown in 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 2015 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 which summarises the total movement of cash and cash equivalents during 2014/15. 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.

### 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.

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.



**P McKevitt BA(Hons), ACMA & CGMA**  
**Director Resources and Contracts (Deputy Chief Executive)**  
**6 August 2015**

## MOVEMENT IN RESERVES STATEMENT 2014/15

This Statement shows the movement in the year 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 reserves. The surplus or (deficit) on the provision of services line shows the true economic cost of providing the Council's services, more details of which are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charges to the General Fund Balance and Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The 'Net Increase /Decrease before transfers to earmarked reserves' line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Single Entity	Note	General Fund Balance £'000	Earmarked 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
<b>Balance at 31 March 2013</b>		<b>14,389</b>	<b>77,696</b>	<b>9,833</b>	<b>12,161</b>	<b>0</b>	<b>25,152</b>	<b>139,231</b>	<b>144,890</b>	<b>284,122</b>
Adjustment to Opening Balances	28								6,680	6,680
<b>Movement in Reserves during 2013/14</b>										
Surplus or (deficit) on provision of services		283	0	-9,612	0	0	0	-9,329	0	-9,329
Other Comprehensive Expenditure and Income		0	0	0	0	0	0	0	33,040	33,040
<b>Total Comprehensive Expenditure and Income</b>		<b>283</b>	<b>0</b>	<b>-9,612</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-9,329</b>	<b>33,040</b>	<b>23,711</b>
Adjustments between accounting basis & funding basis under regulations	5	14,161	0	13,104	-1,579	1,035	-6,208	20,513	-20,513	0
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>		<b>14,444</b>	<b>0</b>	<b>3,492</b>	<b>-1,579</b>	<b>1,035</b>	<b>-6,208</b>	<b>11,184</b>	<b>12,527</b>	<b>23,711</b>
Transfers to / from Earmarked Reserves	26	-13,969	13,969	0	0	0	0	0	0	0
<b>Increase / Decrease in Year</b>		<b>475</b>	<b>13,969</b>	<b>3,492</b>	<b>-1,579</b>	<b>1,035</b>	<b>-6,208</b>	<b>11,184</b>	<b>12,527</b>	<b>23,711</b>
<b>Balance at 31 March 2014 carried forward</b>		<b>14,864</b>	<b>91,665</b>	<b>13,325</b>	<b>10,582</b>	<b>1,035</b>	<b>18,944</b>	<b>150,415</b>	<b>164,097</b>	<b>314,512</b>
<b>Movement in Reserves during 2014/15</b>										
Surplus or (deficit) on provision of services		-19,761	0	3,388	0	0	0	-16,373	0	-16,373
Other Comprehensive Expenditure and Income		0	0	0	0	0	0	0	-117,949	-117,949
<b>Total Comprehensive Expenditure and Income</b>		<b>-19,761</b>	<b>0</b>	<b>3,388</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-16,373</b>	<b>-117,949</b>	<b>-134,322</b>
Adjustments between accounting basis & funding basis under regulations	5	33,029	0	81	-9,282	953	766	25,547	-25,547	0
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>		<b>13,268</b>	<b>0</b>	<b>3,469</b>	<b>-9,282</b>	<b>953</b>	<b>766</b>	<b>9,174</b>	<b>-143,496</b>	<b>-134,322</b>
Transfers to / from Earmarked Reserves	26	-12,773	12,773	0	0	0	0	0	0	0
<b>Increase / Decrease in Year</b>		<b>495</b>	<b>12,773</b>	<b>3,469</b>	<b>-9,282</b>	<b>953</b>	<b>766</b>	<b>9,174</b>	<b>-143,496</b>	<b>-134,322</b>
<b>Balance at 31 March 2015 carried forward</b>		<b>15,359</b>	<b>104,438</b>	<b>16,794</b>	<b>1,300</b>	<b>1,988</b>	<b>19,710</b>	<b>159,588</b>	<b>20,603</b>	<b>180,191</b>

## COMPREHENSIVE INCOME & EXPENDITURE STATEMENT FOR YEAR ENDED 31 March 2015

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

2013/14 Gross Expenditure	2013/14 Gross Income	2013/14 Net Expenditure		Notes	2014/15 Gross Expenditure	2014/15 Gross Income	2014/15 Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
			<b>Expenditure On Services</b>				
7,141	4,578	2,563	Central Services to the Public		7,508	3,545	3,963
8,448	4,214	4,234	Planning Services		7,902	4,348	3,554
19,127	362	18,765	Cultural and Related Services		23,392	426	22,966
			Environmental and Regulatory Services		31,698	5,407	26,291
32,842	5,780	27,062	Children's & Education Services		339,596	254,359	85,237
335,618	261,437	74,181	Highways & Transport Services		41,587	5,381	36,206
43,067	5,917	37,150	Housing Services		184,086	197,019	-12,933
197,268	197,561	-293	Adult Social Care		121,121	45,761	75,360
117,388	44,233	73,155	Public Health		23,679	23,888	-209
23,124	23,458	-334	Corporate & Democratic Core		7,875	349	7,526
6,886	304	6,582	Non Distributed Costs		3,917	109	3,808
4,150	122	4,028					
<b>795,059</b>	<b>547,966</b>	<b>247,093</b>	<b>Net Cost Of General Fund Services</b>		<b>792,361</b>	<b>540,592</b>	<b>251,769</b>
		3,329	Other Operating Expenditure	6			9,890
		41,818	Financing and Investment Income and Expenditure	7			33,091
		-282,911	Taxation and Non Specific Grant Income	8			-278,377
		<b>9,329</b>	<b>Surplus (-) or Deficit on the provision of services</b>				<b>16,373</b>
		-1,779	Surplus (-) or Deficit arising on the revaluation of non-current assets				13,569
		2,220	Impairment Loss on non-current assets charged to revaluation reserve				1,727
		-26,081	Re-measurement of the net defined benefit liability				106,953
		-7,400	Surplus (-) / Deficit on the revaluation of available for sale financial assets				-4,300
		<b>-23,711</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>134,322</b>

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

*Paul McKevitt*

**P McKevitt BA(Hons), ACMA & CGMA**  
**Director Resources and Contracts (Deputy Chief Executive)**  
**6 August 2015**



## BALANCE SHEET AS AT 31 March 2015

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".

31.3.14 £'000		Notes	31.3.15 £'000
996,725	Property, Plant and Equipment	9	950,876
3,250	Heritage Assets	10	3,652
37,061	Investment Property	11	37,589
1,429	Intangible Assets	13	1,634
37,247	Long Term Investments	16	41,543
14,445	Long Term Debtors	16	19,410
<b>1,090,157</b>	<b>Long Term Assets</b>		<b>1,054,704</b>
710	Inventories	19	518
53,095	Short Term Debtors	20	43,082
45,576	Cash and Cash Equivalents	21	39,762
1,843	Assets Held for Sale	23	1,738
<b>101,224</b>	<b>Current Assets</b>		<b>85,100</b>
31,021	Short Term Borrowing	16	30,516
49,256	Creditors	24	40,957
4,031	Provisions	25	3,489
<b>84,308</b>	<b>Current Liabilities</b>		<b>74,962</b>
386,454	Long term borrowing	16	361,330
58,363	Other Long Term Liabilities (Deferred Liabilities)	17	56,344
3,941	Provisions	25	3,773
343,803	Defined Benefit Pension Scheme	41	463,204
<b>792,561</b>	<b>Long Term Liabilities</b>		<b>884,651</b>
<b>314,512</b>	<b>Net Assets</b>		<b>180,191</b>
150,415	Usable Reserves	27	159,588
164,097	Unusable Reserves	28	20,603
<b>314,512</b>	<b>Total Reserves</b>		<b>180,191</b>

I certify that the Balance Sheet and related accounts present a true and fair view of the financial position of Wigan Council at 31 March 2015.



**P McKevitt BA(Hons), ACMA & CGMA**  
**Director Resources and Contracts (Deputy Chief Executive)**  
**6 August 2015**



## CASH FLOW STATEMENT FOR YEAR ENDED 31 March 2015

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.

2013/14 £'000		Notes	2014/15 £'000
	<b>Operating Activities</b>		
9,329	<b>Net Surplus or Deficit on the provision of services</b>		<b>16,373</b>
-84,622	Adjustments to net surplus or deficit on the provision of services for non cash movements	22	-97,967
21,320	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	22	22,395
	<b>Cash Outflows:</b>		
18,850	Interest Paid		24,730
6,038	Interest element of PFI rental payments		5,879
	<b>Cash Inflows:</b>		
-2,744	Dividends Received		-2,880
-1,487	Interest Received		-2,024
-20,657	Reversal of operating activity items included in the net surplus or deficit on the provision of service		-25,705
<b>-53,973</b>	<b>Net Cash flows from Operating Activities</b>		<b>-59,199</b>
	<b>Investing Activities</b>		
	<b>Cash Outflows:</b>		
43,733	Purchase of Property, Plant and Equipment		59,405
398	Other Capital Cash Payments		1,444
	<b>Cash Inflows:</b>		
-13,177	Capital Grants Received		-17,514
-7,136	Sale of Property, Plant and Equipment		-7,652
-531	Other Receipts		-163
<b>23,287</b>	<b>Net Cash flows from Investing Activities</b>		<b>35,520</b>
	<b>Financing Activities</b>		
	<b>Cash Outflows:</b>		
20,872	Repayments of Amounts Borrowed - PWLB		26,174
1,221	Repayments of Amounts Borrowed – Transferred Debt		1,282
610	Payment for reduction of liability relating to PFI		654
	<b>Cash Inflows:</b>		
0	Cash receipts of short and long term borrowing		-1,282
-1,007	Billing Authorities – Council Tax and NDR Adjustment		2,665
<b>21,696</b>	<b>Net Cash flows from Financing Activities</b>		<b>29,493</b>
<b>-8,990</b>	<b>Net increase (-) / decrease in cash and cash equivalents</b>		<b>5,814</b>
<b>36,586</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>45,576</b>
<b>45,576</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	21	<b>39,762</b>

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## 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 2014/15 (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.

The following standards have been issued and will be adopted by the Code in 2015/16 and will be applicable to the Council from 1 April 2015 as follows:

#### IFRS 13 Fair Value Measurement

This standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to all assets and liabilities which use fair value as a measurement basis. The adoption of the standard will require surplus assets to be revalued at market value rather than existing use at present. Therefore other operational Property, Plant and Equipment will be outside the scope of IFRS13. Overall this standard is not expected to have a material impact on the Statement of Accounts.

#### IFRIC 21 Levies

This standard provides guidance on when to recognise a levy imposed by Government. The IFRIC specifies the obligating event as the activity that triggers the timing of the payment of the levy. This standard will not have a material impact on the Statement of Accounts.

#### Annual Improvements to IFRS's (2011 – 2013 Cycle)

These improvements are minor, principally providing clarification and will not have a material impact on the Statement of Accounts.

### 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 5 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 2014/15. 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 the Related Parties note.

#### 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 PFI's 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. The 2014/15 Code requires the Council to account for school income and expenditure as well as assets, liabilities and reserves within the single entity accounts in so far as these are material.

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 and in accordance with the asset recognition tests relevant to the arrangements that prevail for that type of property.

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 2014/15
Voluntary Aided – Primary	58
Voluntary Aided – Secondary	5
Voluntary Controlled – Primary	6
Foundation – Primary	1
Foundation – High	3
<b>Total</b>	<b>73</b>

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 63 Voluntary Aided and 5 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.

For the remaining 1 voluntary controlled school, legal title resides and will remain with the Council and therefore has now been included on the Balance Sheet.

In respect of Foundation schools, 2 are classed as Foundation Trusts, 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 now included on the Council's Balance Sheet.

The transitional arrangements provided in the Code means that the schools have been brought on to balance sheet at 'deemed cost'. This means a change in the opening balance of Property, Plant and Equipment (Other Land and Buildings) of £6.680m, with a corresponding entry to the opening balance on the Capital Adjustment Account.

### **Investment Properties**

Investment properties have been categorised as such, based on careful consideration of the criteria for recognition identified in IAS 40 Investment Property. During 2014/15, there has been a net reclassification of £4.8m to PPE of those properties deemed not to meet the definition. Overall the Council has determined that it holds assets with a value of £37.6m that it judges are held for capital appreciation or for the generation of investment income, or both.

### **Government Funding**

There is still a high degree of uncertainty about future levels of funding for the Council and local government as a whole. The Council has had to consider a range of options on how to continue to provide its services with a reduced level of funding. As part of these deliberations a reduction in its asset base has been proposed. However there is not currently sufficient indication that the assets of the Council might be materially impaired.

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

### **Manchester Airport Group**

The Council's shareholding in Manchester Airport Group is 3.22% as at 31 March 2015. 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 2015 the Council's valuers advised of an increase of £4.3m in the fair value Council share from £36.7m to £41.0m 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 2015. An estimated provision of £1.42m has been calculated using the latest Valuation Office (VOA) ratings list of appeals as at 31 March 2015 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.

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 £137.3m. A change in excess of earnings of + or – 0.5% would potentially change the total liability by £44.6m. An increase in excess of pensions of 0.5% would change the liability by £89.9m and an increase in longevity of 1 year would result in a £40.7m increase in the total liability. However, the assumptions interact in complex ways and changes to other estimates and actuarial assumptions may produce a different impact upon the total liability.

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

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

Any revaluation of assets either upward or downward would be reflected in the Council's asset base. It is estimated that a 1% change in asset values would result in a change of £3m to £4m.

### **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 Losses**

Overall asset values fell by £17.26m (including council dwellings). The net change includes downward revaluations of £45.02m and upward revaluations of £27.76m. The main reason for the substantial downward revaluations was due to the updated RICS guidance in relation to the Modern Equivalent Asset (MEA) approach.

This mainly affected school assets, and as such to ensure carrying values were up to date, a revaluation exercise was undertaken on school assets. This resulted in downward revaluations of school assets totalling £17.94m. In addition, a £7.56m downward revaluation was recognised in relation to Atherton Howe Bridge Sports Centre due to a significantly reduced MEA.

### **Impairments**

Impairments recognised and charged to revenue in the year amounted to £20.15m. Of which, £16.47m related to expenditure on Council Dwellings which was deemed to be reversing a previously unidentified impairment and therefore was capitalised and an impairment charge recognised.

### Transfer of Schools to Academy Status

In line with the Code, schools that have transferred to academy status are removed from our Balance Sheet, if applicable, and treated as disposals for nil consideration. The net book value is written out and charged to the Other Operating Expenditure Line. During 2014/15 six schools transferred to Academy status, the net book value written out was £8.4m.

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

2014/15	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
<b>Adjustments involving the CAA:</b>						
<b>Reversal of items debited/credited to the CIES:</b>						
Charges for depreciation and impairment of non-current assets	18,364	38,437	0	0	0	-56,801
Revaluation losses on PP&E	30,499	-6,916	0	0	0	-23,583
Movements in the market value of Investment Properties	-6,091	0	0	0	0	6,091
Amortisation of intangible assets	255	52	0	0	0	-307
Capital grants and contributions applied	-6,078	-564	0	0	0	6,642
Revenue expenditure funded from capital under statute	8,763	0	0	0	0	-8,763
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	11,741	2,935	0	0	0	-14,676
<b>Insertion of items not debited or credited to the CIES:</b>						
Statutory provision for the financing of capital investment	-20,288	-20,675	0	0	0	40,963
Capital expenditure charged against the General Fund and HRA balances	-6,109	-6,845	0	0	0	12,954
<b>Adjustments involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the CIES	-13,098	-1,196	0	0	14,294	0
Application of grants to capital financing transferred to the CAA	0	0	0	0	-13,528	13,528
<b>Adjustments involving the Capital Receipts Reserve:</b>						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	-3,302	-4,245	0	7,652	0	-105
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	-4,010	0	4,010
Contribution from the Capital Receipts Reserve towards admin costs of non current asset disposals	0	144	0	-144	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	2,544	0	0	-2,544	0	0
<b>Adjustments involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA	0	-1,047	1,047	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	-10,330	0	0	10,330
<b>Adjustments involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the CIES	40,963	0	0	0	0	-40,963
Employer's pensions contributions and direct payments to pensioners payable in the year	-28,515	0	0	0	0	28,515
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
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	3,432	0	0	0	0	-3,432
<b>Adjustments involving the Accumulated Absences Account:</b>						
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	-53	0	0	0	0	53
<b>Total Adjustments</b>	<b>33,029</b>	<b>81</b>	<b>-9,282</b>	<b>953</b>	<b>766</b>	<b>-25,547</b>



2013/14	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
<b>Adjustments involving the CAA:</b>						
<b>Reversal of items debited/credited to the CIES:</b>						
Charges for depreciation and impairment of non-current assets	17,623	32,301	0	0	0	-49,924
Revaluation losses on PP&E	12,574	6,825	0	0	0	-19,399
Movements in the market value of Investment Properties	-514	0	0	0	0	514
Amortisation of intangible assets	275	74	0	0	0	-349
Capital grants and contributions applied	-14,024	-1,525	0	0	0	15,549
Revenue expenditure funded from capital under statute	10,441	0	0	0	0	-10,441
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	3,822	3,534	0	0	0	-7,356
<b>Insertion of items not debited or credited to the CIES:</b>						
Statutory provision for the financing of capital investment	-26,889	-5,795	0	0	0	32,684
Capital expenditure charged against the General Fund and HRA balances	-6,551	-1,377	0	0	0	7,928
<b>Adjustments involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the CIES	-2,578	0	0	0	2,578	0
Application of grants to capital financing transferred to the CAA	0	0	0	0	-8,786	8,786
<b>Adjustments involving the Capital Receipts Reserve:</b>						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	-2,032	-5,104	0	7,136	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	-3,075	0	3,075
Contribution from the Capital Receipts Reserve towards admin costs of non current asset disposals	0	164	0	-164	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	2,862	0	0	-2,862	0	0
<b>Adjustments involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA	0	-15,992	15,992	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	-17,571	0	0	17,571
<b>Adjustments involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the CIES	41,620	0	0	0	0	-41,620
Employer's pensions contributions and direct payments to pensioners payable in the year	-25,872	0	0	0	0	25,872
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	1,133	0	0	0	0	-1,133
<b>Adjustments involving the Accumulated Absences Account:</b>						
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	2,270	0	0	0	0	-2,270
<b>Total Adjustments</b>	<b>14,161</b>	<b>13,104</b>	<b>-1,579</b>	<b>1,035</b>	<b>-6,208</b>	<b>-20,513</b>

## 6. Other Operating Expenditure

31.3.14 £'000		31.3.15 £'000
383	Gains (-) or Loss on Disposal of Non Current Assets	7,263
2,862	Payment to Housing Capital Receipts Pool	2,544
84	Parish Precepts	83
<b>3,329</b>		<b>9,890</b>

## 7. Financing and Investment Income and Expenditure

31.3.14 £'000		31.3.15 £'000
31,925	Interest payable and similar charges	30,815
15,919	Net Interest on the Net Defined Pension Liability (Asset)	14,725
-5,735	Investment receivable and similar income	-6,331
-511	Gains on the Revaluation of Investment Property	-6,080
220	Trading Accounts	-38
<b>41,818</b>		<b>33,091</b>

## 8. Taxation and Non Specific Grant Income

31.3.14 £'000		31.3.15 £'000
-97,255	Council Tax Income	-101,081
-109,398	Other Non Ring Fenced grants	-95,199
-61,953	Non Domestic Rate income	-61,815
-14,305	Capital Grants and Contributions	-20,282
<b>-282,911</b>		<b>-278,377</b>

## 9. 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
<b>Cost or value at 1.4.14</b>	<b>551,281</b>	<b>360,744</b>	<b>13,385</b>	<b>181,795</b>	<b>2,089</b>	<b>21,538</b>	<b>2,513</b>	<b>1,133,345</b>	<b>29,250</b>
Additions	24,465	17,610	2,644	12,999	319	590	609	59,236	0
Revaluation increases/decreases to Revaluation Reserve	-150	-21,159	0	0	0	-966	0	-22,275	0
Revaluation increases/decreases to surplus/deficit on the provision of services (SDPS)	-24,626	-39,250	0	0	0	-2,151	0	-66,027	0
De-recognition – Disposals	-2,935	-9,536	-802	0	0	-749	0	-14,022	0
De-recognition – Other	-294	-255	-512	0	0	-301	0	-1,362	0
Reclassified to/from held for sale	0	-328	0	0	0	-728	0	-1,056	0
Other Movements	1,868	1,105	0	-477	201	4,267	-2,211	4,753	0
<b>At 31.3.15</b>	<b>549,609</b>	<b>308,931</b>	<b>14,715</b>	<b>194,317</b>	<b>2,609</b>	<b>21,500</b>	<b>911</b>	<b>1,092,592</b>	<b>29,250</b>
<b>Depreciation &amp; Impairment at 1.4.14</b>	<b>31,542</b>	<b>28,050</b>	<b>8,308</b>	<b>67,913</b>	<b>132</b>	<b>675</b>	<b>0</b>	<b>136,620</b>	<b>1,271</b>
Depreciation	21,441	6,746	1,668	6,940	0	90	0	36,885	635
Depreciation written out to the Revaluation Reserve	0	-5,722	0	0	0	-27	0	-5,749	0
Depreciation written out to SDPS	-21,533	-7,086	0	0	0	-162	0	-28,781	0
Impairment losses/reversals to Revaluation Reserve	0	-1,712	0	0	0	881	0	-831	0
Impairment losses/reversals to SDPS	6,758	-461	0	0	0	-86	0	6,211	0
De-recognition – Disposals	0	-257	-741	0	0	-9	0	-1,007	0
De-recognition - Other	-294	-257	-511	0	0	-300	0	-1,362	0
Eliminated on reclassification to held for sale	0	-85	0	0	0	-179	0	-264	0
Other Movements	0	-832	0	0	0	826	0	-6	0
<b>At 31.3.15</b>	<b>37,914</b>	<b>18,384</b>	<b>8,724</b>	<b>74,853</b>	<b>132</b>	<b>1,709</b>	<b>0</b>	<b>141,716</b>	<b>1,906</b>
<b>Net Book Value at 31.3.15</b>	<b>511,695</b>	<b>290,547</b>	<b>5,991</b>	<b>119,464</b>	<b>2,477</b>	<b>19,791</b>	<b>911</b>	<b>950,876</b>	<b>27,344</b>
<b>Net Book Value at 31.3.14</b>	<b>519,739</b>	<b>332,694</b>	<b>5,077</b>	<b>113,882</b>	<b>1,957</b>	<b>20,863</b>	<b>2,513</b>	<b>996,725</b>	<b>27,979</b>

	Council Dwellings	Other Land & Buildings	Vehicles Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	PP & E Assets Under Construction	Total	PFI Assets Included in PP & E
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or value at 1.4.13</b>	<b>571,051</b>	<b>361,457</b>	<b>13,507</b>	<b>172,377</b>	<b>1,956</b>	<b>19,895</b>	<b>8,947</b>	<b>1,149,190</b>	<b>29,250</b>
Recognise Schools Assets	0	6,680*	0	0	0	0	0	6,680	0
Additions	20,124	9,985	1,003	9,419	96	214	2,300	43,141	0
Revaluation increases/decreases to Revaluation Reserve	-706	-1,506	0	0	-4	1,684	0	-532	0
Revaluation increases/decreases to surplus/deficit on the provision of services (SDPS)	-37,530	-15,610	0	0	-26	-239	0	-53,405	0
De-recognition – Disposals	-3,533	-454	-675	0	0	-2,193	0	-6,855	0
De-recognition – Other	-578	-431	-1,046	0	0	-2,062	0	-4,117	0
Reclassified to/from held for sale	0	0	0	0	0	-640	0	-640	0
Other Movements	2,453	623	596	0	67	4,878	-8,734	-117	0
<b>At 31.3.14</b>	<b>551,281</b>	<b>360,744</b>	<b>13,385</b>	<b>181,795</b>	<b>2,089</b>	<b>21,538</b>	<b>2,513</b>	<b>1,133,345</b>	<b>29,250</b>
<b>Depreciation &amp; Impairment at 1.4.13</b>	<b>30,704</b>	<b>25,109</b>	<b>8,233</b>	<b>61,315</b>	<b>150</b>	<b>236</b>	<b>2</b>	<b>125,749</b>	<b>635</b>
Depreciation	21,533	6,089	1,675	6,598	0	124	0	36,019	636
Depreciation written out to the Revaluation Reserve	0	-1,700	0	0	0	-61	0	-1,761	0
Depreciation written out to SDPS	-21,636	-1,641	0	0	0	-22	0	-23,299	0
Impairment losses/reversals to Revaluation Reserve	0	1,071	0	0	0	930	0	2,001	0
Impairment losses/reversals to SDPS	1,519	-4	0	0	-19	1,281	0	2,777	0
De-recognition – Disposals	0	-5	-555	0	0	-15	0	-575	0
De-recognition - Other	-578	-432	-1,045	0	0	-2,062	0	-4,117	0
Eliminated on reclassification to held for sale	0	0	0	0	0	-171	0	-171	0
Other Movements	0	-437	0	0	0	435	-2	-4	0
<b>At 31.3.14</b>	<b>31,542</b>	<b>28,050</b>	<b>8,308</b>	<b>67,913</b>	<b>132</b>	<b>675</b>	<b>0</b>	<b>136,620</b>	<b>1,271</b>
<b>Net Book Value at 31.3.14</b>	<b>519,739</b>	<b>332,694</b>	<b>5,077</b>	<b>113,882</b>	<b>1,957</b>	<b>20,863</b>	<b>2,513</b>	<b>996,725</b>	<b>27,979</b>
<b>Net Book Value at 31.3.13</b>	<b>540,347</b>	<b>336,348</b>	<b>5,274</b>	<b>111,062</b>	<b>1,806</b>	<b>19,659</b>	<b>8,945</b>	<b>1,023,441</b>	<b>28,615</b>

\*Adjustment to reflect school non-current assets being brought onto balance sheet. Further details are contained in Note 2.

## Capital Commitments

As at 31 March 2015, the Council was contractually committed to the following major items of capital work:

	£'000	Start Date	Projected End Date
LED Lighting Saving Initiative	8,459	2014	2016
Leigh Salford Manchester Busway	3,111	2012	2016
Haigh Country Park Phase One Part A	2,450	2015	2015
Howe Bridge Sports Centre – Internal Refurbishment	2,136	2015	2015
Marus Bridge Pinch Point Scheme	1,237	2014	2015

Although not yet contractually committed, the following major schemes over £1m are also in the programme for 2015/16 onwards:

	£'000	Start Date	Projected End Date
Affordable Housing Schemes	38,896	2015	2017
A49 Link Road	24,328	2015	2017
Ashton Leisure Centre	2,600	2015	2016
Riverway / Rodney Street Gateway	2,489	2015	2017
Westleigh High School – 2FE Extension	2,192	2015	2016
Leigh St Peter's School – Single Siting	1,561	2015	2016
Robin Park Indoor Sports Centre & Arena	1,500	2015	2016
Phoenix Way Link Road	1,410	2014	2016
Market Place Improvements Phase One	1,300	2015	2016
Haigh Country Park Phase One Part B	1,240	2015	2016
St Peter's High School – 1FE Extension	1,201	2015	2016

## 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 B. Kneale (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 2014 and March 2015. The actual date of valuation was 1 April 2014.

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

The Council carries out a rolling programme of revaluations that ensures that all Property, Plant and Equipment required to be measured at fair value is 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 fair value – existing use value for a property could not be determined because there was no market value for the asset, the depreciated replacement cost method of valuation was employed. This is in accordance with 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 rather than depreciated replacement cost due to the short useful lives and low values of these assets in accordance with the Code.

### Property, Plant and Equipment 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	5,991	119,464	0	0	911	126,366
Fair Value – Existing Use Value – Social Housing	511,695	0	0	0	0	0	0	511,695
Fair Value – Existing Use Value	0	290,547	0	0	2,477	19,791	0	312,815
<b>Net Book Value at 31.3.15</b>	<b>511,695</b>	<b>290,547</b>	<b>5,991</b>	<b>119,464</b>	<b>2,477</b>	<b>19,791</b>	<b>911</b>	<b>950,876</b>

## 10. 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 four 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
<b>Cost or Valuation</b>				
<b>1 April 2013</b>	<b>1,386</b>	<b>366</b>	<b>544</b>	<b>2,296</b>
Additions	0	0	282	282
Disposals	0	0	0	0
Revaluations	330	0	0	330
Reclassifications	0	0	342	342
<b>31 March 2014</b>	<b>1,716</b>	<b>366</b>	<b>1,168</b>	<b>3,250</b>
<b>Cost or Valuation</b>				
<b>1 April 2014</b>	<b>1,716</b>	<b>366</b>	<b>1,168</b>	<b>3,250</b>
Additions	0	0	3	3
Disposals	0	0	0	0
Revaluations	399	0	0	399
Reclassifications	0	0	0	0
<b>31 March 2015</b>	<b>2,115</b>	<b>366</b>	<b>1,171</b>	<b>3,652</b>

### Arts and Artefacts

The increase in value relates to a revaluation of some ancient Egyptian objects. During 2014/15 a number of items of the ancient Egyptian collection were valued by the experts from Manchester Museum. These items were found to have a significant historic value. In addition, four paintings by Theodore Major have also been revalued at £30k, previously these items were valued below the de-minimis level.

More information on our Heritage Assets is contained within the accounting policies in note 46.

## 11. 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.

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

	2013/14 £'000	2014/15 £'000
<b>Balance at start of the year</b>	<b>36,870</b>	<b>37,061</b>
Additions:	0	0
Disposals	-93	-804
Net gains / losses (-) from fair value adjustments	511	6,091
<b>Transfers:</b> to / from Property, Plant and Equipment	-227	-4,759
<b>Balance at end of the year</b>	<b>37,061</b>	<b>37,589</b>



## 12. 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 and office accommodation.

Wigan Leisure and Culture Trust 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 2015 (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 2015/16	592	5,800	1,621	8,013
Within 2 – 5 years	3,888	22,193	6,889	32,970
Within 6 – 10 years	5,934	25,059	9,605	40,598
Within 11 – 15 years	11,156	19,928	10,846	41,930
Within 16 – 20 years	17,526	11,809	12,261	41,596
Within 21 – 25 years	7,797	966	3,601	12,364
<b>Total</b>	<b>46,893</b>	<b>85,755</b>	<b>44,823</b>	<b>177,471</b>

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:

	2014/15 £'000	2015/16 £'000
Balance at start of the year	47,547	46,893
Payments during the year	-654	-592
<b>Balance outstanding at year end</b>	<b>46,893</b>	<b>46,301</b>

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 £194.833m. However, the net cost to the Council after the PFI grant is £66.082m.

Under the Code there is a requirement that the liability reported in the accounts is measured at fair value. There is a significant difficulty in valuing such a liability due to the absence of an active market and a reliable rate to discount future payments. In addition, the Council at this time has no intention to refinance the scheme. Therefore, the value reported in the financial statements is deemed to be the fair value.

### 13. Intangible Assets

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

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

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.307m charged to revenue in 2014/15 was charged to the appropriate Service Revenue Account.

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

	2013/14 Other Assets £'000	2014/15 Other Assets £'000
Balance at start of year:		
Gross carrying amounts	4,425	4,425
Accumulated amortisation	-2,646	-2,996
<b>Net carrying amount at start of year</b>	<b>1,779</b>	<b>1,429</b>
Additions:		
Purchases	0	512
Amortisation for the period	-350	-307
<b>Net carrying amount at end of year</b>	<b>1,429</b>	<b>1,634</b>
Comprising:		
Gross carrying amounts	4,425	3,574
Accumulated amortisation	-2,996	-1,940
<b>Total</b>	<b>1,429</b>	<b>1,634</b>

There are several items of capitalised software as follows:

	Carrying Amount		Remaining Amortisation Period
	31 March 2014 £'000	31 March 2015 £'000	
Agresso System –Trading	175	109	1-5 Years
Housing SX3 – Housing Services	81	30	1 Year
Social Services ANITE – Adult Services	100	64	1-5 Years
Customer Relationship Management System – Trading	222	181	1-6 Years
HR & Payroll – Trading	682	590	8 Years
Revenue & Benefits IT System – Trading	169	148	7 Years
Egress Switch Encryption System	0	138	10 Years
Corelogic System	0	374	10 Years
<b>Total</b>	<b>1,429</b>	<b>1,634</b>	

#### 14. Impairment Losses

During 2014/15 the Council recognised total impairment losses of £21.9m (2013/14 £16.1m), of which £16.8m (2013/14 £10.6m) was in respect of its council dwellings stock.

The capital expenditure of £24.5m (2013/14 £20.1m) on council dwellings during the year, which included £9.4m on bathrooms (2013/14 £2.7m) and £2.9m on the refurbishment of empty dwellings prior to re-letting (2013/14 £2.3m), was initially added to the value of the housing stock, however this was determined by the valuer to be non-enhancing expenditure. The recoverable value of the housing stock was therefore reduced by this amount to Fair Value (Existing Use Value – Social Housing). The impairment loss was charged to the Local Authority Housing line in the Comprehensive Income and Expenditure Statement.

The previous year's impairment loss of £16.1m (2013/14 £9.0m) was written out on revaluation in accordance with the Code. Value in Use was determined using the specific bases and methods of valuation set out in the *Stock Valuation for Resource Accounting – Guidance for Valuers – 2010* published by the Department for Communities and Local Government.

With regard to the remaining £5.1m (2013/14 £5.5m) impairment losses recognised during the year, the most significant items were £1.2m of repairs to Wigan Town Hall and £0.29m replacing sports pitches at Robin Park.

## 15. 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.

2013/14 £'000		2014/15 £'000
584,249	<b>Opening Capital Financing Requirement</b>	555,026
	<b>Capital Investment:</b>	
43,141	Property, Plant and Equipment	59,239
0	Intangible Assets	512
282	Heritage Assets	4
10,441	Revenue Expenditure Funded from Capital under Statute	8,763
0	Loans	707
	<b>Sources of Finance:</b>	
-3,075	Capital Receipts	-4,010
-41,907	Government Grants and Other Contributions	-20,170
	<b>Sums set aside from Revenue:</b>	
-7,928	Direct Revenue Contributions	-23,284
-32,683	MRP / loans fund principal repayments	-40,963
2,506	Other adjustments	0
<b>555,026</b>	<b>Closing Capital Financing Requirement</b>	<b>535,825</b>
	<b>Explanation of Movements During Year</b>	
-29,223	Increase / Decrease (-) in underlying need to borrow (unsupported by Government financial assistance)	-19,201
<b>-29,223</b>	<b>Increase / Decrease (-) in Capital Financing Requirement</b>	<b>-19,201</b>

## 16. Financial Instruments

### Categories of Financial Instruments

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

	Long-term		Current	
	31 March 2014 £'000	31 March 2015 £'000	31 March 2014 £'000	31 March 2015 £'000
<b>Investments</b>				
Loans and receivables*				
Short Term Investments	0	0	57,642	52,392
Cash at Bank	0	0	-12,066	-12,630
Available for sale financial assets	36,700	41,000	0	0
Unquoted equity investment at cost	547	543	0	0
<b>Total Investments</b>	<b>37,247</b>	<b>41,543</b>	<b>45,576</b>	<b>39,762</b>
<b>Debtors</b>				
Loans and receivables	14,445	19,410	0	0
Financial assets carried at contract amounts	0	0	53,095	43,082
Less items not classed as Financial Instruments (such as VAT, NDR, Council Tax, Payments in Advance)	0	0	-14,401	-16,726
<b>Total Debtors</b>	<b>14,445</b>	<b>19,410</b>	<b>38,694</b>	<b>26,356</b>
<b>Borrowings</b>				
Financial liabilities at amortised cost	386,453	361,330	31,021	30,516
<b>Total Borrowings</b>	<b>386,453</b>	<b>361,330</b>	<b>31,021</b>	<b>30,516</b>
<b>Creditors</b>				
Financial liabilities carried at contract amount	0	0	49,256	40,957
Less items not classed as Financial Instruments (such as VAT, NDR, Council Tax, Receipts in Advance)	0	0	-16,175	-16,328
<b>Total Creditors</b>	<b>0</b>	<b>0</b>	<b>33,081</b>	<b>24,629</b>
<b>Deferred (Long Term) Liabilities</b>				
PFI	46,893	46,301	0	0
Other Long Term Liabilities	182	132	0	0
<b>Total Deferred (Long Term) Liabilities</b>	<b>47,075</b>	<b>46,433</b>	<b>0</b>	<b>0</b>

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

### Income, Expenditure, Gains and Losses

31.3.14 £'000	Financial Liabilities measured at amortised cost	31.3.15 £'000
31,015	Interest expense	29,987
<b>31,015</b>	<b>Total expense in Surplus or Deficit on the Provision Services</b>	<b>29,987</b>

31.3.14 £'000	Financial Assets, Loans and Receivables	31.3.15 £'000
-1,841	Interest & Investment income	-2,195
<b>-1,841</b>	<b>Total income in Surplus or Deficit on the Provision Services</b>	<b>-2,195</b>

## Fair Value of Assets and Liabilities

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

- estimated ranges of interest rates at 31 March 2015 for loans from the PWLB and for short term investments based on new lending rates for equivalent loans at that date
- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair values calculated are as follows:

Financial Liabilities	31 March 2014		31 March 2015	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB borrowing	412,450	447,661	386,434	475,024
Salix Finance Ltd	0	0	1,152	1,192
Long - term creditors	47,075	47,075	46,433	46,433

The Code also allows for an alternative method of calculation to the above based on the premature repayments set of rates. The value of the PWLB loans under this method for 2014/15 would be £534.538m (£495.896m in 2013/14).

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans include a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. The commitment to pay interest at above the current market rates increases the amount that the Council would have to pay if the lender agreed to the early repayment of the loans.

Financial Assets	31 March 2014		31 March 2015	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Loans and Receivables	57,642	57,754	52,392	52,509
Long-term debtors	14,445	14,445	19,410	19,410

The fair value of the assets is greater than the carrying amount because the Council's portfolio of investments include a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the balance sheet date. The guarantee to receive interest above the current market rates increases the amount that the Council would receive if it agreed to early repayment of the loans.

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

## Long Term Investments

The value of investments held at 31 March 2015 is analysed below:

31.3.14 £'000		31.3.15 £'000
36,700	Shareholdings in : Manchester Airport Group Holdings Plc Wigan Football Company Ltd Other Investments	41,000
538		538
9		5
<b>37,247</b>		<b>41,543</b>

### Manchester Airport Group

The Council's shareholding in Manchester Airport Group is 3.22% as at 31 March 2015. The figure above is carried at fair value and is revalued annually.

### Wigan Football Company

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

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

## Long Term Debtors

These are debtors which are not immediately due and payable, but are repayable over a period of time.

They are analysed below:

31.3.14 £'000		31.3.15 £'000
9,267	Manchester Airport Group Holdings Plc	9,268
2,509	Renovation Loans	2,821
1,551	WALH Loans	2,548
0	Housing Benefit Repayments	1,668
0	Other Sundry Debtors	1,346
1,000	Local Authority Mortgage Scheme	1,000
0	Housing Repairs	397
0	Housing – Insulation Loans	289
61	Transferred Debt re Pre-1974 functions	58
49	Car Loans to Staff	10
8	Loans for House Purchases	5
<b>14,445</b>		<b>19,410</b>

## Short Term Investments

During the year the Council invested its revenue balances, reserves and capital receipts externally in short term deposits. At 31 March 2015 £52.392m was invested in this way (£57.642m at 31 March 2014) as follows:

31.3.14 £'000		31.3.15 £'000
13,100	Barclays Bank	17,350
15,000	Lloyds TSB Bank	15,000
5,000	Leeds City Council	5,000
2,000	Nationwide Building Society	5,000
0	Dundee City Council	5,000
0	Plymouth City Council	5,000
12,542	Royal Bank of Scotland	42
5,000	Dumfries & Galloway Council	0
5,000	Glasgow City Council	0
<b>57,642</b>		<b>52,392</b>

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

## Long Term Borrowing

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

31.3.14 £'000	Source of Loan Outstanding	Increases in year £'000	Decreases in year £'000	31.3.15 £'000
386,434	Public Works Loans Board	0	25,979	360,455
0	Salix Finance Ltd	1,152	288	864
19	Individuals	0	8	11
<b>386,453</b>		<b>1,152</b>	<b>26,275</b>	<b>361,330</b>

31.3.14 £'000	An Analysis by maturity is:	31.3.15 £'000
25,979	Over 1 year but not over 2 years	15,330
31,987	Over 2 years but not over 5 years	27,699
36,932	Over 5 years but not over 10 years	31,930
54,830	Over 10 years but not over 15 years	64,772
114,621	Over 15 years but not over 20 years	109,496
23,005	Over 20 years but not over 25 years	13,006
99,099	Over 25 years	99,097
<b>386,453</b>		<b>361,330</b>

The accrued interest associated with the PWLB loans is £3.234m. This is included under current liabilities and will be paid in 2015/16.

## Short Term Borrowing

At 31 March 2015 the figure for Short Term Borrowing outstanding was £30.516m, (£31.021m in 2013/14).



## 17. Deferred (Long Term) Liabilities

Deferred liabilities are liabilities which are payable beyond the next financial year. At 31 March 2015, these totalled £56.343m.

31.3.14 £'000		31.3.15 £'000
46,893	PFI (Wigan Joint Service Centre)	46,301
11,288	Former G.M.C. debt	9,910
174	Home Computer Initiative	127
8	Loan repayments Mortgaged Properties	5
<b>58,363</b>	<b>Balance as at 31st March</b>	<b>56,343</b>

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

The PFI liability represents the outstanding long term liability to the contractor for capital expenditure. See Note 12.

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

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

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

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. 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 Capita 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 credit criteria in respect of financial assets held by the Council are detailed below:

Financial Asset	Criteria	Maximum Investment £'000	% Limit
Deposits with Part Nationalised Banks	Short Term: F1+ Long Term: A -	15,000	45%
Deposits with Banks			35%
Deposits with Building Societies	Short Term: F1	5,000	
Deposits with Money Market Funds	AAA by 2 or more rating agencies	2,000	
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.

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

31.3.14 £'000		31.3.15 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
57,642	Deposits with Banks	52,392	0.018	0	9
38,806	Trade Debtors	26,356	4.08	0	1,075

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

The Council does not generally allow credit for customers but some of the current balance is past its due date for payment. The past due amount can be analysed by age as follows:

2013/14 £'000		2014/15 £'000
15,415	Less than three months	5,791
1,171	Three to six months	695
1,952	Six months to one year	2,777
4,138	More than one year	4,580
<b>22,676</b>		<b>13,843</b>

### 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:

2013/14 £'000		2014/15 £'000
27,052	Up to 1 year	27,283
25,979	Over 1 year but not over 2 years	15,330
31,987	Over 2 years but not over 5 years	27,699
36,932	Over 5 years but not over 10 years	31,930
54,830	Over 10 years but not over 15 years	64,772
114,621	Over 15 years but not over 20 years	109,496
23,005	Over 20 years but not over 25 years	13,006
99,099	Over 25 years	99,097
<b>413,505</b>		<b>388,613</b>

### 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:

	2014/15 £'000
Daily average investment balance (average rate of interest 0.54%)	79,060
Assuming interest rates 1% higher additional interest received	791
Decrease in fair value of fixed rate borrowings liabilities (no impact on Comprehensive Income and Expenditure Statement)	-52,361

### 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 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.

The Manchester Airport shares are classified as available for sale, meaning that all movements in price will impact on gains and losses recognised in Other Comprehensive Income and Expenditure. In 2014/15 the Council's holding in Manchester Airport Group Plc was revalued resulting in a gain of £4.3m that was recognised in the Other Comprehensive Income and Expenditure Statement.

### 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.

## 19. Inventories

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

	Consumable Stores		Maintenance Materials		Total	
	2013/14 £'000	2014/15 £'000	2013/14 £'000	2014/15 £'000	2013/14 £'000	2014/15 £'000
<b>Balance outstanding at start of year</b>	<b>329</b>	<b>257</b>	<b>523</b>	<b>453</b>	<b>852</b>	<b>710</b>
Purchases	4,516	4,407	1,628	1,744	6,144	6,151
Recognised as an expense in the year	-4,540	-4,409	-1,648	-1,822	-6,188	-6,231
Written off balances	-48	-16	-50	-96	-98	-112
<b>Balance outstanding at year-end</b>	<b>257</b>	<b>239</b>	<b>453</b>	<b>279</b>	<b>710</b>	<b>518</b>

### Consumable Stores

This is the stock relating to the Transport Services and Metrofresh Catering.

### Maintenance Materials

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

## 20. Debtors

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

31.3.14 £'000		31.3.15 £'000
27,815	Other Entities and Individuals	26,881
10,081	Central Government Bodies	10,052
2,510	Other Local Authorities	3,665
12,665	NHS Bodies	2,484
24	Public Corporations and Trading Funds	0
<b>53,095</b>	<b>Net Total</b>	<b>43,082</b>

## 21. Cash and Cash Equivalents

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

31.3.14 £'000		31.3.15 £'000
64	Cash held by the Council (Petty Cash)	53
19,110	Bank Current Accounts - Schools	17,188
-31,240	Bank Current Accounts - Council	-29,871
57,642	Short-term deposits	52,392
<b>45,576</b>	<b>Total Cash and Cash Equivalents</b>	<b>39,762</b>

The Cash Overdrawn element (£29.871m) is included within Cash and Cash Equivalents as it is deemed to be integral to the Council's cash management.

## 22. Cashflow Adjustments Analysis

2013/14 £'000	Adjust Net Surplus or Deficit on the Provision of Services for Non Cash Movements	2014/15 £'000
-36,019	Depreciation	-36,885
-349	Intangibles	-307
-32,793	Impairment and Revaluation Losses	-37,409
2,068	Increase +/- decrease in Creditors	8,299
3,262	Increase +/- decrease in Debtors	-5,048
-231	Increase +/- decrease in Inventories	-192
2,617	Increase +/- decrease in Provisions	710
-15,748	Movement in Pension Liability	-12,448
-7,356	Carrying amount of non current assets and non current assets held for sale, sold or derecognised	-14,676
-73	Other non cash items charged to net surplus and deficit on the provision of services	-11
<b>-84,622</b>	<b>Total</b>	<b>-97,967</b>

2013/14 £'000	Adjust for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	2014/15 £'000
7,136	Purchase of PPE	7,546
13,177	Capital Grants credited to the surplus or deficit on the provision of services	17,514
1,007	Council Tax and NDR adjustment	-2,665
<b>21,320</b>	<b>Total</b>	<b>22,395</b>

### 23. Assets Held for Sale

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

	Current	
	2013/14 £'000	2014/15 £'000
<b>Balance outstanding at start of the year</b>	<b>2,776</b>	<b>1,843</b>
<b>Assets newly classified as held for sale:</b>		
Property, Plant and Equipment	1,512	1,182
Revaluation losses	-715	-78
Revaluation gains	316	123
Impairment losses	-21	-88
<b>Assets declassified as held for sale:</b>		
Property, Plant and Equipment	-1,043	-387
Assets sold	-982	-857
<b>Balance outstanding at year-end</b>	<b>1,843</b>	<b>1,738</b>

### 24. Creditors

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

31.3.14 £'000		31.3.15 £'000
36,752	Other Entities and Individuals	28,893
6,367	Central Government Bodies	6,562
5,162	Other Local Authorities	4,309
975	NHS Bodies	1,193
<b>49,256</b>	<b>Net Total</b>	<b>40,957</b>

## 25. Provisions

### Current Liability

	Insurance Fund £'000	Equal Pay £'000	Business Rates Appeals £'000	Total £'000
<b>Balance at 1 April 2014</b>	<b>2,068</b>	<b>85</b>	<b>1,878</b>	<b>4,031</b>
Additional provisions made in 2014/15	4,014	0	1,419	<b>5,433</b>
Amounts used in 2014/15	-4,047	-50	-1,878	<b>-5,975</b>
Unused amounts reversed in 2014/15	0	0	0	<b>0</b>
<b>Balance at 31 March 2015</b>	<b>2,035</b>	<b>35</b>	<b>1,419</b>	<b>3,489</b>

### Long Term Liability

	Insurance Fund £'000	Total £'000
<b>Balance at 1 April 2014</b>	<b>3,941</b>	<b>3,941</b>
Additional provisions made in 2014/15	0	<b>0</b>
Amounts used in 2014/15	-168	<b>-168</b>
Unused amounts reversed in 2014/15	0	<b>0</b>
<b>Balance at 31 March 2015</b>	<b>3,773</b>	<b>3,773</b>

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

#### Insurance

At 31st March 2015 the Council held an Insurance provision of £5.808m. This is for future payments of claims made or yet to be made for incidents which occurred before 31st March 2015. These include incidents where a legal liability arises and incidents of damage to Council property. Increases to the provision in 2014/15 reflect contributions from services. The costs of premium payments, settlement of claims and risk management are shown as decreases to the provision in 2014/15. The level of the Insurance provision is reviewed annually to ensure that sufficient sums are set aside to meet potential liabilities.

The provision also includes amounts relating to the Council's former insurer, Municipal Mutual Insurance (MMI), which ceased underwriting in 1992. Increased levels of claims, mainly due to industrial diseases, have resulted in the ongoing deterioration of MMI solvency over recent years and has resulted in the appointment of an administrator. In 2013/14 a 15% levy was invoked.

The MMI situation continues to be monitored regularly to ensure that adequate values are maintained with the Council's Insurance Fund to cover potential future payments regarding future claim settlements.

#### Equal Pay

The Council has settled the majority of its claims for equal pay.

#### 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.



## 26. 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 2014/15.

	Balance at 31.3.13 £'000	Trans. Out £'000	Trans. in £'000	Balance at 31.3.14 £'000	In year realign. £'000	Trans. Out £'000	Trans. in £'000	Balance at 31.3.15 £'000	Anticipated Balance £'000
<b>Invest to Save - General Fund</b>									
Organisational Transition	15,202	-7,030	7,326	15,498	-5,385	-1,940	3,683	11,856	1,272
Invest to Save Reserve	2,551	-808	1,000	2,743	0	-1,046	1,520	3,217	0
Transformation Agenda	0	0	3,500	3,500	0	-517	0	2,983	0
Legal Costs Reserve	3,000	-181	0	2,819	0	-97	0	2,722	0
IT Investment Reserve	4,156	-1,679	500	2,977	0	-2,041	1,000	1,936	0
Organisational Development Reserve	0	-102	600	498	0	-214	350	634	0
Carbon Reduction Scheme	0	0	600	600	0	0	0	600	0
Leisure Facilities Investment Funds	624	0	80	704	0	-319	120	505	0
Waste Procurement	750	-493	0	257	0	-153	0	104	0
	<b>26,283</b>	<b>-10,293</b>	<b>13,606</b>	<b>29,596</b>	<b>-5,385</b>	<b>-6,327</b>	<b>6,673</b>	<b>24,557</b>	<b>1,272</b>
<b>Council approved Budget Funding – General Fund</b>									
Community Investment Fund	2,000	-1,151	2,000	2,849	0	-1,110	1,000	2,739	0
Apprenticeship Scheme	750	-349	2,250	2,651	0	-370	0	2,281	0
NEETs	1,000	-104	0	896	0	-187	0	709	0
Armed Forces Reserve	0	0	0	0	0	0	500	500	0
Access to Internet	0	0	0	0	0	0	500	500	0
Graduate Scheme	500	-39	0	461	0	-13	0	448	0
Deal in Action	0	0	0	0	0	-104	500	396	0
Life Scheme - Leigh	300	0	0	300	0	0	0	300	0
Road Traffic Safety Reserve	1,449	-395	0	1,054	0	-788	0	266	0
Borough Spring Clean	0	0	0	0	0	-25	250	225	0
World War One Commemorations	0	0	250	250	0	-102	0	148	0
	<b>5,999</b>	<b>-2,038</b>	<b>4,500</b>	<b>8,461</b>	<b>0</b>	<b>-2,699</b>	<b>2,750</b>	<b>8,512</b>	<b>0</b>
<b>Joint Arrangement – General Fund</b>									
Public Health Joint Arrangement	0	0	5,000	5,000	5,385	-3,570	5,700	12,515	0
<b>Usable Reserves (available) General Fund</b>	<b>32,282</b>	<b>-12,331</b>	<b>23,106</b>	<b>43,057</b>	<b>0</b>	<b>-12,596</b>	<b>15,123</b>	<b>45,584</b>	<b>1,272</b>
<b>Corporate</b>									
Insurance Reserve	4,516	-1,200	2,057	5,373	0	-516	3,657	8,514	8,514
Business Rates Safety Net	4,600	0	0	4,600	0	0	3,000	7,600	1,600
Grants Reserve	6,252	-3,924	3,332	5,660	0	-3,121	4,514	7,053	0
Wigan Life Centre	1,220	-353	670	1,537	0	0	440	1,977	0
Leigh Sports Village	1,384	-200	600	1,784	0	0	119	1,903	0
Public Sector Reform	0	0	500	500	0	-222	500	778	0
VAT Reserve	508	-111	111	508	0	0	87	595	0
Waste Disposal After Care	375	-40	0	335	0	-32	0	303	0
Education Skills Project	320	-6	0	314	0	-56	0	258	0
IT Partnership Reserve	0	0	0	0	0	0	121	121	0
Various Bequests–Culture – Other Reserves	6	0	0	6	0	0	0	6	6
Warrington Rd Allotments – Other Reserves	6	0	0	6	0	0	0	6	5
GM Broadband	0	0	313	313	0	-313	0	0	0
<b>Usable Reserves (available) Corporate</b>	<b>19,187</b>	<b>-5,834</b>	<b>7,583</b>	<b>20,936</b>	<b>0</b>	<b>-4,260</b>	<b>12,438</b>	<b>29,114</b>	<b>10,125</b>
<b>Schools / DSG Balances</b>									
DSG Schools Block – Delegated Fund	15,798	-662	443	15,579	0	0	465	16,044	16,044
DSG Early Years Block	0	0	833	833	0	0	1,732	2,565	2,565
DSG High Needs Block	1,642	-1,393	1,940	2,189	0	-1,047	590	1,732	1,732
DSG Contingency / Centrally Retained	1,133	0	0	1,133	0	-372	908	1,669	1,669
Closed Schools Balances – Delegated Fund	752	0	0	752	0	0	0	752	752
Schools Balances - Direct Funding	662	-64	347	945	0	-336	24	633	633
Schools PPG Reserve	0	0	0	0	0	0	105	105	105
<b>Usable Reserves (available) Schools</b>	<b>19,987</b>	<b>-2,119</b>	<b>3,563</b>	<b>21,431</b>	<b>0</b>	<b>-1,755</b>	<b>3,824</b>	<b>23,500</b>	<b>23,500</b>

<b>Usable Reserves (available)</b>	<b>71,456</b>	<b>-20,284</b>	<b>34,252</b>	<b>85,424</b>	<b>0</b>	<b>-18,611</b>	<b>31,385</b>	<b>98,198</b>	<b>34,897</b>
Manchester Airport Shares	5,702	0	0	5,702	0	0	0	5,702	5,702
Wigan Football Company Shares	538	0	0	538	0	0	0	538	538
<b>Usable Reserves (unavailable)</b>	<b>6,240</b>	<b>0</b>	<b>0</b>	<b>6,240</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,240</b>	<b>6,240</b>
<b>Total Usable Reserves</b>	<b>77,696</b>	<b>-20,284</b>	<b>34,252</b>	<b>91,664</b>	<b>0</b>	<b>-18,611</b>	<b>31,385</b>	<b>104,438</b>	<b>41,137</b>

The anticipated balance column in the table above shows the estimated future balance on each of the reserves. This figure represents the position after taking into account the plans in place that will utilise a significant proportion of the reserves to assist the Council in achieving a number of goals.

The Schools reserves are not available to the Council and therefore any future changes have not been reflected.

### **Usable Reserves (available)**

#### **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.

##### **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.

##### **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.

##### **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.

##### **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.

##### **Organisational Development Reserve**

This reserve covers the cost of transition associated to the delivery of the Modernisation Agenda.

##### **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.

### **Leisure Facilities Investment Funds**

These reserves are maintained to provide longer term funding for planned significant upgrades at these two locations.

### **Waste Procurement**

The Council is currently procuring new contracts for the waste that it collects and disposes of. The reserve will be used in support of the costs associated with this exercise.

### **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.

#### **Apprenticeship Scheme**

The reserve has been created to be utilised in support of a Council wide apprenticeship scheme.

#### **Not in Employment, Education or Training (NEETs)**

This reserve provides the necessary funding for the creation of apprenticeship jobs targeted at this specific category of resident of the borough.

#### **Armed Forces Reserve**

Council approved the creation of this reserve to provide funds for an Armed Forces Community Hub for the 22,000 veterans residing in Wigan.

#### **Access to Internet Reserve**

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

#### **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.

#### **Deal in Action Reserve**

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

#### **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.

### **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.

### **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.

### **World War One Commemorations**

The Council has a programme of events planned for the WW1 commemorations. This reserve has been set aside to provide the necessary funds.

### **Joint Arrangement - General Fund:**

#### **Public Health Joint Arrangement**

Joint working has been undertaken between the Council and the Clinical Commissioning Group. A joint plan of investment has been agreed on Out of Hospital Care.

#### **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.

#### **Business Rates Safety Net**

This reserve provides a contingency against future losses in the collection of Business Rates. The scheme provides a safety net to stop Council's from losing significant proportions of its income. The level of reserve represents the amount that the Council could lose before the safety net is triggered.

#### **Grants Reserve**

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

#### **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.

#### **Leigh Sports Village**

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

#### **Public Sector Reform**

Greater Manchester is one of four pilot areas for Whole Place Community Budgets. This initiative aims to improve the outcomes and reduce public spending through joint working across all sectors. The pilot is focused upon Early Years, Confident Families, Transforming Justice, Health and Social Care, and Work and Skills. This reserve will provide the funds to assist the Council in its active engagement in these areas.

### **VAT Reserve**

This represents previously overpaid output tax reimbursed by HM Customs.

### **Waste Disposal After Care**

This reserve was created following the Council's sale of Landfill Management Ltd (LML) in 2000. It represents LML's former liability, subsequently transferred to the Council along with the associated funds, for providing after care services on the former landfill sites at Ince Moss and Amberswood.

### **Education Skills Project**

This reserve will provide the funds necessary to improve the employment options for people within the borough. It aims to create an employment and skills hub which will act as a one stop-shop facility for both employers and individuals and for those unemployed in the over 25's bracket specific links will be made into the public sector reform work.

### **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.

### **GM Broadband**

Councils across Greater Manchester have joined together to support the roll out of high speed broadband across town centres and key business areas. This has now been fully utilised.

### **Schools / DSG Balances:**

#### **Dedicated Schools Grant (DSG)**

DSG is paid as a ring-fenced specific grant and must be used in support of the schools budget as defined in the School and Early Years Finance (England) Regulations 2014. It can be used for no other purpose.

#### **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.

#### **DSG High Needs Block**

This represents unspent DSG in respect of High Needs Funding.

### 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 in 2015/16.

### Closed Schools Balances – Delegated Fund

This represents the balances of schools that have closed with a surplus that is ring-fenced to the DSG and awaits a decision by the Schools Forum as to its use.

### Schools Balances – Direct Funding

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

### 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 2015.

### Usable Reserves (unavailable)

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

### Manchester Airport

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

### Wigan Football Company Shares

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

## 27. Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement on page 13. Movements within the Usable Capital Receipts Reserve are shown in Note 5 on Page 23.

## 28. Unusable Reserves

31.3.14 £'000		31.3.15 £'000
403,194	Capital Adjustment Account	395,835
85,593	Revaluation Reserve	67,940
26,486	Available for Sale Financial Instruments Reserve	30,786
-343,803	Pensions Reserve	-463,204
-5,639	Employee Accumulated Absences Account	-5,586
-1,735	Collection Fund Adjustment Account	-5,168
<b>164,097</b>	<b>Total Unusable Reserves</b>	<b>20,603</b>

## Capital Adjustment Account

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

31.3.14 £'000		31.3.15 £'000	
<b>395,267</b>	<b>Balance at 1 April</b>		<b>403,194</b>
6,680*	Adjustment to Opening Balance – School Non-Current Assets		0
	<b>Reversal of items relating to capital expenditure debited or credited to the CIES:</b>		
-49,924	Charges for depreciation and impairment of non-current assets	-56,801	
-19,399	Revaluation losses on Property, Plant and Equipment	-23,583	
-349	Amortisation of Intangible Assets	-307	
514	Movements in the Market Value of Investment Property	6,091	
-10,441	Revenue expenditure funded from capital under statute	-8,763	
-7,356	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	-14,676	
<b>-86,955</b>			<b>-98,039</b>
964	Adjusting amounts written out of the Revaluation Reserve		2,358
<b>-85,991</b>	Net written out amount of the cost of non-current assets consumed in the year		<b>-95,682</b>
	<b>Capital financing applied in the year:</b>		
3,075	Use of the Capital Receipts Reserve to finance new capital expenditure	4,010	
17,571	Use of the Major Repairs Reserve to finance new capital expenditure	10,330	
15,549	Capital grants and contributions credited to the CIES that have been applied to capital financing	6,642	
8,786	Application of grants to capital financing from the Capital Grants Unapplied Account	13,528	
32,684	Statutory provision for the financing of capital investment charged against the General Fund	40,963	
7,928	Capital expenditure charged against the General Fund	12,954	
<b>85,593</b>			<b>88,427</b>
1,645	Depreciation of non-current asset revaluation gains		0
0	Write down of Long Term Debtors		-105
<b>403,194</b>	<b>Balance at 31 March</b>		<b>395,835</b>

\* Adjustment to reflect school non-current assets being brought onto balance sheet. Further details are contained in Note 2.



## Revaluation Reserve

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

- 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.

31.3.14 £'000		31.3.15 £'000	
<b>88,643</b>	<b>Balance at 1 April</b>		<b>85,593</b>
8,994	Upward revaluation of assets	7,301	
-9,435	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-22,596	
<b>-441</b>	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		<b>-15,295</b>
-963	Difference between fair value depreciation and historical cost depreciation	-757	
-1,646	Accumulated gains on assets sold or scrapped	-1,601	
<b>-2,609</b>	Amount written off to the Capital Adjustment Account		<b>-2,358</b>
<b>85,593</b>	<b>Balance at 31 March</b>		<b>67,940</b>

## Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Authority arising from increases in the value of its investments. 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

2013/14 £'000		2014/15	
		£'000	£'000
<b>19,086</b>	<b>Balance at 1 April</b>		<b>26,486</b>
7,400	Revaluation of Shareholding in Manchester Airport	4,300	
0	Downward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	0	
<b>26,486</b>			<b>30,786</b>
0	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income		0
<b>26,486</b>	<b>Balance at 31 March</b>		<b>30,786</b>



## Pensions Reserve

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

2013/14 £'000		2014/15 £'000
<b>-354,136</b>	<b>Balance at 1 April</b>	<b>-343,803</b>
26,081	Actuarial gains or losses (-) on pensions assets and liabilities	-106,953
-41,620	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-40,963
25,872	Employer's pensions contributions and direct payments to pensioners payable in the year	28,515
<b>-343,803</b>	<b>Balance at 31 March</b>	<b>-463,204</b>

## Accumulated Absences Account

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

2013/14 £'000		2014/15	
		£'000	£'000
<b>-3,369</b>	<b>Balance at 1 April</b>		<b>-5,639</b>
3,369	Settlement or cancellation of accrual made at the end of the preceding year	5,639	
-5,639	Amounts accrued at the end of the current year	-5,586	
-2,270	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		53
<b>-5,639</b>	<b>Balance at 31 March</b>		<b>-5,586</b>

## 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.

2013/14 £'000		2014/15 £'000
-602	<b>Balance at 1 April</b>	-1,735
-1,133	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	-3,433
-1,735	<b>Balance at 31 March</b>	-5,168

## 29. Amounts Reported for Resource Allocation Decisions

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

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

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

Service Information for the year ended 31 March 2015	People £'000	Places £'000	Resources £'000	Total £'000
Fees, charges & other service income	57,019	65,208	58,394	180,621
Government grants and contributions	274,522	2,321	103,978	380,821
<b>Total Income</b>	<b>331,541</b>	<b>67,529</b>	<b>162,372</b>	<b>561,442</b>
Employee expenses	223,416	31,843	27,566	282,825
Other operating expenses	221,745	60,195	144,430	426,370
Support service recharges	17,155	13,010	15,296	45,461
Capital	31,229	11,843	18,835	61,907
<b>Total operating expenses</b>	<b>493,545</b>	<b>116,891</b>	<b>206,127</b>	<b>816,563</b>
<b>Surplus (-) / Deficit on provision of service</b>	<b>162,004</b>	<b>49,362</b>	<b>43,755</b>	<b>255,121</b>

Service Information for the year ended 31 March 2014	People £'000	Places £'000	Resources £'000	Total £'000
Fees, charges & other service income	68,718	61,257	53,694	183,669
Government grants and contributions	280,069	4,413	107,325	391,807
<b>Total Income</b>	<b>348,787</b>	<b>65,670</b>	<b>161,019</b>	<b>575,476</b>
Employee expenses	223,045	32,360	24,807	280,212
Other operating expenses	221,075	59,201	145,654	425,930
Support service recharges	33,885	11,713	15,047	60,645
Capital	20,727	13,676	9,235	43,638
<b>Total operating expenses</b>	<b>498,732</b>	<b>116,950</b>	<b>194,743</b>	<b>810,425</b>
<b>Surplus (-) / Deficit on provision of service</b>	<b>149,945</b>	<b>51,280</b>	<b>33,724</b>	<b>234,949</b>

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

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

	2013/14 £'000	2014/15 £'000
<b>Cost of Services in Service Analysis</b>	<b>234,949</b>	<b>255,121</b>
Services not included in main analysis	-5,541	-18,370
Amounts not reported to management	20,193	16,509
Amounts reported to management not included in the CIES	-2,508	-1,491
<b>Net cost of services</b>	<b>247,093</b>	<b>251,769</b>

## Reconciliation to Subjective Analysis

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

2014/15	Service Analysis	Service not in Analysis	Amounts not reported to management	Amounts not included in CIES	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income</b>								
Fees, charges & other service income	180,622	91,632	-82,521	-15,796	-12,928	<b>161,009</b>	0	<b>161,009</b>
Interest & Investment Income	0	0	0	0	0	<b>0</b>	6,331	<b>6,331</b>
Income from Council Tax	0	0	0	0	0	<b>0</b>	101,081	<b>101,081</b>
Non Domestic rates	0	0	0	0	0	<b>0</b>	61,815	<b>61,815</b>
Government grants & contributions	380,821	0	-1,239	0	0	<b>379,582</b>	95,199	<b>474,781</b>
Capital Grant	0	0	0	0	0	<b>0</b>	20,282	<b>20,282</b>
<b>Total Income</b>	<b>561,443</b>	<b>91,632</b>	<b>-83,760</b>	<b>-15,796</b>	<b>-12,928</b>	<b>540,591</b>	<b>284,708</b>	<b>825,299</b>
<b>Expenditure</b>								
Employee expenses	282,825	20	-33,432	0	0	<b>249,413</b>	0	<b>249,413</b>
Other operating expenses	426,370	39,609	-23,855	0	0	<b>442,124</b>	0	<b>442,124</b>
Support Service recharges	45,461	1,577	-119	-17,287	-12,928	<b>16,704</b>	0	<b>16,704</b>
Capital charges	61,908	32,056	-9,845	0	0	<b>84,119</b>	0	<b>84,119</b>
Interest payable	0	0	0	0	0	<b>0</b>	30,815	<b>30,815</b>
Precepts & Levies	0	0	0	0	0	<b>0</b>	83	<b>83</b>
Payments to Housing capital Receipts Pool	0	0	0	0	0	<b>0</b>	2,544	<b>2,544</b>
Gain/loss on disposal of non-current assets	0	0	0	0	0	<b>0</b>	7,263	<b>7,263</b>
Gain/loss on investment of revaluation properties	0	0	0	0	0	<b>0</b>	-6,080	<b>-6,080</b>
Trading	0	0	0	0	0	<b>0</b>	-38	<b>-38</b>
Net interest on the net defined benefit liability (asset)	0	0	0	0	0	<b>0</b>	14,725	<b>14,725</b>
<b>Total expenditure</b>	<b>816,564</b>	<b>73,262</b>	<b>-67,251</b>	<b>-17,287</b>	<b>-12,928</b>	<b>792,360</b>	<b>49,312</b>	<b>841,672</b>
<b>Surplus (-) / deficit on the provision of services</b>	<b>255,121</b>	<b>-18,370</b>	<b>16,509</b>	<b>-1,491</b>	<b>0</b>	<b>251,769</b>	<b>-235,396</b>	<b>16,373</b>

2013/14	Service Analysis	Service not in Analysis	Amounts not reported to management	Amounts not included in CIES	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income</b>								
Fees, charges & other service income	183,669	89,059	-76,064	-11,541	-28,236	156,887	0	156,887
Interest & Investment Income	0	0	0	0	0	0	5,735	5,735
Income from Council Tax	0	0	0	0	0	0	97,255	97,255
Non Domestic rates	0	0	0	0	0	0	61,953	61,953
Government grants & contributions	391,807	0	-726	0	0	391,081	109,398	500,479
Capital Grant	0	0	0	0	0	0	14,305	14,305
<b>Total Income</b>	<b>575,476</b>	<b>89,059</b>	<b>-76,790</b>	<b>-11,541</b>	<b>-28,236</b>	<b>547,968</b>	<b>288,646</b>	<b>836,614</b>
<b>Expenditure</b>								
Employee expenses	280,212	21	-28,272	0	0	251,961	0	251,961
Other operating expenses	425,930	42,274	-18,718	0	0	449,486	0	449,486
Support Service recharges	60,645	1,971	-4,999	-14,049	-28,236	15,332	0	15,332
Capital charges	43,638	39,252	-4,608	0	0	78,282	0	78,282
Interest payable	0	0	0	0	0	0	31,926	31,926
Precepts & Levies	0	0	0	0	0	0	83	83
Payments to Housing capital Receipts Pool	0	0	0	0	0	0	2,862	2,862
Gain/loss on disposal of non-current assets	0	0	0	0	0	0	383	383
Gain/loss on investment of revaluation properties	0	0	0	0	0	0	-511	-511
Trading	0	0	0	0	0	0	220	220
Net interest on the net defined benefit liability (asset)	0	0	0	0	0	0	15,919	15,919
<b>Total expenditure</b>	<b>810,425</b>	<b>83,518</b>	<b>-56,597</b>	<b>-14,049</b>	<b>-28,236</b>	<b>795,061</b>	<b>50,882</b>	<b>845,943</b>
<b>Surplus (-) / deficit on the provision of services</b>	<b>234,949</b>	<b>-5,541</b>	<b>20,193</b>	<b>-2,508</b>	<b>0</b>	<b>247,093</b>	<b>-237,764</b>	<b>9,329</b>

### 30. Trading Operations

#### Surpluses and Deficits on Trading Accounts

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

- Highways Maintenance – which provides repairs to and maintenance of the highways infrastructure including lighting, drainage and winter maintenance
- Building Maintenance – which provides maintenance, installation and repairs to Council property and Council Housing
- Transport – the procurement, repair, maintenance and inspection of vehicles and other related plant
- Metrofresh – which provides a comprehensive catering service including delivering meals to primary, special and high schools in the borough
- Building Cleaning – which provides cleaning services and caretaking support to education establishments, sheltered housing and council offices
- Other External Cleaning & Waste – cleaning and cleansing services to other land and property

In addition to the traditional trading services the Council has also identified other activities which can be classified as such under the Service Reporting Code of Practice (SeRCOP), these include Industrial Estates.

2014/15	Expenditure £'000	Turnover £'000	Surplus (-) / Deficit £'000	IAS 19 Allocation £'000	Post IAS 19 Surplus (-) / Deficit £'000
Highways Maintenance	8,361	8,854	-493	100	-393
Building Maintenance	4,566	4,701	-135	20	-115
Transport	7,173	7,386	-213	56	-157
Metrofresh	13,285	13,809	-524	54	-470
Building Cleaning	345	443	-98	6	-92
Other External Cleaning & Waste	0	12	-12	0	-12
<b>Total</b>	<b>33,730</b>	<b>35,205</b>	<b>-1,475</b>	<b>236</b>	<b>-1,239</b>
Other Trading Services	118	558	-440	0	-440
<b>Total Trading Services</b>	<b>33,848</b>	<b>35,763</b>	<b>-1,915</b>	<b>236</b>	<b>-1,679</b>

SeRCOP classifies support services as trading activities and proposes that any non-material balances remaining at the end of the financial year should be recorded against the Financing and Investment Income line on the face of the CIES. The residual balance on support services at 31 March 2015 was £1.641m (£0.013m in 2013/14) and is included in the CIES Trading Accounts line of £-0.038m.

IAS19 is a statutory accounting requirement relating to the Local Government Pension Scheme explained in Note 41. The impact of IAS19 increases charges to the above services by £0.236m.

2013/14 Comparative figures	Expenditure £'000	Turnover £'000	Surplus (-) / Deficit £'000	IAS19 Allocation £'000	IAS19 Surplus (-) / Deficit £'000
Highways Maintenance	6,562	6,419	143	91	234
Building Maintenance	11,085	11,254	-169	96	-73
Transport	5,104	4,919	185	37	222
Metrofresh	8,308	8,145	163	161	324
Building Cleaning	495	531	-36	12	-24
<b>Total</b>	<b>31,554</b>	<b>31,268</b>	<b>286</b>	<b>397</b>	<b>683</b>
Other Trading Services	85	561	-476	0	-476
<b>Total Trading Services</b>	<b>31,639</b>	<b>31,829</b>	<b>-190</b>	<b>397</b>	<b>207</b>

### 31. Agency Services

The Council is a billing authority for Non Domestic Rates (NDR) and Council Tax. This includes the billing of precepts for the Police and Crime Commissioner for Greater Manchester, Greater Manchester Fire and Rescue Authority and the precepts for the parishes of Haigh and Shevington.

The Council also collects superannuation payments from its employees on behalf of the Greater Manchester Pension Fund (administered by Tameside MBC), the Teachers Pension Scheme (administered by Capita) and the NHS Pension Scheme (administered by NHS Pensions).



### 32. Pooled Budgets

A pooled budget was established on 1 August 2005 between the Council and Ashton, Leigh and Wigan PCT. This arrangement was continued with Wigan Borough Clinical Commissioning Group from its inception on the 1 April 2013. The Integrated Community Equipment Store (ICES) brought together previously separate community equipment operations to achieve more efficient and effective equipment purchase and maintenance.

The Council is the host organisation for the ICES which it administers on behalf of the two parties. The ICES budget is top sliced by the Council from the Peoples Services capital budget.

The table below shows the total for the year:

Total 2013/14 £'000	Gross Funding 2014/15	Cash £'000	Grants £'000	In Kind £'000	Other £'000	Total 2014/15 £'000
716	<b>Integrated Community Equipment Service (ICES) Funding:</b> Wigan Council	651	0	0	0	651
198		198	0	0	0	198
914	<b>Total ICES Funding</b>	<b>849</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>849</b>

Total 2013/14 £'000	Gross Expenditure 2014/15	Staff Costs £'000	Non Staff Costs £'000	Overheads £'000	Community Equipment £'000	Other £'000	Total 2014/15 £'000
914	Integrated Community Equipment Service (ICES)	310	164	0	375	0	849
914	<b>Total Expenditure</b>	<b>310</b>	<b>164</b>	<b>0</b>	<b>375</b>	<b>0</b>	<b>849</b>

### 33. Members' Allowances

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

	2013/14 £'000	2014/15 £'000
Allowances	1,112	1,157
Expenses	18	13
<b>Total</b>	<b>1,130</b>	<b>1,170</b>

The employers' pension contributions associated with these allowances was £0.089m (£0.107m in 2013/14).

### 34. Officers' Remuneration

The following table lists the remuneration paid to the Authority's senior employees (Strategic Management and Statutory Officers) as follows:

a)

Total Remun. Incl. pension contrib. 2013/14 £	Name	Job Title	Salary £	Election Fees £	Total Remun. excl. pension contrib. £	Employers Pension Contrib. £	Total Remun. Incl. pension contrib. 2014/15 £
198,230	Donna Hall	Chief Executive	165,000	24,462	189,462	34,023	223,485
142,320	Anne Goldsmith (1)	Director for Children & Families	197,680	0	197,680	19,950	217,630
161,836	Paul McKeivitt (2)	Deputy Chief Executive (Director for Resources & Contracts)	140,000	2,350	142,350	21,560	163,910
142,422	Stuart Cowley	Director for Adult Social Care & Health	120,000	0	120,000	23,520	143,520
139,065	Steve Normington	Director for Economy & Skills	120,000	0	120,000	23,520	143,520
138,600	Terry Dunn	Director for Environment	122,419	0	122,419	20,580	142,999
138,228	Alison McKenzie-Folan	Director for Customer Transformation	120,000	340	120,340	19,796	140,136
125,139	Kate Arden (3)	NHS Director of Public Health	110,906	0	110,906	15,527	126,433
108,978	John Mitchell (4)	Assistant Director - Legal / Contracts	91,667	1,350	93,017	17,966	110,983
89,692	James Winterbottom (5)	Interim Director for Children & Families	88,065	340	88,405	0	88,405
0	Linda Fisher (6)	Assistant Director - Legal	24,250	0	24,250	4,753	29,003

- (1) The Director for Children and Families left the Authority in February 2015 and the salary figure includes redundancy payments.
- (2) Paul McKeivitt is the S151 Officer for Wigan and also the Treasurer to Greater Manchester Fire and Rescue Authority, which is included in his remuneration.
- (3) 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.
- (4) John Mitchell was the Assistant Director – Legal until 31 December 2014 and then became the Assistant Director – Contracts.
- (5) James Winterbottom was appointed the Interim Director of Children and Families in January 2015.
- (6) Linda Fisher was appointed the Assistant Director – Legal on 1 January 2015. The annual salary for this post is £97,000.

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

b)

Number of Employees 2013/14	Remuneration Band	Number of Employees 2014/15
37*	£50,000 - £54,999	30*
5*	£55,000 - £59,999	11*
3*	£60,000 - £64,999	0
5*	£65,000 - £69,999	4*
2	£70,000 - £74,999	1*
14* +	£75,000 - £79,999	1
0	£80,000 - £84,999	13
0	£85,000 - £89,999	0
1	£90,000 - £94,999	1
2*	£95,000 - £99,999	0
0	£100,000 - £104,999	1
0	£105,000 - £109,999	0
0	£110,000 - £114,999	0
0	£115,000 - £119,999	0
0	£120,000 - £124,999	0
0	£125,000 - £129,999	1*
0	£130,000 - £134,999	1* +
0	£135,000 - £139,999	0
0	£140,000 - £144,999	0
<b>69</b>		<b>64</b>

\* Figures include redundancy payments

During 2012/13 the Council announced a scheme of early retirement/voluntary redundancy; this scheme continued into 2014/15.

+ The Council recovers from the Core Commissioning Group 50% of the salary of the Assistant Director (Partnership, Safeguarding and Children's Commissioner), but they left the Council in January 2015.

## 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:

c)

Number of Employees 2013/14	Remuneration Band	Number of Employees 2014/15
76*	£50,000 - £54,999	80*
51*	£55,000 - £59,999	58*
37*	£60,000 - £64,999	40*
19*	£65,000 - £69,999	20*
14*	£70,000 - £74,999	16*
6	£75,000 - £79,999	5
3	£80,000 - £84,999	6*
1	£85,000 - £89,999	3*
2*	£90,000 - £94,999	3
2	£95,000 - £99,999	2
1	£100,000 - £104,999	1
2	£105,000 - £109,999	1
0	£110,000 - £114,999	1
<b>214</b>		<b>236</b>

\* Figures include redundancy payments

## 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)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band (B+C)		Total Cost of Exit Packages in Each Band £'000	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
0 - £20,000	88	101	163	195	251	296	1,798	1,908
£20,001 - £40,000	8	11	16	42	24	53	636	1,351
£40,001 - £60,000	1	0	1	4	2	4	99	213
£60,001 - £80,000	1	1	0	2	1	3	61	185
£80,001 - £100,000	0	0	0	1	0	1	0	93
£100,001 - £150,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>98</b>	<b>113</b>	<b>180</b>	<b>244</b>	<b>278</b>	<b>357</b>	<b>2,594</b>	<b>3,750</b>
Amounts provided for in CIES not included in bandings							567	506
<b>Total Cost Included in CIES</b>							<b>3,161</b>	<b>4,256</b>

The amounts not included in the bandings relate to Past Service costs identified by the Actuary relating to early retirements. It is not possible to divide this figure into the appropriate bands in the table above.

## Termination Benefits

The Council terminated the contracts of a number of employees in 2014/15, incurring liabilities of £3.750m (£2.594m in 2013/14). Further details on the number of exit packages and total cost per band is disclosed in the tables above.

This was payable to employees across all Council Services who were made redundant or took voluntary redundancy as part of the Authority's rationalisation of services in respect of budget cuts.

## 35. Audit Costs

In 2014/15 Wigan Council incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and non-audit services provided by the Council's auditors:

	2013/14 £'000	2014/15 £'000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	153	161
Fees payable to the Audit Commission in respect of statutory inspections	0	0
Fees payable to the Audit Commission for the certification of grant claims and returns	37	29
Fees payable in respect of other services provided by the appointed auditor	5	6
<b>Total</b>	<b>195</b>	<b>196</b>

The 2014/15 fees payable to the Audit Commission includes a rebate of £0.018m.

### 36. Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2011. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2014/15 are as follows:

Notes		Central Expenditure £'000 Column 1	Individual Schools Budget £'000 Column 2	Total £'000 Column 3
<b>A</b>	Final DSG for 2014/15 before Academy recoupment			<b>229,885</b>
<b>B</b>	Academy figure recouped for 2014/15			<b>30,467</b>
<b>C</b>	Total DSG after Academy recoupment for 2014/15			<b>199,418</b>
<b>D</b>	Brought forward from 2013/14			<b>4,154</b>
<b>E</b>	Carry forward to 2015/16 agreed in advance			<b>3,782</b>
<b>F</b>	Agreed initial budgeted distribution in 2014/15	17,723	182,067	<b>199,790</b>
<b>G</b>	In Year Adjustments	1,106	-1,106	<b>0</b>
<b>H</b>	Final budget distribution for 2014/15	18,829	180,961	<b>199,790</b>
<b>I</b>	Actual central expenditure	16,752		<b>16,752</b>
<b>J</b>	Actual ISB deployed to schools		180,961	<b>180,961</b>
<b>K</b>	Local authority contribution for 2014/15	0	0	<b>0</b>
<b>L</b>	Carry forward to 2015/16	2,077	0	<b>5,859</b>

- A Final DSG figure before any amount has been recouped from the authority excluding the January 2015 early years block adjustment.
- B Figure recouped from the authority in 2014/15 by the DfE for the conversion of maintained schools into Academies.
- C Total figure after DfE Academy recoupment for 2014/15.
- D Figure brought forward from 2013/14 as agreed with the Department. Details of the exercise to obtain this agreement were contained in the Financial Monitoring Team's email circulated in May 2014.
- E Any amount which the authority decided after consultation with the schools forum to carry forward to 2015/16 rather than distribute in 2014/15 – this may be the difference between estimated and final DSG for 2014/15, or a figure (positive or negative) brought forward from 2013/14 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 2014/15 – amounts not actually spent, e.g. money that is moved into earmarked reserves, should be included 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 2014/15 which will have the effect of substituting for DSG in funding the Schools Budget, this does not include any change in balances held by schools as they are not to be recorded in this note.
- L Carry forward to 2015/16, i.e.

For central expenditure, difference between final budgeted distribution of DSG and actual expenditure, plus any local authority contribution.

For ISB, difference between final budgeted distribution and amount actually deployed to schools, plus any local authority contribution.

Total is carry forward on central expenditure plus carry forward on ISB plus/minus any carry forward to 2015/16 already agreed.

### 37. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2014/15:

Credited to Taxation and Non Specific Grant Income	Awarding Body	2013/14 £'000	2014/15 £'000
Revenue Support Grant	CLG	93,186	75,886
Capital Grants	Various	14,305	20,282
Private Finance Initiative	CLG	6,023	6,023
Education Services Grant	DFE	5,439	5,276
New Homes Bonus	CLG	2,560	3,183
Small Business Rate Relief	CLG	1,548	3,015
Council Tax Freeze Grant	CLG	0	1,199
Local Services Support Grant	CLG	312	225
Social Fund / Local Welfare Provision	DWP	209	192
Other	CLG	18	94
Magistrates Grant	MoJ	69	72
Probation Grant	MoJ	34	34
<b>Total</b>		<b>123,703</b>	<b>115,481</b>

Credited to Services	Awarding Body	2013/14 £'000	2014/15 £'000
Dedicated Schools Grant	DFE	200,422	199,418
HRA Rent Rebates	DWP	52,807	52,303
Rent Allowance Subsidy	DWP	48,637	45,366
Public Health Funding	DOH	23,021	23,665
Pupil Premium Grant	DFE	10,183	13,241
Young Peoples Learning Agency (formerly Learning Skills Council)	DFE	3,149	3,500
General Education Grants	Various	2,139	3,438
Skills Fund Agency	BIS	2,088	2,030
Universal Infant Free School Meals *	DFE	0	1,975
Housing Benefit Admin Grant	DWP	2,373	1,725
Social Fund / Local Welfare Provision	DWP	992	991
Non HRA Rent Subsidy	DWP	956	934
Troubled Families	CLG	993	882
REFCUS Grants	Various	4,635	654
Youth Justice Board	MoJ	650	646
Local Council Tax Support Admin Grant	CLG	0	497
Other Grants	Various	486	321
Local Reform & Community Voices Grant	CLG	282	288
Childrens Social Care Initiative Programme *	DFE	0	221
Year 7 Catch up Premium Grant	DFE	202	184
Local Council Tax Support New Burdens Admin Grant	CLG	205	174
Individual Electoral Registration Grant *	CO	0	130
Hospital to Home Grant *	DOH	0	125
Care Act Preparation Grant *	DOH	0	120
New Burdens Welfare Reform	DWP	97	118
Fuel Poverty & Health Booster Grant *	DOE	0	100
Local Transport – Severe Weather Recovery Grant	DoT	227	0
NESTA Funding Grant	Nesta Funding Org	100	0
<b>Total</b>		<b>354,644</b>	<b>353,046</b>

\* These sources of funding are new for 2014/15

The Council has previously received a number of grants, contributions and donations that had yet to be recognised as income as they had conditions attached to them. This has been reviewed and decided that there are no grants with conditions.



## 38. 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

The Government has significant influence control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (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 2014/15 is shown in Note 33. Each year the Council invites Members to declare any such interests including related parties. Details of Members' interests, both pecuniary and non-financial are recorded in the Register of Members' Interest, which is open to public inspection at the New Town Hall, Wigan. During 2014/15 there were no reported material transactions with related parties advised by Members.

### Chief Officers

The Council operates a Code of Conduct whereby individual Chief Officers are required to disclose any pecuniary and non-financial interests with related parties. In addition, the Council on an annual basis necessitates Chief Officers to make a declaration of any related parties. There were no reported interests in an organisation that generated a related party transaction with the Council in respect of 2014/15.

However the Council's Chief Executive and Director of Resources and Contracts (Deputy Chief Executive) are also the Clerk and Treasurer respectively to Greater Manchester Fire and Rescue Authority. The Council recovers from the Core Commissioning Group 50% of the salary of the Assistant Director (Partnership, Safeguarding and Children's Commissioner). All Chief Officer remuneration payments are included in detail in Note 34 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, assumed responsibility for determining skill needs with a statutory Employment and Skills Board and have responsibility for the exercise of new powers and function for the prioritisation of transport investment.

During 2014/15 the amount paid to the GMCA was £23.726m.

This is made up of the following:

- £23.361m relating to the Passenger Transport Levy
- £0.123m towards Manchester Investment and Development Agency Services
- £0.122m towards Economic Regeneration
- £0.089m towards the Commission for New Economy
- £0.031m towards Marketing Manchester

### 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 2014/15 this amounted to £0.797m.

### Assisted Organisations

The Council has pooled budget arrangements with Wigan Borough Clinical Commissioning Group (CCG) and the Integrated Community Equipment Service (ICES). Further details are included in Note 32 Pooled Budgets.

The Council also provided Community Services Fee funding of £8.382m during 2014/15 to the Wigan Leisure and Culture Trust.

## 39. Related Businesses and Companies

### Wigan and Leigh Housing Company Limited (WALH)

This is a company limited by guarantee. The Council is the sole member of the company and has the right to appoint 4 out of 12 Directors. The Council would be able to secure a distribution of assets and could equally dissolve the company. The company has a contractual relationship with the Council and is responsible for the management of the Council's housing stock. The Council paid the company a management fee of £13.3m for 2014/15.

The company returned a pre-IAS19 surplus of £0.055m and a post IAS19 surplus of £0.075m for the financial year 2014/15. Copies of the accounts are available at Unity House, Westwood Park Drive, Wigan, Lancs. WN3 4HE.

At the end of the financial year the company was indebted to the Council by a net £3.823m.

The Council has provided to WALH a letter of support for their pension liability of £22.701m as assessed by actuarial advice that arises from compliance with IAS19 requirements. This requires the disclosure of what the cost of pension liabilities are as they are being earned by employees irrespective of the fact that they may not be due and payable for many years. WALH has no assets and retains a limited surplus therefore, the pensions liability gives WALH a net deficit position on the balance sheet.

If a letter was not provided by the Council then WALH would not effectively be seen as a going concern and their auditors would be unable to sign off the accounts.

### Wigan Metropolitan Development Company Limited

This is a company limited by guarantee. The Council is entitled to appoint 14 out of 17 members of the Company. The Council has the ability to dissolve the company and to procure the distribution of its assets, although the Council does not have direct liability for the losses of the company. The company either directly or through its subsidiaries (Wigan Metropolitan Development Company (Property) Ltd and Wigan Metropolitan Development Company (Investment) Ltd) manages offices and industrial units and promotes regeneration within the borough of Wigan. The Council manages surplus cash balances on behalf of the company. The amount deposited with the Council at the 31 March 2015 was £1.000m.

The company returned a pre-tax loss of £82,229 for the financial year 2014/15. Copies of the accounts are available at Wigan Investment Centre, Waterside Drive, Wigan, Lancs. WN3 5OA.

### Leigh Sports Village Company Limited

This is a company limited by shares. The Council is the only shareholder. The Council has the ability to dissolve the company and to procure the distribution of its assets, although the Council does not have direct liability for the losses of the company. The company manages the sports facilities at the Leigh Sports Village site. The Council paid the company £1.120m in 2014/15. The company returned a profit of £1,159 in 2014/15.

At the end of the financial year, the company was indebted to the Council by a net £0.342m. Copies of the accounts are available at Leigh Sports Stadium, Sale Way, Leigh, Lancs. WN7 4JY.

### Douglas Valley Communities Ltd

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.

### Douglas Valley Properties Ltd

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 Communities Ltd must consent to the acquisition of any interest in land or premises by the Company and further, that the Council and Douglas Valley Communities Ltd may determine what the Company may do with its profits. The Council paid the company £275 in 2014/15. The Council also manages surplus cash balances on behalf of the company.

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

Company Name
Borough Care Services Ltd
CLS Care Services Ltd
Community Forests NW Ltd
Groundwork Lancashire West and Wigan Ltd
New Environment Ltd
Northwest Evergreen (GP) Limited
NPS North West Ltd
S&W TLP Partnership Ltd
Wigan Leisure & Culture Enterprises Ltd
Wigan Leisure & Culture Trust
Yorkshire Purchasing Organisation

## 40. Leases

### Authority as lessee:

During 2014/15 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 2014/15 was £1.946m (2013/14 £2.435m). The Council also operates a car leasing scheme for its employees, however the amounts paid to the leasing company are fully reimbursed to the Council through the employee salary sacrifice scheme.

The Council was committed at 31 March 2015 to future lease payments of £6.009m under these operating leases, comprising the following elements:

2013/14 Total £'000s		Vehicles, Plant & Equipment £'000s	Property £'000s	2014/15 Total £'000s
1,708	Lease payments during 2015/16	855	308	1,163
2,171	Lease payments between 2016/17 and 2019/20	1,590	393	1,983
2,884	Lease payments after 2019/20	0	2,863	2,863
<b>6,763</b>	<b>Total Leases</b>	<b>2,445</b>	<b>3,564</b>	<b>6,009</b>

### 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 2014/15 was £3.020m (2013/14 £3.170m).

The future minimum lease payments receivable are:

2013/14 Total £'000s		2014/15 Total £'000s
2,905	Leases expiring in 2015/16	2,909
8,732	Leases expiring between 2016/17 and 2019/20	8,432
172,900	Leases expiring after 2019/20	167,847
<b>184,537</b>	<b>Total Leases</b>	<b>179,188</b>

Of the minimum lease payments receivable after 2019/20 of £167.847m, £102.616m is in respect of leases which are due to expire more than 50 years after 31 March 2015.

## **41. 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 purpose 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 2015, the Council's own contributions equate to approximately 14.1%.

In 2014/15 the Council paid £11.7m (£11.9m in 2013/14) 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 2014/15 these amounted to £4.1m (£4.1m in 2013/14).

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

#### **NHS Staff Pension Scheme**

During 2014/15, 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 2014/15 the Council paid £0.209m to the NHS Pension Scheme (£0.231m in 2013/14) 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

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

The cost of retirement benefits is 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 during the year via the Movements in Reserves Statement.

### Comprehensive Income and Expenditure Statement

2013/14 £'000		2014/15 £'000
	<b>Cost of Services:</b>	
24,027	current service cost	24,856
1,674	past service cost (including curtailments)	1,382
<b>25,701</b>	<b>Total Service Cost</b>	<b>26,238</b>
	<b>Financing and Investment Income &amp; Expenditure:</b>	
-34,880	interest income on plan assets	-34,473
50,799	interest cost on defined benefit obligation	49,198
<b>15,919</b>	<b>Total Net Interest</b>	<b>14,725</b>
<b>41,620</b>	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>40,963</b>
	<b>Remeasurements of the Net Defined Liability Comprising:</b>	
2,641	return on plan assets excluding amounts included in net interest	-58,548
1,534	changes in demographic assumptions	0
6,156	changes in financial assumptions	173,249
-36,412	Other	-7,748
<b>-26,081</b>	<b>Total Remeasurements Recognised in Other in the Comprehensive Income and Expenditure Statement</b>	<b>106,953</b>
<b>15,539</b>	<b>Total Post Employment Benefit Charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>147,916</b>

## Movement in the Reserves Statement - General Fund

2013/14 £'000		2014/15 £'000
-41,620	Reversal of net charges made to the surplus / deficit on the provision of service	-40,963
19,982	Employers' contributions payable to the scheme	22,546
5,890	Retirement benefits payable to pensioners	5,969
<b>-15,748</b>	<b>Actual amount charged against the General Fund Balance for Pensions in the year</b>	<b>-12,448</b>

## 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	
	2013/14 £'000	2014/15 £'000
Present value of the defined benefit obligation	-1,148,130	-1,356,191
Fair value of employer assets	804,455	893,058
<b>Total</b>	<b>-343,675</b>	<b>-463,133</b>
Other movements in the liability (asset) (if applicable)	0	0
<b>Net Liability Arising from the Defined Benefit Obligation</b>	<b>-343,675</b>	<b>-463,133</b>

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

	Funded Liabilities: Local Government Pension Scheme	
	2013/14 £'000	2014/15 £'000
<b>Opening fair value of scheme liabilities</b>	<b>1,133,000</b>	<b>1,148,130</b>
Current Service Cost	24,027	24,856
Interest Cost	50,799	49,198
Contributions from scheme participants	6,722	6,944
<b>Remeasurement gain</b>		
Change in demographic assumptions	1,534	0
Change in financial assumptions	6,156	173,249
Other	-36,412	-7,748
Past Service Costs	1,674	1,382
Benefits Paid	-39,370	-39,820
<b>Closing balance at 31 March</b>	<b>1,148,130</b>	<b>1,356,191</b>



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

	Local Government Pension Scheme	
	2013/14 £'000	2014/15 £'000
<b>Opening fair value of scheme assets</b>	<b>779,000</b>	<b>804,455</b>
Adjustment to opening balances	-8	-57
Interest Income	34,880	34,473
<b>Remeasurement gain</b>		
Return on assets excluding amounts included in net interest	-2,641	58,548
Contributions from employer	25,872	28,515
Contributions from employees into the scheme	6,722	6,944
Benefits Paid	-39,370	-39,820
<b>Closing fair value of scheme assets</b>	<b>804,455</b>	<b>893,058</b>

In 2014/15 six schools transferred to Academy Status. The actuary has not separately valued the bulk transfer of membership relating to the schools. 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	Quoted prices in active markets	Total	Percentage of Total Assets	Quoted prices in active markets	Quoted prices in active markets	Total	Percentage of Total Assets
	2013/14 £'000	2013/14 £'000		2013/14 £'000	2013/14 %	2014/15 £'000		2014/15 £'000
<b>Equity Securities</b>								
Consumer	84,752	0	<b>84,752</b>	<b>11</b>	89,775	0	<b>89,775</b>	<b>10</b>
Manufacturing	77,749	0	<b>77,749</b>	<b>10</b>	83,550	0	<b>83,550</b>	<b>9</b>
Energy and utilities	71,074	0	<b>71,074</b>	<b>9</b>	74,709	0	<b>74,709</b>	<b>8</b>
Financial Institutions	98,235	0	<b>98,235</b>	<b>12</b>	105,803	0	<b>105,803</b>	<b>12</b>
Health and care	34,411	0	<b>34,411</b>	<b>4</b>	42,202	0	<b>42,202</b>	<b>5</b>
Information Technology	15,649	0	<b>15,649</b>	<b>2</b>	17,976	0	<b>17,976</b>	<b>2</b>
Other	12,253	0	<b>12,253</b>	<b>2</b>	11,232	0	<b>11,232</b>	<b>1</b>
<b>Debt Securities</b>								
Corporate bonds (investment grade)	47,819	0	<b>47,819</b>	<b>6</b>	52,625	0	<b>52,625</b>	<b>6</b>
UK Government	13,410	0	<b>13,410</b>	<b>2</b>	8,310	0	<b>8,310</b>	<b>1</b>
Other	27,886	0	<b>27,886</b>	<b>3</b>	44,162	0	<b>44,162</b>	<b>5</b>
<b>Private Equity</b>								
All	0	19,862	<b>19,862</b>	<b>2</b>	0	24,814	<b>24,814</b>	<b>3</b>
<b>Real Estate</b>								
UK Property	0	23,696	<b>23,696</b>	<b>3</b>	0	24,725	<b>24,725</b>	<b>3</b>
<b>Investment Funds and Unit Trusts</b>								
Equities	154,280	0	<b>154,280</b>	<b>19</b>	164,893	0	<b>164,893</b>	<b>18</b>
Bonds	42,560	0	<b>42,560</b>	<b>5</b>	49,527	0	<b>49,527</b>	<b>6</b>
Infrastructure	0	5,683	<b>5,683</b>	<b>1</b>	0	9,800	<b>9,800</b>	<b>1</b>
Other	0	32,415	<b>32,415</b>	<b>4</b>	11,566	44,137	<b>55,702</b>	<b>6</b>
<b>Derivatives</b>								
Other	10,991	0	<b>10,991</b>	<b>1</b>	9,966	0	<b>9,966</b>	<b>1</b>
<b>Cash and Cash Equivalents</b>								
All	31,730	0	<b>31,730</b>	<b>4</b>	23,287	0	<b>23,287</b>	<b>3</b>
<b>Totals</b>	<b>722,799</b>	<b>81,656</b>	<b>804,455</b>	<b>100</b>	<b>789,582</b>	<b>103,476</b>	<b>893,058</b>	<b>100</b>

## Basis for Estimating Assets and Liabilities

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

Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the administering authority being based on the latest full valuation of the scheme as at 1 April 2014.

The significant assumptions used by the actuary have been:

### Mortality Assumptions

2013/14		2014/15
	<b>Longevity at 65 for current pensioners:*</b>	
21.4 years	Male	21.4 years
24.0 years	Female	24.0 years
	<b>Longevity at 65 for future pensioners:*</b>	
24.0 years	Male	24.0 years
26.6 years	Female	26.6 years
2.8%	Rate of Inflation (Price Increases)	2.4%
3.9%	Rate of increase in salaries (Salary Increases)	3.6%
2.8%	Rate of increase in pensions (Pension Increases)	2.4%
4.3%	Rate of discounting scheme liabilities (Discount Rate)	3.2%
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 80% of the maximum tax-free cash for post-April 2008 service.

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 did not change from those used in the previous period.

Change in Assumption at 31 March 2015	Approximate % increase to Employer Liability £'000	Approximate monetary amount £'000
0.5% decrease in Real Discount Rate	10%	137,256
1 year increase in member life expectancy	3%	40,686
0.5% increase in the Salary Increase Rate	3%	44,601
0.5% increase in the Pension Increase Rate	7%	89,866

## Impact on Authority'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 90.5% over the next 3 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed 31 March 2016.

The scheme now takes into account 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 anticipates paying £22.224m contributions to the scheme in 2015/16.

The weighted average duration of the defined benefit obligation for scheme members is 18.8 years.

## 42. Contingent Liabilities

### Municipal Mutual Insurance (MMI)

The appointed Administrator invoked a 15% levy in 2013/14. However, as the claims position develops, the Council as a scheme creditor may be liable for further potential costs that may arise beyond that currently planned for.

### Modesole Ltd

As a result of the Council receiving a distribution from the proceeds of Modesole's sale of its shares in the Midland Hotel and Conference Centre, a liability may arise, the extent of which can not yet be determined, to repay its share of a grant given in 1986 towards the refurbishment of the hotel.

In addition, as a result of the Council receiving a distribution of proceeds from the sale of its entire shareholding in Modesole Ltd, an indemnity was given to the buyer against any future liabilities arising in Modesole prior to the date of the sale. This indemnity is limited to the value of the sale proceeds received and will last for a period of 10 years from the date of sale, which was completed on 9th August 2005.

### **Pensions Liability for Wigan and Leigh Housing**

The Council has provided to Wigan and Leigh Housing (WALH), a wholly owned subsidiary of the Council, a letter of support for the pension liability of £22.701m as assessed by actuarial advice that arises from compliance with IAS19 requirements. This requires the disclosure of what the cost of pension liabilities are as they are being earned by employees irrespective of the fact that they may not be due and payable for many years. WALH has no assets and retains a limited surplus therefore, the pensions liability gives WALH a net deficit position on the balance sheet. If a letter was not provided by the Council then WALH would not effectively be seen as a going concern and their Auditors would be unable to sign off the accounts.

### **NDR**

The Council has made a provision for appeals based upon its best estimate on information from the VOA. Due to the uncertain volatility there is a risk to the Council that the full liability could increase.

### **Greater Manchester Loan Funds Guarantee**

The Council agreed to enter into an indemnity agreement to support the Greater Manchester Loan Fund. The fund was set up to provide loans to new and growing business in Greater Manchester. This was entered into alongside other Greater Manchester Authorities and given to Manchester City Council in order to underwrite the initial £12m to £14m capital. The risk of the indemnity being called upon is considered to be low.

### **Housing Investment Fund**

The Greater Manchester Devolution Agreement provides for a Housing Investment Fund of £300m over a 10 year lifetime, to be invested in the form of recoverable loans and equity into property investments to deliver the growth ambitions of Greater Manchester (GM).

The Fund will be administered by Manchester City Council as accountable body. The Fund will provide the opportunity to invest in locally prioritised schemes and give the flexibility required to stimulate the market, accelerate growth and increase housing supply.

In return for GM receiving this Fund it must guarantee that 80% (£240m) of the Fund will be repaid to Her Majesty's Treasury (HMT) at the end of the Fund life. The Department of Communities and Local Government (DCLG) will underwrite the first £60m of the Fund.

Each GM District will indemnify a proportion of the Fund based on its percentage of GM population.

### 43. Expenditure on Publicity

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

2013/14 £'000		2014/15 £'000
30	Recruitment and Advertising Expenses	30
367	Other Advertising	280
888	Other Publicity	725
<b>1,285</b>	<b>Total Expenditure on all Publicity</b>	<b>1,035</b>

#### 44. Building Control Trading Account

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

From 1 April 2010, revised Building (Local Authority Charges) Regulations 2010 became applicable to Local Authorities in England and Wales; the implications of the new regulations and the CIPFA guidance on Local Authority Building Control Accounting (2010) are reflected in the 2014/15 financial statements, of which this note fulfils the disclosure requirements.

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

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

In 2014/15 the schedule of Building Control fees has been established at the same level as the Association of Greater Manchester Authorities (AGMA).

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

Total Building Control 2013/14 £'000		Chargeable 2014/15 £'000	Non Chargeable 2014/15 £'000	All Other Building Control 2014/15 £'000	Total Building Control 2014/15 £'000
	<b>Expenditure</b>				
303	Employees Expenses	209	49	48	306
13	Transport	6	1	1	8
32	Supplies and Services	31	5	6	42
246	Central and Support Services Charges	135	43	46	224
0	Capital Charges and Depreciation	0	0	0	0
<b>594</b>	<b>Total Expenditure</b>	<b>381</b>	<b>98</b>	<b>101</b>	<b>580</b>
	<b>Income</b>				
-272	Building Regulation Charges	-353	0	0	-353
-47	Miscellaneous Income	0	0	-9	-9
<b>-319</b>	<b>Total Income</b>	<b>-353</b>	<b>0</b>	<b>-9</b>	<b>-362</b>
<b>275</b>	<b>Surplus (-) Deficit for the year</b>	<b>28</b>	<b>98</b>	<b>92</b>	<b>218</b>

## 45. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Director of Resources and Contracts (Deputy Chief Executive) on 23 June 2015. 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 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## 46. Accounting Policies

### General Principles

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011. 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 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

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

### Accruals of Income and Expenditure

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

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



- 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 three months from the balance sheet date and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

### Charges to Revenue for Non Current Assets

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

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

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

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

or:

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

Depreciation, impairment and revaluation losses and amortisations are therefore replaced by revenue provision in the General Fund Balance (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.

### Cost of Support Services

The costs of overheads and support services are charged to those service areas that benefit from the supply or service in accordance with the costing principles of the Service Reporting Code of Practice (SeRCOP) 2014/15. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.

- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation or impairment losses chargeable to non-operational properties such as assets under construction, surplus assets and assets held for sale.

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

## **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 or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

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

3. **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 Account. 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 Account
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:

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

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

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

## Financial Assets

Financial assets are classified into two types:

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

## Loans and Receivables

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

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

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

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

Any gains and losses that arise on the 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.

### Available-for-Sale Assets

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

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

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

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets.

The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

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

### Guarantees Entered Into Before 1 April 2006

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

### Financial Liabilities

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

Gains and losses on the 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.

## 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.

## 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 fair 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 that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

Where some or all of the payment required to settle a provision is expected to be recovered from another party (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.

## Property, Plant and Equipment

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

### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. A de minimis level of £6,000 is in place for the capitalisation of expenditure for repairs. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (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
- **dwelling**s – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- **all other assets** – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

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

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

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

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

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

### Impairment

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

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

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

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

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

Depreciation is calculated on the following bases:

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

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

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



## Schools Non-Current Assets

The Council recognises schools non-current assets 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 of 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.

## 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, based on the amount at which the asset could be exchanged between knowledgeable parties at arms-length. Properties are not depreciated but are re-valued 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 30,000 objects. This includes over 4,000 paintings, prints, sketches, musical instruments, decorative arts, pewter and glass items, coins and jewellery. The collection also contains approximately 45 Egyptian artefacts some of which have been revalued by The Manchester Museum and external experts this year. 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 low value of these individual items these 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 trustees of the Authority's Museum will occasionally dispose of heritage assets in accordance with the Museum Code of Ethics and 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 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

## 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.

## 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 2015

2013/14 £'000		Notes	2014/15 £'000
	<b>Expenditure</b>		
24,539	Repairs & Maintenance	1	23,145
16,989	Supervision & Management	2	16,236
972	Rents, Rates, Taxes and Other Charges	3	995
39,201	Depreciation and Impairment of Non Current Assets	4/5	32,012
40	Debt Management Costs	6	45
1,657	Movement in the Allowance for Bad Debts	7	710
<b>83,398</b>	<b>Total Expenditure</b>		<b>73,143</b>
	<b>Income</b>		
85,032	Dwelling Rents	8/9	87,583
639	Non-dwelling Rents	10	651
1,834	Charges for Services & Facilities	11	1,664
1,554	Contributions towards Expenditure	12	1,734
<b>89,059</b>	<b>Total Income</b>		<b>91,632</b>
<b>-5,661</b>	<b>Net Cost Of HRA Services as included in the whole authority Comprehensive Income &amp; Expenditure Statement</b>		<b>-18,489</b>
120	HRA services share of Corporate and Democratic Core		120
<b>-5,541</b>	<b>Net Income for HRA Services</b>		<b>-18,369</b>
	<b>HRA share of the operating income and expenditure included in the whole authority Comprehensive Income &amp; Expenditure Statement:</b>		
-1,407	Gain (-) or loss on sale of HRA non current assets		-1,166
18,240	Interest payable and similar charges	13	18,042
-158	HRA Interest and investment income	14	-106
3	Gain (-) or loss on the Revaluation of HRA Investment Property		-29
-1,525	Capital grants and contributions receivable		-1,760
<b>9,612</b>	<b>Surplus (-) or deficit for the year on HRA services</b>		<b>-3,388</b>

## MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2013/14 £'000		Notes	2014/15 £'000
<b>-9,833</b>	<b>Housing Revenue Account surplus brought forward</b>		<b>-13,325</b>
9,612	Surplus (-) or deficit for the year on the HRA Income and Expenditure Statement		-3,388
-15,888	Adjustments between accounting basis and funding basis under the legislative framework	15	-8,092
1,407	Gain or loss on sale of HRA non current assets		1,166
1,377	Capital expenditure funded by the HRA	16	6,845
5,796	Transfer to / (from) Capital Adjustment Account	17	20,675
-5,796	Transfer to / (from) Major Repairs Reserve	18	-20,675
<b>-13,325</b>	<b>Net increase or decrease before transfers to or from reserves</b>		<b>-16,794</b>
<b>-13,325</b>	<b>Balance on the HRA at the end of the current year</b>	19	<b>-16,794</b>

## 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.

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

### 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. The main cost is the Management Fee charged by Wigan and Leigh Housing.

### 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 2014/15 are as follows:

	£'000
Depreciation on Property, Plant and Equipment – Dwellings	21,441
Depreciation on Property, Plant and Equipment – Other Land and Buildings	229
Depreciation on Property, Plant and Equipment – Vehicles, Plant, Furniture and Equipment	52
<b>Total Depreciation</b>	<b>21,722</b>
Impairment	16,767
Revaluation Gain	-6,477
<b>Total Depreciation and Impairment</b>	<b>32,012</b>

The impairment charge represents the value of non-enhancing capital expenditure on HRA dwellings in 2014/15.

### 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 2014/15 the impairment charge is £16.767m.

## 6. Debt Management Expenses

This is the total cost of managing the HRA debt portfolio.

## 7. Movement in the Allowance for Bad Debts

Contributions towards the HRA Allowance for Bad Debt amounted to £0.710m in 2014/15 compared with £1.657m in 2013/14.

Cumulative provisions for uncollectable debts are as follows:

	£'000	%
31 March 2014	5,241	101.26
31 March 2015	5,267	90.84

Rent Arrears are analysed below:

31.3.14			31.3.15	
£'000	%		£'000	%
1,688	4.43	Current Tenants Arrears	2,321	5.57
2,947	7.73	Former Tenants Arrears	2,965	7.12
541	1.42	Overpaid Housing Benefit	513	1.23
<b>5,176</b>	<b>13.58</b>	<b>Total Arrears</b>	<b>5,798</b>	<b>13.93</b>

## 8. Dwelling Rents

This is the total income due for the year after allowing for rent lost on void properties. In 2014/15 the void property rent loss was 1.34% compared with 1.28% in 2013/14.

## 9. Stock Numbers and Valuations

	1.4.14	31.3.15	Change Number	Change %
<b>Houses</b>				
1 Bedroom	2,406	2,406	0	0.00
2 Bedrooms	4,676	4,680	4	0.09
3 Bedrooms	9,848	9,767	-81	-0.82
4 or more Bedrooms	270	265	-5	-1.85
<b>Total Houses</b>	<b>17,200</b>	<b>17,118</b>	<b>-82</b>	<b>-0.48</b>
<b>Flats</b>				
1 Bedroom	3,159	3,141	-18	-0.57
2 Bedrooms	2,039	2,043	4	0.20
3 or more Bedrooms	60	59	-1	-1.67
<b>Total Flats</b>	<b>5,258</b>	<b>5,243</b>	<b>-15</b>	<b>-0.29</b>
<b>Total Houses &amp; Flats</b>	<b>22,458</b>	<b>22,361</b>	<b>-97</b>	<b>-0.43</b>

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

	1.4.14 £'000	31.3.15 £'000
Property, Plant and Equipment – Dwellings	519,740	511,695
Property, Plant and Equipment – Other Land and Buildings	13,477	15,544
Property, Plant and Equipment – Assets Under Construction	1,444	277
Intangible Assets	81	30
Investment Property	336	316
<b>Total HRA Assets</b>	<b>535,078</b>	<b>527,862</b>

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

The vacant possession value of the dwellings within the Housing Revenue Account as at 1 April 2014 has been assessed at £1.523bn. 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 decreased slightly from £18.240m in 2013/14 to £18.042m in 2014/15. As at 31 March 2015 the amount of HRA debt outstanding was £303.200m.

### 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 2014/15 HRA Capital Expenditure

	£'000
<b>Capital Expenditure 2014/15</b>	<b>25,341</b>
<b>Funded by:</b>	
Contributions from the Major Repairs Reserve	10,330
Borrowing	7,000
Revenue Contributions to Capital Expenditure	6,845
Usable Capital Receipts	603
Other Grants and Contributions	563
<b>Total Funding 2014/15</b>	<b>25,341</b>

The total Capital Grants received in 2014/15 was £1.759m with £0.564m used for works completed in 2014/15. The balance of £1.195m has been carried forward as it has been received in advance from the HCA for building affordable new homes in 2015/16.

## Summary of Capital Receipts 2014/15

	£'000
Disposal of Dwellings (Right to Buy)	4,240
Other Receipts (Mortgages & Insulation Loans)	5
<b>Total Capital Receipts 2014/15</b>	<b>4,245</b>

## 17. Transfer to / (from) Capital Adjustment Account

This is made up of voluntary debt repayment of £17.8m and a voluntary revenue provision of £2.8m to cover the transfer of property from the general fund for new build affordable housing (£0.3m) and office accommodation (£2.5m).

## 18. 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 2014/15

	£'000
<b>Opening Balance at 1 April 2014</b>	<b>10,582</b>
Transfers Into the MRR 2014/15	21,722
Expenditure charged to the MRR in 2014/15	-10,330
Voluntary Revenue Provision on land purchased and legacy debt from the MRR in 2014/15 to the HRA	-20,674
<b>Closing Balance at 31 March 2015</b>	<b>1,300</b>

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 £10.582m. In 2014/15 funding of £21.7m was received, which was used during the financial year to pay for major refurbishment works to Council dwellings. The reserve has a £1.3m balance to carry forward to 2015/16.

## 19. Surplus at 31 March 2015

This is the accumulated HRA surplus as at 31 March 2015. This is carried forward into 2015/16 for use in future years.

## THE COLLECTION FUND 2014/15

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.

Collection Fund 2013/14 £'000		Notes	Business Rates 2014/15 £'000	Council Tax 2014/15 £'000	Total 2014/15 £'000
	<b>Income</b>				
116,681	Council Tax Receivable		0	119,267	119,267
80,605	Income from Business Ratepayers		78,583	0	78,583
0	Contribution towards previous years Collection Fund deficit	3	558	0	558
<b>197,286</b>			<b>79,141</b>	<b>119,267</b>	<b>198,408</b>
	<b>Precepts, Demands and Shares</b>				
37,929	Central Government	2	42,057	0	42,057
-120	Transitional Protection Payments	2	1,982	0	1,982
135,557	Wigan Council	1,2	41,216	100,057	141,273
12,285	Office of the Police and Crime Commissioner for GM	1	0	12,774	12,774
5,501	GM Fire and Rescue Authority	1	841	4,834	5,675
0	Contribution towards previous years Collection Fund surplus	3	0	74	74
<b>191,152</b>			<b>86,096</b>	<b>117,739</b>	<b>203,835</b>
	<b>Charges to Collection Fund</b>				
2,637	Write offs of uncollectable amount		1,848	44	1,892
1,795	Increase / Decrease in Bad Debt Provision		711	353	1,064
3,833	Increase / Decrease in Provision for Appeals		2,881	0	2,881
0	RV List Amendments charged to Provision		-3,817	0	-3,817
388	Cost of Collection		389	0	389
<b>8,653</b>			<b>2,012</b>	<b>397</b>	<b>2,409</b>
-2,519	<b>Surplus / Deficit (-) arising in the year</b>		-8,967	1,131	-7,836
-705	<b>Surplus / Deficit (-) b/fwd 1st April</b>		-2,795	-429	-3,224
<b>-3,224</b>	<b>Surplus / Deficit (-) c/fwd 31st March</b>		<b>-11,762</b>	<b>702</b>	<b>-11,060</b>
	<b>Allocated to:</b>				
-1,734	<b>Wigan Council</b>		-5,763	597	-5,166
-1,397	<b>Central Government</b>		-5,881	0	-5,881
-47	<b>Office of the Police and Crime Commissioner for GM</b>		0	76	76
-46	<b>GM Fire and Rescue Authority</b>		-118	29	-89
<b>-3,224</b>			<b>-11,762</b>	<b>702</b>	<b>-11,060</b>



## 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 and Greater Manchester Fire and Rescue Authority.

For 2014/15, the proportions were as follows:

	%
Police Crime and Commissioner for Greater Manchester	10.9%
Greater Manchester Fire and Rescue Authority	4.1%

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 2014/15 was 83,871 (82,265 in 2013/14) calculated as follows:

#### Tax Base

Council Tax Bands (No. of Properties)			
Band	Number of chargeable dwellings	Multiplier	Band D equivalent dwellings
A	58,542	6/9	39,028
B	28,390	7/9	22,081
C	21,566	8/9	19,170
D	11,093	9/9	11,093
E	5,475	11/9	6,692
F	1,765	13/9	2,549
G	560	15/9	933
H	25	18/9	50
Tax Base before adjustment to Collection Rate			101,596
Adjustment for Estimated Collection Rate 99%			-1,016
Adjustment for Council Tax reduction			-16,709
<b>Total Band D Equivalent</b>			<b>83,871</b>

The average Council Tax for Band D dwellings for the Council and major precepting authorities was £1,402.93.

## 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.

The total non-domestic rateable value at the year end was £208.6m.

The national multipliers are as follows:

	2013/14	2014/15
Standard Business rate	47.1p	48.2p
Small Businesses rate	46.2p	47.1p

The Business Rates shares payable for 2014/15 were estimated before the start of the financial year as £42.057m to Central Government, £0.841m to GMFRA and £41.216m to Wigan Council.

Similarly to Council Tax, the Council forecasts the receipts which can be raised by NDR and this is shared between Central Government, the Council and GMFRA in the fixed proportions of 50%, 49% and 1% respectively.

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 2014, it was estimated that the following amounts were due to/from the preceptors in 2014/15.

	Estimated Surplus £'000	Estimated Deficit £'000
Central Government	0	279
Wigan Council	63	273
Greater Manchester Fire and Rescue Authority	3	6
Office of the Police and Crime Commissioner for Greater Manchester	8	0
<b>Total</b>	<b>74</b>	<b>558</b>

# 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 Improvement Review Committee held on 6 August 2015, I hereby approve the accounts for Wigan Council for the year ended 31 March 2015.



**Councillor Carl Sweeney**  
Chair of Meeting  
6 August 2015

## 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 2015.

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



**P McKevitt BA(Hons) CGMA, Director Resources and Contracts (Deputy Chief Executive)**  
6 August 2015

# 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 and buildings and vehicles, which may be used to repay outstanding debt or to finance new assets.

## **COLLECTION FUND**

The Collection Fund is a separate statutory fund, which details the transactions in relation to Non-domestic Rates and the Council Tax, and the distribution to preceptors and the General Fund. The Collection Fund is consolidated with the other accounts of the Authority.

## **CORPORATE AND DEMOCRATIC CORE**

The corporate and democratic core is concerned with the costs of corporate policy making and member based activities. Other costs relate to the general running of the Authority including corporate management, public accountability and treasury management.

## **CORPORATE GOVERNANCE**

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

## **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**

Sums of money due to the Authority but unpaid at the balance sheet date.

## **DEFERRED LIABILITIES**

These are liabilities which are payable beyond the next year; they 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.

## F

### **FAIR VALUE**

This is the amount that an asset could be bought or sold for between parties; the current market value of an asset can be evidence that the assets have been valued fairly.

### **FINANCIAL INSTRUMENTS**

This is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another. The term covers both financial assets (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 fixed asset below its carrying amount on the balance sheet.

### **INTANGIBLE ASSETS**

These are assets that have no physical substance, for example, computer software licences.

### **INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS)**

Defined Accounting Standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of the other entities.

## L

### **LOCAL AUTHORITY MORTGAGE SCHEME (LAMS)**

LAMS enables local authorities to work in partnership with residential mortgage lenders, taking advantage of the expertise already available, to support mortgages for first time buyers. The local authorities provide a financial indemnity which bridges the gap between 75% and 95% loan to value mortgages offered by lenders.

## M

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

A financial plan detailing projected expenditure and available resources over a period of three years.

### **MINIMUM REVENUE PROVISION (MRP)**

This is the minimum amount which must be set aside from revenue as provision for debt repayment. For this Authority it is currently 4% of the internal and external debt outstanding at the start of the year.

## N

### **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 that national rate poundage, 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, i.e. their historical cost or current cost less the cumulative depreciation.

### **NET REALISABLE VALUE**

The market value of the asset in its existing use (or open market value in the case of a non-operational asset), less any expenses incurred in realising the asset.

### **NON DISTRIBUTED COSTS**

Costs incurred by the Authority which are excluded from service costs. These include past service costs relating to changes in pension regulations, the costs associated with unused shares of IT facilities and impairment losses relating to assets under construction.

## P

### **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 that uses private sector financing to provide public sector assets. The partnership has to meet certain criteria to qualify for Central Government subsidy.

## **PROVISIONS**

An amount set aside to provide for a liability, which is likely to be incurred, but the exact amount and the date it will arise is uncertain.

## **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.

## **PUBLIC HEALTH TRANSFER**

The Health and Social Care Act 2012, makes provision for the transfer of public health services and staff from Primary Care Trusts (PCTs) to Local Authorities.

# **R**

## **RESERVES**

A reserve is an amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

## **REVALUATION RESERVE**

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

## **REVENUE EXPENDITURE**

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

## **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.

## **UNIVERSAL CREDIT**

Universal Credit is a new welfare benefit in the United Kingdom that will replace six of the main means-tested benefits and tax credits.



# 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.

# **T**ERMS OF REFERENCE

## **REGULATORY BODIES, OTHER BODIES AND REGULATORY FRAMEWORK**

### **A**

#### **Association of Greater Manchester Authorities (AGMA)**

AGMA was formed after the abolition of the Greater Manchester Council in 1986. The 1985 Local Government Act devolved power to local areas but also recognised that there were some functions that needed to be co-ordinated at a metropolitan level. AGMA was formed to undertake these functions.

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

### **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.

<http://www.cipfa.org.uk/>

#### **Code of Practice on Local Government Accounting in the United Kingdom 2014/15**

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

#### **Communities and Local Government (CLG)**

Government department formerly known as the Office of the Deputy Prime Minister (ODPM) or Department of Communities and Local Government (CLG), CLG issues government lead initiatives on issues such as fire prevention, emergency planning and training. CLG is also a major funding source.

<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.

<http://www.agma.gov.uk/gmca/>

## **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 and Communities Agency (HCA)**

The HCA is the national housing and regeneration delivery agency for England and also has regulatory responsibility for social housing providers.

<http://www.homesandcommunities.co.uk>

### **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)**

Is 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 better rates than what would be obtained commercially.

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

## R

### **Royal Institute of Chartered Surveyors (RICS)**

Accrediting body for the surveying profession. Surveyors who value our properties must be RICS accredited.

<http://www.rics.org/uk/>

## S

### **Service Reporting Code of Practice (SERCOP)**

Published by CIPFA for 2014/15, the SERCOP establishes “proper practice” with regard to consistent financial reporting to enhance the compatibility 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 properly 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 central government, the Council and the Fire and Rescue Authority in the fixed proportions of 50%, 49% and 1% respectively. 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.

### R

#### **Revenue Support Grant (RSG)**

A government grant to aid local authority services generally. It is based on the government's assessment of how much an authority needs to spend in order to provide a standard level of service.

### S

## SCHEMES

#### **Integrated Community Equipment Store (ICES)**

This project brings together previously separate community equipment operations in order to achieve more effective and efficient equipment purchase and maintenance (see Pooled Budgets).

#### **Local Government Pension Scheme (Greater Manchester Pension Fund)**

This is a defined benefit scheme meaning that the authority and employees pay contributions into a fund. Contributions are calculated at a level intended to balance the pension liabilities with investment assets. This scheme is administered by Tameside Council on behalf of the authority and other public sector organisation in Greater Manchester.

#### **Teachers Pension Scheme**

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by the Teachers Pension Agency (TPA). N.B. new legislation to be introduced on 1 April 2015 will introduce some new guidelines to the 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**

From 1 April 2015 there will be a new NHS Pension scheme, which reflects the recommendations made by the Independent Public Service Pensions Review conducted by Lord Hutton. The Department of Health has had detailed discussions with health sector trade unions and employer representatives to finalise the new NHS Pension Scheme.

## **OTHER TERMS OF REFERENCE**

### **A**

#### **ALMO (Arms Length Management Organisation)**

An ALMO is a not-for-profit organisation run by an unpaid board of directors that includes councillors and tenant representatives. It takes over the running of the housing day-to-day service e.g. ordering repairs and collecting rents; it gets extra cash to spend on improvements if it performs well. The council continues to own the homes; tenants stay as council tenants and keep all their legal rights.

### **C**

#### **CCG (Clinical Commissioning Group)**

Clinical Commissioning Groups are authorised to provide healthcare services for their communities following the transition from the PCT's (Primary Care Trust's) 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.

# 2014/15 Statement of Accounts Feedback Questionnaire

The Statement of Accounts is a statutory document which presents a large amount of information, much of it complex in nature. Here at Wigan Council, we are committed to making improvements wherever we can and would be extremely grateful if you could spare a few moments to complete and return our Feedback Questionnaire.

Your views would be valuable in assisting us to improve the content, language and format used in the 2015/16 Statement of Accounts.

(Please tick the appropriate box and place any comments on the dotted lines provided below)

1. Did you find the information contained within the Statement of Accounts to be clear and understandable?

Yes  No

Comment:

.....  
.....

2. Did the information provided enable you to assess the overall financial performance of Wigan Council?

Yes  No

Comment:

.....  
.....

3. Did you find that the notes to the accounts aided your understanding of the financial statements?

Yes  No

Comment:

.....  
.....

4. Did you find the layout of the Statement of Accounts easy to follow?

Yes  No

Comment:

.....  
.....

Please turn over the page

5. Were you able to easily locate specific items of interest?

Yes  No

Comment:

.....  
.....

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

Yes  No

Comment:

.....  
.....

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

.....  
.....

8. Which of the following best describes you?

An employee or elected member of the authority   
A member of the public   
A member of another organisation/interested party

**Thank you for taking the time to complete this questionnaire**

Please return the completed feedback questionnaire to:  
Anthony Clarke, Wigan Council, Resources Directorate, Finance Division, Corporate  
Accountancy, Town Hall, Library Street, Wigan, WN1 1YN  
If you require any further information please do not hesitate to contact us on 01942 827272