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FOREWORD by Cllr T W Halliwell Cabinet Member

As Cabinet Member Portfolio holder for Corporate Resources/Customer, I am pleased to introduce the Statement of Accounts of Wigan Council for 2012/13. As part of my role I need to ensure that Wigan makes the most effective use of its resources in order to deliver value for money services for local people. 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 2012/13 the Council faced an extremely challenging round of budget cuts that were required as a result of the reduced level of funding introduced in the Government's Comprehensive Spending Review. The Council's 2012/13 budget was cut by £24.2m, this was in addition to the £21m cut in the previous year. The delivery of these savings was integral to the future financial strategy of the Council as further cuts in budgets are planned for 2013/14 and beyond. The final position for 2012/13 shows an underspend of £0.910m against the budget which means that not only has the £24.2m of savings been achieved but additional savings have also been made in advance of need. Therefore the opportunity has been taken to earmark some funds for reserves and balances.

In order to secure the savings target in 2012/13 detailed planning was necessary. This together with prudent financial management has resulted in the position shown in the 2012/13 Statement of Accounts when compared to the Original Budget. This again emphasises that the Council is operating efficiently and underpins its financial strategy which aims to achieve a balanced budget with no structural funding deficit.

The Council must also ensure that it maintains a level of balances to provide long term stability. This assists with budget planning and these resources are available to smooth out wherever possible any year on year increases which may be required from the Council Tax payers of Wigan Borough. The Government has also indicated that austerity measures will continue for a number of years and without an appropriate level of balances the Council would be extremely restricted in its ability to respond to these changing circumstances.

Looking to the future Wigan Council like many other authorities faces a challenging time with demand for services on the increase as a result of demographic, social and economic factors. It is my role to ensure that the Council is best placed to meet these challenges whilst balancing the financial health of the Council and the quality of the services that it provides. It is vital that sound financial management is in place.

Councillor T W Halliwell
30 June 2013

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

Introduction

The Statement of Accounts is a statutory publication that sets out the financial results of the Council's activities for the year ended 31 March 2013. The accounts have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards (IFRS) for 2012/13 and any other Accounting Codes of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA). 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 are extremely detailed and technical, therefore this explanatory foreword will hopefully provide the reader with an easily understandable guide to the most significant matters reported in the accounts. Wherever possible the use of technical language is avoided, however inevitably some is necessary and a glossary is provided at the back of the publication to explain some of the technical terms.

The Council's accounts for the year 2012/13 are set out in the following document. The key statements are explained below:

- The Comprehensive Income and Expenditure Statement for 2012/13 shows the accounting cost in year of providing services with generally accepted accounting practices, rather than the amount to be funded by taxation. Council's 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.

- The Movement in Reserves 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 Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. For this Statement of Accounts that date is 31 March 2013. The net assets of the Council ie 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.

- The Cash Flow Statement which summarises the total movement of cash and cash equivalents during 2012/13.

- The notes to the Statement of Accounts including the statement of accounting policies which explains the basis for the recognition, measurement and disclosure of transactions in the accounts.

- The Housing Revenue Account Comprehensive Income and Expenditure Statement shows the costs in year of providing and operating the Council's housing stock.
- The Collection Fund which separately summarises the transactions in relation to National Non-domestic Rates and Council Tax.
- The Statement of Responsibilities for the Statement of Accounts which sets out the responsibilities of the Council and the Director Resources and Contracts (Deputy Chief Executive) for the accounts.

Review of the Financial Year 2012/13

The Council set a revenue budget in 2012/13 of £240.969m. The table below provides details of the final position for 2012/13 and compares the actual income and expenditure with the revenue budget.

	Original Budget £'000	Actual Income and Expenditure £'000	Variation £'000
Net Position on Services	218,601	217,691	-910
Passenger Transport Levy	22,368	22,368	0
Receipts from Council Tax, Business Rates and Revenue Support Grant	-240,969	-240,969	0
Total Surplus(-)/Deficit for the year	**0**	**-910**	**-910**

The table above shows a surplus for 2012/13 of £0.910m. However this requires further clarity, which is provided below.

The budget set by the Council for 2012/13 incorporated savings of £24.2m. The improved financial position on normal Council activity means that the savings have in overall terms been achieved. The surplus reported above is after funding expenditure of a one off nature such as the cost of procurement of the waste project and the purchase of bulk bins, which is in line with the Council's budget strategy. These costs together with monies earmarked to meet future commitments are included within the table above and are in addition to the normal day to day activities of the Council. If these costs are removed then the position on normal Council activity would show a surplus of £3.6m.

The measures put in place to deliver the required savings have generated additional funds which have provided the opportunity to put monies aside in reserves to meet future commitments and mitigate the risks that the Council faces over the next few years.

Whilst the surplus above is a welcome benefit to the balances held by the Council the overall position on balances will see little change as a sum of £0.710m is earmarked to support initiatives in 2013/14. The balances of the Council have increased to £14.389m as at 31 March 2013. (£13.479m in 2011/12). Subject to a prudent level, remaining balances will continue to be utilised to support some of the major pressures and issues facing the Council.

It is my duty to ensure adequate levels of balances are maintained and it is essential that the Authority maintains a prudent level of balances as they provide a hedge against future Council Tax rises. It is more important than ever that balances are sufficient to meet the challenging future facing the Council.

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

The following tables show the main sources of income that the Council received in 2012/13 and a high level breakdown of the money that it spent on providing services.

Where the Money comes from:

	£'000	%
Grants	412,522	44.4
Fees, Charges and Other	277,664	29.9
National Non Domestic Rates	125,028	13.5
Council Tax	113,048	12.2
Total	**928,262**	**100.0**

What the Money is spent on:

	£'000	%
Other Operating Costs	531,744	57.2
Employees	282,447	30.5
Capital Financing	80,946	8.7
Interest Payable	32,214	3.5
Transfer to/ from Balances	911	0.1
Total	**928,262**	**100.0**

Where the Money is spent (significant services only):

	£'000	%
People (including schools)	471,868	50.8
Places	221,742	23.9
Resources	198,887	21.4
Corporate	34,854	3.8
Transfer to/from Balances	911	0.1
Total	**928,262**	**100.0**

Capital Expenditure 2012/13

The Council spent over £51m on its capital programme in 2012/13. 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 largest spending areas were :-

	£'000	%
Places	19,983	38.8
Housing Services	17,960	34.9
People	10,355	20.1
Corporate	3,169	6.2
Total	**51,467**	**100.0**

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 2012/13 expenditure was funded as follows:-

Funding Type	£'000	%
Prudential Borrowing	15,914	30.9
Government Grants	12,301	23.9
Reserves – Major Repairs Reserve	9,859	19.2
Capital Contributions	4,677	9.1
Capital Receipts	3,604	7.0
Revenue Funding	3,251	6.3
Leasing	1,861	3.6
Total	**51,467**	**100.0**

Borrowing Facilities

The majority of all approved borrowing has been 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 2013 was £417m.

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 some £585m as at 31 March 2013. 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.

Accounting and Other Matters

After a few years of significant change to the accounting standards that the accounts are based upon it is pleasing that for 2012/13 there are only minor changes. However, there are a number of items that I feel should be explained as they have had a significant impact on the Council's accounts.

Revaluation of Assets

The Council values 20% of its assets annually 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. In 2012/13 the valuation of assets resulted in a reduction in value of approximately 4.2%.

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 2012/13 two Primary Schools and one High School transferred to Academy status. In line with the Code of Practice these schools have been treated as disposals and removed from our balance sheet. The Net Book Value written out of the accounts is £19.25m.

Manchester Airport Group (MAG)

During 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%. In addition it should be noted that a consequence of the restructure means that Wigan has lost some of its existing protections as its shareholding would move from holding voting shares in the existing group to non-voting shares in the revised group. To mitigate for some of this loss, a number of protections have been built into the new governance documents such as Board representation, the rights to be consulted, a lock in period for transfer of shares which limits the ability of the Councils to sell their shares for a period of 5 years and pre-emption rights on new shares.

The new Airport Structure is anticipated to provide the Council with long term financial benefits of being part of a larger organisation.

In previous years it has been impracticable to place a value on the MAG. However this change in structure has enabled the shareholding to be subject to a valuation using the earnings based method and discounted cash flow method. The value as at 31 March 2013 for the Council's share of Manchester Airport has been assessed at £29.3m, which previously had been recorded at £10.2m, being the cost of the shares held.

Municipal Mutual Insurance (MMI)

MMI is an insurance company that was established without share capital by, and for, local authorities. During most of the last century the vast majority of local authorities, police authorities and fire authorities used MMI to provide them with one or more key commercial insurance products.

This Council arranged cover with MMI during the period from 1986 to 1993 but took the step of placing some key covers elsewhere from 1991.

MMI suffered substantial losses between 1990 and 1992 and these reduced MMI's net assets to a level below the minimum regulatory solvency requirement. In September 1992 MMI ceased to take new, or to renew, business - but until now has met all claims liabilities in full.

MMI is subject to a contingent Scheme of Arrangement (Section 899 of the Companies Act 2006) which became effective on 21 January 1994. This authority is a signatory and is therefore Scheme Creditors. The Scheme provides for such Creditors to contribute – in the form of a levy - to the finances of MMI should the circumstances require.

A solvent conclusion for the company may have been reached - without the need for Creditors to contribute - were it not for the large number of claims from former employees who developed asbestos related diseases such as Mesothelioma.

The wording of MMI policies, coupled with the clear inability of the company to continue to pay the rising number of Mesothelioma compensation claims, resulted in clarification litigation.

The Supreme Court has now clarified and confirmed MMI's liability to pay claims hence the directors of MMI concluded that the terms of the 1994 Scheme of Arrangement should be triggered. They served notice on the Scheme Administrator and the Company and as a result the Administrator (Ernst & Young) has taken over the management of the business of MMI.

The Administrator has determined that all Creditors should initially pay 15% of the sums paid out on their behalf since 1994 and that they should also pay 15% of all future claims settled.

In the case of this authority the initial levy will be in the order of £1.1m.

The MMI situation has been monitored regularly over the years and adequate reserves maintained within the Council's Insurance Fund. Therefore this levy will be met by the Insurance Fund which, as at 31 March 2013, holds a further £1m in respect of potential contributions to future claim settlements and a future levy. Additional funds will also be made available if required.

Housing Revenue Account (HRA)

The Council is required to keep a separate account in respect of Council housing. The HRA will show the major elements of expenditure (maintenance, management and capital financing) and income (rents and 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 2012/13 financial year with a surplus of £7.1m and ended the year on 31 March 2013 with an accumulated surplus of £9.8m.

Approximately £15.4m was spent on capital schemes which included the Affordable New Build Housing development at Okell Grove, Leigh. 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. In addition spend was incurred on the Solar PV programme which has now been installed to in excess of 1,200 HRA dwellings. The HRA investment will provide significant benefits to tenants including addressing fuel poverty and reducing the carbon footprint. The income that HRA earns from the Solar PV Feed in Tariff will be used to invest in HRA services and programmes.

Other significant areas of capital spend included roof and boiler replacements.

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 2012/13 the cumulative level of balances held by the schools has reduced and now stands at £19.987m. These balances are not available to the Council.

Future Outlook

Each year I produce a three year medium term plan which sets out the budget strategy of the Council and identifies the risks and pressures that it faces over that period. The most recent plan I produced was approved by members in February 2013 and identified the requirement to make further savings of £18.7m in 2013/14 and potentially £6.3m and £6.9m in the following two years. The figures for the later years are purely estimated at this time.

The current economic climate has had, and will continue to have, an impact upon the Council and its financial position. The Government has announced that public finances in the future will continue to be constrained.

The scale of the financial challenge the Council has faced and is yet of face over the coming years is unprecedented. In response the Council has developed a corporate strategy which sets out the Council's Vision, Values and Priorities that will assist the whole organisation to focus and move together towards the same long term goals.

Issues Affecting the Council

Council Tax Localisation

As part of the Comprehensive Spending Review 2010 the Government proposed to localise the support for Council Tax from 2013/14. What this meant in practice was the abolition of Council Tax Benefit and the introduction of a local council tax support scheme. The removal of benefit means that a number of residents will be paying an element of Council Tax for the first time. The Council has already put plans in place to concentrate resources to ensure that people who now have a Council Tax liability are given every opportunity to pay their bills.

Localisation of Business Rates

The Local Government Resource Review has indicated that the funding for the Council will change from 2013/14 to a locally funded solution through Business Rates retention.

The Localisation of Business Rates is a slight misnomer as 50% of local rates income collected is diverted to central government for redistribution back to local authorities. One of the ideas behind this reform is that local councils are incentivised to stimulate economic growth in their area by the prospect of retaining part of the growth in local business rates. Obviously, economic growth will be dependant upon many factors outside a local council's control. In addition, the new system is complex and less transparent than the needs based allocation system it is replacing which sought to address the particular issues existing in local areas. The Council is now responsible for collection maintenance and fluctuations in the Business Rates pool of around £75m.

Although the Business Rates scheme provides a safety net for loss of income beyond 7.5%, a fall in collection rates or for example the closure of a major business would impact directly on the council's income up to that level. The safety net is triggered if losses reach c£4.6m in 2013/14. As mentioned earlier, this is a major transfer of risk from central to local government and as a result of this we currently envisage creating a reserve from general balances which will help mitigate against potential losses.

In addition the potential cost of Business Rate appeals will from the 31 March 2013 be the Council's responsibility, previously this was dealt with through the national pool. The Government has proposed, as these appeals could potentially be backdated to the 2005 rating lists, that Councils will be able to spread the cost of this potential liability over a 5 year period. The potential cost of appeals is currently assessed at £4.1m

Public Health Transfer

The Health and Social Care Act 2012 has meant a significant restructuring of the NHS since its inception. As part of its implementation Primary Care Trusts (PCTs) have been abolished and replaced with Clinical Commissioning Groups (CCG). One of the key outcomes of the new structure is to transfer the responsibility of Public Health to local councils from 1 April 2013.

This places a responsibility on the Council to secure services to prevent disease, prolong life and promote health. To support the commissioning of public health the Council will receive £23m from the Government in 2013/14. This figure is included in the budget for 2013/14 and plans are already in place to ensure that the most efficient delivery of public health is achieved.

Universal Credit (UC)

This is a key change introduced by the Welfare Reform Act 2012. This will see the replacement of six benefits with one single benefit including Housing Benefit currently paid by local councils. For residents this means that they will in future receive a monthly single benefit payment and will need to manage their finances accordingly.

The Council will no longer be responsible for the payment of Housing Benefit. However to support our residents in preparing for this change the Council will be a Pathfinder Council and will introduce UC from July 2013, which is in advance of the national launch. Our pathfinder activity will play a significant role in developing the support that residents will require to ensure the smoothest possible transition to the new benefit.

Concluding Remarks

It is recognised that the full Statement of Accounts is a statutory document and therefore must comply with detailed technical accounting requirements which may not be easily understood by the reader. Therefore a glossary is included in this statement. In addition a summary of the accounts will also be available once the statutory audit has been completed.

I would like to take the opportunity to pass on my thanks to all the staff who have contributed to the completion of the Statement of Accounts. Given the continual development of accounting standards and their complex nature, producing the accounts ready for certification by the end of June is a considerable achievement.

Further information about the accounts is available from the Finance Division of the Resources Directorate, Civic Centre, Millgate, Wigan. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press. For 2012/13 the inspection date will start on 1 July 2013 and run until 26 July 2013. The appointed date for raising queries with the external auditors will be 29 July 2013.

Paul McKevitt

P McKevitt BA(Hons), ACMA & CGMA
Director Resources and Contracts (Deputy Chief Executive)
30 June 2013

MOVEMENT IN RESERVES STATEMENT 2012/13

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (ie 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 GF Reserves £'000	Housing Revenue Account £'000	Major Repair Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2011		**20,591**	**56,383**	**12,640**	**921**	**21,313**	**111,848**	**497,486**	**609,334**
Movement in Reserves during 2011/12									
Surplus or (deficit) on provision of services		-24,246	0	-113,924	0	0	**-138,170**	0	**-138,170**
Other Comprehensive Expenditure and Income		0	0	0	0	0	**0**	-90,096	**-90,096**
Total Comprehensive Expenditure and Income		**-24,246**	**0**	**-113,924**	**0**	**0**	**-138,170**	**-90,096**	**-228,266**
Adjustments between accounting basis & funding basis under regulations	**5**	29,608	0	108,434	1,250	555	**139,847**	-139,847	**0**
Net Increase / Decrease before Transfers to Earmarked Reserves		**5,362**	**0**	**-5,490**	**1,250**	**555**	**1,677**	**-229,943**	**-228,266**
Transfers to / from Earmarked Reserves	**26**	-12,474	12,474	0	0	0	**0**	0	**0**
Increase / Decrease in Year		**-7,112**	**12,474**	**-5,490**	**1,250**	**555**	**1,677**	**-229,943**	**-228,266**
Balance at 31 March 2012 carried forward		**13,479**	**68,857**	**7,150**	**2,171**	**21,868**	**113,525**	**267,544**	**381,069**
Movement in Reserves during 2012/13									
Surplus or (deficit) on provision of services		-42,668	0	-11,068	0	0	**-53,736**	0	**-53,736**
Other Comprehensive Expenditure and Income		0	0	0	0	0	**0**	-43,211	**-43,211**
Total Comprehensive Expenditure and Income		**-42,668**	**0**	**-11,068**	**0**	**0**	**-53,736**	**-43,211**	**-96,947**
Adjustments between accounting basis & funding basis under regulations	**5**	52,417	0	13,751	9,990	3,284	**79,442**	-79,442	**0**
Net Increase / Decrease before Transfers to Earmarked Reserves		**9,749**	**0**	**2,683**	**9,990**	**3,284**	**25,706**	**-122,653**	**-96,947**
Transfers to / from Earmarked Reserves	**26**	-8,839	8,839	0	0	0	**0**	0	**0**
Increase / Decrease in Year		**910**	**8,839**	**2,683**	**9,990**	**3,284**	**25,706**	**-122,653**	**-96,947**
Balance at 31 March 2013 carried forward		**14,389**	**77,696**	**9,833**	**12,161**	**25,152**	**139,231**	**144,891**	**284,122**

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT FOR YEAR ENDED 31 MARCH 2013

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.

2011/12 Gross Expenditure £'000	2011/12 Gross Income £'000	2011/12 Net Expenditure £'000		Notes	2012/13 Gross Expenditure £'000	2012/13 Gross Income £'000	2012/13 Net Expenditure £'000
			Expenditure On Services				
35,730	28,808	6,922	Central Services to the Public		34,122	29,360	4,762
20,390	9,834	10,556	Planning Services		9,541	4,886	4,655
20,677	876	19,801	Cultural and Related Services		33,055	550	32,505
32,865	3,750	29,115	Environmental and Regulatory Services		37,535	4,125	33,410
336,885	263,385	73,500	Children's & Education Services		332,551	255,801	76,750
43,997	5,352	38,645	Highways & Transport Services		44,295	4,959	39,336
190,231	175,466	14,765	Housing Services		196,118	188,402	7,716
99,083	0	99,083	Exceptional Item – HRA Subsidy		0	0	0
110,366	36,922	73,444	Adult Social Care		119,729	37,240	82,489
8,039	350	7,689	Corporate & Democratic Core		7,362	319	7,043
5,949	0	5,949	Non Distributed Costs		4,198	127	4,071
904,212	**524,743**	**379,469**	**Net Cost Of General Fund Services**		**818,506**	**525,769**	**292,737**
		17,167	Other Operating Expenditure	**6**			20,167
		30,691	Financing and investment income and expenditure	**7**			34,986
		-289,157	Taxation and Non Specific Grant Income	**8**			-294,154
		138,170	**Surplus (-) or Deficit on the provision of services**				**53,736**
		-16,278	Surplus or deficit arising on revaluation of fixed assets				2,934
		6,874	Surplus or deficit on revaluation of Property, Plant and Equipment assets				1,763
		99,500	Actuarial gains / losses on pension assets / liabilities				57,600
		0	Actuarial gains / losses on revaluation of available for sale – Financial Instruments				-19,086
		228,266	**Total Comprehensive Income and Expenditure**				**96,947**

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)
30 June 2013

BALANCE SHEET AS AT 31 MARCH 2013

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".

31.3.12 £'000		Notes	31.3.13 £'000
2,073	Intangible Assets	**13**	1,779
1,108,247	Property, Plant and Equipment	**9**	1,023,441
2,696	Heritage Assets	**10**	2,296
36,800	Investment Property	**11**	36,870
10,765	Long Term Investments	**16**	29,847
13,721	Long Term Debtors	**16**	14,787
1,174,302	**Long Term Assets**		**1,109,020**
866	Inventories	**19**	852
43,253	Short Term Debtors	**20**	49,491
3,537	Assets Held for Sale	**23**	2,776
47,169	Cash and Cash Equivalents	**21**	36,586
690	Intangible Current Assets (Landfill Allowance Trading Scheme)		89
95,515	**Current Assets**		**89,794**
53,332	Short Term Borrowing	**16**	33,178
3,259	Provisions	**25**	5,153
55,842	Creditors	**24**	43,542
112,433	**Current Liabilities**		**81,873**
3,696	Provisions	**25**	5,436
417,492	Long term borrowing	**16**	412,469
62,318	Other Long Term Liabilities	**17**	60,296
292,134	Defined Benefit Pension Scheme	**41**	354,136
675	Capital Grants Receipts in Advance	**37**	482
776,315	**Long Term Liabilities**		**832,819**
381,069	**Net Assets**		**284,122**
113,525	Usable Reserves	**27**	139,231
267,544	Unusable Reserves	**28**	144,891
381,069	**Total Reserves**		**284,122**

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 2013.

P McKevitt BA(Hons), ACMA & CGMA
Director Resources and Contracts (Deputy Chief Executive)
30 June 2013

CASH FLOW STATEMENT FOR YEAR ENDED 31 MARCH 2013

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 (ie borrowing) to the Council.

2011/12 £'000		Notes	2012/13 £'000
	Operating Activities		
138,170	**Net Surplus or Deficit on the provision of services**		**53,735**
-74,581	Adjustments to net surplus or deficit on the provision of services for non cash movements	**22**	-109,210
13,621	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	**22**	19,002
23,258	Interest Paid		16,576
2,534	Interest element of PFI rental payments		6,103
-1,498	Interest Received		-1,877
-1,337	Dividends Received		-1,380
-22,957	**Reversal of operating activity items included in the net surplus or deficit on the provision of service**		**-19,422**
77,210	**Net Cash flows from Operating Activities**		**-36,473**
	Investing Activities		
	Cash Outflows:		
43,656	Purchase of Fixed Assets		38,343
1,168	Other Capital Cash Payments		1,617
	Cash Inflows:		
-4,705	Sale of Fixed Assets		-6,002
-8,916	Capital Grants Received		-13,000
-825	Other Receipts		-551
30,378	**Net Cash flows from Investing Activities**		**20,407**
	Financing Activities		
1,109	Repayments of Amounts Borrowed – Transferred Debt		1,156
0	Net Repayment of Long and Short Term Borrowing		26,857
-120,883	Cash receipts from Long and Short Term Borrowing		0
0	Other receipts for financing activities		-1,876
5,985	Other payments for financing activities		0
409	Payment for reduction of liability relating to PFI		512
-113,380	**Net Cash flows from Financing Activities**		**26,649**
-5,792	**Net increase (-) / decrease in cash and cash equivalents**		**10,583**
41,377	**Cash and cash equivalents at the beginning of the reporting period**		**47,169**
47,169	**Cash and cash equivalents at the end of the reporting period**	**21**	**36,586**

INDEX FOR THE NOTES TO THE CORE FINANCIAL STATEMENTS

NOTES TO THE CORE FINANCIAL STATEMENTS

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

The Code of Practice on Local Council Accounting in the United Kingdom 2012/13 (the Code) has introduced several changes in accounting policies which will be required from 1 April 2013. The following changes are not considered to have a material impact on the Statement of Accounts;

IAS 19 Employee Benefits. IAS19 is changing for accounting years starting on or after 1 January 2013 and this will affect the budgeted pension expense for the next financial year. The key change affecting LGPS employers relates to the expected return on assets. Advance credit for anticipated outperformance of return seeking assets (such as equities) will no longer be permitted. The expected return on assets is currently credited to profit and loss, however from 2013 this is effectively replaced with an equivalent figure calculated using the discount rate (as opposed to that calculated using the Expected Return on Assets assumption). The effect of the changes on the income statement to 31 March 2013 will be an increase of £5.5m. This does not impact on general fund balances.

Amendments to IAS 1 Presentation of Financial Statements (other comprehensive income, June 2011). No change required.

IFRS 7 Financial Instruments: Disclosure (Offsetting Financial Assets and Liabilities). It is not likely that IFRS 7 will have a material impact on the financial statements of local authorities.

Recognition of Assets under Construction or Intangible Assets. This is not applicable.

IAS 12 Income Taxes (deferred tax: recovery of underlying assets, December 2010). This is not applicable.

2. Critical Judgements in applying Accounting Policies

Related Companies

The Council has relationships with a number of companies over which it has varying degrees of control or influence. The Council assesses each year both the quantitative and qualitative aspects of materiality and consults with the External Auditors. It was determined that the Council does not have to prepare Group Accounts. For the reader's benefit we have continued to include details of the relationship with the Council and financial performance of these companies. These details are included in the Related Parties note.

The Council also has an interest in the Wigan Leisure and Culture Trust, a charitable company that manages leisure facilities on behalf of the Council. It has been determined that the Council does not have control of the Trust and it is not a subsidiary.

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 of Practice 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

Voluntary Aided/Controlled and Foundation Schools are not recognised as non-current assets of the local authority. The Council's Finance Officers have made this judgement based on an assessment of control and responsibilities based on the relevant accounting standards.

Investment Properties

Investment properties have been categorised as such, based on careful consideration of the criteria for recognition identified in IAS 40 Investment Property. As a result, the Council has determined that it holds assets with a value of £36.9m 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

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 Institute 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 £4-5m.

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 £108.4m. A change in excess of earnings of + or – 0.5% would potentially change the total liability by £30.7m. An increase in excess of pensions of 0.5% would change the liability by £76.3m and an increase in longevity of 1 year would result in a £33.9m 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.

Private Finance Initiative (PFI)

The Private Finance Initiative arrangement has an implied finance lease within the agreement. The Council estimates the implied 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

Asset values fell by £45m (including council dwellings) compared to a fall of £14m in 2011/12. £22m relates to the Life Centre PFI scheme which was originally valued at cost. Property Services advise that the remaining downward revaluation is primarily due to a reduction in the standard values for the 1st April 2012 valuations based on the March/April market commentary and also that 2012/13 valuations were revaluing assets last valued in 2007 when the market was at its peak.

The table below shows the comparison between 2011/12 and 2012/13

Service	Net Expenditure 2011/12 £'000	Net Expenditure 2012/13 £'000	Difference £'000
Cultural and Related Services	273	14,505	14,232
Children and Education Services	6,708	13,538	6,830
Housing Services (including Council Houses)	971	5,308	4,337
Environmental and Regulatory Services	0	5,012	5,012
Adult Social Care	875	2,551	1,676
Non Distributed Costs	1,978	1,695	-283
Central Services to the Public	0	1,422	1,422
Financing and Investment Income and Expenditure	578	825	247
Planning Services	1,204	227	-977
Corporate and Democratic Core	0	97	97
Highways and Transport Services	1,378	32	-1,346
Total	**13,965**	**45,212**	**31,247**

Transfer of Schools to Academy Status

During 2012/13 two Primary Schools and one High School transferred to Academy status. In line with the Code of Practice these schools have been treated as disposals and removed from our balance sheet. The Net Book Value written out of the accounts is £19.25m. This is shown in the Financing and Investment Income and Expenditure line in the CIES.

Housing Subsidy

A new system of council house finance was introduced in April 2012 known as "Self Financing". Self-financing for the Housing Revenue Account will replace the existing Housing Subsidy system and is intended to provide stock holding local authorities with sufficient financial resources to maintain their stock and to provide good quality housing services from within their Housing Revenue Accounts.

The financial impact of moving from the Housing Subsidy system to self financing is significant as the HRA has paid a one off settlement payment to the Government to effectively "buy out" of the current system. The settlement payment was calculated by CLG at £99.083m and is shown as an exceptional item on the face of the CIES in 2011/12.

5. Adjustments between Accounting Basis and Funding Basis under regulations

2012/13	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
Adjustments involving the CAA:						
Reversal of items debited/credited to the CIES:						
Charges for depreciation and impairment of non-current assets	17,600	30,882	0	0	0	-48,482
Revaluation losses on PP&E	38,661	10,291	0	0	0	-48,952
Movements in the market value of Investment Properties	-208	-144	0	0	0	352
Amortisation of intangible assets	356	74	0	0	0	-430
Capital grants and contributions applied	-8,797	-3,244	0	0	0	12,041
Revenue expenditure funded from capital under statute	8,914	0	0	0	0	-8,914
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	21,506	2,194	0	0	0	-23,700
Insertion of items not debited or credited to the CIES:						
Statutory provision for the financing of capital investment	-17,123	-1,787	0	0	0	18,910
Capital expenditure charged against the General Fund and HRA balances	-1,851	-1,400	0	0	0	3,251
Adjustments involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the CIES	-8,224	0	0	0	8,224	0
Application of grants to capital financing transferred to the CAA	0	0	0	0	-4,940	4,940
Adjustments involving the Capital Receipts Reserve:						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	-2,631	-3,370	0	6,001	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	-3,604	0	3,604
Contribution from the Capital Receipts Reserve towards admin costs of non current asset disposals	0	104	0	-104	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	2,293	0	0	-2,293	0	0
Adjustments involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	0	-19,849	19,849	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	-9,859	0	0	9,859
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CIES	29,500	0	0	0	0	-29,500
Employer's pensions contributions and direct payments to pensioners payable in the year	-25,098	0	0	0	0	25,098
Adjustments involving the Collection Fund Adjustment Account:						
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	469	0	0	0	0	-469
Adjustments involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-2,950	0	0	0	0	2,950
Total Adjustments	**52,417**	**13,751**	**9,990**	**0**	**3,284**	**-79,442**

2011/12	Usable Reserves					Movement in Unusable Reserves
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	£'000
Adjustments involving the CAA:						
Reversal of items debited/credited to the CIES:						
Charges for depreciation and impairment of non-current assets	21,904	26,630	0	0	0	-48,534
Revaluation losses on PP&E	15,197	6,796	0	0	0	-21,993
Movements in the market value of Investment Properties	-691	-146	0	0	0	837
Amortisation of intangible assets	310	74	0	0	0	-384
Capital grants and contributions applied	-11,051	-796	0	0	0	11,847
HRA Settlement Payment to Secretary of State	0	99,083	0	0	0	-99,083
Revenue expenditure funded from capital under statute	10,810	0	0	0	0	-10,810
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	19,271	1,053	0	0	0	-20,324
Insertion of items not debited or credited to the CIES:						
Statutory provision for the financing of capital investment	-11,951	0	0	0	0	11,951
Capital expenditure charged against the General Fund and HRA balances	-3,906	-8,048	0	0	0	11,954
Adjustments involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the CIES	-6,505	0	0	0	6,505	0
Application of grants to capital financing transferred to the CAA	0	0	0	0	-5,950	5,950
Adjustments involving the Capital Receipts Reserve:						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	-2,389	-2,316	0	4,705	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	-3,231	0	3,231
Contribution from the Capital Receipts Reserve towards admin costs of non current asset disposals	0	83	0	-83	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1,391	0	0	-1,391	0	0
Adjustments involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	0	-13,979	13,979	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	-12,729	0	0	12,729
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CIES	23,700	0	0	0	0	-23,700
Employer's pensions contributions and direct payments to pensioners payable in the year	-26,546	0	0	0	0	26,546
Adjustments involving the Collection Fund Adjustment Account:						
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	541	0	0	0	0	-541
Adjustments involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-477	0	0	0	0	477
Total Adjustments	**29,608**	**108,434**	**1,250**	**0**	**555**	**-139,847**

6. Other Operating Expenditure

31.3.12 £'000		31.3.13 £'000
15,702	Gains (-) and Losses on Disposal of Non Current Assets	17,801
1,392	Payment to Housing Capital Receipts Pool	2,293
73	Parish Precepts	73
17,167		**20,167**

7. Financing and Investment Income and Expenditure

31.3.12 £'000		31.3.13 £'000
27,006	Interest payable and similar charges	32,214
3,000	Pension interest cost and expected return on pension assets	8,500
-4,077	Investment receivable and similar income	-5,012
-1,822	Trading Accounts	-439
-836	Gains & Losses on the Revaluation of Investment Property	-352
7,420	NWIEP Holding Account	75
30,691		**34,986**

8. Taxation and Non Specific Grant Income

31.3.12 £'000		31.3.13 £'000
-103,135	National Non Domestic Rates	-125,028
-112,925	Council Tax Income	-113,048
-61,283	Other Non Ring Fenced grants	-35,817
-11,814	Capital Grants and Contributions	-20,261
-289,157		**-294,154**

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
Cost or value at 1.4.12	**595,697**	**439,343**	**13,830**	**164,471**	**1,957**	**15,928**	**1,711**	**1,232,937**	**50,500**
Additions	14,241	5,216	780	9,900	71	763	8,608	**39,579**	**0**
Revaluation increases/decreases to Revaluation Reserve	0	-10,202	0	0	-90	3,313	0	**-6,979**	**-57**
Revaluation increases/decreases to surplus/deficit on the provision of services (SDPS)	-36,693	-40,787	0	0	0	-726	0	**-78,206**	**-21,993**
De-recognition – Disposals	-2,194	-20,471	-341	0	0	-625	0	**-23,631**	**0**
De-recognition – Other	0	-11,137	-762	0	0	-1,939	0	**-13,838**	**0**
Reclassified to/from held for sale	0	-8	0	-81	0	-783	0	**-872**	**0**
Other Movements	0	-497	0	-1,913	18	3,964	-1,372	**200**	**800**
At 31.3.13	**571,051**	**361,457**	**13,507**	**172,377**	**1,956**	**19,895**	**8,947**	**1,149,190**	**29,250**
Depreciation & Impairment at 1.4.12	**26,418**	**35,034**	**7,394**	**55,256**	**132**	**454**	**2**	**124,690**	**0**
Depreciation	21,636	6,395	1,939	6,059	0	120	0	**36,149**	**635**
Depreciation written out to the Revaluation Reserve	0	-2,828	0	0	0	-205	0	**-3,033**	**0**
Depreciation written out to SDPS	-13,979	-1,374	0	0	0	-34	0	**-15,387**	**0**
Impairment losses/reversals to Revaluation Reserve	0	-298	0	0	0	1,050	0	**752**	**0**
Impairment losses/reversals to SDPS	-3,371	371	0	0	0	900	0	**-2,100**	**0**
De-recognition – Disposals	0	-835	-337	0	0	-304	0	**-1,476**	**0**
De-recognition - Other	0	-11,137	-763	0	0	-1,939	0	**-13,839**	**0**
Eliminated on reclassification to held for sale	0	0	0	0	0	-3	0	**-3**	**0**
Other Movements	0	-219	0	0	18	197	0	**-4**	**0**
At 31.3.13	**30,704**	**25,109**	**8,233**	**61,315**	**150**	**236**	**2**	**125,749**	**635**
Net Book Value at 31.3.13	**540,347**	**336,348**	**5,274**	**111,062**	**1,806**	**19,659**	**8,945**	**1,023,441**	**28,615**
Net Book Value at 31.3.12	**569,279**	**404,309**	**6,436**	**109,215**	**1,825**	**15,474**	**1,709**	**1,108,247**	**50,500**

Capital Commitments

As at 31 March 2013, the Council was contractually committed to the following major items of capital work:

	£'000	Start Date	Projected End Date
St Phillips Junior and Infant School Atherton - Additional Places	2,001	2013	2014
Wigan Wallgate Townscape Heritage	1,576	2011	2013
Mesnes Park Restoration Project Phase 2	1,145	2011	2013

Although not yet contractually committed, the following major schemes over £1m are also in the programme for 2013/14 onwards:

	£'000	Start Date	Projected End Date
Affordable Housing – Various Schemes	25,342	2013	2016
Office Consolidation Project	7,110	2013	2015
Leigh Salford Manchester Bus Way - (On Highway Works)	5,936	2013	2014
Ince St Mary's – New School	3,193	2013	2014
Parklee Primary School Leigh – Additional Places	1,118	2013	2014

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 RICS qualified personnel from the Council's Property Services staff. 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 2012 and March 2013. The actual date of valuation was 1 April 2012.

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 Royal Institution of Chartered Surveyors. 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 paragraph 4.1.2.29 of the Code. All valuations comply with those definitions settled by the International Valuation Standards Committee.

Vehicles, Plant and Equipment are carried at depreciated historical cost rather than depreciated replacement cost due to the short useful lives and low values of these assets in accordance with paragraph 4.1.2.30 of 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	5,274	111,062	1,806	0	8,945	**127,087**
Fair Value – Existing Use Value – Social Housing	540,347	0	0	0	0	0	0	**540,347**
Fair Value – Existing Use Value	0	336,348	0	0	0	19,659	0	**356,007**
Net Book Value at 31.3.13	**540,347**	**336,348**	**5,274**	**111,062**	**1,806**	**19,659**	**8,945**	**1,023,441**

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

	Antiquarian Books £'000	Art & Artefacts £'000	Civic Regalia £'000	Outside Artwork £'000	Total £'000
Cost or Valuation					
1 April 2011	**856**	**1,386**	**366**	**461**	**3,069**
Additions	0	0	0	83	**83**
Disposals	-311	0	0	0	**-311**
Revaluations	0	0	0	0	**0**
Reclassifications	-145	0	0	0	**-145**
31 March 2012	**400**	**1,386**	**366**	**544**	**2,696**

	Antiquarian Books £'000	Art & Artefacts £'000	Civic Regalia £'000	Outside Artwork £'000	Total £'000
Cost or Valuation					
1 April 2012	**400**	**1,386**	**366**	**544**	**2,696**
Disposals	-400	0	0	0	**-400**
31 March 2013	**0**	**1,386**	**366**	**544**	**2,296**

Antiquarian Books

The Authority held a stock of antiquarian books, due to their age and condition it was not possible to place these books on public display. A number of these books were considered to be rare and valuable and were identified for disposal. The phased disposal has taken place over the last two financial years by auction and handled by Bonham's auctioneers.

The sale proceeds were accounted for in accordance with statutory requirements for the sale of non current assets as this asset met the definition of a capital receipt. The antiquarian books had been valued by Bonham's auctioneers and included in the balance sheet at this value. Any books that have been left to Wigan as a bequest or that have a strong connection to the Borough of Wigan have not been included in the books sold, these have no value. For further information on the Antiquarian books contact the Assistant Customer Service Manager. Tel: 01942 404550.

11. Investment Properties

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

	2011/12 £'000	2012/13 £'000
Balance at start of the year	**35,598**	**36,800**
Additions:		
Disposals	-175	-78
Net gains/losses (-) from fair value adjustments	837	352
Transfers:		
to/from Property, Plant and Equipment	540	-204
Balance at end of the year	**36,800**	**36,870**

12. Private Finance Initiative (PFI)

2012/13 is the second year of a 25 year PFI contract for the construction and maintenance of a Joint Service Centre (JSC) in Wigan. 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 buildings 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 2013 (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 2013/14	610	6,038	1,536	8,184
Within 2 – 5 years	4,005	28,896	8,224	41,125
Within 6 – 10 years	5,157	26,077	9,200	40,434
Within 11 – 15 years	10,683	21,559	10,426	42,668
Within 16 – 20 years	15,490	13,981	11,675	41,146
Within 21 – 25 years	12,212	2,381	6,073	20,666
Total	**48,157**	**98,932**	**47,134**	**194,223**

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:

	2012/13 £'000	2013/14 £'000
Balance at start of the year	48,670	48,157
Payments during the year	-513	-610
Balance outstanding at year end	**48,157**	**47,547**

The Council receives PFI grant from the Government to part fund the scheme, the annual grant is £6.023m (£150.586m over 25 years). The Council is committed to making gross payments estimated at £222.971m. However the net cost to the Council after the PFI grant is £72.385m.

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 £0.430m charged to revenue in 2012/13 was charged to the Appropriate Service Revenue Account.

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

	2011/12 Other Assets £'000	2012/13 Other Assets £'000
Balance at start of year:		
Gross carrying amounts	3,831	4289
Accumulated amortisation	-1,832	-2216
Net carrying amount at start of year	**1,999**	**2073**
Additions:		
Purchases	458	136
Amortisation for the period	-384	-430
Net carrying amount at end of year	**2,073**	**1779**
Comprising:		
Gross carrying amounts	4,289	4425
Accumulated amortisation	-2,216	-2646
	2,073	**1779**

There are several items of capitalised software as follows:

	Carrying Amount		Remaining Amortisation Period
	31 March 2012 £'000	31 March 2013 £'000	
Agresso System –Trading	411	253	1-7 Years
Housing SX3 – Housing Services	229	156	1-3 Years
Social Services ANITE – Adult Services	203	144	1-7 Years
Customer Relationship Management System – Trading	302	262	5-8 Years
HR & Payroll – Trading	716	774	4 Years
Revenue & Benefits IT System - Trading	211	190	9 Years

14. Impairment Losses

During 2012/13 the Council recognised total impairment losses of £14.1m (2011/12 £28.0m), of which £9.0m (2011/12 £12.4m) was in respect of its council dwellings stock.

The capital expenditure of £14.2m (2011/12 £20.0m) on council dwellings during the year, which included £4.6m (2011/12 £5.8m) on boiler and heating replacements, 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 £20.0m (2011/12 £17.0m) 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 (2011/12 £14.0m) impairment losses recognised during the year, the most significant (£2.5m) related to the demolition of school buildings at Hindley Green Primary School.

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 changes 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.

2011/12 £'000		2012/13 £'000
440,062	**Opening Capital Financing Requirement**	588,241
	Capital Investment:	
95,406	Property. Plant and Equipment	39,374
0	Investment Properties	0
457	Intangible Assets	136
83	Heritage Assets	0
10,810	Revenue Expenditure Funded from Capital under Statute	8,913
99,083	HRA – Subsidy Buy Out	0
0	Local Authority Mortgage Scheme (LAMs)	1,000
	Sources of Finance:	
-3,231	Capital Receipts	-3,604
-30,524	Government Grants and Other Contributions	-26,837
	Sums set aside from Revenue:	
-11,954	Direct Revenue Contributions	-3,251
-11,951	MRP / loans fund principal repayments	-18,910
588,241	**Closing Capital Financing Requirement**	**585,062**
	Explanation of Movements During Year	
-2,741	Increase / (-) Decrease in underlying need to borrow (supported by Government financial assistance)	-9,722
100,420	Increase / (-) Decrease in underlying need to borrow (unsupported by Government financial assistance)	6,543
50,500	Assets acquired under PFI contracts	0
148,179	**Increase / (-) Decrease in Capital Financing Requirement**	**-3,179**

16. Financial Instruments

Categories of Financial Instruments

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

	Long-term		Current	
	31 March 2012 £'000	31 March 2013 £'000	31 March 2012 £'000	31 March 2013 £'000
Investments				
Loans and receivables*				
Short Term Investments	0	0	31,103	26,032
Cash at Bank	0	0	16,066	10,554
Available for sale financial assets	0	29,300	0	0
Unquoted equity investment at cost	10,765	547	0	0
Total Investments	**10,765**	**29,847**	**47,169**	**36,586**
Debtors				
Loans and receivables	13,721	14,786	0	0
Financial assets carried at contract amounts	0	0	43,253	49,491
Less items not classed as Financial Instruments (such as VAT, NNDR, Council Tax, Payments in Advance)	0	0	-15,827	-12,978
Total Debtors	**13,721**	**14,786**	**27,426**	**36,513**
Borrowings				
Financial liabilities at amortised cost	417,492	412,469	53,332	33,178
Total Borrowings	**417,492**	**412,469**	**53,332**	**33,178**
Creditors				
Financial liabilities at amortised cost	0	0	0	0
Financial liabilities carried at contract amount	0	0	55,842	43,542
Less items not classed as Financial Instruments (such as VAT, NNDR, Council Tax, Receipts in Advance)	0	0	-18,155	-13,760
Total Creditors	**0**	**0**	**37,687**	**29,782**
Long Term Liabilities				
PFI	48,157	47,547	0	0
Other Long Term Liabilities	234	178	0	0
Total Long Term Liabilities	**48,391**	**47,725**	**0**	**0**

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

Income, Expenditure, Gains and Losses

31.3.12 £'000	Financial Liabilities measured at amortised cost	31.3.13 £'000
26,052	Interest expense	31,202
26,052	**Total expense in Surplus or Deficit on the Provision Services**	**31,202**

31.3.12 £'000	Financial Assets, Loans and Receivables	31.3.13 £'000
-2,001	Interest & Investment income	-2,034
-2,001	**Total income in Surplus or Deficit on the Provision Services**	**-2,034**

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 2013 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 2012		31 March 2013	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB borrowing	418,255	475,152	417,473	492,633
Long - term creditors	48,391	48,391	47,725	47,725

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 loans under this method for 2012/13 would be £543.025m (£537.852m in 2011/12).

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 2012		31 March 2013	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Loans and Receivables	31,103	31,106	26,032	26,036
Long-term debtors	13,721	13,721	14,786	14,786

The fair value of the assets 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 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 2013 is analysed below:

31.3.12 £'000		31.3.13 £'000
10,214	Shareholdings in : Manchester Airport Plc	29,300
538	Wigan Football Company Ltd	538
13	Other Investments	9
10,765		**29,847**

During 2012/13 Manchester Airport Group acquired Stansted Airport, resulting in a change of structure. The Council's shareholding in Manchester Airport Holdings has reduced from a 5% holding to 3.22% of the airport's capital as a result of the restructure. The change in structure has enabled the shareholding to be subject to a valuation using the earnings based method and discounted cashflow method. The figure above in relation to Manchester Airport is now carried at fair value.

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:

31.3.12 £'000		31.3.13 £'000
9,267	Manchester Airport	9,267
2,334	Renovation Loans	2,507
1,460	WALH Loans	1,566
0	Local Authority Mortgage Scheme	1,000
200	Leigh Sports Village Company Ltd	200
321	Car Loans to Staff	165
72	Transferred Debt re Pre-1974 functions	65
23	Loans for House Purchases	17
44	Access to Finance Loans	0
13,721		**14,787**

Short Term Investments

During the year the Council invested its revenue balances, reserves and capital receipts externally in short term deposits. At 31 March 2013 the following were held:

31.3.12 £'000		31.3.13 £'000
20,069	Royal Bank of Scotland	21,487
9,900	Barclays Bank	4,050
634	Lloyds TSB Bank	495
500	Co-operative Bank Plc	0
31,103		**26,032**

Please note that short term investments are 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.

31.3.12 £'000	Source of Loan Outstanding	Increases in year £'000	Decreases in year £'000	31.3.13 £'000
417,473	Public Works Loans Board	0	5,023	412,450
19	Individuals	0	0	19
417,492		**0**	**5,023**	**412,469**

31.3.12 £'000	An Analysis by maturity is:	31.3.13 £'000
5,023	Over 1 year but not over 2 years	26,016
67,056	Over 2 years but not over 5 years	47,773
32,477	Over 5 years but not over 10 years	28,935
37,923	Over 10 years but not over 15 years	72,881
108,357	Over 15 years but not over 20 years	90,250
67,555	Over 20 years but not over 25 years	47,515
99,101	Over 25 years	99,099
417,492		**412,469**

The accrued interest associated with the PWLB loans is £11.269m. This is included under current liabilities and will be paid in 2013/14.

Short Term Borrowing

At 31 March 2013 the figure for Short Term Borrowing outstanding was £33.178m, (£53.332m in 2011/12).

17. Deferred (Long Term) Liabilities

Deferred liabilities are liabilities which are payable beyond the next financial year. At 31 March 2013, these totalled £60.295m.

31.3.12 £'000		31.3.13 £'000
48,157	PFI (Wigan Life Centre)	47,547
13,928	Former G.M.C. debt	12,571
211	Home Computer Initiative	162
23	Loan repayments Mortgaged Properties	16
62,319	**Balance as at 31st March**	**60,296**

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.

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 Treasury Policy Statement, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The Statement also imposes a maximum sum to be invested with different financial institutions.

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

Financial Asset	Criteria	Maximum Investment £'000
Deposits with Banks	Short Term: F1+ Long Term: AA – Support: 1	20,000
Deposits with Building Societies	Short Term: F1	2,000
Deposits with Money Market Funds	AAA	2,000
Deposits with Local Authorities	N/A	5,000

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

31.3.12 £'000		31.3.13 A £'000	Historical experience of default B %	Historical experience adjusted for market conditions C %	Estimated maximum exposure to default and uncollectability AxB £'000
31,103	Deposits with Banks	26,032	0	0	0
27,426	Trade Debtors	36,513	1.95	0	713

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:

2011/12 £'000		2012/13 £'000
7,403	Less than three months	10,544
2,851	Three to six months	1,456
1,888	Six months to one year	1,345
3,876	More than one year	4,922
16,018		**18,267**

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 borrowings 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:

2011/12 £'000		2012/13 £'000
43,743	Up to 1 year	21,909
5,023	Over 1 year but not over 2 years	26,016
67,056	Over 2 years but not over 5 years	47,773
32,477	Over 5 years but not over 10 years	28,935
37,923	Over 10 years but not over 15 years	72,881
108,357	Over 15 years but not over 20 years	90,250
67,555	Over 20 years but not over 25 years	47,515
99,101	Over 25 years	99,099
461,235		**434,378**

Market risk

Interest rate risk

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

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

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

- the Council is required to set upper limits to its exposures to the effects of changes in interest rates for both fixed interest rate and variable rate loans
- it has been Council policy to borrow at fixed rates of interest and it is recommended that this will continue. However, for the purposes of these calculations, loans and investments of less than 365 days are classed as variable rate. These transactions are used to assist the Council's day to day cash flows and a prudent level of exposure has been set at a net figure of £10m in each of the 3 years.

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

	2012/13 £'000
Daily average investment balance (average rate of interest 0.83%)	17,122
Assuming interest rates 1% higher additional interest received	171
Decrease in fair value of fixed rate borrowings liabilities (no impact on Comprehensive Income and Expenditure Statement)	-47,606

Price risk

The Council does not generally invest in equity shares but does have shareholdings in Manchester Airport 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 2012/13 the Council's holding in Manchester Airport was re-valued resulting in a gain of £19m 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 required to be 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		Property Acquired or Constructed for Sale		Total	
	2011/12 £'000	2012/13 £'000	2011/12 £'000	2012/13 £'000	2011/12 £'000	2012/13 £'000	2011/12 £'000	2012/13 £'000
Balance outstanding at start of year	**447**	**390**	**406**	**476**	**1**	**0**	**854**	**866**
Purchases	4,931	4,700	1,558	1,809	0	0	6,489	6,509
Recognised as an expense in the year	-4,935	-4,751	-1,450	-1,749	-1	0	-6,386	-6,500
Written off balances	-53	-10	-38	-13	0	0	-91	-23
Reversals or write-offs in previous years	0	0	0	0	0	0	0	0
Balance outstanding at year-end	**390**	**329**	**476**	**523**	**0**	**0**	**866**	**852**

Consumable Stores
This is the stock relating to the Transport DSO, Metrofresh Catering and the Print Unit.

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

Property Acquired
These small items of stock relate to the Mayoral pendants and the Public Relations/Media Section reception gifts.

20. Debtors

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

31.3.12 £'000		31.3.13 £'000
25,550	Other Entities and Individuals	28,633
13,274	Central Government Bodies	13,867
2,918	NHS Bodies	3,799
1,511	Other Local Authorities	3,173
0	Public Corporations and Trading Funds	19
43,253	**Net Total**	**49,491**

21. Cash and Cash Equivalents

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

31.3.12 £'000		31.3.13 £'000
78	Cash held by the Council (Petty Cash)	67
20,191	Bank Current Accounts - Schools	19,181
-4,203	Bank Current Accounts - Council	-8,694
31,103	Short-term deposits	26,032
47,169	**Total Cash and Cash Equivalents**	**36,586**

The Cash Overdrawn element (£8.694m) is included within Cash and Cash Equivalents as it is deemed to be integral to the Council's cash management.

22. Cashflow Adjustments Analysis

2011/12 £'000	Adjust Net Surplus or Deficit on the Provision of Services for Non Cash Movements	2012/13 £'000
-27,450	Depreciation	-36,148
-384	Amortisation	-430
-42,235	Impairment and Revaluation Losses	-60,930
7,678	Increase +/- decrease in Creditors	12,493
-6,484	Increase +/- decrease in Debtors	6,238
12	Increase +/- decrease in Stock	-14
13,067	Increase +/- decrease in Provisions	-3,634
2,845	Movement in Pension Liability	-4,402
-20,324	Carrying amount of non current assets and non current assets held for sale, sold or derecognised	-23,700
-1,306	Other non cash items charged to net surplus and deficit on the provision of services	1,317
-74,581	**Total**	**-109,210**

2011/12 £'000	Adjust for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	2012/13 £'000
4,705	Proceeds from the sale of PPE	6,002
8,916	Capital Grants credited to surplus of deficit on the provision of services	13,000
13,621	**Total**	**19,002**

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		Non Current	
	2011/12 £'000	2012/13 £'000	2011/12 £'000	2012/13 £'000
Balance outstanding at start of the year	**1,723**	**3,537**	**0**	**0**
Assets newly classified as held for sale:				
Property, Plant and Equipment	3,295	1,152	0	0
Revaluation loss	-976	-679	0	0
Revaluation gains	61	144	0	0
Impairment loss	0	-32	0	0
Assets declassified as held for sale:				
Property, Plant and Equipment	-66	-283	0	0
Assets sold	-500	-1,063	0	0
Balance outstanding at year-end	**3,537**	**2,776**	**0**	**0**

24. Creditors

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

31.3.12 £'000		31.3.13 £'000
40,438	Other Entities and Individuals	33,607
8,216	Central Government Bodies	6,793
3,579	Other Local Authorities	2,386
3,609	NHS Bodies	756
55,842	**Net Total**	**43,542**

25. Provisions

Current Liability

	Insurance Fund £'000	Equal Pay £'000	DWP Legacy £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2012	**2,086**	**633**	**0**	**539**	**3,258**
Additional provisions made in 2012/13	4,555	1,497	1,707	181	**7,940**
Amounts used in 2012/13	-3,396	-2,130	0	-192	**-5,718**
Unused amounts reversed in 2012/13	0	0	0	-327	**-327**
Unwinding of discounting in 2012/13	0	0	0	0	**0**
Balance at 31 March 2013	**3,245**	**0**	**1,707**	**201**	**5,153**

Long Term Liability

	Insurance Fund £'000	Section 117 Refunds £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2012	**3,509**	**94**	**93**	**3,696**
Additional provisions made in 2012/13	1,740	0	1	**1,741**
Amounts used in 2012/13	0	-1	0	**-1**
Unused amounts reversed in 2012/13	0	0	0	**0**
Unwinding of discounting in 2012/13	0	0	0	**0**
Balance at 31 March 2013	**5,249**	**93**	**94**	**5,436**

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

Insurance

At 31st March 2013 the Council held an Insurance provision of £8.494m. This is for future payments of claims made or yet to be made for incidents which occurred before 31st March 2013. These include incidents where a legal liability arises and incidents of damage to Council property. Increases to the provision in 2012/13 reflect contributions from services. The costs of premium payments, settlement of claims and risk management are shown as decreases to the provision in 2012/13.

In 1992 MMI ceased underwriting and as a result a Scheme of Arrangement was put in place between MMI and its Creditors. Under the provisions of the scheme MMI has continued to pay all losses since 1994. However over the years the solvency of MMI has deteriorated largely due to the higher than expected reporting of industrial disease type claims, particularly Mesothelioma.

In 2012 an adverse judgement in the Supreme Court led to a pessimistic outlook on the company's future and as a result the Administrator has written to all Creditors notifying them that the Scheme of Arrangement will be triggered and that the likely liability will equate to 15%. This will be in the form of a levy on all claims. For the Council this means a potential cost of c£1.150m and provision has been created within the insurance fund to cover this liability. In addition, as this is the initial estimated levy rate, further sums have been earmarked within the insurance fund to cover the potential maximum liability of 28% as declared in the modelling work undertaken by the Administrator and KPMG.

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

DWP Legacy
The Council is currently in dialogue with the Department of Work and Pensions (DWP) over the eligibility of certain items of expenditure claimed for Housing Benefit and Council Tax Benefit grants going back over a number of years. If the Council is unsuccessful in defending its claim a repayment in the region of £1.7m may be required. This provision has been created to meet this potential cost. The value of grant claimed over this period was approximately £270m.

Section 117
The Council has retained a provision of £0.094m for potential claims under Section 117 of the Mental Health Act 1983. The provision was created in the light of an Ombudsman ruling that clients discharged from detention under Section117 should not be charged for their aftercare. The provision is to pay for any refunds of clients wrongly charged by the Council, or those who may have arranged and paid for their own care. One refund was made in 2012/13.

Other Provisions
These contain amounts for various claims for compensation and potential liabilities.

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 2012/13.

	Balance at 31.3.11 £'000	Transfers Out £'000	Transfers in £'000	Balance at 31.3.12 £'000	Transfers Out £'000	Transfers in £'000	Balance at 31.3.13 £'000
General Fund							
Organisational Transition	**7,202**	-2,191	12,164	**17,175**	-4,254	2,281	**15,202**
Grants Reserve	**20,833**	-20,833	5,752	**5,752**	-3,204	3,704	**6,252**
Business Rates Safety Net	**0**	0	0	**0**	0	4,600	**4,600**
Insurance Reserve	**6,063**	0	779	**6,842**	-2,326	0	**4,516**
IT Investment Reserve	**0**	0	0	**0**	0	4,156	**4,156**
Legal Costs Reserve	**0**	0	3,000	**3,000**	0	0	**3,000**
Investment Reserve	**0**	0	3,000	**3,000**	-449	0	**2,551**
Building Self Reliance Programme	**0**	0	0	**0**	0	2,000	**2,000**
Road Traffic Safety Reserve	**0**	0	1,500	**1,500**	-51	0	**1,449**
Leigh Sports Village	**600**	0	400	**1,000**	0	384	**1,384**
Wigan Life Centre	**1,097**	0	472	**1,569**	-349	0	**1,220**
NEETs	**0**	0	0	**0**	0	1,000	**1,000**
Apprenticeship Scheme	**0**	0	0	**0**	0	750	**750**
Waste Procurement	**0**	0	0	**0**	0	750	**750**
Wigan Pier & Robin Park Investment Funds	**466**	0	79	**545**	0	79	**624**
VAT Reserve	**503**	0	0	**503**	0	5	**508**
Graduate Scheme	**0**	0	0	**0**	0	500	**500**
Waste Disposal After Care	**414**	-16	0	**398**	-23	0	**375**
Education Skills Project	**0**	0	0	**0**	0	320	**320**
Life Scheme - Leigh	**0**	0	0	**0**	0	300	**300**
Other Reserves	**12**	0	0	**12**	0	0	**12**
Usable Reserves (available) General Fund	**37,190**	**-23,040**	**27,146**	**41,296**	**-10,656**	**20,829**	**51,469**
Schools							
School Balances – Delegated Fund	**8,610**	-400	7,949	**16,159**	-2,007	1,646	**15,798**
DSG Centrally Held	**1,044**	-1,044	1,638	**1,638**	-495	499	**1,642**
DSG Contingency	**1,960**	-2,521	631	**70**	0	1,063	**1,133**
Closed Schools Balances – Delegated Fund	**0**	-832	1,584	**752**	0	0	**752**
Schools Balances - Direct Funding	**1,339**	-578	58	**819**	-174	17	**662**
DSG Support for Schools	**0**	0	1,883	**1,883**	-1,883	0	**0**
Usable Reserves (available) Schools	**12,953**	**-5,375**	**13,743**	**21,321**	**-4,559**	**3,225**	**19,987**
Usable Reserves (available)	**50,143**	**-28,415**	**40,889**	**62,617**	**-15,215**	**24,054**	**71,456**
Manchester Airport	**5,702**	0	0	**5,702**	0	0	**5,702**
Wigan Football Company Shares	**538**	0	0	**538**	0	0	**538**
Usable Reserves (unavailable)	**6,240**	**0**	**0**	**6,240**	**0**	**0**	**6,240**
Total Usable Reserves	**56,383**	**-28,415**	**40,889**	**68,857**	**-15,215**	**24,054**	**77,696**

Usable Reserves (available)

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.

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

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.

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.

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.

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.

Investment 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.

Building Self Reliance Programme
As an efficiency and improvement measure, the Council wishes to provide funding to voluntary and charitable organisations which deliver services in partnership with the Council. 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.

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.

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

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

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.

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

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.

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

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

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.

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.

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.

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

School Balances – Delegated Fund

In accordance with the Education Reform Act 1988 individual surpluses/deficits may be carried forward. These balances are committed to be spent on education and are not available to the Council for general use. A distinction has been made between balances accumulated prior to the introduction of the Dedicated Schools Grant (DSG) and those generated by underspends since. This represents the balances of schools that remain open and maintained by the local authority

DSG Centrally Held

This is the DSG unspent in year in respect of schools budget controlled centrally and not delegated to schools. The balance at 31 March 2013 includes £1.289m of underspend generated in 2011/12 agreed to be set aside to support the total schools budget in 2013/14.

DSG Contingency

This relates to unspent contingency held centrally within the Individual Schools Budget (ISB) to cover unexpected items, ie data changes.

Closed Schools Balances – Delegated Fund

In accordance with the Education Reform Act 1988 individual surpluses/deficits may be carried forward. These balances are committed to be spent on education and are not available to the Council for general use. A distinction has been made between balances accumulated prior to the introduction of the Dedicated Schools Grant (DSG) and those generated by under-spends since. 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.

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 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 11. Movements within the Usable Capital Receipts Reserve are shown in Note 5 on Page 20.

28. Unusable Reserves

31.3.12 £'000		31.3.13 £'000
467,745	Capital Adjustment Account	395,269
98,385	Revaluation Reserve	88,643
0	Available for Sale Financial Instruments Reserve	19,086
-292,134	Pensions Reserve	-354,136
-6,319	Employee Accumulated Account	-3,369
-133	Collection Fund Adjustment Account	-602
267,544	**Total Unusable Reserves**	**144,891**

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.

31.3.12 £'000		31.3.13 £'000	
604,743	**Balance at 1 April**		**467,745**
	Reversal of items relating to capital expenditure debited or credited to the CI&E:		
-48,533	Charges for depreciation and impairment of non-current assets	-48,482	
-21,989	Revaluation losses on Property, Plant and Equipment	-48,952	
-384	Amortisation of Intangible Assets	-430	
836	Movements in the Market Value of Investment Property	352	
-99,083	HRA Settlement Payment to the Secretary of State	0	
-10,810	Revenue expenditure funded from capital under statute	-8,914	
-20,324	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&E	-23,700	
-200,287			**-130,126**
5,629	Adjusting amounts written out of the Revaluation Reserve		5,044
-194,658	Net written out amount of the cost of non-current assets consumed in the year		**-125,082**
	Capital financing applied in the year:		
3,231	Use of the Capital Receipts Reserve to finance new capital expenditure	3,604	
12,729	Use of the Major Repairs Reserve to finance new capital expenditure	9,859	
11,847	Capital grants and contributions credited to the CI&E that have been applied to capital financing	12,041	
5,948	Application of grants to capital financing from the Capital Grants Unapplied Account	4,940	
11,951	Statutory provision for the financing of capital investment charged against the General Fund	18,911	
11,954	Capital expenditure charged against the General Fund	3,251	
57,660			**52,606**
0	Depreciation of non-current asset revaluation gains		0
467,745	**Balance at 31 March**		**395,269**

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.

31.3.12 £'000		31.3.13 £'000	
94,611	**Balance at 1 April**		**98,385**
21,229	Upward revaluation of assets	12,930	
-11,826	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-17,628	
9,403	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		**-4,698**
-1,246	Difference between fair value depreciation and historical cost depreciation	-1,028	
-4,383	Accumulated gains on assets sold or scrapped	-4,016	
-5,629	Amount written off to the Capital Adjustment Account		**-5,044**
98,385	**Balance at 31 March**		**88,643**

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

2011/12 £'000		2012/13 £'000	
		£'000	£'000
0	**Balance at 1 April**		**0**
0	Upward revaluation of investments	19,086	
0	Downward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	0	
0			**19,086**
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
0	**Balance at 31 March**		**19,086**

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.

2011/12 £'000		2012/13 £'000
-195,480	**Balance at 1 April**	**-292,134**
-99,500	Actuarial gains or losses (-) on pensions assets and liabilities	-57,600
-23,700	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CI&E	-29,500
26,546	Employer's pensions contributions and direct payments to pensioners payable in the year	25,098
-292,134	**Balance at 31 March**	**-354,136**

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.

2011/12		2012/13	
£'000		£'000	£'000
-6,796	**Balance at 1 April**		**-6,319**
6,796	Settlement or cancellation of accrual made at the end of the preceding year	6,319	
-6,319	Amounts accrued at the end of the current year	-3,369	
477	Amount by which officer remuneration charged to the CI&E on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		2,950
-6,319	**Balance at 31 March**		**-3,369**

Collection Fund Adjustment Account

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

2011/12 £'000		2012/13 £'000
408	**Balance at 1 April**	**-133**
-541	Amount by which council tax income credited to the CI&E is different from council tax income calculated for the year in accordance with statutory requirements	-469
-133	**Balance at 31 March**	**-602**

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 2013	People £'000	Places £'000	Resources £'000	Total £'000
Fees, charges & other service income	80,865	47,314	51,775	**179,954**
Government grants and contributions	246,191	3,129	130,496	**379,816**
Total Income	**327,056**	**50,443**	**182,271**	**559,770**
Employee expenses	231,599	26,956	25,260	**283,815**
Other operating expenses	201,325	67,603	153,048	**421,976**
Support service recharges	33,080	13,445	16,578	**63,103**
Capital	24,788	14,858	27,986	**67,632**
Total operating expenses	**490,792**	**122,862**	**222,872**	**836,526**
Surplus (-)/Deficit on provision of service	**163,736**	**72,419**	**40,601**	**276,756**

Service Information for the year ended 31 March 2012	People £'000	Places £'000	Resources £'000	Total £'000
Fees, charges & other service income	92,741	46,108	55,795	**194,644**
Government grants and contributions	254,573	6,509	125,736	**386,818**
Total Income	**347,314**	**52,617**	**181,531**	**581,462**
Employee expenses	249,445	27,747	28,123	**305,315**
Other operating expenses	203,239	98,837	152,633	**454,709**
Support service recharges	33,244	13,903	16,343	**63,490**
Capital	24,344	21,132	5,818	**51,294**
Total operating expenses	**510,272**	**161,619**	**202,917**	**874,808**
Surplus (-)/Deficit on provision of service	**162,958**	**109,002**	**21,386**	**293,346**

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.

	2011/12 £'000	2012/13 £'000
Cost of Services in Service Analysis	**293,346**	**276,756**
Services not included in main analysis	103,625	-2,815
Amounts not reported to management	-10,693	16,866
Amounts reported to management not included in the CI&E	1,029	1,566
Trading Accounts	-7,838	364
Net cost of services	**379,469**	**292,737**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of 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.

2012/13	Service Analysis £'000	Service not in Analysis £'000	Amounts not reported to management £'000	Amounts not included in CI&E £'000	Allocation of Recharges £'000	Trading £'000	Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Income									
Fees, charges & other service income	179,955	83,788	0	-9,053	-32,092	-76,358	**146,240**	0	**146,240**
Interest & Investment Income	0	0	0	0	0	0	**0**	5,012	**5,012**
Income from Council Tax	0	0	0	0	0	0	**0**	113,048	**113,048**
Non Domestic rates	0	0	0	0	0	0	**0**	125,028	**125,028**
Government grants & contributions	379,816	0	1,016	0	0	-1,303	**379,529**	35,817	**415,346**
Capital Grant	0	0	0	0	0	0	**0**	20,261	**20,261**
Total Income	**559,771**	**83,788**	**1,016**	**-9,053**	**-32,092**	**-77,661**	**525,769**	**299,166**	**824,935**
Expenditure									
Employee expenses	283,815	0	-5,123	0	0	-28,746	**249,946**	0	**249,946**
Other operating expenses	421,977	38,400	24,856	0	0	-36,668	**448,565**	0	**448,565**
Support Service recharges	63,103	1,419	0	-7,487	-32,092	-7,155	**17,788**	0	**17,788**
Capital charges	67,632	41,154	-1,851	0	0	-4,728	**102,207**	0	**102,207**
Interest payable	0	0	0	0	0	0	**0**	32,214	**32,214**
Precepts & Levies	0	0	0	0	0	0	**0**	73	**73**
Payments to Housing capital Receipts Pool	0	0	0	0	0	0	**0**	2,293	**2,293**
Gain/loss on disposal of non-current assets	0	0	0	0	0	0	**0**	17,801	**17,801**
Gain/loss on investment of revaluation properties	0	0	0	0	0	0	**0**	-352	**-352**
Trading	0	0	0	0	0	0	**0**	-364	**-364**
Pension Interest Costs	0	0	0	0	0	0	**0**	8,500	**8,500**
Total expenditure	**836,527**	**80,973**	**17,882**	**-7,487**	**-32,092**	**-77,297**	**818,506**	**60,165**	**878,671**
Surplus (-)/deficit on the provision of services	**276,756**	**-2,815**	**16,866**	**1,566**	**0**	**364**	**292,737**	**-239,001**	**53,736**

2011/12	Service Analysis £'000	Service not in Analysis £'000	Amounts not reported to management £'000	Amounts not included in CI&E £'000	Allocation of Recharges £'000	Trading £'000	Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Income									
Fees, charges & other service income	194,644	77,113	0	-23,363	-34,693	-72,271	**141,430**	0	**141,430**
Interest & Investment Income	0	0	0	0	0	0	**0**	4,077	**4,077**
Income from Council Tax	0	0	0	0	0	0	**0**	112,925	**112,925**
Non Domestic rates	0	0	0	0	0	0	**0**	103,135	**103,135**
Government grants & contributions	386,818	0	0	0	0	-3,507	**383,311**	61,283	**444,594**
Capital Grant	0	0	0	0	0	0	**0**	11,814	**11,814**
Total Income	**581,462**	**77,113**	**0**	**-23,363**	**-34,693**	**-75,778**	**524,741**	**293,234**	**817,975**
Expenditure									
Employee expenses	305,315	0	-10,060	0	0	-32,130	**263,125**	0	**263,125**
Other operating expenses	454,709	46,881	-633	-19,764	0	-42,846	**438,347**	0	**438,347**
Support Service recharges	63,490	1,318	0	0	-34,693	-6,581	**23,534**	0	**23,534**
Capital charges	51,294	33,456	0	-2,570	0	-2,059	**80,121**	0	**80,121**
Exceptional item	0	99,083	0	0	0	0	**99,083**	0	**99,083**
Interest payable	0	0	0	0	0	0	**0**	27,006	**27,006**
Precepts & Levies	0	0	0	0	0	0	**0**	73	**73**
Payments to Housing capital Receipts Pool	0	0	0	0	0	0	**0**	1,392	**1,392**
Gain/loss on disposal of non-current assets	0	0	0	0	0	0	**0**	15,702	**15,702**
Gain/loss on investment of revaluation properties	0	0	0	0	0	0	**0**	-836	**-836**
Trading	0	0	0	0	0	0	**0**	5,598	**5,598**
Pension Interest Costs	0	0	0	0	0	0	**0**	3,000	**3,000**
Total expenditure	**874,808**	**180,738**	**-10,693**	**-22,334**	**-34,693**	**-83,616**	**904,210**	**51,935**	**956,145**
Surplus (-)/deficit on the provision of services	**293,346**	**103,625**	**-10,693**	**1,029**	**0**	**-7,838**	**379,469**	**-241,299**	**138,170**

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

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.

2012/13	Expenditure	Turnover	Surplus (-) / Deficit	IAS 19 Allocation	Post IAS 19 Surplus (-) / Deficit
	£'000	£'000	£'000	£'000	£'000
Highways Maintenance	8,177	8,320	-143	8	-135
Building Maintenance	8,205	8,595	-390	8	-382
Transport	5,105	5,414	-309	4	-305
Metrofresh	8,196	7,906	290	17	307
Building Cleaning	573	565	8	1	9
Total	**30,256**	**30,800**	**-544**	**38**	**-506**
Other Trading Services	59	515	-456	0	-456
Total Trading Services	**30,315**	**31,315**	**-1,000**	**38**	**-962**

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 2013 was £0.522m (2011/12 -£0.809m) and is included in the CIES Trading Accounts line of -£0.364m. The remaining balance of £0.075m relates to the North West Improvement and Efficiency Partnership (NWIEP) for which the Council is the accountable body.

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 £0.038m.

2011/12 Comparative figures	Expenditure £'000	Turnover £'000	Surplus (-) / Deficit £'000	IAS19 Allocation £'000	IAS19 Surplus (-) / Deficit £'000
Highways Maintenance	7,331	7,514	-183	-49	-232
Building Maintenance	7,441	7,567	-126	-36	-162
Transport	5,091	5,300	-209	-18	-227
Metrofresh	8,267	8,123	144	-85	59
Building Cleaning	1,779	1,609	170	-26	144
Total	**29,909**	**30,113**	**-204**	**-214**	**-418**
Other Trading Services	48	642	-594	0	-594
Total Trading Services	**29,957**	**30,755**	**-798**	**-214**	**-1,012**

31. Agency Services

The Council is a billing authority for National Non Domestic Rates (NNDR) 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) and the Teachers Pension Scheme, (administered by Capita).

32. Pooled Budgets

A partnership agreement, under Section 75 of the National Health Service Act (2006), exists between Wigan Council and Ashton, Leigh & Wigan Primary Care Trust. The partnership includes provision for the creation of a pooled budget and lead commissioning arrangements for services for people with drug and alcohol problems. The partners to the agreement jointly contribute to the creation and maintenance of the pooled budget, which is used to carry out NHS functions, health related functions, Local Authority functions and statutory social care.

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

The Memorandum of Account for the Adult Pooled Treatment Budget is summarised below.

2011/12 £'000	Gross Funding 2012/13	2012/13 £'000
	Drug Scheme Funding:	
505	Wigan Council	257
4,118	Ashton, Leigh & Wigan Primary Care Trust	4,175
26	Greater Manchester West Mental Health Foundation Trust	0
2	Other	0
4,651	**Total Drug Scheme Funding**	**4,432**
	Alcohol Scheme Funding:	
1,343	Ashton, Leigh & Wigan Primary Care Trust	1,343
1,343	**Total Alcohol Scheme Funding**	**1,343**
5,994	**Total Pooled Budget Funding**	**5,775**

Total 2011/12 £'000	Gross Expenditure 2012/13	Staff Costs £'000	Non Staff Costs £'000	Overheads £'000	Other £'000	Total 2012/13 £'000
5,950	Adult Pooled Treatment Budget – Drugs & Alcohol Services	239	5,536	0	0	**5,775**
5,950	**Total Expenditure**	**239**	**5,536**	**0**	**0**	**5,775**
-44	**Net Over / Underspend (-)**					**0**

In addition a pooled budget was established on 1 August 2005 between the Council and Ashton, Leigh and Wigan PCT. The Integrated Community Equipment Store (ICES) brought together previously separate community equipment operations to achieve more efficient and effective equipment purchase and maintenance.

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

The table below shows the total for the year:

Total 2011/12 £'000	Gross Funding 2012/13	Cash £'000	Grants £'000	In Kind £'000	Other £'000	Total 2012/13 £'000
	Integrated Community Equipment Service (ICES) Funding:					
555	Wigan Council	639	0	0	0	**639**
541	Ashton, Leigh & Wigan Primary Care Trust	300	0	0	0	**300**
1,096	**Total ICES Funding**	**939**	**0**	**0**	**0**	**939**

Total 2011/12 £'000	Gross Expenditure 2012/13	Staff Costs £'000	Non Staff Costs £'000	Overheads £'000	Community Equipment £'000	Other £'000	Total 2012/13 £'000
1,096	Integrated Community Equipment Service (ICES)	263	176	0	500	0	**939**
1,096	**Total Expenditure**	**263**	**176**	**0**	**500**		**939**

Further, with effect from 1 April 2010, a pooled budget was established under a S.75 agreement between the Council and NHS Ashton, Leigh and Wigan.

The pooled budget was put in place to support the Single Commissioning Agency (SCA) that had been set up by the two organisations.

The objective of the SCA is to have oversight of, and further develop, integrated arrangements over a range of commissioning resources to deliver improved outcomes for health and wellbeing.

The table below shows the total for the year:

Total 2011/12 £'000	Gross Funding	Cash £'000	Grants £'000	In Kind £'000	Other £'000	Total 2012/13 £'000
	Single Commissioning Agency (SCA) Funding:					
75,021	Wigan Council	73,699	0	0	0	**73,699**
93,923	NHS Ashton, Leigh & Wigan	83,731	0	0	0	**83,731**
168,944	**Total SCA Funding**	**157,430**	**0**	**0**	**0**	**157,430**

Total 2011/12 £'000	Gross Expenditure	Staff Costs £'000	Non Staff Costs £'000	Overheads £'000	Other £'000	Total 2012/13 £'000
168,944	Single Commissioning Agency (SCA)	16,816	140,614	0	0	**157,430**
168,944	**Total Expenditure**	**16,816**	**140,614**	**0**	**0**	**157,430**

33. Members' Allowances

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

	2011/12 £'000	2012/13 £'000
Allowances	1,116	1,108
Expenses	22	21
Total	**1,138**	**1,129**

The employers' pension contributions associated with these allowances was £0.091m (£0.089m in 2011/12).

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. 2011/12 £	Name	Job Title	Salary £	Comp. for loss of employ. £	Election Fees £	Leased car & other taxable benefits £	Total Remun. excl. pension contrib. £	Employers Pension Contrib. £	Total Remun. Incl. pension contrib. 2012/13 £
102,780	Donna Hall	Chief Executive	152,000	0	22,717	0	174,717	26,752	201,469
128,295	Paul McKevitt (2)	Director Resources & Contracts (Deputy Chief Executive	109,948	0	302	1,479	111,729	18,604	130,333
161,006	Gillian Bishop (1)	Corporate Director Places	114,951	90,615	2,678	0	208,244	19,956	228,200
158,783	Nick Hudson (1)	Corporate Director People	104,241	0	302	0	104,543	18,346	122,889
105,068	Alison McKenzie-Folan	Director for Customer Transformation	91,905	0	302	0	92,207	16,640	108,847
104,636	Stuart Cowley	Director for Adult Social Care & Health	92,976	0	0	0	92,976	17,553	110,529
108,410	Anne Goldsmith	Director for Children & Families	92,976	0	0	0	92,976	17,157	110,133
110,042	Terry Dunn	Director for Environment	97,078	0	0	0	97,078	16,551	113,629
108,276	Steve Normington	Director for Economy & Skills	97,078	0	0	0	97,078	16,551	113,629
83,589	John Mitchell	Head of Service Legal & Risk	71,303	0	1,501	0	72,804	14,351	87,155
39,148	Tim Warren (1)	Director Skills Education & Community Support	80,313	0	0	0	80,313	14,033	94,346
343,400	Joyce Redfearn (3)		0	0	0	0	0	0	0

(1) These people left the Authority in 2012/13 and their details are only shown for comparative purposes.

(2) Paul McKevitt is the S151 Officer for Wigan and also the Treasurer to Greater Manchester Fire and Rescue Authority, which is included in his remuneration.

(3) Joyce Redfearn took voluntary retirement on 31st March 2012. It is included here for comparative purposes.

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 2011/12	Remuneration Band	Number of Employees 2012/13
33*	£50,000 - £54,999	34*
6*	£55,000 - £59,999	5*
19*	£60,000 - £64,999	5
8	£65,000 - £69,999	15
2*	£70,000 - £74,999	0
1*	£75,000 - £79,999	1*
0	£80,000 - £84,999	0
0	£85,000 - £89,999	1*
5	£90,000 - £94,999	0
0	£95,000 - £99,999	0
1	£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	0
0	£130,000 - £134,999	0
0	£135,000 - £139,999	0
0	£140,000 - £144,999	0
75		**62**

*** Figures include redundancy payments**

During 2011/12 the Council announced a scheme of early retirement/voluntary redundancy; this scheme continued into 2012/13.

** Relates to Patricia Anderson – seconded to Director of Ashton, Leigh & Wigan Primary Care Trust. During the year her salary was 100% funded by the PCT. It is included here for information purposes. From 2013/14 she is employed by the NHS Wigan Borough Clinical Commissioning Group.

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 2011/12	Remuneration Band	Number of Employees 2012/13
84*	£50,000 - £54,999	79*
61*	£55,000 - £59,999	58*
41*	£60,000 - £64,999	34*
18	£65,000 - £69,999	19*
12*	£70,000 - £74,999	11*
10*	£75,000 - £79,999	6*
4	£80,000 - £84,999	3
3	£85,000 - £89,999	6*
3	£90,000 - £94,999	1
3	£95,000 - £99,999	3
1	£100,000 - £104,999	1
1	£105,000 - £109,999	1
1	£110,000 - £114,999	0
0	£115,000 - £119,999	0
0	£120,000 - £124,999	0
0	£125,000 - £129,999	0
0	£130,000 - £134,999	0
0	£135,000 - £139,999	0
242		**222**

*** 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	
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13
0 - £20,000	177	49	220	99	397	148	2,794	1,176
£20,001 - £40,000	25	3	27	12	52	15	1,333	399
£40,001 - £60,000	2	0	2	0	4	0	170	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	1	0	1	0	91
£100,001 - £150,000	0	0	1	0	1	0	104	0
Total	**204**	**52**	**250**	**112**	**454**	**164**	**4,401**	**1,666**
Amounts provided for in CIES not included in bandings							200	300
Total Cost Included in CIES							**4,601**	**1,966**

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 2012/13, incurring liabilities of £1.666m (£4.401m in 2011/12). Further details on the number of exit packages and total cost per band is disclosed in the tables above.

Of this total £0.091m was paid in redundancy to the former Corporate Director of Places.

The balance 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 2012/13 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:

	2011/12 £'000	2012/13 £'000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	272	158
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	71	55
Fees payable in respect of other services provided by the appointed auditor	2	0
Total	**345**	**213**

The 2012/13 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 (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 2012/13 are as follows:

Notes		Central Expenditure £'000 Column 1	Individual Schools Budget £'000 Column 2	Total £'000 Column 3
A	Final DSG for 2012/13			**222,184**
B	Academy figure recouped for 2012/13			**20,552**
C	Total DSG after Academy recoupment for 2012/13			**201,632**
D	Brought forward from 2011/12			**3,172**
E	Carry forward to 2013/14 agreed in advance			**1,289**
F	Agreed initial budgeted distribution in 2012/13	11,675	191,840	**203,515**
G	In Year Adjustments	-1,254	1,254	**0**
H	Final budget distribution for 2012/13	10,421	193,094	**203,515**
I	Actual central expenditure	8,856		**8,856**
J	Actual ISB deployed to schools		193,094	**193,094**
K	Local authority contribution for 2012/13	0	0	**0**
L	Carry forward to 2013/14	1,565	0	**2,854**

A DSG figure as announced by the Department in June 2012

B Figure recouped from the authority in 2012/13 by the DfE for the conversion of maintained schools into Academies.

C Total figure after DfE Academy recoupment for 2012/13.

D Figure brought forward from 2011/12 as agreed with the Department. Details of this exercise were contained in the DFEs Financial Monitoring Team's email of 18th May 2012.

E Any amount which the authority decided after consultation with the schools forum to carry forward to 2013/14 rather than distribute in 2012/13 – this will be the difference between estimated and final DSG for 2012/13, or a figure (positive or negative) brought forward from 2011/12 which the authority is carrying forward again.

F Budgeted distribution of DSG, adjusted for carry forward, as agreed with the schools forum. If the budgeted central expenditure exceeded the statutory limit, and this was agreed by the Secretary of State rather than the schools forum, a footnote should be added to that effect.

G Changes to the initial distribution. For example, adjustments for exclusions or contingency allocations.

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

I Actual amount of central expenditure items in 2012/13 – amounts not actually spent, eg 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 2012/13 which will have the effect of substituting for DSG in funding the Schools Budget. Do not include any change in balances held by schools as they are not to be recorded in this note.

L Carry forward to 2013/14, 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 2013/14 already agreed.

37. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2012/13:

Credited to Taxation and Non Specific Grant Income	Awarding Body	2011/12 £'000	2012/13 £'000
Capital Grants	Various	11,814	20,261
Early Intervention Grant	DFE	13,964	14,541
Learning Disability Health & Reform Grant	DOH	6,797	6,967
Private Finance Initiative	CLG	3,765	6,023
Revenue Support Grant	CLG	31,879	3,035
Council Tax Freeze Grant	CLG	2,830	2,836
New Homes Bonus	CLG	1,008	1,407
Local Services Support Grant	CLG	891	862
Magistrates Grant	MoJ	106	89
Probation Grant	MoJ	37	37
Other	CLG	7	18
Total		**73,098**	**56,076**

Credited to Services	Awarding Body	2011/12 £'000	2012/13 £'000
Dedicated Schools Grant	DFE	216,752	201,632
HRA Rent Rebates	DWP	48,555	52,970
Rent Allowance Subsidy	DWP	44,527	45,566
Council Tax Benefit	DWP	25,421	26,124
Pupil Premium Grant	DFE	3,655	6,794
REFCUS Grants	Various	6,620	5,056
Young Peoples Learning Agency (formerly Learning Skills Council)	DFE	5,116	4,511
Council Tax Admin Grant	DWP	1,503	1,449
Housing Benefit Admin Grant	DWP	1,280	1,234
Skills Fund Agency*	BIS	0	1,215
Education Services	DFE	0	1,016
Non HRA Rent Subsidy	DWP	455	897
Troubled Families*	CLG	0	842
Youth Justice Board	MoJ	754	710
Other Grants	Various	421	575
General Education Grants	Various	879	555
Drug Intervention Grant	HO	280	257
Year 7 Catch up Premium Grant	DFE	0	203
Coalfield Regeneration Trust	CLG	200	104
High Street Innovation Fund	CLG	0	100
Warm Homes Healthy People	DOH	200	0
Housing Strategy Grant	CLG	190	0
Work Step Grant	DWP	182	0
Local Delivery Support Grant	DFE	166	0
Intensive Start Up Grants	DWP/NWDA	163	0
NW Coalfields Communities Regeneration	NWDA	1,410	0
Family Employment Initiative	CLG	324	0
Total		**359,053**	**351,810**

***** These sources of funding are new for 2012/13

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

Capital Grants & Contributions - Receipts in Advance	External Contractor	2011/12 £'000	2012/13 £'000
Section 106	Various	675	482
Total		**675**	**482**

38. Related Parties

In accordance with International Accounting Standard 24 (IAS24), 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 (eg 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 2012/13 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 2012/13 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 2012/13.

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. There are also arrangements between the Council and Ashton, Leigh and Wigan Primary Care Trust (A,L&W,PCT) for shared posts where the Council receives a contribution from the PCT for the remuneration of the Director of A,L&W PCT (100%) and the Council's Director of Policy and Customer (25%). The Council also paid a 50% contribution towards the remuneration of the Director of Public Health. 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 2012/13 levies have been paid to the GMCA of £22.639m.

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 2012/13 this amounted to £0.859m.

Assisted Organisations

The Council has pooled budget arrangements with Ashton, Leigh and Wigan Primary Care Trust and Greater Manchester West Mental Health Foundation Trust in relation to the Drug and Alcohol Service, the Integrated Community Equipment Service and the Single Commissioning Agency. Further details are included in Note 32 Pooled Budgets.

The Council also provided Community Services Fee funding of £11.871m during 2012/13 to the Wigan Leisure and Culture Trust.

39. Related Businesses and Companies

Wigan and Leigh Housing Company Limited

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 £13.9m for 2012/13.

The company returned a pre-IAS19 profit of £0.102m and a post IAS19 deficit of £0.285m for the financial year 2012/13. 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 £2.055m

The Council has provided to Wigan and Leigh Housing (WALH), a letter of support for their pension liability of £14.9m 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 2013 was £0.550m.

The company returned a pre-tax loss of £22,998 for the financial year 2012/13. 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 £0.919m in 2012/13. The company returned a loss of £9,824 in 2012/13.

At the end of the financial year, the company was indebted to the Council by a net £0.392m. 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 £0.252m in 2012/13. The Council also manages surplus cash balances on behalf of the company. The amount deposited with the Council at the 31 March 2013 was £0.320m.

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

Borough Care Services Ltd	New Environment Ltd
CLS Care Services Ltd	NPS North West Ltd
Community Forests NW Ltd	S&W TLP Partnership Ltd
Wigan Leisure & Culture Enterprises Ltd	Wigan Leisure & Culture Trust
Groundwork Lancashire West and Wigan Ltd	Yorkshire Purchasing Organisation

40. Leases

Authority as lessee:

During 2012/13 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 2012/13 was £2.525m (2011/12 £2.685m). The Council also operates a car leasing scheme for its employees. The amount paid under these arrangements in 2012/13 was £0.181m (2011/12 £0.227m).

The Council was committed at 31 March 2013 to making payments of £2.012m under these operating leases in 2012/13, comprising the following elements :-

	Car Lease Info. £'000s	Vehicle, Plant & Equipment £'000s	Property £'000s	Total £'000s
Leases expiring in 2013/14	23	225	61	**309**
Leases expiring between 2014/15 and 2017/18	-55	610	727	**1,282**
Leases expiring after 2017/18	0	0	421	**421**
Total Leases	**-32**	**835**	**1,209**	**2,012**

Authority as lessor:

Where the Council acts as lessor, the gross value of assets held for use in operating leases at 31 March 2013 was £29.168m (2011/12 £27.850m). The rent receivable in respect of these operating leases for the year 2012/13 was £2.855m (2011/12 £1.936m). In the main, assets held are investment properties and there is no depreciation associated with the majority of these, as they are non-operational commercial and industrial assets.

The future minimum lease payments receivable are:

	Total £'000s
Leases expiring in 2013/14	171
Leases expiring between 2014/15 and 2017/18	285
Leases expiring after 2017/18	2,098
Total Leases	**2,554**

41. Pension Schemes

Participation in Pension Schemes

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

The Council participates in two pension schemes:

Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education. It provides teachers with defined benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Local Government Pension Scheme

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

The cost of retirement benefits is now recognised in the Net Cost of Service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on cash payable in the year, so the real cost of the retirement benefits is reversed out 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

2011/12 £'000		2012/13 £'000
	Cost of Service:	
18,500	current service cost	19,600
200	past service cost	300
2,000	settlements and curtailments	1,100
	Financing and Investment Income & Expenditure:	
47,800	interest cost	46,700
-44,800	expected return on assets in the scheme	-38,200
23,700	**Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services**	**29,500**
	Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	
99,500	actuarial gains and losses	57,600
123,200	**Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement**	**87,100**

For the Teachers' Pension Scheme, the Council paid £12.4m in 2012/13 (£13.6m in 2011/12) to Capita Teachers' Pensions. This represents 14.1% (14.1% in 2011/12) of teachers' pensionable pay for the year.

In addition the Council pays the pension payments for teachers relating to added years together with related increases. In 2012/13 these amounted to £4.1m (£4.2m in 2011/12).

Movement in the Reserves Statement - General Fund

2011/12 £'000		2012/13 £'000
-23,700	Reversal of net charges made in retirement benefits in accordance with IAS19	-29,500
20,600	Employers' contributions payable to the scheme	19,200
5,946	Retirement benefits payable to pensioners	5,898
2,846	**Actual amount charged against the General Fund Balance for Pensions in the year**	**-4,402**

Assets and Liabilities in Relation to Post Employment Benefits

Reconciliation of the present value of the scheme liabilities

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Teachers Pension Scheme	
	2011/12 £'000	2012/13 £'000	2011/12 £'000	2012/13 £'000
1 April	**819,000**	**921,000**	**57,500**	**55,800**
Current Service Cost	18,500	19,600	0	0
Interest Cost	44,800	44,100	3,000	2,600
Contributions by scheme participants	7,200	6,900	0	0
Actuarial gains and losses	64,900	114,700	-500	3,600
Benefits Paid	-34,000	-32,700	-4,200	-4,100
Past Service Costs	200	300	0	0
Curtailments	2,800	1,100	0	0
Settlements	-2,400	0	0	0
31 March	**921,000**	**1,075,000**	**55,800**	**57,900**

Reconciliation of the fair value of the scheme assets

2011/12 £'000	Assets: Local Government Pension Scheme	2012/13 £'000
681,100	**1 April**	**684,900**
44,800	Expected Rate of Return	38,200
-35,100	Actuarial gains and losses	60,700
22,400	Employer Contributions	21,000
7,200	Contributions by Scheme participants	6,900
-34,000	Benefits Paid	-32,700
-1,500	Settlements	0
684,900	**31 March**	**779,000**

The actual return on scheme assets in the year was £-99.0m (2011/12 £-9.8m).

In 2012/13 four 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.

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.

The main assumptions used in the calculations have been:

2011/12 %	Rate of Return on assets in the scheme – LGPS only	2012/13 %
6.3	Equity Investments	4.5
3.9	Bonds	4.5
4.4	Property	4.5
3.5	Cash	4.5

Mortality Assumptions: Longevity at 65

2011/12		2012/13
	Current Pensioners:	
20.1 years	Male	20.1 years
22.9 years	Female	22.9 years
	Future Pensioners:	
22.5 years	Male	22.5 years
25.0 years	Female	25.0 years
2.5%	Rate of Inflation (Price Increases)	2.8%
4.3%	Rate of increase in salaries (Salary Increases)	4.6%
2.5%	Rate of increase in pensions (Pension Increases)	2.8%
4.8%	Rate of discounting scheme liabilities (Discount Rate)	4.5%
50.0%	Take up of option to convert annual pension into retirement grant	50.0%

Life Expectancy is based on the Fund’s VitaCurves.

An allowance is included for future retirements to elect to take 50% of the maximum additional tax free cash up to the HRMC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Whereas the Teachers' Pension Scheme has no assets to cover its liabilities, the Local Government Pension Scheme's assets consist of the following:

2011/12		2012/13
70%	Equity Investments	72%
18%	Bonds	17%
12%	Other Assets	11%

Actuarial Gains and Losses

The actuarial losses identified as movements on the pension reserve in 2012/13 totalled £57.6m. These can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2013.

	2008/09	2009/10	2010/11	2011/12	2012/13
	%	%	%	%	%
Differences between the expected and actual return on assets	11.97	-31.08	-13.04	-7.97	-17.61
Differences between actuarial assumptions about liabilities and actual experiences	-0.04	-0.06	8.75	-0.97	-0.09

Scheme History

Scheme History	2008/09	2009/10	2010/11	2011/12	2012/13
Present Value of Liabilities:	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Local Government Pension Scheme	-620,600	-1,025,500	-819,000	-921,000	-1,075,000
Teachers Pension Scheme	-50,000	-60,300	-57,500	-55,900	-58,000
Fair Value of Assets in Local Government Pension Scheme	480,300	652,600	681,100	684,900	779,000
Surplus/Deficit in the scheme:					
Local Government Pension Scheme	-140,300	-372,900	-137,900	-236,100	-296,000
Teachers Pension Scheme	-50,000	-60,300	-57,500	-55,900	-58,000
Total	**-190,300**	**-433,200**	**-195,400**	**-292,000**	**-354,000**

The Liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £354.0m has a substantial impact on the net worth of the Council. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Local Government Scheme will be made good by increased contributions over the remaining life of the employees, as assessed by the actuary.

The total contributions expected to be made to the LGPS by the Council in the year to 31 March 2014 will be approximately £20.1m. Expected contributions for the discretionary benefits scheme in the year to 31 March 2014 are £1.798m.

42. Contingent Liabilities

Municipal Mutual Insurance (MMI)

The scheme of arrangement was enacted in 2012/13. In effect an initial levy of 15% is proposed and this has been accounted for within the Insurance Provision for the 2012/13 statement of accounts. However as the impact upon the Council as a scheme creditor is not clear in regards to the potential impact of future unknown claims incurred but not reported between 1974 and 1992, there is a risk that the financial liability could increase beyond that currently provided 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.

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.

Property Search Fees

Wigan Council is a defendant in proceedings brought about by a group of property search companies for refunds of fees paid to the Council to assess land charges data. In the current litigation the Council faces a potential claim of approximately £0.3m plus interest and costs.

A second group of Property Search Companies are also seeking to claim refunds although no proceedings have yet been issued. The second group of Property Search Companies have also intimated that they may bring a claim against all English and Welsh Local Authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be against the Council. It is also possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present.

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 £14.9m 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.

Equal Pay

The Council has settled the majority of its claims for equal pay. However, the potential still remains for certain claims to be submitted to the Council but the quantification and a reliable estimate of the possible liability arising from any claims of this nature is still uncertain.

Metrolink

Phase 3a

The Association of Greater Manchester Authorities (AGMA), the Greater Manchester Combined Authority (GMCA) and the Department for Transport (DFT) have entered into a partnership funding approach for Metrolink phase 3a.

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

Phase 3b

Approval has also been given for phase 3b of the scheme and there is a capped DFT grant of £121m for the Ashton and Didsbury sections of the programme.

43. Contingent Assets

Leigh Sports Village Ltd (LSV Ltd)

In the event that either the company or the site is sold to a third party the Council will receive £0.135m.

44. Expenditure on Publicity

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

2011/12 £'000		2012/13 £'000
45	Recruitment and advertising expenses	14
388	Other Advertising	416
955	Other Publicity	838
1,388	**Total Expenditure on all Publicity**	**1,268**

45. 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 2012/13 financial statements, of which this note fulfils the disclosure requirements.

Wigan 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, Wigan 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 2012/13 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 2011/12 £'000		Chargeable 2012/13 £'000	Non Chargeable 2012/13 £'000	All Other Building Control 2012/13 £'000	Total Building Control 2012/13 £'000
	Expenditure				
299	Employees Expenses	164	75	63	302
13	Transport	6	3	3	12
31	Supplies and Services	22	6	4	32
127	Central and Support Services Charges	118	62	59	239
0	Capital Charges and Depreciation	1	0	0	1
470	**Total Expenditure**	**311**	**146**	**129**	**586**
	Income				
-290	Building Regulation Charges	-266	0	0	-266
-21	Miscellaneous Income	-38	0	-3	-41
-311	**Total Income**	**-304**	**0**	**-3**	**-307**
159	**Surplus (-) Deficit for the year**	**7**	**146**	**126**	**279**

46. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Deputy Chief Executive on 30 June 2013. 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 2013, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The financial statements and notes have not been adjusted for the following event which took place after 31 March 2013.

New arrangements for the retention of Business Rates come into effect on 1 April 2013. Local Authorities will assume the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. The Authority's share of these liabilities has been estimated at £4.1m. The liability does not arise in the reporting period covered by these accounts.

47. Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2012/13 financial year and its position at the year-end of 31 March 2013. 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 2012/13 and the Service Reporting Code of Practice 2012/13, 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.

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, 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) 2012/13. 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 Continuing 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 (eg 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, eg 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.

Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

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 (eg 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).

Carbon Reduction Commitment (CRC) Energy Efficiency Scheme

The authority is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. For 2012/13 the scheme was in its introductory phase however, the second phase commenced 1st April 2013. The authority is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions ie carbon dioxide produced as energy is used. As carbon dioxide is emitted (ie as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the authority is recognised and reported in the costs of the authority's services.

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.

Intangible Current Assets

Landfill allowances, whether allocated by DEFRA or purchased from another Waste Disposal Authority (WDA) are recognised as current assets and are initially measured at fair value. Landfill allowances allocated by DEFRA are accounted for as a government grant. After initial recognition, allowances are measured at the lower of cost and net realisable value.

As landfill is used, a liability and an expense are recognised. The liability is discharged either by surrendering allowances or by payment of a cash penalty to DEFRA (or by a combination). The liability is measured at the best estimate of the expenditure required to meet the obligation normally the market price of the number of allowances required to meet the liability at the reporting date. However, where some of the obligation will be met by paying a cash penalty to DEFRA, that part of its liability is measured at the cost of the penalty.

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 (eg 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 (eg there is a rent-free period at the commencement of the lease).

The Authority as Lessor

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 (eg 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. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg 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.

Pensions

The Council contributes to two different pension schemes. There is an unfunded Teachers' Pension scheme administered by Capita Teachers' Pensions on behalf of the Department for Education and for other staff there is a funded Local Government scheme administered by Tameside MBC.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council. However, the arrangements for the Teachers' scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme. No liability for future payments of benefits is recognised in the Balance Sheet and the Children and Education service revenue account is charged with the employer's contributions payable to Teachers' Pensions in the year.

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 seven 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. **interest cost** – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. This is debited to Financing and Investment Income and Expenditure Line in the Comprehensive Income and Expenditure Account

4. **expected return on 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. **gains/losses on settlements and curtailments** – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees. This is debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Account as part of Non Distributed Costs

6. **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 – debited to the Pensions Reserve

7. **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.

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, ie 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.

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. The initial liability was written down by an initial contribution of £1.4m.

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 CIES.

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 (eg from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

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

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

Contingent Assets

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

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

Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. A deminimus 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 (ie 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 (ie 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
- dwellings – 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

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.

Depreciation is not charged on Assets Held for Sale. 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 (ie 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 are 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.

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 arm's-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.

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

Wigan's Leisure and Culture Trust manage the Arts and Artefacts and antiquarian book collection on behalf of the Council.

The arts and artefacts collection comprises of over 2,000 items and includes paintings, sketches, musical instruments, pewter and glass items, coins and jewellery. When donations to the collection occur they are initially recognised at insurance valuation.

There is a large collection of various items held in the museum collection, illustrating domestic, civic, religious, leisure and working life in Wigan Borough from the 17th century to present day. Due to the low value of these individual items they are not recognised on the balance sheet, but full 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. The proceeds of such items are accounted for in accordance with the Leisure and Culture Trust - Acquisition and Disposal Policy.

Antiquarian Books

The Authority held a stock of antiquarian books. A number of these books are considered to be rare and valuable and had been identified for disposal. The phased disposal of the books has taken place by auction using Bonham's auctioneers.

The sale proceeds were accounted for in accordance with statutory requirements for the sale of non current assets as these assets meet the definition of a capital receipt.

Any books that have been left to Wigan as a bequest or that have a strong connection to the Borough of Wigan have not been included in the books earmarked for disposal. For further information on the Antiquarian books contact the Assistant Customer Service Manager.
Tel: 01942 404550.

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 is reported in the Balance Sheet at insurance valuation. These items are available for the public to view, prior arrangements must be made with the Principal Democratic Services Officer. Tel: 01942 827156.

Public / Outside Art

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

Other Heritage Assets

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

All items of Heritage Assets are available for the public to view, but prior arrangements must be made. For further information of the museum collection contact the Curator at the Museum of Wigan Life, Library Street, Wigan. WN1 1NU. Tel: 01942 828123. Email: heritage@wlct.org

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 2013

2011/12 £'000		Notes	2012/13 £'000
	Expenditure		
22,722	Repairs & Maintenance	**1**	21,594
15,987	Supervision & Management	**2**	16,065
886	Rents, Rates and Other Charges	**3**	1,073
7,915	Negative Housing Revenue Account Subsidy payable	**4**	0
99,083	HRA Self Financing Settlement Payment to CLG	**4**	0
33,501	Depreciation and Impairment on Non Current Assets	**5/6**	41,246
102	Debt Management Expenses	**7**	53
400	Movement in the Allowance for Bad Debts	**8**	800
180,596	**Total Expenditure**		**80,831**
	Income		
73,388	Dwelling Rents	**9/10**	79,611
724	Non-dwelling Rents	**11**	660
1,747	Charges for Services & Facilities	**12**	1,735
1,254	Contributions towards Expenditure	**13**	1,783
77,113	**Total Income**		**83,789**
103,483	**Net Cost Of HRA Services as included in the Comprehensive Income & Expenditure Statement**		**-2,958**
143	HRA services share of Corporate and Democratic Core		143
0	HRA share of other amounts included in the whole authority Cost of Services but not allocated to specific services		0
103,626	**Net Income for HRA Services**		**-2,815**
	HRA share of the operating income and expenditure included in the Comprehensive Income & Expenditure Statement:		
-1,180	Gain (-) or loss on sale of HRA non current assets		-1,072
12,511	Interest payable and similar charges	**14**	18,434
-91	Interest and investment income	**15**	-91
-146	Gain (-) or loss on the Revaluation of HRA Investment Property		-144
0	Pensions interest cost and expected return on pensions assets		0
-797	Capital grants and contributions receivable		-3,244
113,923	**Surplus (-) or deficit for the year on HRA services**		**11,068**

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2011/12 £'000		Notes	2012/13 £'000
-12,641	**Housing Revenue Account surplus brought forward**		**-7,071**
113,923	Surplus (-) or deficit for the year on the HRA Income and Expenditure Statement		11,068
-117,377	Adjustments between accounting basis and funding basis under statute	**16**	-15,971
1,180	Gain or loss on sale of HRA non current assets		1,072
8,050	Capital expenditure funded by the HRA	**17**	1,400
0	Transfer to / (from) Capital Adjustment Account	**18**	1,786
-286	Transfer to / (from) Major Repairs Reserve	**19**	-2,034
-7,151	Net increase or decrease before transfers to or from reserves		**-9,750**
80	Transfers to (from) reserves		-83
-7,071	**Balance on the HRA at the end of the current year**	**20**	**-9,833**

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

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 from 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 of 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 the cost of Council Tax on empty properties and various minor charges relating to properties within the HRA.

4. Housing Subsidy

The Housing Subsidy system ended in March 2012 and was replaced with HRA Self Financing from 1st April 2012.

5. Depreciation and Impairment Charges

The depreciation and impairment charges for 2012/13 are as follows:

	£'000
Depreciation on Property, Plant and Equipment – Dwellings	21,636
Depreciation on Property, Plant and Equipment – Other Land and Buildings	176
Depreciation on Property, Plant and Equipment – Vehicles, Plant, Furniture and Equipment	74
Total Depreciation	**21,886**
Impairment	19,360
Total Depreciation and Impairment	**41,246**

The impairment charge represents the value of non-enhancing capital expenditure on HRA dwellings in 2012/13.

6. Capital Asset Charges Accounting Adjustment

The costs of impairment and capital financing interest 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 2012/13 the interest costs are £18.434m and the impairment charge is £19.216m.

7. Debt Management Expenses

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

8. Movement in the Allowance for Bad Debts

Contributions towards the HRA Allowance for Bad Debt amounted to £0.800m in 2012/13 compared with £0.400m in 2011/12. This reflects the recognition of a potential increase in future bad debts due to the current economic climate and the changes in Welfare Reform following the implementation of the new legislation in April 2013.

Cumulative provisions for uncollectable debts are as follows:

	£'000	%
31 March 2012	3,391	78.42
31 March 2013	4,112	85.76

Rent Arrears are analysed below:

31.3.12			31.3.13	
£'000	%		£'000	%
1,272	4.06	Current Tenants Arrears	1,570	4.69
2,267	7.24	Former Tenants Arrears	2,591	7.75
785	2.50	Overpaid Housing Benefit	634	1.90
4,324	**13.80**	**Total Arrears**	**4,795**	**14.34**

9. Dwelling Rents

This is the total income due for the year after allowing for rent lost on void properties. In 2012/13 the void property rent loss was 0.81% compared with 0.87% in 2011/12.

10. Stock Numbers and Valuations

	1.4.12	31.3.13	Change Number	Change %
Houses				
1 Bedroom	2,404	2,405	1	0.04
2 Bedrooms	4,629	4,620	-9	-0.19
3 Bedrooms	10,046	9,988	-58	-0.58
4 or more Bedrooms	278	278	0	0
Total Houses	**17,357**	**17,291**	**-66**	**-0.38**
Flats				
1 Bedroom	3,193	3,189	-4	-0.13
2 Bedrooms	2,040	2,034	-6	-0.29
3 or more Bedrooms	64	62	-2	-3.13
Total Flats	**5,297**	**5,285**	**-12**	**-0.23**
Total Houses & Flats	**22,654**	**22,576**	**-78**	**-0.34**

The balance sheet value for HRA assets is as follows

	1.4.12 £'000	31.3.13 £'000
Property, Plant and Equipment – Dwellings	569,279	540,347
Property, Plant and Equipment – Other Land and Buildings	11,956	12,210
Property, Plant and Equipment – Assets Under Construction	0	1,184
Intangible Assets	229	155
Assets Held for Sale	0	0
Investment Property	220	364
Total HRA Assets	**581,684**	**554,260**

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 1st April 2012 has been assessed at £1.612bn. The vacant possession value and balance sheet value of the dwellings within the HRA show the economic cost to Government of providing council housing at less than open market value.

11. Non Dwelling Rents

Rents from garages, shops and miscellaneous parcels of land.

12. Charges for Services and Facilities

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

13. Contributions towards Expenditure

Various contributions including:

- Tenants rechargeable repairs
- Settlement of insurance claims

14. Interest Payable and Similar Charges

This is interest payable on the HRA debt outstanding.

Interest charges have increased from £12.510m in 2011/12 to £18.434m in 2012/13. This is largely due to the Government's introduction of self financing from April 2012 and the resulting change in the methodology of the calculation. This resulted in the Council borrowing £99.083m in order to make the HRA Self Financing settlement payment to Central Government in March 2012. As at 31 March 2013 the amount of HRA debt outstanding was £317.531m.

15. HRA Interest and Investment Income

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

16. Adjustment between Accounting Basis and Funding Basis under statute

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

17. Funding the 2012/13 HRA Capital Expenditure

	£'000
Capital Expenditure 2012/13	**15,476**
Funded by:	
Borrowing	0
Usable Capital Receipts	973
Other Grants and Contributions	3,244
Revenue Contributions to Capital Expenditure	1,400
Contributions from the Major Repairs Reserve	9,859
Total Funding 2012/13	**15,476**

Summary of Capital Receipts 2012/13

	£'000
Disposal of Dwellings (Right to Buy)	3,370
Disposal of Land and Other Property	8
Total Capital Receipts 2012/13	**3,378**

18. Transfer to / (from) Capital Adjustment Account

This is made up of voluntary debt repayment of £0.537m and a voluntary revenue provision of £1.250m to cover the purchase of land for new build affordable housing.

19. 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 2012/13

	£'000
Opening Balance at 1 April 2012	**2,171**
Transfers Into the MRR 2012/13	21,886
Transfers From the MRR to the HRA in 2012/13	-250
Expenditure charged to the MRR in 2012/13	-9,859
Principal repayments charged to the MRR in 2012/13	-1,787
Closing Balance at 31 March 2013	**12,161**

This is a statutory reserve maintained to show how the HRA Major Repairs Allowance funding has been used. The reserve commenced the financial year with a balance of £2.17m. In 2012/13 funding of £21.6m was received which was used during the financial year to pay for major refurbishment works to Council dwellings. The reserve has a £12.161m balance to carry forward to 2013/14.

20. Surplus at 31 March 2013

This is the accumulated HRA surplus as at 31st March 2013 This is carried forward into 2013/14 for use in future years.

THE COLLECTION FUND 2012/13

2011/12 £'000		Notes	2012/13 £'000	2012/13 £'000
	Income			
	Council Tax			
107,850	Net Council Tax Receivable	**1**	107,996	
	Add : Transfers from General Fund			
25,435	Council Tax Benefit		25,690	
0	Contribution to previous years deficit		0	
133,285				**133,686**
	National Non Domestic Rates (NNDR)			
72,336	Income from Business Ratepayers	**2**		75,096
205,621				**208,782**
	Expenditure			
113,267	Wigan Council General Fund		113,517	
5,095	GM Fire Precept		5,098	
13,968	GM Police Precept		13,974	
132,330				**132,589**
200	Distribution of previous years surplus			0
386	NNDR Cost of Collection Allowance			390
71,949	NNDR Contribution to National Pool	**2**		74,706
1,388	Increase in Bad Debts Provision			1,647
73,923				**76,743**
477	Opening Fund Balance			-155
-632	Movement in year			-550
-155	Closing Fund Balance			-705

NOTES TO THE COLLECTION FUND

Introduction

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The fund records the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR).

The year-end surplus or deficit, on the Collection Fund is distributed between billing and precepting authorities in the following financial year.

1. Council Tax

The average (Band D, 2 adult equivalent) Council Tax for the area of the billing authority was £1,368.66. This was based on a Band D equivalent tax base of 96,822 properties, set by the Councils' Chief Financial Officer in January 2011 in accordance with the Local Government Act 2003 and regulation 3 of the Local Authority (Calculation of Tax Base) Regulations 1992. The calculation of the tax base contains a provision of 1% for losses on collection arising from bad debts and appeals against valuation etc.

Tax Base (Band D equivalents):

COUNCIL TAX BANDS (NO. OF PROPERTIES)

A	B	C	D	E	F	G	H	TOTAL
37,065	21,204	18,318	10,571	6,357	2,359	907	41	96,822

2. National Non-Domestic Rates (NNDR)

The total non-domestic rateable value at the year end was £207.7m. The national multipliers for 2012/13 are:

Standard Business Rate	45.8p
Small Businesses Rate	45.0p

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 Corporate Services (Resources Directorate);
- 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 26 September 2013, I hereby approve the accounts for Wigan Council for the year ended 31 March 2013.

Carl Sweeney

Councillor Carl Sweeney
Chair of Meeting
26 September 2013

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 2013.

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

Paul McKevitt

P McKevitt BA(Hons) CGMA, Director Resources and Contracts (Deputy Chief Executive)
30 June 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WIGAN COUNCIL

Opinion on the Authority financial statements

We have audited the financial statements of Wigan Council for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the members of Wigan Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director Resources & Contracts (Deputy Chief Executive) and auditor

As explained more fully in the Statement of the Responsibilities, the Director Resources and Contracts (Deputy Chief Executive) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director Resources and Contracts (Deputy Chief Executive) ; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Wigan Council as at 31 March 2013 and of its expenditure and income for the year then ended; and

- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;

- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;

- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or

- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, Wigan Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

Certificate

We certify that we have completed the audit of the financial statements of Wigan Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Mark Heap
Director

For and on behalf of Grant Thornton UK LLP, Appointed Auditor

4 Hardman Square
Spinningfields
Manchester M3 3EB

30 September 2013

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 (eg. loans receivable) and financial liabilities (eg. 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 FINANCE REPORTING STANDARDS (IFRS)

These are the new accounting standards that must be adopted for 2010/11 onwards.

L

LANDFILL ALLOWANCE TRADING SCHEME (LATS)

Landfill allowances allocated or purchased from DEFRA.

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

NATIONAL NON DOMESTIC RATES

A NNDR poundage is set annually by the government, collected by local authorities and paid into a national pool. The proceeds are then redistributed by Central Government as a grant to authorities in accordance with a government formula.

NET-BOOK VALUE

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current 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.

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.

TERMS 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 2012/13:

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.

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

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.

http://www.defra.gov.uk/

Department for Work and Pensions (DWP)
UK government department with responsibility for welfare and pension policy.
http://www.dwp.gpv.uk/

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/index.html

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.
http://www.homeoffice.gov.uk

I

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

L

Local Authority (Scotland) Accounts Advisory Committee (LASAAC)
Often working as a joint committee with CIPFA, LASAAC aims to develop and promote proper accounting practice for Local Government in Scotland and contributes to the formal approval process for the SORP and SERCOP.

http://www.cipfa.org.uk/scotland/technical/lasaac.cfm

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/

S

Service Reporting Code of Practice (SERCOP)

Published by CIPFA for 2012/13, the SERCOP replaces the Best Value Accounting Code of Practice and 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/index.htm

T

Teachers Pension Agency (TPA)

The agency administers the Teachers pension scheme in England and Wales on behalf of the Department for Education.
http://www.teacherspensions.co.uk/index.htm

GOVERNMENT FUNDING

D

Dedicated Schools Grant (DSG)

The Council's expenditure on schools is funded primarily by grant monies provided by the DCSF. 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 2011.

N

National Non Domestic Rate (NNDR)

NNDR poundage is set annually by the government, collected by local authorities and paid into a national pool. The proceeds are then redistributed by central government as a grant to authorities in accordance with a government formula.

North West Improvement and Efficiency Partnership (NWIEP)

This is the partnership formed between the merging of the NW Centre of Excellence and the NW Improvement Network.

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. This project works in partnership with Ashton, Wigan and Leigh PCT (see below – PCT).

Local Government Pension Scheme (Greater Manchester Pension Fund)

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

Teachers Pension Scheme

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

OTHER TERMS OF REFERENCE

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.

L

LMS (Local Management of Schools)

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

P

PCT (Primary Care Trust)

The National Health Service (NHS) established PCT's as a first port of call for health care. They work with local authorities and other agencies that provide health and social care locally to make sure that local communities have access to health care.

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.

2012/13 Statement of Accounts Feedback Questionnaire

Here at Wigan Council, we value the input and views of our stakeholders. Having read our 2012/13 Statement of Accounts we would be extremely grateful if you could spare a few moments to complete and return our Feedback Questionnaire.

Your views would be valuable in assisting us to improve the content, language and format used in the 2013/14 Statement of Accounts.

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

1. Did you find the information contained within the Statement of Accounts easy to understand?

Yes ☐ No ☐

If No, please state why:

....

....

2. Was there a sufficient level of information to allow you the user to assess the financial performance of Wigan Council?

Yes ☐ No ☐

If No, please state why:

....

....

3. Did you find that the financial information contained was presented in a clear and easy to understand format?

Yes ☐ No ☐

If No, please state why:

....

....

4. Did you find the notes to the accounts added value to the financial statements?

Yes ☐ No ☐

If No, please state why:

....

....

Please turn over the page

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

Yes ☐ No ☐

If No, please state why:

....

....

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 ☐

If Yes, please state what:

....

....

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, Civic Centre, Millgate, Wigan, WN1 1DD
If you require any further information please do not hesitate to contact us on 01942 827272