

## CONTENTS

### Introductory Statements

Foreword by Cllr Peter Smith, Leader of Wigan Council	1
Foreword by the Director of Resources & Contracts (Deputy Chief Executive)	3 - 13

### Core Financial Statements

Movement in Reserves Statement	14
Comprehensive Income & Expenditure Statement	15
Balance Sheet	16
Cash Flow Statement	17
The Notes to the Core Financial Statement	19 - 108

### Other Financial Statements

Housing Revenue Account	109 - 113
The Collection Fund	114 - 116

### Governance and Audit

Statement of Responsibilities	117
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### Additional Information

Glossary and Terms of Reference	118 - 128
Questionnaire	129 - 130



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

As Leader of the Council, I am pleased to introduce the Statement of Accounts of Wigan Council for 2013/14. 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.

The economic climate continues to impact upon Local Government as the funding provided by central government has continued to be reduced as part of the Government's strategy to restore a stable economy. The impact upon Wigan is that we have had to make £45m of savings over the previous two years and a further £18.8m in 2013/14. We have faced an extremely challenging round of budget cuts but due to the pro-active and innovative approach the savings above have been delivered, many of which have been achieved early in the financial year which has resulted in a more favourable position than anticipated and allowed investment in schemes to boost the local economy, such as the extension to the Apprenticeship scheme and the Community Investment Fund.

The Council produces a Medium Term Financial Plan (MTFP) which looks at the financial position of the Council over a three year period. The latest MTFP estimates that additional savings of £41m will be required over the next three years. It is therefore extremely important that the savings continue to be delivered as soon as is practicable.

I am pleased to announce that the final position for 2013/14 shows an over achievement of our efficiency plan of £0.475m against the budget which means that not only has the £18.8m of savings been achieved but additional savings have also been delivered. Therefore the opportunity has been taken to repay debt and to earmark some funds for reserves which will be utilised to meet future commitments. This emphasises that the Council is operating efficiently and supports its aims to achieve a balanced budget with no structural funding deficit. However, as we are only half way through the expected period of cuts the position at this year end is somewhat irrelevant. We need to continue with our strategy so that we continue to deliver balanced budgets right up until the end of this period of public sector spending cuts. So in reality, this is in many ways a mid-term report, only when we reach the end of the austerity period can we analyse our one off finances.

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

We must continue to plan for the longer term as the national economic forecast suggests that whichever political party is in power after the next General Election, they will be committed to addressing the deficit position and therefore austerity is set to continue for the foreseeable future. It is therefore more important than ever that balances are available to assist the Authority in responding to these circumstances.



**Councillor Peter Smith, Leader of Wigan Council M.Sc.**  
**Lord Smith of Leigh**  
**25 September 2014**

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

### **Introduction**

The purpose of this set of accounts is to present the financial results of the Council's activities for the year ended 31 March 2014 and to summarise the overall financial position of the Council. The following section provides an overview of the financial position with the detail being set out in the financial statements and the notes to the accounts.

We are required by law to complete our accounts in accordance with the requirements of the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards (IFRS) for 2013/14, Accounting Codes of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and any other government legislation or regulations. The guidance ensures that the accounts of different authorities can be compared with each other. It tells us how the figures need to be prepared and the definition of services to be included under the main headings. The overriding requirement of the Code of Practice is that the Statement of Accounts 'presents a true and fair view' of the financial position and transactions of the Council.

The accounts 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.

### **Comprehensive Income and Expenditure Statement (CIES)**

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

### **Movement in Reserves Statement**

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

### **Balance Sheet**

The Balance Sheet shows the value as at the 31 March 2014 of the assets and liabilities recognised by the Council. The net assets of the Council, i.e. assets less liabilities are matched by reserves which are split into two categories. Usable and unusable reserves. Usable reserves are those which the Council can use to support initiatives and services. Unusable reserves are not available to use on Council Services and are in the main technical accounting reserves.

## Cash Flow Statement

The Cash Flow Statement which summarises the total movement of cash and cash equivalents during 2013/14. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flow as operating, investing and financial activities.

## Housing Revenue Account

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

## Collection Fund

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

## Statement of Responsibilities

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

## Review of the Financial Year 2013/14

There is a surplus of £0.475m in 2013/14 when compared against the budget. The table below shows the final position for 2013/14 and compares the actual income and expenditure with the revenue budget.

	Original Budget	Actual Income and Expenditure	Variation
	£'000	£'000	£'000
Net Position on Services	229,289	228,454	-835
Passenger Transport Levy	23,465	23,465	0
Receipts from Council Tax, Business Rates and Revenue Support Grant	-252,754	-252,394	360
<b>Total Surplus(-)/Deficit for the year</b>	<b>0</b>	<b>-475</b>	<b>-475</b>

The Council's strategy is to set a budget that ensures that the Council's financial position remains sustainable whilst continuing to deliver vital front line services. The budget for 2013/14 included savings targets of £18.8m which due to early action have been delivered. This pro-active approach has provided the opportunity to invest in some key Councils priorities, most notably the extension of the Community Investment Fund which is integral to the transformation of the Council as part of the Wigan Deal. A further £1.5m is set aside to support the placement of apprentices in businesses across the borough.

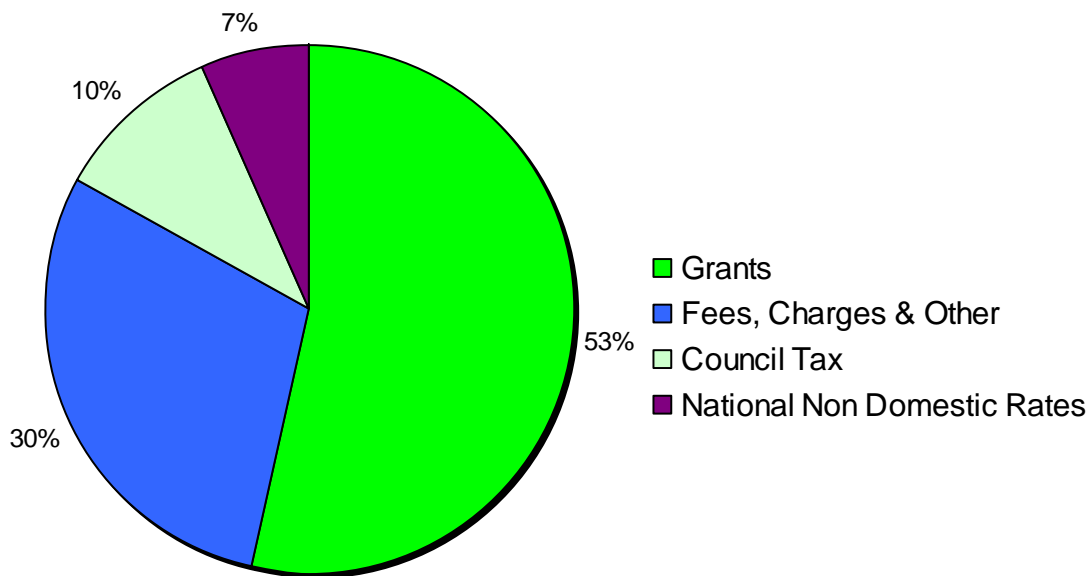
Whilst the surplus above is good news and benefits the balances held by the Council, the overall position on balances will see little change as a sum of £0.311m is earmarked to support initiatives in 2014/15. The balances of the Council have increased to £14.864m as at 31 March 2014 (£14.389m in 2012/13). 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.

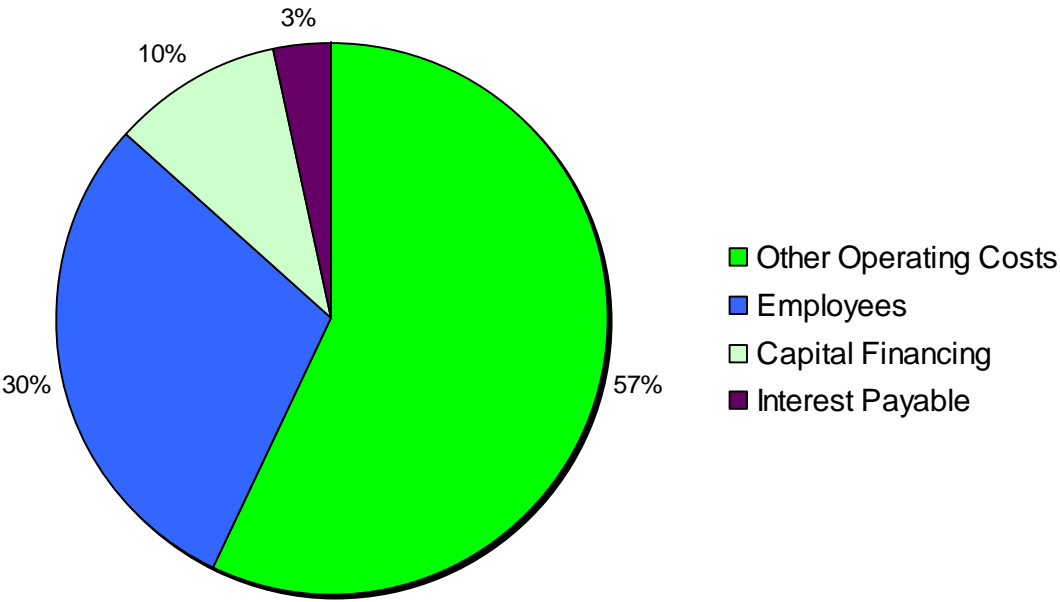
### Where the Council received its money from and how it was spent

The following charts show the main sources of income that the Council received in 2013/14 and a high level breakdown of the money that it spent on providing services.

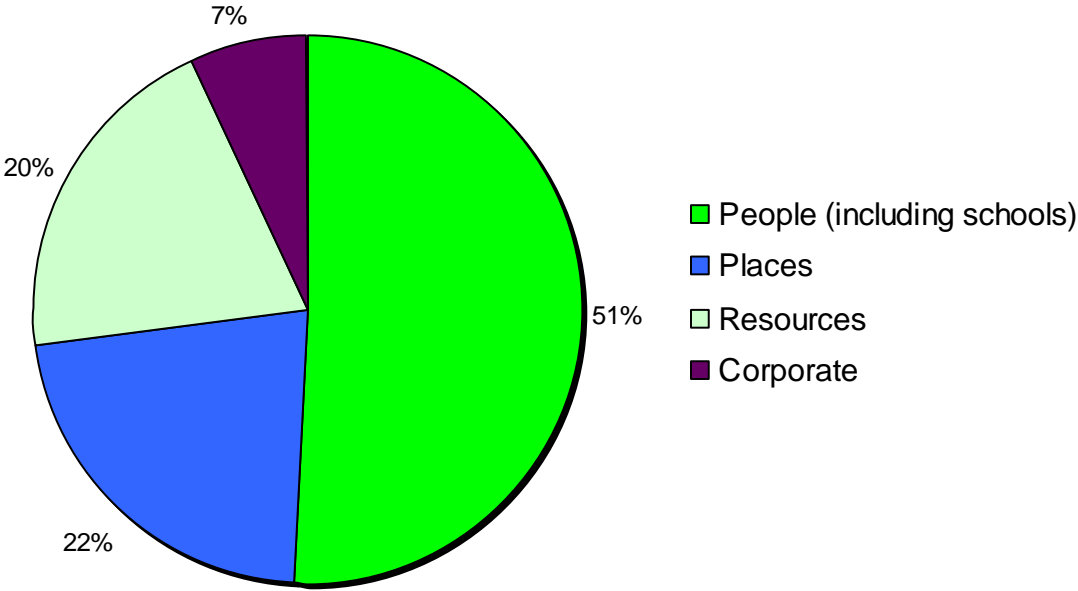
#### Where the Money comes from:



What the Money is spent on:



Where the Money is spent:

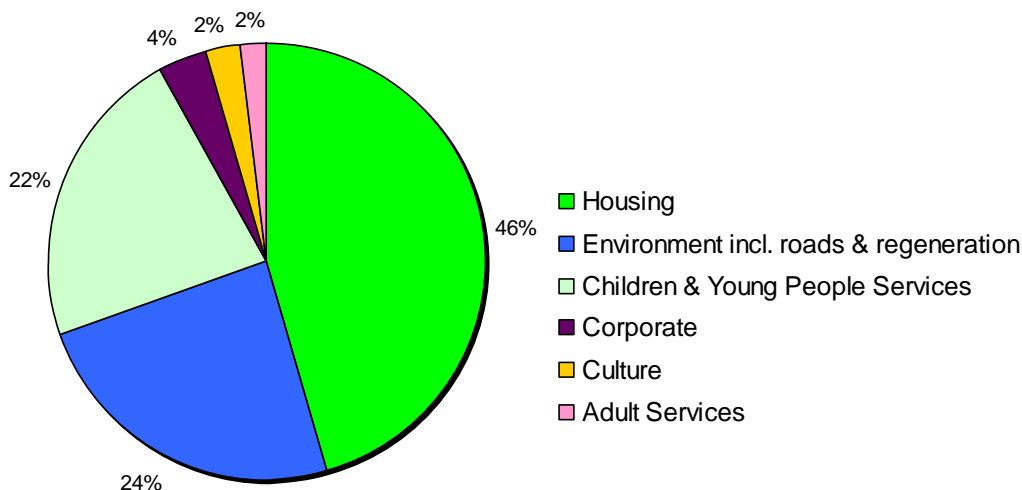




## Capital Expenditure 2013/14

The Council spent over £54m on its capital programme in 2013/14. The programme underpins the Council's objectives and provides for investment in long term assets which are used to deliver the Council's services. The spending areas were:

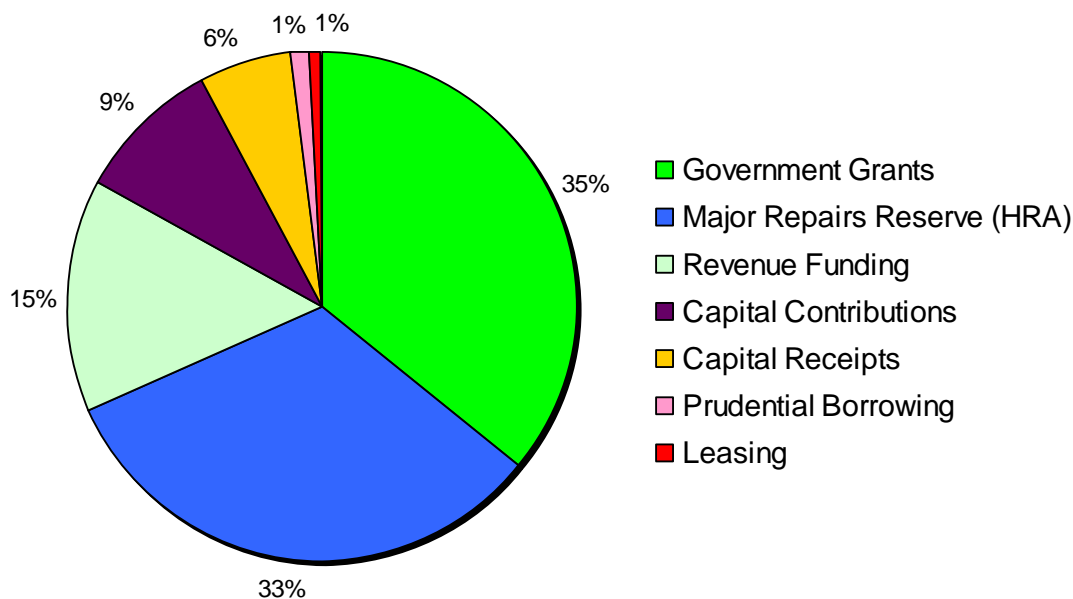
### Capital Expenditure 2013/14:



## 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 2013/14 expenditure was funded as follows:

### Financing of Capital Expenditure:



## Borrowing Facilities and Cash

The majority of all 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 2014 was £412m (2012/13 £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 £552.5m as at 31 March 2014. The Council’s adopted strategy in previous years has been to defer elements of its borrowing requirements by funding this temporarily by available internal resources, such as cash backed reserves and cash balances. It is evident that the Council is in an under borrowed position. The current position of utilising available cash balances will continue whilst cash balances remain buoyant and interest rates remain low.

## Accounting and Other Matters 2013/14

### Revaluation of Assets

The Council values its assets annually based on a 5 year rolling programme. This valuation provides the Council with an up to date value for its asset portfolio and reflects the market conditions. The value of assets can fluctuate significantly due to a number of factors, such as market conditions or obsolescence, where physical damage to the asset has occurred. To ensure that asset values are accurate and reflect the most up to date values a review of the market is undertaken to consider any changes in value across the various asset types. This review has confirmed that there is no evidence of changes in value since the most recent valuation date and therefore, there is no need to carry out a general revaluation across all asset types at the balance sheet date.

The Council also has a strategy to minimise its office based accommodation and is looking to the market to sell assets no longer deemed of use to the Council. However in certain circumstances assets are treated as disposed of without a sale transaction taking place. During 2013/14 three Primary Schools 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 £0.165m as the amounts only related to playing fields.

### National Non-Domestic Rates

The Council is required to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR).

Up until 31 March 2013 the Council (as a billing authority) collected NNDR from ratepayers in its area on behalf of central government. The Council paid the net income raised into a national rates pool administered by the Government and this national rates pool was redistributed back to local and precepting authorities as part of the Formula Funding grant assessment and distribution.

From 2013/14 the operation of the NNDR system will follow a process where an assessment of the receipts which can be raised will be forecast by the Council and this will be shared between central government, the Council and the Fire and Rescue Authority in the fixed proportions of 50%, 49% and 1% respectively. More information can be found in the Collection Fund section on page 114.

### **Manchester Airport Group (MAG)**

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

The new Airport Structure was anticipated to provide the Council with longer term financial benefits of being part of a larger organisation. In 2013/14 the Airport Group paid over to the Council a dividend of £2.3m which is £1.3m more than in previous years. It is anticipated that annual dividends will continue to be above £1m in future years.

The Airport Group is valued annually based upon the earnings based method and discounted cash flow method. The value as at 31 March 2014 for the Council's share of Manchester Airport has been assessed at £36.7m. This is a revaluation of £7.4m above the previous level of £29.3m

### **Housing Revenue Account (HRA)**

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

The HRA commenced the 2013/14 financial year with a surplus of £9.833m and ended the year on 31 March 2014 with an accumulated surplus of £13.325m. Approximately £21.5m was spent on capital schemes which included the Affordable New Build Housing developments at Thomas Street, Hindley Green and Moore Street, Whelley. The Affordable New Build Housing programme was also supported by grant funding from the Homes and Communities Agency. Further new sites are planned over the next few years to add to the Council's housing portfolio. Other significant areas of capital spend during 2013/14 included bathroom and boiler replacement schemes.

The Council uses Wigan & Leigh Housing Company Ltd to manage the Council's housing stock. 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 2013/14 the cumulative level of balances held by the schools has reduced marginally and now stands at £15.579m (2012/13 £15.798m). This balance is spread across 119 schools and is not available to the Council.

## Future Outlook

The economic climate has had a major impact upon the financial position of the Council and the Government has indicated that cuts to the finances of Local Government will continue for the foreseeable future. The funding for the Council is set to reduce by £14m in 2014/15 and it is estimated that further cuts of £14m and £13m are likely for 2015/16 and 2016/17.

The Council has consistently delivered cashable savings and management closely monitor the delivery of efficiency targets to ensure that they are achieved as early as possible in each financial year. This provides the Council with some financial certainty as it is known at an early stage whether alternative options are to be considered.

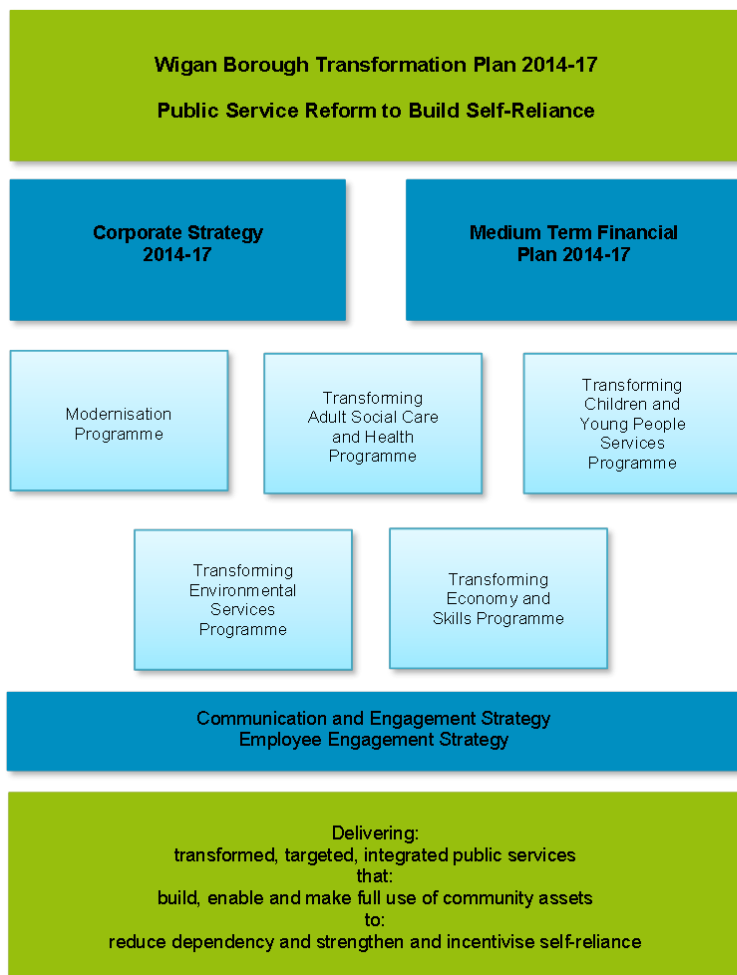
In response to the national economic forecasts the Council has continued to plan over a longer term horizon and has published its Medium Term Financial Plan (MTFP) for 2013/14 to 2016/17. This can be viewed on the following link under item number 68:

### [Medium Term Financial Plan](#)

The MTFP needs to be able to withstand the events that lie ahead and balances and reserves remain an important feature of enabling phased change in a managed way. It is important that the plan remains relevant and up to date but it must be stressed that the figures in the final year are estimates based upon current economic forecasts. The MTFP will be updated during 2014/15 and reported to Members of the Council in due course.

The financial strategy of the Authority is underpinned by the Corporate Strategy which sets out the vision and values of the Council together with our key priorities. Combined, the two strategies creates the platform which will allow us to deliver our Transformational Plan (see diagram below). Our ambition is to reform Public Service and Build upon Self Reliance. This means integrating local public services around whole life issues that our residents and families face, rather than providing individual services in isolation. We anticipate that this will make the Council more efficient and deliver a better outcome for our residents and enable us to achieve the £41m estimated budget savings over the next 3 years.

## Transformation Plan



**Our Ambition and Destination**

**Strategic Priorities and Resourcing**

**Delivery Programmes**

**Result**

## Risks Facing the Council

The localisation of business rates in 2013/14 has placed significant risk on the Council as any shortfall in business rates collection up to a safety net level (set at 92.5%) falls upon the Council and would need to be funded from other resources. In the longer term a continual shortfall would mean additional budget cuts.

The difficulty for the Council is how to stimulate the local economy in order to safeguard the current level of business rates and to incentivise new business interest into the local area. In response to this the Council has developed a package which includes a range of options to attract and develop new business growth to the borough.

The number of schools transferring to Academy status is also a problem as any school attaining academy status attracts 80% mandatory relief for business rates. The Council currently recovers approx £1.5m in business rates from schools.

Demographic changes remain a key risk for the Council as all the statistics show an increasing trend in the elderly population and in particular those in the 85+ bracket who are more likely to require some sort of social care. This is not unique to Wigan as it is a national issue but the increase is predicted to be higher than average in our area.

The Council also receives New Homes Bonus, which is a separate funding stream supplied by the Government. The funds are utilised to support the Council's regeneration and economic growth strategy. It was indicated that this funding would be reduced in 2014/15. However after significant lobbying this decision was reversed. The risk remains as there is no guarantee that New Homes Bonus will not be cut in future years.

2013/14 was the first year of the new localised scheme for Council Tax Support. The Council adopted a new local scheme to meet the requirements introduced by the Government, which aimed to provide a fairer system whilst addressing the 10% cut in funding in this area. In effect a number of residents would be liable to pay some element of Council Tax for the very first time. It is still early days and therefore difficult to assess the true impact on collection rates but any significant shortfall will need to be addressed.

On the 1 April 2013 the responsibility for the Public Health function formerly undertaken by the Primary Care Trust (PCT) was transferred to the Council. The transition was smoothly managed and the function is now fully embedded within the Council. With the transfer brought a number of commissioning responsibilities for the Council, together with overall responsibility for improving health at borough level. The national Public Health outcomes framework has been developed, which focuses on increasing healthy life expectancy and reducing inequalities in health. Some of these indicators reflect the contribution local authorities already make to public health whilst others reflect new areas of responsibility. Whilst the Council is largely free to determine priorities and services there are a small number of mandatory services :- the National Child Measurement Programme; NHS health check assessments; comprehensive sexual health services (including testing and treatment for sexually transmitted infections, contraception outside of the GP contract and sexual health promotion and disease prevention; the local authority role in dealing with health protection incidents, outbreaks and emergencies; providing public health advice to health care commissioners.

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

## Universal Credit (UC)

This is a key change introduced as part of the Welfare Reform. Universal Credit aims to make the welfare system simpler by replacing six benefits and credits with a single monthly payment, including Housing Benefit, if you are on a low income or out of work.

Universal Credit is being introduced on a phased basis over a number of financial years. Wigan Council will help to shape the delivery of this major change as it is one of a small number of local authorities who have been working in partnership with the Department for Works and Pensions in advance of the national launch.

A number of Wigan postcodes went live as part of Universal Credit Pathfinder in July 2013. Single person claimants who meet specific criteria in these postcodes can claim Universal Credit. Additional postcodes and claims for couples are due to be included during 2014, with possible further roll out to families in 2015. Managed migration of existing Housing Benefit claims are not expected to take place during this financial year.

## 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. I have attempted in this foreword to capture the main areas that the reader may find informative and useful.

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. The continual development of accounting standards and adoption of new standards which are more and more complex, means that producing the accounts ready for certification by the end of June is a considerable achievement.



**P McKevitt BA(Hons), ACMA & CGMA**  
**Director Resources and Contracts (Deputy Chief Executive)**  
**25 September 2014**

## MOVEMENT IN RESERVES STATEMENT 2013/14

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

Single Entity	Note	General Fund Balance £'000	Earmarked Reserves £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
<b>Balance at 31 March 2012</b>		<b>13,479</b>	<b>68,857</b>	<b>7,150</b>	<b>2,171</b>	<b>0</b>	<b>21,868</b>	<b>113,525</b>	<b>267,544</b>	<b>381,069</b>
<b>Movement in Reserves during 2012/13</b>										
Surplus or (deficit) on provision of services		-48,168	0	-11,068	0	0	0	-59,236	0	-59,236
Other Comprehensive Expenditure and Income		0	0	0	0	0	0	0	-37,712	-37,712
<b>Total Comprehensive Expenditure and Income</b>		<b>-48,168</b>	<b>0</b>	<b>-11,068</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-59,236</b>	<b>-37,712</b>	<b>-96,947</b>
Adjustments between accounting basis & funding basis under regulations	6	57,917	0	13,751	9,990	0	3,284	84,942	-84,942	0
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>		<b>9,749</b>	<b>0</b>	<b>2,683</b>	<b>9,990</b>	<b>0</b>	<b>3,284</b>	<b>25,706</b>	<b>-122,654</b>	<b>-96,947</b>
Transfers to / from Earmarked Reserves	27	-8,839	8,839	0	0	0	0	0	0	0
<b>Increase / Decrease in Year</b>		<b>910</b>	<b>8,839</b>	<b>2,683</b>	<b>9,990</b>	<b>0</b>	<b>3,284</b>	<b>25,706</b>	<b>-122,654</b>	<b>-96,947</b>
<b>Balance at 31 March 2013 carried forward</b>		<b>14,389</b>	<b>77,696</b>	<b>9,833</b>	<b>12,161</b>	<b>0</b>	<b>25,152</b>	<b>139,231</b>	<b>144,890</b>	<b>284,122</b>
<b>Movement in Reserves during 2013/14</b>										
Surplus or (deficit) on provision of services		283	0	-9,612	0	0	0	-9,329	0	-9,329
Other Comprehensive Expenditure and Income		0	0	0	0	0	0	0	33,040	33,040
<b>Total Comprehensive Expenditure and Income</b>		<b>283</b>	<b>0</b>	<b>-9,612</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-9,329</b>	<b>33,040</b>	<b>23,711</b>
Adjustments between accounting basis & funding basis under regulations	6	14,161	0	13,104	-1,579	1,035	-6,208	20,513	-20,513	0
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>		<b>14,444</b>	<b>0</b>	<b>3,492</b>	<b>-1,579</b>	<b>1,035</b>	<b>-6,208</b>	<b>11,184</b>	<b>12,527</b>	<b>23,711</b>
Transfers to / from Earmarked Reserves	27	-13,969	13,969	0	0	0	0	0	0	0
<b>Increase / Decrease in Year</b>		<b>475</b>	<b>13,969</b>	<b>3,492</b>	<b>-1,579</b>	<b>1,035</b>	<b>-6,208</b>	<b>11,184</b>	<b>12,527</b>	<b>23,711</b>
<b>Balance at 31 March 2014 carried forward</b>		<b>14,864</b>	<b>91,665</b>	<b>13,325</b>	<b>10,582</b>	<b>1,035</b>	<b>18,944</b>	<b>150,415</b>	<b>157,418</b>	<b>307,833</b>



## COMPREHENSIVE INCOME & EXPENDITURE STATEMENT FOR YEAR ENDED 31 March 2014

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.

2012/13 Gross Expenditure	2012/13 Gross Income	2012/13 Net Expenditure		Notes	2013/14 Gross Expenditure	2013/14 Gross Income	2013/14 Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
			<b>Expenditure On Services</b>				
34,122	29,360	4,762	Central Services to the Public		7,141	4,578	2,563
9,541	4,886	4,655	Planning Services		8,448	4,214	4,234
33,055	550	32,505	Cultural and Related Services		19,127	362	18,765
			Environmental and Regulatory				
37,535	4,125	33,410	Services		32,842	5,780	27,062
332,551	255,801	76,750	Children's & Education Services		335,618	261,437	74,181
44,295	4,959	39,336	Highways & Transport Services		43,067	5,917	37,150
196,118	188,402	7,716	Housing Services		197,268	197,561	-293
119,729	37,240	82,489	Adult Social Care		117,388	44,233	73,155
0	0	0	Public Health		23,124	23,458	-334
7,362	319	7,043	Corporate & Democratic Core		6,886	304	6,582
4,198	127	4,071	Non Distributed Costs		4,150	122	4,028
<b>818,506</b>	<b>525,769</b>	<b>292,737</b>	<b>Net Cost Of General Fund Services</b>		<b>795,059</b>	<b>547,966</b>	<b>247,093</b>
		20,167	Other Operating Expenditure	7			3,329
		40,486	Financing and Investment Income and Expenditure	8			41,818
		-294,154	Taxation and Non Specific Grant Income	9			-282,911
		<b>59,236</b>	<b>Surplus (-) or Deficit on the provision of services</b>				<b>9,329</b>
		2,934	Surplus (-) or Deficit arising on the revaluation of property, plant and equipment				-1,779
		1,763	Impairment Loss on non-current assets charged to revaluation reserve				2,220
		52,100	Re-measurement of the net defined pension liability (asset)				-26,081
		-19,086	Surplus (-) / Deficit on the revaluation of available for sale financial assets				-7,400
		<b>96,947</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>-23,711</b>

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

*Paul McKevitt*

**P McKevitt BA(Hons), ACMA & CGMA**  
**Director Resources and Contracts (Deputy Chief Executive)**  
**25 September 2014**

## BALANCE SHEET AS AT 31 March 2014

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".

31.3.13 £'000		Notes	31.3.14 £'000
1,023,441	Property, Plant and Equipment	10	990,046
2,296	Heritage Assets	11	3,250
36,870	Investment Property	12	37,061
1,779	Intangible Assets	14	1,429
29,847	Long Term Investments	17	37,247
14,787	Long Term Debtors	17	14,445
<b>1,109,020</b>	<b>Long Term Assets</b>		<b>1,083,478</b>
852	Inventories	20	710
49,491	Short Term Debtors	21	53,095
36,586	Cash and Cash Equivalents	22	45,576
2,776	Assets Held for Sale	24	1,843
89	Intangible Current Assets (Landfill Allowance Trading Scheme)		0
<b>89,794</b>	<b>Current Assets</b>		<b>101,224</b>
33,178	Short Term Borrowing	17	31,021
43,542	Creditors	25	49,256
5,153	Provisions	26	4,031
<b>81,873</b>	<b>Current Liabilities</b>		<b>84,308</b>
412,469	Long term borrowing	17	386,454
60,296	Other Long Term Liabilities (Deferred Liabilities)	18	58,363
5,436	Provisions	26	3,941
482	Capital Grants Receipts in Advance	38	0
354,136	Defined Benefit Pension Scheme	42	343,803
<b>832,819</b>	<b>Long Term Liabilities</b>		<b>792,561</b>
<b>284,122</b>	<b>Net Assets</b>		<b>307,833</b>
139,231	Usable Reserves	28	150,415
144,891	Unusable Reserves	29	157,418
<b>284,122</b>	<b>Total Reserves</b>		<b>307,833</b>

I certify that the Balance Sheet and related accounts present a true and fair view of the financial position of Wigan Council at 31 March 2014.

*Paul McKevitt*

**P McKevitt BA(Hons), ACMA & CGMA**  
**Director Resources and Contracts (Deputy Chief Executive)**  
**25 September 2014**

## CASH FLOW STATEMENT FOR YEAR ENDED 31 March 2014

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

2012/13 £'000		Notes	2013/14 £'000
	<b>Operating Activities</b>		
59,235	<b>Net Surplus or Deficit on the provision of services</b>		9,329
-116,586	Adjustments to net surplus or deficit on the provision of services for non cash movements	23	-84,622
20,878	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	23	21,320
	<b>Cash Outflows:</b>		
16,576	Interest Paid		18,850
6,103	Interest element of PFI rental payments		6,038
	<b>Cash Inflows:</b>		
-1,380	Dividends Received		-2,744
-1,877	Interest Received		-1,487
-19,422	Reversal of operating activity items included in the net surplus or deficit on the provision of service		-20,657
<b>-36,473</b>	<b>Net Cash flows from Operating Activities</b>		<b>-53,973</b>
	<b>Investing Activities</b>		
	<b>Cash Outflows:</b>		
38,343	Purchase of Property, Plant and Equipment		43,733
1,617	Other Capital Cash Payments		398
	<b>Cash Inflows:</b>		
-13,000	Capital Grants Received		-13,177
-6,002	Sale of Property, Plant and Equipment		-7,136
-551	Other Receipts		-531
<b>20,407</b>	<b>Net Cash flows from Investing Activities</b>		<b>23,287</b>
	<b>Financing Activities</b>		
	<b>Cash Outflows:</b>		
26,857	Repayments of Amounts Borrowed - PWLB		20,872
1,156	Repayments of Amounts Borrowed – Transferred Debt		1,221
512	Payment for reduction of liability relating to PFI		610
	<b>Cash Inflows:</b>		
-1,876	Other receipts for financing activities		-1,007
<b>26,649</b>	<b>Net Cash flows from Financing Activities</b>		<b>21,696</b>
<b>10,583</b>	<b>Net increase (-) / decrease in cash and cash equivalents</b>		<b>-8,990</b>
47,169	Cash and cash equivalents at the beginning of the reporting period		36,586
36,586	Cash and cash equivalents at the end of the reporting period	22	45,576

## INDEX FOR THE NOTES TO THE CORE FINANCIAL STATEMENTS

Note No.		Page No.
47	Accounting Policies	89
2	Accounting Standards Issued but not yet Adopted	20
6	Adjustments between Accounting Basis and Funding Basis	25
32	Agency Services	65
30	Amounts Reported for Resource Allocation Decisions	60
24	Assets Held for Sale	47
4	Assumptions Made	22
36	Audit Costs	70
45	Building Control Trading Account	88
16	Capital Expenditure and Capital Financing	36
22	Cash and Cash Equivalents	46
23	Cashflow Adjustments Analysis	46
43	Contingent Liabilities	85
25	Creditors	47
3	Critical Judgements in applying Accounting Policies	21
21	Debtors	46
37	Dedicated Schools Grant	71
18	Deferred (Long Term) Liabilities	41
46	Events after the Reporting Period	89
35	Exit Packages	69
44	Expenditure on Publicity	87
17	Financial Instruments	37
8	Financing and Investment Income and Expenditure	27
38	Grant Income	73
11	Heritage Assets	31
15	Impairment Losses	35
14	Intangible Assets	34
20	Inventories	45
12	Investment Properties	32
41	Leases	78
5	Material Items of Income and Expenditure	23
34	Members Allowances	66
19	Nature and Extent of Risks Arising from Financial Instruments	41
35	Officers Remuneration	67
7	Other Operating Expenditure	27
42	Pension Schemes	79
33	Pooled Budgets	65
1	Prior Period Adjustments	19
13	Private Finance Initiative (PFI)	33
10	Property, Plant and Equipment	28
26	Provisions	48
40	Related Businesses and Companies	76
39	Related Parties	74
9	Taxation and Non Specific Grant Income	27
35	Termination Benefits	70
31	Trading Operations	64
27	Transfers to / from Earmarked Reserves	50
29	Unusable Reserves	55
28	Usable Reserves	55

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 1. Prior Period Adjustment and Changes to Accounting Policies

#### IAS 19 Employee Benefits

As reported last year there are a number of changes to the IAS 19 standard. These are detailed below;

#### Expected Return on Assets

Advance credit for anticipated outperformance of return seeking assets (such as equities) is no longer permitted by IAS19. This has been replaced with an equivalent figure calculated using a discount rate (as opposed to using a figure calculated using expected return on assets assumptions). The effect of this change is illustrated in the tables below in relation to the CIES and MIRS.

#### Disclosure Presentation

IAS19 requires a much more detailed breakdown of the pension fund assets. The pension notes now reflect the required breakdown. There has also been some other minor disclosure and presentational changes required by IAS19 and the pension notes now reflect these changes. All other notes have been updated where applicable.

2012/13 Gross Expenditure £'000	2012/13 Gross Income £'000	2012/13 Net Expenditure £'000		Notes	2012/13 IAS 19 Pensions Restatement £'000	2012/13 Net Expenditure Restated £'000
			<b>Expenditure On Services</b>			
34,122	29,360	4,762	Central Services to the Public			4,762
9,541	4,886	4,655	Planning Services			4,655
33,055	550	32,505	Cultural and Related Services			32,505
			Environmental and Regulatory Services			33,410
37,535	4,125	33,410	Children's & Education Services			76,750
332,551	255,801	76,750	Highways & Transport Services			39,336
44,295	4,959	39,336	Housing Services			7,716
196,118	188,402	7,716	Adult Social Care			82,489
119,729	37,240	82,489	Corporate & Democratic Core			7,043
7,362	319	7,043	Non Distributed Costs			4,071
4,198	127	4,071				
<b>818,506</b>	<b>525,769</b>	<b>292,737</b>	<b>Net Cost Of General Fund Services</b>			<b>292,737</b>
		20,167	Other Operating Expenditure	7		20,167
		34,986	Financing and Investment income and expenditure	8	5,500	40,486
		-294,154	Taxation and Non Specific Grant Income	9		-294,154
		<b>53,736</b>	<b>Surplus (-) or Deficit on the provision of services</b>		<b>5,500</b>	<b>59,236</b>
		2,934	Surplus (-) or Deficit arising on the revaluation of PPE			2,934
		1,763	Impairment Loss on non-current assets charged to revaluation reserve			1,763
		57,600	Re-measurement of the net defined liability (asset)		-5,500	52,100
		-19,086	Surplus (-) / Deficit on the revaluation of available for sale financial assets			-19,086
		<b>96,947</b>	<b>Total Comprehensive Income and Expenditure</b>		<b>0</b>	<b>96,947</b>

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
<b>Balance at 31 March 2012</b>		<b>13,479</b>	<b>68,857</b>	<b>7,150</b>	<b>2,171</b>	<b>21,868</b>	<b>113,525</b>	<b>267,544</b>	<b>381,069</b>
<b>Movement in Reserves during 2012/13</b>									
Surplus or (deficit) on provision of services		-42,668	0	-11,068	0	0	-53,736	0	-53,736
Surplus or (deficit) on provision of services – IAS 19 Restatement		-5,500	0	0	0	0	-5,500	5,500	0
Other Comprehensive Expenditure and Income		0	0	0	0	0	0	-43,211	-43,211
<b>Total Comprehensive Expenditure and Income</b>		<b>-48,168</b>	<b>0</b>	<b>-11,068</b>	<b>0</b>	<b>0</b>	<b>-59,236</b>	<b>-37,711</b>	<b>-96,947</b>
Adjustments between accounting basis & funding basis under regulations	6	52,417	0	13,751	9,990	3,284	79,442	-79,442	0
Adjustments between accounting basis & funding basis under regulations – IAS 19 Restatement	6	5,500	0	0	0	0	5,500	-5,500	0
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>		<b>9,749</b>	<b>0</b>	<b>2,683</b>	<b>9,990</b>	<b>3,284</b>	<b>25,706</b>	<b>-122,653</b>	<b>-96,947</b>
Transfers to / from Earmarked Reserves	27	-8,839	8,839	0	0	0	0	0	0
<b>Increase / Decrease in Year</b>		<b>910</b>	<b>8,839</b>	<b>2,683</b>	<b>9,990</b>	<b>3,284</b>	<b>25,706</b>	<b>-122,653</b>	<b>-96,947</b>
<b>Balance at 31 March 2013 carried forward</b>		<b>14,389</b>	<b>77,696</b>	<b>9,833</b>	<b>12,161</b>	<b>25,152</b>	<b>139,231</b>	<b>144,891</b>	<b>284,122</b>

## 2. Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Council Accounting in the United Kingdom 2013/14 has introduced several changes in accounting policies which will be required from 1 April 2014. The following changes are not considered to have a significant impact on the Statement of Accounts but may require extra disclosure;

### IFRS 10 Consolidated Financial Statements

This standard introduces a new definition of control, which is used to determine which entities are consolidated for the purposes of group accounts. The Council does have a number of subsidiaries but has not produced consolidated group accounts for this financial year on the basis of materiality. The Council has a number of associates. None of these would be classed as material for the purposes of the financial statements.

### IFRS 11 Joint Arrangements

This standard addresses the accounting for a 'joint arrangement', which is defined as a contractual arrangement over which two or more parties have joint control. These are classified as either a joint venture or a joint operation. In addition, proportionate consolidation can no longer be used for jointly controlled entities. The Council has no material joint venture arrangements.

### **IFRS 12 Disclosures of Involvement with Other Entities**

This is a consolidated disclosure standard requiring a range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'. The Council has a number of arrangements with other entities.

### **IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures**

These statements have been amended to conform with the changes in IFRS 10, IFRS 11 and IFRS 12. Given that there would be no changes in the financial statements, except for disclosure, due to the changes to IFRS 10, IFRS 11 and IFRS 12, there is therefore also no impact as a result of changes in IAS 27 and IAS 28.

### **IAS 32 Financial Instruments Presentation**

The Code references to amended application guidance when offsetting a financial asset and a financial liability. The gains and losses are separately identified on the Comprehensive Income and Expenditure Statement and therefore, no further disclosure is required.

## **3. 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 the most significant 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 currently 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. This will be reviewed in 2014/15 due to changes to the Code of Practice 2014/15.

## 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 £37.1m 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.

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

### Manchester Airport Group

The Council's shareholding in Manchester Airport Group is 3.22% as at 31 March 2014. The asset is valued using the earning based method and discounted cash flow method resulting in the asset being valued at fair value rather than historic cost, therefore requiring an annual valuation. A firm of financial experts and valuers provide an independent valuation which includes reviewing the financial performance, stability and business assumptions of the Manchester Airport Group. The valuation provided is based on estimations and assumptions and therefore should the Council sell its shareholding, the value held in these statements may not be realised. As at 31 March 2014 the Council's valuers advised of an increase of £7.4m in the fair value Council share from £29.3m to £36.7m which has been reflected in the financial statements.

### NNDR (National Non Domestic Rates)

Since the introduction of Business Rates Retention Scheme from 1 April 2013, Local Authorities are now liable for their share of successful appeals against business rates charged in previous financial years. An estimated provision has been calculated using the Valuation Office (VOA) ratings list of appeals as at 31 March 2014 and an analysis of successful appeals to date.

### Pensions

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



The effects on the net pensions liability of changes in assumptions can be measured. For instance, a change in the discount factor of + or – 0.5% would change the liability by £108.0m. A change in excess of earnings of + or – 0.5% would potentially change the total liability by £32.8m. An increase in excess of pensions of 0.5% would change the liability by £74.0m and an increase in longevity of 1 year would result in a £34.5m increase in the total liability. However, the assumptions interact in complex ways and changes to other estimates and actuarial assumptions may produce a different impact upon the total liability.

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

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

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

### **Private Finance Initiative**

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

## **5. 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 £18.89m (including council dwellings) compared to a fall of £45m in 2012/13. The main reason for the substantial decrease in 2012/13 was due to the revaluation of the Life Centre PFI scheme which had previously been valued at cost, this resulted in a decrease of £22m.

The table below shows the comparison between 2012/13 and 2013/14

Service	Net Expenditure 2012/13 £'000	Net Expenditure 2013/14 £'000	Difference £'000
Cultural and Related Services	14,505	2,347	-12,158
Children and Education Services	13,538	8,230	-5,308
Housing Services (including Council Houses)	5,308	6,950	1,642
Environmental and Regulatory Services	5,012	699	-4,313
Adult Social Care	2,551	42	-2,509
Non Distributed Costs	1,695	387	-1,308
Central Services to the Public	1,422	22	-1,400
Financing and Investment Income and Expenditure	825	-276	-1,101
Planning Services	227	221	-6
Corporate and Democratic Core	97	65	-32
Highways and Transport Services	32	201	169
<b>Total</b>	<b>45,212</b>	<b>18,888</b>	<b>-26,324</b>

### Transfer of Schools to Academy Status

In line with the Code of Practice schools that have transferred to academy status are removed from our balance sheet, if applicable, and treated as disposals. The net book value is written out and charged to the Financing and Investment Income and Expenditure Line. During 2012/13 three schools transferred to Academy status, this resulted in a material charge of £19.25m. There were three primary schools that transferred to academy status in 2013/14. The net book value written out was only £0.165m as these schools were previously classed as off balance sheet and the amounts written out relate to the playing fields.

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

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

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	
<b>Adjustments involving the CAA:</b>						
<b>Reversal of items debited/credited to the CIES:</b>						
Charges for depreciation and impairment of non-current assets	17,600	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
<b>Insertion of items not debited or credited to the CIES:</b>						
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
<b>Adjustments involving the Capital Grants Unapplied Account:</b>						
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
<b>Adjustments involving the Capital Receipts Reserve:</b>						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	-2,631	-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
<b>Adjustments involving the Major Repairs Reserve:</b>						
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
<b>Adjustments involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the CIES	35,000	0	0	0	0	-35,000
Employer's pensions contributions and direct payments to pensioners payable in the year	-25,098	0	0	0	0	25,098
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	469	0	0	0	0	-469
<b>Adjustments involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-2,950	0	0	0	0	2,950
<b>Total Adjustments</b>	<b>57,917</b>	<b>13,751</b>	<b>9,990</b>	<b>0</b>	<b>3,284</b>	<b>-84,942</b>

## 7. Other Operating Expenditure

31.3.13 £'000		31.3.14 £'000
2,293	Payment to Housing Capital Receipts Pool	2,862
17,801	Gains (-) or Loss on Disposal of Non Current Assets	383
73	Parish Precepts	84
<b>20,167</b>		<b>3,329</b>

## 8. Financing and Investment Income and Expenditure

31.3.13 £'000		31.3.14 £'000
32,214	Interest payable and similar charges	31,925
14,000	Net Interest on the Net Defined Pension Liability (Asset)	15,919
-5,012	Investment receivable and similar income	-5,735
-352	Gains on the Revaluation of Investment Property	-511
-364	Trading Accounts	220
<b>40,486</b>		<b>41,818</b>

## 9. Taxation and Non Specific Grant Income

31.3.13 £'000		31.3.14 £'000
-35,817	Other Non Ring Fenced grants	-109,398
-113,048	Council Tax Income	-97,255
-125,028	Retained National Non Domestic Rates	-61,953
-20,261	Capital Grants and Contributions	-14,305
<b>-294,154</b>		<b>-282,911</b>

## 10. Property, Plant and Equipment

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

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant and Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	PP & E Assets Under Construction £'000	Total £'000	PFI Assets Included in PP & E £'000
<b>Cost or value at 1.4.13</b>	<b>571,051</b>	<b>361,457</b>	<b>13,507</b>	<b>172,377</b>	<b>1,956</b>	<b>19,895</b>	<b>8,947</b>	<b>1,149,190</b>	<b>29,250</b>
Additions	20,124	9,985	1,003	9,419	96	214	2,300	43,141	0
Revaluation increases/decreases to Revaluation Reserve	-706	-1,506	0	0	-4	1,684	0	-532	0
Revaluation increases/decreases to surplus/deficit on the provision of services (SDPS)	-37,530	-15,610	0	0	-26	-239	0	-53,405	0
De-recognition – Disposals	-3,533	-454	-675	0	0	-2,193	0	-6,855	0
De-recognition – Other	-578	-431	-1,046	0	0	-2,062	0	-4,117	0
Reclassified to/from held for sale	0	0	0	0	0	-640	0	-640	0
Other Movements	2,453	623	596	0	67	4,878	-8,734	-117	0
<b>At 31.3.14</b>	<b>551,281</b>	<b>354,064</b>	<b>13,385</b>	<b>181,795</b>	<b>2,089</b>	<b>21,538</b>	<b>2,513</b>	<b>1,126,665</b>	<b>29,250</b>
<b>Depreciation &amp; Impairment at 1.4.13</b>	<b>30,704</b>	<b>25,109</b>	<b>8,233</b>	<b>61,315</b>	<b>150</b>	<b>236</b>	<b>2</b>	<b>125,749</b>	<b>635</b>
Depreciation	21,533	6,089	1,675	6,598	0	124	0	36,019	635
Depreciation written out to the Revaluation Reserve	0	-1,700	0	0	0	-61	0	-1,761	0
Depreciation written out to SDPS	-21,636	-1,641	0	0	0	-22	0	-23,299	0
Impairment losses/reversals to Revaluation Reserve	0	1,071	0	0	0	930	0	2,001	0
Impairment losses/reversals to SDPS	1,519	-4	0	0	-19	1,281	0	2,777	0
De-recognition – Disposals	0	-5	-555	0	0	-15	0	-575	0
De-recognition - Other	-578	-432	-1,045	0	0	-2,062	0	-4,117	0
Eliminated on reclassification to held for sale	0	0	0	0	0	-171	0	-171	0
Other Movements	0	-437	0	0	0	435	-2	-4	0
<b>At 31.3.14</b>	<b>31,542</b>	<b>28,050</b>	<b>8,308</b>	<b>67,913</b>	<b>132</b>	<b>675</b>	<b>0</b>	<b>136,620</b>	<b>1,270</b>
<b>Net Book Value at 31.3.14</b>	<b>519,739</b>	<b>326,014</b>	<b>5,077</b>	<b>113,882</b>	<b>1,957</b>	<b>20,863</b>	<b>2,513</b>	<b>990,045</b>	<b>27,980</b>
<b>Net Book Value at 31.3.13</b>	<b>540,347</b>	<b>336,348</b>	<b>5,274</b>	<b>111,062</b>	<b>1,806</b>	<b>19,659</b>	<b>8,945</b>	<b>1,023,441</b>	<b>28,615</b>

## Capital Commitments

As at 31 March 2014, the Council was contractually committed to the following major items of capital work:

	£'000	Start Date	Projected End Date
LED Lighting Saving Initiative	11,800	2014	2016
Leigh Salford Manchester Busway	5,253	2012	2014
Office Consolidation Project	4,793	2013	2015
Ince St Mary's – New School	3,474	2013	2015
Organics Waste Transfer Station	1,685	2014	2014
Marus Bridge School Extension	1,312	2014	2015
Hindley High School Extension and Refurbishment	1,053	2013	2014

Although not yet contractually committed, the following major schemes over £1m are also in the programme for 2014/15 onwards:

	£'000	Start Date	Projected End Date
Affordable Housing	21,913	2014	2016
Kirkless Transfer Station	2,625	2014	2014
Modernisation Programme	1,756	2014	2014
Marus Bridge Pinch Point	1,422	2014	2015

## Property, Plant and Equipment Valuation

The Council's property portfolio, which comprises both freehold and leasehold properties, has been valued on the bases outlined below, which accord with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors (RICS). The valuations were undertaken by in-house staff and certified by B. Kneale (MRICS) the qualified Principal Asset Management Planning Officer within the Council's Assets and Contracts Service. Not all properties were inspected, as this wasn't considered by the Valuer to be necessary for the purposes of the valuation. Inspections were carried out between April 2013 and March 2014. The actual date of valuation was 1 April 2013.

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

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

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

Vehicles, Plant and Equipment are carried at depreciated historical cost rather than depreciated replacement cost due to the short useful lives and low values of these assets in accordance with the code.

### Property, Plant and Equipment Valuation

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant and Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	PP & E Assets Under Construction £'000	TOTAL £'000
Depreciated Historical Cost	0	0	5,077	113,882	0	0	2,513	121,472
Fair Value – Existing Use Value – Social Housing	519,739	0	0	0	0	0	0	519,739
Fair Value – Existing Use Value	0	326,014	0	0	1,957	20,863	0	348,834
<b>Net Book Value at 31.3.14</b>	<b>519,739</b>	<b>326,014</b>	<b>5,077</b>	<b>113,882</b>	<b>1,957</b>	<b>20,863</b>	<b>2,513</b>	<b>990,045</b>



## 11. Heritage Assets

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historic associations. Heritage Assets are preserved principally for their contribution to knowledge and culture and this distinguishes them from other assets. The Authority has 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
<b>Cost or Valuation</b>					
1 April 2012	400	1,386	366	544	2,696
Disposals	-400	0	0	0	-400
<b>31 March 2013</b>	<b>0</b>	<b>1,386</b>	<b>366</b>	<b>544</b>	<b>2,296</b>
	Antiquarian Books £'000	Art & Artefacts £'000	Civic Regalia £'000	Outside Artwork £'000	Total £'000
<b>Cost or Valuation</b>					
1 April 2013	0	1,386	366	544	2,296
Additions	0	0	0	282	282
Revaluations	0	330	0	0	330
Reclassifications	0	0	0	342	342
<b>31 March 2014</b>	<b>0</b>	<b>1,716</b>	<b>366</b>	<b>1,168</b>	<b>3,250</b>

### Arts and Artefacts

The increase in value relates to a revaluation of 38 ancient Egyptian objects donated to Wigan Library in 1924 by Sir Leslie Scott MP (d.1950) along with a number of smaller items also donated. In 2014 the collection was valued by experts from Manchester Museum and found to contain a number of items with significant historic value. Previously these were valued under the de-minimis level.

## Outside Artwork

The increase in value relates to expenditure incurred on Mesnes Park. The park is a grade II listed Victorian park in the heart of Wigan town centre. It was opened in August 1878 by local mill owner Nathaniel Eckersley. The park retains the framework and features of the original design and contains a number of structures which are classified as Heritage Assets. The Mesnes Park restoration project secured £6.1m funding from the Heritage Lottery Fund, part of which was used to fund the restoration of the Powell Monument, Pulman Rockwork and the Coalbrookdale Fountain as well as restoring other parts of the park.

More information on our Heritage Assets is contained within the accounting policies in note 47.

## 12. Investment Properties

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

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

	2012/13 £'000	2013/14 £'000
<b>Balance at start of the year</b>	<b>36,800</b>	<b>36,870</b>
Additions:	0	0
Disposals	-78	-93
Net gains / losses (-) from fair value adjustments	352	511
<b>Transfers:</b> to / from Property, Plant and Equipment	-204	-227
<b>Balance at end of the year</b>	<b>36,870</b>	<b>37,061</b>

### 13. Private Finance Initiative (PFI)

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

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

Wigan Leisure and Culture Trust have a separate agreement with the Council to manage all the leisure facilities contained within the JSC. The PFI operator is still responsible for all building maintenance of the sites.

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

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

#### Payments

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

Payments remaining to be made under the contract as at 31 March 2014 (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 2014/15	654	5,960	1,580	8,194
Within 2 – 5 years	3,351	22,936	6,726	33,013
Within 6 – 10 years	5,157	26,077	9,368	40,602
Within 11 – 15 years	10,683	21,559	10,604	42,846
Within 16 – 20 years	15,490	13,981	11,939	41,410
Within 21 – 25 years	12,212	2,381	6,185	20,778
<b>Total</b>	<b>47,547</b>	<b>92,894</b>	<b>46,402</b>	<b>186,843</b>

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

	2013/14 £'000	2014/15 £'000
Balance at start of the year	48,157	47,547
Payments during the year	-610	-654
<b>Balance outstanding at year end</b>	<b>47,547</b>	<b>46,893</b>

The Council receives PFI grant from the Government to part fund the scheme, the annual grant is £6.023m. The Council is committed to making gross payments estimated at £203.011m. However, the net cost to the Council after the PFI grant is £68.236m.

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

#### 14. Intangible Assets

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

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

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.350m charged to revenue in 2013/14 was charged to the appropriate Service Revenue Account.

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

	2012/13 Other Assets £'000	2013/14 Other Assets £'000
Balance at start of year:		
Gross carrying amounts	4,289	4,425
Accumulated amortisation	-2,216	-2,646
<b>Net carrying amount at start of year</b>	<b>2,073</b>	<b>1,779</b>
Additions:		
Purchases	136	0
Amortisation for the period	-430	-350
<b>Net carrying amount at end of year</b>	<b>1,779</b>	<b>1,429</b>
Comprising:		
Gross carrying amounts	4,425	4,425
Accumulated amortisation	-2,646	-2,996
<b>Total</b>	<b>1,779</b>	<b>1,429</b>

There are several items of capitalised software as follows:

	Carrying Amount		Remaining Amortisation Period
	31 March 2013 £'000	31 March 2014 £'000	
Agresso System –Trading	253	175	1-7 Years
Housing SX3 – Housing Services	156	81	1-3 Years
Social Services ANITE – Adult Services	144	100	1-7 Years
Customer Relationship Management System – Trading	262	222	5-8 Years
HR & Payroll – Trading	774	682	4 Years
Revenue & Benefits IT System - Trading	190	169	9 Years

## 15. Impairment Losses

During 2013/14 the Council recognised total impairment losses of £16.1m (2012/13 £14.1m), of which £10.6m (2012/13 £9.0m) was in respect of its council dwellings stock.

The capital expenditure of £20.1m (2012/13 £14.2m) on council dwellings during the year, which included £2.7m (2012/13 £4.6m) on boiler and heating replacements and £2.3m on bathrooms (2012/13 £0.025m), 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 £9.0m (2012/13 £12.4m) 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 £5.5m (2012/13 £5.1m) impairment losses recognised during the year, the most significant items were £1.2m for the former depots at Hindley and Ince (the buildings are either demolished or awaiting demolition) and £0.6m for demolitions at the Phoenix Centre in Hindley.

## 16. Capital Expenditure and Capital Financing

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

2012/13 £'000		2013/14 £'000
588,241	<b>Opening Capital Financing Requirement</b>	584,249
	<b>Capital Investment:</b>	
39,374	Property, Plant and Equipment	43,141
136	Intangible Assets	0
0	Heritage Assets	282
8,913	Revenue Expenditure Funded from Capital under Statute	10,441
1,000	Local Authority Mortgage Scheme (LAMs)	0
	<b>Sources of Finance:</b>	
-3,604	Capital Receipts	-3,075
-26,837	Government Grants and Other Contributions	-41,907
	<b>Sums set aside from Revenue:</b>	
-3,251	Direct Revenue Contributions	-7,928
-18,910	MRP / loans fund principal repayments	-32,683
-813	Other adjustments	-3
<b>584,249</b>	<b>Closing Capital Financing Requirement</b>	<b>552,517</b>
	<b>Explanation of Movements During Year</b>	
-3,992	Increase / Decrease (-) in underlying need to borrow (unsupported by Government financial assistance)	-31,732
<b>-3,992</b>	<b>Increase / Decrease (-) in Capital Financing Requirement</b>	<b>-31,732</b>

## 17. Financial Instruments

### Categories of Financial Instruments

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

	Long-term		Current	
	31 March 2013 £'000	31 March 2014 £'000	31 March 2013 £'000	31 March 2014 £'000
<b>Investments</b>				
Loans and receivables*				
Short Term Investments	0	0	26,032	57,642
Cash at Bank	0	0	10,554	-12,066
Available for sale financial assets	29,300	36,700	0	0
Unquoted equity investment at cost	547	547	0	0
<b>Total Investments</b>	<b>29,847</b>	<b>37,247</b>	<b>36,586</b>	<b>45,576</b>
<b>Debtors</b>				
Loans and receivables	14,786	14,445	0	0
Financial assets carried at contract amounts	0	0	49,491	53,095
Less items not classed as Financial Instruments (such as VAT, NNDR, Council Tax, Payments in Advance)	0	0	-12,978	-14,289
<b>Total Debtors</b>	<b>14,786</b>	<b>14,445</b>	<b>36,513</b>	<b>38,806</b>
<b>Borrowings</b>				
Financial liabilities at amortised cost	412,469	386,453	33,178	31,021
<b>Total Borrowings</b>	<b>412,469</b>	<b>386,453</b>	<b>33,178</b>	<b>31,021</b>
<b>Creditors</b>				
Financial liabilities carried at contract amount	0	0	43,542	49,256
Less items not classed as Financial Instruments (such as VAT, NNDR, Council Tax, Receipts in Advance)	0	0	-13,760	-16,175
<b>Total Creditors</b>	<b>0</b>	<b>0</b>	<b>29,782</b>	<b>33,081</b>
<b>Deferred (Long Term) Liabilities</b>				
PFI	47,547	46,893	0	0
Other Long Term Liabilities	178	182	0	0
<b>Total Deferred (Long Term) Liabilities</b>	<b>47,725</b>	<b>47,075</b>	<b>0</b>	<b>0</b>

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

### Income, Expenditure, Gains and Losses

31.3.13 £'000	Financial Liabilities measured at amortised cost	31.3.14 £'000
31,202	Interest expense	31,015
<b>31,202</b>	<b>Total expense in Surplus or Deficit on the Provision Services</b>	<b>31,015</b>

31.3.13 £'000	Financial Assets, Loans and Receivables	31.3.14 £'000
-2,034	Interest & Investment income	-1,841
<b>-2,034</b>	<b>Total income in Surplus or Deficit on the Provision Services</b>	<b>-1,841</b>

## Fair Value of Assets and Liabilities

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

- estimated ranges of interest rates at 31 March 2014 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 2013		31 March 2014	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB borrowing	417,473	492,633	412,450	447,661
Long - term creditors	47,725	47,725	47,075	47,075

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 2013/14 would be £495.896m (£543.025m in 2012/13).

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 2013		31 March 2014	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Loans and Receivables	26,032	26,036	57,642	57,754
Long-term debtors	14,786	14,786	14,446	14,446

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

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



## Long Term Investments

The value of investments held at 31 March 2014 is analysed below:

31.3.13 £'000		31.3.14 £'000
29,300 538 9	Shareholdings in : Manchester Airport Group Holdings Plc Wigan Football Company Ltd Other Investments	36,700 538 9
<b>29,847</b>		<b>37,247</b>

### Manchester Airport Group

The Council's shareholding in Manchester Airport Holdings Group is 3.22% as at 31 March 2014. The figure above is carried at fair value and is revalued annually.

### Wigan Football Company

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

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

## Long Term Debtors

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

They are analysed below:

31.3.13 £'000		31.3.14 £'000
9,267	Manchester Airport Group Holdings Plc	9,267
2,507	Renovation Loans	2,509
1,566	WALH Loans	1,551
1,000	Local Authority Mortgage Scheme	1,000
65	Transferred Debt re Pre-1974 functions	61
165	Car Loans to Staff	49
17	Loans for House Purchases	8
200	Leigh Sports Village Company Ltd	0
<b>14,787</b>		<b>14,445</b>

## Short Term Investments

During the year the Council invested its revenue balances, reserves and capital receipts externally in short term deposits. At 31 March 2014 £57.642m was invested in this way (£26.032m at 31 March 2013) as follows:

31.3.13 £'000		31.3.14 £'000
495	Lloyds TSB Bank	15,000
4,050	Barclays Bank	13,100
21,487	Royal Bank of Scotland	12,542
0	Dumfries & Galloway Council	5,000
0	Glasgow City Council	5,000
0	Leeds City Council	5,000
0	Nationwide Building Society	2,000
<b>26,032</b>		<b>57,642</b>

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

## Long Term Borrowing

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

31.3.13 £'000	Source of Loan Outstanding	Increases in year £'000	Decreases in year £'000	31.3.14 £'000
412,450	Public Works Loans Board	0	26,016	386,434
19	Individuals	0	0	19
<b>412,469</b>		<b>0</b>	<b>26,016</b>	<b>386,453</b>

31.3.13 £'000	An Analysis by maturity is:	31.3.14 £'000
26,016	Over 1 year but not over 2 years	25,979
47,773	Over 2 years but not over 5 years	31,987
28,935	Over 5 years but not over 10 years	36,932
72,881	Over 10 years but not over 15 years	54,830
90,250	Over 15 years but not over 20 years	114,621
47,515	Over 20 years but not over 25 years	23,005
99,099	Over 25 years	99,099
<b>412,469</b>		<b>386,453</b>

The accrued interest associated with the PWLB loans is £3.969m. This is included under current liabilities and will be paid in 2014/15.

## Short Term Borrowing

At 31 March 2014 the figure for Short Term Borrowing outstanding was £31.021m, (£33.178m in 2012/13).

## 18. Deferred (Long Term) Liabilities

Deferred liabilities are liabilities which are payable beyond the next financial year. At 31 March 2014, these totalled £58.363m.

31.3.13 £'000		31.3.14 £'000
47,547	PFI (Wigan Joint Service Centre)	46,893
12,571	Former G.M.C. debt	11,288
162	Home Computer Initiative	174
16	Loan repayments Mortgaged Properties	8
<b>60,296</b>	<b>Balance as at 31st March</b>	<b>58,363</b>

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

The PFI liability represents the outstanding long term liability to the contractor for capital expenditure. See Note 13.

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

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

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

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

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

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

## Credit risk

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

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

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

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

The annual Treasury Management Policy also imposes a maximum sum or percentage to be invested with financial institutions. Due to the current shortage of high quality counterparties, a percentage limit was introduced to be utilised in periods of high investment balances. The credit criteria in respect of financial assets held by the Council are detailed below:

Financial Asset	Criteria	Maximum Investment £'000	% Limit
Deposits with Part Nationalised Banks	Short Term: F1+ Long Term: A - Support: 1	15,000	45%
Deposits with Banks			35%
Deposits with Building Societies	Short Term: F1	2,000	
Deposits with Money Market Funds	AAA by 2 or more rating agencies	2,000	
Deposits with Local Authorities	N/A	5,000	

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

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

31.3.13		31.3.14	Historical experience of default	Historical experience adjusted for market conditions	Estimated maximum exposure to default and uncollectability
£'000		A £'000	B %	C %	A x B £'000
26,032	Deposits with Banks	57,642	0.016	0	9
36,513	Trade Debtors	38,806	3.11	0	1,154

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:

2012/13 £'000		2013/14 £'000
10,544	Less than three months	15,415
1,456	Three to six months	1,171
1,345	Six months to one year	1,952
4,922	More than one year	4,138
<b>18,267</b>		<b>22,676</b>

### Liquidity risk

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

The maturity analysis of financial liabilities is shown below:

2012/13 £'000		2013/14 £'000
21,909	Up to 1 year	27,052
26,016	Over 1 year but not over 2 years	25,979
47,773	Over 2 years but not over 5 years	31,987
28,935	Over 5 years but not over 10 years	36,932
72,881	Over 10 years but not over 15 years	54,830
90,250	Over 15 years but not over 20 years	114,621
47,515	Over 20 years but not over 25 years	23,005
99,099	Over 25 years	99,099
<b>434,378</b>		<b>413,505</b>

### Market risk

#### Interest rate risk

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

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

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

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

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

	2013/14 £'000
Daily average investment balance (average rate of interest 0.72%)	44,952
Assuming interest rates 1% higher additional interest received	450
Decrease in fair value of fixed rate borrowings liabilities (no impact on Comprehensive Income and Expenditure Statement)	42,169

### Price risk

The Council does not generally invest in equity shares, but does have shareholdings in Manchester Airport Holdings Ltd and Wigan Football Company Ltd. The Wigan Football Company Ltd shares are unquoted equity investments for which a reliable fair value cannot be established. They are valued at cost less impairment and are not available for sale.

The Manchester Airport shares are classified as available for sale, meaning that all movements in price will impact on gains and losses recognised in Other Comprehensive Income and Expenditure. In 2013/14 the Council's holding in Manchester Airport Group Plc was revalued resulting in a gain of £7.4m 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.

## 20. 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		Total	
	2012/13 £'000	2013/14 £'000	2012/13 £'000	2013/14 £'000	2012/13 £'000	2013/14 £'000
<b>Balance outstanding at start of year</b>	<b>390</b>	<b>329</b>	<b>476</b>	<b>523</b>	<b>866</b>	<b>852</b>
Purchases	4,700	4,516	1,809	1,628	6,509	6,144
Recognised as an expense in the year	-4,751	-4,540	-1,749	-1,648	-6,500	-6,188
Written off balances	-10	-48	-13	-50	-23	-98
<b>Balance outstanding at year-end</b>	<b>329</b>	<b>257</b>	<b>523</b>	<b>453</b>	<b>852</b>	<b>710</b>

### Consumable Stores

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

### Maintenance Materials

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

## 21. Debtors

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

31.3.13 £'000		31.3.14 £'000
28,633	Other Entities and Individuals	27,815
3,799	NHS Bodies	12,665
13,867	Central Government Bodies	10,081
3,173	Other Local Authorities	2,510
19	Public Corporations and Trading Funds	24
<b>49,491</b>	<b>Net Total</b>	<b>53,095</b>

## 22. Cash and Cash Equivalents

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

31.3.13 £'000		31.3.14 £'000
67	Cash held by the Council (Petty Cash)	64
19,181	Bank Current Accounts - Schools	19,110
-8,694	Bank Current Accounts - Council	-31,240
26,032	Short-term deposits	57,642
<b>36,586</b>	<b>Total Cash and Cash Equivalents</b>	<b>45,576</b>

The Cash Overdrawn element (£31.240m) is included within Cash and Cash Equivalents as it is deemed to be integral to the Council's cash management.

## 23. Cashflow Adjustments Analysis

2012/13 £'000	Adjust Net Surplus or Deficit on the Provision of Services for Non Cash Movements	2013/14 £'000
-36,148	Depreciation	-36,019
-430	Intangibles	-349
-60,930	Impairment and Revaluation Losses	-32,793
12,493	Increase +/- decrease in Creditors	2,068
6,238	Increase +/- decrease in Debtors	3,262
-14	Increase +/- decrease in Inventories	-231
-3,634	Increase +/- decrease in Provisions	2,617
-9,902	Movement in Pension Liability	-15,748
-23,700	Carrying amount of non current assets and non current assets held for sale, sold or derecognised	-7,356
-559	Other non cash items charged to net surplus and deficit on the provision of services	-73
<b>-116,586</b>	<b>Total</b>	<b>-84,622</b>



2012/13 £'000	Adjust for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	2013/14 £'000
6,002	Purchase of PPE	7,136
13,000	Capital Grants credited to the surplus or deficit on the provision of services	13,177
1,876	Council Tax and NNDR adjustment	1,007
<b>20,878</b>	<b>Total</b>	<b>21,320</b>

## 24. Assets Held for Sale

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

	Current	
	2012/13 £'000	2013/14 £'000
<b>Balance outstanding at start of the year</b>	<b>3,537</b>	<b>2,776</b>
<b>Assets newly classified as held for sale:</b>		
Property, Plant and Equipment	1,152	1,512
Revaluation losses	-679	-715
Revaluation gains	144	316
Impairment losses	-32	-21
<b>Assets declassified as held for sale:</b>		
Property, Plant and Equipment	-283	-1,043
Assets sold	-1,063	-982
<b>Balance outstanding at year-end</b>	<b>2,776</b>	<b>1,843</b>

## 25. Creditors

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

31.3.13 £'000		31.3.14 £'000
33,607	Other Entities and Individuals	36,752
6,793	Central Government Bodies	6,367
2,386	Other Local Authorities	5,162
756	NHS Bodies	975
<b>43,542</b>	<b>Net Total</b>	<b>49,256</b>

## 26. Provisions

### Current Liability

	Insurance Fund £'000	Equal Pay £'000	DWP Legacy £'000	Business Rates Appeals £'000	Other Provisions £'000	Total £'000
<b>Balance at 1 April 2013</b>	<b>3,245</b>	<b>0</b>	<b>1,707</b>	<b>0</b>	<b>201</b>	<b>5,153</b>
Additional provisions made in 2013/14	4,030	500	0	1,878	0	<b>6,408</b>
Amounts used in 2013/14	-5,207	-415	-459	0	-69	<b>-6,150</b>
Unused amounts reversed in 2013/14	0	0	-1,248	0	-132	<b>-1,380</b>
<b>Balance at 31 March 2014</b>	<b>2,068</b>	<b>85</b>	<b>0</b>	<b>1,878</b>	<b>0</b>	<b>4,031</b>

### Long Term Liability

	Insurance Fund £'000	Section 117 Refunds £'000	Other Provisions £'000	Total £'000
<b>Balance at 1 April 2013</b>	<b>5,249</b>	<b>93</b>	<b>94</b>	<b>5,436</b>
Additional provisions made in 2013/14	0	0	1	<b>1</b>
Amounts used in 2013/14	-1,308	0	0	<b>-1,308</b>
Unused amounts reversed in 2013/14	0	-93	-95	<b>-188</b>
<b>Balance at 31 March 2014</b>	<b>3,941</b>	<b>0</b>	<b>0</b>	<b>3,941</b>

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

#### Insurance

At 31st March 2014 the Council held an Insurance provision of £6.009m. This is for future payments of claims made or yet to be made for incidents which occurred before 31st March 2014. These include incidents where a legal liability arises and incidents of damage to Council property. Increases to the provision in 2013/14 reflect contributions from services. The costs of premium payments, settlement of claims and risk management are shown as decreases to the provision in 2013/14. The level of the Insurance provision is reviewed annually to ensure that sufficient sums are set aside to meet potential liabilities.

In January 1994, the Council's then insurer, Municipal Mutual Insurance (MMI) made a Scheme of Arrangement with its creditors. Under this scheme, claims are initially paid out in full, but if the eventual winding up of the company results in insufficient assets to meet all liabilities, a claw back clause will be triggered which could affect claims already paid.

On 13 November 2012, the directors of MMI 'triggered' MMI's Scheme of Arrangement ('the Scheme') under Section 425 of the Companies Act 1985 (now Section 899 of the Companies Act 2006). This was because solvent run off could not be foreseen and there was no alternative to insolvent liquidation.

A Levy Notice was issued on 1 January 2014 by the Scheme Administrator at a rate of 15% on Established Scheme Liabilities which exceeded £50,000 in aggregate. Payments made on or after the Levy Notice Date in respect of Established Scheme Liabilities, to the extent that such payments, when aggregated with other such payments exceed £50,000, have been made subject to the application of the Payment Percentage (85%).

The rate of Levy may be adjusted by the Scheme Administrator if, following a review of the financial position of MMI, he determines that the rate requires to be increased or decreased. Any such adjustment would be applied to the carried forward Gross Payments at that time, based upon the amounts.

A claw back clause has now been invoked and payment at a 15% levy based on claims at 31 December 2013 has been made in 2013/14. This equates to £0.941m for Wigan Council and £0.189m for Wigan's share of the former GMC.

The Greater Manchester Council's (GMC) former insurer was also MMI. At 31 March 2014 £10.711m of claims relating to GMC had already been paid (£10.711m at 31 March 2013) with outstanding claims estimated at £0.085m (£0.000m at 31 March 2013).

GMC ceased to exist on 31 March 1986 and any residual liabilities are shared between the ten local authorities of AGMA based on the population estimated by the Registrar General on the 30 June which falls 21 months before the beginning of the financial year in which any sum recoverable falls. Wigan's share of this liability is presently 11.79%. Wigan's share of the ex GMC claims paid and outstanding at 31 March 2014 is £1.267m.

In addition, a further £1m is held in reserves at 31 March 2014 in respect of potential contributions to future claim settlements and a future levy. Additional funds will also be made available if required.

### **Equal Pay**

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

### **DWP Legacy**

During 2013/14 the Council and DWP reached an agreement regarding the settlement of values claimed for Housing Benefit and Council Tax Benefit grants going back over a number of years. This matter is now concluded and the unused element of the provision has been returned to the General Fund Revenue Account in 2013/14.

### **Business Rates Appeals**

This is a new provision following the introduction of the Business Rates Retention Scheme in April 2013. Local authorities are now liable for their share of successful appeals against business rates charged in previous financial years.

### **Section 117 and Other Provisions**

During 2013/14 the opportunity was taken to review and challenge the requirement to maintain these items on the Balance Sheet. The individual balances on these Provisions were relatively low in value. Following this review it was decided to return the unused values in respect of a number of previously created Provisions to the General Fund Revenue Account in 2013/14.

## 27. Transfers to / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans. It also shows the amounts used in year to meet General Fund expenditure in 2013/14.

	Balance at 31.3.12 £'000	Trans. Out £'000	Trans. in £'000	Balance at 31.3.13 £'000	In year realign. £'000	Trans. Out £'000	Trans. in £'000	Balance at 31.3.14 £'000	Anticipated Balance £'000
<b>General Fund</b>									
Organisational Transition	17,175	-4,254	2,281	15,202	-5,584	-1,446	7,326	15,498	3,017
Grants Reserve	5,752	-3,204	3,704	6,252	-1,016	-2,908	3,332	5,660	0
Public Health Joint Arrangement	0	0	0	0	3,000	0	2,000	5,000	0
Transformation Agenda	0	0	0	0	2,000	0	1,500	3,500	0
IT Investment Reserve	0	0	4,156	4,156	0	-1,679	500	2,977	0
Community Investment Fund	0	0	2,000	2,000	0	-1,151	2,000	2,849	0
Legal Costs Reserve	3,000	0	0	3,000	0	-181	0	2,819	1,619
Invest to Save Reserve	3,000	-449	0	2,551	0	-808	1,000	2,743	0
Apprenticeship Scheme	0	0	750	750	750	-349	1,500	2,651	0
Road Traffic Safety Reserve	1,500	-51	0	1,449	0	-395	0	1,054	0
NEETs	0	0	1,000	1,000	0	-104	0	896	0
Wigan Pier & Robin Park Investment	545	0	79	624	0	0	80	704	353
Carbon Reduction Scheme	0	0	0	0	0	0	600	600	0
VAT Reserve	503	0	5	508	0	-111	111	508	508
Public Sector Reform	0	0	0	0	0	0	500	500	0
Organisational Development Reserve	0	0	0	0	600	-102	0	498	0
Graduate Scheme	0	0	500	500	0	-39	0	461	0
Waste Disposal After Care	398	-23	0	375	0	-40	0	335	0
Education Skills Project	0	0	320	320	0	-6	0	314	0
GM Broadband	0	0	0	0	0	0	313	313	0
Life Scheme - Leigh	0	0	300	300	0	0	0	300	300
Waste Procurement	0	0	750	750	0	-493	0	257	0
World War One Commemorations	0	0	0	0	250	0	0	250	0
<b>Usable Reserves (available) General Fund</b>	<b>31,873</b>	<b>-7,981</b>	<b>15,845</b>	<b>39,737</b>	<b>0</b>	<b>-9,812</b>	<b>20,762</b>	<b>50,687</b>	<b>5,797</b>
<b>Corporate</b>									
Insurance Reserve	6,842	-2,326	0	4,516	0	-1,200	2,057	5,373	4,373
Business Rates Safety Net	0	0	4,600	4,600	0	0	0	4,600	3,200
Leigh Sports Village	1,000	0	384	1,384	0	-200	600	1,784	0
Wigan Life Centre	1,569	-349	0	1,220	0	-353	670	1,537	0
Other Reserves	12	0	0	12	0	0	0	12	12
<b>Usable Reserves (available) Corporate</b>	<b>9,423</b>	<b>-2,675</b>	<b>4,984</b>	<b>11,732</b>	<b>0</b>	<b>-1,753</b>	<b>3,327</b>	<b>13,306</b>	<b>7,585</b>
<b>Schools – School Balances</b>									
Schools Block – Delegated Fund	16,159	-2,007	1,646	15,798	0	-662	443	15,579	15,579
DSG Centrally Held – High Needs Block	1,638	-495	499	1,642	0	-1,393	1,940	2,189	2,189
DSG Contingency	70	0	1,063	1,133	0	0	0	1,133	1,133
Schools Balances - Direct Funding	819	-174	17	662	0	-64	347	945	945
DSG Early Years Block	0	0	0	0	0	0	833	833	833
Schools Block – Closed Schools Balances – Delegated Fund	752	0	0	752	0	0	0	752	752
DSG Support for Schools	1,883	-1,883	0	0	0	0	0	0	0
<b>Usable Reserves (available) Schools</b>	<b>21,321</b>	<b>-4,559</b>	<b>3,225</b>	<b>19,987</b>	<b>0</b>	<b>-2,119</b>	<b>3,563</b>	<b>21,431</b>	<b>21,431</b>
<b>Usable Reserves (available)</b>	<b>62,617</b>	<b>-15,215</b>	<b>24,054</b>	<b>71,456</b>	<b>0</b>	<b>-13,684</b>	<b>27,652</b>	<b>85,424</b>	<b>34,813</b>
Manchester Airport Shares	5,702	0	0	5,702	0	0	0	5,702	5,702
Wigan Football Company Shares	538	0	0	538	0	0	0	538	538
<b>Usable Reserves (unavailable)</b>	<b>6,240</b>	<b>0</b>	<b>0</b>	<b>6,240</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,240</b>	<b>6,240</b>
<b>Total Usable Reserves</b>	<b>68,857</b>	<b>-15,215</b>	<b>24,054</b>	<b>77,696</b>	<b>0</b>	<b>-13,684</b>	<b>27,652</b>	<b>91,664</b>	<b>41,053</b>

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

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

## **Usable Reserves (available)**

### **General Fund:**

#### **Organisational Transition**

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

#### **Grants Reserve**

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

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

Joint working has been undertaken between the Council and the Clinical Commissioning Group. A joint plan of investment has been agreed on Out of Hospital Care. Both parties are investing £5m into this programme which will release revenue savings from 2016/17.

#### **Transformation Agenda**

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

#### **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.

#### **Community Investment Fund (Building Self Reliance Programme)**

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

### **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.

### **Invest to Save Reserve (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.

### **Apprenticeship Scheme**

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

### **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.

### **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.

### **Wigan Pier and Robin Park Investment Funds**

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

### **Carbon Reduction Scheme**

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

### **VAT Reserve**

This represents previously overpaid output tax reimbursed by HM Customs.

### **Public Sector Reform**

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

### **Organisational Development Reserve**

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

### **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.

### **GM Broadband**

Councils across Greater Manchester have joined together to support the roll out of high speed broadband across town centres and key business areas. This sum represents the Council's commitment to the scheme.

### **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.

### **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.

### **World War One Commemorations**

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

### **Corporate:**

#### **Insurance Reserve**

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

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

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

#### **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.

### **Other Reserves**

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

### **Schools:**

#### **School Balances**

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. In accordance with the new Funding Formula the reserves are now split across the three funding blocks; Early Years, High Needs / Centrally Held and Schools.

#### **Schools Block – Delegated Fund**

A distinction has been made between balances accumulated prior to the introduction of the Dedicated Schools Grant (DSG) and those generated by spend under budget since. This represents the balances of schools that remain open and maintained by the local authority.

#### **DSG Centrally Held – High Needs Block**

This is the DSG unspent in year in respect of schools budget controlled centrally and not delegated to schools. The balance at 31 March 2014 includes DSG unspent in the year in respect of High Needs Funding.

#### **DSG Contingency**

This relates to unspent contingency held centrally to cover unexpected items. The balance at 31 March 2014 includes £0.600m agreed by the Schools Forum to provide transitional supplementary funding to approved business cases from schools.

#### **Schools Balances – Direct Funding**

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

#### **DSG Early Years Block Reserve**

This represents unspent DSG in the year in respect of Early Years Funding.

#### **Schools Block – 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.



## Usable Reserves (unavailable)

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

### Manchester Airport

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

### Wigan Football Company Shares

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

## 28. Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement on page 14. Movements within the Usable Capital Receipts Reserve are shown in Note 6 on Page 25.

## 29. Unusable Reserves

31.3.13 £'000		31.3.14 £'000
395,269	Capital Adjustment Account	396,516
88,643	Revaluation Reserve	85,593
19,086	Available for Sale Financial Instruments Reserve	26,486
-354,136	Pensions Reserve	-343,803
-3,369	Employee Accumulated Account	-5,639
-602	Collection Fund Adjustment Account	-1,735
<b>144,891</b>	<b>Total Unusable Reserves</b>	<b>157,418</b>

## Capital Adjustment Account

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

31.3.13 £'000		31.3.14 £'000	
467,745	<b>Balance at 1 April</b>		395,269
	<b>Reversal of items relating to capital expenditure debited or credited to the CIES:</b>		
-48,482	Charges for depreciation and impairment of non-current assets	-49,924	
-48,952	Revaluation losses on Property, Plant and Equipment	-19,399	
-430	Amortisation of Intangible Assets	-349	
352	Movements in the Market Value of Investment Property	514	
-8,914	Revenue expenditure funded from capital under statute	-10,441	
-23,700	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	-7,356	
<b>-130,126</b>			<b>-86,955</b>
5,044	Adjusting amounts written out of the Revaluation Reserve		964
<b>-125,082</b>	Net written out amount of the cost of non-current assets consumed in the year		<b>-85,991</b>
	<b>Capital financing applied in the year:</b>		
3,604	Use of the Capital Receipts Reserve to finance new capital expenditure	3,075	
9,859	Use of the Major Repairs Reserve to finance new capital expenditure	17,571	
12,041	Capital grants and contributions credited to the CIES that have been applied to capital financing	15,549	
4,940	Application of grants to capital financing from the Capital Grants Unapplied Account	8,786	
18,911	Statutory provision for the financing of capital investment charged against the General Fund	32,684	
3,251	Capital expenditure charged against the General Fund	7,928	
<b>52,606</b>			<b>85,593</b>
0	Depreciation of non-current asset revaluation gains		1,645
<b>395,269</b>	<b>Balance at 31 March</b>		<b>396,516</b>

## 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.

31.3.13 £'000		31.3.14 £'000	
<b>98,385</b>	<b>Balance at 1 April</b>		<b>88,643</b>
12,930	Upward revaluation of assets	8,994	
-17,628	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-9,435	
<b>-4,698</b>	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		<b>-441</b>
-1,028	Difference between fair value depreciation and historical cost depreciation	-963	
-4,016	Accumulated gains on assets sold or scrapped	-1,646	
<b>-5,044</b>	Amount written off to the Capital Adjustment Account		<b>-2,609</b>
<b>88,643</b>	<b>Balance at 31 March</b>		<b>85,593</b>

## Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Authority arising from increases in the value of its investments. The balance is reduced when investments with accumulated gains are:

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

2012/13 £'000		2013/14	
		£'000	£'000
<b>0</b>	<b>Balance at 1 April</b>		<b>19,086</b>
19,086	Upward revaluation of investments	7,400	
0	Downward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	0	
<b>19,086</b>			<b>26,486</b>
0	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income		0
<b>19,086</b>	<b>Balance at 31 March</b>		<b>26,486</b>

## Pensions Reserve

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

2012/13 £'000		2013/14 £'000
-292,134	<b>Balance at 1 April</b>	<b>-354,136</b>
-52,100	Actuarial gains or losses (-) on pensions assets and liabilities	26,081
-35,000	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-41,620
25,098	Employer's pensions contributions and direct payments to pensioners payable in the year	25,872
<b>-354,136</b>	<b>Balance at 31 March</b>	<b>-343,803</b>

## Accumulated Absences Account

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

2012/13 £'000		2013/14	
		£'000	£'000
<b>-6,319</b>	<b>Balance at 1 April</b>		<b>-3,369</b>
6,319	Settlement or cancellation of accrual made at the end of the preceding year	3,369	
-3,369	Amounts accrued at the end of the current year	-5,639	
2,950	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		-2,270
<b>-3,369</b>	<b>Balance at 31 March</b>		<b>-5,639</b>

## Collection Fund Adjustment Account

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

2012/13 £'000		2013/14 £'000
-133	<b>Balance at 1 April</b>	<b>-602</b>
-469	Amount by which council tax and non-domestic rates income credited to the CIES is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	-1,133
<b>-602</b>	<b>Balance at 31 March</b>	<b>-1,735</b>

### 30. 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 2014	People £'000	Places £'000	Resources £'000	Total £'000
Fees, charges & other service income	68,718	61,257	53,694	183,669
Government grants and contributions	280,069	4,413	107,325	391,807
<b>Total Income</b>	<b>348,787</b>	<b>65,670</b>	<b>161,019</b>	<b>575,476</b>
Employee expenses	223,045	32,360	24,807	280,212
Other operating expenses	221,075	59,201	145,654	425,930
Support service recharges	33,885	11,713	15,047	60,645
Capital	20,727	13,676	9,235	43,638
<b>Total operating expenses</b>	<b>498,732</b>	<b>116,950</b>	<b>194,743</b>	<b>810,425</b>
<b>Surplus (-) / Deficit on provision of service</b>	<b>149,945</b>	<b>51,280</b>	<b>33,724</b>	<b>234,949</b>

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
<b>Total Income</b>	<b>327,056</b>	<b>50,443</b>	<b>182,271</b>	<b>559,770</b>
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
<b>Total operating expenses</b>	<b>490,792</b>	<b>122,862</b>	<b>222,872</b>	<b>836,526</b>
<b>Surplus (-) / Deficit on provision of service</b>	<b>163,736</b>	<b>72,419</b>	<b>40,601</b>	<b>276,756</b>

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

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

	2012/13 £'000	2013/14 £'000
<b>Cost of Services in Service Analysis</b>	<b>276,756</b>	<b>234,949</b>
Services not included in main analysis	-2,815	-5,541
Amounts not reported to management	17,230	20,193
Amounts reported to management not included in the CIES	1,566	-2,508
<b>Net cost of services</b>	<b>292,737</b>	<b>247,093</b>

## 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.

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



2012/13	Service Analysis	Service not in Analysis	Amounts not reported to management	Amounts not included in CIES	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income</b>								
Fees, charges & other service income	179,955	83,788	-76,358	-9,053	-32,092	146,240	0	146,240
Interest & Investment Income	0	0	0	0	0	0	5,012	5,012
Income from Council Tax	0	0	0	0	0	0	113,048	113,048
Non Domestic rates	0	0	0	0	0	0	125,028	125,028
Government grants & contributions	379,816	0	-287	0	0	379,529	35,817	415,346
Capital Grant	0	0	0	0	0	0	20,261	20,261
<b>Total Income</b>	<b>559,771</b>	<b>83,788</b>	<b>-76,645</b>	<b>-9,053</b>	<b>-32,092</b>	<b>525,769</b>	<b>299,166</b>	<b>824,935</b>
<b>Expenditure</b>								
Employee expenses	283,815	0	-33,869	0	0	249,946	0	249,946
Other operating expenses	421,977	38,400	-11,812	0	0	448,565	0	448,565
Support Service recharges	63,103	1,419	-7,155	-7,487	-32,092	17,788	0	17,788
Capital charges	67,632	41,154	-6,579	0	0	102,207	0	102,207
Interest payable	0	0	0	0	0	0	32,214	32,214
Precepts & Levies	0	0	0	0	0	0	73	73
Payments to Housing capital Receipts Pool	0	0	0	0	0	0	2,293	2,293
Gain/loss on disposal of non-current assets	0	0	0	0	0	0	17,801	17,801
Gain/loss on investment of revaluation properties	0	0	0	0	0	0	-352	-352
Trading	0	0	0	0	0	0	-364	-364
Net interest on the net defined benefit liability (asset)	0	0	0	0	0	0	14,000	14,000
<b>Total expenditure</b>	<b>836,527</b>	<b>80,973</b>	<b>-59,415</b>	<b>-7,487</b>	<b>-32,092</b>	<b>818,506</b>	<b>65,665</b>	<b>884,171</b>
<b>Surplus (-) / deficit on the provision of services</b>	<b>276,756</b>	<b>-2,815</b>	<b>17,230</b>	<b>1,566</b>	<b>0</b>	<b>292,737</b>	<b>-233,501</b>	<b>59,236</b>

## 31. 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.

2013/14	Expenditure £'000	Turnover £'000	Surplus (-) / Deficit £'000	IAS 19 Allocation £'000	Post IAS 19 Surplus (-) / Deficit £'000
Highways Maintenance	6,562	6,419	143	91	234
Building Maintenance	11,085	11,254	-169	96	-73
Transport	5,104	4,919	185	37	222
Metrofresh	8,308	8,145	163	161	324
Building Cleaning	495	531	-36	12	-24
<b>Total</b>	<b>31,554</b>	<b>31,268</b>	<b>286</b>	<b>397</b>	<b>683</b>
Other Trading Services	85	561	-476	0	-476
<b>Total Trading Services</b>	<b>31,639</b>	<b>31,829</b>	<b>-190</b>	<b>397</b>	<b>207</b>

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 2014 was £0.013m (£0.597m in 2012/13) and is included in the CIES Trading Accounts line of £0.220m.

IAS19 is a statutory accounting requirement relating to the Local Government Pension Scheme explained in Note 42. The impact of IAS19 increases charges to the above services by £0.397m.

2012/13 Comparative figures	Expenditure £'000	Turnover £'000	Surplus (-) / Deficit £'000	IAS19 Allocation £'000	IAS19 Surplus (-) / Deficit £'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
<b>Total</b>	<b>30,256</b>	<b>30,800</b>	<b>-544</b>	<b>38</b>	<b>-506</b>
Other Trading Services	59	515	-456	0	-456
<b>Total Trading Services</b>	<b>30,315</b>	<b>31,315</b>	<b>-1,000</b>	<b>38</b>	<b>-962</b>

### 32. 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), the Teachers Pension Scheme (administered by Capita) and the NHS Pension Scheme (administered by NHS Pensions).

### 33. Pooled Budgets

A partnership agreement, under Section 75 of the National Health Service Act (2006), previously existed between Wigan Council and Ashton, Leigh & Wigan Primary Care Trust. The partnership included provision for the creation of a pooled budget and lead commissioning arrangements for services for people with drug and alcohol problems. As part of the national reorganisation of health services, the commissioning of services for people with drug and alcohol problems was transferred over to the Local Authority as part of the wider Public Health transfer, thus negating the need for a pooled budget arrangement for this service.

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

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

The table below shows the total for the year:

Total 2012/13 £'000	Gross Funding 2013/14	Cash £'000	Grants £'000	In Kind £'000	Other £'000	Total 2013/14 £'000
639 300	<b>Integrated Community Equipment Service (ICES) Funding:</b>					
	Wigan Council	716	0	0	0	716
	Wigan Borough Clinical Commissioning Group	198	0	0	0	198
<b>939</b>	<b>Total ICES Funding</b>	<b>914</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>914</b>

Total 2012/13 £'000	Gross Expenditure 2013/14	Staff Costs £'000	Non Staff Costs £'000	Overheads £'000	Community Equipment £'000	Other £'000	Total 2013/14 £'000
939	Integrated Community Equipment Service (ICES)	320	173	0	421	0	914
<b>939</b>	<b>Total Expenditure</b>	<b>320</b>	<b>173</b>	<b>0</b>	<b>421</b>	<b>0</b>	<b>914</b>

From 1 April 2010, a pooled budget was established under a Section 75 agreement between the Council and NHS Ashton, Leigh and Wigan to support the Single Commissioning Agency (SCA) that had been set up by the two organisations.

For the financial year 2013/14 this was superseded by a specific Section 256 agreement between Wigan Council and NHS Wigan Borough Clinical Commissioning Group to deliver on joint health and social care priorities.

### 34. Members' Allowances

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

	2012/13 £'000	2013/14 £'000
Allowances	1,108	1,112
Expenses	21	18
<b>Total</b>	<b>1,129</b>	<b>1,130</b>

The employers' pension contributions associated with these allowances was £0.107m (£0.091m in 2012/13).

### 35. 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. 2012/13 £	Name	Job Title	Salary £	Election Fees £	Total Remun. excl. pension contrib. £	Employers Pension Contrib. £	Total Remun. Incl. pension contrib. 2013/14 £
201,469	Donna Hall	Chief Executive	168,582	446	169,028	29,202	198,230
130,333	Paul McKeivitt (2)	Director of Resources & Contracts (Deputy Chief Executive)	140,000	446	140,446	21,390	161,836
110,529	Stuart Cowley	Director for Adult Social Care & Health	120,000	0	120,000	22,422	142,422
110,133	Anne Goldsmith	Director for Children & Families	120,000	0	120,000	22,320	142,320
113,629	Steve Normington	Director for Economy & Skills	120,000	0	120,000	19,065	139,065
113,629	Terry Dunn	Director for Environment	120,000	0	120,000	18,600	138,600
108,847	Alison McKenzie-Folan	Director for Customer Transformation	120,000	0	120,000	18,228	138,228
0	Kate Arden (3)	NHS Director of Public Health	110,906	0	110,906	14,233	125,139
87,155	John Mitchell	Assistant Director - Legal	91,984	0	91,984	16,994	108,978
228,200	Gillian Bishop (1)	Corporate Director Places	0	0	0	0	0
122,889	Nick Hudson (1)	Corporate Director People	0	0	0	0	0
94,346	Tim Warren (1)	Director Skills Education & Community Support	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 McKeivitt is the S151 Officer for Wigan and also the Treasurer to Greater Manchester Fire and Rescue Authority, which is included in his remuneration.
- (3) Section 57 of Schedule 5 to the Health and Social Care Act 2012 defines the Director of Public Health as a statutory Chief Officer and is therefore included here.

## 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 2012/13	Remuneration Band	Number of Employees 2013/14
34*	£50,000 - £54,999	37*
5*	£55,000 - £59,999	5*
5	£60,000 - £64,999	3*
15	£65,000 - £69,999	5*
0	£70,000 - £74,999	2
1*	£75,000 - £79,999	14*
0	£80,000 - £84,999	0
1*	£85,000 - £89,999	0
0	£90,000 - £94,999	1
0	£95,000 - £99,999	2***
1**	£100,000 - £104,999	0
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
<b>62</b>		<b>69</b>

\* Figures include redundancy payments

During 2012/13 the Council announced a scheme of early retirement/voluntary redundancy; this scheme continued into 2013/14.

\*\* Relates to Director of Ashton, Leigh & Wigan Primary Care Trust. Her salary was 100% funded by the PCT in 2012/13 but she is no longer employed by Wigan Council. It is included here for information purposes for 2012/13 only.

\*\*\* The Council recovers from the Core Commissioning Group 50% of the salary of the Assistant Director (Partnership, Safeguarding and Children's Commissioner).

## 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 2012/13	Remuneration Band	Number of Employees 2013/14
79*	£50,000 - £54,999	76*
58*	£55,000 - £59,999	51*
34*	£60,000 - £64,999	37*
19*	£65,000 - £69,999	19*
11*	£70,000 - £74,999	14*
6*	£75,000 - £79,999	6
3	£80,000 - £84,999	3
6*	£85,000 - £89,999	1
1	£90,000 - £94,999	2*
3	£95,000 - £99,999	2
1	£100,000 - £104,999	1
1	£105,000 - £109,999	2
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
<b>222</b>		<b>214</b>

\* Figures include redundancy payments

## Exit Packages – Contractual obligation on termination of employment

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

Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band (B+C)		Total Cost of Exit Packages in Each Band £'000	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
0 - £20,000	49	88	99	163	148	251	1,176	1,798
£20,001 - £40,000	3	8	12	16	15	24	399	636
£40,001 - £60,000	0	1	0	1	0	2	0	99
£60,001 - £80,000	0	1	0	0	0	1	0	61
£80,001 - £100,000	0	0	1	0	1	0	91	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>52</b>	<b>98</b>	<b>112</b>	<b>180</b>	<b>164</b>	<b>278</b>	<b>1,666</b>	<b>2,594</b>
Amounts provided for in CIES not included in bandings							300	567
<b>Total Cost Included in CIES</b>							<b>1,966</b>	<b>3,161</b>

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

## Termination Benefits

The Council terminated the contracts of a number of employees in 2013/14, incurring liabilities of £2.594m (£1.666m in 2012/13). Further details on the number of exit packages and total cost per band is disclosed in the tables above.

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

## 36. Audit Costs

In 2013/14 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:

	2012/13 £'000	2013/14 £'000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	158	153
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	55	37
Fees payable in respect of other services provided by the appointed auditor	0	5
<b>Total</b>	<b>213</b>	<b>195</b>

The 2013/14 fees payable to the Audit Commission includes a rebate of £0.024m.



### 37. 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 2012. 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 2013/14 are as follows:

Notes	Central Expenditure £'000 Column 1	Individual Schools Budget £'000 Column 2	Total £'000 Column 3
<b>A</b>			<b>227,385</b>
<b>B</b>			<b>26,963</b>
<b>C</b>			<b>200,422</b>
<b>D</b>			<b>2,854</b>
<b>E</b>			<b>1,714</b>
<b>F</b>	16,290	185,272	<b>201,562</b>
<b>G</b>	1,826	-1,826	<b>0</b>
<b>H</b>	18,116	183,446	<b>201,562</b>
<b>I</b>	15,676		<b>15,676</b>
<b>J</b>		183,446	<b>183,446</b>
<b>K</b>	0	0	<b>0</b>
<b>L</b>	2,440	0	<b>4,154</b>

- A DSG figure as issued by the Department in July 2013.
- B Figure recouped from the authority in 2013/14 by the DfE for the conversion of maintained schools into Academies.
- C Total figure after DfE Academy recoupment for 2013/14.
- D Figure brought forward from 2012/13 as agreed with the Department. Details of this exercise were contained in the Financial Monitoring Team's email of 18 May 2013.
- E Any amount which the authority decided after consultation with the schools forum to carry forward to 2014/15 rather than distribute in 2013/14 – this may be the difference between estimated and final DSG for 2013/14, or a figure (positive or negative) brought forward from 2012/13 which the authority is carrying forward again.
- F Budgeted distribution of DSG, adjusted for carry forward, as agreed with the schools forum.
- G Changes to the initial distribution, for example, adjustments for exclusions.
- H Budgeted distribution of DSG as at the end of the financial year.
- I Actual amount of central expenditure items in 2013/14 – amounts not actually spent, e.g. money that is moved into earmarked reserves, should be included as carried forward.

- J Amount of ISB actually distributed to schools (ISB is regarded for DSG purposes as spent by the authority once it is deployed to schools' budget shares).
- K Any contribution from the local authority in 2013/14 which will have the effect of substituting for DSG in funding the Schools Budget, this does not include any change in balances held by schools as they are not to be recorded in this note.
- L Carry forward to 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 2014/15 already agreed.

### 38. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2013/14:

Credited to Taxation and Non Specific Grant Income	Awarding Body	2012/13 £'000	2013/14 £'000
Revenue Support Grant	CLG	3,035	93,186
Capital Grants	Various	20,261	14,305
Private Finance Initiative	CLG	6,023	6,023
Education Services Grant	DFE	0	5,439
New Homes Bonus	CLG	1,407	2,560
Small Business Rate Relief *	CLG	0	1,548
Local Services Support Grant	CLG	862	312
Social Fund / Local Welfare Provision *	DWP	0	209
Magistrates Grant	MoJ	89	69
Probation Grant	MoJ	37	34
Other	CLG	18	18
Early Intervention Grant	DFE	14,541	0
Learning Disability Health & Reform Grant	DOH	6,967	0
Council Tax Freeze Grant	CLG	2,836	0
<b>Total</b>		<b>56,076</b>	<b>123,703</b>

Credited to Services	Awarding Body	2012/13 £'000	2013/14 £'000
Dedicated Schools Grant	DFE	201,632	200,422
HRA Rent Rebates	DWP	52,970	52,807
Rent Allowance Subsidy	DWP	45,566	48,637
Public Health Funding *	DOH	0	23,021
Pupil Premium Grant	DFE	6,794	10,183
REFCUS Grants	Various	5,056	4,635
Young Peoples Learning Agency (formerly Learning Skills Council)	DFE	4,511	3,149
Housing Benefit Admin Grant	DWP	1,234	2,373
General Education Grants	Various	555	2,139
Skills Fund Agency	BIS	1,215	2,088
Troubled Families	CLG	842	993
Social Fund / Local Welfare Provision *	DWP	0	992
Non HRA Rent Subsidy	DWP	897	956
Youth Justice Board	MoJ	710	650
Other Grants	Various	426	583
Local Reform & Community Voices Grant *	CLG	0	282
Local Transport – Severe Weather Recovery Grant *	DoT	0	227
Local Council Tax Scheme	CLG	84	205
Year 7 Catch up Premium Grant	DFE	203	202
NESTA Funding Grant	Nesta Funding Org	65	100
Council Tax Benefit	DWP	26,124	0
Council Tax Admin Grant	DWP	1,449	0
Education Services Grant	DFE	1,016	0
Drug Intervention Grant	HO	257	0
Coalfield Regeneration Trust	CLG	104	0
High Street Innovation Fund	CLG	100	0
<b>Total</b>		<b>351,810</b>	<b>354,644</b>

\* These sources of funding are new for 2013/14

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

Capital Grants & Contributions - Receipts in Advance	External Contractor	2012/13 £'000	2013/14 £'000
Section 106	Various	482	0
<b>Total</b>		<b>482</b>	<b>0</b>

### 39. Related Parties

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

#### Central Government

The Government has significant influence control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, Housing Benefits). Details of grant transactions with Government departments are set out in Note 38 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 2013/14 is shown in Note 34. 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 2013/14 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 2013/14.

However the Council's Chief Executive and Director of Resources and Contracts (Deputy Chief Executive) are also the Clerk and Treasurer respectively to Greater Manchester Fire and Rescue Authority. The Council recovers from the Core Commissioning Group 50% of the salary of the Assistant Director (Partnership, Safeguarding and Children's Commissioner). All Chief Officer remuneration payments are included in detail in Note 35 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 2013/14 the amount paid to the GMCA was £23.757m.

This is made up of the following:

- £23.465m relating to the Passenger Transport Levy
- £0.119m towards the Commission for the New Economy
- £0.138m towards Manchester Investment and Development Agency Services
- £0.035m towards Marketing Manchester

### Association of Greater Manchester Authorities (AGMA)

The Association is a partnership between the ten Local Authorities within the Greater Manchester area. The ten co-operate on a number of issues both statutory and non-statutory, where there is the possibility of improving service delivery by working together. A number of AGMA units exist which the Council contributes to. The expenditure incurred is contained within the relevant service headings in the Comprehensive Income and Expenditure Statement. During 2013/14 this amounted to £0.871m.

### Assisted Organisations

The Council has pooled budget arrangements with Wigan Borough Clinical Commissioning Group (CCG) and the Integrated Community Equipment Service (ICES). Further details are included in Note 33 Pooled Budgets.

The Council also provided Community Services Fee funding of £10.000m during 2013/14 to the Wigan Leisure and Culture Trust.

## 40. Related Businesses and Companies

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

This is a company limited by guarantee. The Council is the sole member of the company and has the right to appoint 4 out of 12 Directors. The Council would be able to secure a distribution of assets and could equally dissolve the company. The company has a contractual relationship with the Council and is responsible for the management of the Council's housing stock. The Council paid the Company a management fee of £13.8m for 2013/14.

The company returned a pre-IAS19 deficit of £0.053m and a post IAS19 deficit of £0.817m for the financial year 2013/14. 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 £1.984m.

The Council has provided to WALH a letter of support for their pension liability of £14.0m 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 2014 was £0.870m.

The company returned a pre-tax profit of £2,815 for the financial year 2013/14. 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 £0.726m in 2013/14. The company returned a profit of £251 in 2013/14.

At the end of the financial year, the company was indebted to the Council by a net £0.262m. 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 £0.171m in 2013/14. The Council also manages surplus cash balances on behalf of the company. The amount deposited with the Council at the 31 March 2014 was £0.150m.

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

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

## 41. Leases

### Authority as lessee:

During 2013/14 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 2013/14 was £2.435m (2012/13 £2.525m). The Council also operates a car leasing scheme for its employees, however the amounts paid to the leasing company are fully reimbursed to the Council through the employee salary sacrifice scheme.

The Council was committed at 31 March 2014 to future lease payments of £6.763m under these operating leases, comprising the following elements:

	Vehicles, Plant & Equipment £'000s	Property £'000s	Total £'000s
Lease payments during 2014/15	951	757	1,708
Lease payments between 2015/16 and 2018/19	1,437	734	2,171
Lease payments after 2018/19	0	2,884	2,884
<b>Total Leases</b>	<b>2,388</b>	<b>4,375</b>	<b>6,763</b>

### Authority as lessor:

The Council acts as lessor for numerous commercial and industrial land and property assets in the borough and the rent receivable in respect of these operating leases for the year 2013/14 was £3.170m (2012/13 £2.855m).

The future minimum lease payments receivable are:

	Total £'000s
Leases expiring in 2014/15	2,905
Leases expiring between 2015/16 and 2018/19	8,732
Leases expiring after 2018/19	172,900
<b>Total Leases</b>	<b>184,537</b>

Of the minimum lease payments receivable after 2018/19 of £172.9m, £103.7m is in respect of leases which are due to expire more than 50 years after 31 March 2014.



## 42. Pension Schemes

### Pension Schemes Accounted for as Defined Contribution Schemes

#### Teachers' Pension Scheme

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

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every three years.

The scheme has in excess of 6,000 participating employers and consequentially, the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total contributions into the Teacher's Pension Scheme during the year ending March 2014, the Council's own contributions equate to approximately 14.1%.

For the Teachers' Pension Scheme, the Council paid £11.9m in 2013/14 (£12.4m in 2012/13) to Capita Teachers' Pensions. In addition the Council pays the pension payments for teachers relating to added years together with related increases. In 2013/14 these amounted to £4.1m (£4.1m in 2012/13).

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

#### NHS Staff Pension Scheme

During 2013/14, NHS staff have transferred to the Council. These staff have maintained their membership in the NHS Pension Scheme. The scheme provides these staff with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members pensionable salaries.

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

In 2013/14, the Council paid £0.231m to the NHS Pension Scheme in respect of former NHS staff retirement benefits. There were no contributions remaining payable at the year end.

## Defined Benefit Pension Schemes

### Participation in Pension Schemes

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

### The Local Government Pension Scheme

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

The cost of retirement benefits is recognised in the 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

2012/13 £'000		2013/14 £'000
	<b>Cost of Services:</b>	
19,600	current service cost	24,027
1,400	past service cost (including curtailments)	1,674
<b>21,000</b>	<b>Total Service Cost</b>	<b>25,701</b>
	<b>Financing and Investment Income &amp; Expenditure:</b>	
-32,700	interest income on plan assets	-34,880
46,700	interest cost on defined benefit obligation	50,799
<b>14,000</b>	<b>Total Net Interest</b>	<b>15,919</b>
<b>35,000</b>	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>41,620</b>
	<b>Remeasurements of the Net Defined Liability Comprising:</b>	
-66,200	return on plan assets excluding amounts included in net interest	2,641
0	changes in demographic assumptions	1,534
117,300	changes in financial assumptions	6,156
1,000	other	-36,412
<b>52,100</b>	<b>Total Remeasurements Recognised in Other in the Comprehensive Income and Expenditure Statement</b>	<b>-26,081</b>
<b>87,100</b>	<b>Total Post Employment Benefit Charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>15,539</b>

## Movement in the Reserves Statement - General Fund

2012/13 £'000		2013/14 £'000
-35,000	Reversal of net charges made to the surplus / deficit on the provision of service	-41,620
19,200	Employers' contributions payable to the scheme	19,982
5,898	Retirement benefits payable to pensioners	5,890
<b>-9,902</b>	<b>Actual amount charged against the General Fund Balance for Pensions in the year</b>	<b>-15,748</b>

## Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme	
	2012/13 £'000	2013/14 £'000
Present value of the defined benefit obligation	-1,133,000	-1,148,130
Fair value of employer assets	779,000	804,463
<b>Total</b>	<b>-354,000</b>	<b>-343,667</b>
Other movements in the liability (asset) (if applicable)	0	0
<b>Net Liability Arising from the Defined Benefit Obligation</b>	<b>-354,000</b>	<b>-343,667</b>

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

	Funded Liabilities: Local Government Pension Scheme	
	2012/13 £'000	2013/14 £'000
<b>Opening fair value of scheme liabilities</b>	<b>976,900</b>	<b>1,133,000</b>
Current Service Cost	19,600	24,027
Interest Cost	46,700	50,799
Contributions from scheme participants	6,900	6,722
<b>Remeasurement gain</b>		
Change in demographic assumptions	0	1,534
Change in financial assumptions	117,300	6,156
Other	1,000	-36,412
Past Service Costs	1,400	1,674
Benefits Paid	-36,800	-39,370
<b>Closing balance at 31 March</b>	<b>1,133,000</b>	<b>1,148,130</b>

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

	Local Government Pension Scheme	
	2012/13 £'000	2013/14 £'000
<b>Opening fair value of scheme assets</b>	<b>684,900</b>	<b>779,000</b>
Interest Income	32,700	34,880
<b>Remeasurement gain</b>		
Return on assets excluding amounts included in net interest	66,200	-2,641
Contributions from employer	25,100	25,872
Contributions from employees into the scheme	6,900	6,722
Benefits Paid	-36,800	-39,370
<b>Closing fair value of scheme assets</b>	<b>779,000</b>	<b>804,463</b>

In 2013/14 three primary schools transferred to Academy Status. The actuary has not separately valued the bulk transfer of membership relating to the schools. The figure has been estimated to be immaterial to the total figures and therefore is not required to be shown separately.

## Local Government Pension Scheme assets comprised:

	Quoted prices in active markets	Quoted prices in active markets	Total	Percentage of Total Assets	Quoted prices in active markets	Quoted prices in active markets	Total	Percentage of Total Assets
	2012/13 £'000	2012/13 £'000		2012/13 £'000	2012/13 %	2013/14 £'000		2013/14 £'000
<b>Equity Securities</b>								
Consumer	86,529	0	<b>86,529</b>	<b>11</b>	84,752	0	<b>84,752</b>	<b>11</b>
Manufacturing	71,371	0	<b>71,371</b>	<b>9</b>	77,749	0	<b>77,749</b>	<b>10</b>
Energy and utilities	70,104	0	<b>70,104</b>	<b>9</b>	71,074	0	<b>71,074</b>	<b>9</b>
Financial Institutions	85,541	0	<b>85,541</b>	<b>11</b>	98,235	0	<b>98,235</b>	<b>12</b>
Health and care	34,775	0	<b>34,775</b>	<b>4</b>	34,411	0	<b>34,411</b>	<b>4</b>
Information Technology	14,725	0	<b>14,725</b>	<b>2</b>	15,649	0	<b>15,649</b>	<b>2</b>
Other	10,496	0	<b>10,496</b>	<b>1</b>	12,253	0	<b>12,253</b>	<b>2</b>
<b>Debt Securities</b>								
Corporate bonds (investment grade)	60,530	0	<b>60,530</b>	<b>8</b>	47,819	0	<b>47,819</b>	<b>6</b>
UK Government	12,117	0	<b>12,117</b>	<b>2</b>	13,410	0	<b>13,410</b>	<b>2</b>
Other	26,853	0	<b>26,853</b>	<b>3</b>	27,886	0	<b>27,886</b>	<b>3</b>
<b>Private Equity</b>								
All	0	18,821	<b>18,821</b>	<b>2</b>	0	19,862	<b>19,862</b>	<b>2</b>
<b>Real Estate</b>								
UK Property	0	22,817	<b>22,817</b>	<b>3</b>	0	23,696	<b>23,696</b>	<b>3</b>
<b>Investment Funds and Unit Trusts</b>								
Equities	153,831	0	<b>153,831</b>	<b>21</b>	154,280	0	<b>154,280</b>	<b>19</b>
Bonds	43,186	0	<b>43,186</b>	<b>6</b>	42,560	0	<b>42,560</b>	<b>5</b>
Infrastructure	0	4,716	<b>4,716</b>	<b>1</b>	0	5,683	<b>5,683</b>	<b>1</b>
Other	0	19,143	<b>19,143</b>	<b>2</b>	0	32,415	<b>32,415</b>	<b>4</b>
<b>Derivatives</b>								
Other	10,389	0	<b>10,389</b>	<b>1</b>	10,991	0	<b>10,991</b>	<b>1</b>
<b>Cash and Cash Equivalents</b>								
All	33,056	0	<b>33,056</b>	<b>4</b>	31,730	0	<b>31,730</b>	<b>4</b>
<b>Totals</b>	<b>713,503</b>	<b>65,497</b>	<b>779,000</b>	<b>100</b>	<b>722,799</b>	<b>81,656</b>	<b>804,455</b>	<b>100</b>

## Basis for Estimating Assets and Liabilities

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

Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the administering authority being based on the latest full valuation of the scheme as at 1 April 2013.

The significant assumptions used by the actuary have been:

### Mortality Assumptions

2012/13		2013/14
	<b>Longevity at 65 for current pensioners:*</b>	
20.1 years	Male	21.4 years
22.9 years	Female	24.0 years
	<b>Longevity at 65 for future pensioners:*</b>	
22.5 years	Male	24.0 years
25.0 years	Female	26.6 years
2.8%	Rate of Inflation (Price Increases)	2.8%
4.6%	Rate of increase in salaries (Salary Increases)	3.9%
2.8%	Rate of increase in pensions (Pension Increases)	2.8%
4.5%	Rate of discounting scheme liabilities (Discount Rate)	4.3%
50.0%	Take up of option to convert annual pension into retirement grant	55.0%

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

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

An allowance is included for future retirements to elect to take 55% of the maximum additional tax free cash up to the HRMC limits for pre-April 2008 service and 80% of the maximum tax-free cash for post-April 2008 service.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Change in Assumption at 31 March 2014	Approximate % increase to Employer Liability £'000	Approximate monetary amount £'000
0.5% decrease in Real Discount Rate	9%	108,006
1 year increase in member life expectancy	3%	34,447
0.5% increase in the Salary Increase Rate	3%	32,783
0.5% increase in the Pension Increase Rate	6%	73,994

### Impact on Authority's cash flow – Local Government Pension Scheme

The objectives of the scheme are to keep employers contributions at as constant a rate as possible and agree a funding strategy to ensure future employers contributions meet the Administering Authority's funding objectives. Following the latest triennial valuation the LGPS has been assessed as being 90.5% funded. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed 31 March 2016.

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

The Council anticipates paying £20.825m contributions to the scheme in 2014/15.

The weighted average duration of the defined benefit obligation for scheme members is 19.2 years.

## 43. Contingent Liabilities

### Municipal Mutual Insurance (MMI)

The scheme of arrangement was enacted in 2012/13. In effect an initial levy of 15% was paid in 2013/14 and this has been accounted for within the Insurance Provision for the 2013/14 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.

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

## **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 potential claims including 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 £14.0m 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.

## NNDR

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

## 44. Expenditure on Publicity

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

2012/13 £'000		2013/14 £'000
14	Recruitment and Advertising Expenses	30
416	Other Advertising	367
715	Other Publicity	888
<b>1,145</b>	<b>Total Expenditure on all Publicity</b>	<b>1,285</b>

#### 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 2013/14 financial statements, of which this note fulfils the disclosure requirements.

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

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

In 2013/14 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 2012/13 £'000		Chargeable 2013/14 £'000	Non Chargeable 2013/14 £'000	All Other Building Control 2013/14 £'000	Total Building Control 2013/14 £'000
	<b>Expenditure</b>				
302	Employees Expenses	170	66	67	303
12	Transport	7	3	3	13
32	Supplies and Services	21	5	6	32
239	Central and Support Services Charges	119	56	71	246
1	Capital Charges and Depreciation	0	0	0	0
<b>586</b>	<b>Total Expenditure</b>	<b>317</b>	<b>130</b>	<b>147</b>	<b>594</b>
	<b>Income</b>				
-266	Building Regulation Charges	-272	0	0	-272
-41	Miscellaneous Income	-44	0	-3	-47
<b>-307</b>	<b>Total Income</b>	<b>-316</b>	<b>0</b>	<b>-3</b>	<b>-319</b>
<b>279</b>	<b>Surplus (-) Deficit for the year</b>	<b>1</b>	<b>130</b>	<b>144</b>	<b>275</b>

## 46. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Director of Resources and Contracts (Deputy Chief Executive) on 30 June 2014. 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 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## 47. Accounting Policies

### General Principles

The Statement of Accounts summarises the Council's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. 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 2013/14 and the Service Reporting Code of Practice 2013/14, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

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

### Accruals of Income and Expenditure

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

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

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

### Cash and Cash Equivalents

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

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

### Charges to Revenue for Non Current Assets

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

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

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

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

or:

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

Depreciation, impairment and revaluation losses and amortisations are therefore replaced by revenue provision in the General Fund Balance, 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) 2013/14. 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 (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

## Events After the Balance Sheet Date

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

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

## Financial Assets

Financial assets are classified into two types:

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

## Loans and Receivables

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

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

Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

### Available-for-Sale Assets

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

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

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

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

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

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

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

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

### **Carbon Reduction Commitment (CRC) Energy Efficiency Scheme**

The authority is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. This scheme is currently in the last year of its introductory phase, which ends on 31 March 2014. The authority is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions, i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. 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 and is apportioned to services on the basis of energy consumption.

### **Guarantees Entered Into Before 1 April 2006**

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

### **Financial Liabilities**

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



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

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

### Foreign Currency Translation

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

### Government Grants and Contributions

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

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

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

### **Inventories and Long Term Contracts**

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

### **Intangible Fixed Assets**

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

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

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

## Leases

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

### The Authority as Lessee

#### Operating Leases

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

### The Authority as Lessor

#### Operating Leases

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

### The Authority as Lessor

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

## Pensions

The Council contributes to three different pension schemes;

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

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

### The Local Government Pension Scheme

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

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

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

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

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

1. **current service cost** – the increase in liabilities as a result of years of service earned this year. This is allocated in the Comprehensive Income and Expenditure Account to the revenue accounts of services for which the employees worked
2. **past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. This is debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Account as part of Non Distributed Costs
3. **net interest on the net defined benefit liability (asset)** – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Account. This is calculated by applying the discount rate used to measure the defined obligation at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

4. **expected return on plan assets** – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return. This is credited to Financing and Investment Line in the Comprehensive Income and Expenditure Account
5. **actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
6. **contributions paid to the pension fund** – cash paid as employer’s contributions to the fund

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

### **Discretionary Benefits**

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

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

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

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

## Private Finance Initiative (PFI) and Similar Contracts

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

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

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

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

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

- **fair value of the services received during the year** – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- **finance cost** – an interest charge of 12% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- **payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- **life cycle costs** – proportion of the amounts payable are treated as revenue expenditure and part of the services element of the unitary payment. Regular replacement of components are treated as part of the finance lease rentals

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

## Provisions, Contingent Liabilities and Contingent Assets

### Provisions

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

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

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

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

### Contingent Liabilities

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

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

### Property, Plant and Equipment

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

## Recognition

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

## Measurement

Assets are initially measured at cost, comprising:

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

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

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

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

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

- **infrastructure, community assets and assets under construction** – depreciated historical cost
- **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 (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

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

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

## Depreciation

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

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

Depreciation is calculated on the following bases:

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

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

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

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arms-length. Properties are not depreciated but are re-valued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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 4,000 items and includes paintings, prints, sketches, musical instruments, pewter and glass items, coins and jewellery. This year a number of Egyptian artefacts not previously identified have been added to the collection. When donations to the collection occur they are initially recognised at insurance valuation. The Egyptian artefacts have been valued by Manchester Museum.

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 Roman period 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. All the books have now been disposed of.

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.

### **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 Community History Manager at the Museum of Wigan Life, Library Street, Wigan. WN1 1NU. Tel: 01942 828128. Email: [heritage@wlct.org](mailto: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 2014

2012/13 £'000		Notes	2013/14 £'000
	<b>Expenditure</b>		
21,594	Repairs & Maintenance	1	24,539
16,065	Supervision & Management	2	16,989
1,073	Rents, Rates, Taxes and Other Charges	3	972
41,246	Depreciation and Impairment of Non Current Assets	4/5	39,201
53	Debt Management Costs	6	40
800	Movement in the Allowance for Bad Debts	7	1,657
<b>80,831</b>	<b>Total Expenditure</b>		<b>83,398</b>
	<b>Income</b>		
79,611	Dwelling Rents	8/9	85,032
660	Non-dwelling Rents	10	639
1,735	Charges for Services & Facilities	11	1,834
1,783	Contributions towards Expenditure	12	1,554
<b>83,789</b>	<b>Total Income</b>		<b>89,059</b>
<b>-2,958</b>	<b>Net Cost Of HRA Services as included in the whole authority Comprehensive Income &amp; Expenditure Statement</b>		<b>-5,661</b>
143	HRA services share of Corporate and Democratic Core		120
<b>-2,815</b>	<b>Net Income for HRA Services</b>		<b>-5,541</b>
	<b>HRA share of the operating income and expenditure included in the whole authority Comprehensive Income &amp; Expenditure Statement:</b>		
-1,072	Gain (-) or loss on sale of HRA non current assets		-1,407
18,434	Interest payable and similar charges	13	18,240
-91	HRA Interest and investment income	14	-158
-144	Gain (-) or loss on the Revaluation of HRA Investment Property		3
-3,244	Capital grants and contributions receivable		-1,525
<b>11,068</b>	<b>Surplus (-) or deficit for the year on HRA services</b>		<b>9,612</b>

## MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2012/13 £'000		Notes	2013/14 £'000
<b>-7,071</b>	<b>Housing Revenue Account surplus brought forward</b>		<b>-9,833</b>
11,068	Surplus (-) or deficit for the year on the HRA Income and Expenditure Statement		9,612
-15,971	Adjustments between accounting basis and funding basis under the legislative framework	15	-15,888
1,072	Gain or loss on sale of HRA non current assets		1,407
1,400	Capital expenditure funded by the HRA	16	1,377
1,786	Transfer to / (from) Capital Adjustment Account	17	5,796
-2,034	Transfer to / (from) Major Repairs Reserve	18	-5,796
<b>-9,750</b>	<b>Net increase or decrease before transfers to or from reserves</b>		<b>-13,325</b>
-83	Transfers to (from) reserves		0
<b>-9,833</b>	<b>Balance on the HRA at the end of the current year</b>	19	<b>-13,325</b>

## NOTES TO THE HOUSING REVENUE ACCOUNT

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

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

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

### 1. Repairs & Maintenance

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

### 2. Supervision & Management

This is the cost of managing and delivering services to all of the properties within the Housing Revenue Account. The main cost is the Management Fee charged by Wigan and Leigh Housing.

### 3. Rents, Rates and Other Charges

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

### 4. Depreciation and Impairment Charges

The depreciation and impairment charges for 2013/14 are as follows:

	£'000
Depreciation on Property, Plant and Equipment – Dwellings	21,533
Depreciation on Property, Plant and Equipment – Other Land and Buildings	181
Depreciation on Property, Plant and Equipment – Vehicles, Plant, Furniture and Equipment	74
<b>Total Depreciation</b>	<b>21,788</b>
Impairment	17,413
<b>Total Depreciation and Impairment</b>	<b>39,201</b>

The impairment charge represents the value of non-enhancing capital expenditure on HRA dwellings in 2013/14.

### 5. 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 2013/14 the interest costs are £18.240m and the impairment charge is £17.415m.



## 6. Debt Management Expenses

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

## 7. Movement in the Allowance for Bad Debts

Contributions towards the HRA Allowance for Bad Debt amounted to £1.657m in 2013/14 compared with £0.800m in 2012/13. 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 2013	4,112	85.76
31 March 2014	5,241	101.26

Rent Arrears are analysed below:

31.3.13			31.3.14	
£'000	%		£'000	%
1,570	4.69	Current Tenants Arrears	1,688	4.43
2,591	7.75	Former Tenants Arrears	2,947	7.73
634	1.90	Overpaid Housing Benefit	541	1.42
<b>4,795</b>	<b>14.34</b>	<b>Total Arrears</b>	<b>5,176</b>	<b>13.58</b>

## 8. Dwelling Rents

This is the total income due for the year after allowing for rent lost on void properties. In 2013/14 the void property rent loss was 1.28% compared with 0.81% in 2012/13.

## 9. Stock Numbers and Valuations

	1.4.13	31.3.14	Change Number	Change %
<b>Houses</b>				
1 Bedroom	2,405	2,406	1	0.04
2 Bedrooms	4,620	4,676	56	1.21
3 Bedrooms	9,988	9,848	-140	-1.40
4 or more Bedrooms	278	270	-8	-2.88
<b>Total Houses</b>	<b>17,291</b>	<b>17,200</b>	<b>-91</b>	<b>-0.53</b>
<b>Flats</b>				
1 Bedroom	3,189	3,159	-30	-0.94
2 Bedrooms	2,034	2,039	5	0.25
3 or more Bedrooms	62	60	-2	-3.23
<b>Total Flats</b>	<b>5,285</b>	<b>5,258</b>	<b>-27</b>	<b>-0.51</b>
<b>Total Houses &amp; Flats</b>	<b>22,576</b>	<b>22,458</b>	<b>-118</b>	<b>-0.52</b>

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

	1.4.13 £'000	31.3.14 £'000
Property, Plant and Equipment – Dwellings	540,347	519,740
Property, Plant and Equipment – Other Land and Buildings	12,210	13,477
Property, Plant and Equipment – Assets Under Construction	1,184	1,444
Intangible Assets	155	81
Investment Property	364	336
<b>Total HRA Assets</b>	<b>554,260</b>	<b>535,078</b>

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

The vacant possession value of the dwellings within the Housing Revenue Account as at 1 April 2013 has been assessed at £1.547bn. The vacant possession value and balance sheet value of the dwellings within the HRA show the economic cost to Government of providing council housing at less than market rents.

**10. Non Dwelling Rents**

Rents from garages, shops and miscellaneous parcels of land.

**11. Charges for Services and Facilities**

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

**12. Contributions towards Expenditure**

Various contributions including:

- Tenants rechargeable repairs
- Settlement of insurance claims

**13. Interest Payable and Similar Charges**

This is interest payable on the HRA debt outstanding.

Interest charges have decreased slightly from £18.434m in 2012/13 to £18.240m in 2013/14. As at 31 March 2014 the amount of HRA debt outstanding was £314.085m.

**14. HRA Interest and Investment Income**

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

**15. Adjustment between Accounting Basis and Funding Basis under statute**

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

## 16. Funding the 2013/14 HRA Capital Expenditure

	£'000
<b>Capital Expenditure 2013/14</b>	<b>21,516</b>
<b>Funded by:</b>	
Contributions from the Major Repairs Reserve	17,571
Other Grants and Contributions	1,525
Revenue Contributions to Capital Expenditure	1,377
Usable Capital Receipts	1,043
<b>Total Funding 2013/14</b>	<b>21,516</b>

## Summary of Capital Receipts 2013/14

	£'000
Disposal of Dwellings (Right to Buy)	5,104
Disposal of Land and Other Property	0
<b>Total Capital Receipts 2013/14</b>	<b>5,104</b>

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

This is made up of voluntary debt repayment of £3.446m and a voluntary revenue provision of £2.350m to cover the transfer of property from the general fund for new build affordable housing (£2.135m) and office accommodation (£0.215m).

## 18. Transfer to / (from) Major Repairs Reserve

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

## Major Repairs Reserve Movements 2013/14

	£'000
<b>Opening Balance at 1 April 2013</b>	<b>12,161</b>
Transfers Into the MRR 2013/14	21,788
Expenditure charged to the MRR in 2013/14	-17,571
Voluntary Revenue Provision on land purchased and legacy debt from the MRR in 2013/14 to the HRA	-5,796
<b>Closing Balance at 31 March 2014</b>	<b>10,582</b>

This is a statutory reserve maintained to show how the HRA Major Repairs Allowance funding has been used. The reserve commenced the financial year with a balance of £12.161m. In 2013/14 funding of £21.8m was received, which was used during the financial year to pay for major refurbishment works to Council dwellings. The reserve has a £10.582m balance to carry forward to 2014/15.

## 19. Surplus at 31 March 2014

This is the accumulated HRA surplus as at 31 March 2014. This is carried forward into 2014/15 for use in future years.

## THE COLLECTION FUND 2013/14

Collection Fund 2012/13 £'000		Notes	Business Rates 2013/14 £'000	Council Tax 2013/14 £'000	Total 2013/14 £'000
	<b>Income</b>				
107,996	Council Tax Receivable	1	0	116,681	116,681
75,096	Income from Business Ratepayers	2	80,605	0	80,605
25,690	Council Tax Benefit		0	0	0
<b>208,782</b>			<b>80,605</b>	<b>116,681</b>	<b>197,286</b>
	<b>Precepts, Demands and Shares</b>				
74,706	NNDR Contribution to National Pool		0	0	0
0	Central Government		37,929	0	37,929
0	Transitional Protection Payments		-120	0	-120
113,517	Billing Authority		37,170	98,387	135,557
13,974	Office of the Police and Crime Commissioner for GM		0	12,285	12,285
5,098	GM Fire		759	4,742	5,501
<b>207,295</b>			<b>75,738</b>	<b>115,414</b>	<b>191,152</b>
	<b>Charges to Collection Fund</b>				
0	Write offs of uncollectable amount		1,646	991	2,637
1,647	Increase / Decrease in Bad Debt Provision		1,795	0	1,795
0	Increase / Decrease in Provision for Appeals		3,833	0	3,833
390	Cost of Collection		388	0	388
<b>2,037</b>			<b>7,662</b>	<b>991</b>	<b>8,653</b>
-550	<b>Surplus / Deficit (-) arising in the year</b>		-2,795	276	-2,519
-155	<b>Surplus / Deficit (-) b/fwd 1st April</b>		0	-705	-705
<b>-705</b>	<b>Surplus / Deficit (-) c/fwd 31st March</b>		<b>-2,795</b>	<b>-429</b>	<b>-3,224</b>
	<b>Allocated to:</b>				
-601	<b>Wigan</b>		-1,370	-364	-1,734
0	<b>Central Government</b>		-1,397	0	-1,397
-75	<b>Office of the Police and Crime Commissioner for GM</b>		0	-47	-47
-29	<b>GM Fire</b>		-28	-18	-46
<b>-705</b>			<b>-2,795</b>	<b>-429</b>	<b>-3,224</b>

## NOTES TO THE COLLECTION FUND

### Collection Fund

The Collection Fund reflects the statutory requirement for billing authorities to establish and maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR).

### Accounting Policies

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

## Council Tax

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

## National Non-Domestic Rates

Up to 31 March 2013 the Council (as a billing authority) collected NNDR from ratepayers in its area on behalf of central government. The Council paid the net income raised into a national rates pool administered by the Government and this national rates pool is redistributed back to local and precepting authorities as part of the Formula Funding grant assessment and distribution.

From 2013/14 the operation of NNDR will follow a similar process to Council Tax where an assessment of the receipts which can be raised will be forecast by the Council and this will be shared between central government, the Council and the Fire and Rescue Authority in the fixed proportions of 50%, 49% and 1% respectively.

Any year end surplus or deficits will be shared between the three bodies and taken into account in their budget processes in the following year.

## Note 1

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

The Council Tax base for 2013/14 was 82,265 (96,822 in 2012/13) calculated as follows:

## Tax Base (Band D equivalents)

COUNCIL TAX BANDS (NO. OF PROPERTIES)

A	B	C	D	E	F	G	H	TOTAL
25,764	18,934	17,251	10,472	6,376	2,420	890	158	82,265

The average (Band D) Council Tax for the area of the billing authority was £1,402.08.

The calculation of the tax base contains a provision of 1% for losses on collection arising from bad debts and appeals against valuation etc.

## Note 2

The Council collects NNDR for its area based on local rateable values provided by the Valuation Office. The Rateable Value is multiplied by a multiplier rate set by Central Government.

The total non-domestic rateable value at the year end was £209.2m.

The national multipliers are as follows:

	2012/13	2013/14
Standard Business rate	45.8p	47.1p
Small Businesses rate	45.0p	46.2p

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### The Council's Responsibilities

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Resources and Contracts (Deputy Chief Executive);
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to consider and if agreeable approve the Statement of Accounts.

In accordance with the decision of the Audit, Governance and Improvement Review Committee held on 25 September 2014, I hereby approve the accounts for Wigan Council for the year ended 31 March 2014.



**Councillor Carl Sweeney**  
Chair of Meeting  
25 September 2014

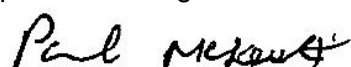
### The Director of Resources and Contracts (Deputy Chief Executive) Responsibilities

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 2014.

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



**P McKevitt BA(Hons) CGMA, Director Resources and Contracts (Deputy Chief Executive)**  
25 September 2014

# GLOSSARY

## A

### **ACCRUALS**

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

### **ACCUMULATED ABSENCES**

Leave, Flexi-time and Time in Lieu that has not been taken at the end of the financial year.

### **ACTUARY**

An actuary is a business professional who deals with the financial impact of risk and uncertainty.

### **AGENCY ARRANGEMENTS**

Services performed by or for another Authority or public body, where the agent is reimbursed for the cost of the work done.

### **AMORTISATION**

The measure of the consumption or other reduction in the useful economic life of an intangible asset, whether arising from use, passage of time or obsolescence through technological or other changes.

## B

### **BUDGET**

A statement defining in financial terms the Authority's plans over a specified period. The budget is prepared as part of the process of setting the Council Tax.

## C

### **CAPITAL ADJUSTMENT ACCOUNT**

This provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital control system.

### **CAPITAL EXPENDITURE**

Expenditure on the acquisition of fixed assets such as land, buildings, vehicles and equipment which are of long term value, or expenditure which adds to and not merely maintains the value of existing fixed assets.

### **CAPITAL FINANCING COSTS**

Each service is charged with an annual capital charge to reflect the cost of fixed assets used in the provision of services.



## **CAPITAL FINANCING REQUIREMENT**

This measures the underlying need to borrow to finance capital expenditure.

## **CAPITAL RECEIPTS**

Money received from the sale of capital assets such as land and buildings and vehicles, which may be used to repay outstanding debt or to finance new assets.

## **COLLECTION FUND**

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

## **CORPORATE AND DEMOCRATIC CORE**

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

## **CORPORATE GOVERNANCE**

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

## **COUNCIL TAX**

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

## **CREDITORS**

Amounts owed by the Authority for work done, goods received or services rendered but for which payment has not been made at the balance sheet date.

# **D**

## **DEBTORS**

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

## **DEFERRED LIABILITIES**

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

## **DEFINED BENEFIT PENSION SCHEME**

A defined benefit pension scheme is one where retirement benefits are determined independently of the investments of the scheme and employers have obligations to make contributions where assets are insufficient to meet employee benefits. The Local Government scheme is classified as a defined benefit scheme.

## **DEPRECIATION**

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.

## F

### **FAIR VALUE**

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

### **FINANCIAL INSTRUMENTS**

This is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another. The term covers both financial assets (e.g. loans receivable) and financial liabilities (e.g. borrowings).

### **FUNDED PENSION SCHEME**

A funded pension scheme is one in which the future liabilities for pension benefits are provided for by the accumulation of assets held externally to the employer's business.

## H

### **HERITAGE ASSETS**

These are held by the Council principally for their contribution to knowledge and culture.

### **HOUSING REVENUE ACCOUNT**

The Housing Revenue Account is a statutory account maintained separately from General Fund services. It includes all revenue expenditure and income relating to the provision, maintenance and administration of Council Housing and associated areas.

## I

### **IMPAIRMENT**

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

### **INTANGIBLE ASSETS**

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

## L

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

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

## M

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

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

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

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

## **N**

### **NATIONAL NON DOMESTIC RATES (NNDR)**

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.

## **PUBLIC HEALTH TRANSFER**

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

# **R**

## **RESERVES**

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

## **REVALUATION RESERVE**

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

## **REVENUE EXPENDITURE**

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

## **REFCUS**

Revenue expenditure funded by capital under statute.

# **S**

## **SECTION 106**

A legally binding agreement or planning obligation with a landowner, in association with the granting of planning permission.

# **U**

## **UNFUNDED PENSION SCHEME**

This is one in which liabilities for pension benefits are charged to the employer's revenue account in the year in which they arise and are not financed from investments held.

## **UNIVERSAL CREDIT**

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

## V

### **VOLUNTARY REVENUE PROVISION (VRP)**

The VRP is a voluntary revenue contribution for the repayment of debt. It recognises the shorter life span of a number of assets i.e. vehicles, that would become obsolete before the original debt has been repaid.

## 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 2013/14**

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

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

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

<https://www.gov.uk/government/organisations/department-for-communities-and-local-government>

#### D

##### **Department for Education (DFE)**

UK government department with responsibility for infant, primary and secondary education.

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

##### **Department for the Environment, Food and Rural Affairs (DEFRA)**

This government department integrates environmental, social and economic objectives.

DEFRA promotes sustainable development as the way forward for Government.

<https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs>

### **Department for Work and Pensions (DWP)**

UK government department with responsibility for welfare and pension policy.

<https://www.gov.uk/government/organisations/department-for-work-pensions>

## **G**

### **Greater Manchester Combined Authority (GMCA)**

The ten authorities in Greater Manchester are the first in the country to develop a statutory Combined Authority which will co-ordinate key economic development, regeneration and transport functions. The Greater Manchester Combined Authority (GMCA) was established on the 1 April 2011.

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

## **H**

### **Her Majesty's Revenue and Customs (HMRC)**

HMRC is the body with the legal responsibility for collecting the bulk of tax revenue.

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

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

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

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

### **Home Office (HO)**

The Home Office is the lead government department responsible for immigration and passports, drugs policy, crime, counter-terrorism and police.

<https://www.gov.uk/government/organisations/home-office>

## **O**

### **Office for Standards in Education, Children's Services and Skills (OFSTED)**

Inspects and regulates educational services in the UK and promotes educational, economic and social well-being of children, young people and adult learners.

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

## **P**

### **Public Works Loan Board (PWLB)**

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

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

## R

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

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

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

## S

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

Published by CIPFA for 2013/14, 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/>

## T

### **Teachers Pension Agency (TPA)**

The agency administers the Teachers pension scheme in England and Wales on behalf of the Department for Education.

<https://www.teacherspensions.co.uk/>

## V

### **Valuation Office Agency (VOA)**

The VOA is an executive agency of HM Revenue & Customs (HMRC) who provide the Government with the valuations and property advice required to support taxation and benefits. They also deliver a range of statutory and non-statutory valuation and surveying services to public sector bodies.

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



## FUNDING

### D

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

The Council's expenditure on schools is funded primarily by grant monies provided by the DfE. DSG is ring-fenced and can only be applied to meet expenditure properly included in the schools budget, as defined in the School Finance (England) Regulations 2012.

### R

#### **Retained National Non Domestic Rate (NNDR)**

Up to 31 March 2013 the Council (as a billing authority) collected NNDR from ratepayers in its area on behalf of central government. The Council paid the net income raised into a national rates pool administered by the Government and this national rates pool is redistributed back to local and precepting authorities as part of the Formula Funding grant assessment and distribution.

From 2013/14 the operation of NDR follows a similar process to Council Tax where an assessment of the receipts which can be raised will be forecast by the Council and this will be shared between central government, the Council and the Fire and Rescue Authority in the fixed proportions of 50%, 49% and 1% respectively. Any year end surplus or deficits will be shared between the three bodies and taken into account in their budget processes in the following year.

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

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

### S

## SCHEMES

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

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

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

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

### **Teachers Pension Scheme**

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by the Teachers Pension Agency (TPA). N.B. new legislation to be introduced on 1 April 2015 will introduce some new guidelines to the TPA. It provides teachers with defined benefits upon retirement and the council contributes towards those costs by making contributions based on members' pensionable salaries.

### **NHS Pension Scheme**

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

## **OTHER TERMS OF REFERENCE**

### **A**

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

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

### **C**

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

Clinical Commissioning Group's are authorised to provide healthcare services for their communities following the transition from the PCT's (Primary Care Trust's) on 1 April 2013. The Wigan Borough Clinical Commissioning Group is the statutory body responsible for commissioning local health services in Ashton, Leigh and Wigan.

### **L**

#### **LMS (Local Management of Schools)**

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

### **S**

#### **SEN (Special Educational Needs)**

There are a number of SEN projects running across the Council. The ultimate aim of the schemes is to ensure that every child with special educational needs reaches their full potential in school and can make a successful transition to adulthood. The Council does this by promoting the welfare and interests of disabled children and offering advice for parents, teachers and other professionals working with children with special educational needs.

# 2013/14 Statement of Accounts Feedback Questionnaire

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

Your views would be valuable in assisting us to improve the content, language and format used in the 2014/15 Statement of Accounts.

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

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

Yes  No

Comment:

.....  
.....

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

Yes  No

Comment:

.....  
.....

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

Yes  No

Comment:

.....  
.....

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

Yes  No

Comment:

.....  
.....

Please turn over the page

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

Yes  No

Comment:

.....  
.....

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

Yes  No

Comment:

.....  
.....

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

.....  
.....

8. Which of the following best describes you?

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

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

**Please return the completed feedback questionnaire to:  
Anthony Clarke, Wigan Council, Resources Directorate, Finance Division, Corporate  
Accountancy, Civic Centre, Millgate, Wigan, WN1 1AZ  
If you require any further information please do not hesitate to contact us on 01942 827272**