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FOREWORD by Cllr Peter Smith, Leader of Wigan Council

Wigan Council has developed an ambitious plan "The Deal for the Future" which will involve a radical transformation of how the Council delivers its services. Key areas include forming new relationships with residents, maintaining and protecting services for the future and growth. We want to grow by making Wigan a place where people want to invest, work and visit. The Strategy has been developed following the £115m of funding cuts that the Council has faced over the last 6 years and the £43m we estimate, is still to be cut over the next 4 years.

Whilst we have made difficult choices over this period of austerity it is really pleasing to see that the results of our residents survey, undertaken in October 2016, show a significant improvement in residents perception that the Council provides Value for Money (an 8% increase to 50%). In addition 72% of residents were also happy with their local area as a place to live.

The Council has also committed to keep Council Tax increases to a minimum. On the back of two years of council tax freezes, in 2016/17 and 2017/18 the increase in Council Tax was in line with Government proposals to help bridge the funding gap in Adult Social Care. No further general Council tax increases have been made in 2016/17 and 2017/18. Wigan was the only Metropolitan Authority not to raise general Council Tax and had the lowest increase in Greater Manchester (GM). Wigan now has the second lowest Council Tax across GM.

In March 2017 when the Budget and Council tax was approved by the Council I also took the opportunity to approve additional funding for the Community Investment Fund, which is a scheme to provide additional funds into the voluntary sector to support these organisations in becoming self-reliant whilst providing valuable services to the local community.

Wigan is the second largest Council in Greater Manchester and has a population of 320,000. Wigan occupies an enviable position, lying between Manchester and Liverpool. The area it covers is still 70 % countryside with its "greenheart" covering some 77 square miles, including stunning parks, woodlands, wetlands and green spaces. This combined with its rich sporting heritage makes Wigan an excellent place to live and to locate your business.

It is pleasing to report that in 2016/17 the savings target of £15.5m has been exceeded by £263k. This is a really positive position. However there are timing delays in the delivery of savings in Adult Social Care and Children's Services which were anticipated due to the scale of the transformation required. Plans are in place to ensure that the savings in these areas will be delivered during 2017/18.

Over the last few years the Council has taken a proactive approach to make the most of its reducing resources and ensuring that the people of the Borough receive a value for money service. The accounts that follow prove that there is a continuation of strong financial management which provides me with the assurance that the Council takes its responsibility for the accountability of public funds very seriously.

Peter Smith

Councillor Peter Smith, Leader of Wigan Council M.Sc.
Lord Smith of Leigh

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

Introduction

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

The accounts must be completed by law and in accordance with the requirements of the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards (IFRS) for 2016/17, Accounting Codes of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and any other government legislation or regulations. The overriding requirement of the Code of Practice is that the Statement of Accounts 'presents a true and fair view' of the financial position and transactions of the Council. The main financial statements follow this report.

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

This narrative report aims to provide an explanation of the Council's financial position for the financial year ending 31 March 2017, together with additional information about the Council in general. I also take this opportunity to look to the future and explain the risks and pressures that the Council faces and the plans that have been developed to place the Council in the best possible position to meet those risks.

Wigan Borough

Wigan Council is the second largest Council within Greater Manchester with a population of c320,000. The Council is made up of 25 Councillor Wards each having 3 elected Councillors giving a total of 75 Councillors. During 2016/17, the political structure of the Council was as follows:

	Number of Councillors
Labour	65
Conservative	5
Independent	4
Independent Non Group	1
	75

The Deal for the Future

This is the Council's key strategy document and sets out the programmes and pathways of how the Council will deliver these changes. There will be two key pillars of work supported by a series of enabling programmes to achieve the changes needed.

Growth – Wigan is a place where people want to invest, work and visit

Reform – Improving life opportunities and independence for everyone to start well, live well and age well

Enabling Programmes - Ensuring that our programmes are evidence based, efficient and delivered by an engaged workforce, supported by new technology

Deal for the Future, builds on the success of The Deal which has helped the Council to make savings of £115m since 2011. The Deal for the Future demonstrates how the Council will transition to a sustainable new way of operating by 2020, in the light of the financial challenges it has to face, with a further £43m identified as required to balance the Council's finances up to 2019/20.

At its core, the Deal for the Future cements our asset-based approach to working with, and for communities. As a Council, we are keen to recognise the strengths and skills of our communities and residents, and enable them to build on them for the benefit of themselves and the borough.

The Deal for the Future reflects a new relationship with residents, and explains the part the Council and public sector partners have to play, and the part residents and communities have to play, to enable shared decision making, genuine co-production and joint delivery of services.

The Council also has a key role in local economy growth through facilitating a diverse housing market, excellent transport links and infrastructure and promoting our Greenheart.

The Deal for the Future recognises too the role we must also play in influencing growth and reform across Greater Manchester and beyond, to ensure Wigan takes advantage of the opportunities that come from devolution.

The Deal for the Future also defines our reform programmes and our new delivery models: Start Well; Live Well; Age Well; Strong, Safe and Clean Communities and the Deal for Communities.

Our key achievements to date against those commitments include:

Deal for the Future Commitment	What we have done this year
People are proud to live and work in Wigan	We have seen a significant increase in those that feel that the Council provides value for money and in those who speak positively of the Council. We launched the Believe in Her campaign to tackle sexism and empower women by raising awareness of the issue of gender inequality. Launched the Believe I'm Only Human campaign to positively influence views on community cohesion. Celebrated the first Wigan Pride, celebrating diversity and the lives of local LGBT people in the Wigan Borough. Our staff are an integral part of delivering the service changes. We have looked to enable this through our training and development programmes, communication at briefing sessions for all with the Leader of the Council and the Chief Executive and by encouraging volunteering by giving two days paid leave to volunteer.
Individuals and families are at the heart of the community	The Deal in Action week has visited nearly every ward in the Borough this year, taking The Deal and our pledges out into communities and providing residents and businesses an opportunity to play their part too. Thousands of residents have had the opportunity to discuss where they live with the Leader, local councillors and senior managers during the weeks Have Your Say events.

	Local community groups and sports clubs were able to access more than £2.5 million funding. Our analysis shows that for every £1 invested through the Investment Fund, there is a £1.48 fiscal return.
We have 5,000 more jobs	Wigan is now home to Poundland's £30 million national hub and a new £40 million factory for wet-wipe manufacturer Nice-pak, bringing up to 1,000 new jobs to the borough. We launched the Wigan Economic Prospectus at the 2016 Business Expo, describing how we will drive economic growth and prosperity within the borough. The Expo was the most successful yet with over 1,000 delegates attending, and 140 businesses exhibiting. 3,410 people started an apprenticeship last year.
Less people are claiming out of work benefits	The number of people claiming out of work benefits has reduced, and the current employment rate is 76.5%, a significant increase in a positive direction and above the regional and GB figures of 71.6% and 73.8% respectively.
In all areas of the borough, life expectancy has increased	The proportion of current smokers in Wigan is now at its lowest recorded level at 18.7% of adults, and Wigan is no longer significantly worse than England average. We launched two Health on the High Street stores in Wigan and Leigh, making it easier to access health improvement services and helping to encourage more people to make lifestyle changes to improve their health and wellbeing. In the first month of opening, the team supported over 850 people.
We have more children ready for school	Five Start Well Centres were launched, offering better and more tailored services for children aged 0 – 5 and their families in communities, wrapping services around families via integrated teams.
30% reduction in looked after children	The number of children looked after has reduced by 8% this year.

The table shows some significant progress but the coming year is not without some challenges. However, robust plans are in place to help the Council build upon the successes achieved so far.

Review of the Financial Performance 2016/17

Revenue

The Council's 2016/17 revenue outturn position is shown in the table below. A surplus of £0.263m has been achieved in 2016/17 together with the planned savings of £15.5m. The underspend has been added to the General Fund reserves and can be seen in the Movement in Reserves Statement in the following accounts.

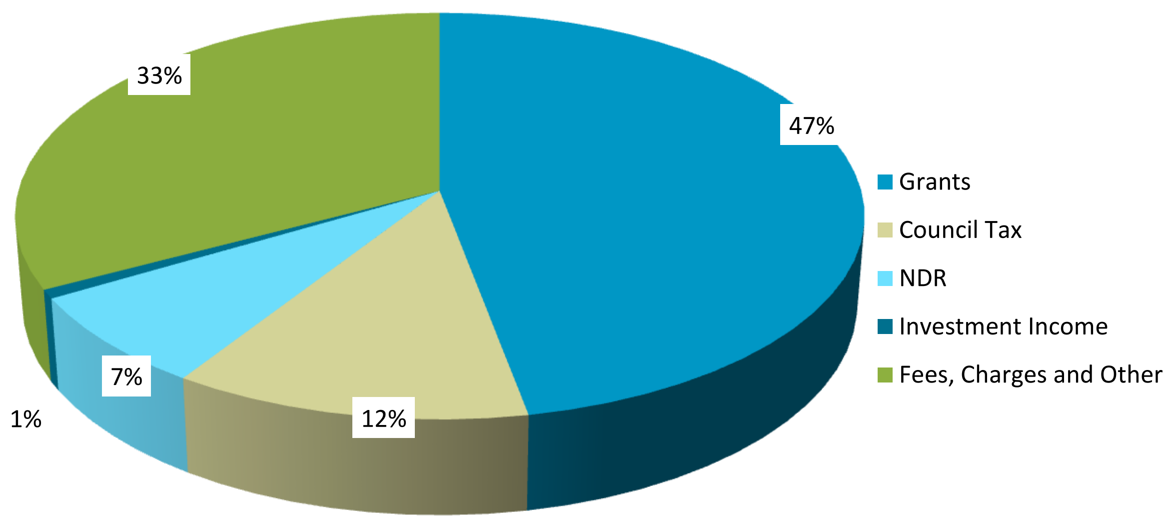
Service	Revised Budget £'000	Actual Income and Expenditure £'000	Variation £'000
People	125,925	122,732	-3,193
Places	48,000	49,560	1,560
Resources	25,129	28,225	3,095
Total Cost of Services	**199,054**	**200,516**	**1,462**
Passenger Transport Levy	-22,236	-22,236	0
Other Charges including Capital and Asset related transactions	35,670	33,945	-1,725
Total Other Costs	**13,434**	**11,709**	**-1,725**
Revenue Support Grant	-43,987	-43,987	0
NNDR	-63,885	-63,885	0
Council Tax	-104,547	-104,547	0
Parishes	-69	-69	0
Total Funding	**-212,488**	**-212,488**	**0**
Net Position 2016/17	**0**	**263**	**263**

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

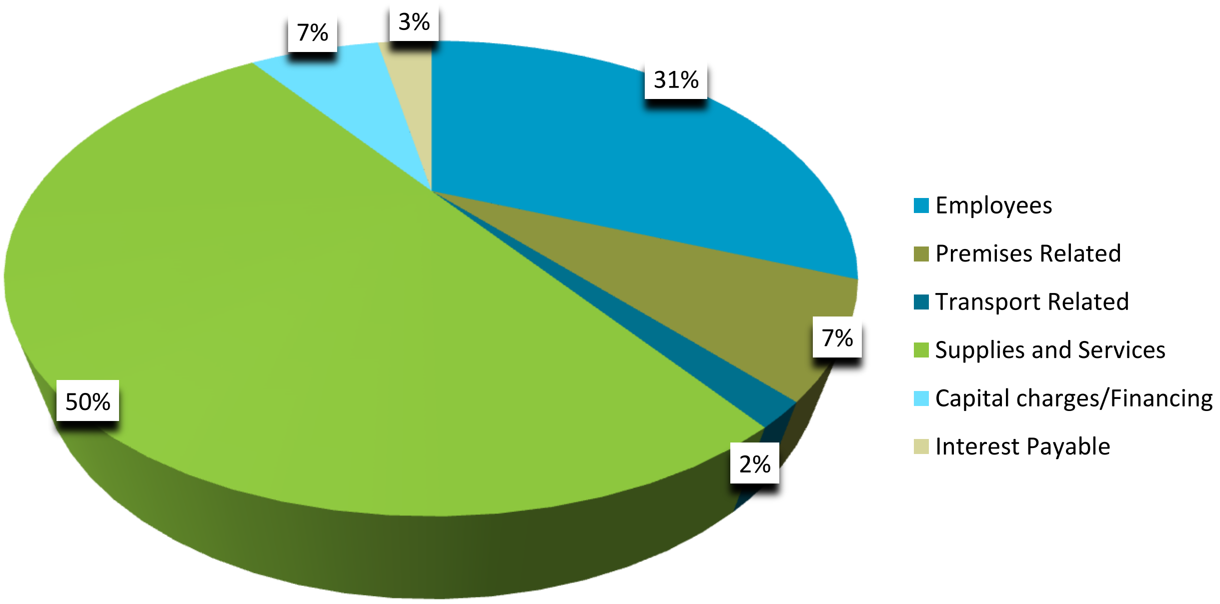
Where the Council received its money from and how it is spent

The following charts show the main sources of income that the Council received in 2016/17 and a high level breakdown of the money that it spent on providing services.

Where does the money come from?



What is the money spent on?

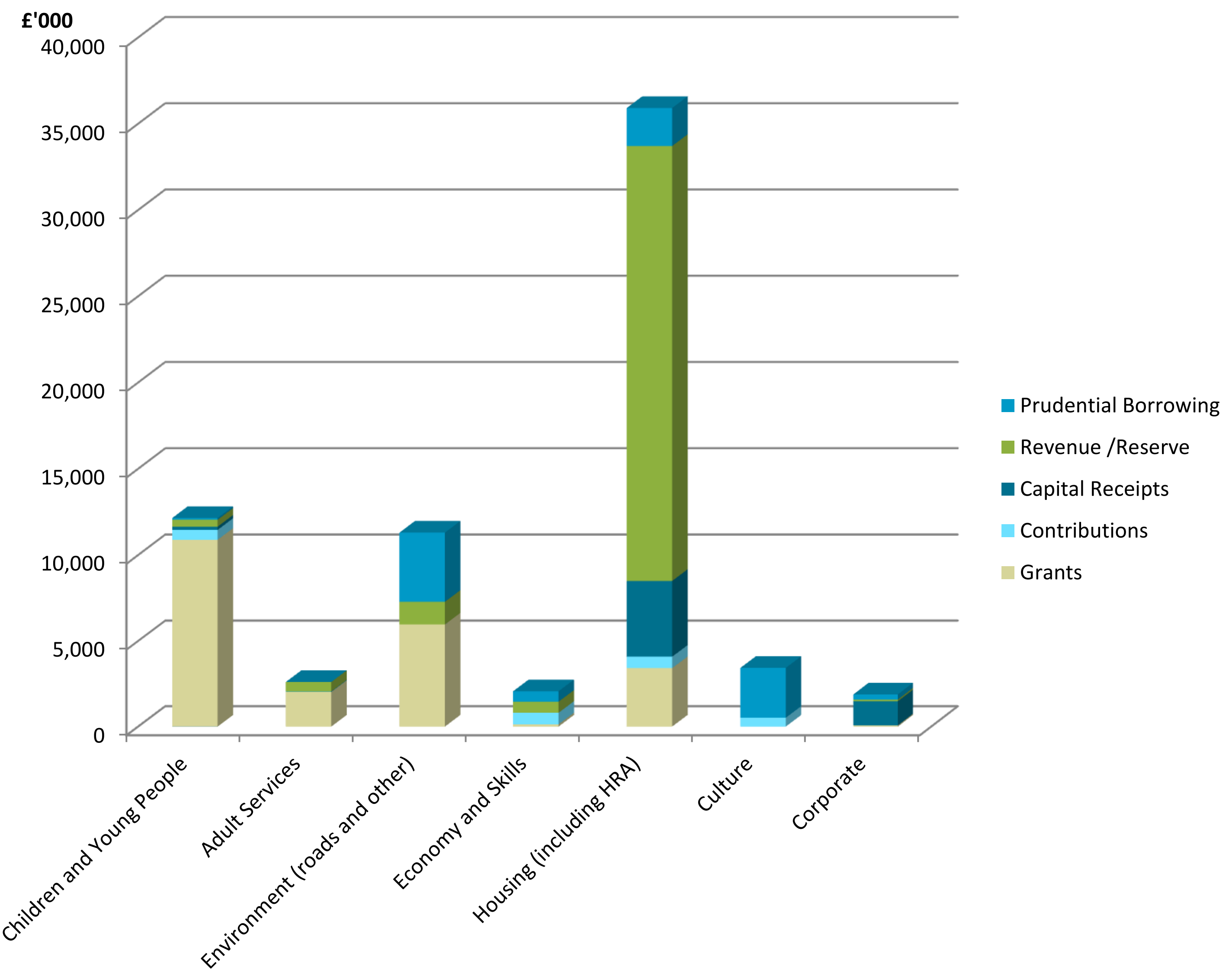


Capital

The Council spent over £69m on its capital programme in 2016/17. The programme underpins the Council's objectives and provides for investment in long term assets which are used to deliver the Council's services.

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

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



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

- Improvements in both primary and secondary school provision
- an extensive programme of improvements in the borough's leisure centres
- building of the A49 Westwood Link Road
- building the M58 Link Road
- Maintaining our highways
- Improving cycle routes across the borough
- Town centre Masterplanning

Borrowing Facilities and Cash

For a number of years the debt held by the Council has been reducing as the Council has taken the opportunity to utilise its cash balances to repay debt. However, following the vote to leave the EU on the 23rd June, PWLB interest rates reduced significantly. During this period the Council took the opportunity to secure two loans totalling £20m to fund planned capital expenditure. In accordance with Treasury Management policy, when there is a requirement to borrow then the majority of borrowing will be secured via the Public Works Loan Board (PWLB). The PWLB offers borrowing at rates only slightly above rates at which the Government secures its borrowing. It has traditionally been considered to be the most cost effective source of obtaining "traditional" funding. The level of PWLB borrowing at 31 March 2017 increased to £365.4m (2015/16 £360.5m).

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 £517.9m as at 31 March 2017. The Council's adopted strategy in previous years has been to defer elements of its borrowing requirements by funding this temporarily by available internal resources, such as cash backed reserves and cash balances. It is evident that the Council is in an under borrowed position.

Accounting and Other Matters 2016/17

Following the 'Telling the Story' review of the presentation of local authority financial statements, the 2016/17 Code changed the segmental reporting arrangements for the Comprehensive Income and Expenditure Statement and introduced the Expenditure and Funding Analysis.

The new Expenditure and Funding Analysis brings together the Councils performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund and HRA. Further explanation is contained within Note 5.

The changes to the Comprehensive Income and Expenditure Statement require the Net Cost of Services to be presented in the Council's reporting format where previously the Net Cost of Services has been reported by SeRCOP classification.

In line with International Financial Reporting Standards a full retrospective restatement of the 2015/16 Comprehensive Income and Expenditure Statement has been included within the 2016/17 Statement of Accounts.

Infrastructure Assets – Highway Network Assets

Previously it has been reported that for 2016/17 the Council would need to recognise a new asset category on the Balance Sheet, the Highways Network Asset as a result of changes to the 2016/17 Code of Practice. This was to be disclosed as a separate line on the Council's Balance Sheet and separately in the notes to the accounts.

However at its meeting on March 8th 2017, the CIPFA/LASAAC Code Board decided not to proceed with the introduction of the Highways Network Asset Code into the financial reporting requirements for local authorities. The Board decided that the benefits are outweighed by the costs of implementation for local authorities. The Board determined that it will give further consideration to this issue only if provided with clear evidence that benefits outweigh costs for local authorities.

Pensions

The actuarial valuation of the Council's pension scheme liabilities and pension reserve shown on the Balance Sheet has increased by £59.9m during the year, mainly as a result of changes to the financial assumptions used by the pension fund Actuary (Hymans-Robertson). The main change relates to the decrease in the discount rate used by the Actuary to discount the future cash flows of the fund. These assumptions are determined by the Actuary and represent the market conditions at the reporting date. The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation. Further details are given in Note 41.

Transfer of Functions - Wigan and Leigh Homes

During 2016/17 a public consultation, which included all 22,000 tenants, took place to seek views on the future of housing services in the Borough. There was an overwhelming acceptance of the proposal with 91.5% of respondents being in favour of the transfer. Following the results of the consultation a decision was made by Cabinet to transfer the day to day management operation from Wigan and Leigh Homes back to the Council with effect 1st April 2017.

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 2016/17, three community primary schools transferred to Academy status. In line with the Code these assets have been treated as disposals and removed from our balance sheet. The net book value written out of the accounts is £5.8m.

Manchester Airport Group

The Council holds a minority shareholding of 3.22%. In 2016/17 the Airport Group paid over to the Council a dividend of £4.1m which is £0.9m more than in previous years. It is anticipated that annual dividends will continue to be buoyant in future years.

The Airport Group is valued annually based upon the earnings based method and discounted cash flow method. The value as at 31 March 2017 for the Council's share of Manchester Airport has been assessed at £43.7m. This is a revaluation gain of £3.9m above the previous level of £39.8m.

Housing Revenue Account (HRA)

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

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

The HRA commenced the 2016/17 financial year with a surplus of £20.452m and ended the year on 31 March 2017 with an accumulated surplus of £19.749m.

Approximately £33.2m was spent on capital schemes which included New Build Housing developments at Anthorn Road, Goose Green, Little Lane, Golborne, Riding Close, Hindley and Mayfield, Kitt Green. These builds were funded from revenue contributions, borrowing and 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 2016/17 included bathroom, re-roofing and re-wiring schemes.

Schools

Schools have responsibility for their budgets and may carry forward their own balances. In 2016/17 the cumulative level of balances held by the schools has decreased and now stands at £14.247m (2015/16 £16.582m). This balance is spread across 112 schools and is not available to the Council.

Private Financing Initiative (PFI)

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

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

During 2016/17, the Council finalised the refinancing deal with the current PFI portfolio holder. This attracted a monetary benefit of £3.2m over the remaining life of the project. The lump sum compensates the Council for a reduction in future interest costs.

Therefore, in accordance with the Code, the refinancing gain is spread over the contract term as a reduction in the interest charge. This has/will be done by posting the payment to the Balance Sheet as deferred income and releasing it to the Comprehensive Income and Expenditure Statement over the remaining contact term, which stands at 20.5 years.

Public Health / Healthier Wigan Partnership

As the responsibility for Public Health was transferred to the Council in 2013 the former Primary Care Trust was disestablished and was replaced by a Wigan Borough Clinical Commissioning Group (WBCCG). This was part of the national reforms of the Health service by the Coalition Government and WBCCG is now the statutory body responsible for commissioning local health services in Wigan.

WBCCG has five local partners, one being Wigan Council with whom it has a collaborative commissioning arrangement. This has been further exemplified by the setting up of a Joint Commissioning Executive which is to be jointly chaired by the Chief Officer of WBCCG and the Chief Executive of Wigan Council and comprises senior officers of both organisations.

This builds on the Joint Commissioning Group previously set up between the Council and the CCG. It is jointly chaired by the Director of Finance of the CCG and the Deputy Chief Executive, Wigan Council. In 2016/17 this group met quarterly to approve investment proposals that will help deliver the integrated care strategy and health and adult social care objectives. As it stands £13.0m has been committed in relation to approved schemes out of a total fund of £14m.

Further to the Council and CCG agreeing a local joint Integrated Care Strategy and this being endorsed at the Health and Wellbeing Board (HWB) meeting on the 19th March 2014, this has formed the basis of the Wigan Locality plan for Health & Care Reform ‘Further, Faster Towards 2020’. The plan is jointly owned by Commissioners and Providers in the locality and details the reform programme required to deliver the activity shifts in the local health and adult social care economy.

The Council along with the health partners within the locality have been successfully awarded £14.9m from the Greater Manchester Health & Social Care Partnership Transformation Fund in 2016/17 to invest in 9 specific interventions which will reduce demand on acute services and deliver the aims of the Locality Plan. Further work is ongoing with partners on a phase 2 submission to the Fund which will deliver the large scale structural change required to deliver clinical and financial sustainability with the local health and social care system by 2020/21. Embedded within this will be the delivery of a locality care organisation ‘Healthier Wigan Partnership’ in a recognisable format by April 2018.

Future Outlook – Risk and Uncertainties

Devolution

As Greater Manchester progresses towards its devolved powers, the levels of success of that process will affect the ability of health and social care service providers such as Wigan Council and the local health service providers to deliver necessary efficiencies. The fortunes of organisations across Greater Manchester will therefore be closely linked and dependencies will grow as a result of that. The risk of budget pressures, particularly in Adult Services is ever present and the GM strategy helps to ameliorate the risk.

There is a risk that the council and its partners do not make the most of the opportunities being created with GM's devolved powers. As part of the mitigation of this risk, the council is working at the heart of the devolution process playing key roles at the highest officer and political levels.

Business Rates Retention

From 2017/18 the Council, alongside other Greater Manchester authorities will pilot 100% Business Rate Retention. This will mean that the Council will no longer receive Revenue Support Grant or Public Health Grant and also means that the risk of business failures and the continuing impact of appeals is wholly transferred to the Council.

The level of appeals lodged and success rates continue to exceed the level of successful appeals under the previous system. If business rate growth is not achieved then it becomes likely that the shortfall on business rates will need to be met by additional efficiencies savings as ultimately the shortfall is not tenable in the long term. There are sufficient funds set aside for the next couple of years to meet any potential shortfall but this cannot be maintained indefinitely.

Conversely under 100% retention, any growth in business rates yield can be retained. The Deal for the Future which was mentioned earlier recognises this opportunity, as Growth is one of the two key pillars of work which is supported by a series of enabling programmes.

Adults Social Care

Adults social care risks are ever present to the achievement of the council's medium term objectives because the budget is such a significant proportion of the overall budget.

Current concerns include:-

- Demographic Pressures – these are set to continue year on year such that to stand still requires at least £5.7m annually to meet rising demand and complexity of need. However, the Deal for Adult Social Care & Wellbeing, the Council's fresh look programme and plans supported through GM transformation funding are intended to impact positively on this cost pressure over the period of the medium term financial plan.

- Proposed increases to the National Living Wage to April 2020, alongside other inflationary factors, will continue to impact financially on the Council with fee levels paid to care providers anticipated to rise as a consequence. It is estimated that the Living Wage increase will potentially cost around £3.4m per annum depending on the profile of the staged increase. Investment in fees will be critical to ensuring the quality and sustainability of local care provision. Impacts are also likely to be exacerbated by recent judgements regarding the applicability of the national living wage to sleep in support in service areas such as supported living. Monies have been set aside in reserves to provide support in developing strategies that will minimise the impact upon the provider sector.

- Direct Payment Auto Enrolment Pension Changes – those social care clients who receive their personal budget in the form of a direct payment and employ staff are classified as being an employer and as such will need to provide for employer contributions under the new pension auto enrolment changes. The burden of this may well fall ultimately to the council. Work is on-going to quantify the potential pressure.

Children Services

- Wigan faces a complex combination of challenges in providing children's services. This includes growing demand across the board, the potential for increases in child sexual exploitation (CSE) and a need to improve outcomes for children. Whilst the number of Looked After Children continues to be an issue numbers have reduced over the last 12 months. However increasing complex care management costs and a transfer of costs to support direct payments and special guardianship orders means there still remains a significant financial pressure. The Deal for Children and Young People alongside the Council's fresh look programme and new Start Well offer will look to reduce these cost pressures.

- The conversion to academy status has financial implications for the Council particularly around the loss of business rates. A Freshlook review on the Council's offer to schools is currently underway. There is potential to offer a more integrated joined up service for schools whilst delivering efficiencies and attracting new customers from schools that have already converted to academies and no longer use Council support.

Other Risks

- Insurance claims are as ever a risk but it is assumed that the current level of insurance provision will be sufficient in meeting any liability claims arising. The provision is actuarially assessed and is deemed adequate. Any general risks that emerge can be supported by the monies set aside in the insurance reserve.

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

- The Government has not ruled out adding further responsibilities to local government in the future. It is hoped that any increased responsibility would be funded but with continuing constraints on local government finance this cannot be guaranteed.

- The Government's announcement of a reduction of 1% per annum for 4 years on social rents (including council house rents) will have a significant impact upon the Council's plans to build houses and maintain its stock.

- The Council is still in receipt of a small number of specific grants. The Government has not provided any indication if these grants will continue in the medium term.

Technical Terms

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

Comprehensive Income and Expenditure Statement (CIES)

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

Movement in Reserves Statement

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

Balance Sheet

The Balance Sheet shows the value as at the 31 March 2017 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 2016/17. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flow as operating, investing and financial activities.

Housing Revenue Account

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

Expenditure and Funding Analysis

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

Collection Fund

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

Statement of Responsibilities

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

Concluding Remarks

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

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

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

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

MOVEMENT IN RESERVES STATEMENT 2016/17

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
Balance at 31 March 2015		**15,359**	**104,438**	**16,794**	**1,300**	**1,988**	**19,710**	**159,588**	**20,674**	**180,262**
Movement in Reserves during 2015/16										
Surplus or (deficit) on provision of services		-8,876	0	16,283	0	0	0	**7,407**	0	7,407
Other Comprehensive Expenditure and Income		0	0	0	0	0	0	**0**	102,877	102,877
Total Comprehensive Expenditure and Income		**-8,876**	**0**	**16,283**	**0**	**0**	**0**	7,407	**102,877**	**110,284**
Adjustments between accounting basis & funding basis under regulations	**6**	4,964	0	-12,625	488	2,335	-827	**-5,665**	5,665	**0**
Net Increase / Decrease before Transfers to Earmarked Reserves		**-3,912**	**0**	**3,658**	**488**	**2,335**	**-827**	**1,742**	**108,542**	**110,284**
Transfers to / from Earmarked Reserves	**27**	4,122	-4,122	0	0	0	0	**0**	0	**0**
Increase / Decrease in Year		**210**	**-4,122**	**3,658**	**488**	**2,335**	**-827**	**1,742**	**108,542**	**110,284**
Balance at 31 March 2016 carried forward		**15,569**	**100,316**	**20,452**	**1,788**	**4,323**	**18,883**	**161,330**	**129,217**	**290,547**
Movement in Reserves during 2016/17										
Surplus or (deficit) on provision of services		-9,490	0	84,164	0	0	0	**74,674**	0	**74,674**
Other Comprehensive Expenditure and Income		0	0	0	0	0	0	**0**	-35,347	**-35,347**
Total Comprehensive Expenditure and Income		**-9,490**	**0**	**84,164**	**0**	**0**	**0**	**74,674**	**-35,347**	**39,327**
Adjustments between accounting basis & funding basis under regulations	**6**	-4,188	0	-84,867	-287	2,776	-1,146	**-87,712**	87,712	**0**
Net Increase / Decrease before Transfers to Earmarked Reserves		**-13,679**	**0**	**-702**	**-287**	**2,776**	**-1,146**	**-13,038**	**52,365**	**39,327**
Transfers to / from Earmarked Reserves	**27**	13,941	-13,941	0	0	0	0	**0**	0	**0**
Increase / Decrease in Year		**263**	**-13,941**	**-702**	**-287**	**2,776**	**-1,146**	**-13,038**	**52,365**	**39,327**
Balance at 31 March 2017 carried forward		**15,831**	**86,374**	**19,749**	**1,500**	**7,099**	**17,737**	**148,291**	**181,582**	**329,873**

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT FOR YEAR ENDED 31 March 2017

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.

2015/16 Gross Expenditure £'000	2015/16 Gross Income £'000	2015/16 Net Expenditure £'000		Notes	2016/17 Gross Expenditure £'000	2016/17 Gross Income £'000	2016/17 Net Expenditure £'000
			Expenditure On Services				
			People Directorate:				
155,763	80,760	75,003	Adult Social Care and Health		168,867	86,899	81,967
311,086	245,250	65,836	Children and Families		305,499	247,161	58,338
			Places Directorate:				
139,139	117,002	22,136	Environment		68,139	114,581	-46,443
			Resources Directorate:				
23,059	1,386	21,673	Corporate Services		23,126	1,484	21,642
108,330	100,319	8,011	Customer Transformation		102,594	96,624	5,970
737,376	**544,716**	**192,660**	**Net Cost Of General Fund Services**		**668,224**	**546,749**	**121,475**
		23,362	Other Operating Expenditure	**7**			28,469
		34,957	Financing and Investment Income and Expenditure	**8**			30,400
		-258,386	Taxation and Non Specific Grant Income	**9**			-255,018
		-7,407	**Surplus (-) or Deficit on the provision of services**				**-74,674**
		355	Surplus (-) or Deficit arising on the revaluation of non-current assets				-6,532
		2,064	Impairment Loss on non-current assets charged to revaluation reserve				749
		-106,496	Re-measurement of the net defined benefit liability				45,030
		1,200	Surplus (-) / Deficit on the revaluation of available for sale financial assets				-3,900
		-110,284	**Total Comprehensive Income and Expenditure**				**-39,327**

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

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

BALANCE SHEET AS AT 31 March 2017

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”.

31.3.16 £’000		Notes	31.3.17 £’000
965,072	Property, Plant and Equipment	**10**	1,058,514
3,961	Heritage Assets	**11**	3,961
36,696	Investment Property	**12**	37,797
1,325	Intangible Assets	**14**	1,126
40,344	Long Term Investments	**17**	44,243
20,203	Long Term Debtors	**17**	22,038
1,067,601	**Long Term Assets**		**1,167,679**
659	Inventories	**20**	668
40,139	Short Term Debtors	**21**	39,913
35,715	Cash and Cash Equivalents	**22**	40,820
2,610	Assets Held for Sale	**24**	2,259
79,123	**Current Assets**		**83,660**
18,682	Short Term Borrowing	**17**	26,730
53,396	Creditors	**25**	38,577
3,200	Provisions	**26**	3,304
75,278	**Current Liabilities**		**68,611**
346,899	Long term borrowing	**17**	360,689
0	Deferred Income – Receipt in Advance	**17**	2,931
54,053	Other Long Term Liabilities (Deferred Liabilities)	**18**	51,648
5,548	Provisions	**26**	3,253
374,399	Defined Benefit Pension Scheme	**41**	434,334
780,899	**Long Term Liabilities**		**852,855**
290,547	**Net Assets**		**329,873**
161,330	Usable Reserves	**28**	148,291
129,217	Unusable Reserves	**29**	181,582
290,547	**Total Reserves**		**329,873**

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 2017.

Paul McKevitt

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

CASH FLOW STATEMENT FOR YEAR ENDED 31 March 2017

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.

2015/16 £'000		Notes	2016/17 £'000
	Operating Activities		
-7,407	**Net Surplus or Deficit on the provision of services**		**-74,674**
-80,872	Adjustments to net surplus or deficit on the provision of services for non- cash movements	**23**	27,645
28,656	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	**23**	33,145
	Cash Outflows:		
21,296	Interest Paid		19,361
5,800	Interest element of PFI rental payments		5,718
	Cash Inflows:		
-3,672	Dividends Received		-4,430
-1,935	Interest Received		-1,793
-21,489	Reversal of operating activity items included in the net surplus or deficit on the provision of service		-18,856
-59,623	**Net Cash flows from Operating Activities**		**-22,668**
	Investing Activities		
	Cash Outflows:		
64,808	Purchase of Property, Plant and Equipment		60,173
795	Other Capital Cash Payments		1,835
	Cash Inflows:		
-17,661	Capital Grants Received		-17,584
-9,054	Sale of Property, Plant and Equipment		-12,690
-310	Other Receipts		-360
38,578	**Net Cash flows from Investing Activities**		**31,374**
	Financing Activities		
	Cash Outflows:		
26,266	Repayments of Amounts Borrowed - PWLB		15,630
1,373	Repayments of Amounts Borrowed – Transferred Debt		1,453
592	Payment for reduction of liability relating to PFI		876
	Cash Inflows:		
-1,198	Cash receipts of short and long term borrowing		-37,683
-1,941	Billing Authorities – Council Tax and NDR Adjustment		-2,871
25,092	**Net Cash flows from Financing Activities**		**-22,595**
4,047	**Net increase (-) / decrease in cash and cash equivalents**		**-5,105**
39,762	**Cash and cash equivalents at the beginning of the reporting period**		**35,715**
35,715	**Cash and cash equivalents at the end of the reporting period**	**22**	**40,820**

INDEX FOR THE NOTES TO THE CORE FINANCIAL STATEMENTS

NOTES TO THE CORE FINANCIAL STATEMENTS

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

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

The following standards have been issued and will be adopted by the Code in 2017/18, and will be applicable from 1 April 2017 as follows:

- Amendment to the reporting of pension fund scheme transaction costs
- Amendment to the reporting of investment concentration

However these only relate to Pension Fund Administrators, therefore will have no effect on the Councils Statement of Accounts.

2. Critical Judgements in applying Accounting Policies

Related Companies

An assessment of the Council's interests has been carried out during the year in accordance with the Code. The Council has identified 6 entities within the group boundary. However, having due regard to levels of materiality, both quantitative and qualitative, it has been determined that the Council does not have to prepare Group Accounts for 2016/17. For the reader's benefit we have included details of the relationship with the Council and financial performance of the most significant companies. These details are included in the Related Parties note.

Better Care Fund

The Section 75 agreement by which Better Care resources have been pooled between the Council and Wigan Borough CCG has been assessed against the appropriate standards, mainly IFRS 10 and IFRS11. The arrangement has been assessed to be classified as a Joint Operation given the control and governance arrangements of the pool. As such, each party accounts for the assets, liabilities, revenues and expenses relating to its involvement in a joint operation. The details are included in the Pooled Budget note.

Private Finance Initiative (PFI)

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

Leases

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

Schools

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

The recognition of non-current assets used by the different types of maintained schools has been assessed in line with the provisions of the Code and in accordance with the asset recognition tests relevant to the arrangements that prevail for that type of property.

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

	No. of Schools 2016/17
Voluntary Aided – Primary	58
Voluntary Aided – Secondary	5
Voluntary Controlled – Primary	6
Foundation – Primary	1
Foundation – High	3
Total	**73**

The assessment has been based on information obtained in respect of legal title and information provided by the relevant dioceses. A conclusion has been reached that for all 63 Voluntary Aided and 6 Voluntary Controlled schools, legal title, and/or substantive rights rest with the relevant Diocese and the Diocese has granted a 'mere licence' to the schools to use the Land and Buildings. Under this licence, the rights of use of the land and buildings have not transferred to the school and thus it has been judged not to be included on the Council's Balance Sheet.

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

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

Investment Properties

Investment properties have been categorised as such, based on careful consideration of the criteria for recognition identified in IAS 40 Investment Property. During 2016/17, no reclassifications have occurred where it is found that properties no longer meet the definition. Overall the Council has determined that it holds assets with a value of £37.8m that it judges are held for capital appreciation or for the generation of investment income, or both.

Government Funding

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

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

Manchester Airport Group

The Council's shareholding in Manchester Airport Group is 3.22% as at 31 March 2017. 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 2017 the Council's valuers advised of an increase of £3.9m in the fair value Council share from £39.8m to £43.7m which has been reflected in the financial statements.

Non-Domestic Rates (NDR)

Following the introduction on 1 April 2013 of the Business Rates Retention Scheme, Local Authorities are liable for their share of successful appeals against business rates charged in the period to 31 March 2017. An estimated provision of £1.7m has been calculated using the latest Valuation Office (VOA) ratings list of appeals as at 31 March 2017 and an analysis of successful appeals to date.

Pensions

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

During 2016/17 the Council's actuaries advised that the net pension liability has increased by £59.935m. This comprises:

- £45.030m actuarial loss
- £14.905m loss arising from employer contributions of £30.767m being less than the pension obligations of £45.672m

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 £146m. A change in excess of earnings of + or – 0.5% would potentially change the total liability by £23.6m. An increase in excess of pensions of 0.5% would change the liability by £119.9m. However, the assumptions interact in complex ways and changes to other estimates and actuarial assumptions may produce a different impact upon the total liability.

Property, Plant 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 approximately £10m.

Fair Value

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

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

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

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

Private Finance Initiative

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

4. Material items of Income and Expenditure

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

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

Revaluation and Impairments

Overall net book value of assets increased by £83.8m in 2016/17 compared to a fall of £6.9m in 2015/16. The net change was made up of downward revaluations of £25.4m and impairment of £23.8m offset by upward revaluations of £133m. The main change is in relation to council dwellings. DCLG issued updated guidance for valuers (Guidance on Stock Valuation for Resource Accounting, Guidance for Valuers 2016) which raised the social housing % adjustment from 35% to 40%. The stock valuation therefore increased by £102m, compared to £26.8m in 2015/16.

Excluding council dwellings, increases to the net book value of assets rose from £20.1m in 2015/16 to £30.8m in 2016/17. The valuers noted an increase in the BCIS rates for 2016 and recommended that all of the schools needed to be valued in 2016/17. Updated valuations were therefore provided at year end to ensure that the valuations were up to date in accordance with the Code. It can be seen the downward revaluations fell to £25.4m from £27.9m in 2015/16.

Better Care Fund

As part of the joint operation with Wigan Borough Clinical Commissioning Group, £18.2m of revenue expenditure and corresponding income is included within Comprehensive Income and Expenditure Statement under Adult Social Care.

Donated Assets

During 2016/17, the Council received assets which were transferred at nil value. In line with the code, these were classed as donated assets. The assets have been brought on to the balance sheet at fair value and £3.9m credited to the CIES as income in the Taxation and Non-Specific Grant Income and Expenditure. Further details on the assets is included within Note 10.

5. Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the funding available to the Council for the year 2016/17 (i.e. government grants, rents, Council Tax and Business Rates) has been used to provide services in comparison with those resources consumed or earned under generally accepted accounting practice (GAAP). The Expenditure and Funding analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under GAAP is presented more fully in the Comprehensive Income and Expenditure Statement.

2015/16				2016/17		
Net Expenditure Chargeable to the General Fund and HRA balances £'000	Adjustments between the funding and accounting basis £'000	Net Expenditure in the CIES £'000		Net Expenditure Chargeable to the General Fund and HRA balances £'000	Adjustments between the funding and accounting basis* £'000	Net Expenditure in the CIES £'000
			People Directorate:			
70,068	4,935	75,003	Adult Social Care and Health	79,168	2,799	81,967
55,790	10,046	65,836	Children and Families	61,834	-3,496	58,338
			Places Directorate:			
-13,365	35,501	22,136	Environment	-12,717	-33,725	-46,443
			Resources Directorate:			
16,908	4,765	21,673	Corporate Services	14,391	7,251	21,642
7,037	974	8,011	Customer Transformation	5,316	654	5,970
136,439	**56,221**	**192,660**	**Net Cost of Services**	**147,992**	**-26,517**	**121,475**
-136,185	-63,883	-200,067	Other Operating Income and Expenditure	-133,611	-62,538	-196,149
254	**-7,661**	**-7,407**	**Surplus (-) or Deficit General Fund and HRA Balance in Year**	**14,381**	**-89,055**	**-74,674**
-136,590			**Opening General Fund and HRA Balance**	**-136,336**		
254			Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year	14,381		
-136,336			**Total Comprehensive Income and Expenditure**	**-121,955**		

a) Note to the Expenditure Funding Analysis

Adjustments from General Fund & HRA to arrive at the CIES	Adjustments for Capital Purposes £'000	Net Change for Pensions Adjustments £'000	Other Adjustments £'000	Total Adjustments £'000
People Directorate:				
Adult Social Care and Health	165	748	1,886	2,799
Children and Families	-5,747	-3,191	5,442	-3,496
Places Directorate:				
Environment	-33,863	627	2,510	-33,725
Resources Directorate:				
Corporate Services	3,986	3,016	250	7,251
Customer Transformation	380	260	14	654
Net Cost of Services	**-38,077**	**1,460**	**10,101**	**-26,517**
Other Income and Expenditure	-32,617	13,445	-43,366	-62,538
Surplus (-) or Deficit General Fund and HRA Balance in Year				**-89,055**

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

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

Adjustments for Capital Purposes

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

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

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

Net Change for the Pensions Adjustments

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

- For net cost of services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For other income and expenditure this represents the net interest on the defined benefit liability which is charged to the CI&ES.

Other Adjustments

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

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

b) Expenditure and Income Analysed by Nature

	2015/16 £'000	2016/17 £'000
Expenditure		
Employee Benefits Expenses	250,846	256,085
Other Service Expenses	417,322	433,126
Support Service Recharges	12,794	12,971
Capital Charges	56,414	-32,955
Interest Payable	26,674	25,467
Precepts and Levies	23,056	23,221
Payments to Housing Capital Receipts Pool	2,920	3,393
Gain/loss on disposal of non-current assets	-3,703	15,052
Gain/loss on revaluation of investment property	-421	-1,248
Trading	1,345	266
Pension Interest Costs	14,867	13,126
Total Expenditure	**802,114**	**748,504**
Income		
Fees, charges & other service income	-159,484	-203,433
Interest & Investment Income	-6,419	-5,864
Income from Council Tax and Non Domestic Rates	-165,063	-170,958
Government Grants and Contributions	-458,916	-423,769
Capital Grants	-19,639	-19,154
Total Income	**-809,521**	**-823,178**
Surplus or Deficit on Provision of Services	**-7,407**	**-74,674**

6. Adjustments between Accounting Basis and Funding Basis under regulations

2016/17	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
Adjustments involving the CAA:						
Reversal of items debited/credited to the CIES:						
Charges for depreciation and impairment of non-current assets	18,311	42,812	0	0	0	-61,123
Revaluation gains/losses on PP&E	-10,543	-88,793	0	0	0	99,336
Movements in the market value of Investment Properties	-1,218	0	0	0	0	1,218
Amortisation of intangible assets	240	0	0	0	0	-240
Capital grants and contributions applied	-11,528	-982	0	0	0	12,510
Income in relation to donated assets	-3,729	-186	0	0	0	3,915
Revenue expenditure funded from capital under statute	8,631	0	0	0	0	-8,631
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	9,053	6,109	0	0	0	-15,162
Insertion of items not debited or credited to the CIES:						
Statutory provision for the financing of capital investment	-13,497	-10,992	0	0	0	24,489
Capital expenditure charged against the General Fund and HRA balances	-3,052	-14,456	0	0	0	17,508
Adjustments involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the CIES	-10,735	0	0	0	10,735	0
Application of grants to capital financing transferred to the CAA	0	0	0	0	-11,881	11,881
Adjustments involving the Capital Receipts Reserve:						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	-4,520	-8,170	0	12,982	0	-292
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	-6,555	0	6,555
Contribution from the Capital Receipts Reserve towards admin costs of non-current asset disposals	0	259	0	-259	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	3,393	0	0	-3,393	0	0
Adjustments involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	0	-10,469	10,469	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	-10,756	0	0	10,756
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CIES	45,672	0	0	0	0	-45,672
Employer's pensions contributions and direct payments to pensioners payable in the year	-30,767	0	0	0	0	30,767
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	-1,447	0	0	0	0	1,447
Adjustments involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,547	0	0	0	0	-1,547
Total Adjustments	**-4,188**	**-84,867**	**-287**	**2,776**	**-1,146**	**87,712**

2015/16	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
Adjustments involving the CAA:						
Reversal of items debited/credited to the CIES:						
Charges for depreciation and impairment of non-current assets	19,270	41,684	0	0	0	-60,954
Revaluation gain/losses on PP&E	2,684	-20,435	0	0	0	17,752
Movements in the market value of Investment Properties	-1,497	0	0	0	0	1,497
Amortisation of intangible assets	279	30	0	0	0	-309
Capital grants and contributions applied	-12,176	-940	0	0	0	13,117
Revenue expenditure funded from capital under statute	12,023	0	0	0	0	-12,023
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	2,445	3,793	0	0	0	-6,238
Insertion of items not debited or credited to the CIES:						
Statutory provision for the financing of capital investment	-18,171	-19,141	0	0	0	37,312
Capital expenditure charged against the General Fund and HRA balances	-5,066	-9,681	0	0	0	14,747
Adjustments involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the CIES	-9,439	0	0	0	9,439	0
Application of grants to capital financing transferred to the CAA	0	0	0	0	-10,265	10,265
Adjustments involving the Capital Receipts Reserve:						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	-3,419	-5,635	0	9,302	0	-248
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	-3,858	0	3,858
Contribution from the Capital Receipts Reserve towards admin costs of non-current asset disposals	0	189	0	-189	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	2,920	0	0	-2,920	0	0
Adjustments involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	0	-2,488	2,488	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	-2,000	0	0	2,000
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CIES	48,053	0	0	0	0	-48,053
Employer's pensions contributions and direct payments to pensioners payable in the year	-30,291	0	0	0	0	30,291
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax and NDR income credited to the CIES is different from council tax and NDR income calculated for the year in accordance with statutory requirements	-1,318	0	0	0	0	1,318
Adjustments involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-1,332	0	0	0	0	1,332
Total Adjustments	**4,964**	**-12,625**	**488**	**2,335**	**-827**	**5,665**

7. Other Operating Expenditure

2015/16 £'000		2016/17 £'000
-2,614	(Gains) & Losses on Disposals of Non-current Assets	2,761
2,920	Payment to Housing Capital Receipts Pool	3,393
80	Parish Precepts	79
22,976	Passenger Transport Levy	22,236
23,362		**28,469**

8. Financing and Investment Income and Expenditure

2015/16 £'000		2016/17 £'000
26,674	Interest payable and similar charges	25,370
14,867	Net Interest on the Net Defined Benefit Pension Liability (Asset)	13,126
-6,419	Investment receivable and similar income	-7,114
1,345	Trading Accounts	267
-1,510	(Gains) & Losses on Revaluation of Investment Property	-1,248
34,957		**30,400**

9. Taxation and Non Specific Grant Income

2015/16 £'000		2016/17 £'000
-101,964	Council Tax Income	-105,418
-75,259	Other Non-ring Fenced grants	-61,857
-63,099	Non Domestic Rates income	-64,674
-18,064	Capital Grants and Contributions	-19,154
0	Donated Asset Additions	-3,915
-258,386		**-255,018**

10. Property, Plant and Equipment

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

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant and Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	PP & E Assets Under Construction £'000	Total £'000	PFI Assets Included in PP & E £'000
Cost or value at 1.4.16	**554,224**	**312,337**	**14,402**	**208,921**	**1,893**	**14,962**	**10,848**	**1,117,587**	**29,250**
Additions	30,344	10,298	2,868	13,030	9	1	3,677	**60,227**	**0**
Donations	186	3,729	0	0	0	0	0	**3,915**	**0**
Revaluation increases/decreases to Revaluation Reserve	-1,144	3,590	0	0	0	906	0	**3,352**	**0**
Revaluation increases/decreases to surplus/deficit on the provision of services (SDPS)	47,688	5,119	0	0	0	223	0	**53,030**	**0**
De-recognition – Disposals	-6,109	-7,323	-461	0	0	-1,314	0	**-15,207**	**0**
De-recognition – Other	-426	-48	-465	0	-37	-1,395	0	**-2,371**	**0**
Reclassified to/from held for sale	0	0	0	0	0	-776	0	**-776**	**0**
Other Movements	8,913	-311	0	0	0	-3,728	-4,874	**0**	**0**
At 31.3.17	**633,676**	**327,391**	**16,344**	**221,951**	**1,865**	**8,879**	**9,651**	**1,219,757**	**29,250**
Depreciation & Impairment at 1.4.16	**41,104**	**18,033**	**8,212**	**82,329**	**47**	**2,790**	**0**	**152,515**	**2,541**
Depreciation	21,231	7,905	1,420	8,052	0	32	0	**38,640**	**635**
Depreciation written out to the Revaluation Reserve	0	-3,190	0	0	0	-7	0	**-3,197**	**0**
Depreciation written out to SDPS	-21,338	-4,456	0	0	0	-11	0	**-25,805**	**0**
Impairment losses/reversals to Revaluation Reserve	0	767	0	0	0	0	0	**767**	**0**
Impairment losses/reversals to SDPS	1,586	212	0	0	0	32	0	**1,830**	**0**
De-recognition – Disposals	0	-766	-394	0	0	-6	0	**-1,166**	**0**
De-recognition – Other	-426	-48	-466	0	-36	-1,395	0	**-2,371**	**0**
Eliminated on reclassification to held for sale	0	0	0	0	0	30	0	**30**	**0**
Other Movements	0	-17	0	0	0	-699	716	**0**	**0**
At 31.3.17	**42,157**	**18,440**	**8,772**	**90,381**	**11**	**766**	**716**	**161,243**	**3,176**
Net Book Value at 31.3.17	**591,519**	**308,951**	**7,572**	**131,570**	**1,854**	**8,113**	**8,935**	**1,058,514**	**26,074**
Net Book Value at 31.3.16	**513,120**	**294,304**	**6,190**	**126,592**	**1,846**	**12,172**	**10,848**	**965,072**	**26,709**

In 2016/17 the following donated assets were identified:

- 3 x properties at Astley Green, Astley provided by Rowland Homes, to be made available as social rented housing and managed by Wigan and Leigh Homes Ltd. Existing use value (social housing) £186k.

- Britannia Bridge Primary School – built and funded by the Education Funding Agency as part of the Priority Schools Building Programme. The initial fair value has been determined as £3,729k.

In accordance with the Code, these assets have been brought on to the balance sheet at fair value and credited to the CIES as income in the taxation and Non-specific Grant Income and Expenditure line as there were no outstanding conditions attached to the transfer of the assets.

2015/16

	Council Dwellings £'000	Other Land &Buildings £'000	Vehicles Plant and Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	PP & E Assets Under Construction £'000	Total £'000	PFI Assets Included in PP & E £'000
Cost or value at 1.4.15	**549,609**	**308,931**	**14,715**	**194,317**	**2,609**	**21,500**	**911**	**1,092,592**	**29,250**
Additions	26,205	13,101	1,620	14,478	8	99	9,326	**64,837**	**0**
Revaluation increases/decreases to Revaluation Reserve	0	-8,594	0	0	6	2,893	0	**-5,695**	**0**
Revaluation increases/decreases to surplus/deficit on the provision of services (SDPS)	-17,479	-8,049	0	0	0	-1,076	0	**-26,604**	**0**
De-recognition – Disposals	-3,793	-305	-494	0	0	-226	0	**-4,818**	**0**
De-recognition – Other	-318	-13	-1,560	0	-85	-632	0	**-2,608**	**0**
Reclassified to/from held for sale	0	-122	0	0	0	-1,322	0	**-1,444**	**0**
Other Movements	0	7,388	121	126	-645	-6,274	611	**1,327**	**0**
At 31.3.16	**554,224**	**312,337**	**14,402**	**208,921**	**1,893**	**14,962**	**10,848**	**1,117,587**	**29,250**
Depreciation & Impairment at 1.4.15	**37,914**	**18,384**	**8,724**	**74,853**	**132**	**1,709**	**0**	**141,716**	**1,906**
Depreciation	21,338	6,828	1,522	7,476	0	35	0	**37,199**	**635**
Depreciation written out to the Revaluation Reserve	0	-2,827	0	0	0	-101	0	**-2,928**	**0**
Depreciation written out to SDPS	-21,441	-2,357	0	0	0	-91	0	**-23,889**	**0**
Impairment losses/reversals to Revaluation Reserve	0	-893	0	0	0	846	0	**-47**	**0**
Impairment losses/reversals to SDPS	3,611	-931	0	0	0	864	0	**3,544**	**0**
De-recognition – Disposals	0	-4	-474	0	0	0	0	**-478**	**0**
De-recognition - Other	-318	-13	-1,560	0	-85	-632	0	**-2,608**	**0**
Eliminated on reclassification to held for sale	0	-7	0	0	0	0	0	**-7**	**0**
Other Movements	0	-147	0	0	0	160	0	**13**	**0**
At 31.3.16	**41,104**	**18,033**	**8,212**	**82,329**	**47**	**2,790**	**0**	**152,515**	**2,541**
Net Book Value at 31.3.16	**513,120**	**294,304**	**6,190**	**126,592**	**1,846**	**12,172**	**10,848**	**965,072**	**26,709**
Net Book Value at 31.3.15	**511,695**	**290,547**	**5,991**	**119,464**	**2,477**	**19,791**	**911**	**950,876**	**27,344**

Capital Commitments

As at 31 March 2017, the Council was contractually committed to the following major items of capital work:

	£'000	Start Date	Projected End Date
Affordable Housing	5,974	2017	2017
Marsh Green Primary School – 1FE Extension	2,550	2017	2018
Ashton Leisure Centre	2,448	2017	2018
Withington Grange – Remodelling	1,275	2017	2018
Hawkley Hall High School – 1FE Extension	1,265	2017	2018

Although not yet contractually committed, the following major schemes over £1m are also in the programme for 2017/18 onwards:

	£'000	Start Date	Projected End Date
Affordable Housing Schemes	34,208	2017	2020
A49 Link Road	18,165	2017	2020
M58 Link Road	10,305	2017	2020
Northleigh Link Road	10,000	2018	2019
Phoenix Way / Seaman's Way Link Road	4,317	2017	2018
Leigh Town Centre Masterplan	4,000	2017	2019
Eastern Gateway (Riverway / Rodney Street)	2,412	2017	2018
Cycle City Ambition	2,028	2017	2018
Robin Park Indoor Sports Centre and Arena	1,353	2017	2018

Property, Plant and Equipment Valuation

The Council's property portfolio, which comprises both freehold and leasehold properties, has been valued on the bases outlined below, which accord with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors (RICS). The valuations were undertaken by in-house staff and certified by B. Kneale (MRICS) the qualified Principal Asset Management Planning Officer within the Council's Asset Management Service. Not all properties were inspected, as this wasn't considered by the Valuer to be necessary for the purposes of the valuation. Inspections were carried out between April 2016 and March 2017. The actual date of valuation was 1 April 2016.

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.

Fair Value

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

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	7,572	131,570	1,854	0	8,935	**149,931**
Fair Value – Existing Use Value – Social Housing	591,519	0	0	0	0	0	0	**591,519**
Fair Value – Existing Use Value	0	308,951	0	0	0	0	0	**308,951**
Fair Value – Highest and Best	0	0	0	0	0	8,113	0	**8,113**
Net Book Value at 31.3.17	**591,519**	**308,951**	**7,572**	**131,570**	**1,854**	**8,113**	**8,935**	**1,058,514**

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

	Art & Artefacts £'000	Civic Regalia £'000	Outside Artwork £'000	Total £'000
Cost or Valuation				
1 April 2015	**2,115**	**366**	**1,171**	**3,652**
Additions	0	0	9	**9**
Disposals	0	0	0	**0**
Revaluations	300	0	0	**300**
Reclassifications	0	0	0	**0**
31 March 2016	**2,415**	**366**	**1,180**	**3,961**
	Art & Artefacts £'000	**Civic Regalia £'000**	**Outside Artwork £'000**	**Total £'000**
Cost or Valuation				
1 April 2016	**2,415**	**366**	**1,180**	**3,961**
Additions	0	0	0	**0**
Disposals	0	0	0	**0**
Revaluations	0	0	0	**0**
Reclassifications	0	0	0	**0**
31 March 2017	**2,415**	**366**	**1,180**	**3,961**

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.

Fair Value

The Council's investment property portfolio has been assessed at a mixture of Levels 2 and 3 for valuation purposes, see the Accounting Policies Note for an explanation of fair value levels. The fair value of investment property has been measured using the market valuation technique. Valuations have taken account of the following factors – existing lease terms and rentals, and market evidence including market rentals and yields, adjusted to reflect the nature of each tenancy or void and the covenant strength for existing tenants. There has been no change in the valuation techniques used during the year for investment properties.

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

As at 31 March 2017, just 9 of the Council's 147 investment assets accounted for 74% (£28m) of the total portfolio value (£38m), and 6 of these were assessed at Level 3 at a combined value of £9m. A sensitivity analysis of these assets indicated that a 1% increase in the unobservable yields adopted would reduce their value by £1.13m. A 1% decrease in the unobservable yields adopted would increase their value by £1.48m.

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

	2015/16 £'000	2016/17 £'000
Balance at start of the year	**37,589**	**36,696**
Additions:	0	0
Disposals	-1,076	-117
Net gains / losses (-) from fair value adjustments	1,496	1,218
Transfers: to / from Property, Plant and Equipment	-1,313	0
Balance at end of the year	**36,696**	**37,797**

13. Private Finance Initiative (PFI)

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

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

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 2017 (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 2017/18	864	5,610	1,701	8,175
Within 2 – 5 years	3,683	21,276	7,216	32,175
Within 6 – 10 years	7,717	23,482	10,095	41,294
Within 11 – 15 years	12,027	17,087	11,357	40,471
Within 16 – 20 years	21,134	6,782	11,173	39,089
Total	**45,425**	**74,237**	**41,542**	**161,204**

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:

	2016/17 £'000	2017/18 £'000
Balance at start of the year	46,301	45,425
Payments during the year	-876	-864
Balance outstanding at year end	**45,425**	**44,561**

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

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 £178.265m. However the net cost to the Council after the PFI grant is £61.560m.

Refinancing

During 2016/17, the Council finalised the refinancing deal with the current PFI portfolio holder. This attracted a monetary benefit of £3.2m over the remaining life of the project. In accordance with the Code, the refinancing gain is spread over the contract term as a reduction in the interest charge. The lump sum was initially posted to the Balance Sheet as deferred income, and split between long term and short term. This will be released to the Comprehensive Income and Expenditure Statement over the remaining contact term at £158k per annum.

14. Intangible Assets

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

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

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.240m charged to revenue in 2016/17 was charged to the appropriate Service Revenue Account.

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

	2015/16 Other Assets £'000	2016/17 Other Assets £'000
Balance at start of year:		
Gross carrying amounts	3,574	3,574
Accumulated amortisation	-1,940	-2,249
Net carrying amount at start of year	**1,634**	**1,325**
Additions:		
Purchases	0	41
Amortisation for the period	-309	-240
Net carrying amount at end of year	**1,325**	**1,126**
Comprising:		
Gross carrying amounts	3,574	2,434
Accumulated amortisation	-2,249	-1,308
Total	**1,325**	**1,126**

There are several items of capitalised software as follows:

	Carrying Amount		Remaining Amortisation Period
	31 March 2016 £'000	31 March 2017 £'000	
Agresso System –Trading	60	45	3 Years
Social Services ANITE – Adult Services	38	17	1-3 Years
Customer Relationship Management System – Trading	141	101	1-4 Years
HR & Payroll – Trading	499	407	4-6 Years
Revenue & Benefits IT System – Trading	127	106	5 Years
Egress Switch Encryption System	124	110	8 Years
Corelogic System	336	299	8 Years
Kaleida	0	41	3 Years
Total	**1,325**	**1,126**	

15. Impairment Losses

During 2016/17 the Council recognised total impairment losses of £23.8m (2015/16 £26.0m), of which £21.4m (2015/16 £20.0m) was in respect of its council dwellings stock.

Excluding expenditure on new build properties, there was capital expenditure of £26.5m (2015/16 £26.2m) on council dwellings during the year. Major items included £10.5m on bathrooms (2015/16 £10.5m) and £5.6m on the refurbishment of empty dwellings prior to re-letting (2015/16 £4.9m), which was initially added to the value of the housing stock. This was determined by the valuer to be non-enhancing expenditure and so, the recoverable value of the housing stock was therefore reduced by this amount to Fair Value (Existing Use Value – Social Housing). The impairment loss was charged to the Environment line in the Comprehensive Income and Expenditure Statement.

The previous year's impairment loss of £19.8m (2015/16 £16.5m) 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 – 2016* published by the Department for Communities and Local Government.

With regard to the remaining £2.4m (2015/16 £6.0m) of impairment losses recognised during the year, the most significant item was £0.750m for the HRA Garage Colonies due to demolitions, a general deterioration in condition and low demand of this type of property.

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.

2015/16 £'000		2016/17 £'000
535,825	**Opening Capital Financing Requirement**	532,187
	Capital Investment:	
64,837	Property, Plant and Equipment	60,227
0	Intangible Assets	41
9	Heritage Assets	0
12,023	Revenue Expenditure Funded from Capital under Statute	8,631
793	Loans	590
	Sources of Finance:	
-3,858	Capital Receipts	-6,555
-23,382	Government Grants and Other Contributions	-24,391
	Sums set aside from Revenue:	
-16,747	Direct Revenue Contributions	-28,264
-37,312	MRP / loans fund principal repayments	-24,489
532,187	**Closing Capital Financing Requirement**	**517,978**
	Explanation of Movements During Year	
-3,638	Increase / Decrease (-) in underlying need to borrow (unsupported by Government financial assistance)	-14,209
-3,638	**Increase / Decrease (-) in Capital Financing Requirement**	**-14,209**

17. Financial Instruments

Categories of Financial Instruments

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

	Long-term		Current	
	2015/16 £'000	2016/17 £'000	2015/16 £'000	2016/17 £'000
Investments				
Loans and receivables*				
Short Term Investments	0	0	39,642	53,292
Cash at Bank	0	0	-3,927	-12,472
Available for sale financial assets	39,800	43,700	0	0
Unquoted equity investment at cost	543	543	0	0
Total Investments	**40,343**	**44,243**	**35,715**	**40,820**
Debtors				
Loans and receivables	20,203	22,038	0	0
Financial assets carried at contract amounts	0	0	23,205	27,937
Plus items not classed as Financial Instruments (e.g. VAT, NDR, Council Tax, Payments in Advance)	0	0	16,934	11,976
Total Debtors	**20,203**	**22,038**	**40,139**	**39,913**
Borrowings				
Financial liabilities at amortised cost	346,899	360,689	18,682	26,730
Total Borrowings	**346,899**	**360,689**	**18,682**	**26,730**
Creditors				
Financial liabilities carried at contract amount	0	0	38,300	24,729
Plus items not classed as Financial Instruments (e.g. VAT, NDR, Council Tax, Receipts in Advance)	0	2,931	15,096	13,848
Total Creditors	**0**	**2,931**	**53,396**	**38,577**
Deferred (Long Term) Liabilities				
PFI	45,425	44,561	0	0
Other Long Term Liabilities	171	165	0	0
Total Deferred (Long Term) Liabilities	**45,596**	**44,726**	**0**	**0**

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

Income, Expenditure, Gains and Losses

	2015/16			2016/17		
	Financial Liabilities measured at Amortised Cost £'000	Financial Assets: Loans and Receivables £'000	Financial Assets: Available for Sale £'000	Financial Liabilities measured at Amortised Cost £'000	Financial Assets: Loans and Receivables £'000	Financial Assets: Available for Sale £'000
Interest expense	25,968	0	0	24,763	0	0
Total expense in Surplus or Deficit on the Provision of Services	**25,968**	**0**	**0**	**24,763**	**0**	**0**
Interest Income	0	-970	-1,117	0	-944	-1,129
Dividend Income	0	0	-3,245	0	0	-4,006
Total income in Surplus or Deficit on the Provision of Services	**0**	**-970**	**-4,362**	**0**	**-944**	**-5,135**
Net gain / loss for the year	**25,968**	**-970**	**-4,362**	**24,763**	**-944**	**-5,135**

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 2017 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	2015/16		2016/17	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB borrowing	360,455	446,820	365,413	474,339
Salix Finance Ltd	2,062	2,114	2,708	2,773
Long - term creditors	45,597	45,597	44,726	44,726

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

However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than the markets. If the Council were to seek to realise the projected gain by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that now has to be paid. The fair value calculation for early redemption including the penalty charge would be £543.759m (£505.345m in 2015/16).

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	2015/16		2016/17	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Loans and Receivables	39,642	39,743	53,292	53,377
Long-term debtors	20,203	20,203	22,038	22,038

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 2017 is analysed below:

2015/16 £'000			Input level in Fair Value Heirarchy	2016/17 £'000
39,800	Shareholdings in :	Manchester Airport Group Holdings Plc	Level 2	43,700
538		Wigan Football Company Ltd	Level 3	538
5		Other Investments		5
40,344				**44,243**

Manchester Airport Group

The Council's shareholding in Manchester Airport Group is 3.22% as at 31 March 2017. The shares in this company are not traded in an active market, the fair value shown above has been based on valuation techniques that are observable for the asset on an open market basis. The earnings based method (EBITA) has been used based on data for comparable quoted companies operating in the same sector. These shares are subject to an annual valuation. In 2016/17 this has seen an increase in value of £3.9m.

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:

2015/16 £'000		2016/17 £'000
9,268	Manchester Airport Group Holdings Plc	9,268
2,241	Housing Benefit Repayments	3,723
3,203	Renovation Loans	3,474
2,519	WALH Loans	3,277
1,224	Other Sundry Debtors	1,543
453	Housing – Insulation Loans	478
238	Housing Repairs	221
54	Transferred Debt re Pre-1974 functions	51
3	Loans for House Purchases	3
1,000	Local Authority Mortgage Scheme	0
0	Car Loans to Staff	0
20,203		**22,038**

Short Term Investments

During the year the Council invested its revenue balances, reserves and capital receipts externally in short term deposits. At 31 March 2017 £53.292m was invested in this way (£39.642m at 31 March 2016) as follows:

2015/16 £'000		2016/17 £'000
15,000	Lloyds TSB Bank	15,000
9,500	Nationwide Building Society	10,000
9,100	Barclays Bank	5,000
0	Coventry Building Society	5,000
0	London Borough of Newham	5,000
0	Northumbria P&CC	5,000
0	Nottingham City Council	5,000
0	Standard Life MMF	3,250
42	Royal Bank of Scotland	42
5,000	Birmingham City Council	0
1,000	Eastleigh Borough Council	0
39,642		**53,292**

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.

2015/16 £'000	Source of Loan Outstanding	Increases in year £'000	Decreases in year £'000	2016/17 £'000
345,413	Public Works Loans Board	20,000	6,732	358,681
1,475	Salix Finance Ltd	1,233	711	1,997
11	Individuals	0	0	11
346,899		**21,233**	**7,443**	**360,689**

2015/16 £'000	An Analysis by maturity is:	2016/17 £'000
7,320	Over 1 year but not over 2 years	11,029
21,460	Over 2 years but not over 5 years	16,601
36,905	Over 5 years but not over 10 years	38,046
84,995	Over 10 years but not over 15 years	108,357
97,117	Over 15 years but not over 20 years	67,555
6	Over 20 years but not over 25 years	7
99,096	Over 25 years	119,094
346,899		**360,689**

The accrued interest associated with the PWLB loans is £1.821m. This is included under current liabilities and will be paid in 2017/18.

Short Term Borrowing

At 31 March 2017 the figure for Short Term Borrowing outstanding was £26.730m, (£18.682m in 2015/16).

18. Deferred (Long Term) Liabilities

Deferred liabilities are liabilities which are payable beyond the next financial year. At 31 March 2017, these totalled £51.648m.

2015/16 £'000		2016/17 £'000
45,425	PFI (Wigan Joint Service Centre)	44,561
8,457	Former G.M.C. debt	6,922
127	Home Computer Initiative	121
41	5 Borough Medical Centre	41
3	Loan repayments Mortgaged Properties	3
54,053	**Balance as at 31st March**	**51,648**

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

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

19. Nature and Extent of Risks Arising from Financial Instruments

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

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

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

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

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

Credit risk

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

The Council applies the creditworthiness service provided by 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 full investment policy for 2016/17 was approved by Council on 18 February 2016 and is available on the Council's website.

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

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

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

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

2015/16 £'000		2016/17 A £'000	Historical experience of default B %	Historical experience adjusted for market conditions C %	Estimated maximum exposure to default and un-collectability A x B £'000
39,642	Deposits with Banks	53,292	0.009	0	3
46,402	Trade Debtors	41,627	3.67	0	1,528

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:

2015/16 £'000		2016/17 £'000
6,551	Less than three months	8,099
1,386	Three to six months	1,428
1,646	Six months to one year	1,870
4,550	More than one year	6,629
14,133		**18,026**

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:

2015/16 £'000		2016/17 £'000
16,645	Up to 1 year	24,909
7,320	Over 1 year but not over 2 years	11,029
21,460	Over 2 years but not over 5 years	16,601
36,905	Over 5 years but not over 10 years	38,046
84,995	Over 10 years but not over 15 years	108,357
97,117	Over 15 years but not over 20 years	67,555
6	Over 20 years but not over 25 years	7
99,096	Over 25 years	119,094
363,544		**385,598**

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:

	2016/17 £'000
Daily average investment balance (average rate of interest 0.49%)	64,412
Assuming interest rates 1% higher additional interest received	644
Decrease in fair value of fixed rate borrowings liabilities (no impact on Comprehensive Income and Expenditure Statement)	58,468

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 2016/17 the Council's holding in Manchester Airport Group Plc was revalued resulting in a gain of £3.9m 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 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	
	2015/16 £'000	2016/17 £'000	2015/16 £'000	2016/17 £'000	2015/16 £'000	2016/17 £'000
Balance outstanding at start of year	**239**	**231**	**279**	**428**	**518**	**659**
Purchases	3,851	4,152	1,499	1,452	5,350	5,604
Recognised as an expense in the year	-3,868	-4,143	-1,283	-1,338	-5,151	-5,481
Written off balances	9	-11	-67	-103	-58	-114
Balance outstanding at year-end	**231**	**229**	**428**	**439**	**659**	**668**

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. Short Term Debtors

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

2015/16 £'000		2016/17 £'000
24,466	Other Entities and Individuals	24,075
9,443	Central Government Bodies	7,902
3,100	NHS Bodies	4,579
3,130	Other Local Authorities	3,357
40,139	**Net Total**	**39,913**

22. Cash and Cash Equivalents

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

2015/16 £'000		2016/17 £'000
52	Cash held by the Council (Petty Cash)	48
10,489	Bank Current Accounts - Schools	13,276
-14,468	Bank Current Accounts - Council	-25,796
39,642	Short-term deposits	53,292
35,715	**Total Cash and Cash Equivalents**	**40,820**

The Cash Overdrawn element (£18.888m) is included within Cash and Cash Equivalents as it is deemed to be integral to the Council's cash management.

23. Cashflow Adjustments Analysis

2015/16 £'000	Adjust Net Surplus or Deficit on the Provision of Services for Non Cash Movements	2016/17 £'000
-37,198	Depreciation	-38,640
-309	Intangibles	-240
-4,507	Impairment and Revaluation Losses	78,070
-11,242	Increase +/- decrease in Creditors	14,819
-2,150	Increase +/- decrease in Debtors	1,609
141	Increase +/- decrease in Inventories	9
-1,485	Increase +/- decrease in Provisions	2,190
-17,762	Movement in Pension Liability	-14,905
-6,238	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	-15,162
-122	Other non-cash items charged to net surplus and deficit on the provision of services	-105
-80,872	**Total**	**27,645**

2015/16 £'000	Adjust for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	2016/17 £'000
9,054	Purchase of PPE	12,690
17,661	Capital Grants credited to the surplus or deficit on the provision of services	17,584
1,941	Council Tax and NDR adjustment	2,871
28,656	**Total**	**33,145**

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	
	2015/16 £'000	2016/17 £'000
Balance outstanding at start of the year	**1,738**	**2,610**
Assets newly classified as held for sale:		
Property, Plant and Equipment	1,793	998
Revaluation losses	-71	-150
Revaluation gains	344	41
Impairment losses	-17	-43
Assets declassified as held for sale:		
Property, Plant and Equipment	-355	-191
Assets sold	-822	-1,006
Balance outstanding at year-end	**2,610**	**2,259**

25. Creditors

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

2015/16 £'000		2016/17 £'000
31,534	Other Entities and Individuals	23,386
11,636	Central Government Bodies	8,297
7,623	Other Local Authorities	4,915
2,603	NHS Bodies	1,980
53,396	**Net Total**	**38,577**

26. Provisions

Current Liability

	Insurance Fund £'000	Business Rates Appeals £'000	Total £'000
Balance at 1 April 2016	**1,776**	**1,424**	**3,200**
Additional provisions made in 2016/17	3,504	1,581	**5,085**
Amounts used in 2016/17	-3,745	-1,236	**-4,981**
Unused amounts reversed in 2016/17	0	0	**0**
Balance at 31 March 2017	**1,535**	**1,769**	**3,304**

Long Term Liability

	Insurance Fund £'000	Total £'000
Balance at 1 April 2016	**5,548**	**5,548**
Additional provisions made in 2016/17	0	**0**
Amounts used in 2016/17	-2,295	**-2,295**
Unused amounts reversed in 2016/17	0	**0**
Balance at 31 March 2017	**3,253**	**3,253**

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

Insurance

At 31st March 2017 the Council held an Insurance provision of £4.8m. This is for future payments of claims made or yet to be made for incidents which occurred before 31st March 2017. These include incidents where a legal liability arises and incidents of damage to Council property. The costs of premium payments, settlement of claims and risk management are shown as decreases to the provision in 2016/17. The level of the Insurance provision is reviewed annually to ensure that sufficient sums are set aside to meet potential liabilities.

Business Rates Appeals

Following the introduction of the Business Rates Retention Scheme in April 2013 local authorities are now liable for their share of successful appeals against business rates charged in previous financial years. The Council has set aside a provision for any potential liabilities. For 2016/17 the Council is responsible for a 49% share of this liability, along with The Department for Communities and Local Government and Greater Manchester Fire and Rescue Authority being responsible for a 50% and 1% share respectively. Moving forwards, under the 100% business rate retention, the Council will have to provide for the full share of this provision.

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 2016/17.

	Balance at 31.3.15 £'000	Trans. Out £'000	Trans. in £'000	Balance at 31.3.16 £'000	In year realign. £'000	Trans. Out £'000	Trans. in £'000	Balance at 31.3.17 £'000	Anticip-ated Balance £'000
Invest to Save - General Fund									
Organisational Transition	**11,856**	-1,968	3,797	**13,685**	-500	-6,053	3,181	**10,313**	**0**
Invest to Save Reserve	**3,217**	-1,012	276	**2,481**	0	-615	1,000	**2,866**	**0**
Transformation Agenda	**2,983**	-829	0	**2,154**	0	-1,052	1,000	**2,102**	**0**
Legal Costs Reserve	**2,722**	-1,102	0	**1,620**	0	0	0	**1,620**	**0**
Residential Social Care- New Initiative	**0**	0	2,000	**2,000**	0	-615	0	**1,385**	**0**
IT Investment Reserve	**1,936**	-1,002	0	**934**	0	-614	750	**1,070**	**0**
Leisure Facilities Investment Funds	**505**	-24	0	**481**	0	0	0	**481**	**0**
Carbon Reduction Scheme	**600**	-205	0	**395**	0	-177	0	**218**	**0**
Waste Procurement	**104**	-25	0	**79**	0	0	0	**79**	**0**
Organisational Development Reserve	**634**	-319	0	**315**	0	-315	0	**0**	**0**
	24,557	**-6,486**	**6,073**	**24,144**	**-500**	**-9,441**	**5,931**	**20,134**	**0**
Council approved Budget Funding – General Fund									
Community Investment Fund	**2,739**	-1,182	2,000	**3,557**	0	-1,794	1,000	**2,763**	**0**
Apprenticeship Scheme	**2,281**	-1,060	1,000	**2,221**	0	-852	0	**1,369**	**0**
Deal in Action	**396**	-67	125	**454**	0	-80	947	**1,321**	**0**
Wigan on the Move	**0**	0	500	**500**	0	0	0	**500**	**0**
Armed Forces Reserve	**500**	-42	0	**458**	0	-81	123	**500**	**0**
Access to Internet	**500**	0	0	**500**	0	-59	0	**441**	**0**
Graduate Scheme	**448**	-27	0	**421**	0	-95	0	**326**	**0**
Life Scheme - Leigh	**300**	0	0	**300**	0	0	0	**300**	**0**
Borough Spring Clean	**225**	-3	0	**222**	0	0	0	**222**	**0**
World War One Commemorations	**148**	-20	0	**128**	0	-40	0	**88**	**0**
Road Traffic Safety Reserve	**266**	-56	0	**210**	0	-137	0	**73**	**0**
NEETs	**967**	-840	0	**127**	0	-222	101	**6**	**0**
	8,770	**-3,297**	**3,625**	**9,098**	**0**	**-3,360**	**2,171**	**7,909**	**0**
General Fund									
Health and Social Care Commissioning	**12,515**	**-4,735**	**977**	**8,757**	**0**	**-6,144**	**0**	**2,613**	**0**
Usable Reserves (available) General Fund	**45,842**	**-14,518**	**10,675**	**41,999**	**-500**	**-18,945**	**8,102**	**30,656**	**0**
Corporate									
Business Rates Safety Net	**7,600**	0	3,000	**10,600**	-1,000	0	0	**9,600**	**5,500**
Insurance Reserve	**8,514**	-2,155	0	**6,359**	0	-301	2,627	**8,685**	**3,729**
Grants Reserve	**7,053**	-3,849	4,829	**8,033**	0	-4,411	4,200	**7,822**	**0**
Leigh Sports Village	**1,903**	0	60	**1,963**	0	-465	143	**1,641**	**0**
Wigan Life Centre	**1,977**	-518	0	**1,459**	0	0	0	**1,459**	**0**
Deal for Business	**0**	0	0	**0**	1,500	-75	0	**1,425**	**0**
Public Sector Reform	**778**	-525	0	**253**	0	0	163	**416**	**0**
Waste Disposal After Care	**303**	-22	0	**281**	0	0	111	**392**	**0**
VAT Reserve	**595**	-250	0	**345**	0	0	0	**345**	**0**
FCC Waste Disposal – Recycling Credit Penalties	**0**	0	0	**0**	0	0	200	**200**	**0**
IT Partnership Reserve	**121**	0	52	**173**	0	-144	52	**81**	**0**
Various Bequests – Culture – Other Reserves	**6**	0	0	**6**	0	0	0	**6**	**0**
Warrington Rd Allotments – Other Reserves	**6**	0	0	**6**	0	0	0	**6**	**0**
Allotments / Bowling Funds – Green Spaces	**0**	0	16	**16**	0	-16	0	**0**	**0**
Usable Reserves (available) Corporate	**28,856**	**-7,319**	**7,957**	**29,494**	**500**	**-5,412**	**7,496**	**32,078**	**9,229**

Continued from previous page	Balance at 31.3.15 £'000	Trans. Out £'000	Trans. in £'000	Balance at 31.3.16 £'000	In year realign. £'000	Trans. Out £'000	Trans. in £'000	Balance at 31.3.17 £'000	Anticip-ated Balance £'000
Schools / DSG Balances									
DSG Schools Block – Delegated Fund	**16,044**	-1,230	1,768	**16,582**	0	-2,343	8	**14,247**	**14,247**
DSG Early Years Block	**2,565**	-291	0	**2,274**	0	-1,098	0	**1,176**	**1,176**
Schools Balances – Direct Funding	**633**	-42	135	**726**	0	-169	485	**1,042**	**1,042**
Closed Schools Balances – Delegated Fund	**752**	0	0	**752**	0	-250	0	**502**	**502**
DSG Contingency / Centrally Retained	**1,669**	-64	0	**1,605**	0	-1,554	268	**319**	**319**
Schools PPG Reserve	**105**	-105	221	**221**	0	-201	95	**115**	**115**
DSG High Needs Block	**1,732**	-1,366	57	**423**	0	-423	0	**0**	**0**
Usable Reserves (available) Schools	**23,500**	**-3,098**	**2,181**	**22,583**	**0**	**-6,038**	**856**	**17,401**	**17,401**
Usable Reserves (available)	**98,198**	**-24,935**	**20,813**	**94,076**	**0**	**-30,395**	**16,454**	**80,135**	**26,630**
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**
Usable Reserves (unavailable)	**6,240**	**0**	**0**	**6,240**	**0**	**0**	**0**	**6,240**	**6,240**
Total Usable Reserves - Earmarked	**104,438**	**-24,935**	**20,813**	**100,316**	**0**	**-30,395**	**16,454**	**86,375**	**32,870**

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

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

Usable Reserves (available)

Invest to Save - General Fund:

Organisational Transition

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

Invest to Save Reserve

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

Transformation Agenda

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

Legal Costs Reserve

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

Residential Social Care – New Initiative

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

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.

Leisure Facilities 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.

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.

Organisational Development Reserve

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

Council Approved Budget Funding - General Fund:

Community Investment Fund (Building Self Reliance Programme)

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

Apprenticeship Scheme

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

Deal in Action Reserve

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

Wigan on the Move Reserve

Council approved investment in this reserve to support its public health and wellbeing agenda.

Armed Forces Reserve

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

Access to Internet Reserve

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

Graduate Scheme

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

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.

Borough Spring Clean Reserve

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

World War One Commemorations

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

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.

General Fund:

Health and Social Care Commissioning

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

Corporate:

Business Rates Safety Net

This reserve provides a contingency against future losses in Business Rates following successful appeals and the reduction in rateable value.

Insurance Reserve

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

Grants Reserve

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

Leigh Sports Village

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

Wigan Life Centre

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

Deal for Business

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

Public Sector Reform

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

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.

VAT Reserve

This represents previously overpaid output tax reimbursed by HM Customs.

FCC Waste Disposal – Recycling Credit Penalties

The reserve has been created to record any recycling credit penalties generated as part of the waste disposal contract.

IT Partnership Reserve

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

Allotments / Bowling Funds – Green Spaces

The monies set aside in this reserve will enable improvements to be made to bowling greens and allotments across the Borough.

Other Reserves

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

Schools / DSG Balances:

DSG Schools Block – Delegated Fund

This represents the total balances of all schools within the borough that remain open and maintained by the local authority.

DSG Early Years Block

This represents unspent DSG in respect of Early Years Funding.

Schools Balances – Direct Funding

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

Closed Schools Balances – Delegated Fund

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

DSG Contingency / Centrally Retained

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

Schools PPG Reserve

The Pupil Premium Grant is additional funding given to schools so that they can support their disadvantaged pupils and close the attainment gap between them and their peers. In accordance with the conditions of the grant, schools can carry forward unspent money to future financial years. This reserve represents the amount held by schools at 31 March 2017.

DSG High Needs Block

This represents unspent DSG in respect of High Needs Funding.

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 18. Movements within the Usable Capital Receipts Reserve are shown in Note 6 on Page 31.

29. Unusable Reserves

2015/16 £'000		2016/17 £'000
417,620	Capital Adjustment Account	522,223
64,513	Revaluation Reserve	68,410
29,586	Available for Sale Financial Instruments Reserve	33,486
-374,399	Pensions Reserve	-434,334
-4,254	Employee Accumulated Absences Account	-5,801
-3,849	Collection Fund Adjustment Account	-2,402
129,217	**Total Unusable Reserves**	**181,582**

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.

2015/16 £'000		2016/17 £'000	
395,835	**Balance at 1 April**		**417,620**
	Reversal of items relating to capital expenditure debited or credited to the CIES:		
-60,954	Charges for depreciation and impairment of non-current assets	-61,123	
17,752	Revaluation losses on Property, Plant and Equipment	99,336	
-309	Amortisation of Intangible Assets	-240	
1,497	Movements in the Market Value of Investment Property	1,218	
-12,023	Revenue expenditure funded from capital under statute	-8,631	
-6,238	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	-15,162	
-60,275			**15,396**
1,008	Adjusting amounts written out of the Revaluation Reserve		1,886
-59,267	Net written out amount of the cost of non-current assets consumed in the year		**17,282**
	Capital financing applied in the year:		
3,858	Use of the Capital Receipts Reserve to finance new capital expenditure	6,555	
2,000	Use of the Major Repairs Reserve to finance new capital expenditure	10,756	
13,117	Capital grants and contributions credited to the CIES that have been applied to capital financing	12,510	
10,266	Application of grants to capital financing from the Capital Grants Unapplied Account	11,881	
37,312	Statutory provision for the financing of capital investment charged against the General Fund	24,489	
14,747	Capital expenditure charged against the General Fund	17,508	
81,300			**83,698**
0	Movement in the Donated Assets Account credited to the CIES		3,915
-248	Write down of Long Term Debtors		-292
417,620	**Balance at 31 March**		**522,223**

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.

2015/16 £'000		2016/17 £'000	
67,940	**Balance at 1 April**		**64,513**
9,253	Upward revaluation of assets	12,733	
-11,672	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-6,950	
-2,419	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		**5,783**
-668	Difference between fair value depreciation and historical cost depreciation	-816	
-340	Accumulated gains on assets sold or scrapped	-1,070	
-1,008	Amount written off to the Capital Adjustment Account		**-1,886**
64,513	**Balance at 31 March**		**68,410**

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

2015/16		2016/17	
£'000		£'000	£'000
30,786	**Balance at 1 April**		**29,586**
-1,200	Revaluation of Shareholding in Manchester Airport	3,900	
0	Downward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	0	
29,586			**33,486**
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
29,586	**Balance at 31 March**		**33,486**

Pensions Reserve

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

2015/16 £'000		2016/17 £'000
-463,133	**Balance at 1 April**	**-374,399**
106,496	Actuarial gains or losses (-) on pensions assets and liabilities	-45,030
-48,053	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-45,672
30,291	Employer's pensions contributions and direct payments to pensioners payable in the year	30,767
-374,399	**Balance at 31 March**	**-434,334**

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.

2015/16		2016/17	
£'000		£'000	£'000
-5,586	**Balance at 1 April**		**-4,254**
5,586	Settlement or cancellation of accrual made at the end of the preceding year	4,254	
-4,254	Amounts accrued at the end of the current year	-5,801	
1,332	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		-1,547
-4,254	**Balance at 31 March**		**-5,801**

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.

2015/16 £'000		2016/17 £'000
-5,168	**Balance at 1 April**	**-3,849**
1,319	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	1,447
-3,849	**Balance at 31 March**	**-2,402**

30. Trading Operations

Surpluses and Deficits on Trading Accounts

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

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

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

2016/17	Expenditure £'000	Turnover £'000	(Surplus) / Deficit £'000	IAS 19 Allocation £'000	Post IAS 19 (Surplus) / Deficit £'000
Highways Maintenance	7,756	7,745	11	70	82
Building Maintenance	13,924	14,343	-419	78	-341
Transport	3,712	4,584	-872	21	-851
Metrofresh	8,449	8,587	-138	121	-16
Building Cleaning	2,727	2,711	15	11	26
Other External Cleaning and Waste	0	7	-7	0	-7
Total	**36,568**	**37,977**	**-1,409**	**302**	**-1,107**
Other Trading Services	771	1,022	-251	0	-251
Total Trading Services	**37,340**	**38,999**	**-1,660**	**302**	**-1,358**

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 2017 was a surplus of £1.625m (£1.282m in 2015/16) and is included in the Trading Accounts line (of Financing and Investment Income) of £0.267m deficit in addition to the above.

IAS19 is a statutory accounting requirement relating to the Local Government Pension Scheme explained in Note 41. The impact of IAS19 increases charges to the above services by £0.302m.

2015/16 Comparative figures	Expenditure £'000	Turnover £'000	(Surplus) / Deficit £'000	IAS19 Allocation £'000	IAS19 (Surplus) / Deficit £'000
Highways Maintenance	7,888	8,006	-118	189	71
Building Maintenance	14,107	14,636	-529	183	-346
Transport	4,498	4,735	-237	62	-175
Metrofresh	8,497	8,622	-125	335	210
Building Cleaning	379	382	-3	24	21
Other External Cleaning and Waste	75	20	55	0	55
Total	**35,444**	**36,401**	**-957**	**793**	**-164**
Other Trading Services	1,280	1,053	227	0	227
Total Trading Services	**36,724**	**37,454**	**-730**	**793**	**63**

31. Agency Services

The Council is a billing authority for Non Domestic Rates (NDR) and Council Tax. This includes the billing of precepts for the Police and Crime Commissioner for Greater Manchester, Greater Manchester Fire and Rescue Authority and the precepts for the parishes of Haigh and Shevington. Only the elements of NDR and Council Tax that relate to the Council's income are included within the main financial statements.

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

32. Pooled Budgets

Better Care Fund

At the beginning of 2015/16, the Council entered into a joint arrangement with Wigan Borough Clinical Commissioning Group (CCG) to pool resources in order to improve the Health and Social Care outcomes for the residents of the Borough. The arrangement is made in accordance with Section 75 of the National Health Service Act 2006 and any surplus or deficit generated will be distributed as per agreement by the Joint Commissioning Finance Group. The Pooled Budget is hosted by the Council.

2015/16 £'000		Better Care Fund	2016/17 £'000	
		Funding Provided to the Pooled Budget		
21,931		Revenue – CCG	22,498	
2,603		Capital – Wigan Council	3,122	
	24,534	**Total Funding**		**25,620**
		Expenditure on behalf of Pooled Budget		
4,000		Revenue expenditure – CCG	4,298	
17,804		Revenue expenditure – Wigan Council	18,200	
1,913		Capital expenditure – Wigan Council	3,000	
	23,717	**Total Expenditure**		**25,498**
	817	**Total Underspend**		**122**
		Allocated as agreed by the Joint Commissioning Finance Board:		
127		Revenue Underspend – CCG	0	
690		Capital Underspend – Wigan Council	122	
	817	**Total Underspend**		**122**

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

33. Members' Allowances

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

	2015/16 £'000	2016/17 £'000
Allowances	1,135	1,167
Expenses	8	9
Total	**1,143**	**1,176**

The employers' pension contributions associated with these allowances was £0.005m (£0.046m in 2015/16).

Information on the allowance payments made by the Council for the Transport for Greater Manchester can be found on the Council's website.

LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 removed access to the Local Government Pension Scheme (LGPS) for councillors from 1 April 2014, with the following exception:

Councillors who were members of the LGPS on 31 March 2014 retained access to the LGPS up to the end of their current term of office only (or to the age of 75 if earlier).

34. Officers' Remuneration

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

Table a)

Name	Job Title	Financial Year	Salary, Fees and Allow. Note * £	Employers Pension Contrib. £	Total Remun. Incl. pension contrib. £
Donna Hall	Chief Executive	**2016/17**	**165,000**	**31,752**	**196,752**
		2015/16	165,000	31,752	196,752
Paul McKevitt **(1)**	Deputy Chief Executive (Director for Resources & Contracts)	**2016/17**	**140,000**	**20,580**	**160,580**
		2015/16	140,000	21,576	161,576
Alison McKenzie-Folan	Deputy Chief Executive (Director for Customer Transformation)	**2016/17**	**140,000**	**27,440**	**167,440**
		2015/16	128,333	21,439	149,772
Stuart Cowley **(2)**	Director for Adult Social Care & Health	**2016/17**	**120,000**	**23,520**	**143,520**
		2015/16	120,000	23,520	143,520
Kate Ardern **(3)**	NHS Director of Public Health	**2016/17**	**101,451**	**16,659**	**118,110**
		2015/16	110,906	15,860	126,766
James Winterbottom **(4)**	Director for Children & Families	**2016/17**	**120,000**	**0**	**120,000**
		2015/16	120,000	0	120,000
Karl Battersby	Director for Economy & Regeneration	**2016/17**	**122,301**	**23,520**	**145,821**
		2015/16	30,460	5,880	36,340
Rebecca Murphy **(5)**	Director for Integrated Care	**2016/17**	**44,516**	**8,725**	**53,241**
		2015/16	0	0	0

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

(1) Paul McKevitt is the S151 Officer for Wigan and also the Treasurer to Greater Manchester Fire and Rescue Authority.

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

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

(4) James Winterbottom is the Chief Education Officer which is defined as a statutory Chief Officer post under Section 532 of the Education Act 1970.

(5) Rebecca Murphy, Director for Integrated Care, was appointed on 3 October 2016. The annualised salary for this post is £90,000.

Other Senior Officers

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

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

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

Table b)

Number of Employees 2015/16	Remuneration Band	Number of Employees 2016/17
41	£50,000 - £54,999	39
10	£55,000 - £59,999	12
3	£60,000 - £64,999	8
5	£65,000 - £69,999	2
4	£70,000 - £74,999	1
2	£75,000 - £79,999	1
9	£80,000 - £84,999	12
2	£85,000 - £89,999	1
1	£90,000 - £94,999	0
1	£95,000 - £99,999	1
2	£100,000 - £104,999	1
0	£105,000 - £109,999	0
0	£110,000 - £114,999	0
0	£115,000 - £119,999	0
1	£120,000 - £124,999	1
0	£125,000 - £129,999	0
0	£130,000 - £134,999	0
81		**79**

Redundancy payments are included in the remuneration.

Schools and Colleges Leadership – Heads, Deputies and Assistants

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

Table c)

Number of Employees 2015/16	Voluntary Aided and Foundation School Employees included in previous column Total 2015/16	Remuneration Band	Number of Employees 2016/17	Voluntary Aided and Foundation School Employees included in previous column Total 2016/17
83	42	£50,000 - £54,999	76	42
66	43	£55,000 - £59,999	69	43
39	22	£60,000 - £64,999	32	22
19	8	£65,000 - £69,999	29	13
21	14	£70,000 - £74,999	13	6
5	1	£75,000 - £79,999	8	5
2	0	£80,000 - £84,999	7	3
5	3	£85,000 - £89,999	3	2
0	0	£90,000 - £94,999	2	1
2	1	£95,000 - £99,999	1	0
0	0	£100,000 - £104,999	1	1
1	0	£105,000 - £109,999	1	0
0	0	£110,000 - £114,999	0	0
0	0	£115,000 - £119,999	0	0
1	0	£120,000 - £124,999	0	0
0	0	£125,000 - £130,000	1	0
244	**134**		**243**	**138**

Redundancy payments are included in the remuneration.

Exit Packages – Contractual obligation on termination of employment

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

Exit Package Cost Band (including special payments)	Col B Number of Compulsory Redundancies		Col C Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band (Col B+C)		Total Cost of Exit Packages in Each Band £'000	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
0 - £20,000	45	51	143	121	188	172	1,546	1,048
£20,001 - £40,000	6	7	44	27	50	34	1,355	883
£40,001 - £60,000	1	2	14	7	15	9	713	431
£60,001 - £80,000	0	2	7	2	7	4	490	279
£80,001 - £100,000	0	0	5	5	5	5	454	447
£100,001 - £150,000	0	2	3	0	3	2	375	223
£150,001 - £200,000	0	0	1	1	1	1	157	182
£200,001 – £250,000	0	0	1	1	1	1	232	246
Total	**52**	**64**	**218**	**164**	**270**	**228**	**5,322**	**3,739**

The total cost of £3.739m for exit packages has been charged to the authority's Comprehensive Income and Expenditure Statement in the current year.

Termination Benefits

The Council terminated the contracts of a number of employees in 2016/17, incurring liabilities of £2.055m (£2.578m in 2015/16). Further details on the number of exit packages and the total cost per band is disclosed in the tables above.

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

35. Audit Costs

In 2016/17 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:

	2015/16 £'000	2016/17 £'000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor	134	134
Fees payable to Grant Thornton in respect of statutory inspections	0	0
Fees payable to Grant Thornton for the certification of grant claims and returns *	68	41
Fees payable in respect of other services provided by the appointed auditor **	4	27
Total	**206**	**202**

* 2015/16 values include retrospective charges for the conclusion of 2014/15 grant claims.

** The fees for other services payable in 2015/16 related to the Teachers' Pension Fund audit completed by Grant Thornton and for 2016/17 additional work relating to the 2015/16 DWP Housing Benefits Grant Claim.

36. Dedicated Schools Grant

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

Details of the deployment of DSG receivable for 2016/17 are as follows:

Notes		Central Expenditure £'000 Column 1	Individual Schools Budget £'000 Column 2	Total £'000 Column 3
A	Final DSG for 2016/17 before Academy recoupment			**234,415**
B	Academy figure recouped for 2016/17			**43,547**
C	Total DSG after Academy recoupment for 2016/17			**190,868**
D	Brought forward from 2015/16			**4,302**
E	Carry forward to 2017/18 agreed in advance			**3,655**
F	Agreed initial budgeted distribution in 2016/17	16,855	174,660	**191,515**
G	In Year Adjustments	-301	301	**0**
H	Final budget distribution for 2016/17	16,554	174,961	**191,515**
I	Actual central expenditure	18,402		**18,402**
J	Actual ISB deployed to schools		175,262	**175,262**
K	Local authority contribution for 2016/17	0	0	**0**
L	Carry forward to 2017/18	-1,848	0	**1,807**

A Final DSG figure before any amount has been recouped from the authority excluding the January 2016 early years block adjustment.

B Figure recouped from the authority in 2016/17 by the DfE for the conversion of maintained schools into Academies.

C Total figure after DfE Academy recoupment for 2016/17.

D Figure brought forward from 2015/16 as agreed with the Department. Details of the exercise to obtain this agreement were contained in the Financial Monitoring Team's email circulated in May 2015.

E Any amount which the authority decided after consultation with the schools forum to carry forward to 2017/18 rather than distribute in 2016/17 – this may be the difference between estimated and final DSG for 2016/17, or a figure (positive or negative) brought forward from 2015/16 which the authority is carrying forward again.

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

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

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

I Actual amount of central expenditure items in 2016/17 – 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 2016/17 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 2017/18, i.e.

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

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

Total is carry forward on central expenditure (L) plus carry forward on ISB (L) plus/minus any carry forward to 2017/18 already agreed (E).

37. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2016/17:

Credited to Taxation and Non Specific Grant Income	Awarding Body	2015/16 £'000	2016/17 £'000
Revenue Support Grant	CLG	55,980	43,987
Capital Grants	Various	18,064	19,154
Private Finance Initiative	CLG	6,023	6,023
New Homes Bonus	CLG	4,163	4,879
Donated Assets	Various	0	3,915
Education Services Grant	DFE	4,092	3,695
Small Business Rate Relief	CLG	3,634	3,107
Magistrates Grant	MoJ	71	67
Local Services Support Grant	CLG	115	63
Probation Grant	M0J	35	36
Council Tax Freeze Grant	CLG	1,128	0
Other	CLG	18	0
Total		**93,323**	**84,926**

Credited to Services	Awarding Body	2015/16 £'000	2016/17 £'000
Dedicated Schools Grant	DFE	191,050	190,932
HRA Rent Rebates	DWP	49,852	46,546
Rent Allowance Subsidy	DWP	43,105	41,429
Public Health Funding	DOH	24,790	26,978
Pupil Premium Grant	DFE	12,353	12,208
REFCUS Grants	Various	4,492	4,091
Young Peoples Learning Agency (formerly Learning Skills Council)	DFE	3,595	3,626
Universal Infant Free School Meals	DFE	3,503	3,403
General Education Grants	Various	2,550	2,967
Skills Fund Agency	BIS	2,255	2,255
Independent Living Grant	CLG	1,267	1,604
Housing Benefit Admin Grant	DWP	1,455	1,305
Troubled Families	CLG	604	932
Other Grants	Various	976	734
Non HRA Rent Subsidy	DWP	732	640
Discretionary Housing Payments Grant**	DWP	553	620
Adoption Inter Agency Fee Grant	DFE	129	575
Local Council Tax Support Admin Grant	CLG	466	515
Youth Justice Board	MoJ	551	468
Regional Adoption Agency Grant	DFE	50	333
Adoption Support Fund	DFE	118	242
Capacity Fund Grant *	HCA	0	220
Local Reform & Community Voices Grant	CLG	214	218
Year 7 Catch Up Premium Grant	DFE	157	161
Armed Forces Grant *	MOD	0	159
Unaccompanied Asylum Seeker Children Grant *	HO	0	139
Estate Regeneration Funding *	CLG	0	135
New Burdens Welfare Reform	DWP	130	128
Individual Electoral Registration Grant	CO	84	105
Care Act New Burdens Grant	CLG	1,575	0
Childrens Sexual Exploitation Grant	DFE	852	0
Childrens Mental Health Scheme	DFE	812	0
Local Land Charges New Burdens Grant	CLG	222	0
Deprivation of Liberty Safeguard Grant	DOH	170	0
Early Years Workforce Grant	DFE	120	0
Total		**348,783**	**343,668**

***** These sources of funding are new for 2016/17

****** 2015/16 has been restated to include the Discretionary Housing Payments Grant which was included in other income previously.

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

38. Related Parties

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

Central Government

Central Government has significant influence over the general operations of the Authority. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g.Council Tax bills, Housing Benefits). Details of grant transactions with Government departments are set out in Note 37 Grant Income.

Members of the Council

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2016/17 is shown in Note 33. Each year the Council invites Members to declare any such interests including related parties. In respect of 2016/17 financial year, a number of members declared interests in other organisations that the Council transact with. The total value of these transactions was £0.292m. Contracts were entered in full compliance with the Council's standing orders.

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

Chief Officers

The Council operates a Code of Conduct whereby individual Chief Officers are required to disclose any pecuniary and non-financial interests with related parties. In addition, the Council on an annual basis necessitates Chief Officers to make a declaration of any related parties. During 2016/17, a Chief Officer declared pecuniary interest in accordance with Section 117 of the Local Government Act 1972. In the surrounding circumstances, the transaction is deemed to be immaterial. The Chief Executive did not take part in any decisions in relation to the payment.

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. These roles will cease to exist at the Council as of 7 May 2017 and will transfer to the Greater Manchester Combined Authority. All Chief Officer remuneration payments are included in detail in Note 34 Officers' Remuneration.

Joint Services and Partnerships

Greater Manchester Combined Authority (GMCA)

As a result of an agreement reached between the ten Greater Manchester Councils and Central Government, the Combined Authority has taken over arrangements for the coordination of a range of policy issues including economic development and regeneration for Greater Manchester, assumed responsibility for determining skill needs with a statutory Employment and Skills Board and have responsibility for the exercise of new powers and function for the prioritisation of transport investment.

During 2016/17 the amount paid to the GMCA was £23.359m.

This is made up of the following:

- £22.236m relating to the Passenger Transport Levy
- £1.123m towards Economic Regeneration

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 2016/17 this amounted to £0.723m.

Assisted Organisations

The Council has pooled budget arrangements with Wigan Borough Clinical Commissioning Group (CCG) in order to improve the Health and Social Care outcomes for the residents of the Borough. Further details are included in Note 32 Pooled Budgets.

The Council also provided Community Services Fee funding of £3.000m during 2016/17 to the Inspiring Healthy Lifestyles (formerly Wigan Leisure and Culture Trust).

39. Related Businesses and Companies

Wigan and Leigh Housing Company Limited (WALH)

This is a company limited by guarantee. The Council is the sole member of the company and has the right to appoint 4 out of 12 Directors. The Council would be able to secure a distribution of assets and could equally dissolve the company. The company has a contractual relationship with the Council and has been responsible for the management of the Council's housing stock since 2002. In 2016/17 the Council paid the company a management fee of £13.1m. From 1 April 2017 however, the management of the stock has transferred back to the Council.

The company returned a deficit on ordinary activities before taxation of £0.554m. Copies of the accounts are available at Progress 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 £4.6m, with the majority (£3.3m) relating to costs associated with the construction of new build properties.

The Council has provided to WALH a letter of support for their pension liability of £18.043m 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.

As from March 2016, Wigan Metropolitan Development Company (Property) Ltd has ceased active trading. Wigan Metropolitan Development Company Ltd has not incurred any trading activities during the financial year 2016/17. Therefore, figures reported in this note relate to the trading company of Wigan Metropolitan Development Company (Investments Ltd) for the financial year 2016/17.

The Council manages surplus cash balances on behalf of the company. The amount deposited with the Council at the 31 March 2017 was £2.45m.

The company returned a pre-tax surplus of £0.709m for the financial year 2016/17. Copies of the accounts are available at Wigan Investment Centre, Waterside Drive, Wigan, Lancs. WN3 5BA.

Leigh Sports Village Company Limited

This is a company limited by shares. The Council is the only shareholder. The Council has the ability to dissolve the company and to procure the distribution of its assets, although the Council does not have direct liability for the losses of the company. The company manages the sports facilities at the Leigh Sports Village site. The Council paid the company £1.038m in 2016/17. The company returned a loss of £0.053m in 2016/17.

At the end of the financial year, the company was indebted to the Council by a net £0.427m. 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. The Council paid £3.8k for the services provided by the Douglas Valley Communities Ltd in 2016/17.

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 did not make any payments to the company during 2016/17.

PSP Wigan LLP

The Council has entered into an agreement with Public Sector PLC (PSP) to establish a Limited Liability Partnership, trading as PSP Wigan LLP. This is classed as a Joint Venture as decisions about activities require the unanimous consent of all the parties sharing control, and the Council and PSP have rights to the net assets of the arrangement. The partnership has been established to facilitate property related projects which could include development of surplus assets, facilitation of regeneration schemes, portfolio management and the investment of private sector funds in projects to mutual benefit.   As at 31 March 2017, no assets have been transferred to the LLP.

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

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

40. Leases

Authority as lessee:

During 2016/17 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 2016/17 was £1.331m (2015/16 £1.649m). 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 2017 to future lease payments of £2.881m under these operating leases, comprising the following elements:

2015/16 Total £'000s		Vehicles, Plant & Equipment £'000s	Property £'000s	2016/17 Total £'000s
1,062	Lease payments during 2017/18	737	218	**955**
1,482	Lease payments between 2018/19 and 2021/22	1,665	130	**1,795**
238	Lease payments after 2021/22	119	12	**131**
2,782	**Total Leases**	**2,521**	**360**	**2,881**

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 2016/17 was £3.307m (2015/16 £3.369m).

The future minimum lease payments receivable are:

2015/16 Total £'000s		2016/17 Total £'000s
2,819	Leases expiring in 2017/18	2,703
10,167	Leases expiring between 2018/19 and 2021/22	10,066
175,082	Leases expiring after 2021/22	170,771
188,068	**Total Leases**	**183,540**

Of the minimum lease payments receivable after 2021/22 of £170.771m, £100.727m is in respect of leases which are due to expire more than 50 years after 31 March 2017.

41. Pension Schemes

Pension Schemes Accounted for as Defined Contribution Schemes

Teachers’ Pension Scheme

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

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

The scheme has in excess of 6,000 participating employers and consequently, the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total contributions into the Teacher’s Pension Scheme during the year ending March 2017, the Council’s own contributions equate to approximately 16.48%.

In 2016/17 the Council paid £13.0m (£12.4m in 2015/16) to Capita Teachers' Pensions in respect of teachers retirement benefits. In addition the Council pays the pension payments for teachers relating to added years together with related increases. In 2016/17 these amounted to £4.0m (£4.1m in 2015/16).

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

NHS Staff Pension Scheme

During 2016/17, NHS staff have continued to work within the Council and have maintained their membership in the NHS Pension Scheme. The scheme provides these staff with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members pensionable salaries.

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

In 2016/17 the Council paid £0.117m to the NHS Pension Scheme (£0.117m in 2015/16) 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 reported Net Cost of Service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on cash payable in the year, so the real cost of the post-employment / retirement benefits is reversed out of the General Fund Balance via the Movements in Reserves Statement.

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

Comprehensive Income and Expenditure Statement

2015/16 £'000		2016/17 £'000
	Cost of Services:	
32,304	current service cost	27,849
882	past service cost (including curtailments)	4,697
33,186	**Total Service Cost**	**32,546**
	Financing and Investment Income & Expenditure:	
-28,530	interest income on plan assets	-30,862
43,397	interest cost on defined benefit obligation	43,988
14,867	**Total Net Interest**	**13,126**
48,053	**Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services**	**45,672**
	Remeasurements of the Net Defined Liability Comprising:	
33,743	return on plan assets (excluding amounts included in net interest)	-176,933
0	actuarial gains/losses arising from changes in demographic assumptions	2,556
-121,566	actuarial gains/losses arising from changes in financial assumptions	223,873
-18,673	other experience and actuarial adjustments	-4,466
-106,496	**Total Remeasurements Recognised in Other in the Comprehensive Income and Expenditure Statement**	**45,030**
-58,443	**Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement**	**90,702**

Movement in the Reserves Statement - General Fund

2015/16 £'000		2016/17 £'000
-48,053	Reversal of net charges made to the surplus / deficit on the provision of service	-45,672
24,382	Employers' contributions payable to the scheme	24,975
5,909	Retirement benefits payable to pensioners	5,792
-17,762	**Actual amount charged against the General Fund Balance for Pensions in the year**	**-14,905**

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	
	2015/16 £'000	2016/17 £'000
Present value of the defined benefit obligation	-1,259,253	-1,522,017
Fair value of employer assets	884,854	1,087,683
Total	**-374,399**	**-434,334**
Other movements in the liability (asset) (if applicable)	0	0
Net liability arising from the defined benefit obligation	**-374,399**	**-434,334**

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

	Funded Liabilities: Local Government Pension Scheme	
	2015/16 £'000	2016/17 £'000
Opening fair value of scheme liabilities	**1,356,191**	**1,259,253**
Current Service Cost	32,304	27,849
Interest Cost	43,397	43,988
Contributions from scheme participants	7,212	7,300
Remeasurement gain		
Actuarial gains/losses arising from changes in demographic assumptions	0	2,556
Actuarial gains/losses arising from changes in financial assumptions	-121,566	223,873
Other experience and actuarial adjustments	-18,673	-4,466
Past Service Costs	882	4,697
Benefits Paid	-40,494	-43,033
Closing balance at 31 March	**1,259,253**	**1,522,017**

Reconciliation of movements in the fair value of the scheme assets

	Local Government Pension Scheme	
	2015/16 £'000	2016/17 £'000
Opening fair value of scheme assets	**893,058**	**884,854**
Adjustment to opening balances		
Interest Income	28,530	30,862
Remeasurement gain		
Return on assets excluding amounts included in net interest	-33,743	176,933
Contributions from employer into the scheme	30,291	30,767
Contributions from employees into the scheme	7,212	7,300
Benefits Paid	-40,494	-43,033
Closing fair value of scheme assets	**884,854**	**1,087,683**

In 2016/17 three 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 2015/16 £'000	Quoted prices in active markets 2015/16 £'000	Total 2015/16 £'000	Percentage of Total Assets 2015/16 %	Quoted prices in active markets 2016/17 £'000	Quoted prices in active markets 2016/17 £'000	Total 2016/17 £'000	Percentage of Total Assets 2016/17 %
Equity Securities								
Consumer	77,920	0	**77,920**	**9**	88,406	0	**88,406**	**8**
Manufacturing	64,127	0	**64,127**	**7**	90,524	0	**90,524**	**8**
Energy and utilities	47,500	0	**47,500**	**5**	72,406	0	**72,406**	**7**
Financial Institutions	85,835	0	**85,835**	**10**	111,194	0	**111,194**	**10**
Health and care	37,001	0	**37,001**	**4**	39,024	0	**39,024**	**4**
Information Technology	19,880	0	**19,880**	**2**	27,633	0	**27,633**	**3**
Other	11,662	0	**11,662**	**1**	18,528	0	**18,528**	**2**
Debt Securities								
Corporate bonds (investment grade)	44,084	0	**44,084**	**5**	51,600	0	**51,600**	**5**
UK Government	7,016	0	**7,016**	**1**	14,311	0	**14,311**	**1**
Other	27,627	0	**27,627**	**3**	34,362	0	**34,362**	**3**
Private Equity								
All	0	22,108	**22,108**	**2**	0	30,904	**30,904**	**3**
Real Estate								
UK Property	0	27,862	**27,862**	**3**	0	29,827	**29,827**	**2**
Investment Funds and Unit Trusts								
Equities	246,570	0	**246,570**	**28**	272,314	0	**272,314**	**25**
Bonds	68,744	0	**68,744**	**8**	77,636	0	**77,636**	**7**
Infrastructure	0	11,859	**11,859**	**1**	0	25,077	**25,077**	**2**
Other	17,387	43,035	**60,422**	**7**	19,505	54,212	**73,716**	**7**
Derivatives								
Other	2,329	0	**2,329**	**1**	0	0	**0**	**0**
Cash and Cash Equivalents								
All	22,308	0	**22,308**	**3**	30,222	0	**30,222**	**3**
Totals	**779,990**	**104,864**	**884,854**	**100**	**947,663**	**140,020**	**1,087,683**	**100**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, 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 31 March 2017.

The significant assumptions used by the actuary have been:

Mortality Assumptions

2015/16		2016/17
	Longevity at 65 for current pensioners:*	
21.4 years	Male	21.5 years
24.0 years	Female	24.1 years
	Longevity at 65 for future pensioners:*	
24.0 years	Male	23.7 years
26.6 years	Female	26.2 years
2.2%	Rate of Inflation (Price Increases)	2.4%
3.5%	Rate of increase in salaries (Salary Increases)	2.5%
2.2%	Rate of increase in pensions (Pension Increases)	2.4%
3.5%	Rate of discounting scheme liabilities (Discount Rate)	2.6%
55.0%	Take up of option to convert annual pension into retirement grant	55.0%

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

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

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

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

Change in Assumption at 31 March 2017	Approximate % increase to Employer Liability £'000	Approximate monetary amount £'000
0.5% decrease in Real Discount Rate	10%	145,725
0.5% increase in the Salary Increase Rate	2%	23,669
0.5% increase in the Pension Increase Rate	8%	119,944

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

The objectives of the scheme are to keep employers contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 90.5% over the next 3 years. Funding levels are monitored on an annual basis. The next triennial valuation will take effect from 1 April 2017.

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

The Council anticipates paying £22.935m contributions to the scheme for the period to 31 March 2018.

The weighted average duration of the defined benefit obligation for scheme members is 17.9 years.

42. Contingent Assets

Equity Loan Scheme

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

Repayment of the equity loan will occur when the property is re-sold in the future or if the occupier decided to acquire the additional 30% equity. The repayment sum will be linked to the property value and will depend on the value at the time of repayment. The repayment sums will be classed and treated as Section 106 contributions. As at 31 March 2017, 101 equity loans have been approved totalling £4.2m and possible repayment dates range from 2022 to 2041.

43. Contingent Liabilities

NDR

The Council has made a provision for appeals based upon its best estimate on information from the VOA. There are significant uncertainties as to what the ultimate effect of these backdated appeals will be and there is also a risk that further appeals, both national and local, could be lodged with the Valuation Office Agency before the next re-set date of 2017, which may negatively impact on the Council's financial position.

Greater Manchester Loan Funds Guarantee

The Council agreed to enter into an indemnity agreement to support the Greater Manchester Loan Fund. The fund was set up to provide loans to new and growing business in Greater Manchester. This was entered into alongside other Greater Manchester Authorities and given to Manchester City Council in order to underwrite the initial £12m to £14m capital in proportion to its percentage of GM population at the date of the establishment of the fund (June 2013).

For Wigan Council the maximum indemnity will be £1.65m which is 11.8% of the total indemnity.

At 31 March 2017 loans totalling £5.05m have been advanced.

The risk of the indemnity being called upon is considered to be low.

Housing Investment Fund

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

The Fund was set-up on 1 April 2015 and is administered by Manchester City Council as accountable body.

The Fund provides the opportunity to invest in locally prioritised schemes and give the flexibility required to stimulate the market, accelerate growth and increase housing supply.

In return for GM receiving this Fund it must guarantee that 80% of the funds drawn down, to a maximum of £240m, will be repaid to Her Majesty's Treasury (HMT) at the end of the Fund life (this is likely to be in 2028 when all loans advanced are repaid). The Department of Communities and Local Government (DCLG) will underwrite the first 20% of any loss to the Fund (up to a maximum of £60m).

Each GM District will indemnify a proportion of the Fund based on its percentage of GM population as at 1 April 2015. For Wigan Council the maximum indemnity will be £28.2m which is 11.8% of the total indemnity.

At 31 March 2017 the amount drawn down by Manchester City Council was £41.8m.

It is not currently anticipated that there will be any call on this indemnity.

44. Expenditure on Publicity

Section 5 (1) in Part II of the Local Government Act 1986 requires a local authority to identify and keep a separate account of their expenditure on publicity.

2015/16 £'000		2016/17 £'000
49	Recruitment and Advertising Expenses	15
356	Other Advertising	361
724	Other Publicity	726
1,129	**Total Expenditure on all Publicity**	**1,102**

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 2016/17 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 2016/17 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 2015/16 £'000		Chargeable 2016/17 £'000	Non Chargeable 2016/17 £'000	All Other Building Control 2016/17 £'000	Total Building Control 2016/17 £'000
	Expenditure				
262	Employees Expenses	162	132	30	324
11	Transport Related	3	1	1	5
34	Supplies and Services	22	7	4	33
229	Central and Support Services Charges	203	59	39	301
0	Capital Charges and Depreciation	0	0	0	0
536	**Total Expenditure**	**390**	**199**	**74**	**663**
	Income				
-335	Building Regulation Charges	-279	0	0	-279
-2	Other Income	-18	0	-11	-29
-337	**Total Income**	**-297**	**0**	**-11**	**-308**
199	**Surplus (-) Deficit for the year**	**93**	**199**	**63**	**355**

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 May 2017. Events taking place after this date are not reflected in the financial statements or ms. Where events taking place before this date provided information about conditions existing at 31 March 2017, 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 2016/17 financial year and its position at the year-end of 31 March 2017. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. These regulations require the Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) and the Service Reporting Code of Practice 2016/17, supported by International Financial Reporting Standards (IFRS).

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

Going Concern

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

Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

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

Cash and Cash Equivalents

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

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

Charges to Revenue for Non-Current Assets

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

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

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

- amortisation of intangible fixed assets attributable to the service.

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

an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance, or loans funded principal charges
or:
equal to at least 4% of the underlying amount measured by the adjusted Capital Financing Requirement, excluding amounts attributable to Housing Revenue Account (HRA) activity.

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

Overheads and Support Services

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

Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

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

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

Pensions

The Council contributes to three different pension schemes;

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

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

The Local Government Pension Scheme

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

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

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

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

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

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

2. **past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. This is debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Account as part of Non Distributed Costs

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

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

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

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

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

Discretionary Benefits

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

Events After the Balance Sheet Date

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

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

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

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

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

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

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

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

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

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

Available-for-Sale Assets

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

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

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

The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.

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

Level 3 inputs – unobservable inputs for the asset.

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

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

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

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

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

Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Guarantees Entered Into Before 1 April 2006

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

Financial Liabilities

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

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

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

Foreign Currency Translation

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

Government Grants and Contributions

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

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

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

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

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

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

Inventories and Long Term Contracts

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

Intangible Fixed Assets

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

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

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

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

Leases

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

The Authority as Lessee

Operating Leases

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

The Authority as Lessor

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

Group Accounts

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

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

Joint Operations

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

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

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

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

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

Private Finance Initiative (PFI) and Similar Contracts

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

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

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

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

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

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

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

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

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

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

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation 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.

Contingent Assets

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

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

Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Impairment

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

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

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

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

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

Disposals and Non-Current Assets Held for Sale

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

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

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

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

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

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

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

Depreciation

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

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

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

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

Each 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.

Fair Value

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

- In the principal market for the asset or liability, or

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

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

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

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

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

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

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

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

Investment Properties

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

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

However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Heritage Assets

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

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

Arts and Artefacts Collection

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

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

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

Civic Regalia

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

Public / Outside Art

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

Other Heritage Assets

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

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

Schools

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

Schools Non-Current Assets

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

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

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

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

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

Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

Reserves

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

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

Accounting for Council Tax

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

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

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

National Non-Domestic Rates (NNDR)

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

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

VAT

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

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT FOR YEAR ENDED 31 March 2017

2015/16 £'000		Notes	2016/17 £'000
	Expenditure		
23,483	Repairs & Maintenance	**1**	24,101
16,295	Supervision & Management	**2**	16,833
1,109	Rents, Rates, Taxes and Other Charges	**3**	760
21,685	Depreciation and Impairment of Non-Current Assets	**4/5**	42,812
0	Gains on Revaluation of Stock	**4**	-89,020
46	Debt Management Costs	**6**	44
840	Movement in the Allowance for Bad Debts	**7**	450
63,458	**Total Expenditure**		**-4,018**
	Income		
89,093	Dwelling Rents	**8/9**	87,666
623	Non-dwelling Rents	**10**	651
1,659	Charges for Services & Facilities	**11**	1,677
1,617	Contributions towards Expenditure	**12**	1,898
92,993	**Total Income**		**91,892**
-29,535	**Net Cost Of HRA Services as included in the whole authority Comprehensive Income & Expenditure Statement**		**-95,910**
120	HRA services share of Corporate and Democratic Core		120
-29,415	**Net Income for HRA Services**		**-95,790**
	HRA share of the operating income and expenditure included in the whole authority Comprehensive Income & Expenditure Statement:		
-1,653	Gain (-) or loss on sale of HRA non-current assets		-1,802
15,910	Interest payable and similar charges	**13**	14,795
-100	HRA Interest and investment income	**14**	-94
-85	Gain (-) or loss on the Revaluation of HRA Investment Property		-105
-940	Capital grants and contributions receivable		-1,168
-16,283	**Surplus (-) or deficit for the year on HRA services**		**-84,164**

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2015/16 £'000		Notes	2016/17 £'000
-16,794	**Housing Revenue Account surplus brought forward**		**-20,452**
-16,283	Surplus (-) or deficit for the year on the HRA Income and Expenditure Statement		-84,164
12,625	Adjustments between accounting basis and funding basis under the legislative framework	**15**	84,867
-20,452	**Balance on the HRA at the end of the current year**	**19**	**-19,749**

NOTES TO THE HOUSING REVENUE ACCOUNT

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

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

Currently the day to day operation of the Council's housing stock is carried out by an Arms Length Management Organisation (ALMO), Wigan and Leigh Homes Ltd. From 1 April 2017, this management has reverted back to the Council.

1. Repairs & Maintenance

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

2. Supervision & Management

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

3. Rents, Rates and Other Charges

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

4. Depreciation and Impairment Charges

The depreciation and impairment charges for 2016/17 are as follows:

	£'000
Depreciation on Property, Plant and Equipment – Dwellings	21,231
Depreciation on Property, Plant and Equipment – Other Land and Buildings	228
Depreciation on Property, Plant and Equipment – Intangible Fixed Assets	0
Depreciation on Property, Plant and Equipment – Vehicles, Plant, Furniture and Equipment	1
Total Depreciation	**21,460**
Impairment	21,352
Revaluation Gain	-89,020
Total Depreciation and Impairment	**-46,208**

The impairment charge represents the value of non-enhancing capital expenditure on HRA dwellings in 2016/17.

The net book value of dwellings increased by £78.4m during 2016/17. The main reason for the increase was updated guidance for valuers (Guidance on Stock Valuation for Resource Accounting, Guidance for Valuers 2016), issued by DCLG which raised the social housing % adjustment from 35% to 40%.

Due to such significant revaluation increases this has had an impact on the total HRA expenditure making this a credit figure, comparative to a large debit balance in previous years.

5. Capital Asset Charges Accounting Adjustment

The costs of impairment are included as charges to the HRA Income and Expenditure Account. The effect of the capital asset charges accounting adjustment is that the impairment cost is reversed out of the HRA in the Movement on HRA Statement as this is not a cost that is to be borne by the HRA tenants. For 2016/17 the impairment charge is £21.352m.

6. Debt Management Expenses

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

7. Movement in the Allowance for Bad Debts

Contributions towards the HRA Allowance for Bad Debt amounted to £0.450m in 2016/17 compared with £0.840m in 2015/16.

Cumulative provisions for uncollectable debts are as follows:

	£'000	%
31 March 2016	5,630	90.06
31 March 2017	5,943	90.67

Rent Arrears are analysed below:

31.3.16			31.3.17	
£'000	%		£'000	%
2,503	5.44	Current Tenants Arrears	2,968	6.16
3,254	7.08	Former Tenants Arrears	3,102	6.43
495	1.08	Overpaid Housing Benefit	476	0.99
6,252	**13.59**	**Total Arrears**	**6,546**	**13.58**

8. Dwelling Rents

This is the total income due for the year after allowing for rent lost on void properties. In 2016/17 the void property rent loss was 1.29% compared with 1.28% in 2015/16.

9. Stock Numbers and Valuations

	1.4.16	31.3.17	Change Number
Houses			
1 Bedroom	2,404	2,405	+1
2 Bedrooms	4,664	4,692	+28
3 Bedrooms	9,653	9,514	-139
4 or more Bedrooms	264	263	-1
Total Houses	**16,985**	**16,874**	**-111**
Flats			
1 Bedroom	3,113	3,095	-18
2 Bedrooms	2,037	2,033	-4
3 or more Bedrooms	59	59	0
Total Flats	**5,209**	**5,187**	**-22**
Total Houses & Flats	**22,194**	**22,061**	**-133**

The balance sheet value for HRA assets is as follows

	1.4.16 £'000	31.3.17 £'000
Property, Plant and Equipment – Dwellings	513,120	591,519
Property, Plant and Equipment – Other Land and Buildings	14,733	12,003
Property, Plant and Equipment – Assets Under Construction	1,465	6,762
Depreciation on Property, Plant and Equipment – Plant and Equipment	14	13
Intangible Assets	0	0
Assets Held for Sale	77	500
Investment Property	145	250
Total HRA Assets	**529,554**	**611,047**

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

The market value of HRA properties for 2016/17 is £6.128bn, when the Social Housing Use percentage of 40% is applied, the vacant possession value of dwellings at Existing Use Valuation becomes £1.532bn. The vacant possession value and balance sheet value of the dwellings within the HRA show the economic cost to Government of providing council housing at less than market rents.

10. Non Dwelling Rents

This is rental income from garages and shops.

11. Charges for Services and Facilities

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

12. Contributions towards Expenditure

Various contributions including:

- Tenants rechargeable repairs
- Settlement of insurance claims

13. Interest Payable and Similar Charges

This is interest payable on the HRA debt outstanding.

Interest charges have decreased slightly from £15.910m in 2015/16 to £14.795m in 2016/17. As at 31 March 2017 the amount of HRA debt outstanding was £298m.

14. HRA Interest and Investment Income

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

15. Adjustment between Accounting Basis and Funding Basis under statute

This comprises of the reversal of the charge for impairment, revaluation of assets and the capital grants credited to the HRA Statement. For a breakdown of movements see the main Note 6.

16. Funding the 2016/17 HRA Capital Expenditure

	£'000
Capital Expenditure 2016/17	**33,167**
Funded by:	
Contributions from the Major Repairs Reserve	10,756
Borrowing	2,133
Revenue Contributions to Capital Expenditure	14,456
Usable Capital Receipts	4,317
Other Grants and Contributions	1,505
Total Funding 2016/17	**33,167**

The total Capital Grants received in 2016/17 was £0.98m which has been used in full for works completed in 2016/17. £4.3m of retained Right to Buy receipts were used towards building affordable homes, leaving a balance of £4.01m in retained receipts for future building projects.

Summary of Capital Receipts 2016/17

	£'000
Disposal of Dwellings (Right to Buy)	7,662
Disposal of HRA Land & Other Receipts	508
Total Capital Receipts 2016/17	**8,170**

17. Transfer to / from Capital Adjustment Account

This is made up of voluntary debt repayment of £10.3m and a voluntary revenue provision of £0.7m to cover the transfer of property from the general fund for new build affordable housing.

18. Major Repairs Reserve Movements 2016/17

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

	£'000
Opening Balance at 1 April 2016	**1,788**
Transfers Into the MRR 2016/17	21,460
Expenditure charged to the MRR in 2016/17	-10,756
Voluntary Revenue Provision on land purchased and legacy debt from the MRR in 2016/17 to the HRA	-10,992
Closing Balance at 31 March 2017	**1,500**

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 £1.8m.
In 2016/17 funding of £21.5m was received, which was used during the financial year to pay for major refurbishment works to Council dwellings. The reserve has a £1.5m balance to carry forward to 2017/18.

19. Surplus at 31 March 2017

This is the accumulated HRA surplus as at 31 March 2017. The balance of £19.749m is carried forward into 2017/18 for use in future years.

THE COLLECTION FUND 2016/17

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

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

Collection Fund 2015/16 £'000		Notes	Business Rates 2016/17 £'000	Council Tax 2016/17 £'000	Total 2016/17 £'000
	Income				
121,365	Council Tax Receivable		0	125,764	125,764
78,870	Income from Business Ratepayers		81,722	0	81,722
7,069	Contribution towards previous years Collection Fund deficit	**3**	5,940	0	5,940
207,304			**87,662**	**125,764**	**213,426**
	Precepts, Demands and Shares				
40,601	Central Government	**2**	41,273	0	41,273
141,459	Wigan Council	**1,2**	40,448	104,547	144,995
12,980	Office of the Police and Crime Commissioner for GM	**1**	0	13,515	13,515
5,724	GM Fire and Rescue Authority	**1**	825	5,050	5,875
327	Transitional Protection Payments	**2**	381	0	381
0	Contribution towards previous years Collection Fund surplus	**3**	0	702	702
201,091			**82,928**	**123,815**	**206,743**
	Charges to Collection Fund				
0	Write offs of uncollectable amount		0	0	0
3,378	Increase / Decrease in Bad Debt Provision		1,248	1,625	2,873
2,905	Increase / Decrease in Provision for Appeals		3,228	0	3,228
-2,896	RV List Amendments charged to Provision		-2,523	0	-2,523
387	Cost of Collection		385	0	385
3,774			**2,339**	**1,625**	**3,964**
2,436	**Surplus / Deficit (-) arising in the year**		2,396	324	2,720
-11,060	**Surplus / Deficit (-) b/fwd 1st April**		-9,670	1,046	-8,624
-8,624	**Surplus / Deficit (-) c/fwd 31st March**		**-7,275**	**1,370**	**-5,905**
	Allocated to:				
-3,849	**Wigan Council**		-3,565	1,163	-2,402
-4,835	**Central Government**		-3,637	0	-3,637
114	**Office of the Police and Crime Commissioner for GM**		0	151	151
-54	**GM Fire and Rescue Authority**		-73	56	-17
-8,624			**-7,275**	**1,370**	**-5,905**

NOTES TO THE COLLECTION FUND

1. Council Tax

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

For 2016/17, the proportions were as follows:

	%
Wigan Council	84.9%
Police Crime and Commissioner for Greater Manchester	11.0%
Greater Manchester Fire and Rescue Authority	4.1%

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

The Council Tax base for 2016/17 was 85,921 (85,227 in 2015/16) calculated as follows:

Tax Base

Council Tax Bands (No. of Properties)			
Band	**Number of chargeable dwellings**	**Multiplier**	**Band D equivalent dwellings**
A	58,672	6/9	39,115
B	28,462	7/9	22,137
C	21,494	8/9	19,106
D	11,042	9/9	11,042
E	5,464	11/9	6,678
F	1,753	13/9	2,532
G	609	15/9	1,015
H	6	18/9	12
Tax Base before adjustment to Collection Rate			101,637
Adjustment for Estimated Collection Rate 99%			-1,016
Adjustment for Council Tax reduction			-14,700
Total Band D Equivalent			**85,921**

The average Council Tax for Band D dwellings for the Council and major precepting authorities was £1,432.06.

2. Non-Domestic Rates

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

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

The national multipliers are as follows:

	2015/16	2016/17
Standard Business rate	49.3p	49.7p
Small Businesses rate	48.0p	48.4p

The Business Rates shares payable for 2016/17 were estimated before the start of the financial year as £41.273m to Central Government, £0.825m to GMFRA and £40.448m to Wigan Council.

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

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

3. Contributions to Collection Fund Surpluses and Deficits

The Council under statute has to prepare an estimate each January of the surplus or deficit expected to arise at the end of the financial year. In January 2016, it was estimated that the following amounts were due to/from the preceptors in 2016/17.

	Estimated Surplus £'000	Estimated Deficit £'000
Central Government	0	2,970
Wigan Council	598	2,911
Greater Manchester Fire and Rescue Authority	28	59
Office of the Police and Crime Commissioner for Greater Manchester	76	0
Total	**702**	**5,940**

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required:

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

In accordance with the decision of the Audit, Governance and Standards Committee held on 3rd August 2017, I hereby approve the accounts for Wigan Council for the year ended 31 March 2017.

Chair of Meeting
3 August 2017

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 2017.

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

Paul McKevitt

P McKevitt BA (Hons) CGMA, Director Resources and Contracts (Deputy Chief Executive)
3 August 2017

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.

DONATED ASSETS
Assets transferred at nil value or acquired at less than fair value

F

FAIR VALUE
Fair Value is the price that would be received to sell and asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

H

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

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

I

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

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

INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS)
Defined Accounting Standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity’s financial position, and a standardised method of comparison with financial statements of the other entities.

L

LOCAL AUTHORITY ACCOUNTS ADVISORY COMMITTEE (LASAAC)
Is an independent committee that develops and promotes proper accounting practice for Local Government

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

M

MEDIUM TERM FINANCIAL PLAN (MTFP)
A financial plan detailing projected expenditure and available resources over a period of three years.

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

N

NON DOMESTIC RATES (NDR)
These are often referred to as Business Rates, and are a levy on business properties based on a national rate in the pound applied to the ‘rateable value’ of the property. The Government determines that national rate poundage, Local Authorities collect the sums due, with distribution made in accordance with rules governing the Business Rates retention scheme.

NET-BOOK VALUE
The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current cost less the cumulative depreciation.

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

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

P

POOLED BUDGETS
Where services provided are closely linked, for example health and social care, partnership agreements are set up whereby the service provision is funded jointly by two or more partner organisations.

PRECEPTS
An amount of money levied by one authority (the precepting authority) which is collected by another authority (the collecting authority) as part of the council tax.

PRIVATE FINANCE INITIATIVE (PFI)
A partnership between the private and public sectors that uses private sector financing to provide public sector assets. The partnership has to meet certain criteria to qualify for Central Government subsidy.

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

PRUDENTIAL BORROWING
The set of rules governing local authority borrowing in the UK. Under prudential borrowing, the amount of debt and other liabilities most local authorities can incur is no longer capped by an upper limit. Instead borrowing must conform to the Prudential Code which (among other things) requires that borrowing be affordable and prudential.

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

R

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

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

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

REFCUS
Revenue expenditure funded by capital under statute.

S

SECTION 106
A legally binding agreement or planning obligation with a landowner, in association with the granting of planning permission.

U

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

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

V

VOLUNTARY REVENUE PROVISION (VRP)

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

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 2015/16

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

Communities and Local Government (CLG)

Government department formerly known as the Office of the Deputy Prime Minister (ODPM) or Department of Communities and Local Government (CLG), CLG issues government lead initiatives on issues such as fire prevention, emergency planning and training. CLG is also a major funding source.
https://www.gov.uk/government/organisations/department-for-communities-and-local-government

D

Department for Education (DFE)

UK government department with responsibility for infant, primary and secondary education.
http://www.education.gov.uk/

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

This government department integrates environmental, social and economic objectives. DEFRA promotes sustainable development as the way forward for Government.
https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs

Department for Work and Pensions (DWP)

UK government department with responsibility for welfare and pension policy.
https://www.gov.uk/government/organisations/department-for-work-pensions

G

Greater Manchester Combined Authority (GMCA)

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

H

Her Majesty's Revenue and Customs (HMRC)

HMRC is the body with the legal responsibility for collecting the bulk of tax revenue.
http://www.hmrc.gov.uk/

Homes and Communities Agency (HCA)

The HCA is the national housing and regeneration delivery agency for England and also has regulatory responsibility for social housing providers.
http://www.homesandcommunities.co.uk

Home Office (HO)

The Home Office is the lead government department responsible for immigration and passports, drugs policy, crime, counter-terrorism and police.
https://www.gov.uk/government/organisations/home-office

I

International Accounting Standards Board (IASB)

Is the independent standard setting body that are responsible for the development and publication of International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

O

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

Inspects and regulates educational services in the UK and promotes educational, economic and social well-being of children, young people and adult learners.
http://www.ofsted.gov.uk/

P

Public Works Loan Board (PWLB)

This is a government agency which provides long-term loans to public bodies at better rates than what would be obtained commercially.
http://www.dmo.gov.uk/index.aspx?page=PWLB/Introduction

R

Royal Institute of Chartered Surveyors (RICS)

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

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

S

Service Reporting Code of Practice (SERCOP)

Published by CIPFA for 2015/16, the SERCOP establishes "proper practice" with regard to consistent financial reporting to enhance the compatibility of local authority financial information and is given statutory force in England by regulations under the Local Government Act 2003.

Society of Local Authority Chief Executives and Senior Managers (SOLACE)

SOLACE is the representative body for senior strategic managers working in the public sector. The society promotes effective local government and provides professional development for its members.

http://www.solace.org.uk/

T

Teachers Pension Agency (TPA)

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

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

V

Valuation Office Agency (VOA)

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

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

D

Dedicated Schools Grant (DSG)

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

N

Non Domestic Rate (NDR)

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

R

Revenue Support Grant (RSG)

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

S

SCHEMES

Integrated Community Equipment Store (ICES)

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

Local Government Pension Scheme (Greater Manchester Pension Fund)

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

Teachers' Pension Scheme

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

NHS Pension Scheme

The Scheme provides these staff with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

OTHER TERMS OF REFERENCE

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.

2016/17 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 2017/18 Statement of Accounts.

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

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

Yes ☐ No ☐

Comment: ....

....

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

Yes ☐ No ☐

Comment: ....

....

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

Yes ☐ No ☐

Comment: ....

....

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

Yes ☐ No ☐

Comment: ....

....

Please turn over the page

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

Yes ☐ No ☐

Comment:

....

....

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

Yes ☐ No ☐

Comment: ....

....

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

....

....

8. Which of the following best describes you?

An employee or elected member of the authority ☐

A member of the public ☐

A member of another organisation/interested party ☐

Thank you for taking the time to complete this questionnaire

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