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FOREWORD by Cllr David Molyneux, Leader of Wigan Council

Wigan Council provides more than 700 services and is the second largest in Greater Manchester and ninth largest in the country with a population of c323,000. 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.

The Council’s innovative approach to transform its services is proving to be a great success and was endorsed by the recent LGA Peer review. The links and relationships made in the community are a real asset to improving the services and facilities for our residents. The investment we have made to grow our voluntary sector now exceeds £10m but the benefits significantly outweigh the sum invested.

The period of austerity continues to put great pressure on Local Government finances, particularly here in Wigan where we have suffered considerable financial loss. Since 2010 we have now been forced to cut our budget by £131m and still have a further £27m to find over the next 3 financial years. However because of the continued success of the Deal there are no planned cuts to front line services during this period.

We are continuing with our promise to keep council tax rises as low as possible and have not raised general council tax for 2018/19. The rise that you see on your bill is for Adult Social Care costs in line with the Government’s Policy plus an increase for the Police and the new Greater Manchester Mayoral precept. Details of this can be found on the Greater Manchester Combined Authority website. Wigan had the lowest council tax rise in Greater Manchester and has the second lowest council tax in Greater Manchester.

In March 2018 when the Budget and Council tax was approved by the Council, additional funding was approved 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 and as mentioned above have been a great success in improving the service offer to our residents. I also set aside additional funds to extend the apprentice provision to encourage our business community to offer new opportunities for our residents.

2017/18 has been a difficult year with increasing pressure on children’s social care as the number of complex cases has seen increasing costs for the provision of our services. However overall we have achieved a balanced Adult Social Care budget which is entirely due to the great work done to reduce the demand for residential care by improving the offer to our residents that enables them to remain in their own homes for longer. The combined position means that we have delivered our savings target of £16m and have exceeded this by some £0.244m.

This small surplus continues the trend from previous years and helps maintain balances at a prudent level. The following accounts will show that there continues to be strong financial management and that the Council is providing value for money for its residents.

Councillor David Molyneux
Leader of Wigan Council

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

Introduction

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

The accounts must be completed by law and in accordance with the requirements of the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards (IFRS) for 2017/18, 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 2018, 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

Population (2015)

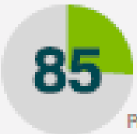
Population of Wigan Borough

Previous figures **322,022**

Projected population in 2039

Deprivation (2015)

Wigan is ranked 85th out of the 326 Local Authorities for deprivation (where 1 is most deprived)



Previous figures **85** (2010)

Households (2015)

Number of households in the Borough

136,386

Previous figures **130,00 (2008)**

Population age range (2015)

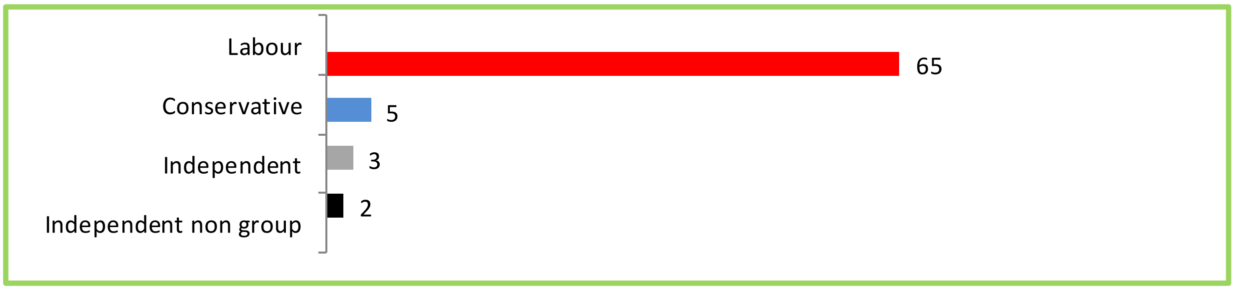
	Male %	Female %
Total	49.8%	50.2%
0-4	51.8%	48.2%
0-5	51.8%	48.2%
0-19	51.8%	48.2%
16-64	50.1%	49.9%
65+	46.8%	53.2%
75+	43.2%	56.8%
85+	35.5%	64.5%

Ethnic Group (2011)

White	**97.3%**
Mixed/multiple ethnic groups	**0.9%**
Asian/Asian British	**1.1%**
Black/African/Caribbean/Black British	**0.5%**
Other ethnic group	**0.2%**

The Council is one of ten authorities that make up the Greater Manchester Combined Authority.

The Council is made up of 25 Councillor Wards each having 3 elected Councillors giving a total of 75 Councillors. During 2017/18, the political structure of the Council was as follows:



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 work alongside communities and partners to tackle the key challenges. 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

The Deal for the Future builds on the success of The Deal which has helped the Council to make savings of £131m since 2010. 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 £27.5m savings identified as required to balance the Council's finances up to 2020/21.

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 residents to build these skills for the benefit of themselves and the borough.

The Deal for the Future reflects a new relationship with residents and explains the part both 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.

A greater emphasis is placed upon preventative action, rather than reactive action, by encouraging more people to engage in their own communities. In practical terms, it means a new approach to public service reform with co-located, place-based teams being given the freedom to innovate and redesign 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 brought about by 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 these commitments include:

Enabling our Children and Young people to get the best start in life

School readiness has increased from 39% to 69%

91% of schools are rated 'good or 'outstanding'

52% reduction in first time entrants to the youth justice system

28% of children leaving care are adopted – top performing

Numbers of looked after children are reducing while nationally they are increasing.

9000 pupils take part in the Daily Mile

Improving the local environment

Kerbside recycling increased 8% since 3 weekly waste collection introduced

Deal for your Street team best in the UK APSE – staff engagement innovation award

21% reduction in fly tipping since moving to 3 weekly

Winter maintenance team best in the UK APSE - service innovation award

Secured £11m investment in the borough's highway infrastructure

Top Quartile for highways maintenance

Supporting the Local Economy to grow

9,900 more people in employment today than in 2010

40% increase in housebuilding over the last 3 years

Wigan's economy has grown an average of **2.1%** per year since 2011

7,678 Fewer residents claiming out-of-work benefits than in 2010

25,330 Apprenticeship starts. higher than the regional and national averages

Progressing major infrastructure developments including the A49 and M58 link road

Population is getting fitter and healthier

Prevalence of smoking has reduced by 5 percentage points from 22.7% to 17.7%,

Healthy Life Expectancy has increased by 2.1 years for males and 2 years for females

18% reduction in deaths under 75 from cardiovascular disease considered preventable

The proportion of adults who are physically active has increased from 48% in 2012 to 60% in 2016

Asset Based approach to adult social care is working

75% of residents supported by our outstanding reablement service require no further on-going social care support

79% of care home providers rated 'good' or 'outstanding'. Third most improved nationally

89% of home care providers rated 'good' or outstanding'

Getting people home from hospital : Wigan best in North West and 5th in country

Demand is being tackled through integrated service delivery

Operation Encompass

All schools now notified of pupils exposed to domestic abuse

Proportion of repeat adult missing cases have reduced from 51% to 10%

Every victim of reported domestic abuse gets a visit from victim hub

Class leading in GM on place based working

Cutting red tape and providing value for money

Satisfaction with the council increased by 59%

Increased staff engagement – best council to work for

We have frozen the general element of Council Tax

Digital exclusion rate downgraded from medium to low

The time taken to process Housing benefit has been halved

£131m of efficiency savings achieved

Peer Review 2017/18

In October 2017, the Council invited the Local Government Association (LGA) to undertake a Corporate Peer Review. The purpose of the review was to help understand what the Council was doing well and what areas could be improved.

During the review, the Council was able to showcase how a real difference is being made to the lives of people who work and live in Wigan borough, through both The Deal and the ground breaking asset-based approach.

During the review, the team spoke to more than 300 people including a range of council staff together with Councillors, external partners and stakeholders. They gathered information and views from more than 50 meetings, visits to key sites in the Wigan area and additional research and reading.

The Peer Review team stated that the Council is highly regarded and shared that:

- The Deal is one of, if not the best, example in action of a council changing the relationship between residents and local communities
- Delivering the best services for our residents, communities and businesses through The Deal is something which staff understand and feel they are responsible for as part of their roles.
- The strong relationship with partners and our stable, well managed finances is something the Council should be proud of.

The Peer Review team also made recommendations to improve further:

- Continue to build on the work of The Deal and do more to help staff understand the impact of The Deal on your role, regardless of where in the council you work
- Continue showcasing the impact and outcomes The Deal has, whilst also looking to further build our relationships with all our partners, especially health colleagues
- Further invest and develop our IT infrastructure
- Take advantage of the opportunities provided by health and social care devolution and move at pace to integrate services
- Fully capitalise on what Wigan offers and our unique position between Liverpool and Manchester as well as the opportunity of HS2, the affordable cost of living and our greenheart.

Review of the Financial Performance 2017/18

Revenue

The Council's 2017/18 revenue outturn position is shown in the table below. A surplus of £0.244m has been achieved in 2017/18 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.

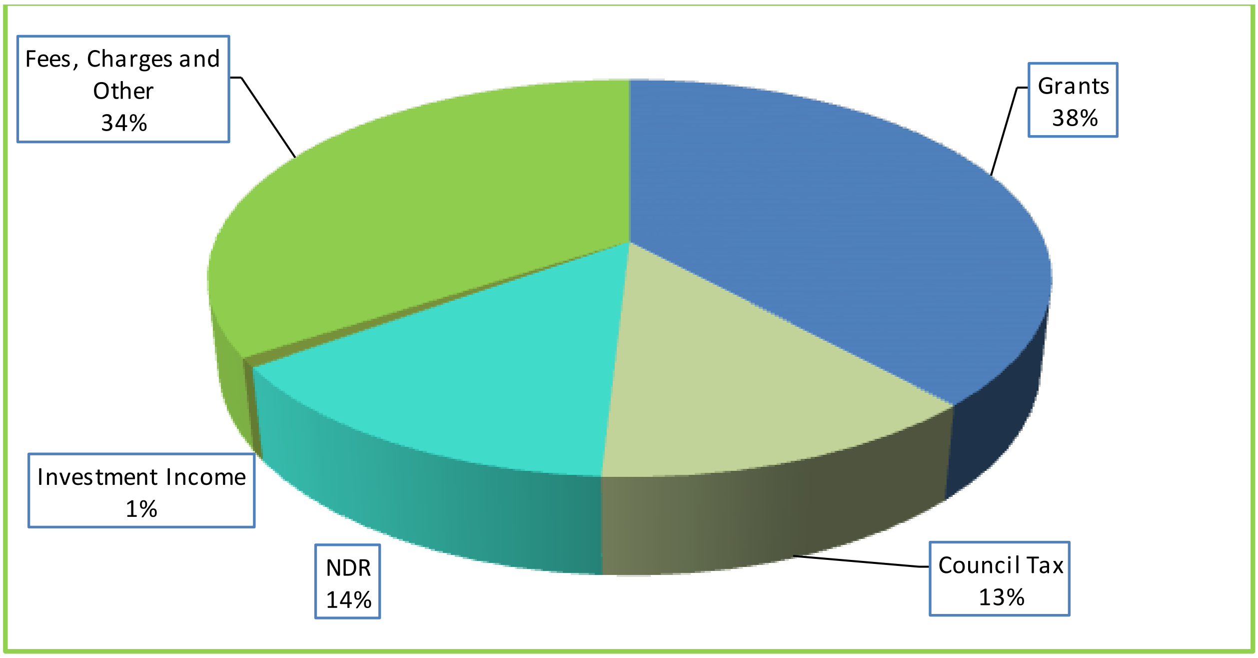
Service	Revised Budget £'000	Actual Income and Expenditure £'000	Variation £'000
People	148,626	150,316	1,690
Places	44,720	45,113	393
Resources	24,612	20,326	-4,286
Total Cost of Services	**217,958**	**215,755**	**-2,203**
Passenger Transport Levy	22,798	12,136	-10,662
Other Charges including Capital and Asset related transactions	-9,611	6,641	16,252
Total Other Costs	**13,187**	**18,777**	**5,590**
NNDR	-121,054	-124,685	-3,631
Council Tax	-110,020	-110,020	0
Parishes	-71	-71	0
Total Funding	**-231,145**	**-234,776**	**-3,631**
Net Position 2017/18	**0**	**-244**	**-244**

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.

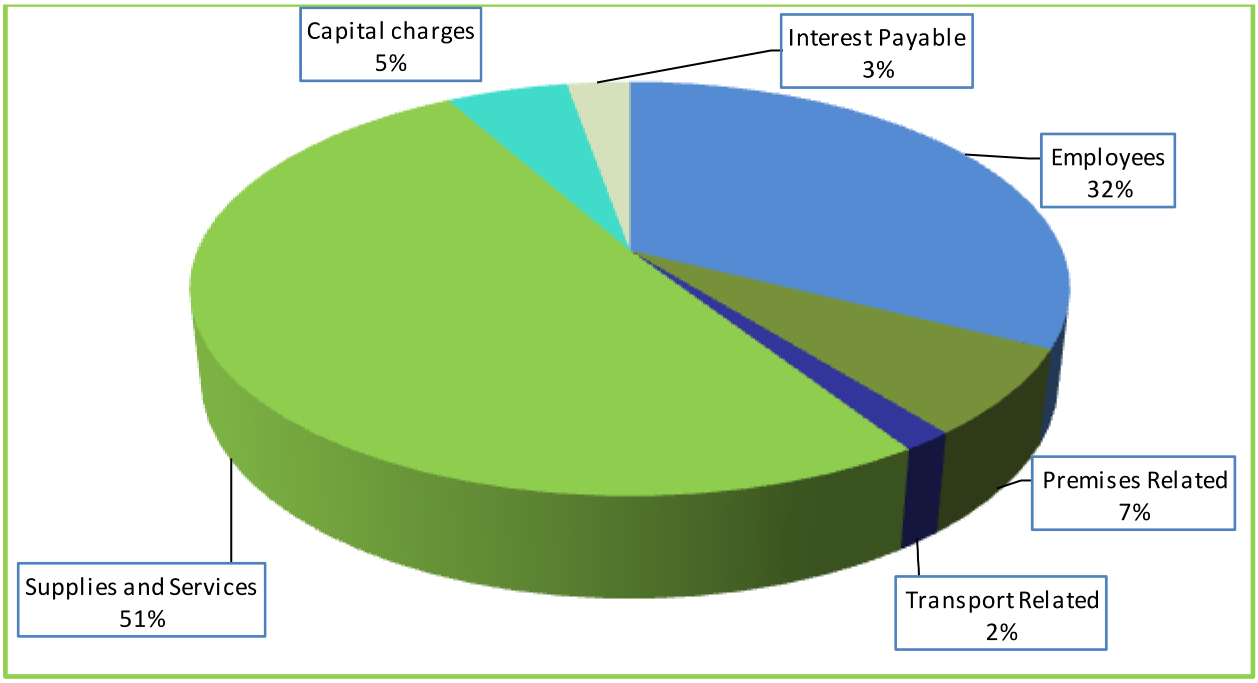
Where the Council received its money from and how it is spent

The following charts show the main sources of income that the Council received in 2017/18 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?

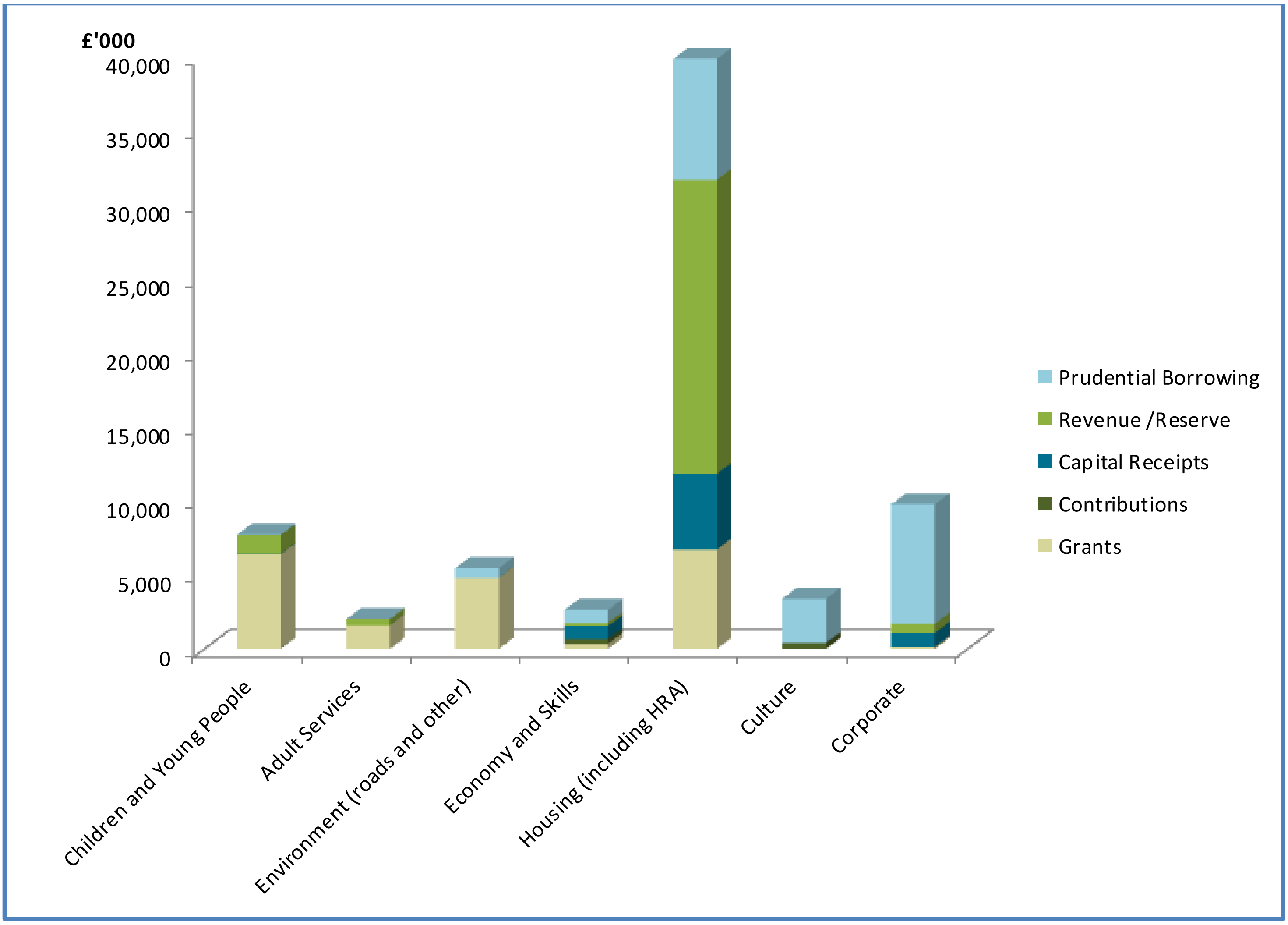


Capital

The Council spent over £70.8m on its capital programme in 2017/18. 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 level of debt held by the Council has been reducing as the Council has taken the opportunity to utilise its cash balances to repay debt. 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 2018 decreased to £358.7m (2016/17 £365.4m).

In contrast, the Capital Financing Requirement (as defined in the Prudential Framework for Capital Accounting), which measures the underlying need to borrow to finance capital expenditure was £522.5m as at 31 March 2018. 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 2017/18

Business Rate 100% Pilot

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

In 2017/18, the council shared the benefit of the pilot on a 50:50 basis with GMCA. These additional resources now provide the opportunity both to support the Council's budget but also to support the wider GM work being carried out through Greater Manchester Combined Authority. In addition, 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.

Transfer of Functions - Wigan and Leigh Homes

Following consultation with tenants and staff, the Council's Cabinet on 16 February 2017 agreed to the proposal to return the housing management functions back to the Council. On 1 April 2017 the WALH staff TUPE transferred to the Council and were integrated into four directorates - Adult Social Care and Health, Customer Transformation, Economy and Environment and Resources and Contracts. Wigan and Leigh Homes still remains as a company and retains ownership of 80 properties which were funded by the Homes and Communities Agency (HCA).

The Galleries Shopping Centre

The Council acquired The Galleries Shopping Centre, including Market Gate and Makinson Arcade on 28 February 2018. Having acquired a key strategic focal point and land holding in the town centre, work is now underway to determine the best regeneration opportunity to the Council.

Pensions

The actuarial valuation of the Council's pension scheme liabilities and pension reserve shown on the Balance Sheet has increased by £11.2m during the year, mainly as a result of changes to the financial assumptions used by the pension fund Actuary (Hymans-Robertson) together with the inclusion of Wigan and Leigh Homes transferred staff. 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 40.

Revaluation of Assets

The Council values its assets annually based on a 5 year rolling programme. This valuation provides the Council with an up to date value for its asset portfolio and reflects the market conditions. The value of assets can fluctuate significantly due to a number of factors, such as market conditions or obsolescence, 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 2017/18, four 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 £12.4m.

Manchester Airport Group

The Council holds a minority shareholding of 3.22%. In 2017/18 the Airport Group paid over to the Council a dividend of £4.8m which is £0.7m more than in previous years.

The Airport Group is valued annually based upon the earnings based method and discounted cash flow method. The value as at 31 March 2018 for the Council's share of Manchester Airport has been assessed at £51.9m. This is a revaluation gain of £8.2m above the previous level of £43.7m.

Housing Revenue Account (HRA)

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

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

The HRA commenced the 2017/18 financial year with a surplus of £19.749m and ended the year on 31 March 2018 with an accumulated surplus of £25.013m.

Approximately £37.5m was spent on capital schemes which included New Build Housing developments at Little Lane at Golborne, Holt Street at Worsley Mesnes and Mayfield at Kitt Green. These developments were funded from revenue contributions, borrowing and supported by grant funding from the Homes England. Further new sites are planned over the next few years to add to the Council's housing portfolio.

Other significant areas of capital spend during 2017/18 included replacement bathrooms, re-roofing and improvements to blocked flats.

Schools

Schools have responsibility for their budgets and may carry forward their own balances. In 2017/18 the cumulative level of balances held by the schools has increased and now stands at £14.999m (2016/17 £14.247m). This balance is spread across schools and is not available to the Council.

Public Health / Healthier Wigan Partnership

As part of the national reforms of the Health service, Wigan Borough Clinical Commissioning Group (WBCCG) was established and is the statutory body responsible for commissioning local health services in Wigan. From the 2017/18 financial year Wigan Council no longer receives a separate Public Health grant but instead the expenditure is funded from an adjustment in the Business Rates retention scheme as per the pilot across all Greater Manchester Authorities.

WBCCG has five local partners, one being Wigan Council with whom it has a collaborative commissioning arrangement. The locality is moving towards establishing a Single Commissioning Function (SCF) before April 2019. A SCF Operating Model has been developed which maps out the governance required in the place to convene the partnership system, the development of a single system wide outcomes framework and the proposed classification of an Integrated Commissioning Fund. In 2017/18 a shadow Joint Commissioning Committee, comprising the senior clinical and political leadership of the place has met a couple of times. This has been a precursor to regular meetings of the Joint Commissioning Committee (JCC) taking place in 2018/19, the JCC will be the decision making body of the SCF and will lead the integration of the commissioning of local health and social care services.

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 2017/18 this group met regularly to approve investment proposals that will help deliver the integrated care strategy and health and adult social care objectives. As it stands £13.7m 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 19 March 2014, this has formed the basis of the Wigan Locality plan for Health & Care Reform 'Further, Faster Towards 2020'. The plan was refreshed in August 2017 and 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.

In 2017/18 the Council along with the health partners within the locality submitted a Transformation Fund phase 2 proposal for investment of £15.4m to the Greater Manchester Health & Social Care Partnership. This builds on the phase 1 funding previously awarded of £14.9m with the aim to deliver the large scale structural change required to deliver clinical and financial sustainability within 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. Further to this an Alliance Agreement between the main health partners in the place, Wigan Borough CCG and Wigan Council has been constructed and agreed in 201718. The agreement sets out the behaviours and principles of the operation of a shadow integrated provider model for the locality.

Future Outlook – Risks 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 will 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

Whilst Business Rate retention offers opportunities, it also poses a risk as the Council no longer receives Revenue Support Grant or Public Health Grant; therefore the risk of business failure is borne by the Council. In addition, 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.

In addition, the original intention was for all Local Authorities to move to 100% retention by 2020. However, the Queen's Speech in 2017 excluded the Local Government Finance Bill which would enable the necessary statutory changes to go before Parliament. Recent announcements, as part of the December 2017 Provisional Finance Settlement, have signalled a move to 75% retention for those not approved as 100% pilots. Formal confirmation is awaited on the extension of the 100% pilots beyond 2018/19 but there is an expectation, following the Provisional Settlement, that it will now include 2019/20.

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 as the numbers of elderly people continue to rise. However the transformation of Adult Social Care including early intervention and prevention are having a positive impact upon demand in this area. This is an extremely positive outcome with further improvements anticipated as the Deal for Adult Social Care becomes embedded across the Council and its Partners.

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

Children Services

- Whilst the numbers of looked after children are currently static within the Borough, which is better than the national position, the number of complex cases is increasing which adds a significant financial pressure to the Council.

- Transformational plans including the Deal for Childrens Services and the new Start Well offer are now well developed and as they are embedded across the service the innovative approaches will start to impact upon both demand and current service levels. One key aim being the cessation of out of borough placements which are both costly and not always the most suitable for our vulnerable assets.

- 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

- Waste recycling rates continue to be a concern as Government /European targets become more stringent and the penalties for non-achievement become more punitive. However following the introduction of the 3 weekly bin collections during 2017/18 recycling rates have increased substantially and are currently in excess of Government targets.

- 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.

- 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.

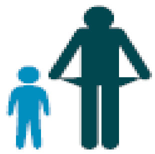
Future Outlook – Challenges

Five years ago the Institute of Fiscal Studies reported that Wigan Council faced the third worst cuts of any local authority in the country. We face a continued financial challenge requiring the delivery of a further £27.5m worth of efficiencies by 2020.

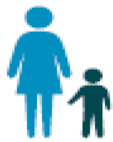
A higher level of deprivation compared to England as a whole with 30% of Wigan Borough (Lower Super Output Areas) among the 20% most deprived in the country.

There is an attainment gap (at GCSE and good level of development in the early years) between those in areas of deprivation or in receipt of free school meals and the rest of the borough.

Whilst on average academic outcomes in general are at or above national comparators, the progress of disadvantaged young people remains lower than that found nationally

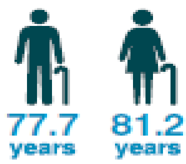


Our looked after children numbers are reducing but not necessarily the cost. We need to focus on support for the most complex cases.



A significant number of adults of working age are trapped in chaotic lifestyles and dependent on a number of services.

An increase in life expectancy that will result in increased demand for services from an aging population.



Public health outcomes in the borough are lower than national average; this also affects some communities more than others and results in health inequalities.

Low skilled working population with 46% qualified to NVQ level 3 or above

Delivery of key major projects; North Leigh housing development and A49 and M58 infrastructure schemes.

Continuing to improve recycling rates and reduce environmental crime

Impact of welfare reform and introduction of Universal Credit – already seeing an increase in tenants with more than 7 weeks rent arrears

Domestic Violence - highest number of incidents of domestic abuse in GM

Reconfiguring and integrating health and social care

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 2018 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 2017/18. 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.

Paul McKevitt

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

MOVEMENT IN RESERVES STATEMENT 2017/18

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

Single Entity	Note	General Fund Balance £'000	Earmarked Reserves £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2016		**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	**26**	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		**15,831**	**86,374**	**19,749**	**1,500**	**7,099**	**17,737**	**148,291**	**181,582**	**329,873**
Movement in Reserves during 2017/18										
Surplus or (deficit) on provision of services		-3,397	0	-9,641	0	0	0	**-13,038**	0	**-13,038**
Other Comprehensive Expenditure and Income		0	0	0	0	0	0	**0**	31,899	**31,899**
Total Comprehensive Expenditure and Income		**-3,397**	**0**	**-9,641**	**0**	**0**	**0**	**-13,038**	**31,899**	**18,861**
Adjustments between accounting basis & funding basis under regulations	**6**	17,732	0	14,905	1,579	1,716	6,178	**42,110**	-42,110	**0**
Net Increase / Decrease before Transfers to Earmarked Reserves		**14,335**	**0**	**5,264**	**1,579**	**1,716**	**6,178**	**29,072**	**-10,211**	**18,861**
Transfers to / from Earmarked Reserves	**26**	-14,091	14,091	0	0	0	0	**0**	0	**0**
Increase / Decrease in Year		**244**	**14,091**	**5,264**	**1,579**	**1,716**	**6,178**	**29,072**	**-10,211**	**18,861**
Balance at 31 March 2018		**16,075**	**100,465**	**25,013**	**3,079**	**8,815**	**23,915**	**177,363**	**171,371**	**348,734**

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT FOR YEAR ENDED 31 March 2018

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

2016/17 Gross Expenditure £'000	2016/17 Gross Income £'000	2016/17 Net Expenditure £'000		Notes	2017/18 Gross Expenditure £'000	2017/18 Gross Income £'000	2017/18 Net Expenditure £'000
			Expenditure On Services				
			People Directorate:				
168,867	86,899	81,967	Adult Social Care and Health		183,666	79,786	103,880
305,499	247,161	58,338	Children and Families		303,081	246,130	56,951
			Places Directorate:				
9,198	5,204	3,994	Economy		9,052	3,889	5,163
62,959	17,485	45,474	Environment		62,993	14,642	48,351
-3,898	91,892	-95,790	HRA		93,456	89,710	3,746
			Resources Directorate:				
23,006	1,484	21,522	Corporate Services		14,522	1,548	12,974
102,594	96,624	5,970	Customer Transformation		99,954	92,177	7,777
668,224	**546,749**	**121,475**	**Net Cost Of General Fund Services**		**766,724**	**527,882**	**238,842**
		28,469	Other Operating Expenditure	7			24,771
		30,400	Financing and Investment Income and Expenditure	8			31,269
		-255,018	Taxation and Non Specific Grant Income	9			-281,844
		-74,674	**Surplus (-) or Deficit on the provision of services**				**13,038**
		-6,532	Surplus (-) or Deficit arising on the revaluation of non-current assets				-4,034
		749	Impairment Loss on non-current assets charged to revaluation reserve				1,370
		45,030	Re-measurement of the net defined benefit liability				-37,139
			Impact of Pensions – Wigan and Leigh Housing				16,104
		-3,900	Surplus (-) / Deficit on the revaluation of available for sale financial assets				-8,200
		-39,327	**Total Comprehensive Income and Expenditure**				**-18,861**

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 2018

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”.

31.3.17 £’000		Notes	31.3.18 £’000
1,058,514	Property, Plant and Equipment	10	1,051,155
3,961	Heritage Assets	11	3,961
37,797	Investment Property	12	38,411
1,126	Intangible Assets	14	896
44,243	Long Term Investments	17	52,443
22,038	Long Term Debtors	17	23,042
1,167,679	**Long Term Assets**		**1,169,908**
668	Inventories		703
39,913	Short Term Debtors	20	39,188
40,820	Cash and Cash Equivalents	21	56,218
2,259	Assets Held for Sale	23	0
83,660	**Current Assets**		**96,109**
26,730	Short Term Borrowing	17	19,401
38,577	Creditors	24	41,537
3,304	Provisions	25	6,044
68,611	**Current Liabilities**		**66,982**
360,689	Long term borrowing	17	349,660
2,931	Deferred Income – Receipt in Advance	17	2,772
51,648	Other Long Term Liabilities (Deferred Liabilities)	18	48,928
3,253	Provisions	25	3,397
434,334	Defined Benefit Pension Scheme	40	445,544
852,855	**Long Term Liabilities**		**850,301**
329,873	**Net Assets**		**348,734**
148,291	Usable Reserves	27	177,363
181,582	Unusable Reserves	28	171,371
329,873	**Total Reserves**		**348,734**

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 2018.

Paul McKevitt

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

CASH FLOW STATEMENT FOR YEAR ENDED 31 March 2018

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.

2016/17 £'000		Notes	2017/18 £'000
	Operating Activities		
-74,674	**Net Surplus or Deficit on the provision of services**		**13,038**
27,645	Adjustments to net surplus or deficit on the provision of services for non- cash movements	22	-118,191
33,145	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	22	38,814
	Cash Outflows:		
19,361	Interest Paid		13,546
5,718	Interest element of PFI rental payments		5,610
	Cash Inflows:		
-4,430	Dividends Received		-5,225
-1,793	Interest Received		-1,682
-18,856	Reversal of operating activity items included in the net surplus or deficit on the provision of service		-12,249
-13,884	**Net Cash flows from Operating Activities**		**-66,339**
	Investing Activities		
	Cash Outflows:		
60,173	Purchase of Property, Plant and Equipment		64,133
1,835	Other Capital Cash Payments		186
	Cash Inflows:		
-17,584	Capital Grants Received		-22,805
-12,690	Sale of Property, Plant and Equipment		-12,581
-360	Other Receipts		-180
31,374	**Net Cash flows from Investing Activities**		**28,753**
	Financing Activities		
	Cash Outflows:		
15,630	Repayments of Amounts Borrowed - PWLB		26,613
1,453	Repayments of Amounts Borrowed – Transferred Debt		1,539
876	Payment for reduction of liability relating to PFI		864
	Cash Inflows:		
-37,683	Cash receipts of short and long term borrowing		-3,400
-2,871	Billing Authorities – Council Tax and NDR Adjustment		-3,428
-22,595	**Net Cash flows from Financing Activities**		**22,188**
-5,105	**Net increase (-) / decrease in cash and cash equivalents**		**-15,398**
35,715	**Cash and cash equivalents at the beginning of the reporting period**		**40,820**
40,820	**Cash and cash equivalents at the end of the reporting period**	**21**	**56,218**

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 2017/18 (the Code) requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

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

- **IFRS 9 Financial Instruments -** introduces extensive changes to the classification and measurement of financial assets.
- **IFRS 15 Revenue from Contracts with Customers -** presents new requirements for the recognition of revenue, based on a control-based revenue recognition model.
- **IAS 7 Statement of Cash Flows: Disclosure Initiative -** will potentially require some additional analysis of Cash Flows from Financing Activities in future years.
- **IAS 12 Income Taxes: Recognition of deferred tax Assets for Unrealised Losses -** applies to deferred tax assets related to debt instruments measured at fair value.

The impact of the standards above is not yet known to the Council.

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 2017/18. 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.

Regional Adoption Agency

During 2017/18, a Regional Adoption Agency (RAA) was established as a shared service between Wigan, Warrington, St Helens, Halton and Cheshire West and Chester local authorities, with the Council acting as the host local authority on behalf of the RAA Partnership. Funds are pooled together in order to deliver the service. The RAA has been assessed against appropriate standards and is deemed to be a Joint Operation given the nature, governance and control arrangements of the partnership. The treatment is similar to that of Better Care Fund mentioned above and as such 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 Council's single entity accounts.

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

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

	No. of Schools 2017/18
Voluntary Aided – Primary	55
Voluntary Aided – Secondary	5
Voluntary Controlled – Primary	5
Foundation – Primary	1
Foundation – High	3
Total	**69**

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 60 Voluntary Aided and 5 Voluntary Controlled schools, legal title, and/or substantive rights rest with the relevant Diocese and the Diocese has granted a 'mere licence' to the schools to use the Land and Buildings. Under this licence, the rights of use of the land and buildings have not transferred to the school and thus it has been judged not to be included on the Council's Balance Sheet.

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

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

Investment Properties

Investment properties have been categorised as such, based on careful consideration of the criteria for recognition identified in IAS 40 Investment Property. During 2017/18, just one property with a net book value of £65k was determined to no longer meet the definition and was reclassified as PPE (Operational). Overall the Council has determined that it holds assets with a value of £38.4m that it judges are held for capital appreciation or for the generation of investment income, or both.

Galleries Shopping Centre

Initial recognition of The Galleries on the balance sheet has been deemed as Property, Plant and Equipment. Unlike an investment property, the Galleries will not be held solely to earn rentals neither for capital appreciation. As the basis of the acquisition was for regeneration purposes of the town centre as a whole, then in line with the Code this determines the asset treatment to be that of Property, Plant and Equipment.

Wigan and Leigh Homes

The management of the Council's housing stick was previously undertaken by Wigan and Leigh Homes, a wholly owned Council company. From 1st Apri 2017 the Council ended this contract and undertook the work itself. There are no changes to the primary statements as a result of this action.

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 2018. 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 2018 the Council's valuers advised of an increase of £8.2m in the fair value Council share from £43.7m to £51.9m 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 2018. An estimated provision of £4.65m has been calculated using the latest Valuation Office (VOA) ratings list of appeals as at 31 March 2018 and an analysis of successful appeals to date.

For 2017/18, the provision represents 99% of the total due to the Council being part of the 100% Greater Manchester Business Rates Retention Pilot. This is the first year of the pilot, with 2016/17 comparative figures representing the 49% share required to be provided by the Council previously.

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 2017/18 the Council's actuaries advised that the net pension liability has increased by £11.210m. This comprises:

- £37.139m actuarial gain
- £16.104m impact of pensions – Wigan and Leigh Housing
- £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 £160m. A change in excess of earnings of + or – 0.5% would potentially change the total liability by £25.6m. An increase in excess of pensions of 0.5% would change the liability by £132.4m. 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 whether the Council's assets will 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 £9m.

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 decreased by £12.1m in 2017/18 compared to an increase of £83.8m in 2016/17. The net change was made up of downward revaluations of £23.8m and impairment of £23.2m offset by upward revaluations of £34.9m. The main change is in relation to council dwellings. MHCLG 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% in 2016/17. The stock valuation last year therefore increased by £102m, compared to an increase of £8.6m in 2017/18.

Excluding council dwellings, increases to the net book value of assets fell from £30.8m in 2016/17 to £26.2m in 2017/18. In 2016/17 updated valuations were required to ensure that valuations were up to date in accordance with the Code. This was due to an increase in BCIS rates which had a significant impact on the schools annual valuations. No such action has been required for 2017/18. It can be seen the downward revaluations fell to £23.8m compared with £25.4m in 2016/17.

Better Care Fund

As part of the joint operation with Wigan Borough Clinical Commissioning Group, £26.9m of revenue expenditure is included within Comprehensive Income and Expenditure Statement under Adult Social Care together with £8.5m of income.

5. Expenditure and Funding Analysis

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

2016/17				2017/18		
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:			
79,168	2,799	81,967	Adult Social Care and Health	90,156	13,724	103,880
61,834	-3,496	58,338	Children and Families	51,711	5,240	56,951
			Places Directorate:			
3,766	228	3,994	Economy	4,370	793	5,163
33,114	12,359	45,474	Environment	34,971	13,380	48,351
-49,477	-46,313	-95,790	HRA	-45,327	49,073	3,746
			Resources Directorate:			
14,271	7,251	21,522	Corporate Services	17,325	-4,351	12,974
5,316	654	5,970	Customer Transformation	4,506	3,271	7,777
147,992	**-26,517**	**121,475**	**Net Cost of Services**	**157,712**	**81,130**	**238,842**
-133,611	-62,538	-196,149	Other Operating Income and Expenditure	-177,311	-48,493	-225,804
14,381	**-89,055**	**-74,674**	**Surplus (-) or Deficit General Fund and HRA Balance in Year**	**-19,599**	**32,637**	**13,038**
-136,336			**Opening General Fund and HRA Balance**	**-121,954**		
14,381			Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year	-19,599		
-121,955			**Closing General Fund and HRA Balance**	**-141,553**		

a) Note to the Expenditure Funding Analysis

Adjustments from General Fund & HRA to arrive at the CIES	Adjustments for Capital Purposes		Net Change for Pensions Adjustments		Other Adjustments		Total Adjustments	
	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000
People Directorate:								
Adult Social Care and Health	165	269	748	7,331	1,886	6,124	2,799	13,724
Children and Families	-5,747	309	-3,191	2,549	5,442	2,382	-3,496	5,240
Places Directorate:								
Economy	155	141	73	852	0	-200	228	793
Environment	9,295	9,528	554	5,096	2,510	-1,244	12,360	13,380
HRA	-46,313	49,073	0	0	0	0	-46,313	49,073
Resources Directorate:								
Corporate Services	3,986	-4,167	3,016	62	250	-246	7,251	-4,351
Customer Transformation	380	337	260	2,745	14	189	654	3,271
Net Cost of Services	**-38,077**	**55,490**	**1,460**	**18,635**	**10,101**	**7,005**	**-26,517**	**81,130**
Other Income and Expenditure	-32,617	-32,319	13,445	13,609	-43,366	-29,783	-62,538	-48,493
Surplus (-) or Deficit General Fund and HRA Balance in Year							**-89,055**	**32,637**

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

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

Adjustments for Capital Purposes

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

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

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

Net Change for the Pensions Adjustments

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

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

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

Other Adjustments

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

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

b) Expenditure and Income Analysed by Nature

	2016/17 £'000	2017/18 £'000
Expenditure		
Employee Benefits Expenses	256,085	254,466
Other Service Expenses	433,126	441,578
Support Service Recharges	12,971	17,061
Capital Charges	-32,955	68,860
Interest Payable	25,467	24,411
Precepts and Levies	23,221	12,217
Payments to Housing Capital Receipts Pool	3,393	3,930
Gain/loss on disposal of non-current assets	15,052	8,624
Gain/loss on revaluation of investment property	-1,248	-796
Trading	266	1,025
Pension Interest Costs	13,126	11,964
Total Expenditure	**748,504**	**843,340**
Income		
Fees, charges & other service income	-203,433	-225,416
Interest & Investment Income	-5,864	-7,649
Income from Council Tax and Non Domestic Rates	-170,958	-237,873
Government Grants and Contributions	-423,769	-337,124
Capital Grants	-19,154	-22,240
Total Income	**-823,178**	**-830,302**
Surplus or Deficit on Provision of Services	**-74,674**	**13,038**

6. Adjustments between Accounting Basis and Funding Basis under regulations

2017/18	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	19,678	41,780	0	0	0	-61,458
Revaluation gains/losses on PP&E	-13,492	7,292	0	0	0	6,200
Movements in the market value of Investment Properties	-762	0	0	0	0	762
Amortisation of intangible assets	231	0	0	0	0	-231
Capital grants and contributions applied	-7,414	-4,712	0	0	0	12,126
Income in relation to donated assets	0	-618	0	0	0	618
Revenue expenditure funded from capital under statute	7,517	0	0	0	0	-7,517
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	12,901	7,968	0	0	0	-20,869
Insertion of items not debited or credited to the CIES:						
Statutory provision for the financing of capital investment	-10,614	-4,619	0	0	0	15,233
Capital expenditure charged against the General Fund and HRA balances	-2,672	-4,707	0	0	0	7,379
Adjustments involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the CIES	-14,754	0	0	0	14,754	0
Application of grants to capital financing transferred to the CAA	0	0	0	0	-8,576	8,576
Adjustments involving the Capital Receipts Reserve:						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	-1,379	-11,202	0	13,892	0	-1,311
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	-7,944	0	7,944
Contribution from the Capital Receipts Reserve towards admin costs of non-current asset disposals	0	302	0	-302	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	3,930	0	0	-3,930	0	0
Adjustments involving the Major Repairs Reserve:						
Posting of HRA resources from revenue to the Major Repairs Reserve	0	-16,579	16,579	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	-15,000	0	0	15,000
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CIES	63,721	0	0	0	0	-63,721
Employer's pensions contributions and direct payments to pensioners payable in the year	-31,476	0	0	0	0	31,476
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax and NDR income credited to the CIES is different from council tax and NDR income calculated for the year in accordance with statutory requirements	-6,575	0	0	0	0	6,575
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	-1,108	0	0	0	0	1,108
Total Adjustments	**17,732**	**14,905**	**1,579**	**1,716**	**6,178**	**42,110**

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:						
Posting of HRA resources from revenue to the Major Repairs Reserve	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 and NDR income credited to the CIES is different from council tax and NDR income calculated for the year in accordance with statutory requirements	-1,447	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**

7. Other Operating Expenditure

2016/17 £'000		2017/18 £'000
2,761	(Gains) & Losses on Disposals of Non-current Assets	8,624
3,393	Payment to Housing Capital Receipts Pool	3,930
79	Parish Precepts	81
22,236	Passenger Transport Levy	12,136
28,469		**24,771**

8. Financing and Investment Income and Expenditure

2016/17 £'000		2017/18 £'000
25,370	Interest payable and similar charges	24,411
13,126	Net Interest on the Net Defined Benefit Pension Liability (Asset)	11,964
-7,114	Investment receivable and similar income	-7,649
267	Trading Accounts	3,339
-1,248	(Gains) & Losses on Revaluation of Investment Property	-796
30,400		**31,269**

9. Taxation and Non Specific Grant Income

2016/17 £'000		2017/18 £'000
-64,674	Non Domestic Rates income	-123,071
-105,418	Council Tax Income	-114,802
-19,154	Capital Grants and Contributions	-22,240
-61,857	Other Non-ring Fenced grants	-21,113
-3,915	Donated Asset Additions	-618
-255,018		**-281,844**

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 1.4.17	**633,676**	**327,391**	**16,344**	**221,951**	**1,865**	**8,879**	**9,651**	**1,219,757**	**29,250**
Additions	34,524	13,588	729	7,668	14	221	6,157	**62,901**	**0**
Donations	618	0	0	0	0	0	0	**618**	**0**
Revaluation increases/decreases to Revaluation Reserve	-607	1,156	0	0	0	1,377	315	**2,241**	**0**
Revaluation increases/decreases to surplus/deficit on the provision of services (SDPS)	-49,450	5,982	0	0	0	56	35	**-43,377**	**5,377**
De-recognition – Disposals	-7,204	-12,520	-559	0	0	-291	0	**-20,574**	**0**
De-recognition – Other	0	0	-2,129	0	0	-173	0	**-2,302**	**0**
Reclassified to/from held for sale	0	0	0	0	0	1,304	0	**1,304**	**0**
Other Movements	5,049	719	0	0	0	2,002	-7,705	**65**	**0**
At 31.3.18	**616,606**	**336,316**	**14,385**	**229,619**	**1,879**	**13,375**	**8,453**	**1,220,633**	**34,627**
Depreciation & Impairment at 1.4.17	**42,157**	**18,440**	**8,772**	**90,381**	**11**	**766**	**716**	**161,243**	**3,176**
Depreciation	20,980	8,641	1,499	8,554	0	37	0	**39,711**	**1,292**
Depreciation written out to the Revaluation Reserve	0	-1,361	0	0	0	-28	0	**-1,389**	**0**
Depreciation written out to SDPS	-21,231	-5,653	0	0	0	-30	0	**-26,914**	**-3,686**
Impairment losses/reversals to Revaluation Reserve	0	598	0	0	0	368	0	**966**	**0**
Impairment losses/reversals to SDPS	-401	-765	0	0	0	147	0	**-1,019**	**0**
De-recognition – Disposals	0	-329	-489	0	0	0	0	**-818**	**0**
De-recognition – Other	0	0	-2,129	0	0	-173	0	**-2,302**	
Other Movements	0	445	0	0	0	271	-716	**0**	
At 31.3.18	**41,505**	**20,016**	**7,653**	**98,935**	**11**	**1,358**	**0**	**169,478**	**782**
Net Book Value at 31.3.18	**575,101**	**316,300**	**6,732**	**130,684**	**1,868**	**12,017**	**8,453**	**1,051,155**	**33,845**
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**

In 2017/18 the following donated assets were identified:

- 2 x properties at The Fairway, Rectory Lane, Standish were acquired from Persimmon Homes via a section 106 agreement for the provision of affordable housing, at a discounted price, to be made available as social rented housing. The fair value of the discount was determined to be £0.098m.

- 5 x properties at Pennington Wharf, Leigh were acquired from Taylor Wimpey UK Limited via a section 106 agreement for the provision of affordable housing, at a discounted price. The properties will be added to the HRA asset base and let to applicants on the council's housing register. The fair value of the discount was determined to be £0.313m.

- 8 x apartments at Walmsley's Park, Green Lane, Leigh were acquired from Beazer Homes Limited at a discounted price via a section 106 agreement for the provision of affordable housing. The properties will be added to the HRA asset base to be let as supported accommodation. The fair value of the discount was determined to be £0.207m.

	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**

Capital Commitments

As at 31 March 2018, the Council was contractually committed to the following major items of capital work:

	£'000	Start Date	Projected End Date
Affordable Housing	9,951	2017	2020
Marsh Green Primary School – 1FE Extension	2,124	2017	2019

Although not yet contractually committed, the following major schemes over £1m are also in the programme for 2018/19 onwards:

	£'000	Start Date	Projected End Date
Affordable Housing	23,273	2017	2021
A49 Link Road	19,066	2017	2021
M58 Link Road	15,271	2017	2021
Town Centre Masterplans	14,287	2017	2020
Strategic Investment	12,000	2018	2019
Northleigh Link Road	10,000	2018	2021
Robin Park Indoor Sports Centre and Arena	6,485	2017	2019
Phoenix Way / Seaman's Way Link Road	4,287	2017	2019
Eastern Gateway (Riverway / Rodney Street)	2,256	2017	2020

Property, Plant and Equipment Valuation

The Council's property portfolio, which comprises both freehold and leasehold properties, has been valued on the bases outlined below, which accord with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors (RICS). The valuations were undertaken by in-house staff and certified by 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 2017 and March 2018. The actual date of valuation was 1 April 2017.

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

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

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

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 paragraph 4.1.2.32 of the Code.

Property, Plant and Equipment Valuation

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant and Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	PP & E Assets Under Construction £'000	TOTAL £'000
Depreciated Historical Cost	0	0	6,732	130,684	1,868	0	8,453	**147,737**
Fair Value – Existing Use Value – Social Housing	575,101	0	0	0	0	0	0	**575,101**
Fair Value – Existing Use Value	0	316,300	0	0	0	0	0	**316,300**
Fair Value – Highest and Best	0	0	0	0	0	12,017	0	**12,017**
Net Book Value at 31.3.18	**575,101**	**316,300**	**6,732**	**130,684**	**1,868**	**12,017**	**8,453**	**1,051,155**

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 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**
	Art & Artefacts £'000	**Civic Regalia £'000**	**Outside Artwork £'000**	**Total £'000**
Cost or Valuation				
1 April 2017	**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 2018	**2,415**	**366**	**1,180**	**3,961**

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

12. Investment Properties

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

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 2018, just 10 of the Council's 147 investment assets accounted for 74% (£28.6m) of the total portfolio value (£38.4m), and 7 of these were assessed at Level 3 at a combined value of £9.3m. A sensitivity analysis of these assets indicated that a 1% increase in the unobservable yields adopted would reduce their value by £1.2m. A 1% decrease in the unobservable yields adopted would increase their value by £1.5m.

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

	2016/17 £'000	2017/18 £'000
Balance at start of the year	**36,696**	**37,797**
Additions:	0	0
Disposals	-117	-83
Net gains / losses (-) from fair value adjustments	1,218	762
Transfers: to / from Property, Plant and Equipment	0	-65
Balance at end of the year	**37,797**	**38,411**

13. Private Finance Initiative (PFI)

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

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

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

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

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

Payments

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

Payments remaining to be made under the contract as at 31 March 2018 (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 2018/19	1,020	5,498	1,744	8,262
Within 2 – 5 years	3,661	20,820	7,396	31,877
Within 6 – 10 years	9,425	22,474	10,349	42,248
Within 11 – 15 years	13,699	15,545	11,642	40,886
Within 16 – 20 years	16,756	4,291	8,710	29,757
Total	**44,561**	**68,628**	**39,841**	**153,030**

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:

	2017/18 £'000	2018/19 £'000
Balance at start of the year	45,425	44,561
Payments during the year	-864	-1,020
Balance outstanding at year end	**44,561**	**43,541**

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 £169.869m. However the net cost to the Council after the PFI grant is £59.188m.

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 £0.230m charged to revenue in 2017/18 was charged to the appropriate Service Revenue Account.

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

	2016/17 Other Assets £'000	2017/18 Other Assets £'000
Balance at start of year:		
Gross carrying amounts	3,574	2,434
Accumulated amortisation	-2,249	-1,308
Net carrying amount at start of year	**1,325**	**1,126**
Additions:		
Purchases	41	0
Amortisation for the period	-240	-230
Net carrying amount at end of year	**1,126**	**896**
Comprising:		
Gross carrying amounts	2,434	2,434
Accumulated amortisation	-1,308	-1,538
Total	**1,126**	**896**

There are several items of capitalised software as follows:

	Carrying Amount		Remaining Amortisation Period
	31 March 2017 £'000	31 March 2018 £'000	
Agresso System –Trading	45	30	2 Years
Social Services ANITE – Adult Services	17	7	2 Years
Customer Relationship Management System – Trading	101	70	2-4 Years
HR & Payroll – Trading	407	318	3-5 Years
Revenue & Benefits IT System – Trading	106	84	4 Years
Egress Switch Encryption System	110	96	1 Year
Corelogic System	299	263	7 Years
Kaleida	41	28	2 Years
Total	**1,126**	**896**	

15. Impairment Losses

During 2017/18 the Council recognised total impairment losses of £23.2m (2016/17 £23.8m), of which £20.5m (2016/17 £21.4m) was in respect of its council dwellings stock.

Excluding expenditure on new build properties, there was capital expenditure of £26.8m (2016/17 £26.5m) on council dwellings during the year. Major items included £9.2m on bathrooms (2016/17 £10.5m) and £5.4m on the refurbishment of empty dwellings prior to re-letting (2016/17 £5.6m), which was initially added to the value of the housing stock. This was determined by the valuer to be non-enhancing expenditure and so, the recoverable value of the housing stock was therefore reduced by this amount to 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 £20.9m (2016/17 £19.8m) 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 £2.7m (2016/17 £2.4m) of impairment losses recognised during the year, the most significant items included a couple of primary schools where reduced numbers on roll adversely affected the valuations (£0.6m) and Leigh Indoor Sports Centre with £0.4m of remedial works. The old Britannia Bridge primary school also reduced in value by £0.4m as the buildings are earmarked for demolition.

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.

2016/17 £'000		2017/18 £'000
532,187	**Opening Capital Financing Requirement**	517,978
	Capital Investment:	
60,227	Property, Plant and Equipment	63,079
41	Intangible Assets	0
8,631	Revenue Expenditure Funded from Capital under Statute	7,517
590	Loans	187
	Sources of Finance:	
-6,555	Capital Receipts	-7,944
-24,391	Government Grants and Other Contributions	-20,703
	Sums set aside from Revenue:	
-28,264	Direct Revenue Contributions	-22,379
-24,489	MRP / loans fund principal repayments	-15,233
517,978	**Closing Capital Financing Requirement**	**522,502**
	Explanation of Movements During Year	
-14,209	Increase / Decrease (-) in underlying need to borrow (unsupported by Government financial assistance)	4,524
-14,209	**Increase / Decrease (-) in Capital Financing Requirement**	**4,524**

17. Financial Instruments

Categories of Financial Instruments

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

	Long-term		Current	
	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000
Investments				
Loans and receivables*				
Short Term Investments	0	0	53,292	63,877
Cash at Bank	0	0	-12,472	-7,659
Available for sale financial assets	43,700	51,900	0	0
Unquoted equity investment at cost	543	543	0	0
Total Investments	**44,243**	**52,443**	**40,820**	**56,218**
Debtors				
Loans and receivables	22,038	23,042	0	0
Financial assets carried at contract amounts	0	0	27,937	26,937
Plus items not classed as Financial Instruments (e.g. VAT, NDR, Council Tax, Payments in Advance)	0	0	11,976	12,251
Total Debtors	**22,038**	**23,042**	**39,913**	**39,188**
Borrowings				
Financial liabilities at amortised cost	360,689	349,660	26,730	19,401
Total Borrowings	**360,689**	**349,660**	**26,730**	**19,401**
Creditors				
Financial liabilities carried at contract amount	0	0	24,729	25,266
Plus items not classed as Financial Instruments (e.g. VAT, NDR, Council Tax, Receipts in Advance)	2,931	2,772	13,848	16,271
Total Creditors	**2,931**	**2,772**	**38,577**	**41,537**
Deferred (Long Term) Liabilities				
PFI	44,561	43,541	0	0
Other Long Term Liabilities	165	68	0	0
Total Deferred (Long Term) Liabilities	**44,726**	**43,609**	**0**	**0**

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

Income, Expenditure, Gains and Losses

	2016/17			2017/18		
	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	24,763	0	0	23,875	0	0
Total expense in Surplus or Deficit on the Provision of Services	**24,763**	**0**	**0**	**23,875**	**0**	**0**
Interest Income	0	-944	-1,129	0	-900	-1,113
Dividend Income	0	0	-4,006	0	0	-4,813
Total income in Surplus or Deficit on the Provision of Services	**0**	**-944**	**-5,135**	**0**	**-900**	**-5,926**
Net gain / loss for the year	**24,763**	**-944**	**-5,135**	**23,875**	**-900**	**-5,926**

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 2018 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	2016/17		2017/18	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB borrowing	365,413	474,339	358,681	456,154
Salix Finance Ltd	2,708	2,773	1,996	1,953
Long - term creditors	44,726	44,726	43,609	43,609

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 £521.588m (£543.759m in 2016/17).

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	2016/17		2017/18	
	Carrying amount £'000	Carrying amount £'000	Carrying amount £'000	Fair value £'000
Loans and Receivables	53,292	53,377	63,877	63,877
Long-term debtors	22,038	22,038	23,042	23,042

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 2018 is analysed below:

2016/17 £'000			Input level in Fair Value Heirarchy	2017/18 £'000
43,700	Shareholdings in :	The Manchester Airports Group Plc	Level 2	51,900
538		Wigan Football Company Limited	Level 3	538
5		Other Investments		5
44,243				**52,443**

Manchester Airport Group

The Council's shareholding in Manchester Airport Group is 3.22% as at 31 March 2018. 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 2017/18 this has seen an increase in value of £8.2m.

Wigan Football Company

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

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

Long Term Debtors

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

They are analysed below:

2016/17 £'000		2017/18 £'000
9,268	The Manchester Airports Group Plc	9,268
3,723	Housing Benefit Repayments	4,589
3,474	Renovation Loans	3,360
3,277	WALH Loans	3,234
1,543	Other Sundry Debtors	1,888
478	Housing – Insulation Loans	468
221	Housing Repairs	184
51	Transferred Debt re Pre-1974 functions	48
3	Loans for House Purchases	3
22,038		**23,042**

Short Term Investments

During the year the Council invested its revenue balances, reserves and capital receipts externally in short term deposits. At 31 March 2018 £63.877m was invested in this way (£53.292m at 31 March 2017) as follows:

2016/17 £'000		2017/18 £'000
15,000	Lloyds TSB Bank	15,000
5,000	Barclays Bank	14,785
5,000	Coventry Building Society	9,500
3,250	Standard Life MMF	5,000
0	Goldman Sachs MMF	5,000
0	Federated MMF	2,550
0	Cherwell District Council	3,000
0	Eastleigh Borough Council	3,000
0	North Lincolnshire Council	3,000
0	Telford and Wrekin Council	3,000
42	Royal Bank of Scotland	42
10,000	Nationwide Building Society	0
5,000	London Borough of Newham	0
5,000	Northumbria P&CC	0
5,000	Nottingham City Council	0
53,292		**63,877**

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.

2016/17 £'000	Source of Loan Outstanding	Increases in year £'000	Decreases in year £'000	2017/18 £'000
358,681	Public Works Loans Board	0	10,194	348,487
1,997	Salix Finance Ltd	0	835	1,162
11	Individuals	0	0	11
360,689		**0**	**11,029**	**349,660**

2016/17 £'000	An Analysis by maturity is:	2017/18 £'000
11,029	Over 1 year but not over 2 years	10,731
16,601	Over 2 years but not over 5 years	9,183
38,046	Over 5 years but not over 10 years	72,881
108,357	Over 10 years but not over 15 years	90,250
67,555	Over 15 years but not over 20 years	47,515
7	Over 20 years but not over 25 years	7
119,094	Over 25 years	119,093
360,689		**349,660**

The accrued interest associated with the PWLB loans is £6.676m. This is included under current liabilities and will be paid in 2018/19.

Short Term Borrowing

At 31 March 2018 the figure for Short Term Borrowing outstanding was £19.401m, (£26.730m in 2016/17).

18. Deferred (Long Term) Liabilities

Deferred liabilities are liabilities which are payable beyond the next financial year. At 31 March 2018, these totalled £48.928m.

2016/17 £'000		2017/18 £'000
44,561	PFI (Wigan Joint Service Centre)	43,541
6,922	Former G.M.C. debt	5,319
121	Home Computer Initiative	24
41	5 Borough Medical Centre	41
3	Loan repayments Mortgaged Properties	3
51,648	**Balance as at 31 March**	**48,928**

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 2017/18 was approved by Council on 1 March 2017 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.

2016/17 £'000		2017/18 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
53,292	Deposits with Banks	63,877	0.006	0	4
41,627	Trade Debtors	39,188	3.09	0	1,211

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:

2016/17 £'000		2017/18 £'000
8,099	Less than three months	8,383
1,428	Three to six months	1,481
1,870	Six months to one year	2,306
6,629	More than one year	7,545
18,026		**19,715**

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:

2016/17 £'000		2017/18 £'000
24,909	Up to 1 year	12,724
11,029	Over 1 year but not over 2 years	10,731
16,601	Over 2 years but not over 5 years	9,183
38,046	Over 5 years but not over 10 years	72,881
108,357	Over 10 years but not over 15 years	90,250
67,555	Over 15 years but not over 20 years	47,515
7	Over 20 years but not over 25 years	7
119,094	Over 25 years	119,094
385,598		**362,385**

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:

	2017/18 £'000
Daily average investment balance (average rate of interest 0.43%)	73,393
Assuming interest rates 1% higher additional interest received	734
Decrease in fair value of fixed rate borrowings liabilities (no impact on Comprehensive Income and Expenditure Statement)	55,547

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 2017/18 the Council's holding in Manchester Airport Group Plc was revalued resulting in a gain of £8.2m that was recognised in the 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. Short Term Debtors

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

2016/17 £'000		2017/18 £'000
24,075	Other Entities and Individuals	21,125
7,902	Central Government Bodies	9,348
4,579	NHS Bodies	6,104
3,357	Other Local Authorities	2,611
39,913	**Net Total**	**39,188**

21. Cash and Cash Equivalents

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

2016/17 £'000		2017/18 £'000
48	Cash held by the Council (Petty Cash)	48
13,276	Bank Current Accounts - Schools	12,854
-25,796	Bank Current Accounts - Council	-20,561
53,292	Short-term deposits	63,877
40,820	**Total Cash and Cash Equivalents**	**56,218**

The Cash Overdrawn element (£20.561m) is included within Cash and Cash Equivalents as it is deemed to be integral to the Council's cash management.

22. Cashflow Adjustments Analysis

2016/17 £'000	Adjust Net Surplus or Deficit on the Provision of Services for Non Cash Movements	2017/18 £'000
-38,640	Depreciation	-39,711
-240	Intangibles	-231
78,070	Impairment and Revaluation Losses	-14,785
14,819	Increase +/- decrease in Creditors	-7,816
1,609	Increase +/- decrease in Debtors	281
9	Increase +/- decrease in Inventories	34
2,190	Increase +/- decrease in Provisions	-2,884
-14,905	Movement in Pension Liability	-32,245
-15,162	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	-20,869
-105	Other non-cash items charged to net surplus and deficit on the provision of services	35
27,645	**Total**	**-118,191**

2016/17 £'000	Adjust for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	2017/18 £'000
12,690	Purchase of PPE	12,581
17,584	Capital Grants credited to the surplus or deficit on the provision of services	22,805
2,871	Council Tax and NDR adjustment	3,428
33,145	**Total**	**38,814**

23. Assets Held for Sale

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

	Current	
	2016/17 £'000	2017/18 £'000
Balance outstanding at start of the year	**2,610**	**2,259**
Assets newly classified as held for sale:		
Property, Plant and Equipment	998	420
Revaluation losses	-150	-134
Revaluation gains	41	32
Impairment losses	-43	0
Assets declassified as held for sale:		
Property, Plant and Equipment	-191	-1,546
Assets sold	-1,006	-1,031
Balance outstanding at year-end	**2,259**	**0**

24. Creditors

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

2016/17 £'000		2017/18 £'000
23,386	Other Entities and Individuals	21,369
8,297	Central Government Bodies	13,879
4,915	Other Local Authorities	5,677
1,980	NHS Bodies	612
38,577	**Net Total**	**41,537**

25. Provisions

Current Liability

	Insurance Fund £'000	Business Rates Appeals £'000	Total £'000
Balance at 1 April 2017	**1,535**	**1,769**	**3,304**
Additional provisions made in 2017/18	3,536	5,548	**9,084**
Amounts used in 2017/18	-3,680	-2,664	**-6,344**
Unused amounts reversed in 2017/18	0	0	**0**
Balance at 31 March 2018	**1,391**	**4,653**	**6,044**

Long Term Liability

	Insurance Fund £'000	Total £'000
Balance at 1 April 2017	**3,253**	**3,253**
Additional provisions made in 2017/18	144	**144**
Amounts used in 2017/18	0	**0**
Unused amounts reversed in 2017/18	0	**0**
Balance at 31 March 2018	**3,397**	**3,397**

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

Insurance

At 31 March 2018 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 31 March 2018. 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 2017/18. The level of the Insurance provision is reviewed on an annual basis.

Business Rates Appeals

Following the introduction of the Business Rates Retention Scheme in April 2013 local authorities are now liable for their share of successful appeals against business rates charged in previous financial years. The Council has set aside a provision for any potential liabilities.

For 2017/18, as part of the Greater Manchester 100% Business Rates retention pilot the Council is responsible for a 99% share of this liability, along with Greater Manchester Fire and Rescue Authority being responsible for 1%. This is the first year of the pilot, with 2016/17 comparative figures representing the 49% share required to be provided by the Council previously.

26. Transfers to / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans. It also shows the amounts used in year to meet General Fund expenditure in 2017/18.

	Balance at 31.3.16 £'000	Trans. Out £'000	Trans. in £'000	Balance at 31.3.17 £'000	In year realign. £'000	Trans. Out £'000	Trans. in £'000	Balance at 31.3.18 £'000
Invest to Save - General Fund								
Organisational Transition	**13,185**	-6,053	3,181	**10,313**	291	-3,223	12,228	**19,609**
Invest to Save Reserve	**2,481**	-615	1,000	**2,866**	200	-580	50	**2,536**
Legal Costs Reserve	**1,620**	0	0	**1,620**	0	-253	0	**1,367**
Residential Social Care- New Initiative	**2,000**	-615	0	**1,385**	0	-191	0	**1,194**
IT Investment Reserve	**934**	-614	750	**1,070**	0	-959	1,000	**1,111**
Transformation Agenda	**2,154**	-1,052	1,000	**2,102**	-491	-855	300	**1,056**
Leisure Facilities Investment Funds	**481**	0	0	**481**	0	0	0	**481**
Carbon Reduction Scheme	**395**	-177	0	**218**	0	-167	200	**251**
Waste Procurement	**79**	0	0	**79**	0	0	0	**79**
Organisational Development Reserve	**315**	-315	0	**0**	0	0	0	**0**
	23,644	**-9,441**	**5,931**	**20,134**	**0**	**-6,228**	**13,778**	**27,684**
Council approved Budget Funding – General Fund								
Transport Redistribution	**0**	0	0	**0**	0	0	10,216	**10,216**
Community Investment Fund	**3,557**	-1,794	1,000	**2,763**	750	-2,074	1,208	**2,647**
Deal in Action	**454**	-80	947	**1,321**	-250	-361	0	**710**
Apprenticeship Scheme	**2,221**	-852	0	**1,369**	0	-929	250	**690**
Pot Holes	**0**	0	0	**0**	0	0	500	**500**
Armed Forces Reserve	**458**	-81	123	**500**	0	-100	100	**500**
Access to Internet	**500**	-59	0	**441**	0	-75	0	**366**
Life Scheme - Leigh	**300**	0	0	**300**	0	0	0	**300**
Graduate Scheme	**421**	-95	0	**326**	0	-62	0	**264**
Development of Brow n Field Sites	**0**	0	0	**0**	0	0	250	**250**
Community Service Pressures	**0**	0	0	**0**	0	0	250	**250**
Borough Spring Clean	**222**	0	0	**222**	0	0	0	**222**
World War One Commemorations	**128**	-40	0	**88**	0	-7	0	**81**
Road Traffic Safety Reserve	**210**	-137	0	**73**	0	-23	0	**50**
NEETs	**127**	-222	101	**6**	0	-51	68	**23**
Wigan on the Move	**500**	0	0	**500**	-500	0	0	**0**
	9,098	**-3,360**	**2,171**	**7,909**	**0**	**-3,682**	**12,842**	**17,069**
Joint Arrangement - General Fund								
Public Health Joint Arrangement	**8,757**	**-6,144**	**0**	**2,613**	**0**	**-2,073**	**55**	**595**
Usable Reserves (available) General Fund	**41,499**	**-18,945**	**8,102**	**30,656**	**0**	**-11,983**	**26,675**	**45,348**
Corporate								
Business Rates Safety Net	**9,600**	0	0	**9,600**	0	0	0	**9,600**
Insurance Reserve	**6,359**	-301	2,627	**8,685**	0	-375	691	**9,001**
Grants Reserve	**8,033**	-4,411	4,200	**7,822**	202	-3,970	3,992	**8,046**
Leigh Sports Village	**1,963**	-465	143	**1,641**	0	-86	0	**1,555**
Wigan Life Centre	**1,459**	0	0	**1,459**	0	-277	0	**1,182**
Deal for Business	**1,500**	-75	0	**1,425**	0	-650	0	**775**
FCC Waste Disposal - Recycling Credit Penalties	**0**	0	200	**200**	0	0	203	**403**
VAT Reserve	**345**	0	0	**345**	0	-143	200	**402**
Waste Disposal After Care	**281**	0	111	**392**	0	0	0	**392**
IT Partnership Reserve	**173**	-144	52	**81**	0	-2	176	**255**
Various Bequests – Culture – Other Reserves	**6**	0	0	**6**	0	0	0	**6**
Warrington Rd Allotments – Other Reserves	**6**	0	0	**6**	0	0	0	**6**
Public Sector Reform	**253**	0	163	**416**	0	-416	0	**0**
Allotments / Bow ling Funds – Green Spaces	**16**	-16	0	**0**	0	0	0	**0**
Usable Reserves (available) Corporate	**29,994**	**-5,412**	**7,496**	**32,078**	**202**	**-5,919**	**5,262**	**31,623**

Continued from previous page	Balance at 31.3.16 £'000	Trans. Out £'000	Trans. in £'000	Balance at 31.3.17 £'000	In year realign. £'000	Trans. Out £'000	Trans. in £'000	Balance at 31.3.18 £'000
Schools / DSG Balances								
DSG Schools Block – Delegated Fund	**16,582**	-2,343	8	**14,247**	-122	-189	1,063	**14,999**
Schools Balances – Direct Funding	**726**	-169	485	**1,042**	-17	-389	322	**958**
DSG Contingency / Centrally Retained	**1,605**	-1,554	268	**319**	-189	-64	509	**575**
Closed Schools Balances – Delegated Fund	**752**	-250	0	**502**	126	-250	0	**378**
DSG Early Years Block	**2,274**	-1,098	0	**1,176**	0	-1,276	395	**295**
Schools PPG Reserve	**221**	-201	95	**115**	0	-95	29	**49**
DSG High Needs Block	**423**	-423	0	**0**	0	0	0	**0**
Usable Reserves (available) Schools	**22,583**	**-6,038**	**856**	**17,401**	**-202**	**-2,263**	**2,318**	**17,254**
Usable Reserves (available)	**94,076**	**-30,395**	**16,454**	**80,135**	**0**	**-20,165**	**34,255**	**94,225**
Manchester Airport Shares	**5,702**	0	0	**5,702**	0	0	0	**5,702**
Wigan Football Company Shares	**538**	0	0	**538**	0	0	0	**538**
Usable Reserves (unavailable)	**6,240**	**0**	**0**	**6,240**	**0**	**0**	**0**	**6,240**
Total Usable Reserves - Earmarked	**100,316**	**-30,395**	**16,454**	**86,375**	**0**	**-20,165**	**34,255**	**100,465**

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.

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.

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.

Leisure Facilities Investment Funds

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

Carbon Reduction Scheme

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

Waste Procurement

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

Council Approved Budget Funding - General Fund:

Transport Redistribution

This temporary reserve represents a redistribution of Transport for Greater Manchester Reserves, which was passed to Councils to provide financial capacity to facility savings in the GM Waste Contract. The reserve will be repaid fully in 2018/19.

Community Investment Fund (Building Self Reliance Programme)

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

Deal in Action Reserve

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

Apprenticeship Scheme

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

Pot Holes

Additional investment in maintenance to improve the road network.

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.

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.

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.

Development of Brown Field Sites

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

Community Service Pressures

Development of Family Services in the Community

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:

Public Health Joint Arrangement

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

Corporate:

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.

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.

VAT Reserve

This represents previously overpaid output tax reimbursed by HM Customs.

Waste Disposal After Care

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

IT Partnership Reserve

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

Other Reserves

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

Schools / DSG Balances:

DSG Schools Block – Delegated Fund

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

Schools Balances – Direct Funding

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

DSG Contingency / Centrally Retained

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

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 Early Years Block

This represents unspent DSG in respect of Early Years Funding.

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 2018.

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 The Manchester Airports Group 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 Limited.

27. Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement on page 20. Movements within the Usable Capital Receipts Reserve are shown in Note 6 on Page 33.

28. Unusable Reserves

2016/17 £'000		2017/18 £'000
522,223	Capital Adjustment Account	512,311
68,410	Revaluation Reserve	63,438
33,486	Available for Sale Financial Instruments Reserve	41,686
-434,334	Pensions Reserve	-445,544
-5,801	Employee Accumulated Absences Account	-4,693
-2,402	Collection Fund Adjustment Account	4,173
181,582	**Total Unusable Reserves**	**171,371**

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.

2016/17 £'000		2017/18 £'000	
417,620	**Balance at 1 April**		**522,223**
	Reversal of items relating to capital expenditure debited or credited to the CIES:		
-61,123	Charges for depreciation and impairment of non-current assets	-61,458	
99,336	Revaluation losses on Property, Plant and Equipment	6,200	
-240	Amortisation of Intangible Assets	-231	
1,218	Movements in the Market Value of Investment Property	762	
-8,631	Revenue expenditure funded from capital under statute	-7,517	
-15,162	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	-20,869	
15,396			**-83,113**
1,886	Adjusting amounts written out of the Revaluation Reserve		7,636
17,282	Net written out amount of the cost of non-current assets consumed in the year		**-75,477**
	Capital financing applied in the year:		
6,555	Use of the Capital Receipts Reserve to finance new capital expenditure	7,944	
10,756	Use of the Major Repairs Reserve to finance new capital expenditure	15,000	
12,510	Capital grants and contributions credited to the CIES that have been applied to capital financing	12,126	
11,881	Application of grants to capital financing from the Capital Grants Unapplied Account	8,576	
24,489	Statutory provision for the financing of capital investment charged against the General Fund	15,233	
17,508	Capital expenditure charged against the General Fund	7,379	
83,698			**66,258**
3,915	Movement in the Donated Assets Account credited to the CIES		618
-292	Write down of Long Term Debtors		-1,311
522,223	**Balance at 31 March**		**512,311**

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.

2016/17 £'000		2017/18 £'000	
64,513	**Balance at 1 April**		**68,410**
12,733	Upward revaluation of assets	6,911	
-6,950	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-4,247	
5,783	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		**2,664**
-816	Difference between fair value depreciation and historical cost depreciation	-796	
-1,070	Accumulated gains on assets sold or scrapped	-6,840	
-1,886	Amount written off to the Capital Adjustment Account		**-7,636**
68,410	**Balance at 31 March**		**63,438**

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

2016/17 £'000		2017/18 £'000
29,586	**Balance at 1 April**	**33,486**
3,900	Revaluation of Shareholding in Manchester Airport	8,200
33,486	**Balance at 31 March**	**41,686**

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.

2016/17 £'000		2017/18 £'000
-374,399	**Balance at 1 April**	**-434,334**
0	Impact of Pensions – Wigan and Leigh Housing	-16,104
-45,030	Actuarial gains or losses (-) on pensions assets and liabilities	37,139
-45,672	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-63,721
30,767	Employer's pensions contributions and direct payments to pensioners payable in the year	31,476
-434,334	**Balance at 31 March**	**-445,544**

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.

2016/17 £'000		2017/18 £'000	2017/18 £'000
-4,254	**Balance at 1 April**		**-5,801**
4,254	Settlement or cancellation of accrual made at the end of the preceding year	5,801	
-5,801	Amounts accrued at the end of the current year	-4,693	
-1,547	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		1,108
-5,801	**Balance at 31 March**		**-4,693**

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.

2016/17 £'000		2017/18 £'000
-3,849	**Balance at 1 April**	-2,402
1,447	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	6,575
-2,402	**Balance at 31 March**	**4,173**

29. 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

2017/18	Expenditure £'000	Turnover £'000	(Surplus) / Deficit £'000	IAS 19 Allocation £'000	Post IAS 19 (Surplus) / Deficit £'000
Highways Maintenance	6,555	6,203	352	747	1,099
Building Maintenance	12,826	13,639	-813	659	-154
Transport	3,507	4,199	-692	163	-529
Metrofresh	7,805	8,202	-397	76	-321
Building Cleaning	2,513	2,554	-41	0	-41
Other External Cleaning and Waste	1	0	1	0	1
Total	**33,207**	**34,797**	**-1,590**	**1,645**	**55**
Other Trading Services	341	1,208	-867	0	-867
Total Trading Services	**33,548**	**36,005**	**-2,457**	**1,645**	**-812**

The Council 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 2018 was £4.150m and is included in the Trading Accounts line of £3.339m in addition to the above.

IAS19 is a statutory accounting requirement relating to the Local Government Pension Scheme explained in Note 40. The impact of IAS19 increases charges to the above services by £1.645m.

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**

30. Agency Services

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

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).

31. Pooled Budgets

Better Care Fund

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

2016/17 £'000		Better Care Fund	2017/18 £'000	
		Funding Provided to the Pooled Budget		
22,498		Revenue – CCG	22,901	
		Revenue – Wigan Council	8,523	
3,122		Capital – Wigan Council	3,543	
	25,620	**Total Funding**		**34,967**
		Expenditure on behalf of Pooled Budget		
4,298		Revenue expenditure – CCG	4,479	
18,200		Revenue expenditure – Wigan Council	26,945	
3,000		Capital expenditure – Wigan Council	2,860	
	25,498	**Total Expenditure**		**34,284**
	122	**Total Underspend**		**-683**
		Allocated as agreed by the Joint Commissioning Finance Board:		
0		Revenue Underspend – CCG	0	
122		Capital Underspend – Wigan Council*	683	
	122	**Total Underspend**		**683**

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

Regional Adoption Agency – Together for Adoption

Government announced changes to the provision of adoption services by proposing services to be delivered on a regional basis by 2020.

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

Wigan Council entered into a Partnership agreement with 4 other neighbouring LA's to create "Together for Adoption" RAA, the Partnership combines:

- Wigan Council
- Cheshire West & Chester Council
- Warrington Borough Council
- Halton Borough Council
- St Helens Council

This arrangement went live on 1 September 2017 and will run for a period to 31 March 2020, at which time a decision will be made around the sustainability of this Service and its future status. The annual budget has been agreed at £2.121m per annum, with a pro rata value for the period 1 September 2017 to 31 March 2018 at £1.237m.

The pooled budget is hosted by Wigan with operational costs being incurred whilst salary costs are incurred and retained within the individual local authority. Any surplus or deficit generated at the end of each financial year will be distributed or reinvested as agreed upon by the collective decision of the Partnership Board. For 2017/18, Partnership Board agreed to retain the underspend to meet future known adoption placements committed.

Together for Adoption	2017/18 £'000	
Funding Provided to the Pooled Budget		
Revenue:		
Wigan Council	335	
Cheshire West & Chester Council	280	
Warrington Borough Council	169	
Halton Borough Council	186	
St Helens Council	267	
Total Funding		**1,237**
Expenditure on behalf of Pooled Budget		
Revenue – Wigan Council on behalf of Together for Adoption (Operational Costs)	199	
Wigan Council – salary costs	221	
Cheshire West & Chester Council – salary costs	185	
Warrington Borough Council – salary costs	112	
Halton Borough Council – salary costs	122	
St Helens Council – salary costs	176	
Back Office Functions – supported by two Local Authority Partners (CW&C & Wigan)	40	
Total Expenditure		**1,055**
Total Underspend		**182**

32. Members' Allowances

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

	2016/17 £'000	2017/18 £'000
Allowances	1,167	1,204
Expenses	9	4
Total	**1,176**	**1,208**

There were no employers' pension contributions associated with these allowances in 2017/18 (£0.005m in 2016/17).

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).

33. Officers' Remuneration

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

Table a)

Name	Job Title	Financial Year	Salary, Fees and Allow. Note * £	Employers Pension Contrib. £	Total Remun. Incl. pension contrib. £
Donna Hall	Chief Executive	**2017/18** 2016/17	**165,000** 165,000	**31,752** 31,752	**196,752** 196,752
Paul McKevitt **(1)**	Deputy Chief Executive (Director for Resources & Contracts)	**2017/18** 2016/17	**140,000** 140,000	**2,287** 20,580	**142,287** 160,580
Alison McKenzie-Folan	Deputy Chief Executive (Director for Customer Transformation)	**2017/18** 2016/17	**140,000** 140,000	**27,440** 27,440	**167,440** 167,440
Stuart Cowley **(2)**	Director for Adult Social Care & Health	**2017/18** 2016/17	**120,000** 120,000	**23,520** 23,520	**143,520** 143,520
Kate Ardern **(3)**	Director of Public Health	**2017/18** 2016/17	**101,451** 101,451	**16,752** 16,659	**118,203** 118,110
James Winterbottom **(4)**	Director for Children & Families	**2017/18** 2016/17	**120,000** 120,000	**0** 0	**120,000** 120,000
Karl Battersby **(5)**	Director for Economy & Regeneration	**2017/18** 2016/17	**101,930** 122,301	**19,600** 23,520	**121,530** 145,821
Paul Barton **(6)**	Director of Environment	**2017/18** 2016/17	**20,000** **0**	**3,920** **0**	**23,920** **0**
Rebecca Heron **(7)**	Director of Economy and Skills	**2017/18** 2016/17	**11,071** **0**	**2,170** **0**	**13,241** **0**
Rebecca Murphy	Director for Integrated Care	**2017/18** 2016/17	**90,000** 44,516	**17,640** 8,725	**107,640** 53,241
Sharon Barber **(8)**	Director of Adult Community Services	**2017/18** 2016/17	68,280 0	13,383 0	81,663 0

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

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

(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) The Director for Economy and Regeneration left the service 31 January 2018 and this post was disestablished and made into two director posts; Director of Environment and Director of Economy and Skills

(6) The Director of Environment was appointed 1 February 2018. The annualised salary is £120,000.

(7) The Director of Economy and Skills was appointed 26 February 2018. The annualised salary is £120,000.

(8) The Director of Adult Community Services was appointed 26 July 2017. The annualised salary is £100,000. It is a joint post with Bridgewater Community Services.

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 2016/17	Remuneration Band	Number of Employees 2017/18
39	£50,000 - £54,999	50
12	£55,000 - £59,999	9
8	£60,000 - £64,999	11
2	£65,000 - £69,999	3
1	£70,000 - £74,999	2
1	£75,000 - £79,999	0
12	£80,000 - £84,999	12
1	£85,000 - £89,999	0
0	£90,000 - £94,999	0
1	£95,000 - £99,999	2
1	£100,000 - £104,999	0
0	£105,000 - £109,999	0
0	£110,000 - £114,999	0
0	£115,000 - £119,999	1
1	£120,000 - £124,999	0
0	£125,000 - £129,999	0
0	£130,000 - £134,999	0
0	£135,000 - £139,999	0
0	£140,000 - £144,399	1
79		**91**

Redundancy payments are included in the remuneration.

During 2017/18 staff from Wigan and Leigh Housing transferred to Wigan Council accounting for the increase of senior posts and redundancies.

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 2016/17	Voluntary Aided and Foundation School Employees included in previous column Total 2016/17	Remuneration Band	Number of Employees 2017/18	Voluntary Aided and Foundation School Employees included in previous column Total 2017/18
76	42	£50,000 - £54,999	87	40
69	43	£55,000 - £59,999	57	41
32	22	£60,000 - £64,999	37	22
29	13	£65,000 - £69,999	28	15
13	6	£70,000 - £74,999	13	7
8	5	£75,000 - £79,999	10	6
7	3	£80,000 - £84,999	2	1
3	2	£85,000 - £89,999	7	3
2	1	£90,000 - £94,999	2	2
1	0	£95,000 - £99,999	3	2
1	1	£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
0	0	£120,000 - £124,999	0	0
1	0	£125,000 - £130,000	1	0
243	**138**		**249**	**140**

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	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
0 - £20,000	51	60	121	187	172	247	1,048	1,699
£20,001 - £40,000	7	2	27	33	34	35	883	986
£40,001 - £60,000	2	1	7	11	9	12	431	599
£60,001 - £80,000	2	0	2	4	4	4	279	268
£80,001 - £100,000	0	1	5	4	5	5	447	450
£100,001 - £150,000	2	0	0	0	2	0	223	0
£150,001 - £200,000	0	0	1	0	1	0	182	0
£200,001 – £250,000	0	0	1	0	1	0	246	0
Total	**64**	**64**	**164**	**239**	**228**	**303**	**3,739**	**4,002**

*see below termination benefits note for cost value

The total cost of £4.002m 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 2017/18, incurring liabilities of £0.548m (£0.870m in 2016/17). Further details on the overall number of exit packages and the total cost per band is disclosed in the tables above.

Termination benefits are payable to employees across all Council Services whose employment has been terminated by the Council, not at the employees request. The number of compulsory redundancies throughout 2017/18 can be seen in the exit packages table above.

34. Audit Costs

In 2017/18 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:

	2016/17 £'000	2017/18 £'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 *	29	54
Fees payable in respect of other services provided by the appointed auditor **	0	93
Total	**163**	**281**

* 2017/18 values include retrospective charges for the conclusion of 2016/17 grant claims.

** The fees for other services payable in 2017/18 related to the work on the returns for Teachers' Pension Fund and Housing Capital Receipts, additional work related to the DWP Housing Benefits Grant Claim, subscription to CFO insights service and professional fees reviewing our telecoms payments.

35. 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 2017/18 are as follows:

Notes		Central Expenditure £'000 Column 1	Individual Schools Budget £'000 Column 2	Total £'000 Column 3
A	Final DSG for 2017/18 before Academy recoupment			**243,270**
B	Academy figure recouped for 2017/18			**50,652**
C	Total DSG after Academy recoupment for 2017/18			**192,618**
D	Brought forward from 2016/17			**1,807**
E	Carry forward to 2018/19 agreed in advance			**1,807**
F	Agreed initial budgeted distribution in 2017/18	22,890	169,728	**192,618**
G	In Year Adjustments	-450	450	**0**
H	Final budget distribution for 2017/18	22,440	170,178	**192,618**
I	Actual central expenditure	23,117		**23,117**
J	Actual ISB deployed to schools		170,178	**170,178**
K	Local authority contribution for 2017/18	0		**0**
L	Carry forward to 2018/19	-677	0	**1,130**

A Final DSG figure before any amount has been recouped from the authority excluding the January 2018 early years block adjustment.

B Figure recouped from the authority in 2017/18 by the DfE for the conversion of maintained schools into Academies.

C Total figure after DfE Academy recoupment for 2017/18.

D Figure brought forward from 2016/17 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 2018.

E Any amount which the authority decided after consultation with the schools forum to carry forward to 2018/19 rather than distribute in 2017/18 – this may be the difference between estimated and final DSG for 2017/18, or a figure (positive or negative) brought forward from 2016/17 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 2017/18 – 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 2017/18 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 2018/19, 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 2018/19 already agreed (E).

36. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2017/18:

Credited to Taxation and Non Specific Grant Income	Awarding Body	2016/17 £'000	2017/18 £'000
Capital Grants	Various	19,154	22,240
Small Business Rate Relief	MHCLG	3,107	9,479
Private Finance Initiative	MHCLG	6,023	6,023
New Homes Bonus	MHCLG	4,879	4,149
Education Services Grant	DFE	3,695	1,046
Donated Assets	Various	3,915	618
School Improvement Grant *	ESFA	0	215
Probation Grant	MOJ	36	67
Magistrates Grant	MOJ	67	61
Local Services Support Grant	MHCLG	63	52
Other	MHCLG	0	21
Revenue Support Grant	MHCLG	43,987	0
Total		**84,926**	**43,971**

Credited to Services	Awarding Body	2016/17 £'000	2017/18 £'000
Dedicated Schools Grant	DFE	190,932	192,366
HRA Rent Rebates	DWP	46,546	43,448
Rent Allowance Subsidy	DWP	41,429	39,513
Pupil Premium Grant	DFE	12,208	11,305
Improved Better Care Funding *	MHCLG	0	8,523
REFCUS Grants	Various	4,091	4,640
General Education Grants	Various	2,967	3,562
Young Peoples Learning Agency	DFE	3,626	3,515
Universal Infant Free School Meals	DFE	3,403	3,183
Adult Social Care Support Fund *	MHCLG	0	1,599
Independent Living Grant	MHCLG	1,604	1,551
Troubled Families	MHCLG	932	1,484
Skills Fund Agency	BEIS	2,255	1,347
Housing Benefit Admin Grant	DWP	1,305	1,193
Other Grants	Various	839	809
Discretionary Housing Payments Grant	DWP	620	685
Non HRA Rent Subsidy	DWP	640	679
Youth Justice Board	MOJ	468	539
Local Council Tax Support Admin Grant	MHCLG	515	484
Flexible Homelessness Support Grant *	MHCLG	0	264
Community Safety Fund *	GMCA	0	248
Local Reform & Community Voices Grant	MHCLG	218	222
Armed Forces Grant	MOD	159	215
Regional Adoption Agency Grant	DFE	333	208
Year 7 Catch Up Premium Grant	DFE	161	162
New Burdens Welfare Reform	DWP	128	160
Adoption Support Fund	DFE	242	159
Unaccompanied Asylum Seeker Children Grant	HO	139	130
National Assessment & Accreditation System Funding *	DFE	0	125
Public Health Funding	DHSC	26,978	0
Adoption Inter Agency Fee Grant	DFE	575	0
Capacity Fund Grant	HE	220	0
Estate Regeneration Funding	MHCLG	135	0
Total		**343,668**	**322,318**

***** These sources of funding are new for 2017/18

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.

37. Related Parties

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

Central Government

Central Government has significant influence over the general operations of the Authority. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g.Council Tax bills, Housing Benefits). Details of grant transactions with Government departments are set out in note 36 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 2017/18 is shown in note 32. Each year the Council invites Members to declare any such interests including related parties. In respect of 2017/18 financial year, a number of members declared interests in other organisations that the Council transact with. The total value of these transactions was £0.426m. 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, on appointment and is available on the Council's website.

Chief Officers

The Council operates a Code of Conduct whereby individual Chief Officers are required to disclose any pecuniary and non-financial interests with related parties. In addition, the Council on an annual basis necessitates Chief Officers to make a declaration of any related parties. During 2017/18, none of the Chief Officers declared pecuniary interest in accordance with Section 117 of the Local Government Act 1972.

The Council's Chief Executive and Director of Resources and Contracts (Deputy Chief Executive) were the Clerk and Treasurer respectively to Greater Manchester Fire and Rescue Authority. These roles ceased to exist at the Council as of 7 May 2017 and transferred to the Greater Manchester Combined Authority. All Chief Officer remuneration payments are included in detail in note 33 Officers' Remuneration.

Joint Services and Partnerships

Greater Manchester Combined Authority (GMCA)

As a result of an agreement reached between the ten Greater Manchester Councils and Central Government, the Combined Authority has taken over arrangements for the coordination of a range of policy issues including economic development and regeneration for Greater Manchester, 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 2017/18 the amount paid to the GMCA was £13.082m.

This is made up of the following:
- £12.136m relating to the Passenger Transport Levy
- £0.946m 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 2017/18 this amounted to £0.597m.

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. The Council also entered a pooled budget arrangement on 1 September 2017 with four other neighbouring local authorities to create ‘Together for Adoption’ Regional Adoption Agency to provide local adoption services. Further details are included in note 31 Pooled Budgets.

The Council also provided Community Services Fee funding of £2.800m during 2017/18 to Inspiring Healthy Lifestyles (formerly Wigan Leisure and Culture Trust).

38. Related Businesses and Companies

Wigan and Leigh Homes Ltd

This is a company limited by guarantee. The Council is the sole member of the company and has appointed three Directors to oversee operations. The Council would be able to secure a distribution of assets and could equally dissolve the company.

From 1 April 2017 the management of the HRA stock, formerly provided by Wigan and Leigh Homes Ltd (WALH), transferred back to the Council. As the staff of the company also transferred at the above date, the Council now undertake sole responsibility for any pension liability. The Council also undertook management responsibility for the 80 properties belonging to the WALH and will charge an annual management fee to the company in respect of this.

For the financial year 2017/18, the company returned a deficit on ordinary activities before taxation of £0.070m. 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 £3.3m with the majority (£3.2m) relating to costs associated with the construction of new build properties.

Wigan Metropolitan Development Company Limited

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

As from March 2016, Wigan Metropolitan Development Company (Property) Limited has ceased active trading. Therefore, figures reported in this note relate to the trading company of Wigan Metropolitan Development Company (Investment) Limited for the financial year 2017/18.

The Council manages surplus cash balances on behalf of the company. The amount deposited with the Council at the 31 March 2018 was £1.680m.

The company returned a pre-tax surplus of £0.137m for the financial year 2017/18. Copies of the accounts are available at Wigan Investment Centre, Waterside Drive, Wigan, Lancs. WN3 5BA.

Leigh Sports Village Limited

This is a company limited by shares. The Council is the only shareholder. The Council has the ability to dissolve the company and to procure the distribution of its assets, although the Council does not have direct liability for the losses of the company. The company manages the sports facilities at the Leigh Sports Village site. The Council paid the company £1.026m in 2017/18.
The company returned a loss of £0.078m in 2017/18.

At the end of the financial year, the company was indebted to the Council by a net £0.687m. Copies of the accounts are available at Leigh Sports Stadium, Sale Way, Leigh, Lancs. WN7 4JY.

Douglas Valley Community Limited

This is a company limited by guarantee. The Council has the right to nominate 4 out of 12 members, hence the Council directly/indirectly holds more than 20% of the company's voting power. The Council paid £0.005m for the services provided by the Douglas Valley Community Limited in 2017/18.

Douglas Valley Properties Limited

This is a company limited by guarantee. The Council has the right to appoint 3 out of the 9 members. The Council and Douglas Valley Community Limited must consent to the acquisition of any interest in land or premises by the Company and further, that the Council and Douglas Valley Community Limited may determine what the Company may do with its profits. The Council has not made payments to the company in 2017/18. The Council also manages surplus cash balances on behalf of the company.

The company has ceased active trading and has had no activity during 2017/18. The Directors have agreed transfer of all remaining assets and liabilities to the Wigan Metropolitan Development Company (Investment) Limited by 31 March 2019. If this proceeds the company will transfer all legal title of properties, deregister for VAT and the company will be dissolved.

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 2018, no assets have been transferred to the LLP.

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

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

39. Leases

Authority as lessee:

During 2017/18 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 2017/18 was £0.994m (2016/17 £1.331m). 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 2018 to future lease payments of £1.628m under these operating leases, comprising the following elements:

2016/17 Total £'000s		Vehicles, Plant & Equipment £'000s	Property £'000s	2017/18 Total £'000s
955	Lease payments during 2018/19	624	129	**753**
1,795	Lease payments between 2019/20 and 2022/23	811	53	**864**
131	Lease payments after 2022/23	0	11	**11**
2,881	**Total Leases**	**1,435**	**193**	**1,628**

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 2017/18 was £3.625m (2016/17 £3.307m).

The future minimum lease payments receivable are:

2016/17 Total £'000s		2017/18 Total £'000s
2,703	Leases expiring in 2018/19	2,604
10,066	Leases expiring between 2019/20 and 2022/23	9,506
170,771	Leases expiring after 2022/23	169,623
183,540	**Total Leases**	**181,733**

Of the minimum lease payments receivable after 2022/23 of £169.623m, £102.161m is in respect of leases which are due to expire more than 50 years after 31 March 2018.

40. Pension Schemes

Pension Schemes Accounted for as Defined Contribution Schemes

Teachers' Pension Scheme

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

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

The scheme has in excess of 6,000 participating employers and consequently, the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the 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 2018, the Council's own contributions equate to approximately 16.48%.

In 2017/18 the Council paid £12.6m (£13.0m in 2016/17) 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 2017/18 these amounted to £4.0m (£4.0m in 2016/17).

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

NHS Staff Pension Scheme

During 2017/18, 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 2017/18 the Council paid £0.112m to the NHS Pension Scheme (£0.117m in 2016/17) 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

2016/17 £'000		2017/18 £'000
	Cost of Services:	
27,849	current service cost	50,412
4,697	past service cost (including curtailments)	1,345
32,546	**Total Service Cost**	**51,757**
	Financing and Investment Income & Expenditure:	
-30,862	interest income on plan assets	-30,016
43,988	interest cost on defined benefit obligation	41,980
13,126	**Total Net Interest**	**11,964**
45,672	**Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services**	**63,721**
	Remeasurements of the Net Defined Liability Comprising:	
-176,933	return on plan assets (excluding amounts included in net interest)	-5,081
2,556	actuarial gains/losses arising from changes in demographic assumptions	0
223,873	actuarial gains/losses arising from changes in financial assumptions	-30,715
-4,466	other experience and actuarial adjustments	-1,343
45,030	**Total Remeasurements Recognised in Other in the Comprehensive Income and Expenditure Statement**	**-37,139**
90,702	**Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement**	**26,582**

Movement in the Reserves Statement - General Fund

2016/17 £'000		2017/18 £'000
-45,672	Reversal of net charges made to the surplus / deficit on the provision of service	-63,721
24,975	Employers' contributions payable to the scheme	25,943
5,792	Retirement benefits payable to pensioners	5,533
-14,905	**Actual amount charged against the General Fund Balance for Pensions in the year**	**-32,245**

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	
	2016/17 £'000	2017/18 £'000
Present value of the funded liabilities	-1,439,116	-1,556,999
Present value of the unfunded liabilities*	-82,901	-77,737
Fair value of employer assets	1,087,683	1,189,192
Total	**-434,334**	**-445,544**
Other movements in the liability (asset) (if applicable)	0	0
Net liability arising from the defined benefit obligation	**-434,334**	**-445,544**

* this liability in 2017/18 comprises of £22.550m (£23.887m in 2016/17) in respect of LGPS unfunded pensions and £55.187m (£59.014m in 2016/17) in respect of Teachers' unfunded pensions.

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

	Funded Liabilities: Local Government Pension Scheme	
	2016/17 £'000	2017/18 £'000
Opening fair value of scheme liabilities	**1,259,253**	
Opening present value of funded liabilities		**1,439,116**
Opening present value of unfunded liabilities		**82,901**
Impact of Pensions – Wigan and Leigh Housing		85,219
Current Service Cost	27,849	50,412
Interest Cost	43,988	41,980
Contributions from scheme participants	7,300	7,818
Remeasurement gain		
Actuarial gains/losses arising from changes in demographic assumptions	2,556	0
Actuarial gains/losses arising from changes in financial assumptions	223,873	-30,715
Other experience and actuarial adjustments	-4,466	-1,343
Past Service Costs	4,697	1,345
Benefits Paid	-43,033	-41,997
Closing present value of funded liabilities	1,439,116	1,556,999
Closing present value of unfunded liabilities	82,901	77,737
Closing balance at 31 March	**1,522,017**	**1,634,736**

Reconciliation of movements in the fair value of the scheme assets

	Local Government Pension Scheme 2016/17 £'000	Local Government Pension Scheme 2017/18 £'000
Opening fair value of scheme assets	**884,854**	**1,087,683**
Impact of Pensions – Wigan and Leigh Housing		69,115
Interest Income	30,862	30,016
Remeasurement gain		
Return on assets excluding amounts included in net interest	176,933	5,081
Contributions from employer into the scheme	30,767	31,476
Contributions from employees into the scheme	7,300	7,818
Benefits Paid	-43,033	-41,997
Closing fair value of scheme assets	**1,087,683**	**1,189,192**

In 2017/18 four schools transferred to Academy Status. The actuary has not separately valued the bulk transfer of membership relating to the schools. The figure has been estimated to be immaterial to the total figures and therefore is not required to be shown separately.

Local Government Pension Scheme assets comprised:

	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 %	Quoted prices in active markets 2017/18 £'000	Quoted prices in active markets 2017/18 £'000	Total 2017/18 £'000	Percentage of Total Assets 2017/18 %
Equity Securities								
Consumer	88,406	0	**88,406**	**8**	67,857		**67,857**	**6**
Manufacturing	90,524	0	**90,524**	**8**	81,404		**81,404**	**7**
Energy and utilities	72,406	0	**72,406**	**7**	64,457		**64,457**	**5**
Financial Institutions	111,194	0	**111,194**	**10**	97,944		**97,944**	**8**
Health and care	39,024	0	**39,024**	**4**	30,394		**30,394**	**3**
Information Technology	27,633	0	**27,633**	**3**	19,061		**19,061**	**2**
Other	18,528	0	**18,528**	**2**	11,632		**11,632**	**1**
Debt Securities								
Corporate bonds (investment grade)	51,600	0	**51,600**	**5**	44,081		**44,081**	**4**
UK Government	14,311	0	**14,311**	**1**	10,304		**10,304**	**1**
Other	34,362	0	**34,362**	**3**	33,093		**33,093**	**3**
Private Equity								
All	0	30,904	**30,904**	**3**		39,795	**39,795**	**3**
Real Estate								
UK Property	0	29,827	**29,827**	**2**		40,714	**40,714**	**3**
Investment Funds and Unit Trusts								
Equities	272,314	0	**272,314**	**25**	321,785		**321,785**	**27**
Bonds	77,636	0	**77,636**	**7**	154,192		**154,192**	**13**
Infrastructure	0	25,077	**25,077**	**2**		30,790	**30,790**	**3**
Other	19,505	54,212	**73,716**	**7**	31,316	66,877	**98,193**	**8**
Cash and Cash Equivalents								
All	30,222	0	**30,222**	**3**	43,496		**43,496**	**3**
Totals	**947,663**	**140,020**	**1,087,683**	**100**	**1,011,016**	**178,176**	**1,189,192**	**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 and estimates for the administering authority are based on the latest full valuation of the scheme as at 31 March 2018.

The significant assumptions used by the actuary have been:

Mortality Assumptions

2016/17		2017/18
	Longevity at 65 for current pensioners:*	
21.5 years	Male	21.5 years
24.1 years	Female	24.1 years
	Longevity at 65 for future pensioners:*	
23.7 years	Male	23.7 years
26.2 years	Female	26.2 years
2.4%	Rate of Inflation (Price Increases)	2.4%
2.5%	Rate of increase in salaries (Salary Increases)	2.5%
2.4%	Rate of increase in pensions (Pension Increases)	2.4%
2.6%	Rate of discounting scheme liabilities (Discount Rate)	2.7%
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 2018	Approximate % increase to Employer Liability £'000	Approximate monetary amount £'000
0.5% decrease in Real Discount Rate	10%	160,008
0.5% increase in the Salary Increase Rate	2%	25,598
0.5% increase in the Pension Increase Rate	8%	132,413

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 93% over the next 3 years. Funding levels are monitored on an annual basis. The next triennial valuation will take effect from 1 April 2019.

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 £24.457m contributions to the scheme for the period to 31 March 2019.

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

41. Contingent Assets

Equity Loan Scheme

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

Repayment of the equity loan will occur when the property is re-sold in the future or if the occupier decided to acquire the additional 30% equity. The repayment sum will be linked to the property value and will depend on the value at the time of repayment. The repayment sums will be classed and treated as Section 106 contributions. As at 31 March 2018, 133 equity loans have been approved totalling £5.6m and possible repayment dates range from 2022 to 2043.

42. Contingent Liabilities

NDR

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

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 2018 loans totalling £5.5m 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 2018 the amount drawn down by Manchester City Council was £44.1m.

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

Sleep in Payments

There is an ongoing legal dispute nationally with regards to the applicability of national minimum wage to employees working sleep-in shifts in certain types of social care provision, which the local authority commissions from external organisations. The outcome of a pending legal hearing is uncertain with a judgement expected through 2018/19. Interpretation of minimum wage regulations and related guidance is the responsibility of the employer and thus any potential backdated liability will be for the relevant external organisations to resolve.

Whilst Wigan Council does not believe it has any direct liability, as a commissioner of adult social care provision any significant financial impact on the local care sector could economically impact on the local authority.

It is not possible to reliably measure the potential liability and impact on individual external organisations.

43. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Director of Resources and Contracts (Deputy Chief Executive) on 31 July 2018. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

44. Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018. 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 2017/18 (the Code) and the Service Reporting Code of Practice 2017/18, 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.

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

Pensions

The Council contributes to three different pension schemes;

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

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

The Local Government Pension Scheme

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

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

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

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

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

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

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

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

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

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

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

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

Discretionary Benefits

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

Events After the Balance Sheet Date

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

- 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).

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, however because of their specialist nature they 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** – based on component/host values.
- **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 2018

2016/17 £'000		Notes	2017/18 £'000
	Expenditure		
24,101	Repairs & Maintenance	1	22,626
16,833	Supervision & Management	2	19,196
760	Rents, Rates, Taxes and Other Charges	3	1,010
42,812	Depreciation and Impairment of Non-Current Assets	4/5	41,780
-89,020	Gain(-) or loss on Revaluation of Stock	4	7,292
44	Debt Management Costs	6	45
450	Movement in the Allowance for Bad Debts	7	1,387
-4,018	**Total Expenditure**		**93,336**
	Income		
87,666	Dwelling Rents	8/9	85,633
651	Non-dwelling Rents	10	695
1,677	Charges for Services & Facilities	11	1,623
1,898	Contributions towards Expenditure	12	1,759
91,892	**Total Income**		**89,710**
-95,910	**Net Cost Of HRA Services as included in the whole authority Comprehensive Income & Expenditure Statement**		**3,626**
120	HRA services share of Corporate and Democratic Core		120
-95,790	**Net Income for HRA Services**		**3,746**
	HRA share of the operating income and expenditure included in the whole authority Comprehensive Income & Expenditure Statement:		
-1,802	Gain (-) or loss on sale of HRA non-current assets		-2,932
14,795	Interest payable and similar charges	13	14,244
-94	HRA Interest and investment income	14	-87
-105	Gain (-) or loss on the Revaluation of HRA Investment Property		0
-1,168	Capital grants and contributions receivable		-5,330
-84,164	**Surplus (-) or deficit for the year on HRA services**		**9,641**

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2016/17 £'000		Notes	2017/18 £'000
-20,452	**Housing Revenue Account surplus brought forward**		**-19,749**
-84,164	Surplus (-) or deficit for the year on the HRA Income and Expenditure Statement		9,641
84,867	Adjustments between accounting basis and funding basis under the legislative framework	15	-14,905
-19,749	**Balance on the HRA at the end of the current year**	**19**	**-25,013**

NOTES TO THE HOUSING REVENUE ACCOUNT

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

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

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

1. Repairs & Maintenance

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

2. Supervision & Management

This is the cost of managing and delivering services to all of the properties within the Housing Revenue Account. 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 2017/18 are as follows:

	£'000
Depreciation on Property, Plant and Equipment – Dwellings	20,980
Depreciation on Property, Plant and Equipment – Other Land and Buildings	217
Depreciation on Property, Plant and Equipment – Intangible Fixed Assets	0
Depreciation on Property, Plant and Equipment – Vehicles, Plant, Furniture and Equipment	1
Total Depreciation	**21,198**
Impairment	20,582
Revaluation loss	7,292
Total Depreciation and Impairment	**49,072**

The net book value of dwellings decreased by £16.4m during 2017/18.

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 2017/18 the impairment charge is £20.582m.

6. Debt Management Expenses

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

7. Movement in the Allowance for Bad Debts

Contributions towards the HRA Allowance for Bad Debt amounted to £1.380m in 2017/18 compared with £0.450m in 2016/17.

Cumulative provisions for uncollectable debts are as follows:

	£'000	%
31 March 2017	5,943	90.67
31 March 2018	6,573	90.00

Rent Arrears are analysed below:

£'000		£'000
2,968	Current Tenants Arrears	3,242
3,102	Former Tenants Arrears	3,592
476	Overpaid Housing Benefit	469
6,546	**Total Arrears**	**7,303**

8. Dwelling Rents

This is the total income due for the year after allowing for rent lost on void properties. In 2017/18 the void property rent loss was 1.65% compared with 1.29% in 2016/17.

9. Stock Numbers and Valuations

	1.4.17	31.3.18	Change Number
Houses			
1 Bedroom	2,405	2,403	-2
2 Bedrooms	4,692	4,689	-3
3 Bedrooms	9,514	9,330	-184
4 or more Bedrooms	263	265	+2
Total Houses	**16,874**	**16,687**	**-187**
Flats			
1 Bedroom	3,095	3,126	+31
2 Bedrooms	2,033	2,035	+2
3 or more Bedrooms	59	59	0
Total Flats	**5,187**	**5,220**	**+33**
Total Houses & Flats	**22,061**	**21,907**	**-154**

The balance sheet value for HRA assets is as follows

	1.4.17 £'000	31.3.18 £'000
Property, Plant and Equipment – Dwellings	591,519	575,100
Property, Plant and Equipment – Other Land and Buildings	12,003	4,992
Property, Plant and Equipment – Assets Under Construction	6,762	5,038
Depreciation on Property, Plant and Equipment – Plant and Equipment	13	2
Intangible Assets	0	0
Assets Held for Sale	500	0
Investment Property	250	250
Total HRA Assets	**611,047**	**585,382**

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

The market value of HRA properties for 2017/18 is £1.44bn. 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 £14.8m in 2016/17 to £14.2m in 2017/18. As at 31 March 2018 the amount of HRA debt outstanding was £297.3m.

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 2017/18 HRA Capital Expenditure

	£'000
Capital Expenditure 2017/18	**37,533**
Funded by:	
Contributions from the Major Repairs Reserve	15,000
Borrowing	8,172
Revenue Contributions to Capital Expenditure	4,707
Usable Capital Receipts	4,942
Other Grants and Contributions	4,712
Total Funding 2017/18	**37,533**

The total Capital Grants received in 2017/18 was £4.7m which has been used in full for works completed in 2017/18. £3m of retained Right to Buy receipts were used towards building affordable homes, leaving a balance of £6.6m in retained receipts for future building projects.

Summary of Capital Receipts 2017/18

	£'000
Disposal of Dwellings (Right to Buy)	9,270
Disposal of HRA Land & Other Receipts	1,932
Total Capital Receipts 2017/18	**11,202**

17. Transfer to / from Capital Adjustment Account

This relates to a voluntary debt repayment of £4.6m.

18. Major Repairs Reserve Movements 2017/18

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

	£'000
Opening Balance at 1 April 2017	**1,500**
Transfers Into the MRR 2017/18	21,198
Expenditure charged to the MRR in 2017/18	-15,000
Voluntary Revenue Provision on land purchased and legacy debt from the MRR in 2017/18to the HRA	-4,619
Closing Balance at 31 March 2018	**3,079**

This is a statutory reserve which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The reserve commenced the financial year with a balance of £1.5m.

In 2017/18 funding of £21.198m was received, which was used during the financial year to pay for major refurbishment works to Council dwellings. The reserve has a £3.1m balance to carry forward to 2018/19.

19. Surplus at 31 March 2018

This is the accumulated HRA surplus as at 31 March 2018. The balance of £25.013m is carried forward into 2018/19 for use in future years.

THE COLLECTION FUND STATEMENT

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

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

Business Rates 2016/17 £'000	Council Tax 2016/17 £'000	Total 2016/17 £'000		Business Rates 2017/18 £'000	Council Tax 2017/18 £'000	Total 2017/18 £'000
			Income			
0	125,764	125,764	Council Tax Receivable	0	131,299	131,299
81,722	0	81,722	Income from Business Ratepayers	82,944	0	82,944
5,940	0	5,940	Contribution towards previous years Collection Fund deficit	6,872	0	6,872
87,662	**125,764**	**213,426**		**89,816**	**131,299**	**221,115**
			Precepts, Demands and Shares			
41,273	0	41,273	Central Government	0	0	0
40,448	104,547	144,995	Wigan Council	72,198	109,950	182,148
0	13,515	13,515	Greater Manchester Mayoral – Police and Crime Commissioner	0	14,248	14,248
825	5,050	5,875	Greater Manchester Mayoral – Fire Service	729	5,263	5,992
381	0	381	Transitional Protection Payments	3,631	0	3,631
0	702	702	Contribution towards previous years Collection Fund surplus	0	1,815	1,815
82,928	**123,815**	**206,743**		**76,558**	**131,276**	**207,834**
			Charges to Collection Fund			
1,248	1,625	2,873	Increase / Decrease in Bad Debt Provision	1,454	218	1,672
3,228	0	3,228	Increase / Decrease in Provision for Appeals	3,753	0	3,753
-2,523	0	-2,523	RV List Amendments charged to Provision	-2,664	0	-2,664
385	0	385	Cost of Collection	412	0	412
2,338	**1,625**	**3,964**		**2,955**	**218**	**3,173**
2,396	324	2,720	**Surplus / Deficit (-) arising in the year**	10,303	-195	10,108
-9,670	1,046	-8,624	**Surplus / Deficit (-) b/fwd 1 April**	-7,275	1,370	-5,905
-7,275	**1,370**	**-5,905**	**Surplus / Deficit (-) c/fwd 31 March**	**3,028**	**1,175**	**4,203**
			Allocated to:			
-3,565	1,163	-2,402	**Wigan Council**	3,199	1,006	4,205
-3,637	0	-3,637	**Central Government**	-201	0	-201
0	151	151	**Greater Manchester Mayoral – Police and Crime Commissioner**	0	125	125
-73	56	-17	**Greater Manchester Mayoral – Fire Service**	30	50	80
			Greater Manchester Combined Authority	0	-6	-6
-7,275	**1,370**	**-5,905**		**3,028**	**1,175**	**4,203**

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 2017/18, 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 2017/18 was 87,787 (85,921 in 2016/17) calculated as follows:

Tax Base

Council Tax Bands (No. of Properties)			
Band	Number of chargeable dwellings	Multiplier	Band D equivalent dwellings
A	58,784	6/9	39,189
B	28,598	7/9	22,243
C	21,790	8/9	19,368
D	11,323	9/9	11,323
E	5,731	11/9	7,005
F	1,802	13/9	2,602
G	571	15/9	951
H	49	18/9	97
Tax Base before adjustment to Collection Rate			102,779
Adjustment for Estimated Collection Rate 99%			-1,848
Adjustment for Council Tax reduction			-13,144
Total Band D Equivalent			**87,787**

The average Council Tax for Band D dwellings for the Council and major precepting authorities was £1,474.71.

2. Non-Domestic Rates

The Council collects NDR for its area based on local rateable values provided by the Valuation Office. The Rateable Value is multiplied by a multiplier rate set by Central Government. From 2017/18, the Council will retain 99% of Business Rates collected locally (previously 49%) as part of the 100% Business Rate Retention Pilots. The increased rates are in lieu of Revenue Support Grant and Public Health Grant.

The total non-domestic rateable value at the year end was £212.1m.

The national multipliers are as follows:

	2016/17	2017/18
Standard Business rate*	49.7p	47.9p
Small Businesses rate*	48.4p	46.6p

*Due to the 2017 revaluation, multipliers were revised downwards to ensure fiscal neutrality.

2017/18 was the first year of the Greater Manchester 100% business rates pilot. Authorities would receive 99% of their business rates income in lieu of Revenue Support Grant and Public Health Grant. The Business Rates shares payable for 2017/18 were therefore estimated before the start of the financial year as £72.198m to Wigan Council (99%), £0.729m to Greater Manchester Fire (1%) and £0 to Central Government.

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

3. Contributions to Collection Fund Surpluses and Deficits

The Council under statute has to prepare an estimate each January of the surplus or deficit expected to arise at the end of the financial year. In January 2017, it was estimated that the following amounts were due to/from the preceptors in 2017/18.

	Estimated Surplus Council Tax £'000	Estimated Deficit NDR £'000
Central Government	0	3,436
Wigan Council	1,541	3,367
Greater Manchester Mayoral – Fire Service	74	69
Greater Manchester Mayoral – Police and Crime Commissioner	199	0
Total	**1,814**	**6,872**

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 26 July 2018, I hereby approve the accounts for Wigan Council for the year ended 31 March 2018.

Chair of Meeting
26 July 2018

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 2018.

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)
26 July 2018

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 an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

H

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

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

I

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

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

INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS)
Defined Accounting Standards that must be applied by all reporting entities to 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 and Local Authorities collect the sums due, with distribution made in accordance with rules governing the Business Rates retention scheme.

NET-BOOK VALUE

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

NET REALISABLE VALUE

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

NON DISTRIBUTED COSTS

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

P

POOLED BUDGETS

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

PRECEPTS

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

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

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

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

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

R

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

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

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

REFCUS
Revenue expenditure funded by capital under statute.

S

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

U

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

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

V

VOLUNTARY REVENUE PROVISION (VRP)

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

Terms of Reference

REGULATORY BODIES, OTHER BODIES AND REGULATORY FRAMEWORK

A

Association of Greater Manchester Authorities (AGMA)

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

C

Chartered Institute of Public Finance and Accountancy (CIPFA)

The leading professional body for public sector accounting which sets accounting standards for the public sector. CIPFA advises central government and other bodies on local government and public sector finance matters.
http://www.cipfa.org.uk/

Code of Practice on Local Government Accounting in the United Kingdom 2017/18

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

Ministry of Homes, Communities and Local Government (MHCLG)

MHCLG issues government lead initiatives on issues such as fire prevention, emergency planning and training. CLG is also a major funding source.
https://www.gov.uk/government/organisations/department-for-communities-and-local-government

D

Department for Education (DFE)

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

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

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

Department for Work and Pensions (DWP)

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

G

Greater Manchester Combined Authority (GMCA)

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

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 England (HE)

The HE 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 more economical 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 2017/18, the SERCOP establishes “proper practice” with regard to consistent financial reporting to enhance the comparability of local authority financial information and is given statutory force in England by regulations under the Local Government Act 2003.

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

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

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

T

Teachers Pension Agency (TPA)

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

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

V

Valuation Office Agency (VOA)

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

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

D

Dedicated Schools Grant (DSG)

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

N

Non Domestic Rate (NDR)

The operation of NDR follows a similar process to Council Tax where an assessment of the receipts which can be raised will be forecast by the Council and this will be shared between 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 organisations in Greater Manchester.

Teachers' Pension Scheme

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

NHS Pension Scheme

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

OTHER TERMS OF REFERENCE

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 and received additional income to spend on improvements if it performs well. The council continues to own the homes whilst tenants stay as council tenants and keep all their legal rights.

C

CCG (Clinical Commissioning Group)

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

L

LMS (Local Management of Schools)

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

S

SEN (Special Educational Needs)

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