



Statement of Accounts 2020/21

The Deal

Our People

Our Place

Our Future

www.wigan.gov.uk/TheDeal



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FOREWORD by Cllr David Molyneux, Leader of Wigan Council

At the start of the financial year 2020/21 having set a 'no cuts' to frontline services budget we could not have imagined the year that was to come. We have all faced challenges and made sacrifices we simply could not have imagined. I am incredibly proud of how this borough has responded to these unprecedented circumstances. The community spirit that we hold so dear in all our towns and communities has come to the fore.

The way we have responded to the pandemic, is one we should be very proud of and exemplifies The Deal. We have worked together as a Borough; the NHS, the council, across the public sector, the voluntary sector, businesses and, of course, with our residents.

Eight hubs were created to support those who needed help, from providing food, support with bill payments or even a friendly voice on the end of the phone. A call-out for volunteers was answered emphatically with 1,500 council staff and members of the public coming forward.

To mention just a few examples, care homes launched a resilience plan and council teams administered a grants scheme and discretionary fund to help small businesses. Our homeless population was moved quickly into accommodation where they could socially distance.

To put it simply, we could not have faced up to Covid 19 pandemic in the way we have without such a team effort and it is this effort together with our Build Back Fairer approach which will help those most affected and accelerate the recovery of our Borough sooner.

During the year we launched a Covid 19 impact survey, to assess how lives have been affected and whether any changes can help us shape the way the council delivers services. The results will help shape and lead to a refreshed Deal 2030.

We have identified 4 recovery pledges to guide our approach

- To rebuild our local economy
- To support our communities and health and well being
- To confront local inequalities
- To regenerate our places

The Community Wealth Building journey is well underway across Wigan Borough with dozens of community organisations and businesses already on board. The new approach sees public bodies, private companies and the voluntary sector working together to reduce inequality and boost the local economy.

In addition, more than £16.5m has been secured to support a package of projects across Wigan town centre including helping to deliver the redevelopment of The Galleries, establishing a pioneering live-work scheme on King Street and public realm enhancements.

Following feedback from residents and as part of our Believe in Leigh Fund there are plans to improve the visitor experience at Pennington Flash, including a play area and improved links between the town centre and Leigh Sports Village.

We know there are significant challenges ahead but these are a few examples of how we are looking forward to carrying out our Covid-19 recovery plans and refreshing Deal 2030 priorities to ensure we create a fairer Wigan Borough for all of our residents.



Councillor David Molyneux, Leader of Wigan Council

NARRATIVE REPORT by the Director – Finance and Legal

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 2020/21, Accounting Codes of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and any other government legislation or regulations. Government have continued to provide Local Authorities flexibility over the production of their Annual Statement of Accounts in 2020/21 in recognition of the impact of the pandemic. The legislation for 2020/21 requires draft accounts to be produced no later than 31 July rather than the 31 May deadline pre-pandemic.

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 2021, together with additional information about the Council in general and how it has dealt with the COVID-19 Pandemic. The report also includes the risks and pressures which the Council faces and plans that have been developed to place the Council in the best possible position to meet those risks.

I would also take this opportunity to thank the finance teams for their work in producing the accounts together with their work during the pandemic. The Council has been faced with unprecedented challenges and how we operate and deliver services has needed to change. The finance teams have been key in many varied aspects whether that be being redeployed to community hubs to assist with community and welfare support, providing frontline support to Children's services, being part of cross departmental COVID-19 escalation meetings, to being heavily involved in passporting COVID 19 Business Support grants and the continuing post payment assurance work. This 'all working together' approach in Wigan is how we have achieved over £160m of savings in the last ten years and it is what we will continue to rely on to address the ongoing financial impact of the pandemic.



Our residents are very proud of their borough and its parks, green spaces, sporting and cultural heritage, and industrial history. Most of all they are proud of its people, their accents, good humour and personalities.

Expansive countryside

two thirds of borough



We have strong proud towns, historic villages and a wealth of green spaces. Around two-thirds of the borough is expansive countryside and we love our stunning parks, woodlands, wetlands, canals and green space, which is rich in flora and fauna.

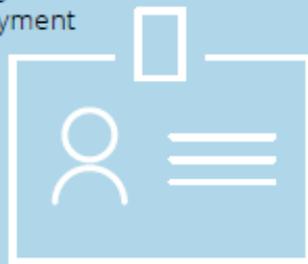
Our strong employment rates, outstanding schools and affordable housing make Wigan an attractive place to live and work.

Size of the borough



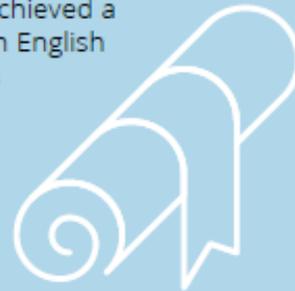
76.4%

of working age adults are in employment

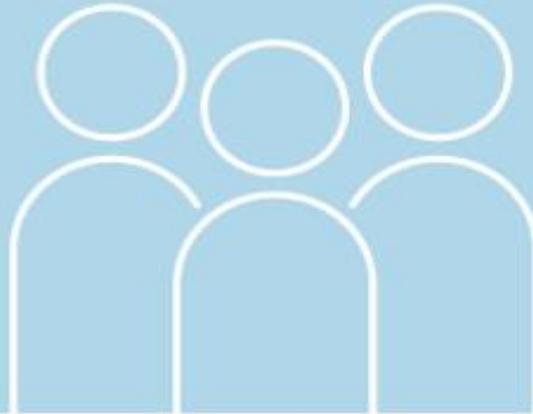


62.4%

of pupils achieved a grade 4+ in English and Maths



Population of
324,700
(projected to be
346,300 by 2030)



29%

of our population lives
in the 20% most deprived
areas in England

Housing

in the borough is
affordable (top 20%
in England)



Happiest
place to live in GM



Solidarity and working for the common good is in the borough's DNA. Perhaps not surprising then that Wigan is the happiest place to live in Greater Manchester. A place that's ready for the future.

71%
people report that they
are in good health

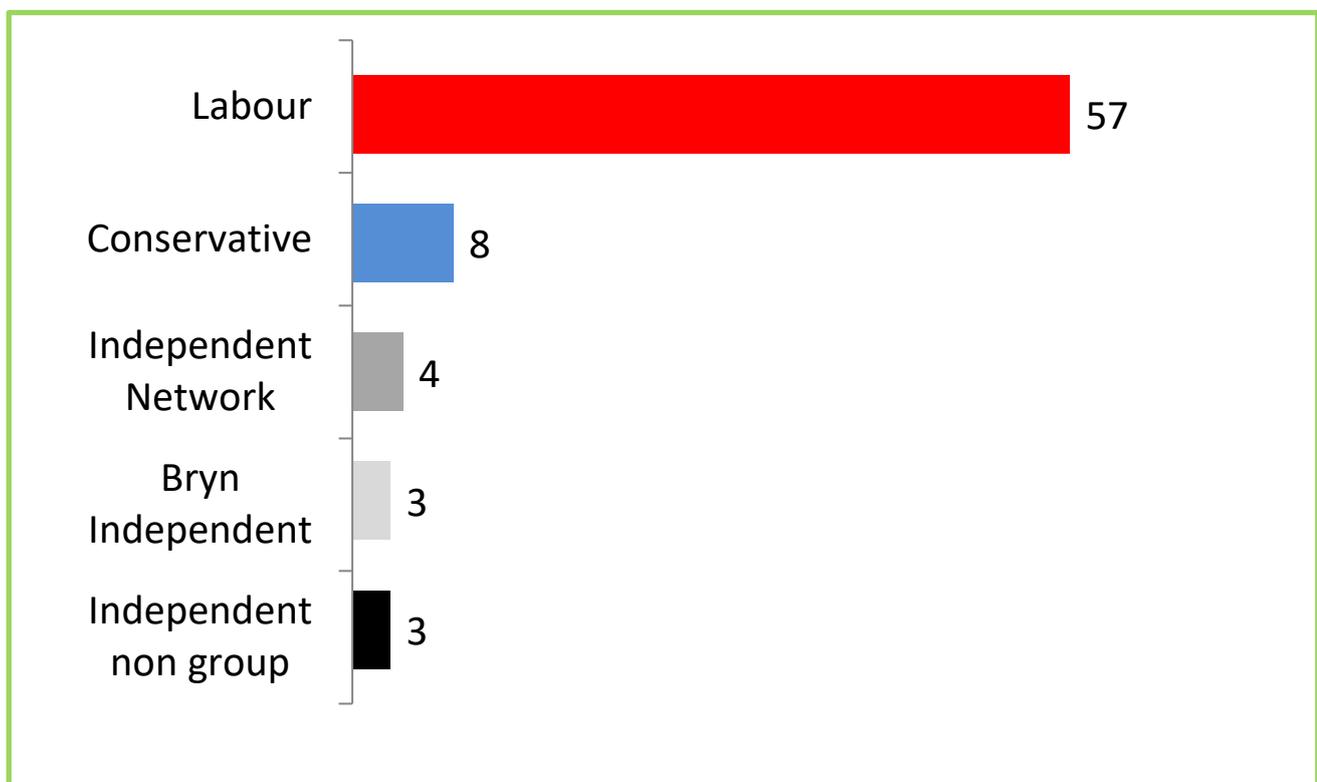


Who We Are

Wigan Council was created in 1974 as part of a major reorganisation of Local Government. Wigan is the second largest borough in Greater Manchester and occupies an enviable position between Liverpool and Manchester. The area it covers is still c70% countryside with its “Greenheart” covering some 77 square miles.

The Borough is split into 25 wards each with 3 elected Councillors. Local Councillors are elected by the community to decide how the Council should carry out its various activities. They represent public interest as well as individuals living within the ward in which he or she has been elected to serve a term of office. They have regular contact with the general public through Council meetings, telephone calls or surgeries. Surgeries provide an opportunity for any ward resident to go and talk to their Councillor face to face and these take place on a regular basis.

The political structure of the Council for the financial year 2020/21 was as follows:

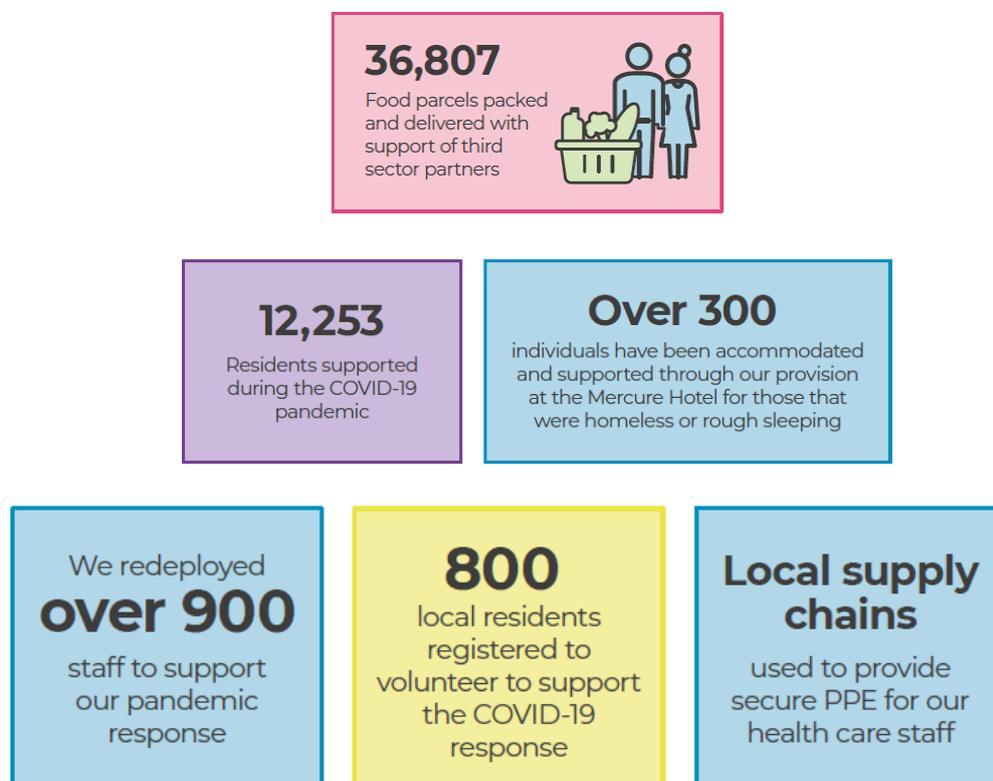


The Cabinet, also known as the Executive, is the main policy making body of the Council and carries out Council functions that are not the responsibility of any other part of the Council, whether by law or under the constitution. It consists of an Executive Leader together with at least 2, but no more than 9, Councillors appointed by the Executive Leader.

At Wigan, the Cabinet (Executive) consists of 8 senior Councillors who are each ‘Portfolio Holders’ for a major area of responsibility.

Our Response to Covid-19 Pandemic

The past year has been a sad and challenging time for the Borough. Yet the way we have responded to the pandemic, is one we should be very proud of and exemplifies The Deal. We have worked together as a Borough; the NHS, the Council, across the public sector, the voluntary sector, businesses and, of course, with our residents.



Wigan's response to the pandemic was system-wide, unrelenting and effective. It is a great example of how strong local government, and true partnership working, together met the biggest health and social challenge we have faced.

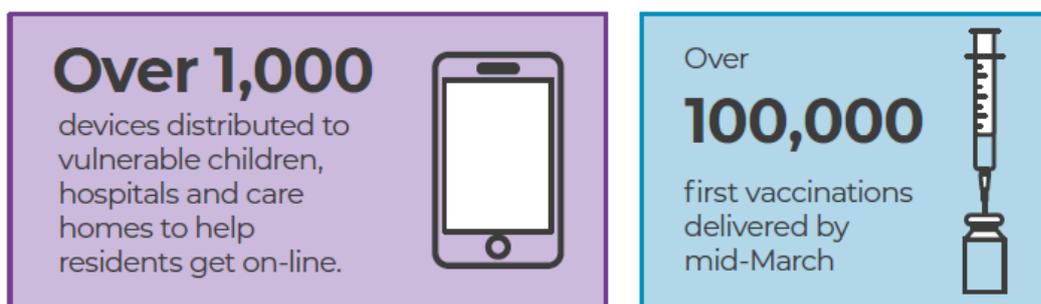
Whilst the Covid-19 pandemic brought grief, sadness and despair it also brought out the very best qualities in our incredible staff - positivity, creativity, dedication and love – and highlighted a strong #BeKind ethic running through all of our staff, members, partners and communities of which we are incredibly proud. #BeKind became our rallying cry throughout the pandemic and summed up our response so well.

Our caring professionals across health and social care focused on keeping people safe, cared for and happy as well as developing new and innovative ways of working. Care home residents in Wigan were not just cared for and protected by care staff but were supported to have happy lives. Our response highlighted how quickly we can shape and radically transform accommodation and support for older adults and the workforce who care for them.

In order to provide clear leadership and rapid decision making the council set-up its emergency response structures. Cells directed the key response areas including community, schools, business and workforce. The Council Leader and Chief Executive provided leadership through our city region structures in the Greater Manchester Combined Authority, which included direct communication and negotiation with National Government.

The use of digital technology for health services rocketed with a significant increase in virtual outpatient and GP appointments - up to 85% of appointments during the peak. Digital devices

brought separated people together with iPads distributed to care homes and Wigan hospital to support residents with family communication.



Our Techmates outreach programme helped support many people with essential digital skills and the uptake in digital ways of working took off in the council with staff and elected members adapting to video conferencing to progress Council business.

However, Covid-19 also exposed the inequalities in our communities. The health and economic impacts of the pandemic have fallen most heavily on people already experiencing inequalities and have widened them further. So we do now find ourselves with a great recovery challenge ahead.



A physical and emotional recovery for many as well as a broader social and economic recovery for our borough. We will approach this in the same spirit as the way we responded to the emergency and we will seize the opportunities that such a renewal presents.

We believe this is an important moment. We have many opportunities that we can embrace in an ambitious way - such as tackling inequality and putting greater urgency behind the climate agenda, to name just two of the massive issues we face. Despite the challenges, we remain optimistic. The Deal has taught us the solutions to our problems are in our communities and by working together we can help realise them.

We have set out 4 recovery pledges which will be at the forefront and guide our recovery approach.

The Deal
Our Recovery Pledges

1. To rebuild our local economy
2. To support our communities and health and wellbeing
3. To confront local inequalities
4. To regenerate our places

Our recovery plans will be underpinned by Deal 2030 and we will use this opportunity to refocus our vision, re-visit our priorities and work with residents, partners, communities and businesses to come out of the storm with hope and confidence for the future.

The Deal 2030 Our Corporate Strategy

The Deal 2030 set out how we will work together to create a truly world class place to live in the decade ahead. The Council cannot realise the potential of our borough alone – to do this we have to be working effectively with our partners. Whether it's making our communities safe, our town centres more vibrant or our environment cleaner we have to have strong and effective partnership working to achieve that.

It is also fundamentally a strategy that is founded in partnership with our residents who have helped set our priorities.

Each priority area has an 'Our Part' (the borough's public sector organisations and partners) and 'Your Part' (residents) so that the Deal principles of working together to achieve our ambitions continues and we all know what we need to do to play our part. Our strategy is also underpinned by the notion of fairness. Whether it is fairness in opportunities for our young people, our towns having a fair share of funding, fairness in local wealth generation or through equality and diversity – residents told us that they wanted everyone to have an equal opportunity to achieve their full potential. Now that we have set down in writing what our ambitions are, it is now our collective responsibility as a council, with our partners and with our residents, to deliver on those priorities. It was significant through the Big Listening Project that a lot of inspirational ideas and enthusiasm for the future came from our young people of the borough.

Our People

Together we
feel happy, safe,
Included and
look out for
each other

- Best start in life for children and young people
- Happy healthy people
- Communities that care for each other

Our Place

Together we
are proud of
our towns and
look after our
environment

- Vibrant town centres for all
- An environment to be proud of
- Embracing Culture, Sport and Heritage

Our Future

Together we
will build a future
where everyone
has the opportunity
to thrive

- Economic growth that benefits everyone
- A well connected place
- Confidently digital
- A home for all

Government Covid-19 Financial Support

During the financial year, Government provided financial support to the Council and the Council also administered COVID-19 grant schemes on behalf of Government to support both businesses and residents during the pandemic.



The funding has been a mixture of ringfenced (non-discretionary) the use and eligibility of which is determined by Government and un-ringfenced (discretionary) and is determined locally by the Council. Accounting standards upon which the Statement of Accounts are prepared require the Council to only record transactions in its accounts where it is acting as a principal i.e. where it has control over assistance awarded. If no control, then the Council is acting as an Agent and therefore the transactions are excluded from the main statements.

Overleaf is a table of the main direct Covid-19 grants received and administered by the Council during 20/21.

Grant	Credited to Taxation and Non Specific Grant £000	Credited to Services £000	Receipt in Advance £000	Contributed to Reserve £000	Council Acting as Agent £000
Covid -19 Local Authority Support Grant	17,489				
Sales, Fees and Charge Support	4,815		1,570		
Tax Income Guarantee	3,154			3,154	
Local Authority Test and Trace Support		492	1,900		
Test and Trace £500 Support Payments		656	54		331
Support to Clinically Extremely Vulnerable Individuals		1,037			
Contain Outbreak Management Fund		7,499	2,361		
COVID Winter Grant Scheme		1,125			
Self Isolation Practical Support Payment			79		
Local Authority Compliance and Enforcement Grant		187			
Hardship Fund Grant	3,509				
Next Steps Accommodation Programme		250			
Emergency Assistance for Food and Essential Supplies		417			
Infection Control Grant		5,652			
Workforce Capacity Fund		796			
Rapid Testing Fund		683			
National Leisure Recovery Fund			806		
Business Support Grants, Retail Hospitality and Leisure – Non-Discretionary					63,288
Business Support Grants, Retail Hospitality and Leisure – Discretionary		4,430			
Local Restrictions Support Grant – Non-Discretionary					36,916
Local Restrictions Support Grant – Open		1,998			
Additional Restrictions Grant - Discretionary		8,816		1,057	
Total	28,967	34,038	6,770	4,211	100,535

2020/21 Financial Performance

Revenue

The Council's 2020/21 revenue outturn position is shown in the table below. A surplus of £0.154m has been achieved in 2020/21. 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	153,306	175,754	22,448
Places	56,642	56,189	-453
Resources	23,909	16,654	-7,255
Total Cost of Services	233,857	248,597	14,740
Passenger Transport Levy	22,315	22,315	0
Other Charges including Capital and Asset related transactions	-4,528	-16,089	-11,561
NNDR S31 Grant for COVID Reliefs (Reserve)**	0	41,902	41,902
Total Other Costs	17,787	48,128	30,341
NDR*	-130,324	-133,368	-3,044
NDR S31 Grant for COVID Reliefs**	0	-41,902	-41,902
Council Tax***	-121,399	-121,688	-289
Parishes	79	79	0
Total Funding	-251,644	-296,879	-45,235
Net Position 2020/21	0	-154	-154

*Variance on NNDR relates to unbudgeted surplus on collection fund 2019/20 distributed during 2020/21, and on Section 31 reliefs included as part of the budget.

**Section 31 Grant was received by the Council to compensate for the loss of Business Rate income as a result of the extended retail relief given to hospitality and leisure businesses and nursery providers to support them through the pandemic. The legislation that governs the Collection Fund accounting means that a related deficit as a result of the loss of collected business rates during 2020/21 will be charged to the Council's General Fund in 2021/22. The Council has recognised the grant income during 2021/22 but an equal and opposite contribution to reserve, where the funds will be held until draw down in 2021/22 to offset the deficit. This resource is not available for any other purpose.

*** Variance on Council Tax relates to unbudgeted surplus on collection fund 2019/20 distributed during 2020/21.

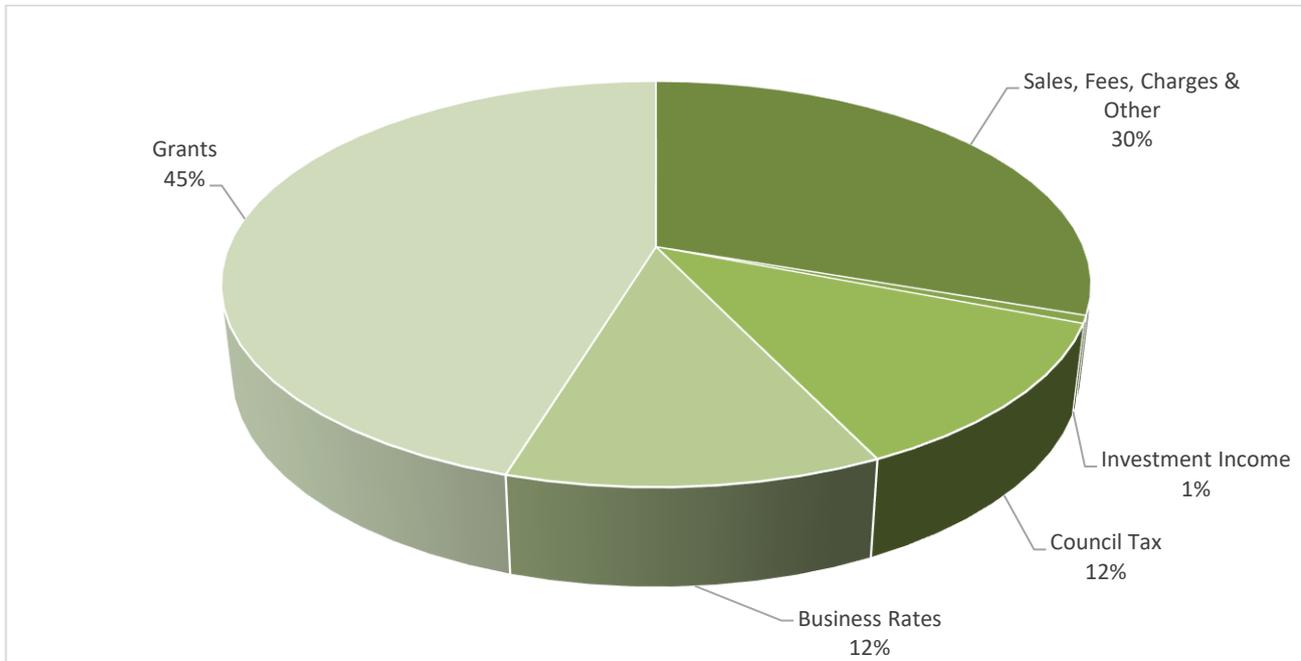
The table is in the format that is reported to the Council's Cabinet throughout the year and includes both controllable and uncontrollable budgets. The table above will look different to the main financial statements as they contain a number of technical accounting adjustments required to complete the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

Review of the Financial Performance 2020/21

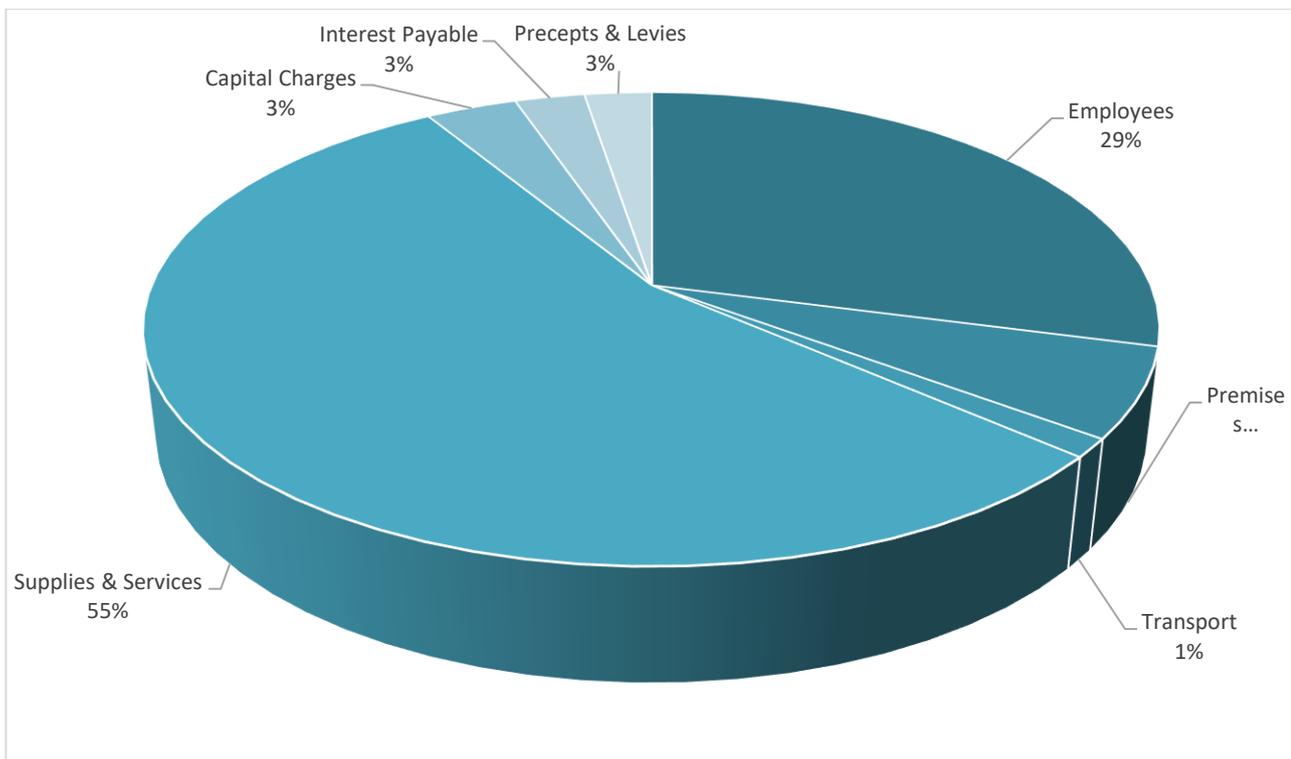
Where the Council received its money from and how it is spent

The following charts show the main sources of income that the Council received in 2020/21 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?

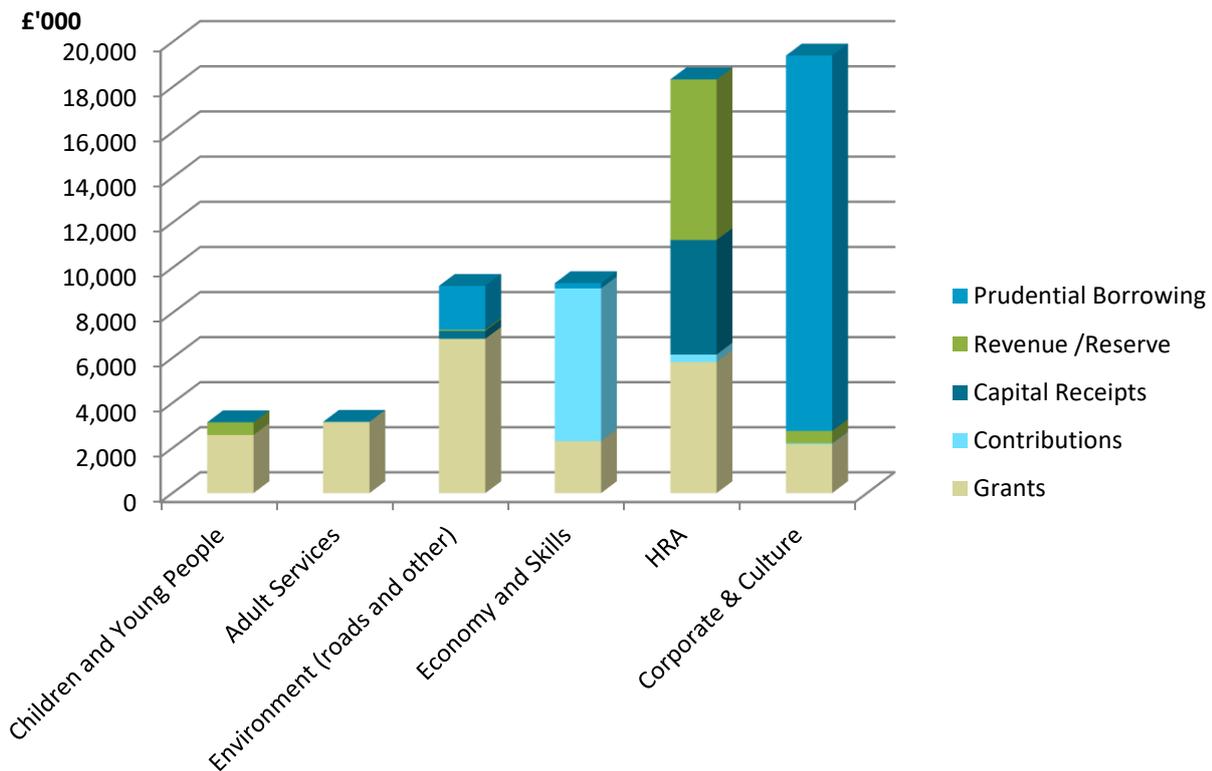


Capital

The Council spent over £62.561m on its capital programme in 2020/21. 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 2030. 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
- building the M58 Link Road
- maintaining our highways
- improving cycle routes across the borough
- town centre master planning

Borrowing Facilities and Cash

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.

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.

The level of PWLB borrowing at 31 March 2021 decreased to £403.048m (2019/20 £403.205m).

During 2020/21, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low and resulted in a reduction in exposure to counterparty risk. Details of the Council's Capital Financing Requirement are disclosed in Note 16 to the accounts.

The policy for avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this is kept under review to avoid incurring higher borrowing costs in the future when the Council is unable to avoid borrowing.

Resourcing Our Recovery

In the last decade we have made savings of £160m, representing 40 per cent of our overall budget. Last year was the first time in more than a decade that we were able to set a no-cuts budget, this was largely due to prudential financial planning and the success of The Deal. However, the pandemic has had a severe impact on our income and increased our expenditure.

We have experienced cost increases in all our front-line services as we deal with the impact. The demands on our services have also increased significantly which has impacted on the planned delivery of savings in our Children's services and other Directorates. The number of claimants for Universal Credit has increased significantly with a resultant increase in the number of cases applying under the Council Tax Reduction Scheme.

Income levels across several services collapsed during the pandemic. Specifically, income from car parking, market rents, planning fees and income from schools has fallen significantly and commercial income has all but disappeared.

The impact of the pandemic on our airports has been widely reported in the media. For the financial year 20/21, we did not receive any dividend from Manchester Airport.

Whilst the Government provided financial support, this was one off funding rather than permanent funding and the effects of COVID-19 on the Council finances will be felt much longer.

The scale of this challenge should not be underestimated and with this in mind a number of steps are being taken to ensure that work commences to address the issue as soon as possible.

We have already completed a review of the Capital programme and this has resulted in a rephasing of c£40m of schemes into later years. Some of these schemes were funded from revenue which will free up this resource to provide one off support in the current year. We have also rephased some of the Housing schemes, which although disappointing, is required to support the pressure on rent collection for the foreseeable.

In addition, a Budget Management Board has been created, lead by the S151 Officer, Deputy Chief Executive and other senior staff. Its purpose will be to review key budget areas and to critically review some of our service areas. We are also looking to slow down non-essential spend and reviewing our reserve position that will provide the necessary funds to mitigate remaining one-off costs.

We have built a strong foundation through The Deal and we will use this pioneering approach to drive our recovery and resurgence. As a commitment to this, The Leader and Full Council have set aside earmarked reserves to support the recovery and growth.



£5

million Cabinet Fund to support our Recovery and promote growth.

£2m

Community Recovery Fund to help community organisations, groups and clubs disrupted by the pandemic get back up and running.

Future Outlook – Risks and Uncertainties

The Council has faced unprecedented challenges as a result of the pandemic, although having commenced in 2020/21, the impact will continue to be felt in medium-term financial planning and that this will be significantly more challenging than would have been the case prior to COVID-19.

COVID-19 Financial Impact

The impacts of COVID-19 on the Council's finances fall into two areas: Increased costs and more significantly, a fall in anticipated income.

Council Tax

During 2020/21 the Government issued a grant to increase council tax benefit payments, of which Wigan share was £3.5m. This roughly equated to an increased £150 benefit payment to any current claimants and relief for any hardship cases. Whilst this was welcomed during the forthcoming year this is likely to result in a recovery problem, when this cohort are expected to make increased contributions.

The increasing number of unemployed has also started to have an impact as the number of claimants for Universal Credit has increased significantly with a resultant increase in the number of cases applying under the Council Tax Reduction Scheme.

Business Rates

The Government's retail relief scheme and business grants provided valuable support to businesses but did not reach all businesses. In addition, there are concerns that 100% rate relief awarded during 20/21, is to be tapered down during 21/22 and will be ended upon those businesses who remain impacted due to continuing restrictions. This in turn will translate into reduced levels of business rates income being received from our local businesses together with the wider economic impact of this moving forwards.

Fees and Charges and Commercial Income

Income levels across several services have collapsed since March 2020 and subsequent lockdowns and restrictions during 2020/21 have meant that this is still being felt. Specifically, income from car parking, market rents, planning fees and income from schools have fallen significantly. The Government did provide a sales, fees and charges compensation scheme which sought to cover appropriately 75% of lost income however not all areas were deemed to be eligible for support, such as commercial income. Concern is that the impact of reduced sales, fees and charges will continue to be felt due to



restrictions and customer confidence whilst no support is planned to be continued beyond quarter 1 2021/22.

The impact of the pandemic on our airports has been widely reported in the media. This continues to be an impact due to travel restrictions and it is extremely likely that our dividend from Manchester Airport and other airport income continue to be at risk. The period of risk will be dependent upon how quickly the aviation industry recovers.

Housing Rents

The ongoing economic impact of Covid 19 together with Government support schemes such as Furlough coming to an end, it is envisaged that rent arrears may increase and every effort will be undertaken to minimise this risk.

Increased Cost Pressures

We have experienced cost increases in all our front-line services as we dealt with the impact. The demands on our services have also increased significantly which has impacted on the planned delivery of savings in our Children's services and other Directorates.

Future areas of risk and pressure

Notwithstanding the impact of COVID-19 on services, there still remains underlying issues and pressures within services and beyond which have been flagged as risks.

Adult Social Care

Pressures are set to continue year on year to meet the cost of rising demand and complexity of need. Pressures relate to the impact of an ageing population alongside the increasing costs of caring for younger adults. Local transformation underpinned by the Deal for Adult Social Care and investment in early intervention and prevention are having a positive impact and with further improvements planned, it should alleviate this cost pressure.

There has been 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 plans.

Children's Services

The major risk area for the Council's revenue budget remains within Children's Social Care. The most significant budget pressure relates to our Looked after Children – External Residential Costs and Care Leavers. Demand management continues to be an issue and even with the introduction of more innovative models this area will always be subject to some uncertainty and volatility. Some of this can be addressed through longer term financial planning and more robust demand management, but however well managed, there will be financial pressures as we are dealing with our most vulnerable children.

High Needs (SEND)

There are significant financial pressures related to increased growth in the number of Education, Health and Care (EHC) plans, special school placements, alternative provision and independent school fees. Numbers continue to rise in respect of independent school places which is a real cause for concern. There is an ongoing transformation programme in this area to address some of the pressures related



to demand and a North West Framework is being established for commissioning independent school places which is hoped will improve value for money.

Other Areas of Risk

Insurance claims are as ever a risk. This combined with rising premiums places pressure on the insurance fund. However, the current level of resources within the insurance fund will be sufficient in meeting any liability claims arising. The fund has been actuarially assessed and is deemed more than adequate. This will allow some further investment in risk-based schemes which will protect the Council further from future claims.

Construction industry prices continue to rise and are increasing in excess of the rate of inflation. This will impact upon the costs of proposed capital schemes particularly the large infrastructure projects currently being planned.

Funding Risk

Due to the pandemic, some key Government decisions about the Local Government Funding has been delayed. It was hoped that a full Fair Funding review together with Business Rate review would take place during 2020/21 however this has delayed. The 2021/22 Local Government Finance Settlement was again a one year settlement. This has provided no certainty of funding beyond 2021/22.

Fair Funding Formula Review

For a number of years the Government has indicated that a review of the funding formula was required. The formula which assesses the underlying assessment of needs has not been reviewed for over 10 years. The formula is extremely complicated and includes a large range of criteria together with the assumption that council tax rises form part of the income calculation. Any changes to the formula will alter the funding distribution which ultimately impacts upon the level of Government support which the Council receives.

Business Rates

Following the devolution deal for Greater Manchester; Wigan along with the other 9 GM Councils are part of the pilot 100% business rates growth scheme.

In practice this means the Council can retain 99% of its business rates, with 1% going to the Fire Service. This is not additional monies as the Council no longer receives Revenue Support Grant or Public Health Grant. A no detriment clause was introduced to ensure no Council could be worse off under the new arrangement, and if this scenario occurred a support package would be provided.

The pilot will continue into 2021/22 as it is linked into the Fair Funding Formula Review as the Government intention is to redesign the system. This has a major impact on our ability to accurately assess the Council's major funding source.

Accounting and Other Matters 2020/21

Pensions

The actuarial valuation of the Council's pension scheme liabilities and pension reserve shown on the Balance Sheet has increased by £248.441m during the year. The valuation is determined by the Actuary and represents 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, or 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. The impact of COVID-19 on asset valuations included within the accounts is covered in Note 3. A number of assets where values were considered at particular risk of being impacted by COVID-19 were revisited during February 2021 to give assurance the valuation at 1st April 2020 was accurate for the accounts. Due to unusually high house price inflation during 20/21, Council dwelling valuations were revisited as at 31st March 2021 and a revaluation increase was applied to adjust the value of stock to reflect movement between valuation date and balance sheet date.

Manchester Airport Group

The Council holds a minority shareholding of 3.22%. During 2019/20 and 2020/21 the Council made an equity investment in Manchester Airport Car Parking Ltd to finance the development of a new airport carpark, which opened at the end of 2020. Manchester Airport Car Park Ltd is part of the Manchester Airport Group and the Council holds three ordinary 'C' shares in the company. Both shareholdings are held at fair value and a valuation must be carried out annually.

The shareholding in Manchester Airport Holdings Ltd has been estimated to be £17.7m (£21.3m for 2019/20), which is a decrease in value of £3.6m since last year. The Manchester Airport Car Park Ltd shareholding has been valued at £5.700m, an increase of £0.090m.

The revaluation gain of £1.890m on the Council's shareholdings is recognised in the Financial Instruments Revaluation Reserve and there is no impact on the General Fund.

During 2020/21 financial support through a shareholder support loan of £9.677m was made to Manchester Airport Group by the Council along with the other Greater Manchester Authority shareholders. Covid-19 and the resulting world-wide lockdown has had a significant financial impact on the aviation industry and airports specifically as a result of reduced passenger numbers, restricted travel to international destinations and increasing requirement for passengers to self-isolate on their return to the UK.

Due to the COVID-19 pandemic there have been no dividend payments received from Manchester Airport during 2020/21 (total dividend payments of £6.429m were received during 2019/20, £4.129m of which related to the Airport's 2018/19 results and an interim dividend of £2.300m for 2019/20).

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 2020/21 financial year with a surplus of £24.5m and ended the year on 31 March 2021 with an accumulated surplus of £24.9m.



Approximately £18.3m was spent on capital schemes which included New Build Housing developments of £7.1m at Ullswater and Hyndelle, Golborne; Brackley House, Wigan and Walkden, Ashton. These developments were funded from reserves, 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 2020/21 included boiler renewals, roofing works, adaptations and bringing void properties up to standard (including kitchen and bathroom renewals)

Schools

Schools have responsibility for their budgets and may carry forward their own balances. In 2020/21 the cumulative level of delegated balances held by the schools has increased and now stands at £21.721m (2019/20 £14.859m). This balance is spread across schools and is not available to the Council. Further information on schools funding is available in Note 36 Dedicated Schools Grant.

Health and Social Care Integration / Healthier Wigan Partnership

As part of the Devolution plans for Greater Manchester the Integration of Health and Social Care was a priority. The aim was to work together to develop a locality plan that would facilitate the large scale structural change required to deliver clinical and financial sustainability with the health and social care system by 2020/21.

In response Wigan Council has been working closely with its health colleagues to develop a single commissioning function for the place. In particular it has been progressing the establishment of a formal Integrated Commissioning Committee for the locality with the Wigan Clinical Commissioning Group (CCG). The Committee which came into effect on 1 April 2019, brings together the senior political and clinical leadership of the locality and has met regularly throughout 2019/20 and 2020/21.

The integrated committee is responsible for the oversight of a pooled budget of c£350m of gross expenditure which has been created under a section 75 agreement (the mechanism that allows joint funding / pooled budgets). 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 signed up to. The agreement sets out the behaviours and principles of the operation of a shadow integrated provider model for the locality.

The foundations laid through the local health and social care integration journey enabled the locality to respond in 2020/21 to the unique challenges of the current pandemic in the most appropriate, proactive and rapid way enabled through mutual support, trust and partnership working. On the back of this the Healthier Wigan Partnership (HWP) progressed from a developmental role to be more operationally focussed during 2020/21 epitomised by the inception of the HWP Activation / Delivery Board.

In February 2021 the Department of Health & Social Care published the White Paper 'Integration and innovation: working together to improve health and social care for all', which sets out legislative proposals for a health and care Bill. At the heart of the changes is the proposal to establish integrated care systems (ICSs) as statutory bodies in all parts of England. Effectively this will mean that the local Wigan CCG will be abolished and replaced by a Greater Manchester ICS Health and Care Partnership. Further detail is required with a lot still to be determined at a national, regional and local level around funding flows and decision points ahead of the start date of 01/04/2022.

Leisure Services

Leisure Services and Wellbeing services will be managed by the Council from April 2021 following a mutual agreement with Inspiring Health Lifestyles (IHL) who have been the provider of the leisure services in the Borough since 2003. The contract with IHL meant that all assets relating to the Leisure Centres were already included within the Councils Balance Sheet.

The transition back to the Council will protect those vital services for resident and the staff given the financial impact Covid-19 has had on the leisure sector.

Wigan Football Company

Wigan Football Company operated the DW Stadium at Robin Park, Wigan. During 20/21 the Company went into liquidation. The Council held 4,499,492 ordinary £1 shares in Wigan Football Company which are 15% of the total issued. The shares had a notional value £0.538m. Following advice from our external lawyers the shares have been written out.

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 2021 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 summarises the total movement of cash and cash equivalents during 2020/21. 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 – Finance and Legal 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 Deal 2030.

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.



A Clarke (CPFA)

Director – Finance and Legal (Section 151 Officer)



MOVEMENT IN RESERVES STATEMENT 2020/21

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' (i.e. 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 2019		16,378	83,011	26,566	2,289	13,035	33,843	175,122	76,066	251,188
Movement in Reserves during 2019/20										
Restated Surplus or (deficit) on provision of services		-53,000	0	49,110	0	0	0	-3,890	0	-3,890
Other Comprehensive Expenditure and Income		0	0	0	0	0	0	0	130,059	130,059
Total Comprehensive Expenditure and Income		-53,000	0	49,110	0	0	0	-3,890	130,059	126,169
Restated Adjustments between accounting basis & funding basis under regulations	6	54,847	0	-51,127	3,220	-1,662	5,080	10,358	-10,358	0
Net Increase / Decrease before Transfers to Earmarked Reserves		1,847	0	-2,018	3,220	-1,662	5,080	6,467	119,702	126,169
Transfers to / from Earmarked Reserves	27	-1,716	1,716	0	0	0	0	0	0	0
Increase / Decrease in Year		131	1,716	-2,018	3,220	-1,662	5,080	6,467	119,702	126,169
Restated Balance at 31 March 2020		16,509	84,728	24,549	5,509	11,373	38,923	181,590	195,768	377,358
Movement in Reserves during 2020/21										
Surplus or (deficit) on provision of services		46,119	0	100,648	0	0	0	146,767	0	146,767
Other Comprehensive Expenditure and Income		0	0	0	0	0	0	0	-223,539	-223,539
Total Comprehensive Expenditure and Income		46,119	0	100,648	0	0	0	146,767	-223,539	-76,772
Adjustments between accounting basis & funding basis under regulations	6	68,882	0	-100,301	18,526	-815	7,507	-6,201	6,201	0
Net Increase / Decrease before Transfers to Earmarked Reserves		115,001	0	347	18,526	-815	7,507	140,566	-217,338	-76,772
Transfers to / from Earmarked Reserves	27	-114,848	114,848	0	0	0	0	0	0	0
Increase / Decrease in Year		154	114,848	347	18,526	-815	7,507	140,566	-217,338	-76,772
Balance at 31 March 2021		16,663	199,576	24,896	24,034	10,557	46,429	322,155	-21,569	300,586

*Re-statement for prior period error, disclosed as part of Note 10

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT FOR YEAR ENDED 31 March 2021

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.

Restated 2019/20 Gross Expenditure £'000	Restated 2019/20 Gross Income £'000	Restated 2019/20 Net Expenditure £'000		Notes	2020/21 Gross Expenditure £'000	2020/21 Gross Income £'000	2020/21 Net Expenditure £'000
251,171 302,412	-126,145 -233,354	125,026 69,058	Expenditure on Services				
			People Directorate:				
			Adult Social Care and Health		213,738	-167,316	46,422
			Children and Families		316,732	-253,622	63,110
			Places Directorate:				
12,033	-6,048	5,985	Economy		12,028	-5,531	6,497
63,078	-10,342	52,736	Environment		62,144	-15,785	46,359
0	0	0	COVID-19 Local Business Support		15,360	-16,918	-1,558
14,061	-70,348	-56,287	Grants		-11,982	-94,595	-106,577
			HRA				
			Resources Directorate:				
53,124	-24,773	28,351	Corporate Services		56,406	-21,303	35,103
113,597	-93,245	20,351	Customer Transformation		109,607	-81,024	28,583
809,476	-564,254	245,221	Net Cost of General Fund Services		774,033	-656,094	117,939
		27,720	Other Operating Expenditure	7			24,991
		31,148	Financing and Investment Income and Expenditure	8			32,024
		-300,199	Taxation and Non-Specific Grant Income	9			-321,721
		3,890	Surplus (-) or Deficit on the provision of services				-146,767
		-12,736	Surplus (-) or Deficit arising on the revaluation of non-current assets				-2,606
		5,429	Impairment Loss on non-current assets charged to revaluation reserve				211
		-154,153	Re-measurement of the net defined benefit liability	40			222,424
		31,400	Surplus (-) / Deficit on financial assets measured at fair value through Other Comprehensive Income				3,510
		-126,169	Total Comprehensive Income and Expenditure				76,772

*Re-statement for prior period error, disclosed as part of Note 10 and Note 17

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



A Clarke (CPFA)
Director – Finance and Legal (Section 151 Officer)

BALANCE SHEET AS AT 31 March 2021

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".

Restated 31.3.20 £'000		Notes	31.3.21 £'000
1,131,253	Property, Plant and Equipment	10	1,208,415
3,660	Heritage Assets	11	3,660
38,967	Investment Property	12	40,575
402	Intangible Assets	14	239
23,713	Long Term Investments	17	23,405
23,854	Long Term Debtors	17	37,433
1,221,849	Long Term Assets		1,313,727
771	Inventories		816
57,025	Short Term Debtors	20	66,267
70,601	Cash and Cash Equivalents	22	126,812
0	Assets held for Sale	24	3,600
128,397	Current Assets		197,495
3,273	Short Term Borrowing	17	8,278
57,913	Creditors	25	48,966
4,151	Capital Grants Receipts in Advance	25	4,125
5,955	Provisions	26	7,825
71,292	Current Liabilities		69,194
403,429	Long term borrowing	17	398,019
2,455	Deferred Income – Receipt in Advance	17	2,297
43,771	Other Long Term Liabilities (Deferred Liabilities)	18	40,879
2,550	Provisions	26	2,415
449,391	Defined Benefit Pension Scheme	40	697,832
901,596	Long Term Liabilities		1,141,442
377,358	Net Assets		300,586
181,590	Usable Reserves	28	322,155
195,769	Unusable Reserves	29	-21,569
377,358	Total Reserves		300,586

*Re-statement for prior period error, disclosed as part of Note 10 and Note 17

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 2021.



A Clarke (CPFA)
Director – Finance and Legal (Section 151 Officer)

CASH FLOW STATEMENT FOR YEAR ENDED 31 March 2021

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.

2019/20 Re- Stated £'000		Notes	2020/21 £'000
	Operating Activities		
3,890	Net Surplus or Deficit on the provision of services		-146,767
-70,411	Adjustments to net surplus or deficit on the provision of services for non- cash movements	23	30,382
49,547	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	23	40,004
	Cash Outflows:		
25,072	Interest Paid		17,611
5,210	Interest element of PFI rental payments		5,088
	Cash Inflows:		
-6,828	Dividends Received		0
-1,940	Interest Received		-458
-21,513	Reversal of operating activity items included in the net surplus or deficit on the provision of service		-22,241
-16,973	Net Cash flows from Operating Activities		-76,381
	Investing Activities		
	Cash Outflows:		
71,144	Purchase of Property, Plant and Equipment		44,386
1,890	Other Capital Cash Payments		13,417
	Cash Inflows:		
-41,246	Capital Grants Received		-36,189
-9,127	Sale of Property, Plant and Equipment		-7,546
-383	Other Receipts		-239
22,278	Net Cash flows from Investing Activities		13,829
	Financing Activities		
	Cash Outflows:		
17,752	Repayments of Amounts Borrowed		405
1,696	Repayments of Amounts Borrowed – Transferred Debt		1,764
1,128	Payment for reduction of liability relating to PFI		542
	Cash Inflows:		
-25,000	Cash receipts of short and long term borrowing		0
826	Billing Authorities – Council Tax and NDR Adjustment		3,630
-3,598	Net Cash flows from Financing Activities		6,341
1,707	Net increase (-) / decrease in cash and cash equivalents		-56,211
72,308	Cash and cash equivalents at the beginning of the reporting period		70,601
70,601	Cash and cash equivalents at the end of the reporting period	22	126,812

*Re-statement for prior period error, disclosed as part of Note 10

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NOTES TO THE CORE FINANCIAL STATEMENTS

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

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (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:

- **Definition of a Business: Amendments to IFRS 3 Business Combinations**

This amendment helps entities to determine whether an acquired set of activities and assets is a business or not, by clarifying the definition of a business. We are not expecting this to affect our accounts when this is implemented.

- **Interest Rate Benchmark Reform phase 1 and phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.**

Interest rate benchmark reform is expected to affect hedge accounting. As the Council does not have such hedge accounting transactions, there is no impact on our accounts when this is implemented.



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 7 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 2020/21. 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 Note 37 Related Parties.

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 IFRS10 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 Note 31 Joint Operations.

Regional Adoption Agency

A Regional Adoption Agency (RAA) was established as a shared service between Wigan, Warrington, St Helens, Halton and Cheshire West and Chester local authorities. Wigan Council acts as the host local authority on behalf of the RAA Partnership. Funds are pooled together in order to deliver the service. The Partnership has now been in operation since 2017/18. The RAA has been assessed against appropriate standards and is deemed as a Joint Operation given the nature, governance and control arrangements of the partnership, details are included in Note 31 Joint Operations.

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 PFIs 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 2020/21
Voluntary Aided – Primary	52
Voluntary Aided – Secondary	5
Voluntary Controlled – Primary	4
Foundation – Primary	1
Foundation – High	3
Total	65

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 57 Voluntary Aided and 4 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. Overall, the Council has determined that it holds assets with a value of £40.575m that it judges are held solely for capital appreciation or for the generation of investment income, or both.

Airport Investment

The Council has a 3.22% shareholding in Manchester Airport Holdings Limited (MAHL). Following the adoption of accounting standard IFRS 9 Financial Instruments which came into effect on 1 April 2018, the default valuation method of the Council's equity holdings would be Fair Value through Profit and Loss. However, the shareholding is a strategic investment and not held for trading and therefore the Council has designated the investment as fair value through other comprehensive income. It is the Council's view that this is a reasonable and reliable accounting policy for the investment.

In addition, the Council made an equity investment in Manchester Airport Car Park Limited, (along with the other nine Greater Manchester District Councils), which opened at the end of 2020. The Council holds 3 Class C ordinary shares. This shareholding is also be classed as a financial instrument and held at fair value on the Council's Balance Sheet.

Pension Guarantees

For strategic and/or operational reasons, the Council has provided a number of admission agreements to the Greater Manchester Pension Fund (GMPF) to a number of organisations (admission bodies). Each admission body manages the funding of its section of the pension fund through the payment of pension contributions. Each of the admission agreements are underpinned by a pension guarantee from the Council. As guarantor the Council would be required to make good any costs incurred by GMPF as a result of an admission body being unable to meet its pension costs (i.e. if the admission body is unable to pay benefits to its members) as a result of premature termination by reason of insolvency, winding up or liquidation.

Thus, the pension guarantee is only activated by GMPF when an admission body is unable to pay and all other cost recovery options have been exhausted. At this point GMPF would activate the guarantee and ask the Council to fund the outstanding costs. However, it is unlikely that these costs would ever crystallise resulting in a payment by the Council to GMPF. There are a number of options available to the Council, but it is likely that the pension assets and liabilities of the admission body would be absorbed into the Council's section of the pension fund. Doing this allows GMPF to value the admission body's pension assets and liabilities on a more optimistic going concern (ongoing) valuation basis. This valuation basis will result in an improved pension fund position being absorbed by the Council.

COVID-19 Business Support

In response to the COVID-19 pandemic, Central Government has provided grants directly to the Council to support businesses. Judgements have needed to be made as to the accounting treatment of these grants due to the Agent/Principal nature.

Where the Council was acting as agent the following conditions applied:

- It was acting as an intermediary between the recipient and the Government Department;
- It did not have "control" of the grant conditions and there was no flexibility in determining the level of grant payable.

The transactions relating to the Council acting as agent are not recorded nor reflected in the main statements. On the contrary where the Council acted as principal (able to use its own discretion when allocating the amount of grant payable) these transactions are recorded and reflected in the main statements.

The table below sets out the summary Business grant information.

	Total Grant £'000	Council acting as Agent £'000	Council acting as Principal £'000	Expenditure as at 31 March 2021 £'000	Grant Remaining as at 31 March 2021 £'000
Small Business Grants Fund / Retail, Leisure and Hospitality Grant Fund	63,288	63,288	0	63,288	0
Local Authority Discretionary Fund	4,430	0	4,430	4,430	0
Additional Restrictions Grant (ARG)	9,874	0	9,874	8,816	1,057
LRSG Open (6 th November – 31 st December 2020)	1,998	0	1,998	1,998	0
LRSG Closed Business Support Schemes (9 th September 2020 – 31 st March 2021)	36,916	36,916	0	25,484	11,432
	116,506	100,204	16,302	104,016	12,489

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.

Manchester Airport Group

The Council's shareholding in Manchester Airport Group is 3.22% as at 31 March 2021. 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 2021 the Council's valuers advised of a decrease in the fair value Council share from £21.3m to £17.7m which has been reflected in the financial statements.

Non-Domestic Rates (NDR)

Following the introduction on 1 April 2013 of the Business Rates Retention Scheme, Local Authorities are liable for their share of successful appeals against business rates charged in the period to 31 March 2021. An estimated provision of £5.320m is reflected in the accounts relating to the Council's share of appeals. It has been calculated using the latest Valuation Office (VOA) ratings list of appeals as at 31 March 2021 and an analysis of successful appeals to date.

Pensions

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

During 2020/21 the Council's actuaries advised that the net pension liability had increased by £248.441m. This comprises:

- £222.424m actuarial loss on pensions assets and liabilities;
- £26.017m loss arising from employer contributions of £33.592m being less than the pension obligations of £59.609m.

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 £220.272m. A change in excess of earnings of + or – 0.5% would potentially change the total liability by £23.122m. An increase in excess of pensions of 0.5% would change the liability by £192.330m. However, the assumptions interact in complex ways and changes to other estimates and actuarial assumptions may produce a different impact upon the total liability.



Depreciation of Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance on them. If the useful life of assets is reduced, then depreciation will increase and the carrying amount of the asset on the Balance Sheet will fall.

Property, Plant and Equipment

The Council's portfolio of Land and Buildings is re-valued as part of a 5 year rolling programme (investment and Council dwellings portfolio annually). These asset valuations are prepared in accordance with the requirements of RICS Red Book Global and consider RICS guidance. The valuation of the Council's Property, Plant and Equipment (PPE) is a significant area of estimation uncertainty.

If the actual values differ from the assumptions used to value PPE, there is a risk of material adjustment to the carrying value of PPE within the next financial year. A reduction in estimated valuation would result in a reduction to the Revaluation Reserve and/or a loss recorded in the Comprehensive Income and Expenditure Statement. An increase in estimation valuation would result in an increase in the Revaluation Reserve and/or gain recorded in the Comprehensive Income and Expenditure Statement. As an example, the impact of a 10% change in the valuation of the Council's operational property and dwellings would be £108.384m. Note 10, Property, Plant and Equipment, to the accounts sets out the Council's approach to valuation of its PPE and discloses the carrying value of each asset category.

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 are 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. Note 13 Private Finance Initiative discloses the value of future lease payments under 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, Impairments and Depreciation

As part of the total movement in Property, Plant and Equipment valuations disclosed in Note 10, there were £120.1m upward revaluations offset by £31.9m of downward revaluations accounted for within the CI&ES, with the majority relating to Council Dwellings stock. The CI&ES also contains £6.8m of impairment losses, and a charge of £40.8m for the annual depreciation of Council assets.

Better Care Fund

As part of the joint operation with Wigan Borough Clinical Commissioning Group, £36.385m of revenue expenditure is included within Comprehensive Income and Expenditure Statement under Adult Social Care together with £16.270m of income.

Covid-19 Section 31 and Collection Fund Deficit Earmarked Reserve

In 2020/21 the Council received £41.902m of additional Business Rates Section 31 grant to compensate for the loss of Business Rates income as a result of the extended retail relief given to retail hospitality and leisure businesses and nursery providers to support them through the pandemic.

Collection Fund accounting rules means the related deficit as a result of the loss of Business Rates income in-year will not be charged to the Council's General Fund until 2021/22. As a result, the £41.902m has been transferred to the Collection Fund Reserve, as seen in Note 27 and will be drawn down to offset the deficit in 2021/22. Although these resources are classified as available resources they are specifically earmarked to finance the deficit in 2021/22.

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.

Restated 2019/20				2020/21		
Net Expenditure Chargeable to the General Fund and HRA balances	Adjustments between the funding and accounting basis	Net Expenditure in the CIES		Net Expenditure Chargeable to the General Fund and HRA balances	Adjustments between the funding and accounting basis	Net Expenditure in the CIES
£'000	£'000	£'000		£'000	£'000	£'000
113,147	11,879	125,026	People Directorate:	39,254	7,168	46,422
57,473	11,583	69,058	Adult Social Care and Health	56,178	6,931	63,109
			Children and Families			
			Places Directorate:			
4,118	1,868	5,986	Economy	2,785	3,712	6,497
37,340	15,396	52,736	Environment	33,653	12,706	46,359
0	0	0	COVID-19 Business Support	-1,558	0	-1,558
-35,353	-20,934	-56,287	HRA	-39,473	-67,103	-106,577
			Resources Directorate:			
17,690	10,661	28,351	Corporate Services	26,190	8,913	35,103
15,569	4,782	20,351	Customer Transformation	26,791	1,792	28,583
209,986	35,235	245,221	Net Cost of Services	143,819	-25,881	117,938
-209,815	-31,516	-241,331	Other Operating Income and Expenditure	-259,168	-5,537	-264,706
171	3,719	3,890	Surplus (-) or Deficit General Fund and HRA Balance in Year	-115,349	-31,419	-146,767
-125,956			Opening General Fund and HRA Balance	-125,785		
171			Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year	-115,349		
-125,785			Closing General Fund and HRA Balance	-241,135		

*Re-statement for prior period error, disclosure in Note 10

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	
	2019/20* £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20* £'000	2020/21 £'000
People Directorate:								
Adult Social Care and Health	305	116	10,170	5,624	1,404	1,428	11,879	7,168
Children and Families	5,905	3,585	4,825	1,351	853	1,995	11,583	6,931
Places Directorate:								
Economy	94	2,663	1,773	1,001	1	48	1,868	3,712
Environment	10,758	9,271	6,361	4,030	-1,722	-595	15,396	12,706
COVID19 Business Support	0	0	0	0	0	0	0	0
HRA	-20,934	-67,103	0	0	0	0	-20,934	-67,103
Resources Directorate:								
Corporate Services	8,957	8,799	1,762	426	-58	-313	10,661	8,913
Customer Transformation	169	128	4,502	1,914	111	-250	4,782	1,792
Net Cost of Services	5,254	-42,541	29,393	14,346	589	2,314	35,235	-25,881
Other Income and Expenditure	-45,760	-59,621	15,967	11,671	-1,813	42,413	-31,516	-5,537
Surplus (-) or Deficit General Fund and HRA Balance in Year	-40,506	-102,163	45,360	26,017	-1,224	44,727	3,719	-31,419

*Re-statement for prior period error, disclosure in Note 10

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

	Restated 2019/20 £'000	2020/21 £'000
Expenditure		
Employee Benefits Expenses	285,130	313,398
Other Service Expenses	519,833	503,175
Capital Charges	4,563	-42,541
Interest Payable	24,898	24,258
Precepts and Levies	21,949	23,478
Payments to Housing Capital Receipts Pool	3,812	2,997
Gain/loss on disposal of non-current assets	1,959	-1,484
Gain/loss on revaluation of investment property	632	1,128
Trading	2,061	4,082
Pension Interest Costs	13,773	10,506
Total Expenditure	878,610	838,997
Income		
Fees, charges & other service income	-251,688	-291,118
Interest & Investment Income	-10,267	-6,163
Income from Council Tax and Non Domestic Rates	-232,550	-191,709
Government Grants and Contributions	-346,981	-460,686
Capital Grants	-33,234	-36,089
Total Income	-874,720	-985,764
Surplus or Deficit on Provision of Services	3,890	-146,767

*Restatement for prior period error, disclosure in Note 10

6. Adjustments between Accounting Basis and Funding Basis under regulations

2020/21	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	20,290	27,209	0	0	0	-47,499
Revaluation gains/losses on PP&E	5,021	-94,237	0	0	0	89,215
Movements in the market value of Investment Properties	1,105	23	0	0	0	-1,128
Amortisation of intangible assets	164	0	0	0	0	-164
Capital grants and contributions applied	-17,002	-6,151	0	0	0	23,153
Income in relation to donated assets	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	4,404	0	0	0	0	-4,404
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	574	4,778	0	0	0	-5,352
Insertion of items not debited or credited to the CIES:						
Statutory provision for the financing of capital investment	-8,481	-108	0	0	0	8,588
Capital expenditure charged against the General Fund and HRA balances	-670	-972	0	0	0	1,642
Adjustments involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the CIES	-14,896	0	0	0	14,896	0
Application of grants to capital financing transferred to the CAA	0	0	0	0	-7,389	7,389
Adjustments involving the Capital Receipts Reserve:						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	-1,195	-6,350	0	7,781	0	-235
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	-5,429	0	5,429
Contribution from the Capital Receipts Reserve towards admin costs of non-current asset disposals	0	170	0	-170	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	2,997	0	0	-2,997	0	0
Adjustments involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	0	-24,663	24,663	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	-6,137	0	0	6,137
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CIES	59,609	0	0	0	0	-59,609
Employer's pensions contributions and direct payments to pensioners payable in the year	-33,592	0	0	0	0	33,592
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	49,368	0	0	0	0	-49,368
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	1,186	0	0	0	0	-1,186
Total Adjustments	68,882	-100,301	18,526	-815	7,507	6,201

2019/20 Restated	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	19,188	36,238	0	0	0	-55,426
Revaluation gains/losses on PP&E	6,788	-57,172	0	0	0	50,384
Movements in the market value of Investment Properties	632	0	0	0	0	-632
Amortisation of intangible assets	212	0	0	0	0	-212
Capital grants and contributions applied	-15,350	-4,990	0	0	0	20,339
Income in relation to donated assets	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	5,844	0	0	0	0	-5,844
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	4,387	6,454	0	0	0	-10,840
Insertion of items not debited or credited to the CIES:						
Statutory provision for the financing of capital investment	-8,391	-6,966	0	0	0	15,357
Capital expenditure charged against the General Fund and HRA balances	-1,008	0	0	0	0	1,008
Adjustments involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the CIES	-15,514	0	0	0	15,514	0
Application of grants to capital financing transferred to the CAA	0	0	0	0	-10,434	10,434
Adjustments involving the Capital Receipts Reserve:						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	-410	-8,717	0	9,506	0	-379
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	-7,110	0	7,110
Contribution from the Capital Receipts Reserve towards admin costs of non-current asset disposals	0	246	0	-246	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	3,812	0	0	-3,812	0	0
Adjustments involving the Major Repairs Reserve:						
Posting of HRA resources from revenue to the Major Repairs Reserve	0	-16,220	16,220	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	-13,000	0	0	13,000
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CIES	78,186	0	0	0	0	-78,186
Employer's pensions contributions and direct payments to pensioners payable in the year	-32,826	0	0	0	0	32,826
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	9,203	0	0	0	0	-9,203
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	94	0	0	0	0	-94
Total Adjustments	54,847	-51,127	3,220	-1,662	5,080	-10,357

*Re-stated for prior period error, disclosure in Note 10

7. Other Operating Expenditure

2019/20 £'000		2020/21 £'000
1,959	Gains (-) & Losses on Disposals of Non-current Assets	-2,023
0	Loss on disposal of shares	538
3,812	Payment to Housing Capital Receipts Pool	2,997
72	Parish Precepts	79
21,877	Passenger Transport Levy & Land Drainage Levy	23,399
27,720		24,991

8. Financing and Investment Income and Expenditure

Restated 2019/20 £'000		2020/21 £'000
24,949	Interest payable and similar charges	24,258
13,773	Net Interest on the Net Defined Benefit Pension Liability (Asset)	10,506
-10,267	Investment receivable and similar income	-7,950
2,061	Trading Accounts	4,082
632	Gains (-) & Losses on Revaluation of Investment Property	1,128
31,148		32,024

9. Taxation and Non Specific Grant Income

2019/20 £'000		2020/21 £'000
-114,995	Non Domestic Rates income	-72,629
-117,556	Council Tax Income	-119,080
-33,234	Capital Grants and Contributions	-36,089
-34,415	Other Non-ring Fenced grants	-93,923
0	Donated Asset Additions	0
-300,199		-321,721

10. Property, Plant and Equipment

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

	Council Dwellings (Restated) £'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 1.4.20	657,676	350,044	14,642	260,936	1,974	17,760	12,593	1,315,625	35,283
Additions	11,456	6,720	2,501	15,926	8	1	8,127	44,739	2
Donations	0	0	0	0	0	0	0	0	0
Revaluation increases/decreases to Revaluation Reserve	-950	1,967	0	0	-1	-1,210	677	483	0
Revaluation increases/decreases to surplus/deficit on the provision of services (SDPS)	58,713	-8,916	0	0	-29	-1,043	116	48,839	-2
De-recognition – Disposals	-4,595	-58	-1,735	0	0	-415	0	-6,803	0
De-recognition – Other	-1,129	0	-735	0	0	0	-439	-2,303	0
Reclassified to/from held for sale	0	-702	0	0	0	-2698	0	-3,400	0
Other Movements	18,172	-4,560	0	0	0	-1700	-14,626	-2,714	0
At 31.3.21	739,343	344,495	14,673	276,862	1,952	10,695	6,448	1,394,466	35,283
Depreciation & Impairment at 1.4.20	35,405	21,962	8,448	117,006	11	1,539	0	184,371	737
Depreciation	23,626	6,300	1,729	9,011	0	115	0	40,781	496
Depreciation written out to the Revaluation Reserve	0	-1,686	0	0	0	-92	0	-1,778	0
Depreciation written out to SDPS	-23,140	-2,877	0	0	0	-57	-3	-26,077	0
Impairment losses/reversals to Revaluation Reserve	0	166	0	0	0	-517	0	-351	0
Impairment losses/reversals to SDPS	-8,728	1,996	0	0	-1	-788	0	-7,521	0
De-recognition – Disposals	0	0	-1,451	0	0	0	0	-1,451	0
De-recognition – Other	-1,129	0	-735	0	0	0	0	-1,864	0
Eliminated on reclassification to Held for Sale	0	-56	0	0	0	-24	0	-80	0
Other Movements	17	-59	0	0	0	62	3	22	0
At 31.3.21	26,051	25,745	7,990	126,017	10	239	0	186,052	1,233
Net Book Value at 31.3.21	713,292	318,749	6,683	150,846	1,942	10,456	6,448	1,208,414	34,050
Net Book Value at 31.3.20	622,271	328,082	6,194	143,930	1,963	16,221	12,593	1,131,254	34,546

	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 1.4.19	613,055	347,622	13,537	244,043	1,932	16,452	9,062	1,245,703	37,969
Additions	25,970	12,158	2,102	16,893	29	1,411	12,538	71,102	232
Donations	0	0	0	0	0	0	0	0	0
Revaluation increases/decreases to Revaluation Reserve	-345	5,792	0	0	20	1,157	0	6,624	0
Revaluation increases/decreases to surplus/deficit on the provision of services (SDPS)	17,393	-10,432	0	0	-7	-142	0	6,812	-2,918
De-recognition – Disposals	-6,454	-4,343	-764	0	0	-105	0	-11,666	0
De-recognition – Other	-386	-1,511	-233	0	0	-702	0	-2,832	0
Reclassified to/from held for sale	0	0	0	0	0	0	0	0	0
Other Movements	8,443	758	0	0	0	-311	-9,007	-117	0
At 31.3.20	657,676	350,044	14,642	260,936	1,974	17,760	12,593	1,315,625	35,283
Depreciation & Impairment at 1.4.19	39,303	20,668	8,024	107,782	11	1,398	0	177,186	241
Depreciation	23,138	6,185	1,399	9,224	0	90	0	40,037	496
Depreciation written out to the Revaluation Reserve	0	-5,319	0	0	0	-10	0	-5,329	0
Depreciation written out to SDPS	-21,185	-3,323	0	0	0	0	0	-24,508	0
Impairment losses/reversals to Revaluation Reserve	0	3,154	0	0	0	591	0	3,745	0
Impairment losses/reversals to SDPS	-5,466	2,171	0	0	0	245	0	-3,050	0
De-recognition – Disposals	0	0	-742	0	0	0	0	-742	0
De-recognition – Other	-386	-1,639	-233	0	0	-702	0	-2,960	0
Other Movements	1	65	0	0	0	-73	0	-7	0
At 31.3.20	35,405	21,962	8,448	117,006	11	1,539	0	184,371	737
Net Book Value at 31.3.20	622,271	328,082	6,194	143,930	1,963	16,221	12,593	1,131,254	34,546
Net Book Value at 31.3.19	573,752	326,954	5,513	136,261	1,921	15,054	9,062	1,068,517	37,728

*Re-stated for prior period error

Prior Period Error

During 2019/20 a number of housing properties were added to Council dwelling stock but were not revalued in line with accounting policies (EUV-SH). This has resulted in a re-statement to 2019/20 dwellings stock valuations disclosed in the Balance Sheet and Property Plant and Equipment disclosures in Note 10. The revaluation loss was also reflected in the CI&ES, amending the surplus/deficit on provision of service. This also affects disclosures in Note 5 and Note 6.

Changes Reflected in Balance Sheet, Note 10 and Note 29

	2019/20 Accounts	Restatement	Restated 2019/20
Dwellings Gross Book Value	662,062	-4,386	657,676
Dwellings Accumulated Depreciation & Impairment	35,805	400	36,205
Closing Dwellings Net Book Value	626,257	-3,986	622,271
Unusable Reserves – Capital Adjustment Account	567,730	-3,986	563,744

Changes Reflected in MIRS and Note 6

	2019/20 Accounts - Housing Revenue Account	Restatement	2019/20 Restated Housing Revenue Account
Surplus on Provision of Service	53,096	3,986	49,110
Adjustments between Accounting & Funding Basis Under Regulation	- 55,114	- 3,986	- 51,127

Changes Reflected in I&E and Note 5

	2019/20 Accounts	Restatement	2019/20 Restated
HRA Net Income	- 60,226	- 3,986	- 56,240
Net Cost of Services	241,285	- 3,986	245,272
(Surplus) or Deficit on the Provision of Services	- 96	- 3,986	3,890

Changes Reflected in the Cashflow and Note 23

	2019/20 Accounts	Restatement	2019/20 Restated
(Surplus) or Deficit on the Provision of Services	- 96	- 3,986	3,890
Adjustments to the Net Surplus or Deficit for Non-Cash Movements	- 66,425	3,986	- 70,411

Infrastructure Assets

In accordance with the temporary relief offered by the update to the Code on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as gross cost and accumulated depreciation are therefore not measured accurately and would not provide the basis for users of the financial statements to take economic or other decisions relating to infrastructure assets.

A summary of Infrastructure Assets on a Net Book Value basis is provided below.

	2019/20 £000	2020/21 £000
Net Book Value (Modified Historical Cost) at 1st April 2020	136,261	143,930
Additions	16,893	15,926
De-recognition	0	0
Depreciation	-9,224	-9,011
Impairment	0	0
Other Movements	0	0
Net Book Value at 31st March 2021	143,930	150,846

Capital Commitments

As at 31 March 2021, the Council was contractually committed to the following major items of capital work:

	£'000	Start Date	Projected End Date
Affordable Housing	14,263	2020	2022

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 T. Redding (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 2020 and March 2021. The actual date of valuation was 1 April 2020.

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 the Code. All valuations comply with those definitions settled by the International Valuation Standards Committee.

Vehicles, Plant and Equipment are carried at depreciated historical cost basis as a proxy for current value due to the short useful lives and low values of these assets in accordance with the Code.



Property, Plant and Equipment Valuation

By valuation method:

	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	6,683	150,846	1,942	0	6,448	165,919
Depreciated Replacement Cost	0	181,489	0	0	0	0	0	181,489
Current Value – Existing Use Value – Social Housing	713,292	0	0	0	0	0	0	713,292
Current Value – Existing Use Value	0	137,260	0	0	0	0	0	137,260
Fair Value – Highest and Best	0	0	0	0	0	10,456	0	10,456
Net Book Value at 31.3.21	713,292	318,749	6,683	150,846	1,942	10,456	6,448	1,208,414

By year of 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	6,683	150,846	1,942	0	6,448	165,918
Valued at Current Value as at:								
31 st March 2021	713,292	176,190	0	0	0	10,456	0	899,938
31 st March 2020	0	83,080	0	0	0	0	0	83,080
31 st March 2019	0	21,261	0	0	0	0	0	21,261
31 st March 2018	0	15,643	0	0	0	0	0	15,643
31 st March 2017	0	22,576	0	0	0	0	0	22,576
Net Book Value at 31.3.21	713,292	318,750	6,683	150,846	1,942	10,456	6,448	1,208,414

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.

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 Council has three collections of Heritage Assets which are held in support of the primary objective of increasing the knowledge, understanding and appreciation of the Council'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 Council'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 Council's collections of Heritage Assets are accounted for as follows:

Reconciliation of the Carrying Value of Heritage Assets held by the Council

	Art & Artefacts £'000	Civic Regalia £'000	Outside Artwork £'000	Total £'000
Cost or Valuation				
1 April 2019	2,435	366	1,180	3,981
Additions	0	0	0	0
Disposals	0	0	-45	-45
Revaluations	-265	0	-11	-276
Reclassifications	0	0	0	0
31 March 2020	2,170	366	1,124	3,660
Cost or Valuation				
1 April 2020	2,170	366	1,124	3,660
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluations	0	0	0	0
Reclassifications	0	0	0	0
31 March 2021	2,170	366	1,124	3,660

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.

Income from Investment Properties is shown within Financing and Investment Income in the CI&ES. For 2020/21 this amounted to £2.275m (£2.043m 19/20) which is included within the £4.536m lease income shown in Note 39.

Fair Value

The Council's investment property portfolio has been assessed at a mixture of levels 2 and 3 for valuation purposes. The Council's interest in land held at Manchester Airport is assessed at level 2, with the remainder of the Council's investment assets assessed at level 3 (see Accounting Policies for a description of the fair value hierarchy).

The fair value has been measured using the market valuation technique, taking into account the following factors:- existing lease terms and rentals, 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 and no properties have moved between levels in the fair value hierarchy.

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.

Quantitative Information for Properties using Significant Unobservable Inputs – Level 3

As at 31 March 2021, just 13 of the Council's 135 investment assets accounted for 79% (£32.0m) of the total portfolio value (£40.6m), and 12 of these were assessed at level 3 at a combined value of £22.4m.

A sensitivity analysis of these assets indicated that a 1% increase in the unobservable yields adopted would reduce their value by £4.4m. A 1% decrease in the unobservable yields adopted would increase their value by £0.970m. A 1% decrease in the unobservable yields adopted would increase their value by £2.180m.

A breakdown of investment property types is shown below as at 31st March 2021:

Recurring Fair Value Measurements Using:	Level 1	Level 2	Level 3	Fair Value at 31 March 2021
	Quoted prices in active markets for identical assets	Other significant observable inputs	Significant unobservable inputs	
	£000	£000	£000	£000
Airport Land Holding		9,730		9,730
Commercial Land			23,614	23,614
Commercial Units			781	781
Industrial Land and Units			6,321	6,321
Office Units			129	129
Total		9,730	30,845	40,575

Comparative year as at 31st March 2020:

Recurring Fair Value Measurements Using:	Level 1	Level 2	Level 3	Fair Value at 31 March 2021
	Quoted prices in active markets for identical assets	Other significant observable inputs	Significant unobservable inputs	
	£000	£000	£000	£000
Airport Land Holding		10,019		10,019
Commercial Land			21,632	21,632
Commercial Units			976	976
Industrial Land and Units			6,211	6,211
Office Units			130	130
Total		10,019	28,948	38,967

Movement in Investment Properties

Sensitivity data has not been provided for the remaining portfolio of smaller assets, containing a mix of commercial land holdings, industrial sites, shops and advertising sites.

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

	2019/20 £'000	2020/21 £'000
Balance at start of the year	39,487	38,967
Additions:	0	0
Disposals	0	0
Net gains / losses (-) from fair value adjustments	-632	-1,128
Transfers: to / from (-) Property, Plant and Equipment	112	2,736
Balance at end of the year	38,967	40,575

The changes in fair value of investment property in 2020/21 is attributable to a £0.289 loss on the level 2 airport land holding, with the remaining changes attributable to level 3 assets.

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.

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 2021 (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 2021/22	993	5,165	2,432	8,589
Within 2 – 5 years	5,359	19,147	11,030	35,535
Within 6 – 10 years	11,532	18,533	16,443	46,508
Within 11 – 15 years	21,468	9,516	18,127	49,112
Within 16 – 18 years	2,519	156	2,407	5,082
Total	41,871	52,517	50,439	144,826

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:

	2020/21 £'000	2021/22 £'000
Balance at start of the year	42,413	41,871
Payments during the year	-542	-993
Balance outstanding at year end	41,871	40,878

The PFI liability represents the outstanding long term liability to the contractor for capital expenditure. This is deemed to be an appropriate proxy for the fair value 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.

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 £144.826m, however the net cost to the Council after the PFI grant is £52.216m.

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 £0.164m charged to revenue in 2020/21 was charged to the appropriate Service Revenue Account.

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

	2019/20 Other Assets £'000	2020/21 Other Assets £'000
Balance at start of year:		
Gross carrying amounts	2,434	2,434
Accumulated amortisation	-1,820	-2,032
Net carrying amount at start of year	614	402
Additions:		
Purchases	0	0
Amortisation for the period	-212	-164
Net carrying amount at end of year	402	238
Comprising:		
Gross carrying amounts	2,434	2,434
Accumulated amortisation	-2,032	-2,196
Total	402	238

There are several items of capitalised software as follows:

	Carrying Amount		Remaining Amortisation Period
	31 March 2020 £'000	31 March 2021 £'000	
Agresso System –Trading	0	0	0 Years
Social Services ANITE – Adult Services	0	0	0 Years
Customer Relationship Management System – Trading	18	9	0 - 1 Years
HR & Payroll – Trading	141	52	1 - 2 Years
Revenue & Benefits IT System – Trading	56	28	1 Year
Egress Switch Encryption System	0	0	0 Years
Corelogic System	187	150	4 Years
Kaleida	0	0	0 Years
Total	402	239	

15. Impairment Losses

During 2020/21, including Investment Property, the Council recognised total impairment losses of £7.052m (2019/20 £20.8m). Note 10 - Property Plant and Equipment analyses the net impairment movements between the Revaluation Reserve and SDPS.

£3.5m of impairment losses were in respect of the council dwellings stock (2019/20 £13.0m). Excluding expenditure on new build properties, there was capital expenditure of £11.3m (2019/20 £18.1m), of which £8.9m 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 Current Value (Existing Use Value - Social Housing). The impairment loss was charged to the Local Authority Housing line in the Comprehensive Income and Expenditure Statement.

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.

The balance of £3.5m (2019/20 £7.8m) includes essential capital work completed on various assets throughout the year.

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.

2019/20 £'000		2020/21 £'000
541,983	Opening Capital Financing Requirement	553,570
	Capital Investment:	
71,102	Property, Plant and Equipment	44,739
5,844	Revenue Expenditure Funded from Capital under Statute	4,404
1,891	Loans	13,418
	Sources of Finance:	
-7,110	Capital Receipts	-5,429
-30,774	Government Grants and Other Contributions	-30,543
	Sums set aside from Revenue:	
-14,008	Direct Revenue Contributions	-7,779
-15,357	MRP / loans fund principal repayments	-8,588
553,570	Closing Capital Financing Requirement	563,792
	Explanation of Movements During Year	
11,587	Increase / Decrease (-) in underlying need to borrow (unsupported by Government financial assistance)	10,222
11,587	Increase / Decrease (-) in Capital Financing Requirement	10,222

17. Financial Instruments

Categories of Financial Instruments

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

Financial Assets	Non-current				Current				Total 2020/21 £'000
	Investments		Debtors		Investments		Debtors		
	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	
Fair Value through profit and loss	0	0	0	0	0	0	0	0	0
Amortised Cost	5	5	23,854	37,433	77,722	147,470	35,945	40,924	221,691
Cash at Bank	0	0	0	0	-7,121	-20,658	0	0	-20,658
Plus items not classed as financial instruments e.g. VAT, NDR, Council Tax, RIA	0	0	0	0	0	0	21,080	29,484	29,484
Fair Value through Other Comprehensive Income – designated equity instruments	23,400	23,400	0	0	0	0	0	0	23,400
Fair Value through Other Comprehensive Income – other	0	0	0	0	0	0	0	0	0
Total Financial Assets	23,405	23,405	23,854	37,433	70,601	126,812	57,025	70,408	253,917

Financial Liabilities	Non-current				Current				Total 2020/21 £'000
	Borrowings		Creditors		Borrowings		Creditors		
	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	
Fair Value through profit and loss	0	0	0	0	0	0	0	0	0
Amortised Cost	403,429	398,019	2,455	2,297	3,273	8,278	27,633	16,038	424,632
Plus items not classed as financial instruments e.g. VAT, NDR, Council Tax, RIA	0	0	0	0	0	0	34,431	37,053	37,053
PFI and Other Deferred Liabilities	0	0	41,912	40,879	0	0	0	0	40,879
Total Financial Liabilities	403,429	398,019	44,367	43,176	3,273	8,278	62,064	53,091	502,564

The Council has a 3.22% shareholding in Manchester Airport Holdings Limited and up to 31 March 2018 the shareholding was held as an 'Available for Sale Financial Asset' and measured at fair value each year. Any change in fair value is posted to Other Comprehensive Income and Expenditure and accumulated gains and losses have been held in an Available-for-Sale Financial Instruments Reserve.

Under accounting standard IFRS 9 'Financial Instruments', investments in equity are to be classified as fair value through profit and loss unless there is an irrevocable election to designate the asset as fair value through Other Comprehensive Income.

The investment in Manchester Airport Holdings Limited is an equity instrument and as such, the default valuation method is any gains and losses on changes in fair value would be recognised through profit and loss.

The Manchester Airport Holdings Limited shareholding is a strategic investment and not held for trading and therefore the Council has opted to designate them as fair value through Other Comprehensive Income. This means that there is no impact on the revenue budget and the decision to designate to fair value through Other Comprehensive Income is irrevocable. Any gains or losses on the valuation of the shareholdings will therefore be transferred to a Financial Instruments Revaluation Reserve.

Income, Expense, Gains and Losses

	2019/20		2020/21	
	Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000	Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000
Net gains / losses on:				
Investments in equity instruments designated at fair value through Other Comprehensive Income and Expenditure		-31,400		-3,510
Total net gains / losses		-31,400		-3,510
Interest Revenue				
Financial assets measured at amortised cost	-1,228		-750	
Other financial assets measured through fair value through Other Comprehensive Income and Expenditure	-7,569		-4,141	
Total Interest Revenue	-8,797		-4,891	
Interest Expense				
Interest Expense	24,316		23,846	
Total Interest Expense	24,316		23,846	
Fee Expense				
Financial assets or financial liabilities that are not at fair value through profit or loss	9		0	
Total Fee Expense	9		0	

Prior Period Adjustment

The Council receives a valuation of its shareholding in Manchester Airports Holdings Limited (MAHL) annually. MAHL were required to implement an international financial reporting standard in 2019/20 which affected the company balance sheet, and therefore value of the shareholding. The correction was identified in 2020/21 and relates to 2019/20 and therefore prior year comparatives have been restated in this statement of accounts.

The effect on statements and notes are summarised as below.

Comprehensive Income and Expenditure Statement

	Originally stated 2019/20 £000	Restated 2019/20 £000	Change £000
(Surplus) or deficit on Financial Assets measured at Fair Value through Other Comprehensive Income	22,500	31,400	8,900
Total Comprehensive Income and Expenditure	135,070	126,169	8,900

Balance Sheet

	Originally stated 2019/20 £000	Restated 2019/20 £000	Change £000
Long Term Investments	32,613	23,713	-8,900
Long Term Assets	1,230,749	1,221,849	-8,900
Net Assets	386,258	377,358	-8,900
Unusable Reserves	204,669	195,769	-8,900
Total Reserves	386,258	377,358	-8,900

Movement in Reserves Statement – Movement in Unusable Reserves

	Originally stated 2019/20 £000	Restated 2019/20 £000	Change £000
Balance a 1 April brought forward	76,066	76,066	0
Total Comprehensive Income and Expenditure	138,960	130,060	-8,900
Increase or (Decrease) in year	128,603	119,703	-8,900
Balance at 31 March carried forward	204,669	195,769	-8,900

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 (Level 2 inputs), using the following assumptions:

- estimated ranges of interest rates at 31 March 2021 for loans from the Public works Loan Board (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	2019/20		2020/21	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB borrowing	403,205	478,720	403,048	502,980
Salix Finance Ltd	617	597	370	367
Long - term creditors	41,912	41,912	40,879	40,879

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 £585.528m (£664.933m in 2019/20).

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	2019/20		2020/21	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
At Fair Value through profit and loss				
Investments	0	0	0	0
At Amortised Cost				
Loans and Receivables	77,722	77,722	147,470	147,470
Long-term debtors	23,854	64,589	37,433	101,377

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 2021 is analysed below:

2019/20 £'000		Input level in Fair Value Hierarchy	2020/21 £'000
21,300	Shareholdings in: The Manchester Airports Group Plc Manchester Airport Car Park – C Shares Wigan Football Company Limited Other Investments	Level 2	17,700
1,870		Level 2	5,700
538		Level 3	0
5			5
23,713			23,405

Manchester Airport Group

The Council's shareholding in Manchester Airport Group is 3.22% as at 31 March 2021. The shares in this company are a strategic investment and not held for trading, therefore the Council has opted to designate it as fair value through Other comprehensive Income. This means that there is no impact on the revenue budget and the Council's decision to designate it irrevocable. Any gains or losses on the valuation of the shareholding will therefore be transferred to a Financial Instruments Revaluation Reserve.

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 2020/21 this has seen a decrease in value of £3.6m.

During 2020/21 the Council increased the equity investment in Manchester Airport Car Park Ltd by a further £3,740m (along with the other nine Greater Manchester District Councils). The Council's total investment of £5.610m was to assist the funding of the capital build of a car park in return for the issue of 3 C shares in Manchester Airport Car Park Ltd. The value has increased slightly in year to £5.7m. As in 2019/20, the shareholding will be classed as a financial instrument and held at fair value on the Council's Balance Sheet. Under IFRS9 the shareholding will be designated as a strategic investment and not held for trading therefore the Council has opted to designate it as fair value through Other Comprehensive Income. This would mean there is no impact on the Revenue budget and the Council's decision to designate is irrevocable.

Wigan Football Company

Wigan Football Company operated the DW Stadium at Robin Park, Wigan. During 20/21 the Company went into liquidation. The Council held 4,499,492 ordinary £1 shares in Wigan Football Company which are 15% of the total issued. The shares had a notional value £0.538m. Following advice from our external lawyers the shares have been written out.

Long Term Debtors

These are debtors which are not immediately due and payable, but are repayable over a period of time. The following table shows the breakdown. The Code requires the disclosure of the fair value alongside the carrying value held on the balance sheet.

2019/20 Fair Value £000	2019/20 Carrying Value £000		2020/21 Fair Value £000	2020/21 Carrying Value £000
61,281	20,546	The Manchester Airports Group Plc	98,308	30,223
0	0	Manchester Airport – Accrued Interest	4,141	4,141
2,796	2,796	Renovation Loans	2,590	2,590
472	472	Housing – Insulation Loans	443	443
40	40	Transferred Debt re Pre-1974 functions	36	36
64,589	23,854		105,518	37,433

During 2020/21 financial support through a shareholder support loan of £9.677m was made to Manchester Airport Group by the Council along with the other Greater Manchester Authority shareholders. Covid-19 and the resulting worldwide lockdown has had a significant financial impact on the aviation industry and airports specifically as a result of reduced passenger numbers, restricted travel to international destinations and increasing requirement for passengers to self-isolate on their return to the UK. The loan supported existing capital commitments of Manchester Airport Group which are key to the region's economic growth plans and the delivery of jobs to Greater Manchester residents.

Short Term Investments

During the year, the Council invested its revenue balances, reserves and capital receipts externally in short term deposits. At 31 March 2021 £147.470m was invested in this way (£77.722m at 31 March 2020) as follows:

2019/20 £'000		2020/21 £'000
17,680	Barclays Bank	22,330
15,000	Handelsbanken	19,570
5,000	Lloyds TSB Bank	30,028
0	Leeds Building Soc	10,000
5,000	Santander UK Bank	5,000
0	Ashford BC	5,000
0	Cambridgeshire CC	5,000
0	Central Bedfordshire	5,000
0	Eastleigh Council	5,000
5,000	LB of Barking and Dagenham	5,000
0	London Borough of Southwark	5,000
0	Moray Council	5,000
0	Plymouth CC	5,000
0	Rushmoor BC	5,000
0	Thurrock Council	5,000
0	West Dunbartonshire Council	5,000
0	North Lanarkshire Council	3,500
0	Rugby BC	2,000
42	Royal Bank of Scotland	42
5,000	Aberdeen Standard	0
5,000	Federated MMF	0
5,000	Goldman Sachs intl	0
5,000	Australia & NZ Bank	0
5,000	Kingston upon Hull CC	0
5,000	Workingham BC	0
77,722		147,470

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

Long Term Borrowing

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

2019/20 £'000	Source of Loan Outstanding	Increases in year £'000	Decreases in year £'000	2020/21 £'000
403,048	Public Works Loans Board	0	5,163	397,885
370	Salix Finance Ltd	0	247	123
11	Individuals	0	0	11
403,429		0	5,410	398,019

2019/20 £'000	An Analysis by maturity is:	2020/21 £'000
5,410	Over 1 year but not over 2 years	3,299
26,667	Over 2 years but not over 5 years	28,519
54,756	Over 5 years but not over 10 years	84,984
119,493	Over 10 years but not over 15 years	97,115
13,006	Over 15 years but not over 20 years	6
8	Over 20 years but not over 25 years	9
184,089	Over 25 years	184,089
403,429		398,019

The accrued interest associated with the PWLB loans is £1.322m. This is included under current liabilities and will be paid in 2021/22.

Short Term Borrowing

At 31 March 2021 the figure for Short Term Borrowing outstanding was £8.278m (£3.273m in 2019/20).

18. Deferred (Long Term) Liabilities

Deferred liabilities are liabilities which are payable beyond the next financial year. At 31 March 2021, these totalled £40.879m.

2019/20 £'000		2020/21 £'000
41,871	PFI (Wigan Joint Service Centre)	40,879
1,859	Former G.M.C. debt	0
41	5 Borough Medical Centre	0
43,771	Balance as at 31 March	40,879

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 Link 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 2020/21 was approved by Council on 4th March 2020 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	Short Term: F1 Long Term: A -	15,000	45%
Deposits with Banks			35%
Deposits with Building Societies	Short Term: F1	10,000	
Deposits with Money Market Funds	AAA by 2 or more rating agencies	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.

Amounts arising from Expected Credit Losses

We have assessed the Council's Short Term and Long term investments and concluded that the expected credit loss is not material, therefore no allowances have been made.

A summary of the credit quality of the Council's investments at 31st March 2021 is shown below, along with the potential maximum exposure to Credit Risk, based on experience of default and uncollectability.

Deposits with Banks and other Financial Institutions	Amount as at 31st March 2021 £000	Lowest LT Credit Rating	Historic Risk of Default %	Product of Investment and historical risk £000
Call Accounts				
Handelsbanken	19,570	AA-	0.000%	0.012
Barclays Bank	7,330	A	0.000%	0.009
Royal Bank of Scotland	42	A	0.000%	0.000
Fixed Term Deposits				
Leeds Building Society	5,000	A-	0.004%	0.194
Leeds Building Society	5,000	A-	0.008%	0.420
Thurrock Council	5,000	AA-	0.018%	0.000
West Dunbartonshire	5,000	AA-	0.008%	0.000
Cambridgeshire County	5,000	AA-	0.007%	0.000
Plymouth City	5,000	AA-	0.004%	0.000
Central Bedfordshire	5,000	AA-	0.001%	0.000
Rugby Borough	2,000	AA-	0.003%	0.000
Ashford Borough	5,000	AA-	0.007%	0.000
Moray	5,000	AA-	0.005%	0.000
North Lanarkshire	3,500	AA-	0.009%	0.000
Rushmoor Borough	5,000	AA-	0.009%	0.000
LB of Southwark	5,000	AA-	0.011%	0.000
LB of Barking & Dagenham	5,000	AA-	0.003%	0.000
Eastleigh Borough	5,000	AA-	0.002%	0.000
Notice Accounts				
Lloyds Bank 32 days notice	15,017	A+	0.004%	0.621
Lloyds Bank 95 days notice	15,011	A+	0.012%	1.842
Barclays Bank 95 day notice	15,000	A	0.012%	1.841
Santander UK Plc 95 day notice	5,000	A	0.012%	0.614
	147,470		0.007%	5.553

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

2019/20		2020/21	Historical experience of default	Historical experience adjusted for market conditions	Estimated maximum exposure to default and un-collectability
£'000		A £'000	B %	C %	A x B £'000
35,945	Trade Debtors	70,408	1.88	0	1,324

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.

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:

2019/20 £'000		2020/21 £'000
1,949	Up to 1 year	6,956
5,410	Over 1 year but not over 2 years	3,299
26,667	Over 2 years but not over 5 years	28,519
54,756	Over 5 years but not over 10 years	84,984
119,493	Over 10 years but not over 15 years	97,115
13,006	Over 15 years but not over 20 years	6
8	Over 20 years but not over 25 years	9
184,089	Over 25 years	184,087
405,378		404,975

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:

	2020/21 £'000
Daily average investment balance (average rate of interest 0.21%)	147,709
Assuming interest rates 1% higher additional interest received	1,477
Decrease in fair value of fixed rate borrowings liabilities (no impact on Comprehensive Income and Expenditure Statement)	67,641

Price risk

The Council does not generally invest in equity shares, but does have a shareholding in Manchester Airport Holdings Ltd. The Council has elected to designate both shareholdings as Fair Value through Other Comprehensive Income and Expenditure. Any change in valuation is charged to the Financial Instruments Revaluation Reserve, therefore does not impact upon the CIES.

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:

2019/20 £'000		2020/21 £'000
38,016	Other Entities and Individuals	40,852
7,009	Other Local Authorities	4,720
7,293	Central Government Bodies	14,262
4,707	NHS Bodies	6,433
57,025	Net Total	66,267

21. Debtors for Local Taxation

The past due but not impaired amount for local taxation (council tax and non-domestic rate) can be analysed by age as follows:

2019/20 £'000		2020/21 £'000
8,095	Less than one year	7,827
4,649	One year to two years	8,572
18,527	More than two years	19,588
31,271		35,987

22. Cash and Cash Equivalents

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

2019/20 £'000		2020/21 £'000
48	Cash held by the Council (Petty Cash)	49
11,928	Bank Current Accounts - Schools	16,499
-19,097	Bank Current Accounts - Council	-37,206
77,722	Short-term deposits	147,470
70,601	Total Cash and Cash Equivalents	126,812

The Cash Overdrawn element (£37.2m) is included within Cash and Cash Equivalents as it is deemed to be integral to the Council's cash management.

23. Cashflow Adjustments Analysis

2019/20 £'000	Adjust Net Surplus or Deficit on the Provision of Services for Non Cash Movements	2020/21 £'000
-40,037	Depreciation	-40,780
-212	Amortisation	-164
34,363	Impairment and Revaluation Losses	81,368
-9,652	Increase +/- decrease in Creditors	-705
1,217	Increase +/- decrease in Debtors	22,821
83	Increase +/- decrease in Inventories	45
90	Increase +/- decrease in Provisions	-1,735
-45,360	Movement in Pension Liability	-26,017
-10,840	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	-5,352
-63	Other non-cash items charged to net surplus and deficit on the provision of services	900
-70,411	Total	30,382

2019/20 £'000	Adjust for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	2020/21 £'000
9,127	Sale of PPE	7,545
41,246	Capital Grants credited to the surplus or deficit on the provision of services	36,089
-826	Council Tax and NDR adjustment	-3,630
49,547	Total	40,004

As at 01/04/19 £'000	Financing Cashflows £'000	As at 31/03/20 £'000	Reconciliation of liabilities arising from financing activities	As at 01/04/20 £'000	Financing Cashflows £'000	As at 31/03/21 £'000
378,832	24,597	403,429	Long term borrowing	403,429	-5,410	398,019
20,622	-17,349	3,273	Short term borrowing	3,273	5,005	8,278
5,317	-1,696	3,621	Transferred Debt	3,621	-1,764	1,857
43,542	-1,128	42,414	On balance sheet PFI liabilities	42,414	-542	41,872
448,313	4,424	452,737	Total	452,737	-2,711	450,026

24. Assets Held for Sale

These are assets that are being actively marketed for sale at a price that is reasonable to the current value. The Council does not currently hold any assets that are expected to be sold within 12 months.

	Current	
	2019/20 £'000	2020/21 £'000
Balance outstanding at start of the year	0	0
Assets newly classified as held for sale:		
Property, Plant and Equipment	0	3,400
Revaluation losses	0	-225
Revaluation gains	0	505
Impairment losses	0	-21
Assets declassified as held for sale:		
Property, Plant and Equipment	0	0
Assets sold	0	0
Other Movements	0	-59
Balance outstanding at year-end	0	3,600

25. Creditors

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

2019/20 £'000		2020/21 £'000
30,317	Other Entities and Individuals	29,502
19,419	Central Government Bodies	15,814
7,278	Other Local Authorities	2,410
899	NHS Bodies	1,240
57,913	Net Total	48,966

When grants are received in year which have conditions remaining they are treated as Grants Receipts in Advance and are held under Current Liabilities on the Balance Sheet until the conditions are met.

2019/20 £'000		2020/21 £'000
4,151	Capital Grants Receipts in Advance	4,125
4,151	Net Total	4,125

26. Provisions

Current Liability

	Insurance Fund	Business Rates Appeals	Adult Services Supplier Refunds	Adult Services Ordinary Residence Challenge	Makerfield Depot Works	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2020	1,315	4,640	0	0	0	5,955
Additional provisions made in 2020/21	136	2,943	122	828	105	4,133
Amounts used in 2020/21	0	-2,262	0	0	0	-2,262
Unused amounts reversed in 2020/21	0	0	0	0	0	0
Balance at 31 March 2021	1,450	5,320	122	828	105	7,825

Long Term Liability

	Insurance Fund £'000
Balance at 1 April 2020	2,550
Additional provisions made in 2020/21	3,414
Amounts used in 2020/21	-3,550
Unused amounts reversed in 2020/21	0
Balance at 31 March 2021	2,415

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

Insurance

At 31 March 2021 the Council held an Insurance provision of £3.865m. This is for future payments of claims made or yet to be made for incidents which occurred before 31 March 2021. 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 2020/21. 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.

There are appeals outstanding from the 2010 valuation list for which information is provided from the Valuation Office Agency to allow the Council to estimate the value of successful appeals. For the 2017 rating list the Council does not receive information on specific appeals and has therefore made the assumption that appeals lodged will be settled at a similar percentage and timing to previous lists.

For 2020/21, 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%.

27. Transfers to / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans. It also shows the amounts used in year to meet General Fund expenditure in 2020/21.

	Balance at 31.3.19	In year realign.	Trans. Out	Trans. in	Balance at 31.3.20	In year realign.	Trans. Out	Trans. in	Balance at 31.3.21
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Invest to Save - General Fund									
Organisational Transition	25,450	0	-25,930	25,132	24,652	0	-1,682	22,509	45,479
IT Investment Reserve	4,141	0	-2,878	1,200	2,463	0	-1,515	0	948
Invest to Save Reserve	2,199	0	-321	0	1,879	0	-200	0	1,679
Legal Costs Reserve	1,340	0	-387	0	953	0	-681	0	272
Transformation Agenda	1,165	0	0	0	1,165	0	0	2,000	3,165
Residential Social Care- New Initiative	1,137	0	-54	0	1,083	0	0	5,000	6,083
Leisure Facilities Investment Funds	840	0	0	0	840	0	-3	0	837
Carbon Reduction Scheme	83	0	0	0	83	0	0	0	83
	36,356	0	-29,570	26,332	33,118	0	-4,081	29,509	58,546
Council approved Budget Funding – General Fund									
Wigan Council Internal Apprenticeships	0	0	0	0	0	0	0	10,000	10,000
Cabinet Recovery Fund	0	0	0	0	0	0	0	5,000	5,000
Community Recovery Fund	0	0	0	0	0	0	0	2,000	2,000
Community Investment Fund – Round 7	0	1,000	-5	0	995	0	-465	532	1,062
Community Investment Fund	2,467	-1,000	-1,202	300	565	0	-206	0	359
Deal in Action	584	0	-145	0	439	0	-40	0	399
Access to Internet	359	0	-29	0	330	0	-29	0	301
Apprenticeship Scheme – Business	347	0	-106	0	241	0	-79	0	162
Life Scheme – Leigh	300	0	0	0	300	0	0	0	300
Apprenticeship Scheme – General	299	0	-187	50	162	0	-123	38	77
Community Service Pressures	250	0	-250	0	0	0	-0	0	0
Development of Brown Field Sites	241	0	-75	0	166	0	-69	12	109
Borough Spring Clean	222	0	0	0	222	0	0	0	222
Graduate Scheme	191	0	-29	0	162	0	0	0	162
World War One Commemorations	49	0	-5	0	44	0	0	0	44
Apprenticeship Scheme – Internal	31	0	-31	0	0	0	0	0	0
Road Traffic Safety Reserve	22	0	0	0	22	0	-4	0	18
	5,362	0	-2,064	350	3,648	0	-1,015	17,582	20,215
Joint Arrangement - General Fund									
Public Health Joint Arrangement	1,922	0	-1,872	33	83	0	0	3,845	3,928
Usable Reserves General Fund	43,640	0	-33,507	26,715	36,849	0	-5,096	50,936	82,689
Corporate									
Insurance Reserve	10,312	0	0	641	10,953	0	-178	0	10,775
Grants Reserve	5,439	0	-2,562	14,090	16,967	0	-1,304	10,925	26,588
Leigh Sports Village	980	0	-400	0	580	0	-321	252	511
Wigan Life Centre	953	0	-97	0	856	0	0	0	856
Deal for Business	761	0	-198	0	564	0	-113	2,000	2,451
FCC Waste Disposal - Recycling Credit Penalties	403	0	-38	0	364	0	0	0	364
Waste Disposal After Care	328	0	0	0	328	0	0	0	328
VAT Reserve	325	0	0	0	325	0	0	0	325
IT Partnership Reserve	319	0	-24	112	407	0	0	102	509
Various Bequests – Culture – Other Reserves	6	0	0	0	6	0	0	0	6
Warrington Rd Allotments – Other Reserves	6	0	0	0	6	0	0	0	6
Business Rates Safety Net	0	0	-9,600	9,600	0	0	0	9,600	9,600
Business Rates Deficit Management	0	0	0	0	0	0	0	41,902	41,902
Usable Reserves Corporate	19,832	0	-12,919	24,443	31,356	0	-1,916	64,781	94,221

	Balance at 31.3.19 £'000	In year realign. £'000	Trans. Out £'000	Trans. in £'000	Balance at 31.3.20 £'000	In year realign. £'000	Trans. Out £'000	Trans. in £'000	Balance at 31.3.21 £'000
Schools / DSG Balances									
DSG Schools Block – Delegated Fund	16,293	0	-1,945	511	14,859	0	0	6,862	21,721
DSG Carry Forward (Note 36)	2,120	0	-3,049	1,208	279	0	-4,927	4,698	50
Schools Balances – Direct Funding	517	0	-163	493	847	0	-429	477	895
Schools PPG Reserve	71	0	-71	0	0	0	0	0	0
Usable Reserves Schools*	19,001	0	-5,228	2,212	15,985	0	-5,356	12,037	22,666
Shares									
Wigan Football Company Shares	538	0	0	0	538	0	-538	0	0
Usable Reserves Shares	538	0	0	0	538	0	-538	0	0
S31 Grant – Business Rates									
Business Rates Deficit Management	0	0	0	0	0	0	0	41,902	41,902
Total S31 Reserve*	0	0	0	0	0	0	0	41,902	41,902
Total Usable Reserves - Earmarked	83,011	0	-51,653	53,370	84,728	0	-12,906	127,754	199,577

*Reserves are not available to the Council.

Usable Reserves

Details of the categories and purpose of other earmarked reserves are set out below.

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.

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.

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.

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.



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.

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.

Council Approved Budget Funding - General Fund:

Wigan Council Internal Apprenticeships

Reserve established to support cost of apprenticeships for workforce succession planning.

Cabinet Recovery Fund

Following the impact of COVID this reserve will allow Cabinet members to support investments in projects in the Borough to support recovery.

Community Recovery Fund

Following the impact of COVID this reserve will support the Community Investment Fund to strengthen the recovery of community groups which play a vital role in supporting the citizens of Wigan.

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.

Access to Internet Reserve

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

Apprenticeship Scheme – General / Business / Internal

This reserve provides funding to support apprenticeship opportunities for local businesses and internal Council Departments.



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.

Community Service Pressures

Development of Family Services in the Community.

Development of Brown Field Sites

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

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.

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.

World War One Commemorations

The Council has a programme of events planned in June of each year to coincide with Armed Forces week. 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.

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:

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.

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.

VAT Reserve

This represents previously overpaid output tax reimbursed by HM Customs.

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.

Business Rates Safety Net

This reserve has been established to manage volatility in the business rates system in particular with regards to unlodged appeals.

Business Rates Deficit Management

This reserve holds the Section 31 grant received by the Council to compensate for the loss of Business Rates income as a result of the extended retail relief given to hospitality and leisure businesses and nursery providers to support them through the pandemic. The legislation that governs Collection Fund accounting means that a related deficit as a result of the loss of collected Business Rates income in-year will be charged to the Council's General Fund in 2021/22. As a result the Council has held the associated grant in reserve, and will draw down in 2021/22 to offset. This resource is not available for any other purpose.

Other Reserves

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

Schools / DSG Balances:

DSG Schools Block – Delegated Fund

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

DSG Early Years Block

This represents unspent DSG in respect of Early Years Funding.



Schools Balances – Direct Funding

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

DSG Contingency / Centrally Retained

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

Schools PPG Reserve

The Pupil Premium Grant is additional funding given to schools so that they can support their disadvantaged pupils and close the attainment gap between them and their peers. In accordance with the conditions of the grant, schools can carry forward unspent money to future financial years. This reserve represents the amount held by schools at 31 March 2021.

Section 31 Grant:

The Section 31 grant was received by the Council to compensate for the loss of Business Rates income as a result of the extended retail relief given to hospitality and leisure businesses and nursery providers to support them through the pandemic. The legislation that governs Collection Fund accounting means that a related deficit as a result of the loss of collected Business Rates income in-year will be charged to the Council's General Fund in 2021/22. As a result the Council has held the associated grant in reserve, and will draw down in 2021/22 to offset. This resource is not available for any other purpose.

28. Usable Reserves

General Fund Balance: This is a statutory fund to hold Council balances to safeguard against risks identified in the Local Government Act.

Earmarked General Fund Reserves: Reserves set aside to fund specific future spend, as detailed in Note 27.

Housing Revenue Account: Represents balances remaining from the Housing Revenue Account held to fund future expenditure in connection with the Council's landlord function.

Major Repairs Reserve: A reserve to hold balances available for funding capital expenditure on the Council's housing stock.

Capital Grant Unapplied Reserve: This reserve holds capital grants and contributions received which have no outstanding grant conditions, but have yet to be applied to meet the relevant capital expenditure.

Capital Receipts Reserve: This holds proceeds the Council has received from the sale of assets, which by statute can only be used to fund capital expenditure.

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement on page 21. Movements within the Usable Capital Receipts Reserve are shown in Note 6.

29. Unusable Reserves

2019/20 (Restated) £'000		2020/21 £'000
563,744	Capital Adjustment Account*	648,088
73,384	Revaluation Reserve	74,206
11,086	Financial Instruments Revaluation Reserve	7,576
-449,391	Pensions Reserve	-697,832
-4,290	Employee Accumulated Absences Account	-5,476
1,237	Collection Fund Adjustment Account	-48,131
195,769	Total Unusable Reserves	-21,569

*2019/20 Restated for prior period error, disclosure in Note 10

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.

Restated 2019/20 £'000		2020/21 £'000	
516,605	Balance at 1 April		563,744
	Reversal of items relating to capital expenditure debited or credited to the CIES:		
-55,426	Charges for depreciation and impairment of non-current assets	-47,499	
50,384	Revaluation losses on Property, Plant and Equipment	89,215	
-212	Amortisation of Intangible Assets	-164	
-632	Movements in the Market Value of Investment Property	-1,128	
-5,844	Revenue expenditure funded from capital under statute	-4,404	
-10,840	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	-5,352	
-22,570			30,669
2,839	Adjusting amounts written out of the Revaluation Reserve		1,572
-19,731	Net written out amount of the cost of non-current assets consumed in the year		32,241
	Capital financing applied in the year:		
7,110	Use of the Capital Receipts Reserve to finance new capital expenditure	5,429	
13,000	Use of the Major Repairs Reserve to finance new capital expenditure	6,137	
20,339	Capital grants and contributions credited to the CIES that have been applied to capital financing	23,153	
10,434	Application of grants to capital financing from the Capital Grants Unapplied Account	7,389	
15,357	Statutory provision for the financing of capital investment charged against the General Fund	8,588	
1,008	Capital expenditure charged against the General Fund and HRA Balances	1,642	
67,248			52,338
0	Movement in the Donated Assets Account credited to the CIES		0
-379	Write down of Long Term Debtors		-235
563,744	Balance at 31 March		648,088

Revaluation Reserve

The Revaluation reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. 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.

2019/20 £'000		2020/21 £'000	
68,916	Balance at 1 April		73,384
17,468	Upward revaluation of assets	6,578	
-10,161	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-4,184	
7,307	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		2,394
-1,189	Difference between fair value depreciation and historical cost depreciation	-1,197	
-1,650	Accumulated gains on assets sold or scrapped	-375	
-2,839	Amount written off to the Capital Adjustment Account		-1,572
73,384	Balance at 31 March		74,206

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its investments that are measured at fair value through other comprehensive income. 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

2019/20 £'000		2020/21 £'000
42,486	Balance at 1 April	11,086
-31,400	Revaluation of Shareholding in Manchester Airport	-3,600
0	Revaluation of Manchester Airport Car Park Shares	90
11,086	Balance at 31 March	7,576

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.

2019/20 £'000		2020/21 £'000
-558,184	Balance at 1 April	-449,391
154,153	Actuarial gains or losses (-) on pensions assets and liabilities	-222,424
-78,186	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-59,609
32,826	Employer's pensions contributions and direct payments to pensioners payable in the year	33,592
-449,391	Balance at 31 March	-697,832

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.

2019/20 £'000		2020/21	
		£'000	£'000
-4,197	Balance at 1 April		-4,290
4,197	Settlement or cancellation of accrual made at the end of the preceding year	4,290	
-4,290	Amounts accrued at the end of the current year	-5,476	
-94	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		-1,186
-4,290	Balance at 31 March		-5,476

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.

2019/20 £'000		2020/21 £'000
10,440	Balance at 1 April	1,237
-9,203	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	-49,368
1,237	Balance at 31 March	-48,131

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 (GMCA). 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. Total precepts on behalf of GMCA were £28.416m.

The Council also collects superannuation payments of £8.967m from its employees on behalf of the Greater Manchester Pension Fund (administered by Tameside MBC) and £6.953m on behalf of the Teachers' Pension Scheme (administered by Capita).

During 2020/21, the Council acted as Agent for Covid-19 business grant support schemes. £88.772m of assistance was paid to businesses on behalf of the government under the various business support and local restriction support schemes.

31. Joint Operations

Pooled Budget:

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. For 2020/21 the Council provided 46% of funding inclusive of revenue and capital allocations.

2019/20 £'000		Better Care Fund	2020/21 £'000	
-24,452		Funding Provided to the Pooled Budget		
-33,610		Revenue – CCG	-25,687	
-4,014		Revenue – Wigan Council	-16,270	
-994		Capital Grant Underspend from Previous Years - Wigan Council	-1,046	
		Capital Grant – Wigan Council	-4,554	
	-63,070	Total Funding		-47,557
		Expenditure on behalf of Pooled Budget		
22,657		Revenue expenditure – CCG	5,572	
35,405		Revenue expenditure – Wigan Council	36,385	
3,962		Capital expenditure – Wigan Council	3,162	
	62,024	Total Expenditure		45,119
	-1,046	Total Underspend		-2,438
		Allocated as agreed by the Joint Commissioning Finance Board:		
0		Revenue Underspend – CCG	0	
-1,046		Capital Underspend – Wigan Council*	-2,438	
	-1,046	Total Underspend		-2,438

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

Joint Operation:

Regional Adoption Agency – Together for Adoption

The Government announced changes to the provision of adoption services by proposing regional adoption agencies, with all Local Authorities belonging to a regional adoption agency by 2020.

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

Wigan Council entered into a Partnership agreement with 4 other neighbouring authorities to create “Together for Adoption” RAA. The Partnership combines:

- Wigan Council – 27.11% share
- Cheshire West & Chester Council – 22.63% share
- Warrington Borough Council – 13.68% share
- Halton Borough Council – 15.00% share
- St Helens Council – 21.58% share

The annual budget was increased to the value of £2.153m incorporating inflationary increases and additional resources to support pressure areas. This reflects a £32k increase to the original base and was agreed as part of the financial options put forward to Local Authority finance partners and the Partnership Board. 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.

The pooled budget is hosted by Wigan Council with operational costs being incurred directly to Wigan. The salary costs are incurred and retained by each local authority partner. A quarterly exercise is undertaken to determine that partners incurring greater salary costs than their % share will be reimbursed from the partners whose costs are lower than their agreed share of the Partnership agreement.

The Partnership Board have agreed to retain the collective underspend. This will be used to meet existing commitments to voluntary adoption agency placement costs where the Partnership have been unable to identify matching adopters to the children awaiting placements.

Together for Adoption - Regional Adoption Agency	2019/20 £'000	2020/21 £'000
Funding Provided to the Pooled Budget		
Revenue:		
Wigan Council	-575	-584
Cheshire West & Chester Council	-480	-487
Warrington Borough Council	-290	-294
Halton Borough Council	-318	-323
St Helens Council	-458	-465
Total Funding	-2,121	-2,153
Expenditure on behalf of Pooled Budget		
Revenue – Wigan Council on behalf of Together for Adoption (Operational Costs)	598	397
Wigan Council – salary costs	510	382
Cheshire West & Chester Council – salary costs	495	319
Warrington Borough Council – salary costs	104	193
Halton Borough Council – salary costs	128	212
St Helens Council – salary costs	162	304
Back Office Functions – supported by two Local Authority Partners (CW&C & Wigan)	70	70
Total Expenditure	2,067	1,877
Total Underspend	-54	-276

32. Members' Allowances

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

	2019/20 £'000	2020/21 £'000
Allowances Expenses	1,330 5	1,284 0
Total	1,335	1,284

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. £
Alison McKenzie-Folan	Chief Executive	2020/21 2019/20	188,649 183,600	36,975 35,986	225,624 219,586
Paul McKeivitt (1)	Deputy Chief Executive (Director of Resources and Contracts)	2020/21 2019/20	149,662 145,656	0 11,895	149,662 157,551
Stuart Cowley (2)	Director of Adult Social Care and Health	2020/21 2019/20	149,662 145,656	29,334 27,216	178,996 172,872
Colette Dutton (3)	Director of Children's Services	2020/21 2019/20	107,821 131,007	21,133 25,677	128,954 156,684
Interim Director (3)	Director of Children's Services (24/2/20-20/7/20)	2020/21 2019/20	101,036 28,652	0 0	101,036 28,652
Sonia Halliwell	Director of Transformation	2020/21 2019/20	128,281 96,097	25,143 19,304	153,424 115,401
Rebecca Heron	Director of Economy and Skills	2020/21 2019/20	128,281 124,848	25,143 24,470	153,424 149,318
Paul Barton	Director of Environment	2020/21 2019/20	128,281 124,848	25,143 24,470	153,424 149,318
Kate Ardern (4)	Director of Public Health	2020/21 2019/20	124,856 121,865	17,954 17,524	142,810 139,389
James Winterbottom (5)	Director of Digital Services and Integration (24/2/2020-31/3/2020) *	2020/21 2019/20	123,085 12,557	-2,039 2,461	121,046 15,018
	Director of Children's Services (1/4/2019-23/2/2020)	2019/20	131,007	25,667	156,684

*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 McKeivitt 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) The Chief Education Officer is defined as a statutory chief officer post under Section 532 of the Education Act 1970. Collette Dutton was permanently appointed to the role of Director of Children's Services on 12/7/20 taking over from the interim Director who was paid via agency. The annualised salary is £149,662.
- (4) 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.
- (5) James Winterbottom was appointed to the role of Director of Digital Services and Integration on 24/2/2020. * Remuneration from 24/2/2020 to 31/3/2020 now added into 2019/20.

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 2019/20	Remuneration Band	Number of Employees 2020/21
41	£50,000 - £54,999	31
26	£55,000 - £59,999	47
15	£60,000 - £64,999	17
6	£65,000 - £69,999	10
1	£70,000 - £74,999	2
0	£75,000 - £79,999	0
0	£80,000 - £84,999	0
7	£85,000 - £89,999	1
1	£90,000 - £94,999	7
1	£95,000 - £99,999	1
5	£100,000 - £104,999	0
1	£105,000 - £109,999	5
0	£110,000 - £114,999	0
0	£115,000 - £119,999	0
0	£120,000 - £124,999	0
0	£125,000 - £129,999	0
0	£130,000 - £134,999	0
0	£135,000 - £139,999	0
0	£140,000 - £144,399	0
104		121

Redundancy payments are included in the remuneration.

Schools and Colleges Leadership – Heads, Deputies and Assistants

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

Table c)

Number of Employees	Voluntary Aided and Foundation School Employees included in previous column Total	Remuneration Band	Number of Employees	Voluntary Aided and Foundation School Employees included in previous column Total
2019/20	2019/20		2020/21	2020/21
77	47	£50,000 - £54,999	111	59
60	30	£55,000 - £59,999	60	25
38	26	£60,000 - £64,999	39	21
30	19	£65,000 - £69,999	41	20
16	7	£70,000 - £74,999	19	7
7	5	£75,000 - £79,999	12	3
7	4	£80,000 - £84,999	6	3
4	2	£85,000 - £89,999	3	2
3	2	£90,000 - £94,999	3	1
2	1	£95,000 - £99,999	2	1
0	0	£100,000 - £104,999	0	0
1	1	£105,000 - £109,999	4	3
2	0	£110,000 - £114,999	0	0
0	0	£115,000 - £119,999	2	0
0	0	£120,000 - £124,999	0	0
0	0	£125,000 - £129,999	0	0
1	0	£130,000 - £134,999	0	0
0	0	£135,000 - £139,999	1	0
248	144		303	145

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	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
0 - £20,000	23	19	69	59	92	78	605	373
£20,001 - £40,000	1	1	12	7	13	8	366	219
£40,001 - £60,000	0	0	5	3	5	3	264	145
£60,001 - £80,000	0	0	4	2	4	2	293	128
£80,001 - £100,000	0	0	1	1	1	1	81	86
£100,001 - £150,000	0	0	2	0	2	0	238	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
£200,001 - £250,000	0	0	0	1	0	1	0	238
Total	24	20	93	73	117	93	1,847	1,189

*see below termination benefits note for cost value

The total cost of £1.189m 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 2020/21, incurring liabilities of £0.102m (£0.217m in 2019/20). 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 2020/21 can be seen in the exit packages table above.

34. Audit Costs

In 2020/21 Wigan Council incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and non-audit services provided by the Council's auditors:

	2019/20 £'000	2020/21 £'000
External Audit Costs		
Fees payable with regard to external audit services carried out by the appointed auditor	104	103
Fees payable with regard to external audit services carried out by the appointed auditor – additional fee	0	38
Other Non-Audit Costs		
Fees payable in respect of other services provided by the external auditor during the year	3	31
Total	107	172

35. Dedicated Schools Grant

The Council's expenditure on schools is financed primarily by Dedicated Schools Grant (DSG) provided by the Education and Skills Funding Agency (ESFA). DSG is ring-fenced and can only be used to finance expenditure that is included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2020. The balance on the DSG is separate to the general fund reserves of the council. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each Council maintained school.

Details of the deployment of DSG receivable for 2020/21 are as follows:

Notes		Central Expenditure £'000 Column 1	Individual Schools Budget £'000 Column 2	Total £'000 Column 3
A	Final DSG for 2020/21 before Academy and High Needs recoupment (as published March 2021)			268,311
B	Figure recouped for 2020/21 by the DfE for the conversion of academies and for high needs payments made by ESFA			68,335
C	Total DSG after Academy and High Needs recoupment for 2020/21 (as published March 2021)			199,976
D	Brought forward from 2019/20			279
E	Carry forward to 2021/22 agreed in advance by School's Forum			279
F	Agreed initial budgeted distribution in 2020/21	35,440	164,536	199,976
G	In Year Adjustments, for example adjustments for exclusions or final early years block adjustment	-1,060	1,186	127
H	Final budgeted distribution for 2020/21	34,381	165,722	200,103
I	Actual central expenditure	34,611		34,611
J	Actual ISB deployed to schools		165,722	165,722
K	Local authority contribution for 2020/21	0		0
L	Carry forward to 2021/22	-230	0	49

The DSG carry forward can be analysed as follows:

	£000
Schools Block	2,433
High Needs Block	-3,512
Early Years Block	1,129
	49

This balance has been identified separately from general reserves that are at the full disposal of the authority in accordance with the requirements of the Accounts and Audit Regulations 2015, as amended (Regulation 7 [4]).

The deficit on the High Needs Block will be recovered from future funding alongside a transformation plan for SEND. The LA reports regularly to Schools Forum and has set up a working group to monitor the progress of the transformation plan. This plan will ultimately look to deliver efficiencies and reduce demand on the High Needs Block.

- A Final DSG figure before any amount has been recouped from the authority excluding the January 2021 early years block adjustment.
- B Figure recouped from the authority in 2020/21 by the DfE for the conversion of maintained schools into Academies and for High Needs payments made by the ESFA.
- C Total figure after DfE Academy recoupment for 2020/21.
- D Figure brought forward from 2019/20 as agreed with the Department.
- E Any amount which the authority decided after consultation with the schools forum to carry forward to 2021/22 rather than distribute in 2020/21 – this may be the difference between estimated and final DSG for 2020/21, or a figure (positive or negative) brought forward from 2019/20 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 2020/21 – 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 2020/21 which will have the effect of substituting for DSG in funding the Schools Budget. Do not include any change in balances held by schools as they are not to be recorded in this note.
- L Carry forward to 2021/22, 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 2020/21 already agreed (E).

36. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2020/21:

Credited to Taxation and Non Specific Grant Income	Awarding Body	2019/20 £'000	2020/21 £'000
COVID Specific Business Rate Relief*	MHCLG	0	-41,902
Capital Grants	Various	-33,234	-36,089
Covid-19 Emergency funding (tranches 1-4) (COVID-19 Support Grant)	MHCLG	-10,465	-17,489
Section 31 Grant Business Rate Reliefs (Small Business Rate Relief)	MHCLG	-12,858	-10,746
Private Finance Initiative	MHCLG	-6,023	-6,024
New Homes Bonus	MHCLG	-3,527	-4,918
Sales, Fees & Charges Compensation Scheme*	MHCLG	0	-4,815
COVID-19 Council Tax Hardship Funds	MHCLG	0	-3,509
Tax Income Guarantee Grant	MHCLG	0	-3,154
Apprenticeship Scheme		-594	-700
School Improvement Grant (Includes Education Services Grant from last year)	DFE	-371	-381
Probation Grant*	MOJ	0	-158
Local Services Support Grant	MHCLG	-76	-79
Magistrates Grant	MOJ	-24	-48
Levy Account Surplus Grant	MHCLG	-237	
EU Exit Preparation Grant	HMCLG	-210	0
Other	MHCLG	-30	0
			0
Total		-67,649	-130,012

Credited to Services	Awarding Body	2019/20 £'000	2020/21 £'000
Dedicated Schools Grant	DFE	-188,244	-200,103
HRA Rent Rebates	DWP	- 32,136	-31,957
Rent Allowance Subsidy	DWP	- 34,135	-31,036
Improved Better Care Funding	MHCLG	-14,678	-16,270
Pupil Premium Grant	DFE	-10,836	-11,194
COVID Business Support	BEIS (via GMCA)	0	-9,874
Adult Social Care Support Fund	MHCLG	-1,720	-9,124
Contain Outbreak Management Fund *	DHSC	0	-7,499
Teachers Pension Grant	DFE	-3,308	-5,922
Infection Control Account *	DHSC	0	-5,652
Discretionary Small Business/Retail Hospitality & Leisure Support Grant *	BEIS	0	-4,430
Universal Infant Free School Meals	DFE	-2,684	-2,569
Young Peoples Learning Agency	DFE	-2,558	-2,281
Local Restrictions Support Grant (Open) *	BEIS	0	-1,998
Teachers Pay Award Grant	DFE	-1,663	-1,970
REFCUS Grants	Various	-2,619	-1,960
COVID19 Catch Up Premium Schools *	DFE	0	-1,594
Primary PE & Sports Grants	Various	-1,527	-1,521
Independent Living Grant	MHCLG	-1,456	-1,456
Covid Winter Support Grant Scheme	DWP	0	-1,125
Clinically Extremely Vulnerable (CEV) Funding	MHCLG	0	-1,037
Adult Social Care Support Fund	MHCLG	-1,000	-1,000
Housing Benefit Admin Grant	DWP	-950	-1,000
Self-Isolation Practical Support Grant *	MHCLG	0	-656
Skills Fund Agency	BEIS	-874	-980
Troubled Families	MHCLG	-595	-964
Adoption Support Fund - Together for Adoption	DFE	-828	-871
Adult Social Care Workforce Capacity Fund *	MHCLG	0	-796
Discretionary Housing Payments Grant	DWP	-625	-784
Other Grants	DWP	-987	-747
Rough Sleeping Initiative Fund	MHCLG	-467	-728
Adult Social Care Rapid Testing Fund *	DHSC	0	-683
Youth Justice Board	MOJ	-659	-606
Free School Meals Supplementary Grant	DFE	-445	-520
Local Council Tax Support Admin Grant	DSCH	0	-492
Covid 19 Test & Trace Service Support Grant *	MHCLG	-452	-457
Schools Emergency Support Grant *	DFE	0	-436
Emergency Assistance Grant *	DEFRA	0	-417
Unaccompanied Asylum Seeker Children Grant	HO	-327	-391
Flexible Homelessness Support Grant	MHCLG	-359	-359
Armed Forces Covenant Fund *	MOD	-120	-299
Next Steps Accommodation Programme *	MHCLG	0	-250
Community Safety Fund	GMCA	-248	-248
Non HRA Rent Subsidy	DWP	-952	-246
General Education Grants	Various	-2,078	-244
Local Reform & Community Voices Grant	DWP	-228	-228
Community Testing programme Funding *	DHSC	0	-221
Safer Streets Fund *	GMCA	0	-214
Compliance & Enforcement Grant *	MHCLG	0	-187
Homelessness Prevention Grant	MHCLG	-71	-176
Coronavirus Job Retention Scheme *	HMRC	0	-170
Adoption Support Fund – Covid19 Scheme	DFE	0	-163
Staying Put Grant	DFE	-117	-155
New Burdens Welfare Reform	DWP	-203	-153
Serious Violence Grant	MHCLG	-300	-150
PCC Voluntary & Community Sector Grant (Community Grant Funding)	GMCA	-100	-100
Alleviating Barriers & ESOL Grants *	GMCA	0	-100
Adult Social Care Winter Funding	DHSC	-1,592	0
Rapid Rehousing Pathway Gran	MHCLG	-247	0
Year 7 Catch up Premium Grant	DFE	-177	0
Total		-312,566	-366,763

* These sources of funding are new for 2020/21

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 2020/21 is shown in Note 32. Each year the Council invites Members to declare any such interests including related parties. In respect of 2020/21 financial year, six members declared interests in other organisations that the Council transact with. 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 Wigan Town Hall 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 necessitates Chief Officers to make a declaration of any related parties on an annual basis. During 2020/21 none of the Chief Officers declared a pecuniary interest in accordance with Section 117 of the Local Government Act 1972.

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 and have responsibility for the exercise of new powers for the Greater Manchester Mayoral Function and function for the prioritisation of transport investment.



During 2020/21 the following amounts were paid to the GMCA:

- Passenger Transport Levy £22.315m
- Economic Regeneration £1.018m

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. The expenditure incurred is contained within the relevant service headings in the Comprehensive Income and Expenditure Statement. During 2020/21 this amounted to £0.127m.

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. As part of this integration, the S151 for Wigan Council is also a separately appointed Director of Wigan Borough CCG.

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 £1.989m during 2020/21 to Inspiring Healthy Lifestyles (formerly Wigan Leisure and Culture Trust) and assistance with staffing costs of £0.260m for employees on furlough.

38. Related Businesses and Companies

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 2020/21.

The Council manages surplus cash balances on behalf of the company. The amount deposited with the Council at 31 March 2021 was £1.530m.

The company returned a draft pre-tax loss of £0.101m for the financial year 2020/21. Copies of the accounts are available at Wigan Investment Centre, Waterside Drive, Wigan, Lancashire, 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 £1.252m in 2020/21, including COVID-19 specific support of £0.355m.

The company returned a draft pre-tax loss of £0.051m in 2020/21.

Copies of the accounts are available at Leigh Sports Stadium, Sale Way, Leigh, Lancashire, 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 £0.011m for services provided by the Douglas Valley Community Limited in 2020/21.

Douglas Valley Properties Limited (DVP)

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 2020/21.

The company has ceased active trading and has had no activity during 2020/21. There are a number of properties leased from the council to DVP expiring up to 2035. Wigan Metropolitan Development Company (Investment) Ltd manage these properties on behalf of DVP however as they are still in place despite not trading the company will continue to be active for the short to medium term, until all leases are reviewed.

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 2021, 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 (Dissolved during 2020/21)
Wigan Leisure & Culture Enterprises Limited
Wigan Leisure & Culture Trust (now Inspiring Healthy Lifestyles)
Yorkshire Purchasing Organisation

39. Leases

Authority as lessee:

During 2020/21 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 2020/21 was £1.077m (2019/20 £1.148m).

The Council was committed at 31 March 2021 to future lease payments of £8.178m under these operating leases, comprising the following elements:

2019/20 Total £'000s		Vehicles, Plant & Equipment £'000s	Property £'000s	2020/21 Total £'000s
724	Lease payments due within 1 year	428	775	1,203
1,502	Lease payments between 1 and 5 years	984	1,352	2,336
5,701	Lease payments after 5 years	141	5,701	5,842
7,927	Total Leases	1,552	7,829	9,381

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 2020/21 was £4.536m (2019/20 £4.244m).

The future minimum lease payments receivable are:

2019/20		2020/21
Total £'000s		Total £'000s
3,830	Leases expiring within 1 year	2,648
10,273	Leases expiring between 1 and 5 years	10,050
161,513	Leases expiring after 5 years	250,319
175,616	Total Leases	263,018

Of the minimum lease payments receivable after 2025/26 of £250.319m, £91.247m is in respect of leases which are due to expire more than 50 years after 31 March 2021.

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 purposes 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 2021, the Council's own contributions equate to approximately 23.68%.

In 2020/21 the Council paid £17m (£14.4m in 2019/20) 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 2020/21 these amounted to £3.7m (£4m in 2019/20).

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

NHS Staff Pension Scheme

During 2020/21, 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 2020/21, the Council paid £0.073m to the NHS Pension Scheme (£0.091m in 2019/20) 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

Non-teaching employees 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

2019/20 £'000		2020/21 £'000
	Cost of Services:	
61,336	Current service cost	48,775
3,077	Past service cost (including curtailments)	328
64,413	Total Service Cost	49,103
	Financing and Investment Income & Expenditure:	
-30,525	Interest income on scheme assets	-26,906
44,298	Interest cost on defined benefit obligation	37,412
13,773	Total Net Interest	10,506
78,186	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	59,609
	Remeasurements of the Net Defined Liability Comprising:	
-122,262	Return on plan assets (excluding amounts included in net interest)	223,324
52,438	Actuarial gains/losses arising from changes in demographic assumptions	-10,857
132,130	Actuarial gains/losses arising from changes in financial assumptions	-448,687
91,847	Other experience and actuarial adjustments	13,796
154,153	Total Remeasurements Recognised in Other in the Comprehensive Income and Expenditure Statement	-222,424
232,339	Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	-162,815

Movement in the Reserves Statement - General Fund

2019/20 £'000		2020/21 £'000
-78,186	Reversal of net charges made to the surplus / deficit on the provision of service	-59,609
27,360	Employers' contributions payable to the scheme	28,274
5,466	Retirement benefits payable to pensioners	5,318
-45,360	Actual amount charged against the General Fund Balance for Pensions in the year	-26,017

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	
	2019/20 £'000	2020/21 £'000
Present value of the funded liabilities	-1,558,392	-2,048,695
Present value of the unfunded liabilities*	-64,654	-66,928
Fair value of plan assets	1,173,655	1,417,791
Total	-449,391	-697,832
Other movements in the liability (asset)	0	0
Net liability arising from the defined benefit obligation	-449,391	-697,832

* this liability in 2020/21 comprises of £19.144m (£18.616m in 2019/20) in respect of LGPS unfunded pensions and £47.784m (£46.038m in 2019/20) in respect of Teachers' unfunded pensions.

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

	Funded Liabilities: Local Government Pension Scheme	
	2019/20 £'000	2020/21 £'000
Opening present value of funded liabilities	1,754,757	1,558,392
Opening present value of unfunded liabilities	76,463	64,654
Current Service Cost	61,336	48,775
Interest Cost	44,298	37,412
Contributions from scheme participants	8,543	8,967
Remeasurement gain		
Actuarial gains/losses arising from changes in demographic assumptions	-52,438	10,857
Actuarial gains/losses arising from changes in financial assumptions	-132,130	448,687
Other experience and actuarial adjustments	-91,847	-13,796
Past Service Costs	3,077	328
Benefits Paid	-49,013	-48,653
Closing present value of funded liabilities	1,558,392	2,048,695
Closing present value of unfunded liabilities	64,654	66,928
Closing fair value of scheme liabilities at 31 March	1,623,046	2,115,623

Reconciliation of movements in fair value of the scheme assets

	Local Government Pension Scheme	
	2019/20 £'000	2020/21 £'000
Opening fair value of scheme assets	1,273,036	1,173,655
Interest Income	30,525	26,906
Remeasurement gain		
Return on plan assets excluding amounts included in net interest	-122,262	223,324
Contributions from employer into the scheme	32,826	33,592
Contributions from employees into the scheme	8,543	8,967
Benefits Paid	-49,013	-48,653
Closing fair value of scheme assets at 31 March	1,173,655	1,417,791

In 2020/21 there were no schools transferred to Academy Status.

Local Government Pension Scheme assets comprised:

	Quoted prices in active markets	Quoted prices in active markets	Total	Percentage of Total Assets	Quoted prices in active markets	Quoted prices in active markets	Total	Percentage of Total Assets
	2019/20 £'000	2019/20 £'000	2019/20 £'000	2019/20 %	2020/21 £'000	2020/21 £'000	2020/21 £'000	2020/21 %
Equity Securities								
Consumer	88,882	0	88,882	8	124,411	0	124,411	9
Manufacturing	73,249	0	73,249	6	110,800	0	110,800	8
Energy and utilities	58,199	0	58,199	5	68,753	0	68,753	5
Financial Institutions	105,441	0	105,441	9	148,934	0	148,934	11
Health and care	54,525	0	54,525	5	70,863	0	70,863	5
Information Technology	48,290	0	48,290	4	74,888	0	74,888	5
Other	24,106	0	24,106	2	22,906	0	22,906	2
Debt Securities								
Corporate bonds (investment grade)	56,398	0	56,398	5	68,530	0	68,530	5
UK Government	0	0	0	0	0	0	0	
Other	47,987	0	47,987	4	18,418	0	18,418	1
Private Equity - All	0	74,703	74,703	6	0	84,386	84,386	6
Real Estate								
UK Property	0	53,927	53,927	5	0	52,976	52,976	4
Investment Funds and Unit Trusts								
Equities	109,817	0	109,817	9	127,389	0	127,389	9
Bonds	147,503	0	147,503	13	179,675	0	179,675	13
Infrastructure	0	70,214	70,214	6	0	72,275	72,275	5
Other	28,041	119,129	147,170	13	30,731	134,818	165,549	12
Derivatives - Other	0	0	0	0	-1,138	0	-1,138	0
Cash and Cash Equivalents - All	13,245	0	13,245	1	28,178	0	28,178	2
Totals	855,683	317,973	1,173,656	100	1,073,337	344,454	1,417,791	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 and salary levels etc.

Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates are based on the latest full valuation of the scheme as at 31 March 2021 adjusted for any known changes.

The significant assumptions used by the actuary have been:

Mortality Assumptions

2019/20		2020/21
	Longevity at 65 for current pensioners:*	
20.5 years	Male	20.5 years
23.1 years	Female	23.3 years
	Longevity at 65 for future pensioners:*	
22.0 years	Male	21.9 years
25.0 years	Female	25.3 years
2.7%	Rate of increase in salaries (Salary Increases)	3.6%
1.9%	Rate of increase in pensions (Pension Increases)	2.9%
2.3%	Rate of discounting scheme liabilities (Discount Rate)	2.0%
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 60% of the maximum tax-free cash for post-April 2008 service.

Sensitivity Analysis

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 is consistent with that adopted in the previous year.

Change in Assumption at 31 March 2021	Approximate % increase to Employer Liability £'000	Approximate monetary amount £'000
0.5% decrease in Real Discount Rate	10%	220,272
0.5% increase in the Salary Increase Rate	1%	23,122
0.5% increase in the Pension Increase Rate	9%	192,330

Impact on the Council'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 2022.

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

The Council estimates paying £27.872m contributions to the scheme for the period to 31 March 2022.

Pensions – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

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. Details have been included in Note 3.

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 2021, 286 equity loans were outstanding totalling £12.827m and possible repayment dates range from 2038 to 2046.

42. Contingent Liabilities

Business Rates Appeals

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.

A significant number of Material Change in Circumstances appeals have been lodged with the VOA due to COVID-19. At the 31st March 2021 the Government had committed to legislating against these appeals so the Council has made no estimate of the value of these appeals.

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 30th July 2021. 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 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no events after the reporting period to disclose in the 2020/21 accounts.

44. Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. 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 2020/21 (the Code) and the Service Reporting Code of Practice 2020/21, 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 or the provision of services is recognised in accordance with the terms and conditions and performance obligations specified in the contract.
- 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 the 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 twelve 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 non-current 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 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,
- equal to at least 2.5% 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:

- events which provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- events which 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 (e.g. investments and debtors) are classified into three types:

- Amortised cost
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value through Profit and Loss (FVPL)

The categorisation of financial assets into these types are dependent on the reason for holding the assets (to collect cash flows, to sell assets or achieve objectives by other means).

Amortised Cost

These assets relate to financial instruments where the amounts received are solely principal and interest and the assets are held to generate cashflows. The interest received on these assets are spread evenly over the life of these instruments. Any gain or loss in the value of these assets is recognised in the net surplus/deficit on the net provision of services at the point of derecognition (disposal) or reclassification.

Fair Value through Other Comprehensive Income (FVOCI)

These assets relate to the financial instruments where the amounts received are solely principal and interest, but they are held to collect cash and sell the assets. The interest received on these assets are spread evenly over the life of these instruments.

Changes in the fair value of these assets are charged to the Other Comprehensive Income and Expenditure. Cumulative gains and losses are charged to the surplus/deficit on provision of services when they are disposed of. Where these assets are treated as capital expenditure the gain or loss is reversed to an unusable reserve – the Financial Instruments Revaluation Reserve.

Fair Value through Profit and Loss (FVPL)

These assets relate to the financial instruments where the amounts received are not solely principal and interest. Dividends received are accounted for at the point they are declared.

Changes in fair value are charged to the surplus/deficit on the net provision of services as they occur. Where these assets were treated as capital expenditure the gain or loss is reversed through the Movement in Reserves Statement and charged to an unusable reserve – the Capital Adjustment Account.

An equity instrument that has been classified as FVPL can be designated as FVOCI if it is not held for trading (e.g. Strategic Investment). Once a designation has been made it cannot be reversed. Any gains or losses would be held in the Financial Instruments Revaluation Reserve.

The Council has a 3.22% shareholding in Manchester Airport Holdings Ltd and up to 31 March 2018 the shareholding was held as an 'Available for Sale Financial Asset' and measured at fair value each year. Any change in fair value is posted to Other Comprehensive Income and Expenditure and accumulated gains and losses have been held in an Available-for-Sale Financial Instruments Reserve.

Following the adoption of the accounting standard IFRS9 Financial Instruments, the 'Available for Sale Financial Asset' category is no longer available. The new standard requires investments in equity to be classified as fair value through Other Comprehensive Income. The investment in Manchester Airport Holdings Ltd and Manchester Airport Car Park Ltd are equity instruments and as such, the default valuation method is any gains and losses on changes in fair value would be recognised through profit and loss.



The Manchester Airport Holdings Ltd and Manchester Airport Car Park Ltd shareholdings are strategic investments and are not held for trading, therefore the Council has opted to designate them as fair value through Other Comprehensive Income. This means there is no impact on the revenue budget and the gains and losses on the valuation of the shareholdings will therefore be transferred to the Financial Instruments Revaluation Reserve.

Credit Loss

The Council will recognise a loss allowance for expected credit losses, if applicable, on assets where cash flows are solely principal and interest. This does not apply where the Counterparty is central government or other local authority.

At each year end the loss allowance for a financial instrument is calculated as equal to the lifetime of expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If at year end the credit risk has not increased significantly since initial recognition the loss allowance is measured at an amount equal to twelve month expected credit losses. Where the financial asset was treated as capital expenditure any losses will be reversed via the Movement in Reserves Statement to the Capital Adjustment Account.

Where the Council has made a number of loans to individuals at less than market rates of interest (these are known as 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.



Financial Liabilities

Financial liabilities (e.g. borrowings and creditors) 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 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 which will likely require 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. De minimis levels of £6,000 for vehicles, plant and equipment and £10,000 for land and buildings are in place for the acquisition and creation of Property, Plant and Equipment. A de minimis level of £10,000 is also 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:

- **Community assets and assets under construction** – depreciated historical cost
- **Infrastructure Assets** – modified historical cost (see Infrastructure Assets section below)
- **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** – current value 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 Property Plant and Equipment assets are 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 (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. 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.
- Assets are subject to depreciation in the year of disposal.

Depreciation is calculated on the following bases:

- **council dwellings** – based on straight line allocation over the life of the property.
- **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** – see Infrastructure Assets section below
- **public open space infrastructure** – straight line allocation over 20 years.
- **bridges** – straight line over 60 years.

Each component part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item and has a different useful life shall be depreciated separately. Components with similar useful lives which when combined also have a significant cost in relation to the total cost of the item may be grouped together in determining the depreciation charge.

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.



Infrastructure Assets

Infrastructure assets include carriageways, footways, cycle tracks, structures, street lighting, street furniture, traffic management systems and land.

Expenditure on acquisition or replacements of network components is recognised on an accruals basis, provided that it is probable that the future economic benefit associated with the item will flow to the Council and the cost can be measured reliably.

Infrastructure assets are measured at a modified form of historical cost. Opening balances were originally recorded in the balance sheet at amounts of capital undischarged for sums borrowed at 1st April 1994 which is deemed to be historical cost.

Where impairment losses are identified they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Depreciation is provided on parts of the highway network infrastructure assets that are subject to deterioration by the allocation of the depreciable amount over their useful lives. The useful lives are detailed below:

- **Carriageways** – 25 years
- **Footways and Cycle Tracks** – 25 years
- **Street Lighting** – 25 years
- **Structures** – 60 years

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off the 'Other Operating Expenditure' line in the CIES as part of the gain or loss on disposal. Receipts from disposal (if any) are credited to the same line in the CIES, 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). The written off amounts of disposal are not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate 129 arrangements for capital financing. Amounts are transferred to the Capital Adjustment Account from the General Fund Balance in the MiRS.

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 Drumcroom 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 (i.e. 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 of ownership transfer to the school or governing bodies, therefore these schools are not recognised on the Balance Sheet.

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

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 Other Operating 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 2021

Restated 2019/20 £'000		Notes	2020/21 £'000
	Expenditure		
26,896	Repairs & Maintenance	1	21,785
23,178	Supervision & Management	2	24,223
1,111	Rents, Rates, Taxes and Other Charges	3	1,409
36,238	Depreciation and Impairment of Non-Current Assets	4/5	27,209
-61,158	Gain (-) or loss on Revaluation of Stock	4	-94,238
46	Debt Management Costs	6	0
1,486	Movement in the Allowance for Bad Debts	7	1,176
27,798	Total Expenditure		-18,436
	Income		
-84,359	Dwelling Rents	8/9	-84,744
-424	Non-dwelling Rents	10	-370
-1,595	Charges for Services & Facilities	11	-1,581
-1,766	Contributions towards Expenditure	12	-1,566
-88,144	Total Income		-88,261
-60,347	Net Cost of HRA Services as included in the whole authority Comprehensive Income & Expenditure Statement		-106,697
120	HRA services share of Corporate and Democratic Core		120
-60,226	Net Cost of HRA Services		-106,577
	HRA share of the operating income and expenditure included in the whole authority Comprehensive Income & Expenditure Statement:		
-2,017	Gain (-) or loss on sale of HRA non-current assets	13	-1,402
14,390	Interest payable and similar charges	14	13,539
-253	HRA Interest and investment income		-80
0	Gain (-) or loss on the Revaluation of HRA Investment Property		23
-4,990	Capital grants and contributions receivable		-6,151
-53,096	Surplus (-) or deficit for the year on HRA services		-100,648

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2019/20 £'000		Notes	2020/21 £'000
-26,566	Housing Revenue Account surplus brought forward		-24,549
-53,096	Surplus (-) or deficit for the year on the HRA Income and Expenditure Statement		-100,648
55,114	Adjustments between accounting basis and funding basis under the legislative framework	15	100,301
-24,549	Balance on the HRA at the end of the current year	18	-24,896

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.

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 2020/21 are as follows:

	£'000
Depreciation on Property, Plant and Equipment – Dwellings	23,626
Depreciation on Property, Plant and Equipment – Other Land and Buildings	43
Depreciation on Property, Plant and Equipment – Surplus Assets	0
Depreciation on Property, Plant and Equipment – Vehicles, Plant, Furniture and Equipment	1
Total Depreciation	23,670
Impairment	3,539
Revaluation loss	-21,500
Total Depreciation and Impairment	5,709

The (restated) net book value of dwellings was £622.041m in 2019/20 and increased by £229k during 2020/21 to £622.270m

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 2020/21 the impairment charge is £3.539m.

6. Debt Management Expenses

This is the total cost of managing the HRA debt portfolio. The cost for 2020/21 was £47k.

7. Movement in the Allowance for Bad Debts

Contributions towards the HRA Allowance for Bad Debt amounted to £1.176m compared with £1.486m in 2019/20.

Cumulative provisions for uncollectable debts are as follows:

	£'000	%
31 March 2020	8,749	90.00
31 March 2021	9,833	90.00

Rent Arrears are analysed below:

2019/20 £'000		2020/21 £'000
4,330	Current Tenants Arrears	5,210
4,938	Former Tenants Arrears	5,269
453	Overpaid Housing Benefit	447
9,721	Total Arrears	10,926

8. Dwelling Rents

This is the total income due for the year after allowing for rent lost on void properties. In 2020/21 the void property rent loss was 2.37% compared with 2.01% in 2019/20.

9. Stock Numbers and Valuations

The opening stock at 1 April 2020 was 21,676 properties, with a closing stock at 31 March 2021 of 21,575. The movements in stock are as follows:

	2019/20	2020/21
Opening Stock	21,736	21,676
Disposals		
Right to Buys	-189	-132
Conversions	0	0
Pending Demolition	-22	-74
Total Disposals	-211	-206
New Additions		
New Build / Acquisitions	151	105
Total Additions	151	105
Closing Stock	21,676	21,575

The balance sheet value for HRA assets is as follows:

	1.4.20 £'000	31.3.21 £'000
Property, Plant and Equipment – Dwellings	626,257	713,291
Property, Plant and Equipment – Other Land and Buildings	6,520	4,880
Property, Plant and Equipment – Assets Under Construction	12,593	5,206
Depreciation on Property, Plant and Equipment – Plant and Equipment	0	0
Property, Plant and Equipment – Surplus	1,739	756
Intangible Assets	0	0
Assets Held for Sale	0	158
Investment Property	277	374
Total HRA Assets	647,386	724,665

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

The market value of HRA properties for 2020/21 was £1.842bn. 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 from £14.390m in 2019/20 to £13.493m in 2020/21. As at 31 March 2021 the amount of HRA debt outstanding was £314.970m.

14. HRA Interest and Investment Income

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

15. Adjustment between Accounting Basis and Funding Basis under statute

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

16. Funding the 2020/21 HRA Capital Expenditure

	£'000
Capital Expenditure 2020/21	
Funded by:	
Contributions from the Major Repairs Reserve	6,137
Borrowing	0
Revenue Contributions to Capital Expenditure	972
Usable Capital Receipts	5,080
Other Grants and Contributions	6,151
Total Funding 2020/21	18,340

The total Capital Grants received in 2020/21 was £5,820m which has been used in full for works completed in 2020/21. £5m of retained Right to Buy receipts were used towards building affordable homes, leaving a balance of £6.404m in retained receipts for future building projects.

Summary of Capital Receipts 2020/21

	£'000
Disposal of Dwellings (Right to Buy)	-5,705
Disposal of HRA Land & Other Receipts	-331
Total Capital Receipts 2020/21	-6,036

17. Transfer to / from Major Repairs Reserve

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

Major Repairs Reserve Movements 2020/21

	£'000
Opening Balance at 1 April 2020	-5,509
Transfers into the MRR 2020/21	-24,663
Expenditure charged to the MRR in 2020/21	6,030
Revenue Provision on legacy debt from the MRR in 2020/21 to the HRA	107
Closing Balance at 31 March 2021	-24,034

This is a statutory reserve maintained to show how the HRA Major Repairs Allowance funding has been used. The reserve commenced the financial year with a balance of -£5.509m.

In 2020/21 funding of -£23.6m was received, which was used in part during the financial year to pay for major refurbishment works to Council dwellings & debt repayments. The reserve has a -£22.9m balance to carry forward to 2021/22.

18. Surplus at 31 March 2021

This is the accumulated HRA surplus as at 31 March 2021. The balance of -£24.8m is carried forward into 2021/22 for use in future years.

THE COLLECTION FUND STATEMENT FOR YEAR ENDED 31 MARCH 2021

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 2019/20 £'000	Council Tax 2019/20 £'000	Total 2019/20 £'000		Business Rates 2020/21 £'000	Council Tax 2020/21 £'000	Total 2020/21 £'000
			Income			
0	144,359	144,359	Council Tax Receivable	0	146,895	146,895
0	0	0	Council Tax Section 13A 1 c Discounts Transferred to General Fund	0	3,432	3,432
84,382	0	84,382	Income from Business Ratepayers	44,184	0	44,184
0	0	0	Contribution towards previous years Collection Fund deficit	0	0	0
84,382	144,359	228,741		44,184	150,327	194,511
			Precepts, Demands and Shares			
78,541	116,707	195,248	Wigan Council	81,732	121,320	203,052
0	17,929	17,929	Greater Manchester Mayoral – Police and Crime Commissioner	0	19,205	19,205
793	5,420	6,214	Greater Manchester Mayoral – Fire Service	826	6,104	6,929
0	1,537	1,537	Greater Manchester Mayoral – Mayor	0	2,282	2,282
1,485	0	1,485	Transitional Protection Payments	1,553	0	1,553
11,306	737	12,042	Contribution towards previous years Collection Fund surplus	1,673	350	2,023
92,125	142,330	234,455		85,784	149,261	235,044
			Charges to Collection Fund			
1,497	1,738	3,235	Increase / Decrease in Bad Debt Provision	4,657	4,170	8,827
1,040	0	1,040	Increase / Decrease in Provision for Appeals	2,896	0	2,896
-1,130	0	-1,130	RV List Amendments charged to Provision	-2,209	0	-2,209
376	0	376	Cost of Collection	369	0	369
1,782	1,738	3,521		5,714	4,170	9,883
-9,526	291	-9,235	Surplus / Deficit (-) arising in the year	-47,313	-3,104	-50,416
11,201	-803	10,398	Surplus / Deficit (-) b/fwd 1 April	1,675	-513	1,162
1,675	-513	1,162	Surplus / Deficit (-) c/fwd 31 March	-45,638	-3,616	-49,254
			Allocated to:			
1,658	-421	1,237	Wigan Council	-45,182	-2,949	-48,131
0	0	0	Central Government	0	0	0
0	-65	-65	Greater Manchester Mayoral – Police and Crime Commissioner	0	-470	-470
17	-20	-3	Greater Manchester Mayoral – Fire Service	-456	-143	-600
0	-6	-6	Greater Manchester Combined Authority	0	-54	-54
1,675	-513	1,162		-45,638	-3,616	-49,254

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, Greater Manchester Fire and Rescue Authority and Greater Manchester Combined Authority (Mayor).

For 2020/21, the proportions were as follows:

	%
Wigan Council	81.47%
Police Crime and Commissioner for Greater Manchester	12.90%
Greater Manchester Fire and Rescue Authority	4.10%
Greater Manchester Combined Authority	1.53%

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 2020/21 was 92,200 (90,413 in 2019/20) calculated as follows:

Tax Base

Council Tax Bands (No. of Properties)			
Band	Number of chargeable dwellings	Multiplier	Band D equivalent dwellings
A	44,761	6/9	29,840
B	26,933	7/9	20,948
C	21,139	8/9	18,790
D	11,490	9/9	11,490
E	6,106	11/9	7,463
F	1,797	13/9	2,595
G	616	15/9	1,026
H	24	18/9	47
Total Band D Equivalent			92,200

The average Council Tax for Band D dwellings for the Council and major precepting authorities was £1,574.55

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 Pilot. 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 £211.192m.

The national multipliers are as follows:

	2019/20	2020/21
Standard Business rate	50.4p	51.2p
Small Businesses rate	49.1p	49.9p

Wigan Council is part of the Greater Manchester 100% business rates pilot. Authorities receive 99% of their business rates income in lieu of Revenue Support Grant and Public Health Grant. The Business Rates shares payable for 2020/21 were estimated before the start of the financial year as £81.732m to Wigan Council (99%), £0.826m 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 2020, it was estimated that the following amounts were due to/from the preceptors in 2020/21.

	Estimated Surplus Council Tax £'000	Estimated Deficit NDR £'000
Wigan Council	289	1,656
Greater Manchester Mayoral – Fire Service	17	17
Greater Manchester Mayoral – Police and Crime Commissioner	44	0
Total	350	1,673

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 – Finance and Legal.
- 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 2nd December 2021 where delegated authority was given, I hereby approve the accounts for Wigan Council for the year ended 31 March 2021.



Councillor Charles Rigby
Chair of Meeting
09 January 2024

The Director – Finance and Legal Responsibilities

The Director – Finance and Legal 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 – Finance and Legal 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
- 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 2021.

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



A Clarke (CPFA) Director – Finance and Legal (Section 151 Officer)
09 January 2024

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, 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

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

DEFERRED LIABILITIES

These are liabilities which are payable beyond the next year and 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 financial statements in order to provide a true and fair view of their financial position and enables a standardised method of comparison with the financial statements of other entities.

L

LOCAL AUTHORITY (SCOTLAND) ACCOUNTS ADVISORY COMMITTEE (LASAAC)

Is an independent committee that develops and promotes proper accounting practice for Local Government

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 2.5% 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 the 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, either at historical cost or current cost less 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 which uses private sector financing to provide public sector assets. The partnership has to meet certain criteria in order 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 date it will arise is uncertain.

PRUDENTIAL BORROWING

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

R

RESERVES

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

REVALUATION RESERVE

This records unrealised 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.

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

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.

<https://www.cipfa.org/>

Code of Practice on Local Government Accounting in the United Kingdom 2018/19

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.

<https://www.greatermanchester-ca.gov.uk/>

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.

<https://www.gov.uk/government/organisations/homes-and-communities-agency>

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)

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.

<https://www.dmo.gov.uk/responsibilities/local-authority-lending-pwlb/about-pwlb/>

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 2019/20, 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/>

FUNDING

D

Dedicated Schools Grant (DSG)

The Council's expenditure on schools is funded primarily by grant monies provided by the DfE. DSG is ring-fenced and can only be applied to meet expenditure 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 the Council, The Greater Manchester Combined Authority and Greater Manchester Mayor for Police and Fire Services. 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.

S

SCHEMES

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

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.