

Wigan Council Statement of Accounts

Wigan
Council



2011/2012



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FOREWORD by Cllr Ged Bretherton Cabinet Member

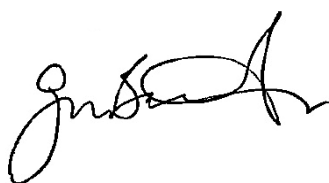
As Cabinet Member Portfolio holder for Efficiency I am responsible for ensuring that Wigan Council makes the most effective use of its resources in order to deliver value for money services for local people.

The 2011/12 financial year has seen the Council reduce its budgets by £21m in response to the funding cuts announced by the Coalition Government. This reduced level of budget places additional pressure on the Council to ensure it delivers its services effectively and efficiently whilst meeting this demanding target. Therefore, it is more important than ever that the in year budget monitoring of the Council's position highlights at an early stage any deviation from the budget, as the non achievement of the required savings would only add to the problem in future years.

It is pleasing to see that the plans put in place by the Council to deliver savings of £21m have been achieved and this together with prudent financial management has resulted in the improved position shown in the 2011/12 Statement of Accounts when compared to the Original Budget. This again emphasises that the Council is operating efficiently and underpins its financial strategy which aims to achieve a balanced budget with no structural funding deficit. What this provides to the taxpayer and the Government is the assurance that the Council takes its responsibility for the accountability of public funds very seriously.

The Council must also ensure that it maintains a level of balances to provide long term stability which assists with budget planning and is available to smooth out wherever possible any year on year increases which may be required from the Council Tax payers of Wigan Borough. The Government has also indicated that further austerity measures may be implemented which could cut funding in Local Government even further. Without a suitable level of balances the Council would be extremely restricted in its ability to respond.

Looking to the future; Wigan Council like many other authorities faces a challenging time with demand for services on the increase as a result of demographic, social and economic factors. I also recognise the pressures facing local people, especially given the current economic climate and residents can be assured that the Council will ensure service delivery and resources are directed towards the priorities of local people.



Councillor Ged Bretherton
30 June 2012

EXPLANATORY FOREWORD by the Director Corporate Services – Resources

Introduction

This document is the Statement of Accounts for Wigan Council. It is a statutory publication that sets out the financial results of the Council's activities for the year ended 31 March 2012. The accounts have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards (IFRS) for 2011/12 and any other Accounting Codes of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The overriding requirement of the Code of Practice is that the Statement of Accounts 'presents a true and fair view' of the financial position and transactions of the Council.

The accounts are extremely detailed and technical, therefore this explanatory foreword will hopefully provide the reader with an easily understandable guide to the most significant matters reported in the accounts. Wherever possible the use of technical language is avoided, however inevitably some technical language is used and a glossary is provided at the back of the publication to explain some of the technical terms.

The Council's accounts for the year 2011/12 are set out in the following document. The key statements are explained below:

- The Comprehensive Income and Expenditure Statement for 2011/12 shows the accounting cost in year of providing services with generally accepted accounting practices, rather than the amount to be funded by taxation. Council's raise taxation to cover expenditure in accordance with regulations, this will generally be different to the accounting cost. The taxation position is contained within the Movement in Reserves Statement.
- The Movement in Reserves Statement shows the movement in year on the different reserves held by the Council, analysed into "usable reserves" (those that can be applied to fund expenditure or reduce taxation) and other reserves.
- The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. For this Statement of Accounts that date is 31 March 2012.
- The Cash Flow Statement which summarises the total movement of cash and cash equivalents during 2011/12.
- The notes to the Statement of Accounts including the statement of accounting policies which explains the basis for the recognition, measurement and disclosure of transactions in the accounts.
- The Housing Revenue Account Comprehensive Income and Expenditure Statement shows the costs in year of providing and operating the Council's housing stock.

- The Collection Fund which separately summarises the transactions in relation to National Non-domestic Rates and Council Tax.
- The Statement of Responsibilities for the Statement of Accounts which sets out the responsibilities of the Council and the Director Corporate Services – Resources for the accounts.

Review of the Financial Year 2011/12

The Council set a revenue budget in 2011/12 of £248.5m. The table below provides details of the final position for 2011/12 and compares the actual income and expenditure with the revenue budget.

	Original Budget	Actual Income and Expenditure	Variation
	£'000	£'000	£'000
Net Position on Services	226,680	233,841	7,161
Passenger Transport Levy	21,800	21,753	-47
Receipts from Council Tax, Business Rates and Revenue Support Grant	-248,480	-248,480	0
Total Surplus(-)/Deficit for the year	0	7,114	7,114

The table above shows a deficit for 2011/12 of £7.114m. However this requires further clarity, which is provided below.

In 2011/12 in addition to the expenditure covered by the approved budget Members agreed that the costs associated with the purchase of bulk bins and waste procurement strategy would be funded from the Council's General Balances. These costs together with monies earmarked to meet future commitments are included within the table above and are in addition to the normal day to day activities of the Council. If these costs are removed then the position on normal Council activity would show a surplus of £2.9m.

The budget set by the Council for 2011/12 included a savings target of £21m as a result of the reduction in Government Funding announced in the Coalition Government's comprehensive spending review. The improved financial position on normal activities means that the £21m target savings have in overall terms been achieved, and will provide a strong platform for the Council moving forwards.

The measures put in place to deliver the required savings have generated additional funds which have been utilised to meet the in year costs of redundancies of £4.5m and have provided the opportunity to put monies aside in reserves to meet future commitments and mitigate the risks that the Council faces over the next few years.

Whilst the surplus above is a welcome benefit to the balances held by the Council, the overall level of balances has fallen due to planned contributions towards the cost of the further roll out of recycling facilities across the borough. As a direct result of the above, the balances of the Council have reduced to £13.479m (£20.591m in 2010/11). Subject to a prudent level, remaining balances will be utilised to support some of the major pressures and issues facing the Council.

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

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

The following tables show the main sources of income that the Council received in 2011/12 and a high level breakdown of the money that it spent on providing services.

Where the Money comes from:

	£'000	%
Grants and Contributions	541,508	51.6
Rents, Fees and Charges	292,793	27.9
Council Tax	112,925	10.7
National Non Domestic Rates	103,134	9.8
Total	1,050,360	100.0

What the Money is spent on:

	£'000	%
Other Operating Costs	644,783	61.4
Employees	299,486	28.5
Capital Financing	86,199	8.2
Interest Payable	27,006	2.6
Transfer to/from Balances	-7,114	-0.7
Total	1,050,360	100.0

Where the Money is spent (significant services only):

	£'000	%
People	486,153	46.3
Places	336,356	32.0
Resources	196,176	18.7
Corporate	38,789	3.7
Transfer to/from Balances	-7,114	-0.7
Total	1,050,360	100.0

Capital Expenditure 2011/12

The Council spent over £155m on its capital programme in 2011/12. The programme underpins the Council's objectives and provides for investment in long term assets which are used to deliver the Council's services. The largest spending areas were :-

	£'000	%
Housing Services	125,831	80.8
Places	17,394	11.2
People	12,413	8.0
Total	155,638	100.0

The capital programme included a payment of £99.083m which related to a payment that the Council had to make to buy itself out of the current Housing Subsidy Scheme. Full details of this transaction are explained later in this foreword.

In addition, a number of capital projects spent less than originally planned in 2011/12 and expenditure on these schemes is re-phased into 2012/13.

Financing of Capital Expenditure

The Council operates a rolling capital programme that is reviewed throughout the year. The programme is funded from a variety of sources which includes, Capital Receipts generated from the sale of council assets, Government grants, contributions from developers and borrowing, both internal and external.

Borrowing Facilities

The majority of all approved borrowing has been secured via the Public Works Loan Board (PWLB). The PWLB offers borrowing at rates only slightly above rates at which the Government secures its borrowing. It has traditionally been considered to be the most cost effective source of obtaining “traditional” funding. The level of PWLB borrowing at 31 March 2012 was £418.255m.

In contrast, the Capital Financing Requirement (as defined in the Prudential Framework for Capital Accounting), which measures the underlying need to borrow to finance capital expenditure was some £588.241m as at 31 March 2012. The Council's adopted strategy in previous years has been to defer elements of its borrowing requirements by funding this temporarily by available ‘free’ internal resources. These are reserves, provisions, creditors and balances.

At the end of the 2011/12 financial year the Council borrowed £99.083m. This was in the form of a special low rate PWLB loan. The loan was used to finance the Council's buy out of the Housing Subsidy system which ceased to exist after the 31 March 2012. Further details are discussed below.

Accounting and Other Matters

There are a number of areas that effect the accounts for the Council in 2011/12. These are discussed in detail below:

Heritage Assets

This is a new requirement introduced under financial reporting standard 30 (FRS 30). A Heritage Asset is one that is intended to be preserved in trust for future generations because of its cultural, environmental or historical association. The Council has reviewed its asset base and identified the following areas as Heritage Assets:

- Museum and Gallery collections
- Civic Regalia
- Public Art works
- Antiquarian Books

Under the new accounting standard, the Council is required to include Heritage Assets on its Balance Sheet, where a value or cost is available. In addition detailed disclosure notes are required which can be seen later in this document.

Private Financing Initiative (PFI)

During 2011/12 the flagship Wigan Life Centre opened its doors for the first time providing a multi agency one stop shop, library, swimming pool and gym facilities. The scheme is operated under a PFI which is a contract between a private contractor and the Council for the use of non current assets. The Council will pay an annual charge for the use of the facility over a 25 year period. The annual charge will be funded from the savings made by rationalising the Council's current office accommodation.

Under accounting regulations the asset, whilst not owned by the Council, has been recognised on the Council's Balance Sheet from 2011/12, as the Council is deemed to have control over the services that are provided and the asset will pass to the Council at the end of the contract. The value of the asset is assessed at £50.5m. Detailed disclosure notes are provided later in the document.

Housing Revenue Account (HRA) Subsidy Buyout

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

The financial impact of moving from the Housing Subsidy system to self financing is significant as the HRA has paid a one off settlement payment to the Government to effectively "buy out" of the current system. The settlement payment was calculated by CLG at £99.083m.

Given the size of this increase in debt, the HRA borrowed from the Public Works Loans Board (PWLB) who have issued a notice offering local authorities a one-off discount from their usual lending rate specifically for borrowing connected with making the subsidy settlement payment. All costs of servicing this additional debt (principal, interest, management) will be paid from the HRA.

The current level of payments into the subsidy system that the Council pays is substantially higher than the costs of borrowing the above sum and therefore there are real benefits to the Council Rent Payer and the HRA.

Revaluation of Assets

The Council values 20% of its assets annually on a 5 year rolling programme. This valuation provides the Council with an up to date value for its asset portfolio and reflects the market conditions. The value of assets can fluctuate significantly due to a number of factors such as, market conditions or obsolescence where physical damage to the asset has occurred. In 2011/12 the valuation of assets resulted in an increase in value of approximately 1%.

The Council also has a programme for asset disposals where it actively engages the market to sell assets no longer deemed of use to the Council. However in certain circumstances assets are treated as disposed of without a sale transaction taking place for example. In 2011/12 Fred Longworth High School became an academy and signed a 125 year lease with the Council for the accommodation. Under accounting rules the asset has been removed from the Council's Balance Sheet. The asset was valued at approximately £12.8m.

Since the end of 2011/12 two more schools have been granted academy status - Hawkley Hall High School (01/05/2012) and Tyldesley Primary (01/04/2012). Both have agreed a 125 year lease with the Council. The combined net book value of the two sites is £15.1m and both schools will be removed from the Council's Balance Sheet in 2012/13.

Housing Revenue Account (HRA)

The Council is required to keep a separate account in respect of Council housing. The HRA will show the major elements of expenditure (maintenance, management, capital financing and negative Housing Subsidy) and income (rents and charges).

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

The HRA commenced the 2011/12 financial year with a surplus of £12.6m and ended the year on 31 March 2012 with an accumulated surplus of £7.1m.

In 2011/12 a £12.7m contribution from the Major Repairs Reserve was used to provide additional funds for housing stock refurbishment. The Major Repairs Reserve balance was £2.171m as at 31 March 2012.

The 2011/12 HRA Capital Programme was supported by £8.049m of revenue resources. The schemes to which this support mainly related were Affordable New Build Housing and Solar PV.

The completion of the Affordable New Build Housing development at The Orchards in Leigh added another 35 dwellings to the HRA rental dwelling portfolio. The Affordable New Build Housing programme was also supported by grant funding from the Homes and Communities Agency. A total of 49 dwellings have been built by the Council since the commencement of the HCA programme and construction will continue in 2012/13 on new sites.

The Solar PV programme saw the installation of Solar PV panels to almost 1,200 HRA dwellings in 2011/12. The HRA investment will provide significant benefits to tenants including addressing fuel poverty and reducing the carbon footprint. The income that HRA earns from the Solar PV Feed in Tariff will be used to invest in HRA services and programmes.

The Council uses Wigan & Leigh Housing Company Ltd to manage the Council's housing stock and other housing activities (Homelessness and Housing Advice for example) that were previously administered by the Housing Department. The Council retains ownership of the housing stock and other associated assets.

From April 2012 the HRA will become a Self Financing account following the ending of the Housing Subsidy system. As part of the transition to Self Financing the Wigan Council HRA had to make a settlement payment to Central Government of £99.083m. This was financed by a portfolio of loans from the Public Works Loans Board. The loans were taken on a maturity basis, repayable between 2053 and 2061, with an average fixed interest rate of 3.5%. The loan structure will provide the HRA with a high degree of future financial certainty.

The HRA ended the 2011/12 financial year on 31 March 2012 with an accumulated surplus of £7.1m. This represents the final surplus position after accounting for the entries within the Movement on the Housing Revenue Account Statement. A prudent level of surplus, £5m, must be retained to cover unforeseen circumstances in 2012/13 and future years.

Schools

Schools have responsibility for their budgets and may carry forward their own balances. In 2011/12 the cumulative level of balances held by the schools has increased by £0.117m and now stands at £23.909m. Whilst these balances are not available to the Council, the level of school balances remains a major concern at both national and local levels and so the Government expects local authorities working with the Schools Forum to continue to review the level of school balances and continue to utilise the clawback scheme to re-distribute excessive and uncommitted surplus revenue funding.

Future Outlook

The current economic climate has had and will continue to have, an impact upon the Council and its financial position. It has been indicated by the Government in announcements that public finances in the future will be tighter and the period of financial constraint will be with us for some time.

The scale of the financial challenges the Council faces over the coming years are unprecedented and has required the Authority to radically rethink about the way in which its services will be delivered in the future. A corporate strategy has been developed which sets out the Council's Vision, Values and Priorities that will assist the whole organisation to focus and move together towards the same long term goals.

The Authority, as part of its Budget setting process, has published a Medium Term Strategy for 2012/13 – 2014/15. The Medium Term Strategy needs to be able to withstand the events that lie ahead and balances and reserves remain an important feature of enabling phased change in a managed way. The Strategy helps to give greater stability and predictability to the Council's finances by looking to the future to ensure strategic changes are implemented in a timely manner. The forecast includes a number of assumptions and risks which need careful consideration as to the potential impact upon the level of balances that the Council holds, particularly the uncertainty surrounding the funding of the Council from 2013/14 and beyond.

The Local Government Resource Review has indicated that the funding for the Council will change from 2013/14 to a locally funded solution through Business Rates retention. In addition proposals have been made regarding localising the support for Council Tax. These changes have not yet been defined in detail and are still seen as a significant risk to the Council.

Concluding Remarks

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

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

Further information about the accounts is available from the Finance Division of the Resources Directorate, Civic Centre, Millgate, Wigan. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press. For 2011/12 the inspection date will start on 16 July 2012 and run until 10 August. The appointed date for raising queries with the external auditors will be 13 August 2012.



P McKevitt BA(Hons), ACMA & CGMA
Director Corporate Services – Resources Directorate
30 June 2012

MOVEMENT IN RESERVES STATEMENT 2011/12

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

Single Entity	Note	General Fund Balance £'000	Earmarked GF Reserves £'000	Housing Revenue Account £'000	Major Repair Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2010		44,316	45,966	9,618	0	25,219	125,119	496,510	621,629
Movement in Reserves during 2010/11									
Surplus or (deficit) on provision of services		42,407	0	-220,494	0	0	-178,087	0	-178,087
Other Comprehensive Expenditure and Income		0	0	0	0	0	0	165,792	165,792
Total Comprehensive Expenditure and Income		42,407	0	-220,494	0	0	-178,087	165,792	-12,295
Adjustments between accounting basis & funding basis under regulations	6	-55,715	0	223,306	1,131	-3,906	164,816	-164,816	0
Net Increase / Decrease before Transfers to Earmarked Reserves		-13,308	0	2,812	1,131	-3,906	-13,271	976	-12,295
Transfers to / from Earmarked Reserves	26	-10,417	10,417	210	-210	0	0	0	0
Increase / Decrease in Year		-23,725	10,417	3,022	921	-3,906	-13,271	976	-12,295
Balance at 31 March 2011 carried forward		20,591	56,383	12,640	921	21,313	111,848	497,486	609,334
Movement in Reserves during 2011/12									
Surplus or (deficit) on provision of services		-24,246	0	-113,924	0	0	-138,170	0	-138,170
Other Comprehensive Expenditure and Income		0	0	0	0	0	0	-90,096	-90,096
Total Comprehensive Expenditure and Income		-24,246	0	-113,924	0	0	-138,170	-90,096	-228,266
Adjustments between accounting basis & funding basis under regulations	6	29,608	0	108,434	1,250	555	139,847	-139,847	0
Net Increase / Decrease before Transfers to Earmarked Reserves		5,362	0	-5,490	1,250	555	1,677	-229,943	-228,266
Transfers to / from Earmarked Reserves	26	-12,474	12,474	0	0	0	0	0	0
Increase / Decrease in Year		-7,112	12,474	-5,490	1,250	555	1,677	-229,943	-228,266
Balance at 31 March 2012 carried forward		13,479	68,857	7,150	2,171	21,868	113,525	267,544	381,069

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT FOR YEAR ENDED 31 MARCH 2012

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

2010/11 Gross Expenditure	2010/11 Gross Income	2010/11 Net Expenditure		Notes	2011/12 Gross Expenditure	2011/12 Gross Income	2011/12 Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
			Expenditure On Services				
37,236	30,609	6,627	Central Services to the Public		35,730	28,808	6,922
24,440	8,964	15,476	Planning Services		20,390	9,834	10,556
24,841	124	24,717	Cultural and Related Services		20,677	876	19,801
			Environmental and Regulatory				
38,931	10,334	28,597	Services		32,865	3,750	29,115
362,097	276,419	85,678	Children's & Education Services		336,885	263,385	73,500
48,194	5,472	42,722	Highways & Transport Services		43,997	5,352	38,645
155,386	165,186	-9,800	Housing Services		190,231	175,466	14,765
228,825	0	228,825	Exceptional Item - Housing Stock	5	0	0	0
0	0	0	Exceptional Item – HRA Subsidy	5	99,083	0	99,083
122,881	38,057	84,824	Adult Social Care		110,366	36,922	73,444
8,596	530	8,066	Corporate & Democratic Core		8,039	350	7,689
13,463	0	13,463	Non Distributed Costs		5,949	0	5,949
-97,100	0	-97,100	Exceptional Pension Adjustment	5	0	0	0
967,790	535,695	432,095	Net Cost Of General Fund Services		904,212	524,743	379,469
2,067	1,212	855	Other Operating Expenditure	7	21,790	4,623	17,167
135,622	105,576	30,047	Financing and investment income and expenditure	8	156,182	125,491	30,691
0	284,910	-284,910	Taxation and Non Specific Grant Income	9	0	289,157	-289,157
1,105,479	927,393	178,087	Surplus (-) or Deficit on the provision of services		1,082,184	944,014	138,170
		-9,092	Surplus or deficit on revaluation of Property, Plant and Equipment assets				-9,404
		0	Surplus or deficit on revaluation of available for sale financial assets				0
		-156,700	Actuarial gains / losses on pension assets / liabilities				99,500
		-165,792	Other Comprehensive Income and Expenditure				90,096
		12,295	Total Comprehensive Income and Expenditure				228,266

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

Paul McKevitt

P McKevitt BA(Hons), ACMA & CGMA
Directorate Corporate Services – Resources Directorate
30 June 2012

BALANCE SHEET AS AT 31 MARCH 2012

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 1.4.10 £'000	Restated 31.3.11 £'000		Notes	31.3.12 £'000
1,725	1,999	Intangible Assets	13	2,073
1,336,725	1,096,009	Property, Plant and Equipment	1 & 10	1,108,247
3,069	3,069	Heritage Assets	1	2,696
34,228	35,598	Investment Property	11	36,800
10,766	10,765	Long Term Investments	16	10,765
11,480	13,383	Long Term Debtors	16	13,721
1,397,993	1,160,823	Long Term Assets		1,174,302
1,112	854	Inventories	19	866
51,319	49,737	Short Term Debtors	20	43,253
1,146	1,723	Assets Held for Sale	23	3,537
47,793	41,377	Cash and Cash Equivalents	21	47,169
895	851	Intangible Current Assets (LATS)		690
102,265	94,542	Current Assets		95,515
9,644	30,749	Short Term Borrowing	16	53,332
83	16,851	Provisions	25	3,259
67,125	63,670	Creditors	24	55,842
76,852	111,270	Current Liabilities		112,433
5,394	3,171	Provisions	25	3,696
345,100	319,192	Long term borrowing	16	417,492
17,333	16,393	Other Long Term Liabilities	17	62,318
433,213	195,480	Defined Benefit Pension Scheme	41	292,134
736	525	Capital Grants Receipts in Advance	37	675
801,776	534,761	Long Term Liabilities		776,315
621,630	609,334	Net Assets		381,069
125,119	111,848	Usable Reserves	26 & 27	113,525
496,511	497,486	Unusable Reserves	28	267,544
621,630	609,334	Total Reserves		381,069

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 2012.

Paul McKevitt

P McKevitt BA(Hons), ACMA & CGMA
Director Corporate Services – Resources Directorate
30 June 2012

CASH FLOW STATEMENT FOR YEAR ENDED 31 MARCH 2012

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

2010/11 £'000		Notes	2011/12 £'000
	Operating Activities		
178,087	Net Surplus or Deficit on the provision of services		138,170
-243,698	Adjustments to net surplus or deficit on the provision of services for non cash movements	22	-74,581
27,098	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	22	13,621
25,682	Interest Paid		23,258
0	Interest element of PFI rental payments		2,534
-3,424	Interest Received		-1,498
-1,441	Dividends Received		-1,337
-20,817	Reversal of operating activity items included in the net surplus or deficit on the provision of service		-22,957
-216,600	Net Cash flows from Operating Activities		-60,960
	Investing Activities		
	Cash Outflows:		
53,773	Purchase of Fixed Assets		43,656
1,910	Other Capital Cash Payments		343
	Cash Inflows:		
-2,815	Sale of Fixed Assets		-4,705
-24,283	Capital Grants Received		-8,916
28,585	Net Cash flows from Investing Activities		30,378
	Financing Activities		
9,647	Repayments of Amounts Borrowed – PWLB		783
1,248	Repayments of Amounts Borrowed – Transferred Debt		1,109
0	Cash Receipts from Long and Short Term Borrowing		-121,666
5,449	Other payments for financing activities		5,985
0	Payment for reduction of liability relating to PFI		409
16,344	Net Cash flows from Financing Activities		-113,380
6,416	Net increase (-) / decrease in cash and cash equivalents		-5,792
47,793	Cash and cash equivalents at the beginning of the reporting period		41,377
41,377	Cash and cash equivalents at the end of the reporting period	21	47,169

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NOTES TO THE CORE FINANCIAL STATEMENTS

1. Heritage Assets

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

	Antiquarian Books £'000	Art & Artefacts £'000	Civic Regalia £'000	Outside Artwork £'000	Total £'000
Cost or Valuation					
1 April 2010	856	1,386	366	461	3,069
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Revaluations	0	0	0	0	0
Impairment Losses / (reversals) recognised in the Revaluation Reserve	0	0	0	0	0
Impairment Losses / (reversals) recognised in the Surplus or Deficit on the Provision of Services	0	0	0	0	0
31 March 2011	856	1,386	366	461	3,069

	Antiquarian Books £'000	Art & Artefacts £'000	Civic Regalia £'000	Outside Artwork £'000	Total £'000
Cost or Valuation					
1 April 2011	856	1,386	366	461	3,069
Additions	0	0	0	83	83
Disposals	-311	0	0	0	-311
Revaluations	0	0	0	0	0
Reclassifications	-145	0	0	0	-145
Impairment Losses / (reversals) recognised in the Revaluation Reserve	0	0	0	0	0
Impairment Losses / (reversals) recognised in the Surplus or Deficit on the Provision of Services	0	0	0	0	0
31 March 2012	400	1,386	366	544	2,696

Antiquarian Books

Wigan Library Service has a number of Antiquarian Books which are considered to be rare and valuable. The majority of these books were purchased during the 19th and 20th century by a succession of Wigan Librarians. A number of these books were identified for disposal as the Library Service did not have the resources or expertise to care for them. Many books needed to be housed in climate controlled conditions and could not be publicly displayed due to age, condition and value.

Bonham's Auctioneers were approached and they identified a number of books that would be saleable at auction. A phased approach was taken and the first phase of books were sold at auction for £0.395m. A further batch of books are currently held by Bonham's awaiting future book sales with an estimated value of £0.145m

Arts and Artefacts

Details of all the Authority's Arts and Artefacts collection is held on the museum database at the Museum of Wigan Life. The collection includes one oil painting of significant value, 'Going North' painted by George Earl 1856 to 1883. The painting depicts wealthy travellers departing from Kings Cross station for Scotland for the start of the grouse shooting season. The painting came into the collection in 1922 from a local resident, Alexander Young. 'Going North' was last valued in October 1993 at £700,000 by Philip's Auctioneers.

A large number of the Authority's Heritage Assets are available for the public to view in the Museum of Wigan Life and a small number of items are displayed at various sites around the borough. Temporary exhibitions of the collection are occasionally set up and at various times items of Heritage Assets are loaned to other museums outside the Wigan Borough.

Civic Regalia

These are commemorative items relating to duties of civic office. Many items are displayed in Wigan and Leigh Town Hall and can be viewed by the public with prior appointment.

Public / Outside Artwork

A number of statues, sculptures and public artworks are placed within the town centre and around the borough. Public Art is visually and physically accessible to the public and may include temporary works associated with particular locations or events.

The Haigh Windmill has had restoration work completed this year to the value of £0.058m.

Heritage Assets: Change in Accounting Policy required by the Code for 2011/12

Heritage Assets

The Code of Practice on Local Authority Accounting introduced a change to the treatment in accounting for Heritage Assets held by the Authority. As set out in the Accounting Policies, the Authority now requires heritage assets to be carried in the balance sheet at valuation. See Accounting Policies Note 47.

In previous financial years, assets that would have been recognised as heritage assets in accordance with FRS30 were classified as community assets. These included Arts and Artefacts and Civic Regalia, which were held in the asset register with a nominal value of £1.00, totalling £696.00. These assets have now been reclassified as Heritage Assets and included at Insurance Valuation. A number of these items have been classed as de-minimis and therefore not shown on the balance sheet.

A number of Antiquarian Books and Public Artwork / Statues were not previously identified in the balance sheet, the Authority will now recognise an additional £1.342m for these assets. This is reflected by a corresponding increase in the Revaluation Reserve.

The 1 April 2010 and 31 March 2011 Balance Sheets and 2010/11 comparative figures have been restated in the 2011/12 Statement of Accounts to apply the new policy.

The effects of the restatement are as follows:

At 1 April 2010 the carrying amount of the Heritage Assets is presented at its valuation at £3.069m. The element that was previously recognised in property, plant and equipment – community assets has been reclassified. These assets were held at a normal value of £696. The revaluation reserve has increased by £3.069m.

The fully restated 1 April 2010 Balance Sheet is provided on page 12. The adjustments that have been made to that Balance Sheet over the version published in the 2010/11 Statement of Accounts are as follows:

Effect on Opening Balance Sheet 1 April 2010

	Opening Balances as at 1 April 2010 £'000	Restatement £'000	Restatement required to opening balances as at 1 April 2010 £'000
Property, Plant & Equipment	1,336,725	0	1,336,725
Heritage Assets	0	3,069	3,069
Long Term Assets	1,336,725	3,069	1,339,794
Total Net Assets	618,561	3,069	621,630
Unusable Reserves	493,441	3,069	496,510
Net Worth / Total Reserves	618,561	3,069	621,630

Comprehensive Income and Expenditure Statement

There has been no restatement of any of the lines in the CI&E that affects the surplus or deficit on the provision of services.

Movement in Reserves Statement – Unusable Reserves 2010/11

The restatement of the relevant lines on the Movement in Reserves Statement, as of 31 March 2011, as a result of the application of this new accounting policy is presented in the table below:

	As previously stated 31 March 2011 £'000	Restatement 2011 £'000	As restated 31 March 2011 £'000
Balance as at the end of the previous reporting period – 31 March 2010	618,561	3,069	621,630
Surplus / Deficit on the provision of services	178,087	0	178,087
Other Comprehensive Income & Expenditure	-165,792	0	-165,792
Adjustments between the accounting basis and the funding basis under regulations			
Increase / (decrease) in the year	12,295	0	12,295
Balance at the end of the current reporting period 31 March 2011	606,265	3,069	609,334

Effect on Balance Sheet 31 March 2011

The resulting restated Balance Sheet for 31 March 2011 is provided on page 12. The adjustments that have been made to that Balance Sheet over the version published in the 2010/11 Statement of Accounts are as follows:

	As previously stated 31 March 2011 £'000	Restatement 2011 £'000	As restated 31 March 2011 £'000
Property, Plant & Equipment	1,096,009	0	1,096,009
Heritage Assets	0	3,069	3,069
Long Term Assets	1,096,009	3,069	1,099,078
Total Net Assets	606,265	3,069	609,334
Unusable Reserves	494,417	3,069	497,486
Net Worth / Total Reserves	606,265	3,069	609,334

The effect of the change in the accounting policy in 2010/11 has been that heritage assets are recognised at £3.069m on the Balance Sheet, resulting in an increase to the Revaluation Reserve of £3.069m.

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

The adoption of amendments to IFRS 7 Financial Instruments: Disclosures (issued October 2010) by the Code will result in a change in accounting policy in 2012/13. This is not expected to have a material impact on the financial statements of the authority.

3. Critical Judgements in applying Accounting Policies

The Council has relationships with a number of companies over which it has varying degrees of control or influence. Before the introduction of IFRS last year the Council prepared Group Accounts to include those companies where the Council had a significant interest. The Council re assessed both the quantitative and qualitative aspects of materiality and consulted with the Audit Commission for 2010/11. It was determined that the Council does not have to prepare Group Accounts. This is still the position for 2011/12. The three former group companies included the Wigan and Leigh Housing Company, Leigh Sports Village Limited and Wigan Metropolitan Development Company Limited. For the reader's benefit we have continued to include details of the relationship with the Council and financial performance of these companies.

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

The Council is deemed to control the services provided under its PFI arrangement for the Wigan Life Centre. This assessment was based on advice received from expert external advisors. The accounting policy for PFI's and similar arrangements has been applied to these arrangements and the assets value at £50.5m are recognised as Property, Plant and Equipment in the Balance Sheet.

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

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

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

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

Plant, Property and Equipment

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

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

Pensions

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

The effects on the net pensions liability of changes in assumptions can be measured. For instance, a change in the discount factor of + or – 0.5% would change the liability by £90.0m. A change in excess of earnings of + or – 0.5% would potentially change the total liability by £24.0m. An increase in excess of pensions of 0.5% would change the liability by £65.0m and an increase in longevity of 1 year would result in a £29.0m increase in the total liability. However, the assumptions interact in complex ways and changes to other estimates and actuarial assumptions may produce a different impact upon the total liability.

5. Material items of Income and Expenditure

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

There is a requirement under IAS19 to account for the cost of pensions. This figure fluctuates each year due to a number of factors such as, the discount rate that is used, changes in mortality rates and changes in contribution rates. However in 2010/11 a further substantial change occurred. In June 2010 the Government introduced a change in the way that pension increases were to be calculated. The calculation used the consumer price index (CPI) rather than the retail price index (RPI). As the CPI is nearly always lower than the RPI then a significant reduction in overall pension liabilities of £97.100m occurred. There is no impact in 2011/12 as can be seen below.

The table below shows the comparison between 2010/11 and 2011/12

Service	Net Expenditure 2010/11 £'000	Net Expenditure 2011/12 £'000	Difference £'000
Exceptional Pension Adjustment	-97,100	0	97,100

Capital Charges

The Services shown on the face of the CIES are charged with a number of items relating to the cost of capital in line with the accounting code of practice. These charges include Depreciation, Revaluation Losses and Impairment.

In 2010/11 there was a significant change in the level of revaluation. The significant changes related to a drop in the value of the Council Housing stock as a result of a change in the valuation calculation introduced by the Government. In 2011/12 the change in value due to revaluation was only £6m and is therefore not deemed to be material and is included within the Housing Services line on the face of the CIES.

The table below shows the comparison between 2010/11 and 2011/12

Service	Net Expenditure 2010/11 £'000	Net Expenditure 2011/12 £'000	Difference £'000
Housing Services – Exceptional Item	228,825	0	-228,825

Both the Pension Charges and the Capital Charges above do not impact upon the balances of the Council and have no impact upon the Council Tax.

Housing Subsidy

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

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

The table below shows the comparison between 2010/11 and 2011/12

Service	Net Expenditure 2010/11 £'000	Net Expenditure 2011/12 £'000	Difference £'000
Housing Services – Exceptional Item	0	99,083	99,083

6. Adjustments between Accounting Basis and Funding Basis under regulations

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

2010/11	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	24,046	31,015	0	0	0	-55,061
Revaluation losses on PP&E	20,967	211,828	0	0	0	-232,795
Movements in the market value of Investment Properties	-1,986	-47	0	0	0	2,033
Amortisation of intangible assets	250	74	0	0	0	-324
Capital grants and contributions applied	-12,539	-2,244	0	0	0	14,783
Revenue expenditure funded from capital under statute	16,352	0	0	0	0	-16,352
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	224	1,467	0	0	0	-1,691
Insertion of items not debited or credited to the CIES:						
Statutory provision for the financing of capital investment	-10,361	0	0	0	0	10,361
Capital expenditure charged against the General Fund and HRA balances	-3,077	-2,417	0	0	0	5,494
Adjustments involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the CIES	-11,247	0	0	0	11,247	0
Application of grants to capital financing transferred to the CAA	0	0	0	0	-15,153	15,153
Adjustments involving the Capital Receipts Reserve:						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	-356	-2,459	0	2,815	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	-950	0	950
Contribution from the Capital Receipts Reserve towards admin costs of non current asset disposals	0	136	0	-136	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1,729	0	0	-1,729	0	0
Adjustments involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	0	-14,047	14,047	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	-12,916	0	0	12,916
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	0	0	0	0
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CIES	-55,400	0	0	0	0	55,400
Employer's pensions contributions and direct payments to pensioners payable in the year	-25,634	0	0	0	0	25,634
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	-487	0	0	0	0	487
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	1,804	0	0	0	0	-1,804
Total Adjustments	-55,715	223,306	1,131	0	-3,906	-164,816

7. Other Operating Expenditure

31.3.11 £'000		31.3.12 £'000
114	Parish Precepts	73
-988	Gains (-) and Losses on Disposal of Non Current Assets	15,702
1,729	Payment to Housing Capital Receipts Pool	1,392
855		17,167

8. Financing and Investment Income and Expenditure

31.3.11 £'000		31.3.12 £'000
26,827	Interest payable and similar charges	27,006
-5,031	Investment receivable and similar income	-4,077
7,257	Trading Accounts	-1,822
-7,673	NWIEP Holding Account	7,420
-2,033	Gains & Losses on the Revaluation of Investment Property	-836
10,700	Pension interest cost and expected return on pension assets	3,000
30,047		30,691

9. Taxation and Non Specific Grant Income

31.3.11 £'000		31.3.12 £'000
-112,991	Council Tax Income	-112,925
-116,207	National Non Domestic Rates	-103,135
-45,982	Other Non Ring Fenced grants	-61,283
-9,730	Capital Grants and Contributions	-11,814
-284,910		-289,157

10. Property, Plant and Equipment

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

	Council Dwellings	Other Land & Buildings	Vehicles Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	PP & E Assets Under Construction	Total	PFI Assets Included in PP & E
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or value at 1.4.11	610,532	399,760	13,621	160,858	2,349	16,064	8,243	1,211,427	
Additions	22,159	59,146	3,616	8,682	24	200	1,677	95,504	50,500
Revaluation increases/decreases to Revaluation Reserve	0	11,405	0	0	60	1,527	0	12,992	
Revaluation increases/decreases to surplus/deficit on the provision of services (SDPS)	-37,116	-10,589	0	-3,240	-1,200	-771	-2,926	-55,842	
Derecognition – Disposals	-904	-16,878	-291	-2,564	0	-120	0	-20,757	
Derecognition – Other	0	-1,766	-3,116	0	0	-1,881	0	-6,763	
Reclassified to/from held for sale	0	-2,263	0	0	0	-821	0	-3,084	
Other Movements	1,026	528	0	735	724	1,730	-5,283	-540	
At 31.3.12	595,697	439,343	13,830	164,471	1,957	15,928	1,711	1,232,937	50,500
Depreciation & Impairment at 1.4.11	31,151	23,892	9,147	51,097	1	130	0	115,418	
Depreciation	13,979	5,799	1,514	6,091	0	67	1	27,451	
Depreciation written out to the Revaluation Reserve	0	-2,524	0	0		-124	0	-2,648	
Depreciation written out to SDPS	-13,836	-1,278	0	-1,932	0	-19	0	-17,065	
Impairment losses/reversals to Revaluation Reserve	0	6,235	0	0	0	0	0	6,235	
Impairment losses/reversals to SDPS	-4,876	6,212	0	0	0	2,045	0	3,381	
Derecognition – Disposals	0	-1,165	-250	0	0	-2	0	-1,417	
Derecognition - Other	0	0	-3,017	0	0	-1,881	0	-4,898	
Eliminated on reclassification to held for sale	0	0	0	0	0	0	0	0	
Other Movements	0	-2,137	0	0	131	238	1	-1,767	
At 31.3.12	26,418	35,034	7,394	55,256	132	454	2	124,690	0
Net Book Value at 31.3.12	569,279	404,309	6,436	109,215	1,825	15,474	1,709	1,108,247	50,500
Net Book Value at 31.3.11	579,381	375,868	4,474	109,761	2,348	15,934	8,243	1,096,008	0

Capital Commitments

As at 31 March 2012, the Council was contractually committed to the following major items of capital work:

	£'000	Start Date	Projected End Date
Mesnes Park Restoration Project Phase 2	2,286	2011	2013
Wigan Wallgate Townscape Heritage	1,622	2011	2013
Platt Bridge Community School – Rivington Avenue	1,340	2011	2013
Orrell St James – Extension	1,285	2011	2013
Mesnes Park Restoration Project Phase 1	441	2008	2012

Although not yet contractually committed, the following major schemes over £1m are also in the programme for 2012/13 onwards:

	£'000	Start Date	Projected End Date
LSM Busway (On Highway Works)	6,050	2012	2014
Learning Alliance East (Hesketh Fletcher)	5,430	2012	2014
St Phillips – Additional Places	1,900	2012	2014
Learning Alliance West (PEMBEC)	1,675	2012	2014
Borsdane Precinct Development	1,487	2012	2014
Parklee – Additional Places	1,000	2012	2014

Property, Plant and Equipment Valuation

The Council's property portfolio, which comprises both freehold and leasehold properties, has been valued on the bases outlined below, which accord with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. The valuations were undertaken by RICS qualified personnel from the Council's Property Services staff. Not all properties were inspected, as this was neither practicable nor considered by the Valuer to be necessary for the purpose of the valuation. Inspections were carried out between April 2011 and March 2012. The actual date of valuation was 1 April 2011.

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

The Council carries out a rolling programme of revaluations that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years, although material changes to asset valuations are recognised as they occur. All valuations were carried out internally in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Vehicles, Plant and Equipment are carried at depreciated historical cost rather than depreciated replacement cost due to the short useful lives and low values of these assets. This is in accordance with paragraph 4.1.2.29 of the Code. Where the fair value – existing use value for a property could not be determined because there was no market value for the asset, the depreciated replacement cost method of valuation was employed. All valuations comply with those definitions settled by the International Valuation Standards Committee.

Property, Plant and Equipment Valuation

	Council Dwellings	Other Land & Buildings	Vehicles Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	PP & E Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Depreciated Historical Cost	0	0	6,436	109,215	1,825	0	1,709	119,185
Fair Value – Existing Use Value – Social Housing	569,279	0	0	0	0	0	0	569,279
Fair Value – Existing Use Value	0	404,309	0	0	0	15,474	0	419,783
Net Book Value at 31.3.12	569,279	404,309	6,436	109,215	1,825	15,474	1,709	1,108,247

11. Investment Properties

The following items of income and expense have been accounted for in the Comprehensive Income and Expenditure Statement:

31.3.11 £'000		31.3.12 £'000
-1,852	Rental income from Investment Property	-1,936
357	Direct operating expenses arising from Investment Property	360
-1,495	Net gain/loss (-)	-1,576

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

	2010/11 £'000	2011/12 £'000
Balance at start of the year	34,228	35,598
Additions:		
Purchases	0	0
Construction	0	0
Subsequent expenditure	15	0
Disposals	-55	-175
Net gains/losses (-) from fair value adjustments	2,033	837
Transfers:		
to/from Inventories	0	0
to/from Property, Plant and Equipment	-623	540
Other changes	0	0
Balance at end of the year	35,598	36,800

12. Private Finance Initiative (PFI)

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

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

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

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

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

Property, Plant and Equipment

The Joint Service Centre provided under the contract is recognised on the Council's Balance Sheet at £50.5m.

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 2012 (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 2012/13	513	6,023	1,327	7,863
Within 2 – 5 years	3,595	28,962	7,149	39,706
Within 6 – 10 years	4,681	26,318	8,087	39,086
Within 11 – 15 years	9,425	22,474	9,152	41,051
Within 16 – 20 years	13,699	15,545	10,351	39,595
Within 21 – 25 years	16,757	4,291	7,701	28,749
Total	48,670	103,613	43,767	196,050

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:

	2011/12 £'000	2012/13 £'000
Balance at start of the year	50,500	48,670
Payments during the year	-1,830	-513
Balance outstanding at year end	48,670	48,157

The Council receives PFI grant from the Government to part fund the scheme, the annual grant is £6.023m (£150.586m over 25 years). The Council is committed to making gross payments estimated at £217.051m. However the net cost to the Council after the PFI grant is £66.465m.

13. Intangible Assets

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

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

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.384m charged to revenue in 2011/12 was charged to the Appropriate Service Revenue Account.

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

	2010/11 Other Assets £'000	2011/12 Other Assets £'000
Balance at start of year:		
Gross carrying amounts	3,233	3,831
Accumulated amortisation	-1,508	-1,832
Net carrying amount at start of year	1,725	1,999
Additions:		
Purchases	598	458
Amortisation for the period	-324	-384
Net carrying amount at end of year	1,999	2,073
Comprising:		
Gross carrying amounts	3,831	4,289
Accumulated amortisation	-1,832	-2,216
	1,999	2,073

There are several items of capitalised software as follows:

	Carrying Amount		Remaining Amortisation Period
	31 March 2011 £'000	31 March 2012 £'000	
Agresso System – Trading	569	411	1 - 8 Years
Housing SX3 – Housing Services	304	229	2 - 4 Years
Social Services ANITE – Adult Services	261	203	1 - 8 Years
Customer Relationship Management System – Trading	342	302	4 - 9 Years
HR & Payroll – Trading	523	716	5 Years
Revenue & Benefits IT System - Trading	0	211	10 Years

14. Impairment Losses

During 2011/12 the Council recognised total impairment losses of £28.0m (2010/11 £29.5m), of which £12.4m (2010/11 £17.2m) was in respect of its council dwellings stock.

The capital expenditure of £20m (2010/11 £17m) on council dwellings during the year, which included £5.8m (2010/11 £5m) on boiler and heating replacements, was initially added to the value of the housing stock, however this was determined by the valuer to be non-enhancing expenditure. The recoverable value of the housing stock was therefore reduced by this amount to Fair Value (Existing Use Value – Social Housing). The impairment loss was charged to the Local Authority Housing line in the Comprehensive Income and Expenditure Statement. The previous year's impairment loss of £17m (2010/11 £20.6m) was written out on revaluation in accordance with the Code. Value in Use was determined using the specific bases and methods of valuation set out in the *Stock Valuation for Resource Accounting – Guidance for Valuers – 2010* published by the Department for Communities and Local Government.

With regard to the remaining £14m (2010/11 £12.3m) impairment losses recognised during the year, the most significant (£10m) related to the change of use of the former Pemberton Business and Enterprise College (PEMBEC) to a 14-19 Centre to be operated by external partners.

15. Capital Expenditure and Capital Financing

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

2010/11 £'000		2011/12 £'000
443,115	Opening Capital Financing Requirement	440,062
	Capital Investment:	
39,639	Property, Plant and Equipment	95,406
15	Investment Properties	0
596	Intangible Assets	457
0	Heritage Assets	83
16,352	Revenue Expenditure Funded from Capital under Statute	10,810
0	HRA – Subsidy Buy Out	99,083
	Sources of Finance:	
-951	Capital Receipts	-3,231
-40,990	Government Grants and Other Contributions	-30,524
	Sums set aside from Revenue:	
-7,483	Direct Revenue Contributions	-11,954
-10,231	MRP / loans fund principal	-11,951
440,062	Closing Capital Financing Requirement	588,241
	Explanation of Movements During Year	
5,634	Increase / (-) Decrease in underlying need to borrow (supported by Government financial assistance)	-2,741
-2,581	Increase / (-) Decrease in underlying need to borrow (unsupported by Government financial assistance)	100,420
0	Assets acquired under PFI contracts	50,500
3,053	Increase / (-) Decrease in Capital Financing Requirement	148,179

16. Financial Instruments

Categories of Financial Instruments

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

	Long-term		Current	
	31 March 2011 £'000	31 March 2012 £'000	31 March 2011 £'000	31 March 2012 £'000
Investments				
Loans and receivables*				
Short Term Investments	0	0	31,993	31,103
Cash at Bank	0	0	9,384	16,066
Unquoted equity investment at cost	10,765	10,765	0	0
Total Investments	10,765	10,765	41,377	47,169
Debtors				
Loans and receivables	13,383	13,721	0	0
Financial assets carried at contract amounts	0	0	49,737	43,253
Less items not classed as Financial Instruments (such as VAT, NNDR, Council Tax, Payments in Advance)	0	0	-16,024	-15,827
Total Debtors	13,383	13,721	33,713	27,426
Borrowings				
Financial liabilities at amortised cost	319,192	417,492	30,749	53,332
Total Borrowings	319,192	417,492	30,749	53,332
Creditors				
Financial liabilities at amortised cost	0	0	0	0
Financial liabilities carried at contract amount	0	0	63,670	55,842
Less items not classed as Financial Instruments (such as VAT, NNDR, Council Tax, Receipts in Advance)	0	0	-22,698	-17,141
Total Creditors	0	0	40,972	38,701
Long Term Liabilities				
PFI	0	48,157	0	0
Other Long Term Liabilities	342	234	0	0
Total Long Term Liabilities	342	48,391	0	0

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

Income, Expenditure, Gains and Losses

31.3.11 £'000	Financial Liabilities measured at amortised cost	31.3.12 £'000
26,653	Interest expense	26,869
26,653	Total expense in Surplus or Deficit on the Provision Services	26,869

31.3.11 £'000	Financial Assets, Loans and Receivables	31.3.12 £'000
-3,654	Interest & Investment income	-2,770
-3,654	Total income in Surplus or Deficit on the Provision Services	-2,770

Fair Value of Assets and Liabilities

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

- estimated ranges of interest rates at 31 March 2012 for loans from the PWLB and for short term investments based on new lending rates for equivalent loans at that date
- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

Financial Liabilities	31 March 2011		31 March 2012	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB borrowing	349,941	381,847	418,255	475,152
Long - term creditors	342	342	48,391	48,391

The Code also allows for an alternative method of calculation to the above based on the premature repayments set of rates. The value of the loans under this method for 2011/12 would be £537.852m (£420.665m in 2010/11).

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans include a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. The commitment to pay interest at above the current market rates increases the amount that the Council would have to pay if the lender agreed to the early repayment of the loans.

Financial Assets	31 March 2011		31 March 2012	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Loans and Receivables	40,744	40,781	31,102	31,105
Long-term debtors	13,383	13,383	13,721	13,721

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

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

Long Term Investments

The value of investments held at 31 March 2012 is analysed below:

31.3.11 £'000		31.3.12 £'000
10,214	Shareholdings in : Manchester Airport Plc Wigan Football Company Ltd Other Investments	10,214
538		538
13		13
10,765		10,765

The Council holds 10,214,000 fully paid £1 ordinary shares in Manchester Airport plc, 5% of the issued shares.

The value of the investment in Manchester Airport is held at historic cost as it has not been possible to establish a reasonable fair value due to the shares not being traded.

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

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

Long Term Debtors

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

They are analysed below:

31.3.11 £'000		31.3.12 £'000
9,267	Manchester Airport	9,267
1,825	Renovation Loans	2,334
1,215	WALH Loan	1,460
581	Car Loans to Staff	321
200	Leigh Sports Village Company Ltd	200
78	Transferred Debt re Pre-1974 functions	72
137	Access to Finance Loans	44
28	Loans for House Purchases	23
52	Salford & Wigan Local Education Partnership	0
13,383		13,721

Short Term Investments

During the year the Council invested its revenue balances, reserves and capital receipts externally in short term deposits. At 31 March 2012 an amount of £31.103m was invested in this way (£31.993m at 31 March 2011).

31.3.11 £'000		31.3.12 £'000
14,010	Royal Bank of Scotland	20,069
5,000	Barclays Bank	9,900
5,633	Lloyds TSB Bank	634
350	Co-operative Bank Plc	500
5,000	Birmingham City Council	0
2,000	Nationwide	0
31,993		31,103

During the year the Council reduced its Counter Party list of financial institutions its Treasury Policy allowed it to place funds with. This was as a result of the falling credit ratings of the banks and building societies concerned. Please note that short term investments are now held on the balance sheet under cash and cash equivalents.

Long Term Borrowing

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

31.3.11 £'000	Source of Loan Outstanding	Increases in year £'000	Decreases in year £'000	31.3.12 £'000
319,172	Public Works Loans Board	99,083	782	417,473
20	Individuals	0	1	19
319,192		99,083	783	417,492

31.3.11 £'000	An Analysis by maturity is:	31.3.12 £'000
782	Maturing within 1-2 years	5,023
57,032	Maturing within 2-5 years	67,056
42,336	Maturing within 5-10 years	32,477
36,905	Maturing within 10-15 years	37,923
84,995	Maturing within 15-20 years	108,357
97,124	Maturing within 20-25 years	67,555
18	Maturing more than 25 years	99,101
319,192		417,492

The accrued interest associated with the PWLB loans is £9.586m. This is included under current liabilities and will be paid in 2012/13.

Short Term Borrowing

At 31 March 2012 the figure for Short Term Borrowing outstanding was £53.332m, (£30.749m in 2010/11).

17. Deferred (Long Term) Liabilities

Deferred liabilities are liabilities which are payable beyond the next financial year. At 31 March 2012, these totalled £62.318m.

31.3.11 £'000		31.3.12 £'000
0	PFI (Wigan Life Centre)	48,157
16,050	Former G.M.C. debt	13,927
314	Home Computer Initiative	211
28	Loan repayments Mortgaged Properties	23
16,392	Balance as at 31st March	62,318

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

The PFI liability represents the outstanding long term liability to the contractor for capital expenditure. See Note 12.

18. Nature and Extent of Risks Arising from Financial Instruments

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

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

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

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

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

Borrowing

The maturity structure of borrowing

The Council is required to set for the forthcoming year only both upper and lower limits with respect to the maturity structure of its projected fixed rate borrowing. The limits are to be expressed as percentages of total projected borrowing. The recommended limits are shown in the table below.

Maturity structure of projected borrowing

	Lower limit	Upper limit
	%	%
10 years and above	50	100
5 years and within 10 years	0	50
24 months and within 5 years	0	50
12 months and within 24 months	0	0
Under 12 months	0	0

The Treasury Management Policy seeks to limit maturing loans to no more than 10% in any year. To assist in this objective there must be flexibility over the repayment periods selected for new borrowing. The maturity profile that is actually chosen for new borrowing would depend on prevailing market conditions. The acceptance of the above limits will give reasonable flexibility in that it would allow:

- At least 50% of all new borrowing to be taken out for 10 years or more
- Up to 50% of new borrowing to be taken out for periods of 2 to 10 years
- No borrowing for less than 2 years

The total principal sums invested for periods longer than 364 days

The Council is required to set a prudential limit on sums invested for periods longer than 364 days. It is not envisaged that there would be any investments held for more than 364 days. The Council also produces an annual report measuring the performance of the treasury management function.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Treasury Policy Statement, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The Statement also imposes a maximum sum to be invested with different financial institutions.

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

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

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

31.3.11 £'000		31.3.12 £'000	Historical experience of default %	Historical experience adjusted for market conditions %	Estimated maximum exposure to default and uncollectability £'000
31,360	Deposits with Banks	31,103	0	0	0
33,713	Trade Debtors	27,426	0.75	0	0

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not generally allow credit for customers but some of the current balance is past its due date for payment. The past due amount can be analysed by age as follows:

2010/11 £'000		2011/12 £'000
13,385	Less than three months	7,403
673	Three to six months	2,851
990	Six months to one year	1,888
2,199	More than one year	3,876

Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

The maturity analysis of financial liabilities is shown below:

2010/11 £'000		2011/12 £'000
25,905	Less than 1 year	782
782	1 – 2 years	5,023
57,032	2 – 5 years	67,056
261,378	More than 5 years	345,413

Market risk

Interest rate risk

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

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

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

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

The table below shows the impact on existing investments had interest rates been 1% higher with all other variables being held constant.

2010/11 £'000		2011/12 £'000
52,006 520	Daily average investment balance (average rate of interest 0.80%) Assuming interest rates 1% higher additional interest received	28,821 282

Price risk

The Council does not generally invest in equity shares but does have shareholdings in Manchester Airport and Wigan Football Company Ltd. However these are not classed as available for sale assets.

Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

19. Inventories

Inventories are defined by the Code as assets and are required to be measured at the lower of cost and net realisable value. The method of valuation for inventories is first in first out (FIFO) or a weighted average costing formula.

	Consumable Stores		Maintenance Materials		Property Acquired or Constructed for Sale		Total	
	2010/11 £'000	2011/12 £'000	2010/11 £'000	2011/12 £'000	2010/11 £'000	2011/12 £'000	2010/11 £'000	2011/12 £'000
Balance outstanding at start of year	501	447	608	406	3	1	1,112	854
Purchases	2,846	4,931	1,198	1,558	0	0	4,044	6,489
Recognised as an expense in the year	-2,900	-4,935	-1,400	-1,450	-1	-1	-4,301	-6,386
Written off balances	0	-53	0	-38	-1	0	-1	-91
Reversals or write-offs in previous years	0	0	0	0	0	0	0	0
Balance outstanding at year-end	447	390	406	476	1	0	854	866

Consumable Stores

This is the stock relating to the Transport DSO, Metrolite Industries, Metrofresh Catering, the Mayor's bar and the Print Unit. Metrolite Industries formally ceased trading on 30 September 2011.

Maintenance Materials

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

Property Acquired

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

20. Debtors

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

31.3.11 £'000		31.3.12 £'000
	Central Government Bodies	
6,953	NNDR	4,452
3,867	Her Majesty's Revenue and Customs - VAT	4,198
1,843	Capital Grants and Contributions	2,061
1,819	Department for Work and Pensions	1,791
0	HM Hindley Young Offenders Institute	451
0	Young People's Learning Agency	321
1,365	Standards Fund and Other Education Grants	0
305	North West Development Agency	0
24	Benefits Subsidy Grant	0
16,176		13,274
	Other Local Authorities	
149	Greater Manchester Police Authority	571
53	Greater Manchester Fire and Rescue Authority	205
0	St Helens MBC	194
150	Greater Manchester Pension Fund	140
0	Lancashire County Council	136
0	Warrington Council	134
0	Other Local Authorities	99
600	Trafford Council	16
600	Stockport Council	16
995	Salford City Council	0
677	GMITA	0
3,224		1,511
	NHS Bodies	
2,490	Ashton, Leigh & Wigan PCT	2,918
2,490		2,918
	Other Entities and Individuals	
2,671	Council Tax	4,985
4,696	Care in the Community	3,087
1,359	Wigan Leisure and Culture Trust	2,667
7,966	Wigan and Leigh Housing Company Ltd	2,218
1,387	Deferred Subsidy Payments Scheme	1,416
1,346	Housing Rent Arrears	936
365	Operating Leases	635
473	Whelco Holdings Ltd	473
363	Supporting People	391
0	Waste Recycling Group	369
377	Yorkshire Purchasing Organisation	347
0	Housing Benefits Overpayments	264
0	United Utilities	249
365	Schools (Various Organisations)	176
0	Leigh Sports Village	168
0	Southern Cross Healthcare Group Plc	130
0	James Hall & Co (Properties Ltd)	129
0	Groundwork Trust	123
0	Grand Arcade Wigan Ltd	106
0	Unit4 Business Software	101
109	Halton Housing Trust	0
36	Interest and Debt Management	0
18	Surestart	0
21,531		18,970
3,130	Sundry Debtors	5,063
3,186	Others	1,517
6,316		6,580
49,737	Net Total	43,253

The Code of Practice no longer requires the disclosure of any provision for bad debts on the face of the debtors note. However it recognises that in certain cases there is a need to record bad debts. Therefore the debtors for Council Tax, Business Rates and Rent Arrears reflects such provisions.

21. Cash and Cash Equivalents

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

31.3.11 £'000		31.3.12 £'000
102	Cash held by the Council (Petty Cash)	78
14,653	Bank current accounts - Schools	20,191
-5,371	Bank current accounts - Council	-4,203
31,993	Short-term deposits	31,103
41,377	Total Cash and Cash Equivalents	47,169

The Cash Overdrawn element (£4.203m) is included within Cash and Cash Equivalents as it is deemed to be integral to the Council's cash management.

22. Cashflow Adjustments Analysis

2010/11 £'000	Adjust Net Surplus or Deficit on the Provision of Services for Non Cash Movements	2011/12 £'000
-27,884	Depreciation	-27,450
-324	Amortisation	-384
-257,393	Impairment and Revaluation Losses	-42,235
-1,279	Increase / decrease in Creditors	7,678
-1,519	Increase / decrease in Debtors	-6,484
-258	Increase / decrease in Stock	12
-14,544	Increase / decrease in Provisions	13,067
81,034	Movement in Pension Liability	2,845
-1,691	Carrying amount of non current assets and non current assets held for sale, sold or derecognised	-20,324
-19,840	Other non cash items charged to net surplus and deficit on the provision of services	-1,306
-243,698	Total	-74,581

2010/11 £'000	Adjust for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	2011/12 £'000
2,815	Proceeds from the sale of PPE	4,705
24,283	Capital Grants credited to surplus of deficit on the provision of services	8,916
27,098	Total	13,621

23. Assets Held for Sale

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

	Current		Non Current	
	2010/11 £'000	2011/12 £'000	2010/11 £'000	2011/12 £'000
Balance outstanding at start of the year	1,146	1,723	0	0
Assets newly classified as held for sale:				
Property, Plant and Equipment	3,958	3,295	0	0
Revaluation loss	-3,369	-976	0	0
Revaluation gains	158	61	0	0
Assets declassified as held for sale:				
Property, Plant and Equipment	0	-66	0	0
Assets sold	-170	-500	0	0
Balance outstanding at year-end	1,723	3,537	0	0

24. Creditors

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

31.3.11 £'000		31.3.12 £'000
	Central Government Bodies	
6,157	Her Majesty's Revenue and Customs	6,812
850	Landfill Allowances (DEFRA)	689
0	Environment Agency	359
0	Benefits Subsidy Payment - CLG	204
265	Housing Right to Buy - Government Pooling of Capital Receipts - CLG	137
241	Adults Services Related (various Government Bodies)	15
7,513		8,216
	Other Local Authorities	
0	Tameside MBC	1,014
3,835	Greater Manchester Pension Fund	956
0	Manchester City Council	634
255	Local Education Authorities	582
0	GMCA	261
0	Other Local Authorities	132
2,268	Various Local Authorities (NWIEP)	0
6,358		3,579
	NHS Bodies	
3,174	Ashton, Leigh & Wigan PCT	2,700
0	Greater Manchester West Mental Health Foundation Trust	658
486	Drug and Alcohol Action Team	251
3,660		3,609
	Other Entities and Individuals	
6,796	Employee Benefits	6,351
6,106	Construction Industry Trade Creditors	4,241
6,508	School Creditors	2,614
1,239	Rent Allowances	2,393
1,744	Teachers Superannuation - Capita	1,590
0	MGB Plastics	1,452
0	Rothwells – PV Scheme	1,154
1,503	Waste Recycling Group	1,149
0	Abraham Guest Academy	1,116
1,709	Contractor Retentions	1,106
1,358	Wigan and Leigh Housing Company Ltd Management Fee	1,077
355	Salaries and Wages Overtime	975
1,048	Council Tax Prepayments	862
0	FFC Recycling (UK) Ltd	727
641	Housing Rents Paid in Advance	605
0	PFI	513
0	Leigh Sports Village	494
0	Highways – Deposits	416
0	Greenbank Partnerships Ltd	408
0	Redundancy Payments	391
0	Central Repairs and Maintenance	288
220	Home Computer Initiative	280
0	Ciceley Commercials Ltd	247
133	NPS Group	241
0	Wigan and Leigh Housing Company Ltd	222
0	Utilities	218
0	Sector Treasury Services Ltd	210
0	CP Davidson & Sons Ltd	179
0	Home to School Transport	176
0	Unique Integrated Systems	145
0	Access for Wigan Ltd	144
0	Unit4 Business Software Ltd	127
0	Inspire 2 Independence Training Ltd	126
0	Philips Lighting	105
463	Wigan Leisure and Culture Trust	42
998	Non LMS Community Education Salaries	0
591	Working Neighbourhood Fund	0
255	AGMA	0
31,667		32,384
5,598	Sundry Creditors	4,454
8,874	Others	3,600
14,472		8,054
63,670	Net Total	55,842

25. Provisions

Current Liability

	Insurance Fund £'000	Redundancy £'000	Equal Pay £'000	CYPS £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2011	2,135	6,065	7,968	651	32	16,851
Additional provisions made in 2011/12	3,838	0	0	324	13	4,175
Amounts used in 2011/12	-3,108	0	-7,335	-45	0	-10,488
Unused amounts reversed in 2011/12	-779	-6,065	0	-436	0	-7,280
Unwinding of discounting in 2011/12	0	0	0	0	0	0
Balance at 31 March 2012	2,086	0	633	494	45	3,258

Long Term Liability

	Insurance Fund £'000	Section 117 Refunds £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2011	2,950	129	92	3,171
Additional provisions made in 2011/12	559	0	1	560
Amounts used in 2011/12	0	-35	0	-35
Unused amounts reversed in 2011/12	0	0	0	0
Unwinding of discounting in 2011/12	0	0	0	0
Balance at 31 March 2012	3,509	94	93	3,696

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

Insurance

At 31st March 2012 the Council held an Insurance provision of £5.596m. This is for future payments of claims made or yet to be made for incidents which occurred before 31st March 2012. These include incidents where a legal liability arises and incidents of damage to Council property. The increase reflects contributions from services. The decrease is mainly attributable to the payment of premiums, the settlement of claims and risk management. The insurance provision is reviewed annually.

Equal Pay

This provision represents the potential cost of settling Equal Pay claims still outstanding as at 31 March 2012.

CYPS

These relate to various provisions held by CYPS in relation to schools support and other various claims for potential compensation.

Section 117

The Council has retained a provision of £0.94m for potential claims under Section 117 of the Mental Health Act 1983. The provision was created in the light of an Ombudsman ruling that clients discharged from detention under Section 117 should not be charged for their aftercare. The provision is to pay for any refunds of clients wrongly charged by the Council, or those who may have arranged and paid for their own care. Three refunds were made during 2011/12.

Other Provisions

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

26. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans. It also shows the amounts used in year to meet General Fund expenditure in 2011/12.

	Balance at 1.4.10 £'000	Transfers Out £'000	Transfers in £'000	Balance at 31.3.11 £'000	Transfers Out £'000	Transfers in £'000	Balance at 31.3.12 £'000
General Fund							
Organisational Transition	2,026	-1,475	6,651	7,202	-2,191	12,164	17,175
School Balances – Delegated Fund	8,857	-563	316	8,610	-400	7,949	16,159
Insurance Reserve	7,273	-1,750	540	6,063	0	779	6,842
Grants Reserve	17,165	-17,165	20,833	20,833	-20,833	5,752	5,752
Legal Costs Reserve	0	0	0	0	0	3,000	3,000
Investment Reserve	0	0	0	0	0	3,000	3,000
DSG Support for Schools	0	0	0	0	0	1,883	1,883
DSG Centrally Held	154	-154	1,044	1,044	-1,044	1,638	1,638
Road Traffic Safety Reserve	0	0	0	0	0	1,500	1,500
Wigan Life Centre	395	0	702	1,097	0	472	1,569
Leigh Sports Village	200	0	400	600	0	400	1,000
Schools Balances - Direct Funding	1,405	-193	127	1,339	-578	58	819
Closed Schools Balances – Delegated Fund	0	0	0	0	-832	1,584	752
Wigan Pier & Robin Park Investment Funds	477	-90	79	466	0	79	545
VAT Reserve	47	0	456	503	0	0	503
Waste Disposal After Care	457	-43	0	414	-16	0	398
DSG Contingency	1,245	0	715	1,960	-2,521	631	70
Other Reserves	25	-13	0	12	0	0	12
Usable Reserves (available)	39,726	-21,446	31,863	50,143	-28,415	40,889	62,617
Manchester Airport	5,702	0	0	5,702	0	0	5,702
Wigan Football Company Shares	538	0	0	538	0	0	538
Usable Reserves (unavailable)	6,240	0	0	6,240	0	0	6,240
Total Reserves	45,966	-21,446	31,863	56,383	-28,415	40,889	68,857

Usable Reserves (available)

Organisational Transition

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

School Balances – Delegated Fund

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

Insurance

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.

Legal Costs Reserve

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

Investment Reserve

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

Dedicated Schools Grant (DSG) - Support for Schools

This represents balances to be set aside to support the total Schools Budget in 2012/13. As agreed by the Schools Forum at its budget setting meeting on 1 March 2012.

DSG Centrally Held

This is the DSG unspent in year in respect of schools budget controlled centrally and not delegated to schools.

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.

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.

Leigh Sports Village

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

Schools Balances - Direct Funding

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

Closed Schools Balances – Delegated Fund

In accordance with the Education Reform Act 1988 individual surpluses/deficits may be carried forward. These balances are committed to be spent on education and are not available to the Council for general use. A distinction has been made between balances accumulated prior to the introduction of the Dedicated Schools Grant (DSG) and those generated by underspends since. This represents the balances of schools that have closed with a surplus that is ringfenced to the DSG and awaits a decision by the Schools Forum as to its use.

Wigan Pier and Robin Park Investment Funds

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

VAT Reserve

This represents previously overpaid output tax reimbursed by HM Customs.

Waste Disposal After Care

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

DSG Contingency

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

Other Reserves

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

Usable Reserves (unavailable)

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

Manchester Airport

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

Wigan Football Company Shares

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

27. Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement on page 10. Movements within the Usable Capital Receipts Reserve are shown in Note 6 on Page 22.

28. Unusable Reserves

Restated 1.4.10 £'000	Restated 31.3.11 £'000		31.3.12 £'000
86,861	94,611	Revaluation Reserve	98,385
847,934	604,743	Capital Adjustment Account	467,745
-433,213	-195,480	Pensions Reserve	-292,134
-79	408	Collection Fund Adjustment Account	-133
-4,992	-6,796	Accumulated Absences Account	-6,319
496,511	497,486	Total Unusable Reserves	267,544

Revaluation Reserve

The Revaluation reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- revalued 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.

Restated 1.4.10 £'000	Restated 31.3.11 £'000		31.3.12 £'000	
91,873	86,861	Balance at 1 April		94,611
50,888	26,852	Upward revaluation of assets	21,229	
-38,929	-17,759	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-11,826	
11,959	9,093	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		9,403
-2,729	-1,343	Difference between fair value depreciation and historical cost depreciation	-1,246	
-14,242	0	Accumulated gains on assets sold or scrapped	-4,383	
-16,971	-1,343	Amount written off to the Capital Adjustment Account		-5,629
86,861	94,611	Balance at 31 March		98,385

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is charged with the cost of acquisition, construction or enhancement, as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

31.3.11 £'000		31.3.12 £'000	
847,933	Balance at 1 April		604,743
	Reversal of items relating to capital expenditure debited or credited to the CI&E:		
-55,061	Charges for depreciation and impairment of non-current assets	-48,533	
-232,795	Revaluation losses on Property, Plant and Equipment	-21,989	
-324	Amortisation of Intangible Assets	-384	
2,033	Movements in the Market Value of Investment Property	836	
0	HRA Settlement Payment to the Secretary of State	-99,083	
-16,352	Revenue expenditure funded from capital under statute	-10,810	
-1,692	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&E	-20,324	
-304,190			-200,287
1,343	Adjusting amounts written out of the Revaluation Reserve		5,629
-302,847	Net written out amount of the cost of non-current assets consumed in the year		-194,658
	Capital financing applied in the year:		
951	Use of the Capital Receipts Reserve to finance new capital expenditure	3,231	
12,915	Use of the Major Repairs Reserve to finance new capital expenditure	12,729	
14,783	Capital grants and contributions credited to the CI&E that have been applied to capital financing	11,847	
15,152	Application of grants to capital financing from the Capital Grants Unapplied Account	5,948	
10,363	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	11,951	
5,493	Capital expenditure charged against the General Fund and HRA balances	11,954	
59,657			57,660
0	Depreciation of non-current asset revaluation gains		0
604,743	Balance at 31 March		467,745

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 shows 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.

2010/11 £'000		2011/12 £'000
-433,213	Balance at 1 April	-195,480
156,700	Actuarial gains or losses (-) on pensions assets and liabilities	-99,500
55,400	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CI&E	-23,700
25,633	Employer's pensions contributions and direct payments to pensioners payable in the year	26,546
-195,480	Balance at 31 March	-292,134

Collection Fund Adjustment Account

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

2010/11 £'000		2011/12 £'000
-79	Balance at 1 April	408
487	Amount by which council tax income credited to the CI&E is different from council tax income calculated for the year in accordance with statutory requirements	-541
408	Balance at 31 March	-133

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.

2010/11 £'000		2011/12	
		£'000	£'000
-4,993	Balance at 1 April		-6,796
4,993	Settlement or cancellation of accrual made at the end of the preceding year	6,796	
-6,796	Amounts accrued at the end of the current year	-6,319	
-1,803	Amount by which officer remuneration charged to the CI&E on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		477
-6,796	Balance at 31 March		-6,319

29. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across panels. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- a. no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- b. the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- c. expenditure on some support services is budgeted for centrally and not charged to directorates.

The income and expenditure of the Council's principal directorates recorded in the budget reports for the year is as follows:

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

Service Information for the year ended 31 March 2011	People £'000	Places £'000	Resources £'000	Total £'000
Fees, charges & other service income	68,739	50,334	50,539	169,613
Government grants and contributions	295,712	102,878	54,785	453,375
Total Income	364,451	153,212	105,324	622,988
Employee expenses	264,609	32,394	31,323	328,326
Other operating expenses	204,647	192,305	75,976	472,928
Support service recharges	34,640	17,732	14,393	66,765
Capital	33,409	24,615	6,313	64,337
Total operating expenses	537,305	267,046	128,005	932,356
Surplus (-)/Deficit on provision of service	172,854	113,834	22,681	309,368

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

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

	Restated 2010/11 £'000	2011/12 £'000
Cost of Services in Service Analysis	309,369	293,346
Services not included in main analysis	210,234	103,625
Amounts not reported to management	-77,392	-10,693
Amounts reported to management not included in the CI&E	-14,554	1,029
Allocation of Recharges	0	0
Trading Accounts	4,438	-7,838
Net cost of services	432,095	379,469

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Service included in the Comprehensive Income and Expenditure Statement.

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

Restated 2010/11	Service Analysis	Service not in Analysis	Amounts not reported to management	Amounts not included in CI&E	Allocation of Recharges	Trading	Net Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income									
Fees, charges & other service income	169,487	72,438	0	-17,978	-42,381	-72,270	109,296	0	109,296
Interest & Investment Income	0	0	0	0	0	0	0	5,031	5,031
Income from Council Tax	0	0	0	0	0	0	0	112,991	112,991
Non Domestic rates	0	0	0	0	0	0	0	116,206	116,206
Government grants & contributions	453,375	0	0	0	0	-26,976	426,399	45,982	472,381
Capital Grant	0	0	0	0	0	0	0	9,730	9,730
Total Income	622,862	72,438	0	-17,978	-42,381	-99,246	535,695	289,940	825,635
Expenditure									
Employee expenses	328,327	20	-78,434	0	0	-35,329	214,584	0	214,584
Other operating expenses	472,802	38,354	1,042	-28,145	-10,003	-52,740	421,310	0	421,310
Support Service recharges	66,765	1,359	0	0	-32,378	-5,240	30,506	0	30,506
Capital charges	64,337	242,939	0	-4,387	0	-1,499	301,390	0	301,390
	0	0	0	0	0	0	0	0	0
Interest payable	0	0	0	0	0	0	0	26,826	26,826
Precepts & Levies	0	0	0	0	0	0	0	114	114
Payments to Housing capital Receipts Pool	0	0	0	0	0	0	0	1,729	1,729
Gain/loss on disposal of non- current assets	0	0	0	0	0	0	0	-988	-988
Gain/loss on investment of reevaluation properties	0	0	0	0	0	0	0	-2,033	-2,033
Trading	0	0	0	0	0	0	0	-416	-416
Pension Interest Costs	0	0	0	0	0	0	0	10,700	10,700
Total expenditure	932,231	282,672	-77,392	-32,532	-42,381	-94,808	967,790	35,932	1,003,722
Surplus (-)/deficit on the provision of services	309,369	210,234	-77,392	-14,554	0	4,438	432,095	-254,008	178,087

30. Trading Operations

Surpluses and Deficits on Trading Accounts

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

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

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

	2011/12 Expenditure	2011/12 Turnover	2011/12 Surplus (-) / Deficit	2011/12 IAS 19 Allocation	2011/12 Post IAS 19 Surplus (-) / Deficit
	£'000	£'000	£'000	£'000	£'000
Highways Maintenance	7,331	7,514	-183	-49	-232
Building Maintenance	7,441	7,567	-126	-36	-162
Transport	5,091	5,300	-209	-18	-227
Metrofresh	8,267	8,123	144	-85	59
Building Cleaning	1,779	1,609	170	-26	144
Total	29,909	30,113	-204	-214	-418
Other Trading Services	48	642	-594	0	-594
Total Trading Services	29,957	30,755	-798	-214	-1,012

SeRCOP classifies support services as trading activities and proposes that any non-material balances remaining at the end of the financial year should be recorded against the financing and investment income line on the face of the CIES. The residual balance on support services at 31 March 2012 was -£0.809m (2010/11 -£0.941m) and is included in the CIES Trading Accounts line of £5.598m. The remaining balance of £7.420m relates to the NWIEP for which the Council is the accountable body.

IAS 19 is a statutory accounting requirement relating to the Local Government Pension Scheme explained in Note 41. The impact of IAS 19 reduced charges to the above services by -£0.214m.

Surpluses and Deficits on Trading Accounts

2010/11 Comparative figures	Expenditure	Turnover	Surplus (-) / Deficit	FRS17 Allocation	Post FRS17 Surplus (-) / Deficit
	£'000	£'000	£'000	£'000	£'000
Highways Maintenance	7,449	7,690	-241	74	-167
Building Maintenance	9,602	9,728	-126	55	-71
Transport	5,139	5,516	-377	26	-351
Metrofresh	9,703	8,133	1,570	121	1,691
Building Cleaning	3,424	3,499	-75	77	2
Total	35,317	34,566	751	353	1,104
Other Trading Services	64	643	-579	0	-579
Total Trading Services	35,381	35,209	172	353	525
Support Services					-941

31. Agency Services

The Council is a billing authority for National Non Domestic Rates (NNDR) and Council Tax. This includes the billing of precepts for the Greater Manchester Police Authority, Greater Manchester Fire and Rescue Authority and the precepts for the parishes of Haigh and Shevington.

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

32. Pooled Budgets

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

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

The total expenditure incurred during 2011/12 under the partnership arrangement was £5.950m (£5.742m in 2010/11). Total joint funding income for 2011/12 was £5.994m (£5.742m in 2010/11).

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

2010/11 £'000	Gross Funding	2011/12 £'000
964	Drug Scheme Funding: Wigan Council	505
3,551	Ashton, Leigh & Wigan Primary Care Trust	4,118
0	Greater Manchester West Mental Health Foundation Trust	26
0	Other	2
4,515	Total Drug Scheme Funding	4,651
1,227	Alcohol Scheme Funding: Ashton, Leigh & Wigan Primary Care Trust	1,343
1,227	Total Alcohol Scheme Funding	1,343
5,742	Total Pooled Budget Funding	5,994

Total 2010/11 £'000	Gross Expenditure	Staff Costs £'000	Non Staff Costs £'000	Overheads £'000	Other £'000	Total 2011/12 £'000
5,742	Adult Pooled Treatment Budget – Drugs & Alcohol Services	206	5,406	173	165	5,950
5,742	Total Expenditure	206	5,406	173	165	5,950
0	Net Over / Underspend (-)					-44

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

The Council is the host organisation for the ICES which it administers on behalf of the two parties. The ICES budget is top sliced by the Council from the Peoples Services capital budget. The Pooled Budget arrangement is currently scheduled to last three years.

The table below shows the total for the year:

Total 2010/11 £'000	Gross Funding	Cash £'000	Grants £'000	In Kind £'000	Other £'000	Total 2011/12 £'000
422	Integrated Community Equipment Service (ICES) Funding: Wigan Council	555	0	0	0	555
366	Ashton, Leigh & Wigan Primary Care Trust	541	0	0	0	541
788	Total ICES Funding	1,096	0	0	0	1,096

Total 2010/11 £'000	Gross Expenditure	Staff Costs £'000	Non Staff Costs £'000	Overheads £'000	Community Equipment £'000	Other £'000	Total 2011/12 £'000
788	Integrated Community Equipment Service (ICES)	231	157	0	708	0	1,096
788	Total Expenditure	231	157	0	708	0	1,096

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

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

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

The table below shows the total for the year:

Total 2010/11 £'000	Gross Funding	Cash £'000	Grants £'000	In Kind £'000	Other £'000	Total 2011/12 £'000
64,671	Single Commissioning Agency (SCA) Funding: Wigan Council	75,021	0	0	0	75,021
95,145		NHS Ashton, Leigh & Wigan	93,923	0	0	93,923
159,816	Total SCA Funding	168,944	0	0	0	168,944

Total 2010/11 £'000	Gross Expenditure	Staff Costs £'000	Non Staff Costs £'000	Overheads £'000	Other £'000	Total 2011/12 £'000
159,816	Single Commissioning Agency (SCA)	17,729	151,215	0	0	168,944
159,816	Total Expenditure	17,729	151,215	0	0	168,944

33. Members' Allowances

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

	2010/11 £'000	2011/12 £'000
Salaries	1,136	1,116
Allowances	5	1
Expenses	17	21
Total	1,158	1,138

The employers' pension contributions associated with these allowances was £0.089m (£0.069m in 2010/11).

34. Officers' Remuneration

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

a)

Total Remun. Incl. pension contrib. 2010/11 £	Name	Job Title	Salary £	Comp. for loss of employ. £	Election Fees £	Leased car & other taxable benefits £	Total Remun. excl. pension contrib. £	Employers Pension Contrib. £	Total Remun. Incl. pension contrib. 2011/12 £
238,258 0	Joyce Redfearn (1) Donna Hall (2)	Chief Executive Deputy Chief Executive	194,798 88,148	104,161	17,471		316,430 88,148	26,970 14,632	343,400 102,780
136,384	Gillian Bishop (3)	Executive Director	136,077		2,339		138,416	22,590	161,006
153,326	Nick Hudson	Executive Director	136,062		135		136,197	22,586	158,783
120,910	Paul McKeivitt (4)	Service Director Corporate Services & Section 151 Officer	105,239		135	6,283	111,657	16,638	128,295
81,761	John Mitchell	Head of Legal & Risk	71,431		301		71,732	11,857	83,589
202,462	Bernard Walker (5)	Executive Director	0				0	0	0
172,213	Kevin Lawson (5)	Service Director – Borough Solicitor	0				0	0	0
140,812	David Smith (5)	Executive Director	0				0	0	0

- (1) The Chief Executive post at Wigan Council includes remuneration as Clerk to Greater Manchester Fire and Rescue Authority. Joyce Redfearn became the Chief Executive of Ashton, Leigh & Wigan PCT (ALWPCT) on 1 January 2011 and therefore the Authority received a 35% contribution from ALWPCT towards the remuneration of Joyce Redfearn.

Joyce Redfearn took voluntary retirement on 31 March 2012, her salary includes redundancy payments as listed.

- (2) Donna Hall was appointed Deputy Chief Executive in August 2011; the annual remuneration for this post is £124,724 - £136,062. With effect from April 2012 Donna Hall was appointed Chief Executive.
- (3) Gillian Bishop took on the responsibilities of the Deputy Chief Executive on an interim basis until the appointment of Donna Hall in August 2011
- (4) Paul McKeivitt is also the Treasurer to Greater Manchester Fire and Rescue Authority which is included in his remuneration.
- (5) These Directors left the Authority in 2010/11 and their details are only shown for comparative purposes.

Other Senior Officers

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

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

b)

Number of Employees 2010/11	Remuneration Band	Number of Employees 2011/12
29*	£50,000 - £54,999	33*
23*	£55,000 - £59,999	6*
26*	£60,000 - £64,999	19*
14*	£65,000 - £69,999	8
5*	£70,000 - £74,999	2*
6*	£75,000 - £79,999	1*
3*	£80,000 - £84,999	0
7*	£85,000 - £89,999	0
4	£90,000 - £94,999	5
4*	£95,000 - £99,999	0
0	£100,000 - £104,999	1
0	£105,000 - £109,999	0
0	£110,000 - £114,999	0
0	£115,000 - £119,999	0
0	£120,000 - £124,999	0
0	£125,000 - £129,999	0
0	£130,000 - £134,999	0
1*	£135,000 - £139,999	0
1*	£140,000 - £144,999	0
123		75

* Figures include redundancy payments

During 2010/11 the Council announced a scheme of early retirement/voluntary redundancy; this scheme continued into 2011/12.

Schools and Colleges Leadership – Heads, Deputies and Assistants

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

c)

Number of Employees 2010/11	Remuneration Band	Number of Employees 2011/12
97*	£50,000 - £54,999	84*
52*	£55,000 - £59,999	61*
34	£60,000 - £64,999	41*
20	£65,000 - £69,999	18
12	£70,000 - £74,999	12*
5	£75,000 - £79,999	10*
9*	£80,000 - £84,999	4
4	£85,000 - £89,999	3
4	£90,000 - £94,999	3
1	£95,000 - £99,999	3
1	£100,000 - £104,999	1
0	£105,000 - £109,999	1
0	£110,000 - £114,999	1
0	£115,000 - £119,999	0
0	£120,000 - £124,999	0
1	£125,000 - £129,999	0
0	£130,000 - £134,999	0
0	£135,000 - £139,999	0
240		242

* Figures include redundancy payments

Exit Packages – Contractual obligation on termination of employment

Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band £'000	
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12
0 - £20,000	1	177	225	220	226	397	2,066	2,794
£20,001 - £40,000	0	25	45	27	45	52	1,188	1,333
£40,001 - £60,000	0	2	3	2	3	4	151	170
£60,001 - £80,000	0	0	1	0	1	0	74	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	1	0	1	0	104
	1	204	274	250	275	454	3,479	4,401

In addition to the above, a further cost of exit packages is the actuarial assessment of accrued pensions for LGPS early retirements. This is £0.879m for the period ending 31 March 2012. It is not possible to divide this figure into the appropriate bands in the table above.

Termination Benefits

The Council terminated the contracts of a number of employees in 2011/12, incurring liabilities of £4.401m (£3.480m in 2010/11). Further details on the number of exit packages and total cost per band is disclosed in the tables above.

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

35. Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors:

	2010/11 £'000	2011/12 £'000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	295	272
Fees payable to the Audit Commission in respect of statutory inspections	0	0
Fees payable to the Audit Commission for the certification of grant claims and returns	80	71
Fees payable in respect of other services provided by the appointed auditor	0	2
Total	375	345

The 2011/12 fees payable to the Audit Commission includes a rebate of £0.024m. The 2011/12 fees payable for other services relate to payment for the National Fraud Initiative received in 2011/12.

36. Dedicated Schools Grant

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

Details of the deployment of DSG receivable for 2011/12 are as follows:

Notes	Central Expenditure £'000 Column 1	Individual Schools Budget £'000 Column 2	Total £'000 Column 3
A			220,089
B			1,763
C			-1,044
D	11,890	208,918	220,808
E	-1,100	-2,237	-3,337
F	10,790	206,681	217,471
G	-8,662		
H		-206,681	
I	0	0	0
J	2,128	0	3,172

- A** DSG figure as issued by the Department of Education on 13 July 2011. This has been adjusted by the Department of Education by £3.337m to give a final distribution of £216.752m
- B** Figure brought forward from 2010/11 as agreed with the Department.
- C** Any amount which the Council decided after consultation with the Schools Forum to carry forward to 2012/13 rather than distribute in 2011/12 – this will be the difference between estimated and final DSG for 2011/12, or a figure (positive or negative) brought forward from 2010/11 which the Council is carrying forward again.
- D** Budgeted distribution of DSG, adjusted for carry forward as agreed with the Schools Forum.
- E** Changes to the initial distribution.
- F** Budgeted distribution of DSG as at the end of the financial year. (After any changes to the initial distribution).
- G** Actual amount of central expenditure items in 2011/12 – amounts not actually spent, eg money that is moved into earmarked reserves, should be included in row J column 1 as carried forward.
- H** Amount of ISB actually distributed to schools (ISB is regarded for DSG purposes as spent by the Council once it is deployed to schools' budget shares).
- I** Any contribution from the local authority in 2011/12 which will have the effect of substituting for DSG in funding the Schools Budget.

J Carry forward to 2012/13, ie:

For central expenditure, difference between final budgeted distribution of DSG (row F column 1) and actual expenditure (row G column 1), plus any local authority contribution (row I column 1).

For ISB, difference between final budgeted distribution (row F column 2) and amount actually deployed to schools (row H column 2), plus any local authority contribution (row I column 2). Over or under-deployment on ISB can arise from transfers from central expenditure during the year, eg for contingencies; or from adjustments to schools' budget shares during the year, eg for named SEN pupils or excluded pupils.

Total is carry forward on central expenditure (row J column 1) plus carry forward on ISB (row J column 2) plus/minus any carry forward to 2012/13 already agreed (row C column 3).

37. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2011/12:

Credited to Taxation and Non Specific Grant Income	Awarding Body	2010/11 £'000	2011/12 £'000
Revenue Support Grant	CLG	16,874	31,879
Early Intervention Grant*	DFE	0	13,964
Capital Grants	Various	9,730	11,814
Learning Disability Health & Reform Grant*	DFE	0	6,797
Private Finance Initiative*	CLG	0	3,765
Council Tax Freeze Grant*	CLG	0	2,830
New Homes Bonus*	CLG	0	1,008
Local Services Support Grant*	CLG	0	891
Magistrates Grant	MoJ	102	106
Probation Grant	MoJ	33	37
Other	CLG	0	7
Area Based Grant	CLG	28,972	0
Total		55,711	73,098

Credited to Services	Awarding Body	2010/11 £'000	2011/12 £'000
Dedicated Schools Grant	DFE	193,083	216,752
HRA Rent Rebates	DWP	44,509	48,555
Rent Allowance Subsidy	DWP	40,447	44,527
Council Tax Benefit	DWP	25,276	25,421
REFCUS Grants	Various	14,308	6,620
Young Peoples Learning Agency (formerly Learning Skills Council)	DFE	4,596	5,116
Pupil Premium Grant *	DFE	0	3,655
Council Tax Admin Grant	DWP	1,843	1,503
NW Coalfields Communities Regeneration	NWDA	1,242	1,410
Housing Benefit Admin Grant	DWP	1,263	1,280
General Education Grants	Various	2,353	879
Youth Justice Board	DOH	675	754
Other Grants	Various	2,109	421
Family Employment Initiative *	CLG	0	324
Drug Intervention Grant *	HO	0	280
Coalfield Regeneration Trust	CLG	471	200
Warm Homes Healthy People *	DOH	0	200
Housing Strategy Grant	CLG	152	190
Workstep Grant	DWP	236	182
Local Delivery Support Grant	DFE	0	166
Intensive Start Up Grants	DWP/NWDA	275	163
Standards Fund Grant	DFE	28,872	0
Surestart	DFE	11,536	0
Capacity Building Support Grant	CLG	10,993	0
Schools Standards Grant	DFE	9,661	0
NWIEP	CLG	8,765	0
Social Care Reform Grant	DOH	2,307	0
Climate Skills Change Grant	DEFRA	1,085	0
Criminal Justice Intervention Programme Grant	HO	937	0
Housing Subsidy Grant	DWP	837	0
Performance Reward Grant	CLG	644	0
Planning Delivery Grant	CLG	335	0
Youth Opportunity Fund	DFE	328	0
Contact Point Grant	DFE	231	0
Youth Crime Action Plan	DFE	185	0
Total		409,554	358,598

* These grants are new for 2011/12

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

Capital Grants & Contributions Receipts in Advance	Awarding Body	2010/11 £'000	2011/12 £'000
Section 106	Various	525	675
Total		525	675

Revenue Grants & Contributions Receipts in Advance	Awarding Body	2010/11 £'000	2011/12 £'000
Open University	HEFCE	167	0
Local Delivery Support Grant	DFE	166	0
Childcare Startup	DFE	162	0
Total		495	0

38. Related Parties

In accordance with International Accounting Standard 24 (IAS24), the Council is required to disclose material transactions with related parties. Related parties are bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. This note exemplifies those transactions between related parties and the Council.

Central Government

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

Members of the Council

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2011/12 is shown in Note 33. Each year the Council invites Members to declare any such interests including related parties. Details of Members' interests, both pecuniary and non-financial are recorded in the Register of Members' Interest, which is open to public inspection at the New Town Hall, Wigan. During 2011/12 there were no reported material transactions with related parties advised by Members.

Chief Officers

The Council operates a Code of Conduct whereby individual Chief Officers are required to disclose any pecuniary and non-financial interests with related parties. In addition, the Council on an annual basis necessitates Chief Officers to make a declaration of any related parties. There were no reported interests in an organisation that generated a related party transaction with the Council in respect of 2011/12.

However the Council's Chief Executive and Director of Corporate Services (Resources Directorate) are also the Clerk and Treasurer respectively to Greater Manchester Fire and Rescue Authority. There is also an arrangement between the Council and Ashton, Leigh and Wigan Primary Care Trust (PCT) of a shared post for the Chief Executive of the Council and the PCT where the Council receives a 35% contribution from the PCT towards the remuneration of the Chief Executive. The Council also paid a 50% contribution towards the remuneration of the Director of Public Health. All Chief Officer remuneration payments are included in detail in Note 34 Officers' Remuneration.

Joint Services and Partnerships

Greater Manchester Combined Authority (GMCA)

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

This development will in the future have financial implications which will impact on the availability and use of resources by Wigan Council and the other Greater Manchester Authorities. This will become clearer as the work of the Combined Authority develops. This Combined Authority was formally established on 1 April 2011.

During 2011/12 levies have been paid to the GMCA of £22.411m.

Local Education Partnership (LEP)

The Council owns a 5% share of a LEP company established in December 2009. This was established as a joint venture with Salford Council (who also own a 5% share) and was expected to deliver the Council's Building Schools for the Future programme. The programme was cancelled as part of the October 2010 spending review.

Association of Greater Manchester Authorities (AGMA)

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

Assisted Organisations

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

The Council also provided Community Services Fee funding of £14.770m during 2011/12 to the Wigan Leisure and Culture Trust.

Accountable Bodies

During 2011/12 the Council acted as accountable body for the North West Improvement and Efficiency Partnership (NWIEP) which is a partnership formed from the merging of the North West Centre of Excellence and the North West Improvement Network.

The Partnership was funded by Central Government over a three year period from 2008/09 to 2010/11 (inclusive). It worked with Councils from the region to deliver a strategy that focused on shaping improvements and efficiencies around the priority outcomes from North West Local Area Agreements and the broader transformation agenda.

Although no Government funding was received in 2011/12, slippage on a number of the projects supported by the partnership resulted in unspent funds totalling £7.6m being brought forward at 1 April 2011. During 2011/12 expenditure of £7.4m was expended.

NWIEP funding is used to benefit all Local Authorities in the North West. However as the accountable body, Wigan includes the associated income and expenditure in the Statement of Accounts.

39. Related Businesses and Companies

Wigan and Leigh Housing Company Limited

This is a company limited by guarantee. The Council is the sole member of the company and has the right to appoint 4 out of 12 Directors. The Council would be able to secure a distribution of assets and could equally dissolve the company. The company has a contractual relationship with the Council and is responsible for the management of the Council's housing stock. The Council paid the Company a management fee of £14.7m for 2011/12.

The company returned a pre-IAS19 profit of £1.378m and a post IAS19 deficit of £0.079m for the financial year 2011/12. Copies of the accounts are available at Unity House, Westwood Park Drive, Wigan, Lancs. WN3 4HE.

The Council has provided to Wigan and Leigh Housing (WALH), a letter of support for their pension liability of £10.5m as assessed by actuarial advice that arises from compliance with IAS19 requirements. This requires the disclosure of what the cost of pension liabilities are as they are being earned by employees irrespective of the fact that they may not be due and payable for many years. WALH has no assets and retains a limited surplus therefore, the pensions liability gives WALH a net deficit position on the balance sheet.

If a letter was not provided by the Council then WALH would not effectively be seen as a going concern and their Auditors would be unable to sign off the accounts.

Wigan Metropolitan Development Company Limited

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

The company returned a pre-tax profit of £7,010 for the financial year 2011/12. Copies of the accounts are available at Wigan Investment Centre, Waterside Drive, Wigan, Lancs. WN3 5OA.

Leigh Sports Village Company Limited

This is a company limited by shares. The Council is the only shareholder. The Council has the ability to dissolve the company and to procure the distribution of its assets, although the Council does not have direct liability for the losses of the company. The company manages the sports facilities at the Leigh Sports Village site. The Council paid the company £0.533m in 2011/12. The company returned a loss of £22,539 in 2011/12. Copies of the accounts are available at Leigh Sports Stadium, Sale Way, Leigh, Lancs. WN7 4JY.

Douglas Valley Communities Ltd

This is a company limited by guarantee. The Council has the right to nominate 4 out of 12 members, hence the Council directly/indirectly holds more than 20% of the company's voting power.

Douglas Valley Properties Ltd

This is a company limited by guarantee. The Council has the right to appoint 3 out of the 9 members. The Council and Douglas Valley Communities Ltd must consent to the acquisition of any interest in land or premises by the Company and further, that the Council and Douglas Valley Communities Ltd may determine what the Company may do with its profits. The Council paid the company £0.445m in 2011/12

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

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

There are two companies that the Council has a financial interest in;

Wigan Football Company Limited

This Company operates the DW Stadium at Robin Park, Wigan. The Council holds 4,499,492 ordinary £1 shares, which is 15% of the total issued. These have been valued at £538,000 in the Council's accounts. The Company is limited by shares and the Council has no liability for losses. Copies of the accounts can be obtained from the registered office at DW Stadium, Loire Drive, Robin Park, Wigan, Lancs. WN5 0UH. The Wigan Football Company financial position is summarised below:

Year ended 31.5.10 £'000		Year ended 31.5.11 £'000
27,938	Company's Net Assets	27,740
167	Company's profit / (loss) before tax	-168
75	after tax	-199

During 2011/12, there were no amounts received by the Council as dividends or amounts written down in respect of the investment held.

Manchester Airport Group

This Company operates and develops Manchester International Airport. The Council holds 5% of the issued shares. The company is limited by shares and the Council has no liability for losses. Copies of the accounts are available from Manchester Airport Group, Town Hall, Manchester M20 2LA. Manchester Airport PLC financial position is summarised below:

Year ended 31.3.11 £'000		Year ended 31.3.12 £'000
817,000	Company's Net Assets	761,900
80,600	Company's profit / (loss) before tax	-6,700
84,700	after tax	-9,200

40. Leases

Authority as lessee:

During 2011/12 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 2011/12 was £2.685m (2010/11 £2.813m). The Council also operates a car leasing scheme for its employees. The amount paid under these arrangements in 2011/12 was £0.227m (2010/11 £0.241m).

The Council was committed at 31 March 2012 to making payments of £2.223m under these operating leases in 2012/13, comprising the following elements :-

	Car Lease Info. £'000s	Vehicle, Plant & Equipment £'000s	Property £'000s	Total £'000s
Leases expiring in 2012/13	153	284	5	442
Leases expiring between 2013/14 and 2016/17	19	815	623	1,457
Leases expiring after 2016/17	0	0	324	324
Total Leases	172	1,099	952	2,223

Authority as lessor:

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

The future minimum lease payments receivable are:

	Total £'000s
Leases expiring in 2012/13	151
Leases expiring between 2013/14 and 2016/17	256
Leases expiring after 2016/17	1,330
Total Leases	1,737

41. Pension Schemes

Participation in Pension Schemes

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

The Council participates in two pension schemes:

Teachers' Pension Scheme

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

The Local Government Pension Scheme

Employees other than teachers 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 now recognised in the Net Cost of Service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on cash payable in the year, so the real cost of the retirement benefits is reversed out of the General Fund Balance via the Movements in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance during the year via the Movements in Reserves Statement.

Comprehensive Income and Expenditure Statement

2010/11 £'000		2011/12 £'000
	Net Cost of Service:	
24,200	current service cost	18,500
-96,100	past service cost	200
5,800	settlements and curtailments	2,000
	Net Operating Expenditure:	
55,700	interest cost	47,800
-45,000	expected return on assets in the scheme	-44,800
-55,400	Net Charge to the Comprehensive Income and Expenditure Statement	23,700

For the Teachers' Pension Scheme the Council paid £13.6m in 2011/12 (£14.0m in 2010/11) to Capita Teachers' Pensions. This represents 14.1% (14.1% in 2010/11) of teachers' pensionable pay for the year.

In addition the Council pays the pension payments for teachers relating to added years together with related increases. In 2011/12 these amounted to £4.2m (£4.3m in 2010/11).

Movement in the Reserves Statement - General Fund

2010/11 £'000		2011/12 £'000
55,400	Reversal of net charges made in retirement benefits in accordance with IAS19	-23,700
19,572	Employers' contributions payable to the scheme	20,600
6,061	Retirement benefits payable to pensioners	5,946
81,033	Actual amount charged against the General Fund Balance for Pensions in the year	2,846

Assets and Liabilities in Relation to Post Employment Benefits

Reconciliation of the present value of the scheme liabilities

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Teachers Pension Scheme	
	2010/11 £'000	2011/12 £'000	2010/11 £'000	2011/12 £'000
1 April	1,025,500	819,000	60,300	57,500
Current Service Cost	24,200	18,500	0	0
Interest Cost	52,600	44,800	3,100	3,000
Contributions by scheme participants	8,000	7,200	0	0
Actuarial gains and losses	-174,900	64,900	1,900	-500
Benefits Paid	-29,600	-34,000	-4,300	-4,200
Past Service Costs	-92,600	200	-3,500	0
Curtailments	5,800	2,800	0	0
Settlements	0	-2,400	0	0
31 March	819,000	921,000	57,500	55,800

Reconciliation of the fair value of the scheme assets

2010/11 £'000	Assets: Local Government Pension Scheme	2011/12 £'000
652,600	1 April	681,100
45,000	Expected Rate of Return	44,800
-16,300	Actuarial gains and losses	-35,100
21,400	Employer Contributions	22,400
8,000	Contributions by Scheme participants	7,200
-29,600	Benefits Paid	-34,000
0	Settlements	-1,500
681,100	31 March	684,900

The actual return on scheme assets in the year was £9.8m (2010/11 £43.8m).

In 2011/12 there were two bulk transfers out of the scheme - 74 staff to Fred Longworth High on the 1 September 2011 and a number of staff to Abraham Guest Academy on the 1 January 2012. The figures are shown as settlements in the tables above.

Basis for Estimating Assets and Liabilities

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

The main assumptions used in the calculations by the actuary have been:

2010/11 %	Rate of Return on assets in the scheme – LGPS only	2011/12 %
7.5	Equity Investments	6.3
4.9	Bonds	3.9
5.5	Property	4.4
4.6	Cash	3.5

Mortality Assumptions: Longevity at 65

2010/11		2011/12
20.1 years	Current Pensioners: Male	20.1 years
22.9 years	Female	22.9 years
22.5 years	Future Pensioners: Male	22.5 years
25.0 years	Female	25.0 years
2.8%	Rate of Inflation (Price Increases)	2.5%
4.3%	Rate of increase in salaries (Salary Increases)	4.3%
2.8%	Rate of increase in pensions (Pension Increases)	2.5%
5.5%	Rate of discounting scheme liabilities (Discount Rate)	4.8%
50.0%	Take up of option to convert annual pension into retirement grant	50.0%

Life Expectancy is based on the Fund's VitaCurves.

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

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

2010/11		2011/12
66%	Equity Investments	70%
17%	Bonds	18%
17%	Other Assets	12%

History of Experience Gains and Losses

The actuarial losses identified as movements on the pension reserve in 2011/12 totalled £99.5m can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2012.

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
	%	%	%	%	%	%
Differences between the expected and actual return on assets	0.62	-0.11	11.97	-31.08	-13.04	-7.97
Differences between actuarial assumptions about liabilities and actual experiences	-0.43	-0.02	-0.04	-0.06	8.75	-1.34

Scheme History

Scheme History	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Present Value of Liabilities:	£'000	£'000	£'000	£'000	£'000	£'000
Local Government Pension Scheme	-723,000	-635,200	-620,600	-1,025,500	-819,000	-921,000
Teachers Pension Scheme	-53,800	-52,600	-50,000	-60,300	-57,500	-55,900
Fair Value of Assets in Local Government Pension Scheme	626,400	580,600	480,300	652,600	681,100	684,900
Surplus/Deficit in the scheme:						
Local Government Pension Scheme	-96,600	-54,600	-140,300	-372,900	-137,900	-236,100
Teachers Pension Scheme	-53,800	-52,600	-50,000	-60,300	-57,500	-55,900
Total	-150,400	-107,200	-190,300	-433,200	-195,400	-292,000

The Liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £292.0m has a substantial impact on the net worth of the Council. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Local Government Scheme will be made good by increased contributions over the remaining life of the employees, as assessed by the actuary.

The total contributions expected to be made to the LGPS by the Council in the year to 31 March 2013 will be approximately £18.9m. Expected contributions for the discretionary benefits scheme in the year to 31 March 2013 are £1.746m.

42. Contingent Liabilities

Municipal Mutual Insurance Ltd

MMI Ltd no longer trade as an insurance company but they continue to meet their claims liabilities, in full, from remaining resources.

A Scheme of Arrangement with major creditors has been agreed and became effective, but held in reserve, on the 21st January 1994. The main effect of the Scheme if triggered would be the imposition of a levy on all claims paid since 30th September 1993, the amount liable to the 'clawback' levy if the Scheme is triggered is estimated to be £5.9 Million.

The Greater Manchester Council's (GMC) former insurer was also MMI. As at 31 March 2012 £10.7m of claims relating to GMC had already been paid (£10.7m at 31 March 2011), with outstanding claims estimated at £0.025m (£0.025m at 31 March 2011).

GMC ceased to exist on 31 March 1986 and any residual liabilities are shared between the ten local authorities of AGMA based on the population estimated by the Registrar General on the 30th June which falls 21 months before the beginning of the financial year in which any sum recoverable falls. Wigan's share of this liability is presently 11.7%. Therefore Wigan's share of the ex GMC claims paid and outstanding at 31 March 2012 are £1.250m.

In March 2012 the Supreme Court made a ruling against the company. However MMI has yet to determine whether or not the ruling means that they have to formally trigger the scheme of arrangement. An assessment is underway by the scheme administrator, Creditor's Committee and the Financial Services Authority of the most appropriate way forward.

The Council has also set aside an amount within its insurance provision for potential claims.

Modesole Ltd

As a result of the Council receiving a distribution from the proceeds of Modesole's sale of its shares in the Midland Hotel and Conference Centre, a liability may arise, the extent of which can not yet be determined, to repay its share of a grant given in 1986 towards the refurbishment of the hotel.

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

Pensions Liability for Wigan and Leigh Housing

The Council has provided to Wigan and Leigh Housing (WALH), a wholly owned subsidiary of the Council, a letter of support for the pension liability of £10.5m as assessed by actuarial advice that arises from compliance with IAS19 requirements. This requires the disclosure of what the cost of pension liabilities are as they are being earned by employees irrespective of the fact that they may not be due and payable for many years. WALH has no assets and retains a limited surplus therefore, the pensions liability gives WALH a net deficit position on the balance sheet. If a letter was not provided by the Council then WALH would not effectively be seen as a going concern and their Auditors would be unable to sign off the accounts.

Equal Pay

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

Metrolink

Phase 3a

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

Within the agreement the DFT contribution is capped at £244m in cash and the GMCA and the AGMA authorities are jointly and severally responsible for meeting all costs over and above that sum on the strict understanding that the scope of the scheme granted full approval is delivered. Delivery into service of Phase 3a is phased. The South Manchester line opened in summer 2011 and the line to Oldham opened earlier this month. The East Manchester line to Droylsden is expected to enter service in winter 2012/13. The service from Oldham to Rochdale is expected into service spring/summer 2013.

Phase 3b

The Greater Manchester Transport Fund Accelerated Package includes the Metrolink phase 3b extension from Droylsden to Ashton-under-Lyne. The AGMA authorities reported (in September 2009) a total cost at £89m. The total costs of the works are forecast to be in line with this budget figure.

Construction completion is expected in 2013, with the line entering into service, following testing, commissioning and trial running, in spring 2014.

43. Contingent Assets

Leigh Sports Village Ltd (LSV Ltd)

The Council made a contribution of £0.500m in 2009/10 to LSV Ltd in respect of managing the Leigh Sports Village site. This amount is to be repaid to the Council in the event that either the company or the site is sold to a third party.

44. Expenditure on Publicity

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

2010/11 £'000		2011/12 £'000
152	Recruitment and advertising expenses	45
574	Other Advertising	388
1,109	Other Publicity	955
1,835	Total Expenditure on all Publicity	1,388

45. Building Control Trading Account

The Building (Local Authority Charges) Regulations 2010 require the disclosure of information regarding the setting of charges for the administration of the building control function.

From 1 April 2010, revised Building (Local Authority Charges) Regulations 2010 became applicable to Local Authorities in England and Wales; the implications of the new regulations and the CIPFA guidance on Local Authority Building Control Accounting (2010) are reflected in the 2011/12 financial statements, of which this note fulfils the disclosure requirements.

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

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

In 2011/12 the schedule of Building Control fees has been established at the same level as the Association of Greater Manchester Authorities (AGMA).

The statement below shows the total cost of operating the Building Control Unit divided between the chargeable and non-chargeable activities.

Total Building Control 2010/11 £'000		Chargeable 2011/12 £'000	Non Chargeable 2011/12 £'000	All Other Building Control 2011/12 £'000	Total Building Control 2011/12 £'000
	Expenditure				
1,011	Employees Expenses	147	58	94	299
33	Transport	6	3	4	13
28	Supplies and Services	22	3	6	31
151	Central and Support Services Charges	62	25	40	127
1,223	Total Expenditure	237	89	144	470
	Income				
-298	Building Regulation Charges	-290	0	0	-290
-73	Miscellaneous Income	-15	0	-6	-21
-371	Total Income	-305	0	-6	-311
852	Surplus (-) Deficit for the year	-68	89	138	159

46. Trust Funds

The Council administers a number of trust and charitable funds, which are not included in the Balance Sheet. These funds are invested in Local Authority Bonds and Charitable Unit Trusts.

2010/10 Income £	2010/11 Expenditure £	2010/11 Assets £	Fund	2011/12 Income £	2011/12 Expenditure £	2011/12 Assets £
			Children & Young People's Service			
584	0	76,754	Wigan Grammar Scholarship Fund	586	0	77,340
302	0	23,906	Wigan Grammar Prize Fund	220	0	24,126
201	0	35,206	Leigh Higher Education Prize Fund	202	0	35,408
71	0	10,909	Wigan Grammar Recreation Fund	72	0	10,981
52	0	10,940	Leigh Boys Grammar Prize Fund	0	2	10,938
0	10,743	0	James Boydell Fund	0	0	0
0	9,591	0	Ronald Watkins Williams Fund	0	0	0
0	8,396	0	A M Lamb Scholarship Fund	0	0	0
47	18,724	5,823	Others	23	0	5,846
1,257	47,454	163,538		1,103	2	164,639
			Adult Services			
86	4,186	21	Julia Alice Smith Bequest	43	0	64
29	3,182	29	Thomas Holland Bequest	2	0	31
22	5,120	11	Jessie Winstanley Littler Bequest	0	0	11
44	699	8,668	Brenda Griffiths Bequest	655	50	9,273
181	13,187	8,729		700	50	9,379
1,438	60,641	172,267	Total Trust Funds	1,803	52	174,018

There are no significant liabilities to be disclosed.

47. Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2011/12 financial year and its position at the year-end of 31 March 2012. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011. These regulations require the Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 and the Service Reporting Code of Practice 2011/12, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act. The 2011/12 Code has introduced a new requirement to account for Heritage Assets (FRS 30). A new accounting policy has been introduced.

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

Accruals of Income and Expenditure

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

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

Cash and Cash Equivalents

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

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

Charges to Revenue for Non Current Assets

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

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

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

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

or:

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

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

Cost of Support Services

The costs of overheads and support services are charged to those service areas that benefit from the supply or service in accordance with the costing principles of the Service Reporting Code of Practice (SeRCOP) 2011/12. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.

- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation or impairment losses chargeable to non-operational properties such as assets under construction, surplus assets and assets held for sale.

These two cost categories are accounted for as separate headings in the Comprehensive Income and Expenditure Account, as part of the Net Cost of Continuing Services.

Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

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

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

Exceptional Items

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

Events After the Balance Sheet Date

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

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

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

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

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

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

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

Available-for-Sale Assets

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

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

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

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

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

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

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

Carbon Reduction Commitment (CRC) Energy Efficiency Scheme

The authority is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. This scheme is currently in its introductory phase which will last until 31 March 2014. The authority is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions ie carbon dioxide produced as energy is used. As carbon dioxide is emitted (ie as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the authority is recognised and reported in the costs of the authority's services and is apportioned to services on the basis of energy consumption.

Guarantees Entered Into Before 1 April 2006

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

Financial Liabilities

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

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

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

Foreign Currency Translation

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

Government Grants and Contributions

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

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

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

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

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

Intangible Current Assets

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

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

Inventories and Long Term Contracts

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

Intangible Fixed Assets

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

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

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

Leases

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

The Authority as Lessee

Operating Leases

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

The Authority as Lessor

Operating Leases

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

The Authority as Lessor

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

Pensions

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

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

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

The liabilities of the Greater Manchester pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method. This is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate of 4.8% (based on the indicative rate of return on high quality corporate bonds).

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

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

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

1. **current service cost** – the increase in liabilities as a result of years of service earned this year. This is allocated in the Comprehensive Income and Expenditure Account to the revenue accounts of services for which the employees worked
2. **past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. This is debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Account as part of Non Distributed Costs
3. **interest cost** – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. This is debited to Financing and Investment Income and Expenditure Line in the Comprehensive Income and Expenditure Account
4. **expected return on assets** – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return. This is credited to Financing and Investment Line in the Comprehensive Income and Expenditure Account
5. **gains/losses on settlements and curtailments** – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees. This is debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Account as part of Non Distributed Costs
6. **actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
7. **contributions paid to the pension fund** – cash paid as employer’s contributions to the fund

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

Discretionary Benefits

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

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, ie in the current and future years affected by the change and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Private Finance Initiative (PFI) and Similar Contracts

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

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

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. The initial liability was written down by an initial contribution of £1.4m.

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

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

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge of 12% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- life cycle costs – proportion of the amounts payable are treated as revenue expenditure and part of the services element of the unitary payment. Regular replacement of components are treated as part of the finance lease rentals

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

Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Impairment

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.
- where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued 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 previously losses recognised in the Surplus or Deficit on Provision of Services.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

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

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

Depreciation

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

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

Depreciation is calculated on the following bases:

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

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

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

Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are 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.

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 Policy

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historic associations. Heritage Assets are preserved principally for their contribution to knowledge and culture and this distinguishes them from other assets. The Authority has four collections of heritage assets which are held in support of the primary objective of increasing the knowledge, understanding and appreciation of the Authority's history, culture and local area.

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.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment – see impairment note in this summary of accounting policies.

Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts, again see disposal note in this summary of accounting policies.

The Authority's collections of heritage assets are accounted for as follows.

Arts and Artefacts Collection

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

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

There is a large collection of various items held in the museum collection, illustrating domestic, civic, religious, leisure and working life in Wigan Borough from the 17th century to present day. Due to low value of these individual items these are not recognised on the balance sheet, but full details are available on the museums database. Only the items over £5,000 are included on the Authority's Balance Sheet and reported at insurance value. The trustees of the Authority's Museum will occasionally dispose of heritage assets in accordance with the Museum Code of Ethics and if they are not deemed to be relevant to the borough, do not comply with collecting policies or would be better placed in another museum. The proceeds of such items are accounted for in accordance with the Leisure and Culture Trust - Acquisition and Disposal Policy.

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

Antiquarian Books

The Authority holds a stock of antiquarian books, due to their age and condition it is not possible to place these books on public display. A number of these books are considered to be rare and valuable and have been identified for disposal. The first phase of the disposal of the books has taken place by auction using Bonham's auctioneers. Bonham's have also identified a further number of books for disposal, which they currently hold pending future book sales.

The sale proceeds were accounted for in accordance with statutory requirements for the sale of non current assets as this asset meets the definition of a capital receipt. The antiquarian books have been valued by Bonham's auctioneers and included in the balance sheet at this value.

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

Civic Regalia

Items of civic regalia are objects relating to duties of civic office. Examples of civic regalia are the mayoral chains, corporation mace, caskets, badges and other items commemorating civic duty. Civic Regalia is reported in the Balance Sheet at insurance valuation. These items are available for the public to view, prior arrangements must be made with the Principal Committees 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 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.

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 assets has been charged to relevant service account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts so there is no impact on the level of Council Tax.

Reserves

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

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

VAT

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

48. Authorisation of Accounts for Issue

The Statement of Accounts was authorised for issue by the Director – Corporate Services on 27 September 2012. Events taking place after this date are not reflected in the financial statements or notes.

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT FOR YEAR ENDED 31 MARCH 2012

2010/11 £'000		Notes	2011/12 £'000
	Expenditure		
21,516	Repairs & Maintenance	1	22,722
16,637	Supervision & Management	2	15,987
877	Rents, Rates, Taxes and Other Charges	3	886
283	Negative Housing Revenue Account Subsidy payable	4	7,915
0	HRA Self Financing Settlement Payment to CLG	5	99,083
242,870	Depreciation and Impairment on Non Current Assets	6&7	33,355
69	Debt Management Costs	8	102
249	Movement in the Allowance for Bad Debts	9	400
282,501	Total Expenditure		180,450
	Income		
68,384	Dwelling Rents	10&11	73,388
679	Non-dwelling Rents	12	724
2,185	Charges for Services & Facilities	13	1,747
1,190	Contributions towards Expenditure	14	1,254
0	Housing Revenue Account Subsidy Receivable		0
72,438	Total Income		77,113
	Net Cost Of HRA Services as included in the Comprehensive Income & Expenditure Statement		
210,063			103,337
171	HRA services share of Corporate and Democratic Core		143
0	HRA share of other amounts included in the whole authority Cost of Services but not allocated to specific services		0
210,234	Net Income for HRA Services		103,480
	HRA share of the operating income and expenditure included in the Comprehensive Income & Expenditure Statement:		
-856	Gain (-) or loss on sale of HRA non current assets		-1,180
13,472	Interest payable and similar charges	15	12,511
-112	Interest and investment income	16	-91
0	Pensions interest cost and expected return on pensions assets		0
-2,244	Capital grants and contributions receivable		-797
220,494	Surplus (-) or deficit for the year on HRA services		113,923

Under section 74 of the Local Government and Housing act 1989, the Council is required to maintain a separate account for transactions relating to the provision of council dwellings. This account shows the income to the Council in respect of rents, housing subsidy (income from the government), interest and charges. It also shows how that money is spent managing and maintaining properties and financing capital expenditure.

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

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

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2010/11 £'000		Notes	2011/12 £'000
-9,618	Housing Revenue Account surplus brought forward		-12,641
220,494	Surplus (-) or deficit for the year on the HRA Income and Expenditure Statement		113,923
-226,579	Adjustments between accounting basis and funding basis under statute	17	-117,377
856	Gain or loss on sale of HRA non current assets		1,180
2,417	Capital expenditure funded by the HRA	18	8,049
-211	Transfer to / (from) Major Repairs Reserve	19	-285
-12,641	Net increase or decrease before transfers to or from reserves		-7,151
0	Transfers to (from) reserves		0
-12,641	Balance on the HRA at the end of the current year	20	-7,151

NOTES TO THE HOUSING REVENUE ACCOUNT

1. Repairs & Maintenance

This is the cost of undertaking programmed and day to day responsive repairs to the properties within the HRA, partially offset by an apportionment of the surplus earned by Leigh Building Services on providing the repairs service to the HRA.

2. Supervision & Management

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

3. Rents, Rates and Other Charges

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

4. Housing Subsidy

This is the central government subsidy based on the deficit on the Notional Housing Revenue Account as analysed below:

2010/11 £'000		2011/12 £'000
	Expenditure	
36,615	Management & Maintenance	36,816
13,836	Major Repairs Allowance	13,979
7,207	Charges for Capital	14,705
10,984	ALMO Allowance	0
68,642	Total Expenditure	65,500
	Income	
68,934	Housing Rents	73,459
3	Interest Received	2
68,937	Total Income	73,461
0	Housing Subsidy due for the year	0
295	Housing Subsidy to repay CLG for the year	7,961
-12	Adjustments (additional subsidy income) to previous years claims	-46
0	Total net Housing Subsidy received	0
283	Total net Housing Subsidy paid to CLG	7,915

In 2011/12 Wigan Council continued to be a net contributor to the HRA Subsidy system. However, the Housing Subsidy system ended in March 2012 and is replaced with HRA Self Financing from 1 April 2012.

5. Exceptional item for 2011/12

In order to make the transition from Housing Subsidy to Self Financing the Wigan Council HRA was required to make a one off Settlement Payment to Central Government of £99.083m. This payment was funded by a portfolio of maturity loans borrowed from the PWLB at a special one-off reduced interest rate. The loans will mature between 2053 and 2061.

6. Depreciation and Impairment Charges

The depreciation and impairment charges for 2011/12 are as follows:

	£'000
Depreciation on Property, Plant and Equipment – Dwellings	13,979
Depreciation on Property, Plant and Equipment – Other Land and Buildings	212
Depreciation on Property, Plant and Equipment – Vehicles, Plant, Furniture and Equipment	74
Total Depreciation	14,265
Impairment	19,090
Total Depreciation and Impairment	33,355

The impairment charge represents the value of non-enhancing capital expenditure on HRA dwellings in 2011/12.

7. Capital Asset Charges Accounting Adjustment

The costs of impairment and capital financing interest are included as charges to the HRA Income and Expenditure Account. The effect of the capital asset charges accounting adjustment is that the impairment cost is reversed out of the HRA in the Movement on HRA Statement as this is not a cost that is to be borne by the HRA tenants. For 2011/12 the interest costs are £12.511m and the impairment charge is £19.090m.

8. Debt Management Expenses

This is the HRA proportion of the total cost of managing the Wigan Council debt portfolio. It includes the additional costs associated with the borrowing required to make the £99.083m Self Financing payment to Central Government.

9. Movement in the Allowance for Bad Debts

Contributions towards the HRA Allowance for Bad Debt amounted to £0.400m in 2011/12 compared with £0.249m in 2010/11. This reflects the early recognition of a potential increase in future bad debts due to the current economic climate and the predicted changes in Welfare Reform following the implementation of the new legislation in 2013.

Cumulative provisions for uncollectable debts are as follows:

	£'000	%
31 March 2011	3,194	70.38
31 March 2012	3,391	78.42

Rent Arrears are analysed below:

31.3.11			31.3.12	
£'000	%		£'000	%
1,214	3.93	Current Tenants Arrears	1,272	4.06
2,204	7.13	Former Tenants Arrears	2,267	7.24
1,120	3.63	Overpaid Housing Benefit	785	2.50
4,538	14.69	Total Arrears	4,324	13.80

10. Dwelling Rents

This is the total income due for the year after allowing for rent lost on void properties. In 2011/12 the void property rent loss was 0.87% compared with 1.06% in 2010/11.

11. Stock Numbers and Valuations

	1.4.11	31.3.12	Change Number	Change %
Houses				
1 Bedroom	2,404	2,404	0	-0.00
2 Bedrooms	4,600	4,629	29	0.63
3 Bedrooms	10,079	10,046	-33	-0.33
4 or more Bedrooms	272	278	6	2.21
Total Houses	17,355	17,357	2	0.01
Flats				
1 Bedroom	3,258	3,193	-65	-2.00
2 Bedrooms	2,060	2,040	-20	-0.97
3 or more Bedrooms	82	64	-18	-21.95
Total Flats	5,400	5,297	-103	-1.91
Total Houses & Flats	22,755	22,654	-101	-0.44

The balance sheet value for HRA assets is as follows

	1.4.11 £'000	31.3.12 £'000
Property, Plant and Equipment – Dwellings	579,381	569,279
Property, Plant and Equipment – Other Land and Buildings	7,397	11,956
Property, Plant and Equipment – Assets Under Construction	1,026	0
Intangible Assets	304	229
Assets Held for Sale	0	0
Investment Property	176	220
Total HRA Assets	588,284	581,684

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

The vacant possession value of the dwellings within the Housing Revenue Account as at 1 April 2011 has been assessed at £1.670bn. The vacant possession value and balance sheet value of the dwellings within the HRA show the economic cost to Government of providing council housing at less than open market value.

12. Non Dwelling Rents

Rents from garages, shops and miscellaneous parcels of land.

13. Charges for Services and Facilities

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

14. Contributions towards Expenditure

Various contributions including:

- Tenants rechargeable repairs
- Settlement of insurance claims

15. Interest Payable and Similar Charges

This is interest payable on the HRA debt outstanding. The amount outstanding HRA debt increased by £99.083m in 2011/12 following the borrowing undertaken to make the HRA Self Financing payment to Central Government. As at 31 March 2012 the amount of HRA debt outstanding was £318.067m.

16. HRA Interest and Investment Income

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

17. Adjustment between Accounting Basis and Funding Basis under statute

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

18. Funding the 2011/12 HRA Capital Expenditure

	£'000
Capital Expenditure 2011/12	22,159
Funded by:	
Borrowing	0
Usable Capital Receipts	585
Other Grants and Contributions	796
Revenue Contributions to Capital Expenditure	8,049
Contributions from the Major Repairs Reserve	12,729
Total Funding 2011/12	22,159

Summary of Capital Receipts 2011/12

	£'000
Disposal of Dwellings (Right to Buy)	2,006
Disposal of Land and Other Property	310
Total Capital Receipts 2011/12	2,316

19. Transfer to / (from) Major Repairs Reserve

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

Major Repairs Reserve Movements 2011/12

	£'000
Opening Balance at 1 April 2011	921
Transfers Into the MRR 2011/12	14,264
Transfers From the MRR to the HRA in 2011/12	-285
Expenditure charged to the MRR in 2011/12	-12,729
Principal repayments charged to the MRR in 2011/12	0
Closing Balance at 31 March 2012	2,171

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 £0.921m. During the year funding of £14.0m was received from Central Government, most of which was used during the financial year to pay for major refurbishment works to council dwellings. The reserve has a £2.171m balance to carry forward to 2012/13.

20. Surplus at 31 March 2012

This is the accumulated HRA surplus as at 31 March. This is carried forward into 2012/13 for use in future years.

THE COLLECTION FUND 2011/12

2010/11 £'000		Notes	2011/12 £'000	2011/12 £'000
107,856	Income Council Tax Net Council Tax Receivable	1	107,850	
-1	Add : Transfers from General Fund		0	
25,135	Transitional Relief Grant		25,435	
336	Council Tax Benefit		0	
	Contribution to previous years deficit			
133,326				133,285
68,196	National Non Domestic Rates (NNDR) Income from Business Ratepayers	2		72,336
201,522				205,621
112,839	Expenditure Wigan Council General Fund		113,267	
5,051	GM Fire Precept		5,095	
13,847	GM Police Precept		13,968	132,330
0	Distribution of previous years surplus			200
391	NNDR Cost of Collection Allowance			386
67,805	NNDR Contribution to National Pool	2		71,949
1,019	Increase in Bad Debts Provision			1,388
200,952				206,253
-93	Opening Fund Balance			477
570	Movement in year			-632
477	Closing Fund Balance			155

NOTES TO THE COLLECTION FUND

Introduction

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

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

1. Council Tax

The average (Band D, 2 adult equivalent) Council Tax for the area of the billing authority was £1,368.66. This was based on a Band D equivalent tax base of 96,608 properties, set by the Councils' Chief Financial Officer in January 2011 in accordance with section 84 of the Local Government Act 2003 and regulation 3 of the Local Authorities (Calculation of Tax Base) Regulations 1992. The calculation of the tax base contains a provision of 1% losses on collection arising from bad debts and appeals against valuation etc.

Tax Base (Band D equivalents):

COUNCIL TAX BANDS (NO. OF PROPERTIES)

A	B	C	D	E	F	G	H	TOTAL
37,025	21,142	18,265	10,549	6,333	2,358	901	35	96,608

2. National Non-Domestic Rates (NNDR)

The total non-domestic rateable value at the year end was £205,104,393. From 2005/06, the Government introduced a new scheme of relief for small businesses which included the concept of two national non-domestic rate multipliers. The rates for 2011/12 are 42.6p for Qualifying Small Businesses and 43.3p for Non-qualifying Small Businesses and all Other Businesses.

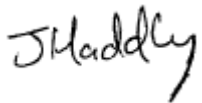
STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required:

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

In accordance with the decision of the Audit, Governance and Improvement Review Committee held on 27 September 2012, I hereby approve the accounts for Wigan Council for the year ended 31 March 2012.



Councillor Joel Anthony Haddley PhD
Chair of Meeting
27 September 2012

The Director of Corporate Services (Resources Directorate) Responsibilities

The Director of Corporate Services (Resources Directorate) is responsible for the preparation of the Council's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

In preparing this statement of accounts, the Director of Corporate Services (Resources Directorate) has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice;
- kept proper up to date accounting records;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- certified and dated the Statement of Accounts, to the effect that it presents fairly the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2012.

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



P McKevitt BA(Hons) CGMA, Director Corporate Services – Resources Directorate
30 June 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WIGAN COUNCIL

Opinion on the Council financial statements

I have audited the financial statements of Wigan Council for the year ended 31 March 2012 under the Audit Commission Act 1998. The financial statements comprise the Movements in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, The Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

This report is made solely to the members of Wigan Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Director – Corporate Services and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director – Corporate Services and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the financial position of Wigan Council as at 31 March 2012 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

Opinion on other matters

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

Matters on which I report by exception

I report to you if:

- in my opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- I issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- I designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response; or
- I exercise any other special powers of the auditor under the Audit Commission Act 1998.

I have nothing to report in these respects.

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

Respective responsibilities of the Council and the auditor

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

I am required under section 5 of the Audit Commission Act 1998 to satisfy myself that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

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

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

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2011, as to whether the Council has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

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

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2011, I am satisfied that, in all respects, Wigan Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

Certificate

I certify that I have completed the audit of the accounts of Wigan Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Mark Heap
District Auditor

28 September 2012

Aspinall House
Aspinall Close
Middlebrook
Bolton
BL6 6QQ

GLOSSARY

A

ACCRUALS

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

AGENCY ARRANGEMENTS

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

ACCUMULATED ABSENCES

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

AMORTISATION

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

B

BUDGET

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

C

CAPITAL ADJUSTMENT ACCOUNT

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

CAPITAL EXPENDITURE

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

CAPITAL FINANCING COSTS

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

CAPITAL FINANCING REQUIREMENT

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

CAPITAL RECEIPTS

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

COLLECTION FUND

The Collection Fund is a separate statutory fund, which details the transactions in relation to non-domestic rates and the council tax, and the distribution to preceptors and the General Fund. The Collection Fund is consolidated with the other accounts of the Authority.

CORPORATE AND DEMOCRATIC CORE

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

CORPORATE GOVERNANCE

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

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.

COUNCIL TAX

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

D

DEBTORS

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

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.

DEFERRED LIABILITIES

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

F

FAIR VALUE

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

FINANCIAL INSTRUMENTS

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

FUNDED PENSION SCHEME

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

H

HERITAGE ASSETS

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

HOUSING REVENUE ACCOUNT

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

I

IMPAIRMENT

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

INTANGIBLE ASSETS

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

INTERNATIONAL FINANCE REPORTING STANDARDS (IFRS)

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

L

LIBID

This is the rate charged by one bank to another for a deposit, known as the London Interbank Bid Rate.

LATS

Landfill allowances allocated or purchased from DEFRA.

M

MEDIUM TERM FINANCIAL PLAN (MTFP)

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

MINIMUM REVENUE PROVISION (MRP)

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

N

NATIONAL NON DOMESTIC RATES

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

NET-BOOK VALUE

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

NET REALISABLE VALUE

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

NON DISTRIBUTED COSTS

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

P

POOLED BUDGETS

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

PRECEPTS

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

PRIVATE FINANCE INITIATIVE (PFI)

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

PROVISIONS

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

R

RESERVES

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

REVALUATION RESERVE

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

REVENUE EXPENDITURE

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

REFCUS

Revenue expenditure funded by capital under statute.

S

SECTION 106

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

U

UNFUNDED PENSION SCHEME

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

V

VOLUNTARY REVENUE PROVISION (VRP)

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

TERMS OF REFERENCE

REGULATORY BODIES, OTHER BODIES AND REGULATORY FRAMEWORK

A

Association of Greater Manchester Authorities (AGMA)

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

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

Audit Commission

Independent body with the responsibility of appointing external auditors to local authorities. The Audit Commission has a duty to ensure that local authorities make sufficient arrangements to secure economy, efficiency, and effectiveness in their use of resources and is able to subject a local authority to “Value for Money” studies.

<http://www.audit-commission.gov.uk/>

C

CIPFA (Chartered Institute of Public Finance and Accountancy)

The leading professional body for public sector accounting which sets accounting standards for the public sector. CIPFA advises central government and other bodies on local government and public sector finance matters.

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

Code of Practice on Local Government Accounting in the United Kingdom 2011/12:

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

Communities and Local Government (CLG)

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

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

D

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

This government department integrates environmental, social and economic objectives. DEFRA promotes sustainable development as the way forward for Government.

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

Department for Education (DFE)

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

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

Department for Work and Pensions (DWP)

UK government department with responsibility for welfare and pension policy.

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

G

Greater Manchester Combined Authority (GMCA)

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

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

H

Her Majesty's Revenue and Customs (HMRC)

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

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

Homes and Communities Agency (HCA)

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

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

Home Office (HO)

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

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

I **International Financial Reporting Standards (IFRS's)**

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

L **Local Authority (Scotland) Accounts Advisory Committee (LASAAC)**

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

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

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

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

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

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

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

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

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

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

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

S

Service Reporting Code of Practice (SERCOP)

Published by CIPFA for 2011/12, the SERCOP replaces the Best Value Accounting Code of Practice and establishes “proper practice” with regard to consistent financial reporting to enhance the compatibility of local authority financial information and is given statutory force in England by regulations under the Local Government Act 2003.

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

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

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

T

TPA (Teachers Pension Agency)

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

<http://www.teacherspensions.co.uk/index.htm>

GOVERNMENT FUNDING

A

Area Based Grant

Area Based Grant is a general grant allocated directly to local authorities as additional revenue funding to areas. It is allocated according to specific policy criteria rather than general formulae. Local authorities are free to use all of this non-ringfenced funding as they see fit to support the delivery of local, regional and national priorities in their areas.

D

Dedicated Schools Grant (DSG)

The Council's expenditure on schools is funded primarily by grant monies provided by the DCSF. DSG is ring-fenced and can only be applied to meet expenditure properly included in the schools budget, as defined in the School Finance (England) Regulations 2011.

N

National Non Domestic Rate (NNDR)

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

Neighbourhood Renewal Fund (NRF)

Government grant given to local authorities to improve services in most deprived areas.

North West Improvement and Efficiency Partnership (NWIEP)

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

R

Revenue Support Grant (RSG)

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

S

Supported Capital Expenditure (Revenue) (SCE(R))

A source of funding from Central Government which is repaid to government from the revenue accounts.

SCHEMES

Integrated Community Equipment Store (ICES)

This project brings together previously separate community equipment operations in order to achieve more effective and efficient equipment purchase and maintenance. This project works in partnership with Ashton, Wigan and Leigh PCT (see below – PCT).

Local Government Pension Scheme (Greater Manchester Pension Fund)

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

Teachers Pension Scheme

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

OTHER TERMS OF REFERENCE

A

ALMO (Arms Length Management Organisation)

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

L

LMS (Local Management of Schools)

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

P

PCT (Primary Care Trust)

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

S

SEN (Special Educational Needs)

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

2011/12 Statement of Accounts Feedback Questionnaire

Here at Wigan Council, we value the input and views of our stakeholders. Having read our 2011/12 Statement of Accounts we would be extremely grateful if you could spare a few moments to complete and return our Feedback Questionnaire.

Your views would be valuable in assisting us to improve the content, language and format used in the 2012/13 Statement of Accounts.

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

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

Yes No

If No, please state why:

.....
.....

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

Yes No

If No, please state why:

.....
.....

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

Yes No

If No, please state why:

.....
.....

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

Yes No

If No, please state why:

.....
.....

Please turn over the page

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

Yes No

If No, please state why:

.....
.....

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

Yes No

If Yes, please state what:

.....
.....

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

.....
.....

8. Which of the following best describes you?

An employee or elected member of the authority

A member of the public

A member of another organisation/interested party

Thank you for taking the time to complete this questionnaire

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