

**Statement of  
Accounts  
2022/23**

**The Deal**

**Our People**

**Our Place**

**Our Future**

[www.wigan.gov.uk/TheDeal](http://www.wigan.gov.uk/TheDeal)

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## Foreword by Councillor David Molyneux, Leader of Wigan Council

The financial year 2022/23 has been a momentous year with many achievements which I am proud of as The Leader of this Council. We welcomed two major tournaments in the Rugby League World Cup and the UEFA Women's Euros, which saw our communities unite in celebration of our love of sport. Their legacy programmes will continue to benefit us all for years to come and they have left us with lifelong memories. We also saw major development projects take big steps forward, such as the opening of the Leigh Youth Hub and the major investment at Pennington Flash.

Throughout the year, there has been significant progress on delivering our Deal 2030 priorities. We received the news that our bid for levelling-up funding for Haigh Hall was successful and – the masterplan now has more than £24m of external investment. This will make the site even more a popular destination for culture, community, events and hospitality something which is at the heart of our Deal 2030 priorities.

In addition, during the year we received the declaration of the 'Flashes of Wigan and Leigh' as Greater Manchester's first National Nature Reserve (NNR). This has provided a major boost to conservation. The unique chain of wetland habitats originally formed by the flooding of former coal mining sites, is now home to nationally significant wildlife populations. This provides us with a wonderful platform from which to educate and inspire future generations and tell the incredible story of this unique landscape, which has been forged by our rich industrial heritage and is so important to our borough.

Whilst we are investing in the future, it is clear that local government, like many other sectors, continues to face significant financial pressures. Like all households in the borough, the town hall is impacted by rising costs and demand, in addition to having to have cut more than £160m from our budgets since the start of the austerity period. Unfortunately, 2022/23 saw a rise for our section of the council tax bill. We did not take this decision lightly and I would like to emphasise that our rates remain one of the lowest across the country.

Through continued, prudent financial planning and the success of The Deal, we remain able to invest in the areas that we know are important to our communities; providing community funding, boosting our town centres and environment along with providing opportunities for young people, to reference just a few. Through our Here For You campaign, we remain committed to supporting our residents in any way that we can as we all continue to face the effects of the rising cost-of-living. As in previous years, we will make further progress with our Community Wealth Building initiative, to support our local economy and tackle economic inequality.



Councillor David Molyneux, Leader of Wigan Council

# Narrative Report by the Director Resources and Legal, Section 151 Officer (Deputy Chief Executive)

## Introduction

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

The accounts must be completed by law and in accordance with the requirements of the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards (IFRS) for 2022/23, Accounting Codes of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and any other government legislation or regulations.

The overriding requirement of the Code of Practice is that the Statement of Accounts 'presents a true and fair view' of the financial position and transactions of the Council. The main financial statements follow this report.

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

This narrative report aims to provide an explanation of the Council's financial position for the financial year ending 31 March 2023, together with additional information about the Council in general. The report also includes the risks and pressures which the Council faces and plans that have been developed to place the Council in the best possible position to meet those risks.

As always, I would like to conclude by recognising the hard work of the finance teams for their work in producing the accounts together with their work during the year. The forthcoming years will represent significant challenges as we face ongoing service demand pressures against a backdrop of inflationary pressures particularly impacting on fuel, energy and food costs and our working together culture will again be important as we face and address the challenges ahead.

## Wigan Borough

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

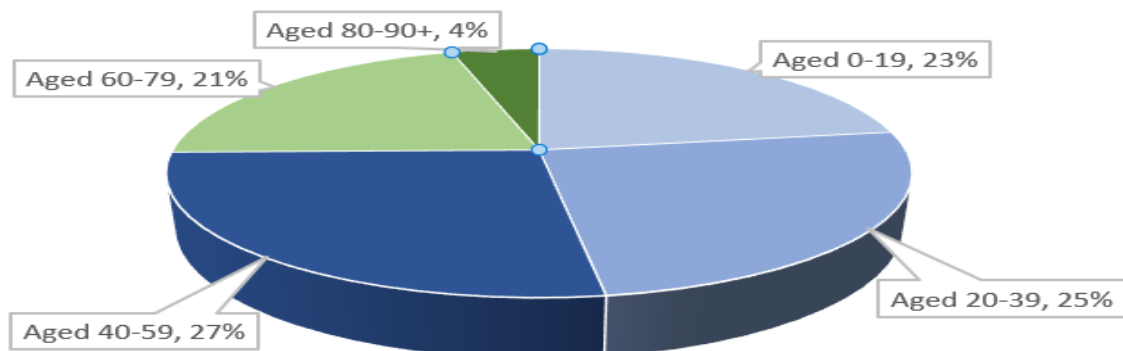


We have strong proud towns, historic villages and a wealth of green spaces. We love our stunning parks, woodlands, wetlands, canals and green space, which is rich in flora and fauna.

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



## Age Profile



## Key Statistics

Here are some key figures on what we have delivered in the past 12 months:

- **1,027,603** visits to our Be Well Leisure Centres
- Provided Care of **4,190** adults
- **2,830** Apprenticeship starts across the Borough, the highest in three years
- **£34m** funding provided for the community and voluntary sector
- **£12m** spent on maintaining roads, improving footpaths and road safety
- 12 large events bringing **116,000** visitors to the Borough's town centres
- Created **17,000** hectares of species-rich grassland increasing biodiversity and natural habitats
- Over **70,000** trees have been planted
- Over **2,000** visits to our Borough's network of warm and welcoming spaces
- **£3.2m** in payments to help people struggling with their rent, or supporting food parcels and free school meals
- Supported **264** children in approved foster payments
- Additional **£750,000** of funding to tackle neighbourhood crime and anti-social behaviour
- **£6,104,913** economic impact as a direct result of hosting the UEFA Women's Euros
- Over **70,000** trees planted
- The community recovery fund supported **311** projects totalling **£243,386**

## Digital Council

- The Wigan Council website gets an average of **£450,000** visits each month and over **2 million page** views
- There are over 60,000 active 'My Account' users

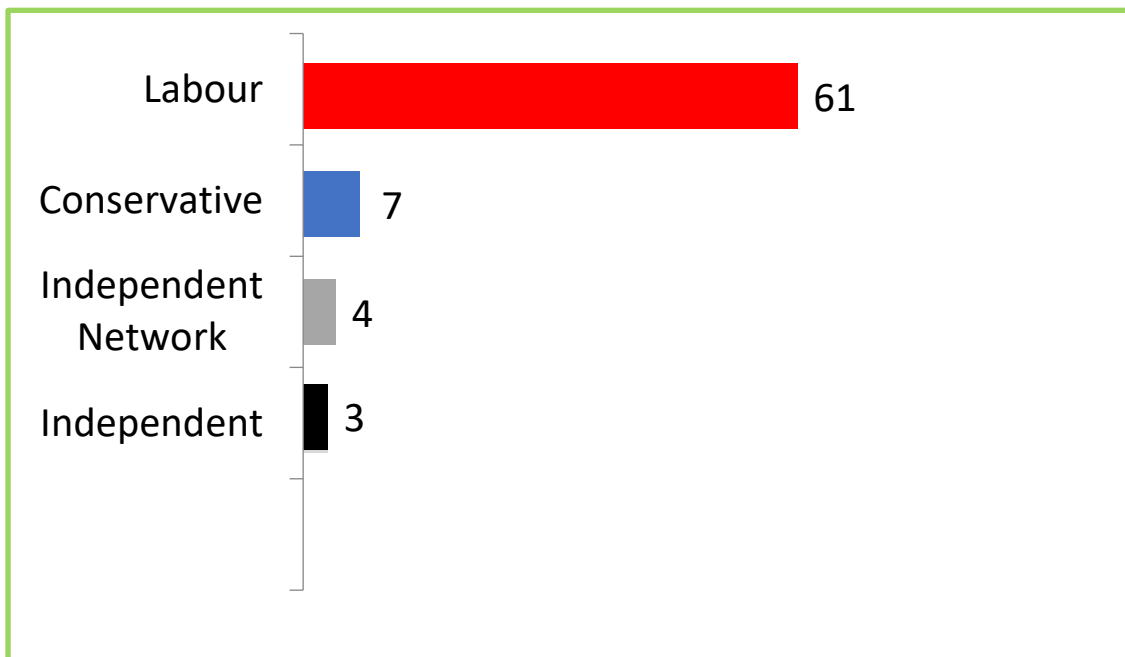
- Twitter for @DigitalWigan had 200,000 impressions and 6,000 engagements in the past 12 months

## Who We Are

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

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

The political structure of the Council for the financial year 2022/23 was as follows:



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

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

- Economic Development and Regeneration
- Adult Social Care
- Planning, Environmental Services and Transport
- Children and Families
- Finance, Resources and Transformation
- Housing and Welfare
- Communities and Neighbourhoods
- Police, Crime and Civil Contingencies

In addition, the Executive Leader has decided that seven Lead members will support the Cabinet members and attend Cabinet meetings:

- Greener Wigan
- Leisure and Public Health
- Equalities and Domestic Abuse
- Armed Forces and Veterans
- District Centres and Night Time Economy
- Youth Opportunities
- Heritage and Building Conservation

In accordance with the Local Government Acts 1972 and 2000, they will not have decision making powers in their own right.



## The Deal 2030 Our Corporate Strategy

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



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

### Deal 2030 Priorities

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

## Our People

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

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

## Our Place

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

- Vibrant town centre for all
- An environment to be proud of
- Embracing culture, sport and heritage

## Our Future

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

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

At Wigan we are passionate about our residents, businesses and workforce. Following the pandemic and as part of our recovery, we recognise the need to champion how important digital is and build back with a stronger focus on supporting health and wellbeing, and exploring how digital can make our places a cleaner, greener Borough.

Technology continues to move at an astonishing pace. We've listened to our residents, businesses and workforce when designing the strategy to ensure we're focussing on the things that make a difference as we move towards 2030, supporting our Deal ambitions.

In the next five years, digital transformation will enhance the lives of our residents and improve the places that we live and work and as such we launched our Digital Strategy.

## Digital Strategy

We want to improve the connectivity across the borough by making sure:

- People can access a wide range of digital learning, skills and educational resources
- Businesses can connect with each other and develop opportunities to grow their market
- People can access health and wellbeing services across the borough
- All our residents and businesses can interact digitally with our key services.

Our digital strategy is underpinned by 4 key pledges that we're committed to delivering on:

### Transforming the way we work as a Council

This pledge is about how we work as a Council. We want to re-imagine the workplace and consider how we're utilising the best in-house technology and digital practices to transform the way we work, improve our use of data, and maximise our opportunities.

### Transforming how our services work for residents

This pledge is about how our services work for residents. We want to shape service delivery that doesn't just focus on technology, but aims to understand business processes and what services need to deliver digital tools that improve the customer experience.

### Fully Digitally enabled

This pledge focusses on digital exclusion and skills, innovation for businesses and employment opportunities to ensure everyone is fully digitally enabled. We want to empower our communities by providing a pathway to education, economic, social and financial benefits and supporting them to live happier healthier lives.

### Transforming the places we live and work, promoting community wealth and health

This pledge is about connecting our residents to fulfilling roles in the digital world and promoting community wealth building. Whether it's job opportunities, new skills, or the chance to run their own businesses, there are many digital opportunities for business and employment growth and we want to make the most of that.

## 2022/23 Financial Performance

### Revenue

The Council's 2022/23 revenue outturn position is shown in the table below. A deficit of £27.914m has been declared in 2022/23. The overspend had been forecast and reported throughout the year to be in the region of £30m. Plans had been in place throughout the year to address and as such the final position of £27.914m has been taken from Earmarked Reserves, the movement in which can be seen in the Movement in Reserves Statement in the following accounts. The following table details the position before the final reserves movement.

Service	Revised Budget	Actual Income and Expenditure	Variation
	£000	£000	£000
People	180,098	205,212	25,114
Places	77,446	84,995	7,549
Resources	16,707	31,626	14,919
<b>Total Cost of Services</b>	<b>274,251</b>	<b>321,833</b>	<b>47,582</b>
Passenger Transport Levy	22,348	22,348	0
Other Charges including Capital and Asset related transactions	-26,480	-56,888	-30,408
<b>Total Other Costs</b>	<b>-4,132</b>	<b>-34,540</b>	<b>-30,408</b>
NDR including Section 31 Grant*	-137,509	-126,769	10,740
Council Tax	-132,694	-132,694	0
Parishes	84	84	0
<b>Total Funding</b>	<b>-270,119</b>	<b>-259,379</b>	<b>10,740</b>
<b>Net Position 2022/23</b>	<b>0</b>	<b>27,914</b>	<b>27,914</b>

\*Variance on NNDR relates primarily to distributed deficit on collection fund, met through a contribution from reserves funded through a prior year grant receipt. The contribution from reserves is within the 'Other Charges' line.

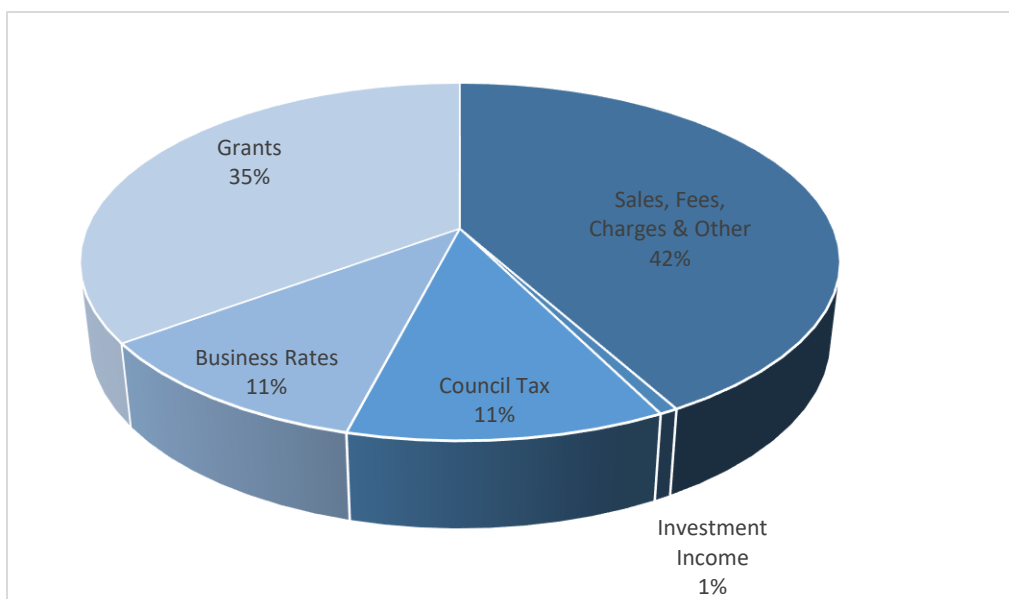
The table is in the format that is reported to the Council's Cabinet throughout the year and includes both controllable and uncontrollable budgets. The table above will look different to the main financial statements as they contain a number of technical accounting adjustments required to complete the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

## Review of the Financial Performance 2022/23

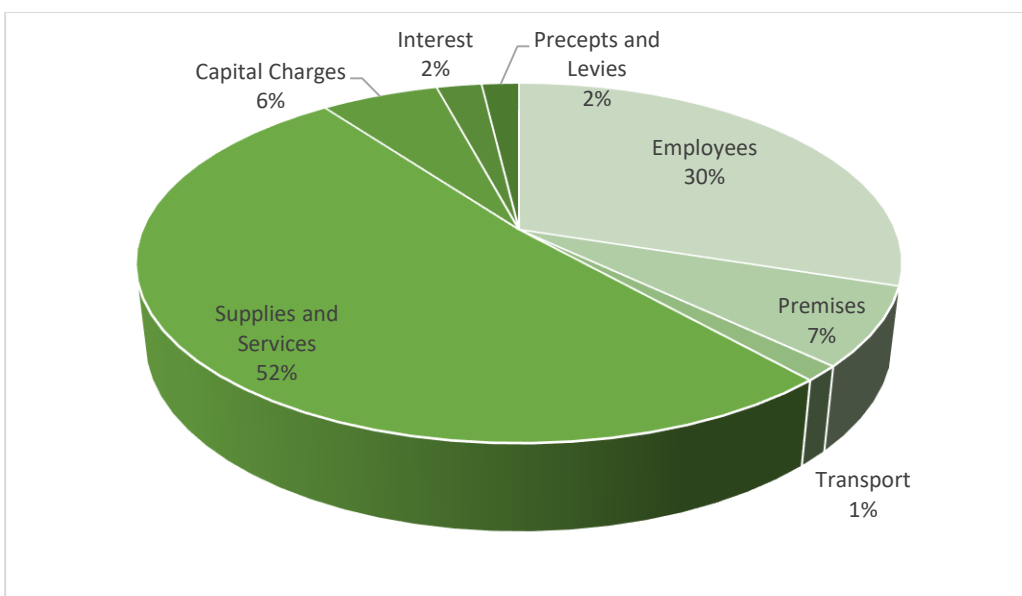
Where the Council received its money from and how it is spent

The following charts show the main sources of income that the Council received in 2022/23 and a high level breakdown of the money that it spent on providing services.

Where does the money come from?



What is the money spent on?

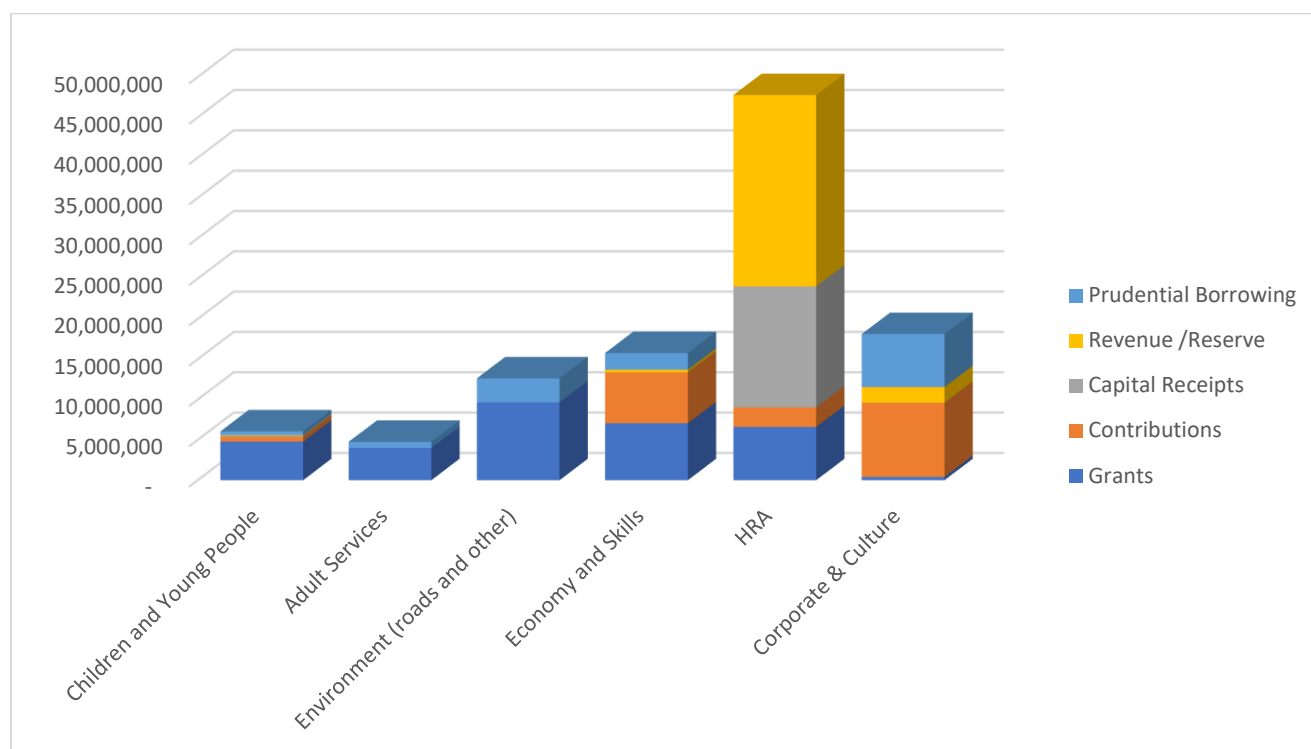


## Capital

The Council spent over £105.097m on its capital programme in 2022/23. The programme underpins the Council's objectives and provides for investment in long term assets which are used to deliver the Council's services.

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

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



## Borrowing Facilities and Cash

In accordance with Treasury Management policy, when there is a requirement to borrow then the majority of borrowing will be secured via the Public Works Loan Board (PWLB). The PWLB offers borrowing at rates only slightly above rates at which the Government secures its borrowing. It has traditionally been considered to be the most cost effective source of obtaining "traditional" funding.

For a number of years the level of debt held by the Council has been reducing as the Council has taken the opportunity to utilise its cash balances to repay debt.

The level of PWLB borrowing at 31 March 2023 decreased to £399.709m (2021/22 £402.885m). Of this £272.594m is Housing Revenue Account.

During 2022/23, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low and resulted in a reduction in exposure to counterparty risk. Details of the Council's Capital Financing Requirement are disclosed in Note 16 to the accounts.

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

### Future Outlook – Risks and Uncertainties

The Council faces unprecedented challenges amidst a cost of living crisis and inflationary pressures, together with increasing demand pressures.

#### Childrens Social Care

The major risk area for the Council's revenue budget remains within children's social care specifically the cost of their residential placements with external providers. Whilst recurrent growth of £19.8m has been added to the Children Services Directorate budget since 2020/21, the continued increased requirement for more complex external residential placements has resulted in a projected additional cost of £18m by the 2022/23 financial year-end. The Children Directorate's Sufficiency Strategy 2021- 2024 coupled with the Children Directorate's Financial Strategy 2022 – 2027 are in place to ensure there are sufficient safe and appropriate placements for vulnerable children within the Borough, which as well as providing better outcomes for the individual child should positively impact on the underlying financial pressure. In addition, in conjunction with other partners, further investment is being undertaken in emotional and mental health services and enhance our edge of care offer to better meet the needs of individual children living in a home setting which could ultimately minimise the need for high cost placements.

#### Adult Social Care

The impact of inflation including energy, food and pay on the cost of providing adult social care will continue to put pressure on the amount that the Council pays for support and will have a significant financial impact. The number and complexity of people requiring adult social care is also set to continue to increase year on year. This includes support to young adults transitioning from childrens services, ongoing demand pressures through hospital discharge and the impact of an ageing population. Wigan has the highest number of residents aged 65+ in Greater Manchester and the fastest ageing population, with the numbers of older people in the Borough forecast to rise over the next three years and by 60% to 2040.

Social Care funding reforms have been delayed until at least October 2025 and the funding set aside has been repurposed to support social care pressures. It is not clear if new funding will be identified by the government once the reforms come onboard or if the existing allocating is time limited for two years then will revert back to fund reform (with a different distribution). There is also concern that the full costs of the care reforms are in excess of the funding currently identified.

## Other Areas of Risk

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

Construction industry prices have risen significantly in recent months as demand for materials etc is exceeding available resources. This increased cost places additional risk on our proposed capital schemes particularly the large infrastructure projects that are currently in the pipeline. To mitigate the risk wherever possible we have delayed the start date and reprofiled into the subsequent years as it is anticipated that this spike in price will be for a short period. If prices continue to rise in the medium term, then a full review of the programme will be undertaken to ensure it remains affordable for the Council.

Interest rate risk can have a major impact upon the finance of the council as even small increases in interest rates can impact significantly on borrowing costs however an increase in rates does result in better returns on cash. For several years, rates have been less than a quarter percent but with the current volatility in the market, rates have been between 2%-5%. We will continue to use internal cash to avoid higher cost of borrowing at the present time. If cash becomes depleted whilst rates are high, we may look to use short-term borrowing as opposed to longer term borrowing.

Whilst the rate of school academisation has slowed significantly in the Borough in the last two years, there is now a renewed drive following the Schools White Paper which set out that all schools should be part of a Multi Academy Trust by 2030. This will have financial implications for the Council with a loss of business rates and the risk of academies choosing not to buy in Council services.

## Funding Risk

The Local Government Finance Settlement was once again a one year settlement and whilst Government has set out its intentions and proposals for future years, this places significant pressure on the Council as it is extremely difficult to plan for future years without some certainty on its funding. In addition, key government decisions about Local Government Funding has been delayed.



## Accounting and Other Matters 2022/23

### Pensions

The actuarial valuation of the Council's pension scheme liabilities and pension reserve shown on the Balance Sheet have decreased by £463.716m during the year. The valuation is determined by the Actuary and represents the market conditions at the reporting date. The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation. Further details are given in Note 40.

### Revaluation of Assets

The Council values its assets annually based on a 5 year rolling programme. This valuation provides the Council with an up to date value for its asset portfolio and reflects the market conditions. The value of assets can fluctuate significantly due to a number of factors, such as market conditions or obsolescence, or where physical damage to the asset has occurred. To ensure that asset values are materially accurate at the balance sheet date a review of the market is undertaken to consider any changes in value across the various asset types. A number of assets where values were considered at particular risk of being impacted by market change were specifically revisited during February and March 2022 to give assurance the valuation at 1<sup>st</sup> April 2022 was accurate for the accounts, as well as the valuers undertaking an overall market review to assess the materiality of any change between the valuation date and the balance sheet date. Due to continuing high house price inflation during 2022/23, Council dwelling valuations were revisited as at 31<sup>st</sup> March 2023 and a revaluation increase was applied to adjust the value of stock to reflect movement between valuation date and balance sheet date. Details of asset valuations are included within Note 10 to the Financial Statements.

### Manchester Airport Group

The Council holds a minority shareholding of 3.22%.

The shareholding in Manchester Airport Holdings Ltd has been estimated to be £20.1m which is an increase in value of £1.5m since last year. The Manchester Airport Car Park Ltd shareholding has been valued at £4.300m, a decrease of £0.500m.

The combined revaluation gain of £1.0m on the Council's shareholdings is recognised in the Financial Instruments Revaluation Reserve and there is no impact on the General Fund.

Due to the ongoing impact of COVID-19 pandemic there have been no dividend payments received from Manchester Airport during 2020/21, 2021/22 and 2022/23. The last dividend payment received was £6.429m during 2019/20, £4.129m of which related to the Airport's 2018/19 results and an interim dividend of £2.300m for 2019/20.

### Housing Revenue Account (HRA)

The Council is required to keep a separate account in respect of council housing.

The Housing Revenue Account (HRA) shows the main elements of expenditure including maintenance, management and capital financing along with details of income from rents and other charges.

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

The HRA commenced the 2022/23 financial year with a surplus of £15.3m and ended the year on 31 March 2023 with an accumulated surplus of £16.0m.

Approximately £47.8m was spent on capital schemes which included New Build Housing developments of £19.9m at Sandalwood Drive, former Pemberton Primary site and Wharfedale. These developments were funded from reserves, borrowing and supported by grant funding from the Homes England. Further new sites are planned over the next few years to add to the Council's housing portfolio.

Other significant areas of capital spend during 2022/23 included boiler renewals, roofing works, adaptations, carbon reduction works and bringing void properties up to standard (including kitchen and bathroom renewals).

## Schools

Schools have responsibility for their budgets and may carry forward their own balances. In 2022/23 the cumulative level of delegated balances held by the schools has decreased and now stands at £18.158m (2021/22 £20.581m). This balance is spread across schools and is not available to the Council. Further information on schools funding is available in Note 35 Dedicated Schools Grant

## Health and Social Care Integration / Healthier Wigan Partnership

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

Since 2019, an Integrated Commissioning Committee has been in operation, this has brought together the senior political and clinical leadership of the locality. The integrated committee is responsible for the oversight of a pooled budget of c£350m of gross expenditure which has been created under a section 75 agreement (the mechanism that allows joint funding / pooled budgets).

In February 2021 the Department of Health & Social Care published the White Paper 'Integration and innovation: working together to improve health and social care for all', which sets out legislative proposals for a health and care Bill. For Wigan this means that the health and care integration in the Borough and across Greater Manchester has taken a step forward.

Across Greater Manchester, 10 Integrated Care Partnerships (ICPs) were created – 1 in each Borough. In Wigan, our ICP, Healthier Wigan, reflects our longstanding partnership arrangements. Our Chief Executive, Alison McKenzie-Folan is the local Place-based Lead. NHS Wigan Borough CCG has been abolished along with all CCGs across the country. The staff and responsibilities of the CCGs in Greater Manchester have become part of a new NHS organisation, NHS Greater Manchester Integrated Care (NHS Greater Manchester).

Place-based leads in each locality will receive devolved responsibility and resources from NHS Greater Manchester Integrated Care. This means that Alison and Healthier Wigan partners will work with our residents, and with the wider system across Greater Manchester – including NHS

Greater Manchester, to ensure a healthier community; plan and deliver health services more effectively; make sure everyone is treated equally and fairly; help the NHS become as efficient as possible, and help it contribute to the wider economy.

## Technical Terms

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

### Comprehensive Income and Expenditure Statement (CIES)

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

### Movement in Reserves Statement

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

### Balance Sheet

The Balance Sheet shows the value as at the 31 March 2023 of the assets and liabilities recognised by the Council. The net assets of the Council, i.e. assets less liabilities are matched by reserves which are split into two categories, usable and unusable reserves. Usable reserves are those which the Council can use to support initiatives and services. Unusable reserves are not available to use on Council Services and are in the main technical accounting reserves.

### Cash Flow Statement

The Cash Flow Statement summarises the total movement of cash and cash equivalents during 2022/23. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flow as operating, investing and financial activities.

### Housing Revenue Account

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

## Expenditure and Funding Analysis

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

## Collection Fund

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

## Statement of Responsibilities

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

## Concluding Remarks

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

The financial statements provide assurance to the reader that the Council's financial position is robust and that its pro-active approach to the impact of the austerity measures has delivered the necessary savings in advance thus providing a one-off opportunity to set monies aside into reserves which will be utilised to support initiatives in line with the Corporate Strategy Deal 2030.

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



**P McKevitt BA(Hons), ACMA & CGMA**

**Director Resources and Legal, Section 151 Officer (Deputy Chief Executive)**

## MOVEMENT IN RESERVES STATEMENT 2022/23

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

	Note	General Fund	Earmarked Reserves	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2021</b>		16,663	199,576	24,896	24,034	10,557	46,429	322,155	-22,069	300,086
<b>Movement in Reserves during 2021/22</b>										
Surplus or (deficit) on provision of services		-53,478	0	85,866	0	0	0	32,388	0	32,388
Other Comprehensive Expenditure and Income		0	0	0	0	0	0	0	319,744	319,744
<b>Total Comprehensive Expenditure and Income</b>		<b>-53,478</b>	<b>0</b>	<b>85,866</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32,387</b>	<b>319,744</b>	<b>352,132</b>
Adjustments between accounting basis & funding basis under regulations	6	38,556	0	-95,465	-2,160	7,278	13,297	-38,494	38,494	0
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>		<b>-14,922</b>	<b>0</b>	<b>-9,599</b>	<b>-2,160</b>	<b>7,278</b>	<b>13,297</b>	<b>-6,106</b>	<b>358,239</b>	<b>352,132</b>
Transfers to / from Earmarked Reserves	27	11,815	-11,815	0	0	0	0	0	0	0
<b>Increase / Decrease in Year</b>		<b>-3,107</b>	<b>-11,815</b>	<b>-9,599</b>	<b>-2,160</b>	<b>7,278</b>	<b>13,297</b>	<b>-6,106</b>	<b>358,239</b>	<b>352,132</b>
<b>Balance at 31 March 2022 Carried Forward</b>		<b>13,555</b>	<b>187,761</b>	<b>15,297</b>	<b>21,874</b>	<b>17,835</b>	<b>59,726</b>	<b>316,049</b>	<b>336,170</b>	<b>652,219</b>

	Note	General Fund	Earmarked Reserves	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2022 Brought Forward</b>		13,555	187,761	15,297	21,874	17,835	59,726	316,049	336,170	652,219
<b>Movement in Reserves during 2022/23</b>										
Surplus or (deficit) on provision of services		-32,669	0	8,814	0	0	0	-23,855	0	-23,855
Other Comprehensive Expenditure and Income		0	0	0	0	0	0	0	729,042	729,042
<b>Total Comprehensive Expenditure and Income</b>		<b>-32,669</b>	<b>0</b>	<b>8,814</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-23,855</b>	<b>729,042</b>	<b>705,187</b>
Adjustments between accounting basis & funding basis under regulations	6	-19,664	0	-8,111	-4,077	-8,715	15,505	-25,063	25,063	0
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>		<b>-52,333</b>	<b>0</b>	<b>703</b>	<b>-4,077</b>	<b>-8,715</b>	<b>15,505</b>	<b>-48,918</b>	<b>754,104</b>	<b>705,187</b>
Transfers to / from Earmarked Reserves	27	52,333	-52,333	0	0	0	0	0	0	0
<b>Increase / Decrease in Year</b>		<b>0</b>	<b>-52,333</b>	<b>703</b>	<b>-4,077</b>	<b>-8,715</b>	<b>15,505</b>	<b>-48,918</b>	<b>754,104</b>	<b>705,187</b>
<b>Balance at 31 March 2023</b>		<b>13,555</b>	<b>135,428</b>	<b>16,000</b>	<b>17,797</b>	<b>9,120</b>	<b>75,231</b>	<b>267,132</b>	<b>1,090,274</b>	<b>1,357,406</b>

## COMPREHENSIVE INCOME & EXPENDITURE STATEMENT FOR YEAR ENDED 31 March 2023

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

2021/22	2021/22	2021/22			2022/23	2022/23	2022/23
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
			<b>Expenditure on Services</b>				
			<b>People Directorate:</b>				
230,481	-139,717	90,764	Adult Social Care and Health		243,354	-135,817	107,537
360,692	-271,006	89,686	Children and Families		372,187	-277,673	94,514
23,579	-9,502	14,077	Leisure & Wellbeing		15,904	-13,393	2,511
			<b>Places Directorate:</b>				
11,824	-6,896	4,928	Economy		11,172	-7,390	3,782
73,339	-17,743	55,596	Environment		63,502	-14,962	48,540
2,942	-1,885	1,057	COVID-19 Local Business Support Grants		264	-44	220
-4,483	-90,914	-95,397	HRA		78,840	-92,195	-13,355
			<b>Resources Directorate:</b>				
59,174	-26,759	32,415	Corporate Services		54,758	-16,738	38,020
106,350	-79,535	26,815	Customer Transformation		111,113	-74,323	36,790
<b>863,898</b>	<b>-643,957</b>	<b>219,941</b>	<b>Net Cost of General Fund Services</b>		<b>951,094</b>	<b>-632,535</b>	<b>318,559</b>
		31,729	Other Operating Expenditure	7			21,561
		30,847	Financing and Investment Income and Expenditure	8			37,899
		-314,668	Taxation and Non-Specific Grant Income	9			-354,164
<b>863,898</b>	<b>-641,957</b>	<b>-32,152</b>	<b>Surplus (-) or Deficit on the provision of services</b>		<b>951,094</b>	<b>-632,535</b>	<b>23,855</b>
		-9,901	Surplus (-) or Deficit arising on the revaluation of non-current assets				-207,818
		112	Impairment Loss on non-current assets charged to revaluation reserve				82
		-309,455	Re-measurement of the net defined benefit liability	40			-520,306
		-500	Surplus (-) / Deficit on financial assets measured at fair value through Other Comprehensive Income				-1,000
		<b>-351,896</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>-705,187</b>

## BALANCE SHEET AS AT 31 March 2023

The Balance Sheet shows the value as at the Balance Sheet date of the asset and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

31.3.22			31.3.23
£'000		Notes	£'000
1,306,627	Property, Plant and Equipment	10	1,572,470
3,667	Heritage Assets	11	3,681
38,765	Investment Property	12	40,763
126	Intangible Assets	14	139
23,405	Long Term Investments	17	24,405
40,467	Long Term Debtors	17	41,842
0	Defined Benefit Pension Scheme	40	13,025
<b>1,413,057</b>	<b>Long Term Assets</b>		<b>1,696,325</b>
808	Inventories		1,067
72,206	Short Term Debtors	20	88,396
152,119	Cash and Cash Equivalents	22	83,075
1,370	Assets held for Sale	24	1,613
<b>226,502</b>	<b>Current Assets</b>		<b>174,151</b>
6,165	Short Term Borrowing	17	21,044
72,799	Creditors	25	56,767
2,924	Capital Grants Receipts in Advance	25	1,917
9,767	Provisions	26	7,704
<b>91,654</b>	<b>Current Liabilities</b>		<b>87,432</b>
399,720	Long term borrowing	17	381,539
2,648	Deferred Income – Receipt in Advance	17	2,490
39,881	Other Long Term Liabilities (Deferred Liabilities)	18	39,227
2,747	Provisions	26	2,382
450,691	Defined Benefit Pension Scheme	40	0
<b>895,687</b>	<b>Long Term Liabilities</b>		<b>425,637</b>
<b>652,219</b>	<b>Net Assets</b>		<b>1,357,406</b>
316,049	Usable Reserves	28	267,132
336,170	Unusable Reserves	29	1,090,274
<b>652,219</b>	<b>Total Reserves</b>		<b>1,357,406</b>

I certify that the Balance Sheet and related accounts present a true and fair view of the financial position of Wigan Council at 31 March 2023.

*Paul McKevitt*

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



## CASH FLOW STATEMENT FOR YEAR ENDED 31 March 2023

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

2021/22 £'000		Notes	2022/23 £'000
	<b>Operating Activities</b>		
-32,152	<b>Net Surplus or Deficit on the provision of services</b>		23,855
-58,067	Adjustments to net surplus or deficit on the provision of services for non- cash movements	23	-55,089
43,368	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	23	70,023
	<b>Cash Outflows:</b>		
17,596	Interest Paid		17,358
5,006	Interest element of PFI rental payments		5,042
	<b>Cash Inflows:</b>		
0	Dividends Received		-527
-185	Interest Received		-3,643
-22,417	Reversal of operating activity items included in the net surplus or deficit on the provision of service		-18,230
-46,851	<b>Net Cash flows from Operating Activities</b>		38,789
	<b>Investing Activities</b>		
	<b>Cash Outflows:</b>		
66,580	Purchase of Property, Plant and Equipment		94,603
3,361	Other Capital Cash Payments		1,708
-7,502	Adjustments to Other Capital Cash Payments		0
	<b>Cash Inflows:</b>		
-33,945	Capital Grants Received		-60,008
-12,018	Sale of Property, Plant and Equipment		-12,903
-791	Other Receipts		-333
15,685	<b>Net Cash flows from Investing Activities</b>		23,067
	<b>Financing Activities</b>		
	<b>Cash Outflows:</b>		
5,412	Repayments of Amounts Borrowed		3,302
1,858	Repayments of Amounts Borrowed – Transferred Debt		0
993	Payment for reduction of liability relating to PFI		998
2,596	Billing Authorities – Council Tax and NDR Adjustment		2,888
	<b>Cash Inflows:</b>		
-5,000	Cash receipts of short and long term borrowing		0
5,859	<b>Net Cash flows from Financing Activities</b>		7,188
-25,307	<b>Net increase (-) / decrease in cash and cash equivalents</b>		69,044
126,812	<b>Cash and cash equivalents at the beginning of the reporting period</b>		152,119
152,119	<b>Cash and cash equivalents at the end of the reporting period</b>	22	83,075

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## NOTES TO THE CORE FINANCIAL STATEMENTS

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

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

At the balance sheet date the following amendments to existing standards have been published as part of the annual improvements to IFRS Standards but not yet adopted. None of these are expected to impact the Council's Statement of Accounts:

- IAS 8 – Definition of Accounting Estimates
- IAS 1 – Disclosure of Accounting Policies
- IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- IFRS 3 – Updating a reference to the Conceptual Framework

IFRS16 Leases has been introduced by the 2022/23 code, but only for those authorities that have decided to adopt IFRS 16 in the 2022/23 year. The mandatory introduction of the standard will be from 1 April 2024, and therefore included in the 2024/25 Statement of Accounts.

## 2. Critical Judgements in applying Accounting Policies

### Related Companies

An assessment of the Council's interests has been carried out during the year in accordance with the Code. The Council has identified 7 entities within the group boundary. However, having due regard to levels of materiality, both quantitative and qualitative, it has been determined that the Council does not have to prepare Group Accounts for 2022/23. For the reader's benefit we have included details of the relationship with the Council and financial performance of the most significant companies. These details are included in Note 37 Related Parties.

### Better Care Fund

The Section 75 agreement by which Better Care resources have been pooled between the Council and Wigan Borough CCG has been assessed against the appropriate standards, mainly IFRS10 and IFRS11. The arrangement has been assessed to be classified as a Joint Operation given the control and governance arrangements of the pool. As such, each party accounts for the assets, liabilities, revenues and expenses relating to its involvement in a joint operation. The details are included in Note 31 Joint Operations.

### Regional Adoption Agency

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

### Private Finance Initiative (PFI)

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

### Leases

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

## Schools

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

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

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

School Type	No. of Schools 2022/23
Voluntary Aided – Primary	51
Voluntary Aided – Secondary	5
Voluntary Controlled – Primary	4
Foundation – Primary	1
Foundation – High	2
<b>Total</b>	<b>63</b>

The assessment has been based on information obtained in respect of legal title and information provided by the relevant dioceses. A conclusion has been reached that for all 56 Voluntary Aided and 4 Voluntary Controlled schools, legal title, and/or substantive rights rest with the relevant Diocese and the Diocese has granted a 'mere licence' to the schools to use the Land and Buildings. Under this licence, the rights of use of the land and buildings have not transferred to the school and thus it has been judged not to be included on the Council's Balance Sheet.

In respect of Foundation schools, 2 are classed as Foundation Trusts, and therefore a separate entity, in this instance a Trust, owns the land and buildings and no transfer of rights have been made to the Council in this respect. Therefore, these are judged not to be included on the Council's Balance Sheet. For the remaining Foundation School, the school governing body has legal ownership of the land and buildings and therefore is included on the Council's Balance Sheet.

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

## Investment Properties

Investment properties have been categorised as such, based on careful consideration of the criteria for recognition identified in IAS 40 Investment Property. Overall, the Council has determined that it holds assets with a value of £40.763m that it judges are held solely for capital

appreciation or for the generation of investment income, or both. More information is available in Note 12, Investment Properties.

### Airport Investment

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

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

The decision to designate these investments as fair value through Other Comprehensive Income is irrevocable and it is the Council's view that this is a reasonable policy for this type of investment.

### Pension Guarantees

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

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

## Energy Rebate Scheme

In response to rising energy prices, Central Government introduced a £150 council tax rebate for all eligible households in England. The Council was provided with £21.051m to administer a rebate scheme to all properties in band A-D, or D-H where there was evidence of financial hardship. The Council made a judgement that it was acting as agent in respect of these schemes, on the following basis:

- It was acting as an intermediary between the recipient and the Government Department;
- It did not have “control” of the grant conditions and there was no flexibility in determining the level of grant payable.
- Unspent funding was to be returned to the government department

The transactions relating to the Council acting as agent are not recorded nor reflected in the main statements.

The Council administered grants totalling £21.258m, therefore a creditor of £0.207m is reflected in our accounts which will be repaid to Central Government.

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

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

#### Manchester Airport Group

The Council's shareholding in Manchester Airport Group is 3.22% as at 31 March 2023. The asset is valued using the earning based method and discounted cash flow method resulting in the asset being valued at fair value rather than historic cost, therefore requiring an annual valuation. A firm of financial experts and valuers provide an independent valuation which includes reviewing the financial performance, stability and business assumptions of the Manchester Airport Group. The valuation provided is based on estimations and assumptions and therefore should the Council sell its shareholding, the value held in these statements may not be realised. As at 31 March 2023 the Council's valuers advised of an increase of £1.500m in the fair value Council share from £18.600m to £20.100m which has been reflected in the financial statements.

#### Non-Domestic Rates (NDR)

Following the introduction on 1 April 2013 of the Business Rates Retention Scheme, Local Authorities are liable for their share of successful appeals against business rates charged in the period to 31 March 2023. An estimated provision of £5.602m is reflected in the accounts relating to the Council's share of appeals. It has been calculated using the latest Valuation Office (VOA) ratings list of appeals as at 31 March 2023 and an analysis of successful appeals to date.

#### Pensions

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

During 2022/23 the Council's actuaries advised that the net pension liability had decreased by £463.716m. This comprises:

- £520.306m actuarial gain on pensions assets and liabilities;
- £56.590m loss arising from employer contributions and direct payments of £39.194m, being less than the pension obligations of £95.784m.

The effects on the net pensions liability of changes in assumptions can be measured. For instance, a change in the discount factor of + or – 0.1% would change the liability by £27.464m. A change in excess of earnings of + or – 0.1% would potentially change the total liability by



£3.278m. An increase in consumer price inflation on pensions of 0.1% would change the liability by £24.582m.

However, the assumptions interact in complex ways and changes to other estimates and actuarial assumptions may produce a different impact upon the total liability.

### Depreciation of Property, Plant and Equipment

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

### Property, Plant and Equipment

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

If the actual values differ from the assumptions used to value PPE, there is a risk of material adjustment to the carrying value of PPE within the next financial year. A reduction in estimated valuation would result in a reduction to the Revaluation Reserve and/or a loss recorded in the Comprehensive Income and Expenditure Statement. An increase in estimation valuation would result in an increase in the Revaluation Reserve and/or gain recorded in the Comprehensive Income and Expenditure Statement. As an example, the impact of a 10% change in the valuation of the Council's operational property and dwellings would be £139.548m. Note 10, Property, Plant and Equipment, to the accounts sets out the Council's approach to valuation of its PPE and discloses the carrying value of each asset category.

### Fair Value

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

- For Level 2 inputs, quoted prices for similar assets or liabilities in active markets at the balance sheet date
- For Level 3 inputs, valuations are based on most recent valuations adjusted to current valuation by the use of indexation and impairment review.

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

## Private Finance Initiative

The PFI arrangement has an implied finance lease within the agreement. The Council estimates the implied interest rate within the contract to calculate the interest and principal payments. In addition, the future RPI increase within the contract has been estimated as remaining constant throughout the period of the contract. Note 13 Private Finance Initiative discloses the value of future lease payments under the contract.

## 4. Material items of Income and Expenditure

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

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

### Revaluation, Impairments and Depreciation

As part of the total movement in Property, Plant and Equipment valuations disclosed in Note 10, there were £119.251m upward revaluation movements offset by £96.775m of downward revaluation movements accounted for within the CI&ES, with the majority relating to Council Dwellings stock. The CI&ES also contains £3.104m of impairment losses, and a charge of £44.451m for the annual depreciation of Council assets.

### Better Care Fund

As part of the joint operation with Wigan Borough Clinical Commissioning Group, £42.230m of revenue expenditure is included within Comprehensive Income and Expenditure Statement under Adult Social Care together with £18.090m of income.

### Covid-19 Section 31 and Collection Fund Deficit Earmarked Reserve

In 2021/22 the Council received £14.280m of additional Business Rates Section 31 grant to compensate for the loss of Business Rates income as a result of the extended retail relief given to retail hospitality and leisure businesses to support them through the pandemic. The Council transferred an equivalent amount to a Business Rates Management Reserve to match the deficit arising from the loss of business rates income which has been distributed in the Council's general fund during 2022/23.

As a result, the £14.280m specifically earmarked for this purpose has been transferred from the Collection Fund Reserve during 2022/23.

## 5. Expenditure and Funding Analysis

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

2021/22				2022/23		
Net Expenditure Chargeable to the General Fund and HRA balances	Adjustments between the funding and accounting basis	Net Expenditure in the CIES		Net Expenditure Chargeable to the General Fund and HRA balances	Adjustments between the funding and accounting basis	Net Expenditure in the CIES
£'000	£'000	£'000		£'000	£'000	£'000
			<b>People Directorate:</b>			
72,539	18,224	90,764	Adult Social Care and Health	94,001	13,536	107,537
75,256	14,430	89,686	Children and Families	80,214	14,299	94,514
8,027	6,050	14,077	Leisure & Wellbeing	5,673	-3,162	2,511
			<b>Places Directorate:</b>			
1,387	3,541	4,928	Economy	2,555	1,228	3,782
35,640	19,956	55,596	Environment	34,673	13,867	48,540
1,057	0	1,057	COVID-19 Local Business Support	220	0	220
68	-95,465	-95,397	HRA	-5,243	-8,111	-13,355
			<b>Resources Directorate:</b>			
23,585	8,830	32,415	Corporate Services	35,536	2,484	38,020
23,038	3,777	26,815	Customer Transformation	29,574	7,216	36,790
<b>240,598</b>	<b>-20,657</b>	<b>219,941</b>	<b>Net Cost of Services</b>	<b>277,203</b>	<b>41,357</b>	<b>318,559</b>
-216,077	-36,016	-252,093	Other Operating Income and Expenditure	-225,571	-69,133	-294,704
<b>24,521</b>	<b>-56,673</b>	<b>-32,152</b>	<b>Surplus (-) or Deficit on General Fund and HRA Balance in Year</b>	<b>51,630</b>	<b>-27,775</b>	<b>23,855</b>
<b>-241,135</b>			<b>Opening General Fund and HRA Balance</b>	<b>-216,614</b>		
24,521			Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year	51,630		
<b>-216,614</b>			<b>Closing General Fund and HRA Balance</b>	<b>-164,984</b>		

## 5a) Note to the Expenditure Funding Analysis

Adjustments from General Fund & HRA to arrive at the CIES	Adjustments for Capital Purposes		Net Change for Pensions Adjustments		Other Adjustments		Total Adjustments	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
	£000	£000	£000	£000	£000	£000	£000	£000
<b>People Directorate:</b>								
Adult Social Care and Health	26	159	15,378	9,674	2,820	3,703	18,224	13,536
Children and Families	3,975	-1,839	9,229	15,174	1,226	964	14,430	14,299
Leisure & Wellbeing	3,578	-3,115	2,491	1,623	-19	-1,670	6,050	-3,162
<b>Places Directorate:</b>								
Economy	81	-58	2,505	1,062	955	224	3,541	1,228
Environment	9,573	9,971	11,051	4,366	-668	-470	19,956	13,867
COVID19 Local Business Support	0	0	0	0	0	0	0	0
HRA	-91,923	-5,799	0	0	-3,542	-2,312	-95,465	-8,111
<b>Resources Directorate:</b>								
Corporate Services	7,180	-1,412	1,818	3,738	-168	158	8,830	2,484
Customer Transformation	74	15	4,083	5,410	-380	1,791	3,777	7,216
<b>Net Cost of Services</b>	<b>-67,436</b>	<b>-2,078</b>	<b>46,556</b>	<b>41,047</b>	<b>223</b>	<b>2,388</b>	<b>-20,657</b>	<b>41,357</b>
Other Income and Expenditure	-21,794	-60,731	15,758	15,542	-29,980	-23,944	-36,016	-69,133
<b>Surplus (-) or Deficit on General Fund and HRA Balance in Year</b>	<b>-89,230</b>	<b>-62,809</b>	<b>62,314</b>	<b>56,589</b>	<b>-29,757</b>	<b>-21,556</b>	<b>-56,673</b>	<b>-27,775</b>

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

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

### Adjustments for Capital Purposes

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

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

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

### Net Change for the Pensions Adjustments

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

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

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

### Other Adjustments

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

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

### 5b) Expenditure and Income Analysed by Nature

	2021/22	2022/23
	£'000	£'000
<b>Expenditure</b>		
Employee Benefits Expenses	369,969	398,158
Other Service Expenses	536,989	579,310
Capital Charges	-42,823	27,215
Interest Payable	24,045	24,010
Precepts and Levies	23,606	23,265
Payments to Housing Capital Receipts Pool	3,567	0
Gain/loss on disposal of non-current assets	4,320	-1,704
Gain/loss on revaluation of investment property	-865	-2,125
Trading	-1,434	13,528
Pension Interest Costs	14,396	12,748
<b>Total Expenditure</b>	<b>931,770</b>	<b>1,074,405</b>
<b>Income</b>		
Fees, charges & other service income	-273,276	-245,820
Interest & Investment Income	-6,549	-10,263
Income from Council Tax and Non Domestic Rates	-224,915	-243,901
Government Grants and Contributions	-422,171	-484,415
Capital Grants	-37,010	-66,151
<b>Total Income</b>	<b>-963,921</b>	<b>-1,050,551</b>
<b>Surplus or Deficit on Provision of Services</b>	<b>-32,152</b>	<b>23,855</b>

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

2022/23	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000	£'000	
<b>Adjustments involving the CAA:</b>						
<b>Reversal of items debited/credited to the CIES:</b>						
Charges for depreciation and impairment of non-current assets	25,347	21,967	0	0	0	-47,314
Revaluation gains/losses on PP&E	-20,355	15	0	0	0	20,340
Movements in the market value of Investment Properties	-1,946	0	0	0	0	1,946
Amortisation of intangible assets	51	0	0	0	0	-51
Capital grants and contributions applied	-26,292	-6,596	0	0	0	32,887
Income in relation to donated assets	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	8,722	0	0	0	0	-8,722
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	289	10,632	0	0	0	-10,921
<b>Insertion of items not debited or credited to the CIES:</b>						
Statutory provision for the financing of capital investment	-13,006	-2,312	0	0	0	15,318
Capital expenditure charged against the General Fund and HRA balances	-3,077	0	0	0	0	3,077
<b>Adjustments involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the CIES	-33,641	0	0	0	33,641	0
Application of grants to capital financing transferred to the CAA	0	0	0	0	-18,136	18,136
<b>Adjustments involving the Capital Receipts Reserve:</b>						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	-463	-12,440	0	13,203	0	-300
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	-21,640	0	21,640
Contribution from the Capital Receipts Reserve towards admin costs of non-current asset disposals	0	278	0	-278	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	0	0	0	0	0	0
<b>Adjustments involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA	0	-19,654	19,654	0	0	0

Use of the Major Repairs Reserve to finance new capital expenditure	0	0	-23,732	0	0	23,732
<b>Adjustments involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the CIES	95,784	0	0	0	0	-95,784
Employer's pensions contributions and direct payments to pensioners payable in the year	-39,194	0	0	0	0	39,194
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
Amount by which Precept and NDR income credited to the CIES is different from the amount calculated for the year in accordance with statutory requirements	-11,574	0	0	0	0	11,574
<b>Adjustments involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-310	0	0	0	0	310
<b>Total Adjustments</b>	<b>-19,664</b>	<b>-8,111</b>	<b>-4,077</b>	<b>-8,715</b>	<b>15,505</b>	<b>25,063</b>

2021/22	Usable Reserves					Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments involving the CAA:</b>						
<b>Reversal of items debited/credited to the CIES:</b>						
Charges for depreciation and impairment of non-current assets	18,734	30,290	0	0	0	-49,024
Revaluation gains/losses on PP&E	10,364	-95,667	0	0	0	85,303
Movements in the market value of Investment Properties	-861	-4	0	0	0	865
Amortisation of intangible assets	113	0	0	0	0	-113
Capital grants and contributions applied	-12,619	-2,815	0	0	0	15,435
Income in relation to donated assets	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	7,128	0	0	0	0	-7,128
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	9,668	6,696	0	0	0	-16,364
<b>Insertion of items not debited or credited to the CIES:</b>						
Statutory provision for the financing of capital investment	-9,202	-3,542	0	0	0	12,744
Capital expenditure charged against the General Fund and HRA balances	-1,722	0	0	0	0	1,722
<b>Adjustments involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the CIES	-22,605	0	0	0	22,605	0
Application of grants to capital financing transferred to the CAA	0	0	0	0	-9,308	9,308
<b>Adjustments involving the Capital Receipts Reserve:</b>						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	-3,903	-8,115	0	12,341	0	-322
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	-1,282	0	1,282
Contribution from the Capital Receipts Reserve towards admin costs of non-current asset disposals	0	215	0	-215	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	3,567	0	0	-3,567	0	0
<b>Adjustments involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA	0	-22,522	22,522	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	-24,682	0	0	24,682
<b>Adjustments involving the Pensions Reserve:</b>						



Reversal of items relating to retirement benefits debited or credited to the CIES	98,086	0	0	0	0	-98,086
Employer's pensions contributions and direct payments to pensioners payable in the year	-35,772	0	0	0	0	35,772
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax and NDR income credited to the CIES is different from council tax and NDR income calculated for the year in accordance with statutory requirements	-22,722	0	0	0	0	22,722
<b>Adjustments involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	304	0	0	0	0	-304
<b>Total Adjustments</b>	<b>38,556</b>	<b>-95,465</b>	<b>-2,160</b>	<b>7,278</b>	<b>13,297</b>	<b>38,494</b>

## 7. Other Operating Expenditure

2021/22 £'000		2022/23 £'000
23,525	Levies	23,181
81	Parish Precepts	84
4,556	Gains (-) & Losses on Disposals of Non-current Assets	-1,705
0	Loss on disposal of shares	0
3,567	Payment to Housing Capital Receipts Pool	0
<b>31,729</b>		<b>21,561</b>

## 8. Financing and Investment Income and Expenditure

2021/22 £'000		2022/23 £'000
24,045	Interest payable and similar charges	24,010
-1,434	Trading Accounts	13,528
14,396	Net Interest on the Net Defined Benefit Pension Liability (Asset)	12,748
-6,659	Investment receivable and similar income	-10,263
-865	Gains (-) & Losses on Revaluation of Investment Property	-2,125
0	Gains (-) & Losses on Disposal of Investment Property	1
<b>29,483</b>		<b>37,899</b>

## 9. Taxation and Non Specific Grant Income

2021/22 £'000		2022/23 £'000
-126,019	Council Tax Income	-128,904
-98,897	Non Domestic Rates income	-114,998
-37,010	Capital Grants and Contributions	-66,151
-52,743	Other Non-ring Fenced grants	-44,111
0	Donated Asset Additions	0
<b>-314,668</b>		<b>-354,164</b>

## 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	Community Assets	Surplus Assets	PP & E Assets Under Construction	Total	PFI Assets Included in PP & E
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or value at 1.4.22</b>	<b>824,114</b>	<b>344,451</b>	<b>14,833</b>	<b>1,964</b>	<b>10,843</b>	<b>21,328</b>	<b>1,217,532</b>	<b>35,283</b>
Additions	27,697	10,939	3,517	1,088	992	39,231	83,464	0
Donations	0	0	0	0	0	0	0	0
Revaluation increases/decreases to Revaluation Reserve	141,158	30,909	0	-6	-163	639	172,537	0
Revaluation increases/decreases to surplus/deficit on the provision of services (SDPS)	-6	10,751	0	-1,089	2,178	108	11,942	586
De-recognition – Disposals	-10,632	-90	-1,407	0	0	0	-12,128	0
De-recognition – Other	0	-174	-1,488	0	0	-1,855	-3,518	0
Reclassified to/from held for sale	0	-140	0	0	-28	0	-168	0
Other Movements	19,393	-2,932	0	0	-704	-15,757	0	0
<b>At 31.3.23</b>	<b>1,001,723</b>	<b>393,715</b>	<b>15,455</b>	<b>1,957</b>	<b>13,118</b>	<b>43,694</b>	<b>1,469,662</b>	<b>35,869</b>
<b>Depreciation &amp; Impairment at 1.4.22</b>	<b>30,189</b>	<b>25,664</b>	<b>7,799</b>	<b>10</b>	<b>964</b>	<b>0</b>	<b>64,625</b>	<b>1,730</b>
Depreciation	21,901	10,481	1,631	0	422	0	34,435	787
Depreciation written out to the Revaluation Reserve	-26,018	-7,324	0	0	-26	0	-33,368	0
Depreciation written out to SDPS	-6	-6,700	0	0	-320	0	-7,026	-1,943
Impairment losses/reversals to Revaluation Reserve	2,533	-4,232	0	0	0	0	-1,699	0
Impairment losses/reversals to SDPS	0	546	0	-10	-853	1,883	1,566	0
De-recognition – Disposals	0	-51	-1,342	0	0	0	-1,392	0
De-recognition – Other	0	-174	-1,488	0	0	0	-1,662	0
Eliminated on reclassification to Held for Sale	0	0	0	0	-9	0	-9	0
Other Movements	6	-3,314	0	0	-2	3,307	-2	0
<b>At 31.3.23</b>	<b>28,606</b>	<b>14,897</b>	<b>6,600</b>	<b>0</b>	<b>177</b>	<b>5,190</b>	<b>55,469</b>	<b>574</b>
<b>Net Book Value at 31.3.23</b>	<b>973,117</b>	<b>378,818</b>	<b>8,855</b>	<b>1,957</b>	<b>12,942</b>	<b>38,504</b>	<b>1,414,193</b>	<b>35,296</b>
<b>Net Book Value at 31.3.22</b>	<b>793,925</b>	<b>318,787</b>	<b>7,034</b>	<b>1,954</b>	<b>9,879</b>	<b>21,328</b>	<b>1,152,907</b>	<b>33,553</b>

	Council Dwellings	Other Land & Buildings	Vehicles Plant and Equipment	Community Assets	Surplus Assets	PP & E Assets Under Construction	Total	PFI Assets Included in PP & E
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or value at 1.4.21</b>	<b>739,343</b>	<b>344,495</b>	<b>14,673</b>	<b>1,952</b>	<b>10,695</b>	<b>6,448</b>	<b>1,117,604</b>	<b>35,283</b>
Additions	18,549	11,541	1,795	543	288	18,500	51,216	0
Donations	0	0	0	0	0	0	0	0
Revaluation increases/decreases to Revaluation Reserve	9	6,410	0	28	218	403	7,068	0
Revaluation increases/decreases to surplus/deficit on the provision of services (SDPS)	69,647	-11,861	0	-562	-2,212	37	55,049	0
De-recognition – Disposals	-6,679	-6,374	-625	0	-804	0	-14,482	0
De-recognition – Other	-15	-11	-1,010	0	0	0	-1,036	0
Reclassified to/from held for sale	0	-14	0	0	0	0	-14	0
Other Movements	3,260	265	0	3	2,659	-4,059	2,128	0
<b>At 31.3.22</b>	<b>824,114</b>	<b>344,451</b>	<b>14,833</b>	<b>1,964</b>	<b>10,844</b>	<b>21,329</b>	<b>1,217,535</b>	<b>35,283</b>
<b>Depreciation &amp; Impairment at 1.4.21</b>	<b>26,051</b>	<b>25,745</b>	<b>7,990</b>	<b>10</b>	<b>239</b>	<b>0</b>	<b>60,035</b>	<b>1,233</b>
Depreciation	26,018	6,570	1,391	0	41	0	34,020	496
Depreciation written out to the Revaluation Reserve	0	-2,388	0	0	-16	0	-2,404	0
Depreciation written out to SDPS	-23,643	-3,059	0	0	-30	1	-26,731	0
Impairment losses/reversals to Revaluation Reserve	0	-263	0	0	-122	0	-385	0
Impairment losses/reversals to SDPS	1,777	-796	0	0	805	0	1,786	0
De-recognition – Disposals	0	-254	-577	0	0	0	-842	0
De-recognition – Other	-15	-11	-1,010	0	0	0	-1,025	0
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0	0
Other Movements	0	120	6	0	48	-1	167	0
<b>At 31.3.22</b>	<b>30,188</b>	<b>25,664</b>	<b>7,799</b>	<b>10</b>	<b>965</b>	<b>0</b>	<b>64,627</b>	<b>1,730</b>
<b>Net Book Value at 31.3.22</b>	<b>793,925</b>	<b>318,787</b>	<b>7,034</b>	<b>1,954</b>	<b>9,880</b>	<b>21,329</b>	<b>1,152,908</b>	<b>33,553</b>
<b>Net Book Value at 31.3.21</b>	<b>713,292</b>	<b>318,749</b>	<b>6,683</b>	<b>1,942</b>	<b>10,456</b>	<b>6,448</b>	<b>1,057,568</b>	<b>34,050</b>

## Infrastructure Assets

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

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

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

	2021/22	2022/23
	£'000	£'000
<b>Net Book Value (Modified Historical Cost) at 1<sup>st</sup> April</b>	<b>150,846</b>	<b>153,720</b>
Additions	12,395	14,522
De-recognition	0	0
Depreciation	-9,520	-9,965
Impairment	0	0
Other Movements	-1	0
<b>Net Book Value at 31<sup>st</sup> March</b>	<b>153,720</b>	<b>158,277</b>

The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Financing and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

## Capital Commitments

As at 31 March 2023, the Council was contractually committed to the following major items of capital work:

	£'000	Start Date	Projected End Date
Affordable Housing	21,928	2021	2024
Galleries Demolition	6,578	2022	2023

## Property, Plant and Equipment Valuation

The Council's property portfolio, which comprises both freehold and leasehold properties, has been valued on the bases outlined below, which accord with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors (RICS). The valuations were undertaken by in-house staff and certified by T. Redding (MRICS) the qualified Principal Asset Management Planning Officer within the Council's Asset Management Service. Not all properties were inspected, as this wasn't considered by the Valuer to be necessary for

the purposes of the valuation. Inspections were carried out between April 2022 and March 2023. The actual date of valuation was 1 April 2022.

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

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

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

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

## Property, Plant and Equipment Valuation

By valuation method:

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant and Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	PP & E Assets Under Construction £'000	TOTAL £'000
Depreciated Historical Cost	0	0	8,855	158,277	1,957	0	38,504	207,593
Depreciated Replacement Cost	0	266,716	0	0	0	0	0	266,716
Current Value – Existing Use Value – Social Housing	973,117	0	0	0	0	0	0	973,117
Current Value – Existing Use Value	0	112,102	0	0	0	0	0	112,102
Fair Value – Highest and Best	0	0	0	0	0	12,942	0	12,942
<b>Net Book Value at 31.3.23</b>	<b>973,117</b>	<b>378,818</b>	<b>8,855</b>	<b>158,277</b>	<b>1,957</b>	<b>12,942</b>	<b>38,504</b>	<b>1,572,470</b>

By year of valuation:

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant and Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	PP & E Assets Under Construction £'000	TOTAL £'000
Depreciated Historical Cost:	0	0	8,855	158,277	1,957	0	38,504	207,593
Valued at Current Value as at:								
31 <sup>st</sup> March 2023	973,117	344,956	0	0	0	12,936	0	1,331,009
31 <sup>st</sup> March 2022	0	10,212	0	0	0	0	0	10,212
31 <sup>st</sup> March 2021	0	8,908	0	0	0	0	0	8,908
31 <sup>st</sup> March 2020	0	9,489	0	0	0	0	0	9,489
31 <sup>st</sup> March 2019	0	5,253	0	0	0	6	0	5,259
<b>Net Book Value at 31.3.23</b>	<b>973,117</b>	<b>378,818</b>	<b>8,855</b>	<b>158,277</b>	<b>1,957</b>	<b>12,942</b>	<b>38,504</b>	<b>1,572,470</b>

## Fair Value

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

### 11. Heritage Assets

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

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

Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with the statutory accounting requirements relating to capital expenditure and capital receipts, again see disposal note in the accounting policies. The Council's collections of Heritage Assets are accounted for as follows:

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

	Art & Artefacts	Civic Regalia	Outside Artwork	Total
	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>				
<b>1 April 2021</b>	<b>2,170</b>	<b>366</b>	<b>1,124</b>	<b>3,660</b>
Additions	8	0	0	8
Disposals	0	0	0	0
Revaluations	0	0	0	0
Reclassifications	0	0	0	0
<b>31 March 2022</b>	<b>2,178</b>	<b>366</b>	<b>1,124</b>	<b>3,668</b>
	Art & Artefacts	Civic Regalia	Outside Artwork	Total
	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>				
<b>1 April 2022</b>	<b>2,178</b>	<b>366</b>	<b>1,124</b>	<b>3,668</b>
Additions	13	0	0	13
Disposals	0	0	0	0
Revaluations	0	0	0	0
Reclassifications	0	0	0	0
<b>31 March 2023</b>	<b>2,191</b>	<b>366</b>	<b>1,124</b>	<b>3,681</b>



## 12. Investment Properties

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

Income from Investment Properties is shown within Financing and Investment Income in the CI&ES. For 2022/23 this amounted to £1.957m (£1.253m 21/22) which is included within the £3.702m lease income shown in Note 39.

### Fair Value

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

The fair value has been measured using the market valuation technique, taking into account the following factors:- existing lease terms and rentals, market evidence including market rentals and yields, adjusted to reflect the nature of each tenancy or void and the covenant strength for existing tenants.

There has been no change in the valuation techniques used during the year for investment properties and no properties have moved between levels in the fair value hierarchy.

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

### Quantitative Information for Properties using Significant Unobservable Inputs – Level 3

As at 31 March 2023, just 14 of the Council's 128 investment assets accounted for 79% (£32.246m) of the total portfolio value (£40.763m), and 13 of these were assessed at level 3 at a combined value of £20.907m.

A sensitivity analysis of these assets indicated that a 1% increase in the unobservable yields adopted would reduce their value by £2.196m. A 1% decrease in the unobservable yields adopted would increase their value by £2.303m.

A breakdown of investment property types is shown below as at 31<sup>st</sup> March 2023:

Recurring Fair Value Measurements Using:	Level 1	Level 2	Level 3	
	Quoted prices in active markets for identical assets	Other significant observable inputs	Significant unobservable inputs	Fair Value at 31 March 2023
	£000	£000	£000	£000
Airport Land Holding		11,339		11,339
Commercial Land			21,132	21,132
Commercial Units			1,201	1,201
Industrial Land and Units			7,006	7,006
Office Units			86	86
<b>Total</b>	<b>0</b>	<b>11,339</b>	<b>29,424</b>	<b>40,763</b>

Comparative year as at 31<sup>st</sup> March 2022:

Recurring Fair Value Measurements Using:	Level 1	Level 2	Level 3	
	Quoted prices in active markets for identical assets	Other significant observable inputs	Significant unobservable inputs	Fair Value at 31 March 2022
	£000	£000	£000	£000
Airport Land Holding		10,385		10,385
Commercial Land			20,477	20,477
Commercial Units			1,126	1,126
Industrial Land and Units			6,641	6,641
Office Units			136	136
<b>Total</b>	<b>0</b>	<b>10,385</b>	<b>28,380</b>	<b>38,765</b>

### Movement in Investment Properties

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

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

	2021/22	2022/23
	£000	£'000
<b>Balance at start of the year</b>	<b>40,575</b>	<b>38,765</b>
Additions:	0	179
Disposals	0	-125
Net gains / losses (-) from fair value adjustments	865	1,946
<b>Transfers:</b>		
to (-) / from Property, Plant and Equipment	-2,676	-2
<b>Balance at end of the year</b>	<b>38,765</b>	<b>40,763</b>

The changes in fair value of investment property in 2022/23 is attributable to a £0.954m gain on the level 2 airport land holding, with the remaining changes attributable to level 3 assets.

### 13. Private Finance Initiative (PFI)

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

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

The PFI operator is still responsible for all building maintenance of the sites.

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

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

#### Payments

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

Payments remaining to be made under the contract as at 31 March 2023 (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 2023/24	1,496	4,903	2,440	8,839
Within 2 – 5 years	7,929	17,571	10,754	36,253
Within 6 – 10 years	13,699	15,545	18,267	47,511
Within 11 – 15 years	16,757	4,291	13,832	34,880
<b>Total</b>	<b>39,881</b>	<b>42,310</b>	<b>45,293</b>	<b>127,484</b>

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

The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

	2022/23 £'000	2023/24 £'000
Balance at start of the year	40,878	39,881
Payments during the year	-997	-1,496
<b>Balance outstanding at year end</b>	<b>39,881</b>	<b>38,385</b>

The PFI liability represents the outstanding long term liability to the contractor for capital expenditure. This is deemed to be an appropriate proxy for the fair value as the actual borrowing lies with the PFI provider and not the Council.

The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Council receives PFI grant from the Government to part fund the scheme, the annual grant is £6.023m. The Council is committed to making gross payments estimated at £127.484m, however the net cost to the Council after the PFI grant is £46.920m.

#### 14. Intangible Assets

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

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

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.051m charged to revenue in 2022/23 was charged to the appropriate Service Revenue Account.

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

	2021/22	2022/23
	Other Assets	Other Assets
	£'000	£'000
Balance at start of year:		
Gross carrying amounts	2,434	2,434
Accumulated amortisation	-2,196	-2,309
<b>Net carrying amount at start of year</b>	<b>239</b>	<b>126</b>
Additions:		
Purchases	0	65
Amortisation for the period	-113	-51
Removals:		
Write out gross carrying amounts of fully amortised assets	0	-1,152
Write out accumulated amortisation of fully amortised assets	0	1,152
<b>Net carrying amount at end of year</b>	<b>126</b>	<b>139</b>
Comprising:		
Gross carrying amounts	2,434	1,347
Accumulated amortisation	-2,309	-1,207
<b>Total</b>	<b>126</b>	<b>139</b>

There are several items of capitalised software as follows:

	Carrying Amount		Remaining Amortisation Period
	31 March 2022	31 March 2023	
	£'000	£'000	
HR & Payroll – Trading	14	0	0 Years
Corelogic System	112	75	2 Years
Civica Digital 360	0	65	3 Years
<b>Total</b>	<b>126</b>	<b>139</b>	

## 15. Impairment Losses

During 2022/23, including Investment Property, the Council recognised total impairment losses of £10.0m (2021/22 £5.8m). Note 10 - Property Plant and Equipment analyses the net impairment movements between the Revaluation Reserve and Surplus or Deficit on Provision of Services.

The table below breaks down Impairment Losses by asset category:

	Council Dwellings	Land & Buildings (incl. PFI)	Vehicles Plant & Equipment	Infra-structure Assets	Communi-ty Assets	Surplus Assets	Assets Under Constructi-on	Assets Held for Sale	Investment Property	Intangible Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2022/23 Impairment Charge	0	207	0	0	0	0	1,883	0	12	0	<b>2,102</b>
2022/23 Impairment Charge Non-enhancing Expenditure	6,705	1,057	0	0	0	0	0	0	179	0	<b>7,941</b>
<b>Total</b>	<b>6,705</b>	<b>1,264</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,883</b>	<b>0</b>	<b>191</b>	<b>0</b>	<b>10,043</b>

£6.7m of impairment losses were in respect of the council dwellings stock (2021/22 £4.2m), all of which related to capital expenditure determined to be of a non-enhancing nature.

The remaining £3.3m of impairment losses (2021/22 £1.6m) can be mainly attributed to essential capital work completed on various operational assets throughout the year, and the revaluation of The Galleries following demolition works.

## 16. Capital Expenditure and Capital Financing

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

2021/22 £'000		2022/23 £'000
563,792	<b>Opening Capital Financing Requirement</b>	569,357
	<b>Capital Investment:</b>	
63,610	Property, Plant and Equipment	98,166
0	Intangible Assets	65
7,128	Revenue Expenditure Funded from Capital under Statute	6,867
0	Loans	0
	<b>Sources of Finance:</b>	
-1,282	Capital Receipts	-21,640
-24,743	Government Grants and Other Contributions	-51,024
	<b>Sums set aside from Revenue:</b>	
-26,404	Direct Revenue Contributions	-26,809
-12,744	MRP / loans fund principal repayments	-15,318
<b>569,357</b>	<b>Closing Capital Financing Requirement</b>	<b>559,664</b>
	<b>Explanation of Movements During Year</b>	
5,564	Increase / Decrease (-) in underlying need to borrow (unsupported by Government financial assistance)	-9,693
<b>5,564</b>	<b>Increase / Decrease (-) in Capital Financing Requirement</b>	<b>-9,693</b>

## 17. Financial Instruments

### Categories of Financial Instruments

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

Financial Assets	Non-current				Current				Total 2022/23 £'000
	Investments		Debtors		Investments		Debtors		
	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	
Fair Value through profit and loss	0	0	0	0	0	0	0	0	0
Amortised Cost	5	5	40,467	41,842	164,894	84,263	44,951	56,249	182,359
Cash at Bank	0	0	0	0	-12,775	-1,188	0	0	-1,188
Plus items not classed as financial instruments e.g. VAT, NDR, Council Tax, RIA	0	0	0	0	0	0	27,255	32,148	32,148
Fair Value through Other Comprehensive Income – designated equity instruments	23,400	24,400	0	0	0	0	0	0	24,400
Fair Value through Other Comprehensive Income – other	0	0	0	0	0	0	0	0	0
<b>Total Financial Assets</b>	<b>23,405</b>	<b>24,405</b>	<b>40,467</b>	<b>41,842</b>	<b>152,119</b>	<b>83,075</b>	<b>72,206</b>	<b>88,396</b>	<b>237,718</b>

Financial Liabilities	Non-current				Current				Total 2022/23 £'000
	Borrowings		Creditors		Borrowings		Creditors		
	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	
Fair Value through profit and loss	0	0	0	0	0	0	0	0	0
Amortised Cost	399,720	381,538	2,648	2,490	6,165	21,044	19,767	34,403	439,075
Plus items not classed as financial instruments e.g. VAT, NDR, Council Tax, RIA	0	0	0	0	0	0	55,955	24,282	24,282
PFI and Other Deferred Liabilities	0	0	39,881	39,227	0	0	0	0	39,227
<b>Total Financial Liabilities</b>	<b>399,720</b>	<b>381,538</b>	<b>42,529</b>	<b>41,717</b>	<b>6,165</b>	<b>21,044</b>	<b>75,722</b>	<b>58,685</b>	<b>502,984</b>

The Council has a 3.22% shareholding in Manchester Airport Holdings Limited and under accounting standard IFRS 9 'Financial Instruments', investments in equity are to be classified as fair value through profit and loss unless there is an irrevocable election to designate the asset as fair value through Other Comprehensive Income.

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



## Income, Expense, Gains and Losses

	2021/22		2022/23	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£'000	£'000	£'000	£'000
<b>Net gains / losses on:</b>				
Investments in equity instruments designated at fair value through Other Comprehensive Income and Expenditure		0		1,000
<b>Total net gains / losses</b>		<b>0</b>		<b>1,000</b>
<b>Interest Revenue</b>				
Financial assets measured at amortised cost	-1,983		-4,996	
Other financial assets measured through fair value through Other Comprehensive Income and Expenditure	-3,360		-3,565	
<b>Total Interest Revenue</b>	<b>-5,343</b>		<b>-8,562</b>	
Interest Expense	23,756		23,374	
<b>Total Interest Expense</b>	<b>23,756</b>		<b>23,374</b>	
<b>Fee Expense</b>				
Financial assets or financial liabilities that are not at fair value through profit or loss	6		3	
<b>Total Fee Expense</b>	<b>6</b>		<b>3</b>	

## Fair Value of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments (Level 2 inputs), using the following assumptions:

:

- estimated ranges of interest rates at 31 March 2023 for loans from the Public works Loan Board (PWLB) and for short term investments based on new lending rates for equivalent loans at that date
- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair values calculated are as follows:

Financial Liabilities	2021/22		2022/23	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
PWLB borrowing	402,885	460,961	399,709	350,408
Salix Finance Ltd	123	123	0	0
Long - term creditors	39,881	39,881	39,227	39,227

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

However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than the markets. If the Council were to seek to realise the projected gain by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that now has to be paid. The Fair value calculation for early redemption including the penalty charge would be £390.370m (£531.487m in 2021/22).

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	2021/22		2022/23	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
<b>At Fair Value through profit and loss</b>				
Investments	0	0	0	0
<b>At Amortised Cost</b>				
Loans and Receivables	164,894	164,802	84,263	84,263
Long-term debtors	40,467	44,117	41,842	45,385

The fair value of the assets is greater than the carrying amount because the Council's portfolio of investments include a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the balance sheet date.

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 2023 is analysed below:

2021/22 £'000		Input level in Fair Value Hierarchy	2022/23 £'000
18,600	Shareholdings in: The Manchester Airports Group Plc Manchester Airport Car Park – C Shares	Level 2	20,100
4,800		Level 2	4,300
5	Other Investments		5
<b>23,405</b>			<b>24,405</b>

### Manchester Airport Group

The Council's shareholding in Manchester Airport Group is 3.22% as at 31 March 2023. The shares in this company are a strategic investment and not held for trading, therefore the Council has opted to designate it as fair value through Other comprehensive Income. This means that there is no impact on the revenue budget and the Council's decision to designate it irrevocable. Any gains or losses on the valuation of the shareholding will therefore be transferred to a Financial Instruments Revaluation Reserve.

The shares in this company are not traded in an active market, the fair value shown above has been based on valuation techniques that are observable for the asset on an open market basis. The earnings based method (EBITA) has been used based on data for comparable quoted

companies operating in the same sector. These shares are subject to an annual valuation. In 2022/23 this has seen an increase in value of £1.5m.

The Council holds an equity investment in Manchester Airport Car Park Ltd of £5.610m (along with the other nine Greater Manchester District Councils). This investment was to assist the funding of the capital build of a car park in return for the issue of 3 C shares in Manchester Airport Car Park Ltd. The value decreased in year to £4.8m in 2021/22 and has decreased to £4.3m in 2022/23. The shareholding will be classed as a financial instrument and held at fair value on the Council's Balance Sheet. Under IFRS9 the shareholding will be designated as a strategic investment and not held for trading therefore the Council has opted to designate it as fair value through Other Comprehensive Income. This would mean there is no impact on the Revenue budget and the Council's decision to designate is irrevocable.

### Long Term Debtors

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

2021/22 Fair Value	2021/22 Carrying Value		2022/23 Fair Value	2022/23 Carrying Value
£000	£000		£000	£000
33,547	30,223	The Manchester Airports Group Plc	33,766	30,223
7,501	7,501	Manchester Airport – accrued interest	9,209	9,209
2,278	2,278	Renovation Loans	1,987	1,987
433	433	Housing – Insulation Loans	423	423
32	32	Transferred Debt re Pre-1974 functions	0	0
<b>43,791</b>	<b>40,467</b>		<b>45,385</b>	<b>41,842</b>

## Short Term Investments

During the year, the Council invested its revenue balances, reserves and capital receipts externally in short term deposits. At 31 March 2023 £84.263m was invested in this way (£164.894m at 31 March 2022) as follows:

2021/22		2022/23
£'000		£'000
25,400	Barclays Bank	28,221
19,450	Handelsbanken	6,000
5,000	Cheshire East Council	5,000
5,000	East Hertfordshire Council	5,000
5,000	Santander UK Bank Plc	5,000
0	Aberdeen City Council	5,000
0	Aberdeenshire Council	5,000
0	Birmingham City Council	5,000
0	London Borough of Croydon	5,000
0	London Borough of Enfield	5,000
0	Woking Borough Council	5,000
0	Worthing Borough Council	5,000
42	Royal Bank of Scotland	42
20,002	Lloyds TSB Bank	0
10,000	Coventry BS	0
10,000	Nationwide BS	0
5,000	Yorkshire BS	0
5,000	Natwest - CD	0
5,000	Lloyds - CD	0
5,000	Thurrock Council	0
5,000	South Somerset	0
5,000	Slough	0
5,000	Warrington	0
5,000	Windsor & Maidenhead	0
5,000	East Ayrshire	0
5,000	Fife	0
5,000	Goldman Sachs Intl	0
5,000	Australia & NZ Bank	0
5,000	Kingston Upon Hull CC	0
<b>164,894</b>		<b>84,263</b>

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

## Long Term Borrowing

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

2021/22	Source of Loan Outstanding	Increases in year	Decreases in year	2022/23
£'000		£'000	£'000	£'000
399,709	Public Works Loans Board	0	18,182	381,528
11	Individuals	0	0	11
<b>399,720</b>		<b>0</b>	<b>18,182</b>	<b>381,539</b>

2021/22	An Analysis by maturity is:	2022/23
£'000		£'000
18,182	Over 1 year but not over 2 years	5,175
16,535	Over 2 years but not over 5 years	49,505
108,348	Over 5 years but not over 10 years	90,243
67,554	Over 10 years but not over 15 years	47,515
7	Over 15 years but not over 20 years	7
10	Over 20 years but not over 25 years	10
189,084	Over 25 years	189,083
<b>399,720</b>		<b>381,538</b>

The accrued interest associated with the PWLB loans is £1.316m. This is included under current liabilities and will be paid in 2023/24.

### Short Term Borrowing

At 31 March 2023 the figure for Short Term Borrowing outstanding was £21.044m (£6.165m in 2021/22).

### 18. Deferred (Long Term) Liabilities

Deferred liabilities are liabilities which are payable beyond the next financial year. At 31 March 2023, these totalled £39.227m.

2021/22 £'000		2022/23 £'000
39,881	PFI (Wigan Joint Service Centre)	38,385
0	Contractor Retentions	842
<b>39,881</b>	<b>Balance as at 31 March</b>	<b>39,227</b>

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

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

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

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

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

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

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

### Credit risk

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

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

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

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

The annual Treasury Management Policy also imposes a maximum sum or percentage to be invested with financial institutions. Due to the current shortage of high quality counterparties, a percentage limit was introduced to be utilised in periods of high investment balances.

The full investment policy for 2022/23 was approved by Council on 2<sup>nd</sup> March 2022 and is available on the Council's website.

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

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

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

### Amounts arising from Expected Credit Losses

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

A summary of the credit quality of the Council's investments at 31st March 2023 is shown below, along with the potential maximum exposure to Credit Risk, based on experience of default and uncollectability.

Deposits with Banks and other Financial Institutions	Amount as at 31st March 2023	Lowest LT Credit Rating	Historic Risk of Default	Product of Investment and historical risk
	£000			
<b>Call Accounts</b>				
Handelsbanken	6,000	AA-	0.000%	4
Barclays Bank	13,221	A	0.000%	16
Royal Bank of Scotland	42	A	0.000%	0
<b>Fixed Term Deposits</b>				
Cheshire East Council	5,000	AA-	0.007%	0
East Hertfordshire Council	5,000	AA-	0.002%	0
Aberdeen City Council	5,000	AA-	0.005%	0
Aberdeenshire Council	5,000	AA-	0.013%	0
Birmingham City Council	5,000	AA-	0.002%	0
London Borough of Croydon	5,000	AA-	0.004%	0
London Borough of Enfield	5,000	AA-	0.012%	0
Woking Borough Council	5,000	AA-	0.008%	0
Worthing Borough Council	5,000	AA-	0.001%	0
<b>Notice Accounts</b>				
Barclays Bank 95 day notice	15,000	A	0.012%	1,763
Santander UK Plc 95 day notice	5,000	A	0.012%	588
	<b>84,263</b>		<b>0.006%</b>	<b>2,371</b>

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

2021/22	Area	2022/23	Historical experience of default	Historical experience adjusted for market conditions	Estimated maximum exposure to default and un-collectability
		A	B	C	A x B
£'000		£'000	%	%	£'000
72,206	Trade Debtors	88,396	1.47	0	1,298

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 as follows:

2021/22		2022/23
£'000		£'000
14,040	Less than three months	14,232
3,839	Three to six months	1,830
1,972	Six months to one year	2,216
8,248	More than one year	9,094
<b>28,099</b>		<b>27,372</b>

## Liquidity risk

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

The maturity analysis of financial liabilities is shown below:

2021/22 £'000		2022/23 £'000
4,845	Up to 1 year	19,730
18,182	Over 1 year but not over 2 years	5,186
16,535	Over 2 years but not over 5 years	49,495
108,348	Over 5 years but not over 10 years	90,243
67,554	Over 10 years but not over 15 years	47,515
7	Over 15 years but not over 20 years	7
10	Over 20 years but not over 25 years	9
189,085	Over 25 years	189,083
<b>404,566</b>		<b>401,268</b>

## Market risk

### Interest rate risk

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

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

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

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

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



	<b>2022/23 £'000</b>
Daily average investment balance (average rate of interest 1.63%)	157,365
Assuming interest rates 1% higher additional interest received	1,574
Decrease in fair value of fixed rate borrowings liabilities (no impact on Comprehensive Income and Expenditure Statement)	34,582

### Price risk

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

### Foreign exchange risk

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

## 20. Short Term Debtors

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

<b>2021/22 £'000</b>		<b>2022/23 £'000</b>
41,550	Other Entities and Individuals	52,789
12,359	Central Government Bodies	17,475
12,826	NHS Bodies	13,295
5,471	Other Local Authorities	4,837
<b>72,206</b>	<b>Net Total</b>	<b>88,396</b>

## 21. Debtors for Local Taxation

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

<b>2021/22 £'000</b>		<b>2022/23 £'000</b>
7,529	Less than one year	9,864
10,587	One year to two years	5,957
13,673	More than two years	12,939
<b>31,789</b>		<b>28,760</b>

## 22. Cash and Cash Equivalents

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

2021/22 £'000		2022/23 £'000
50	Cash held by the Council (Petty Cash)	50
14,195	Bank Current Accounts - Schools	11,368
-27,021	Bank Current Accounts - Council	-12,607
164,895	Short-term deposits	84,264
<b>152,119</b>	<b>Total Cash and Cash Equivalents</b>	<b>83,075</b>

The Cash Overdrawn element (£12.6m) is included within Cash and Cash Equivalents as it is deemed to be integral to the Council's cash management.

## 23. Cashflow Adjustments Analysis

2021/22 £'000	Adjust Net Surplus or Deficit on the Provision of Services for Non Cash Movements	2022/23 £'000
-43,541	Depreciation	-44,400
-113	Amortisation	-51
80,685	Impairment and Revaluation Losses	19,373
-22,632	Increase +/- decrease in Creditors	17,038
8,973	Increase +/- decrease in Debtors	17,566
-8	Increase +/- decrease in Inventories	259
-2,274	Increase +/- decrease in Provisions	2,427
-62,314	Movement in Pension Liability	-56,590
-16,364	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	-10,921
-479	Other non-cash items charged to net surplus and deficit on the provision of services	210
<b>-58,067</b>	<b>Total</b>	<b>-55,089</b>

2021/22 £'000	Adjust for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	2022/23 £'000
12,018	Sale of PPE	12,903
33,945	Capital Grants credited to the surplus or deficit on the provision of services	60,008
-2,596	Council Tax and NDR adjustment	-2,888
<b>43,367</b>	<b>Total</b>	<b>70,023</b>

As at 01/04/21 £'000	Financing Cashflows £'000	As at 31/03/22 £'000	Reconciliation of liabilities arising from financing activities	As at 01/04/22 £'000	Financing Cashflows £'000	As at 31/03/23 £'000
398,019	1,701	399,720	Long term borrowing	399,720	-18,182	381,538
8,278	-2,113	6,165	Short term borrowing	6,165	14,880	21,045
41,872	-993	40,879	On balance sheet PFI liabilities	40,879	-998	39,881
<b>450,026</b>	<b>-3,263</b>	<b>446,764</b>	<b>Total</b>	<b>446,764</b>	<b>-4,300</b>	<b>442,464</b>

## 24. Assets Held for Sale

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

	Current	
	2021/22 £'000	2022/23 £'000
<b>Balance outstanding at start of the year</b>	<b>3,600</b>	<b>1,370</b>
<b>Assets newly classified as held for sale:</b>		
Property, Plant and Equipment	729	168
Revaluation losses	-750	0
Revaluation gains	410	135
Impairment losses	0	0
<b>Total Newly Classified</b>	<b>389</b>	<b>303</b>
<b>Assets declassified as held for sale:</b>		
Property, Plant and Equipment	0	0
Assets sold	-2,709	-60
Other Movements	90	0
<b>Total Declassified</b>	<b>-2,619</b>	<b>-60</b>
<b>Balance outstanding at year-end</b>	<b>1,370</b>	<b>1,613</b>

## 25. Creditors

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

2021/22 £'000		2022/23 £'000
29,061	Other Entities and Individuals	39,331
42,222	Central Government and NHS Bodies	12,815
1,516	Other Local Authorities	4,621
<b>72,799</b>	<b>Net Total</b>	<b>56,767</b>

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

2021/22 £'000		2022/23 £'000
2,924	Capital Grants Receipts in Advance	1,917
<b>2,924</b>	<b>Net Total</b>	<b>1,917</b>

## 26. Provisions

### Current Liability

	Insurance Fund	Business Rates Appeals	Adult Services Supplier Refunds	Adult Services Ordinary Residence Challenge	Makerfield Depot Works	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2022</b>	<b>1,570</b>	<b>7,162</b>	<b>102</b>	<b>828</b>	<b>105</b>	<b>9,767</b>
Additional provisions made in 2022/23	365	2,609	0	0	0	2,974
Amounts used in 2022/23	0	-4,169	-40	-485	0	-4,693
Unused amounts reversed in 2022/23	0	0	0	-343	0	-343
<b>Balance at 31 March 2023</b>	<b>1,935</b>	<b>5,602</b>	<b>62</b>	<b>0</b>	<b>105</b>	<b>7,704</b>

### Long Term Liability

	Insurance Fund
	£'000
<b>Balance at 1 April 2022</b>	<b>2,747</b>
Additional provisions made in 2022/23	3,822
Amounts used in 2022/23	-4,187
Unused amounts reversed in 2022/23	0
<b>Balance at 31 March 2023</b>	<b>2,382</b>

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

#### Insurance

At 31 March 2023 the Council held an Insurance provision of £4.316m. This is for future payments of claims made or yet to be made for incidents which occurred before 31 March 2023. These include incidents where a legal liability arises and incidents of damage to Council property. The costs of premium payments, settlement of claims and risk management are shown as increases to the provision in 2022/23.

#### Business Rates Appeals

Following the introduction of the Business Rates Retention Scheme in April 2013 local authorities are now liable for their share of successful appeals and valuation changes as a result of checks and challenges to rateable values of business in the borough. Checks, challenges and appeals result in business rate refunds against amounts billed in previous years. The Council has set aside a provision for any potential liabilities.

For 2022/23, as part of the Greater Manchester 100% Business Rates retention pilot the Council is responsible for a 99% share of this liability, along with Greater Manchester Fire and Rescue Authority being responsible for 1%.

## 27. Transfers to / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans. It also shows the amounts used in year to meet General Fund expenditure in 2022/23.

	Balance at 31.3.21	In year realign.	Trans. Out	Trans. in	Balance at 31.3.22	In year realign.	Trans. Out	Trans. in	Balance at 31.3.23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Invest to Save - General Fund:</b>									
Organisational Transition	45,479	-11,000	-2,595	7,099	38,983	3,000	-19,476	44	22,552
IT Investment Reserve	948	2,000	-862	4,000	6,086	0	0	320	6,405
Invest to Save Reserve	1,679	1,000	-16	0	2,663	0	0	0	2,663
Legal Costs Reserve	272	2,000	-587	1,000	2,685	0	-109	0	2,576
Transformation Agenda	3,165	0	-212	0	2,953	0	-256	0	2,698
Residential Social Care - New Initiative	6,083	0	0	492	6,575	0	-173	0	6,403
Leisure Facilities Investment Funds	837	4,000	-30	0	4,807	0	-3,461	62	1,408
Carbon Reduction Scheme	83	0	0	0	83	0	0	0	83
<b>Total Invest to Save:</b>	<b>58,546</b>	<b>-2,000</b>	<b>-4,302</b>	<b>12,591</b>	<b>64,835</b>	<b>3,000</b>	<b>-23,474</b>	<b>426</b>	<b>44,787</b>
<b>Council approved Budget Funding – General Fund</b>									
Wigan Council Internal Apprenticeships	10,000	0	0	0	10,000	0	0	0	10,000
Cabinet Recovery Fund	5,000	0	-55	0	4,945	0	-2,905	0	2,040
Community Recovery Fund	2,000	0	-373	90	1,717	0	-491	0	1,226
Community Investment Fund – Round 7	1,062	0	-330	0	732	0	-194	0	537
Community Investment Fund	359	0	-109	300	550	0	-85	0	466
Deal in Action	399	0	-2	0	397	0	0	0	397
Access to Internet	301	0	0	0	301	0	0	0	301
Apprenticeship Scheme – Business	162	0	-36	0	127	0	-49	0	78
Life Scheme – Leigh	300	0	0	0	300	0	0	0	300
Apprenticeship Scheme – General	77	0	0	0	76	0	0	0	76
Development of Brown Field Sites	109	0	-94	0	15	37	0	194	245
Borough Spring Clean	222	0	0	0	222	0	0	0	222
Graduate Scheme	162	0	0	0	162	0	0	0	162
World War One Commemorations	44	0	0	0	44	0	0	0	44
Road Traffic Safety Reserve	18	0	-18	0	0	0	0	0	0
<b>Total Council Approved</b>	<b>20,215</b>	<b>0</b>	<b>-1,017</b>	<b>390</b>	<b>19,588</b>	<b>37</b>	<b>-3,723</b>	<b>194</b>	<b>16,095</b>
<b>Joint Arrangement - General Fund</b>									
Public Health Joint Arrangement	3,928	0	-306	7,051	10,673	0	-4,658	68	6,083

	Balance at 31.3.21	In year realign.	Trans. Out	Trans. in	Balance at 31.3.22	In year realign.	Trans. Out	Trans. in	Balance at 31.3.23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Total Usable Reserves General Fund</b>	<b>82,689</b>	<b>-2,000</b>	<b>-5,625</b>	<b>20,032</b>	<b>95,096</b>	<b>3,037</b>	<b>-31,856</b>	<b>688</b>	<b>66,965</b>
<b>Corporate Reserves:</b>									
Insurance Reserve	10,775	0	-1,063	0	9,712	0	-1,133	0	8,580
Grants Reserve	26,588	0	-3,261	3,988	27,315	-3,037	-14,087	4,328	14,519
Leigh Sports Village	511	2,000	0	1,200	3,711	0	-201	0	3,511
Wigan Life Centre	856	0	0	1,000	1,856	0	0	0	1,856
Deal for Business	2,451	0	-248	0	2,203	0	-91	200	2,311
FCC Waste Disposal - Recycling Credit Penalties	364	327	-147	103	647	0	0	105	752
Waste Disposal After Care	328	-327	0	0	1	0	0	0	1
VAT Reserve	325	0	0	0	325	0	0	0	325
IT Partnership Reserve	509	0	-25	69	553	0	-297	48	303
Various Bequests – Culture – Other Reserves	6	0	0	0	6	0	0	0	6
Warrington Rd Allotments – Other Reserves	6	0	0	0	6	0	0	0	6
Business Rates Safety Net	9,600	0	0	0	9,600	0	0	0	9,600
Business Rates Deficit Management	41,902	0	-41,902	14,280	14,280	0	-14,280	5,345	5,345
<b>Total Usable Reserves Corporate</b>	<b>94,221</b>	<b>2,000</b>	<b>-46,646</b>	<b>20,640</b>	<b>70,215</b>	<b>-3,037</b>	<b>-30,089</b>	<b>10,026</b>	<b>47,115</b>
<b>Schools / DSG Balances</b>									
DSG Schools Block – Delegated Fund	21,721	0	-1,726	586	20,581	0	-2,736	313	18,158
DSG Carry Forward (Note 35)	50	0	-2,629	3,872	1,293	0	-2,000	3,100	2,394
Schools Balances – Direct Funding	895	0	-792	472	575	0	-633	854	797
<b>Total Usable Reserves Schools*</b>	<b>22,666</b>	<b>0</b>	<b>-5,147</b>	<b>4,930</b>	<b>22,449</b>	<b>0</b>	<b>-5,369</b>	<b>4,267</b>	<b>21,349</b>
<b>Total Usable Reserves Earmarked</b>	<b>199,577</b>	<b>0</b>	<b>-57,418</b>	<b>45,602</b>	<b>187,760</b>	<b>0</b>	<b>-67,314</b>	<b>14,981</b>	<b>135,428</b>

\*Reserves are not available to the Council

## Usable Reserves

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

### Invest to Save - General Fund:

#### *Organisational Transition*

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

#### *IT Investment Reserve*

This will be utilised to support the transformation of the Council's IT service and provide the necessary funds to ensure efficiencies are achieved.

#### *Invest to Save Reserve*

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

#### *Legal Costs Reserve*

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

#### *Transformation Agenda*

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

#### *Residential Social Care – New Initiative*

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

#### *Leisure Facilities Investment Funds*

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

### *Carbon Reduction Scheme*

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

### *Council Approved Budget Funding - General Fund:*

#### *Wigan Council Internal Apprenticeships*

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

#### *Cabinet Recovery Fund*

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

#### *Community Recovery Fund*

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

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

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

#### *Deal in Action Reserve*

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

#### *Access to Internet Reserve*

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

#### *Apprenticeship Scheme – General & Business*

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



### *Life Scheme – Leigh*

The Council plans to roll out its successful multi-channel, one stop shop customer service approach across the borough and this reserve will earmark funds for this purpose in Leigh.

### *Development of Brown Field Sites*

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

### *Borough Spring Clean Reserve*

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

### *Graduate Scheme*

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

### *World War One Commemorations*

The Council has a programme of events planned in June of each year to coincide with Armed Forces week. This reserve has been set aside to provide the necessary funds.

### *Road Traffic Safety Reserve*

These funds have been put aside and will be utilised to fund the Council's commitment to introduce a lower speed limit in residential areas.

### **General Fund:**

#### *Public Health Joint Arrangement*

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

### **Corporate:**

#### *Insurance Reserve*

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

#### *Grants Reserve*

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

#### *Leigh Sports Village*

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

#### *Wigan Life Centre*

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

#### *Deal for Business*

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

#### *FCC Waste Disposal – Recycling Credit Penalties*

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

#### *Waste Disposal After Care*

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

#### *VAT Reserve*

This represents previously overpaid output tax reimbursed by HM Customs.

#### *IT Partnership Reserve*

This reserve has been created from credit penalties and volume reduction credits awarded during the year for the IT partnership and will be used to fund future IT priorities.

#### *Business Rates Safety Net*

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

#### *Business Rates Deficit Management*

This reserve holds the Section 31 grant received by the Council to compensate for the loss of Business Rates income as a result of the extended retail relief given to hospitality and leisure

businesses to support them through the pandemic. The reserve manages timing differences between the accounting basis and the funding basis under Collection Fund accounting rules.

#### *Other Reserves*

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

#### **Schools / DSG Balances:**

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

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

##### *DSG Carry Forward*

This represents unspent DSG including Early Years and High Needs Blocks, as set out in Note 35.

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

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

## **28. Usable Reserves**

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

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

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

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

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

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

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement on page 16. Movements within the Usable Capital Receipts Reserve are shown in Note 6.

## 29. Unusable Reserves

2021/22		2022/23
£'000		£'000
730,524	Capital Adjustment Account	803,311
79,950	Revaluation Reserve	284,666
7,576	Financial Instruments Revaluation Reserve	8,576
-450,691	Pensions Reserve	13,025
-5,780	Employee Accumulated Absences Account	-5,470
-25,409	Collection Fund Adjustment Account	-13,835
<b>336,170</b>	<b>Total Unusable Reserves</b>	<b>1,090,274</b>

### Capital Adjustment Account

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

The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2021/22		2022/23 Movement	2022/23 Balance
£'000		£'000	£'000
648,088	<b>Balance at 1 April</b>		730,524
	<b>Reversal of items relating to capital expenditure debited or credited to the CIES:</b>		
-49,024	Charges for depreciation and impairment of non-current assets	-47,314	
85,303	Revaluation losses on Property, Plant and Equipment	20,340	
-113	Amortisation of Intangible Assets	-51	
865	Movements in the Market Value of Investment Property	1,946	
-7,128	Revenue expenditure funded from capital under statute	-8,722	
-16,364	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	-10,921	
<b>13,540</b>	<b>Total Reversal of CIES Items</b>		<b>-44,722</b>
4,046	Adjusting amounts written out of the Revaluation Reserve		3,019
<b>17,586</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>		<b>-41,703</b>
	<b>Capital financing applied in the year:</b>		
1,282	Use of the Capital Receipts Reserve to finance new capital expenditure	21,640	
24,682	Use of the Major Repairs Reserve to finance new capital expenditure	23,732	
15,435	Capital grants and contributions credited to the CIES that have been applied to capital financing	32,888	
9,308	Application of grants to capital financing from the Capital Grants Unapplied Account	18,136	
12,744	Statutory provision for the financing of capital investment charged against the General Fund	15,318	
1,722	Capital expenditure charged against the General Fund and HRA Balances	3,077	
<b>65,173</b>	<b>Total Capital Financing Applied</b>		<b>114,790</b>
0	Movement in the Donated Assets Account credited to the CIES		0
-322	Write down of Long Term Debtors		-300
<b>730,524</b>	<b>Balance at 31 March</b>		<b>803,311</b>

## Revaluation Reserve

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

- re-valued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2021/22		2022/23 Movement	2022/23 Balance
£'000		£'000	£'000
74,206	<b>Balance at 1 April</b>		79,950
12,976	Upward revaluation of assets not charged to the Surplus/Deficit on the Provision of Services	238,423	
-3,186	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-30,688	
<b>9,790</b>	<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services</b>		<b>207,736</b>
-1,148	Difference between fair value depreciation and historical cost depreciation	-2,012	
-2,899	Accumulated gains on assets sold or scrapped	-1,007	
<b>-4,046</b>	<b>Amount written off to the Capital Adjustment Account</b>		<b>-3,019</b>
<b>79,950</b>	<b>Balance at 31 March</b>		<b>284,666</b>

## Financial Instruments Revaluation Reserve

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

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

2021/22		2022/23
£'000		£'000
7,576	<b>Balance at 1 April</b>	7,576
900	Revaluation of Shareholding in Manchester Airport	1,500
-900	Revaluation of Manchester Airport Car Park Shares	-500
7,576	<b>Balance at 31 March</b>	8,576

## Pensions Reserve

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

2021/22		2022/23
£'000		£'000
-697,832	<b>Balance at 1 April</b>	-450,691
-7,421	Effect of business combinations and disposals	0
316,876	Actuarial gains or losses (-) on pensions assets and liabilities	520,306
-98,086	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-95,784
35,772	Employer's pensions contributions and direct payments to pensioners payable in the year	39,194
-450,691	<b>Balance at 31 March</b>	13,025

### 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.

2021/22		2022/23 Movement	2022/23 Balances
£'000		£'000	£'000
-5,476	<b>Balance at 1 April</b>		<b>-5,780</b>
5,476	Settlement or cancellation of accrual made at the end of the preceding year	5,780	
-5,780	Amounts accrued at the end of the current year	-5,470	
-304	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		310
<b>-5,780</b>	<b>Balance at 31 March</b>		<b>-5,470</b>

### Collection Fund Adjustment Account

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

2021/22		2022/23
£'000		£'000
-48,131	<b>Balance at 1 April</b>	<b>-25,409</b>
22,722	Amount by which council tax and non-domestic rates income credited to the CIES is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	11,574
<b>-25,409</b>	<b>Balance at 31 March</b>	<b>-13,835</b>

## 30. Agency Services

The Council is a billing authority for Non-Domestic Rates (NDR) and Council Tax. The Council collects Manchester Mayoral Police and Crime Commissioner Precept and Mayoral General Precept (including Fire Services) on behalf of the Greater Manchester Combined Authority (GMCA). The Council also collects precepts for the parishes of Shevington and Haigh. Only the elements of NDR and Council Tax that relate to the Council's income are included within the main financial statements. Total precepts on behalf of GMCA were £31.949m.

The Council also collects superannuation payments of £18.395m from its employees on behalf of the Greater Manchester Pension Fund (50administered by Tameside MBC), £8.446m on behalf of the Teachers' Pension Scheme (administered by Capita) and £0.078m on behalf of the NHS Pension Scheme.

During 2022/23, the Council acted as agent for Central Government for the council tax energy rebate scheme. £20.845m of assistance was paid to eligible households in the borough.

### 31. Joint Operations

#### Pooled Budget: Better Care Fund

Since 2015/16, the Council has been in a joint arrangement with Wigan Borough Clinical Commissioning Group (CCG) to pool resources in order to improve the Health and Social Care outcomes for the residents of the Borough. The Health and Care Act 2022 made Integrated Care Systems formal, statutory bodies with power over NHS commissioning and spending at a local level. As such under the act Wigan CCG was dissolved as at 30/6/22 with their powers, including over commission and funding, transferred to NHS Greater Manchester Integrated Care Board (NHS GM ICB) from 1/7/22. The Section 75 agreement covering the Better Care Fund is now between Wigan Council and the NHS GM ICB. In line with national conditions instigated in 2022/23 the Better Care Fund pooled budget now includes the local Adult Social Care Discharge Funding allocation. In 2022/23 the value of this allocation was £3.651m and is included in the figures in the table below. The Pooled Budget is hosted by the Council, any year-end surplus or deficit generated is distributed as per local agreement. For 2022/23 the Council provided 46% of funding inclusive of revenue, capital allocations and underspends available from previous financial years.

2021/22		Better Care Fund		2022/23	
£'000				£'000	
		<b>Funding Provided to the Pooled Budget</b>			
-26,987		Revenue – CCG		-30,839	
-16,270		Revenue – Wigan Council		-18,090	
-4,554		Capital Allocation – Wigan Council		-4,554	
-2,438		Capital Underspend from Previous Years – Wigan Council		-3,607	
	<b>-50,249</b>	<b>Total Funding</b>			<b>-57,090</b>
		<b>Expenditure on behalf of Pooled Budget</b>			
5,854		Revenue expenditure – CCG		6,699	
37,403		Revenue expenditure – Wigan Council		42,230	
3,385		Capital expenditure – Wigan Council		3,938	
	<b>46,642</b>	<b>Total Expenditure</b>			<b>52,867</b>
	<b>-3,607</b>	<b>Total Underspend</b>			<b>-4,223</b>
		<b>Allocated as agreed by the Joint Commissioning Finance Board:</b>			
0		Revenue Underspend – CCG		0	
-3,607		Capital Underspend – Wigan Council*		-4,223	
	<b>-3,607</b>	<b>Total Underspend</b>			<b>-4,223</b>

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



## Joint Operations: Regional Adoption Agency – Together for Adoption

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

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

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

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

The annual budget is £2.296m.

Any surplus or deficit generated at the end of each financial year is distributed or reinvested as agreed upon by the collective decision of the Partnership Board. A number of options to consider the use of the cumulative unspent balances (£0.555m) was presented to the Partnership Board. £0.447m has been earmarked for existing commitments to voluntary adoption agency placement costs where the Partnership have been unable to identify matching adopters to the children awaiting placements. The balance of £0.108m has been retained on behalf of the Partnership.

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

Together for Adoption - Regional Adoption Agency	2021/22 £'000	2022/23 £'000
<b>Funding Provided to the Pooled Budget</b>		
Revenue:		
Wigan Council	-584	-622
Cheshire West & Chester Council	-487	-520
Warrington Borough Council	-294	-314
Halton Borough Council	-323	-344
St Helens Council	-465	-496
<b>Total Funding</b>	<b>-2,153</b>	<b>-2,296</b>
<b>Expenditure on behalf of Pooled Budget</b>		
Revenue – Wigan Council on behalf of Together for Adoption (Operational Costs)	380	303
Wigan Council – salary costs	443	461
Cheshire West & Chester Council – salary costs	370	385
Warrington Borough Council – salary costs	224	233
Halton Borough Council – salary costs	245	255
St Helens Council – salary costs	353	367
Back Office Functions – supported by two Local Authority Partners (CW&C & Wigan)	73	94
<b>Total Expenditure</b>	<b>2,088</b>	<b>2098</b>
<b>Total Underspend</b>	<b>-65</b>	<b>-198</b>

### 32. Members Allowances

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

	2021/22	2022/23
	£'000	£'000
Allowances	1,299	1,351
Expenses	1	2
<b>Total</b>	<b>1,300</b>	<b>1,353</b>

### 33. Officers' Remuneration

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

Table A:

Name	Job Title	Financial Year	Salary, Fees and Allow. Note * £	Employers Pension Contrib. £	Total Remun. Incl. pension contrib. £
Alison McKenzie-Folan	Chief Executive	2022/23	193,404	37,907	231,311
		2021/22	191,479	37,530	229,009
Paul McKeivitt (1)	Deputy Chief Executive (Director of Resources and Contracts)	2022/23	153,832	0	153,832
		2021/22	151,907	0	151,907
Stuart Cowley (2)	Director of Adult Social Care and Health	2022/23	152,344	30,151	182,495
		2021/22	150,419	29,774	180,193
Colette Dutton (3)	Director of Children's Services	2022/23	153,832	30,151	183,983
		2021/22	151,907	29,774	181,681
Sonia Halliwell	Director of Transformation	2022/23	132,130	25,897	158,027
		2021/22	130,205	25,520	155,725
Aiden Thatcher	Director of Economy and Skills	2022/23	132,130	25,897	158,027
		2021/22	59,238	11,611	70,849
Paul Barton	Director of Environment	2022/23	132,130	25,897	158,027
		2021/22	130,205	25,520	155,725
James Winterbottom	Director of Digital Services and Integration	2022/23	132,130	0	132,130
		2021/22	130,205	0	130,205
Kate Ardern (4)	Director of Public Health	2022/23	33,572	4,598	38,170
		2021/22	126,532	18,195	144,727
Rachael Musgrave (4)	Director of Public Health	2022/23	69,464	9,930	79,394
		2021/22	0	0	0

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

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

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

- (3) The Chief Education Officer is defined as a statutory chief officer post under Section 532 of the Education Act 1970.
- (4) Section 57 of Schedule 5 to the Health and Social Care Act 2012 defines the Director of Public Health as a statutory Chief Officer and is therefore included here. Kate Ardern retired on 01/07/22 and Rachael Musgrave was appointed to this role on 15/08/22. As such, both salaries are not annualised.

#### Other Senior Officers

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

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

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

Table B:

Number of Employees	Remuneration Band	Number of Employees
2021/22		2022/23
78	£50,000 - £54,999	110
42	£55,000 - £59,999	42
11	£60,000 - £64,999	32
24	£65,000 - £69,999	30
4	£70,000 - £74,999	10
0	£75,000 - £79,999	3
0	£80,000 - £84,999	4
0	£85,000 - £89,999	1
0	£90,000 - £94,999	2
2	£95,000 - £99,999	1
4	£100,000 - £104,999	4
5	£105,000 - £109,999	1
0	£110,000 - £114,999	4
0	£115,000 - £119,999	0
0	£120,000 - £124,999	0
0	£125,000 - £129,999	1
0	£130,000 - £134,999	0
0	£135,000 - £139,999	0
0	£140,000 - £144,999	0
0	£145,000 - £149,000	0
0	£150,000 - £154,999	0
0	£155,000 - £159,999	0
0	£160,000 - £164,999	0
0	£165,000 - £169,999	1
<b>170</b>		<b>246</b>

Redundancy payments are included in the remuneration.

## Schools and Colleges Leadership – Heads, Deputies and Assistants

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

Table C:

Number of Employees	Voluntary Aided and Foundation School Employees included in previous column Total	Remuneration Band	Number of Employees	Voluntary Aided and Foundation School Employees included in previous column Total
2021/22	2021/22		2022/23	2022/23
112	77	£50,000 - £54,999	141	87
52	28	£55,000 - £59,999	76	40
30	19	£60,000 - £64,999	42	24
41	30	£65,000 - £69,999	35	19
26	11	£70,000 - £74,999	36	27
13	6	£75,000 - £79,999	22	9
6	5	£80,000 - £84,999	8	2
3	2	£85,000 - £89,999	5	3
2	2	£90,000 - £94,999	2	2
1	1	£95,000 - £99,999	2	2
1	0	£100,000 - £104,999	1	1
3	3	£105,000 - £109,999	2	1
0	0	£110,000 - £114,999	3	1
1	0	£115,000 - £119,999	0	0
0	0	£120,000 - £124,999	0	0
0	0	£125,000 - £129,999	0	0
0	0	£130,000 - £134,999	0	0
1	0	£135,000 - £139,999	0	0
0	0	£140,000 - £144,999	1	0
<b>292</b>	<b>184</b>		<b>376</b>	<b>218</b>

Redundancy payments are included in the remuneration.

### Exit Packages – Contractual obligation on termination of employment

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

Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies*		Number of Other Departures Agreed		Total Number of Exit Packages		Total Cost of Exit Packages in Each Band £000	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
0 - £20,000	8	7	55	58	63	65	363	396
£20,001 - £40,000	0	1	5	5	5	6	149	159
£40,001 - £60,000	0	0	4	5	4	5	196	250
£60,001 - £80,000	0	0	1	1	1	1	61	68
£80,001 - £100,000	0	0	1	1	1	1	84	89
£100,001 - £150,000	0	0	2	1	2	1	233	117
£150,001 - £200,000	0	0	0	1	0	1	0	153
£200,001 - £250,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>8</b>	<b>8</b>	<b>68</b>	<b>72</b>	<b>76</b>	<b>80</b>	<b>1,086</b>	<b>1,232</b>

\*see below termination benefits note for cost value

The total cost of £1.232m for exit packages has been charged to the authority's Comprehensive Income and Expenditure Statement in the current year.

### Termination Benefits

The Council terminated the contracts of a number of employees in 2022/23, incurring liabilities of £0.064m (£0.055m in 2021/22). Further details on the overall number of exit packages and the total cost per band is disclosed in the tables above.

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

### 34. Audit Costs

In 2022/23 Wigan Council incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and non-audit services provided by the Council's auditors:

	2021/22	2022/23
	£'000	£'000
Fees payable with regard to external audit services carried out by the appointed auditor	103	117
Fees payable with regard to external audit services carried out by the appointed auditor – additional fee	0	0
Fees payable in respect of other services provided by the external auditor during the year	60	2
<b>Total</b>	<b>163</b>	<b>119</b>

### 35. Dedicated Schools Grant

The Council's expenditure on schools is financed primarily by Dedicated Schools Grant (DSG) provided by the Education and Skills Funding Agency (ESFA). DSG is ring-fenced and can only be used to finance expenditure that is included in the Schools' Budget, as defined in the School Finance and Early Years (England) Regulations 2022. The balance on the DSG is separate to the general fund reserves of the council. The Schools' Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each Council maintained school.

Details of the deployment of DSG receivable for 2022/23 are as follows:

Notes		Central Expenditure	Individual Schools Budget	Total
		£'000	£'000	£'000
		Column 1	Column 2	Column 3
<b>A</b>	Final DSG for 2022/23 before Academy and High Needs recoupment			303,352
<b>B</b>	Academy and High Needs figure recouped for 2022/23			82,812
<b>C</b>	Total DSG after Academy and High Needs recoupment for 2022/23			220,540
<b>D</b>	Plus: Brought forward from 2021/22			1,294
<b>E</b>	Less: Carry forward to 2023/24 agreed in advance by School's Forum			1,294
<b>F</b>	Agreed initial budgeted distribution in 2022/23	42,298	178,242	220,540
<b>G</b>	In Year Adjustments	-1,618	1,618	0
<b>H</b>	Final budgeted distribution for 2022/23	40,680	179,860	220,540
<b>I</b>	Less: Actual central expenditure	39,997		39,997
<b>J</b>	Less: Actual ISB deployed to schools		179,860	179,860
<b>K</b>	Plus: Local authority contribution for 2022/23	417		417
<b>L</b>	In Year Carry forward to 2023/24	1,100	0	1,100
<b>M</b>	Plus/Minus: Carry forward to 2023/24 agreed in advance			1,294
<b>N</b>	Carry forward to 2023/24			2,394
<b>O</b>	DSG Unusable Reserve at the end of 2021/22			0
<b>P</b>	Addition to DSG Unusable Reserve at the end of 2022/23			0
<b>Q</b>	Total of DSG Unusable Reserve at the end of 2022/23			0
<b>R</b>	Net DSG position at the end of 2022/23			2,394

The DSG carry forward can be analysed as follows:

	£000
Schools Block	3,416
High Needs Block	-3,071
Early Years Block	2,049
	2,394

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

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

#### Notes to DSG

- A** Final DSG figure before any amount has been recouped from the authority as published March 2023. Do not include the adjustment to the 2021/22 DSG for early years made during 2022/23 based on January 2022 numbers or top up funding (see G below).
- B** Figure recouped from the authority in 2022/23 by the DfE for the conversion of maintained schools into Academies and for High Needs payments made by the ESFA.

- C Total DSG figure after Academy and High Needs recouPMENT for 2022/23 as published 16 March 2023 (do not deduct centrally funded licences).
- D Figure brought forward from 2021/22. There can only be an entry here if this is a surplus or a zero: a deficit must have been placed in the DSG Unusable Reserve created by MHCLG's amending regulations (see O below).
- E Any amount which the authority decided after consultation with the Schools Forum to carry forward to 2023/24 rather than distribute in 2022/23 – this may be the difference between estimated and final DSG for 2022/23, or a figure brought forward from 2021/22 which the authority is carrying forward again.
- F Budgeted distribution of DSG, adjusted for carry forward, as agreed with the Schools Forum. Note that the ISB column should include only money distributed to schools (including high needs place funding) and to other early years providers: centrally held schools block items such as the growth fund belong in the central expenditure column.
- G Changes to the initial distribution, for example, adjustments for exclusions, or the final early years block adjustment for 2021/22 made during 2022/23 on the basis of January 2022 numbers or top up funding.
- H Budgeted distribution of DSG as at the end of the financial year.
- I Actual amount of central expenditure items in 2022/23 – amounts not actually spent, e.g. money that is moved into earmarked reserves, should be included as carried forward.
- J Amount of ISB actually distributed to schools (ISB is regarded for DSG purposes as spent by the authority once it is deployed to schools' budget shares). Note that budget shares include Early Years funding, Sixth Form funding and High Needs Place funding; they do not include High Needs top-up funding which is treated as central expenditure.
- K Any contribution from the local authority in 2022/23 which will have the effect of substituting for DSG in funding the Schools Budget. Do not include any change in balances held by schools as they are not to be recorded in this note.
- L Carry forward to 2023/24, i.e.
- For central expenditure, difference between final budgeted distribution of DSG (H) and actual expenditure (I), plus any local authority contribution (K).
- For ISB, difference between final budgeted distribution (H) and amount actually deployed to schools (J), plus any local authority contribution (K).
- M Plus/minus any carry forward to 2023/24 already agreed (see E).
- N Total is carry forward on central expenditure (L), plus carry forward on ISB (L), plus/minus any carry forward to 2023/24 already agreed (E). To be entered on this line, this can only be a surplus or a zero: if it results in a deficit, enter zero. Any in year deficit in 2022/23 must be recorded as part of the DSG unusable reserve (P).

- O DSG unusable reserve at end of 2021/22 (if any): any amount placed in the unusable reserve at the end of 2021/22 in accordance with the MHCLG amending regulations.
- P Any addition to DSG unusable reserve in 2022/23 as the result of an in year deficit in 2022/23 is to be entered here rather than (N) when it is a deficit.
- Q Total of DSG unusable reserve at end of 2022/23: this is the total of (O) and (P).
- R This is a memorandum item designed to show the overall position on DSG. It is calculated taking the figure (if any) at (N) and deducting the figure (if any) at (Q). It will therefore show any net deficit that the local authority would have if the unusable reserve were not held separately. As DSG is paid specifically to finance the schools budget, it is appropriate to credit the grant receivable.

### 36. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2022/23:

Credited to Taxation and Non Specific Grant Income	Awarding Body	2021/22	2022/23
		£'000	£'000
Capital Grants	Various	-37,010	-66,151
Section 31 Grant Business Rate Reliefs (Small Business Rate Relief)	DLUHC	-15,601	-22,585
Private Finance Initiative	DLUHC	-6,023	-6,023
Services Grant *	DLUHC	0	-4,867
COVID Specific Business Rate Relief	DLUHC	-12,530	-4,442
New Homes Bonus	DLUHC	-3,236	-3,160
Sales, Fees & Charges Compensation Scheme	DLUHC	-1,819	-1,570
Levy Surplus Grant *	DLUHC	0	-592
Lower Tier Services Grant	DLUHC	-461	-495
School Improvement Grant	DFE	-356	-162
Local Services Support Grant	DLUHC	-104	-133
Magistrates Grant	MOJ	0	-83
Covid-19 Emergency funding (tranches 1-4) (COVID-19 Support Grant)	DLUHC	-9,526	0
Tax Income Guarantee Grant	DLUHC	-3,088	0
<b>Total</b>		<b>-89,754</b>	<b>-110,262</b>



Credited to Services	Awarding Body	2021/22	2022/23
		£'000	£'000
Dedicated Schools Grant	DFE	-214,581	-220,540
HRA Rent Rebates	DWP	-30,332	-28,966
Rent Allowance Subsidy	DWP	-29,357	-28,867
Adult Social Care Support Fund	DLUHC	-13,370	-18,004
Improved Better Care Funding	DLUHC	-16,270	-16,763
Pupil Premium Grant	DFE	-11,531	-12,156
Household Support Fund	DWP	-2,818	-5,636
Schools Supplementary Grant *	DFE	0	-4,573
Young Peoples Learning Agency	DFE	-2,434	-2,657
Universal Infant Free School Meals	DFE	-2,432	-2,406
Recovery Premium Funding	DFE	-667	-2,182
Other Grants	Various	-1,977	-1,991
Primary PE & Sports Premium	Various	-1,520	-1,509
Troubled Families	DLUHC	-979	-1,492
Independent Living Grant	DLUHC	-1,456	-1,456
Holiday Activities & Food Programme	DFE	-654	-1,450
Adult Social Care Discharge Fund *	DHSC	0	-1,327
Afghan Resettlement Education Grant	DFE	-86	-1,263
Schools Emergency Support Grants	DFE	-1,534	-1,240
Unaccompanied Asylum Seeker Children Grant	HO	-334	-1,229
Contain Outbreak Management Fund	DHSC	-4,926	-1,096
Apprenticeship Scheme	HMRC	-918	-1,074
Market Sustainability and Fair Cost of Care Fund *	DHSC	0	-1,075
Housing Benefit Admin Grant	DWP	-950	-968
Rough Sleeping Initiative Fund	DLUHC	-912	-895
Homelessness Prevention Grant	DLUHC	-850	-836
Adoption Support Fund	DFE	-1,151	-781
Afghan Refugee Assistance Programme	HO	-745	-141
Skills Fund Agency	BEIS	-808	-728
Asylum Dispersal Funding*	DLUHC	0	-612
Youth Justice Board	MOJ	-607	-724
Domestic Abuse Grant	DLUHC	-716	-718
Inpatient Detoxification Treatment Grant	PHE	-650	-650
Supplementary Substance Misuse Treatment & Recovery Funding *	DHSC	0	-618
Safer Streets Fund *	GMCA	0	-499
Local Council Tax Support Admin Grant	DLUHC	-477	-441
Discretionary Housing Payments Grant	DWP	-616	-437
Rough Sleeper Drug & Alcohol Treatment Grant	GMCA	-386	-425
New Burdens Grants – Council Tax Energy Rebate Scheme *	DWP	0	-411
Homeless Families Leasing Scheme *	GMCA	0	-380
REFCUS Grants	Various	-1,030	-378
Local Delivery Pilot	Greater Sport	-64	-372
Teachers Pension & Pay Award Grants	DFE	-328	-293

A Bed Every Night Grant	GMCA	-282	-282
<b>Credited to Services</b>	<b>Awarding Body</b>	<b>2021/22</b>	<b>2022/23</b>
		<b>£'000</b>	<b>£'000</b>
Non HRA Rent Subsidy	DWP	-283	-279
General Education Grants	Various	-325	-253
Business Support Grants	BEIS (via GMCA)	-1,885	-250
Community Safety Fund	GMCA	-248	-248
Local Reform & Community Voices Grant	DLUHC	-228	-228
Homes for Ukraine Scheme *	DFE	0	-222
Homes England Grants: Eckersley Mill & Westwood Park *	Homes England	0	-214
Homes for Ukraine Tariff Grant *	DLUHC	0	-196
Kickstart Scheme Funding	DWP	-620	-192
City Region Sustainable Transport Settlement Programme *	GMCA	0	-189
Homes for Ukraine Sponsor Thank You Grant *	DLUHC	0	-176
Early Careers Framework Funding *	DFE	0	-159
Streamline Local Authority Adult Social Care Assessments Grant *	DHSC	0	-156
New Burdens Funding	DWP	-291	-155
New Burdens Welfare Reform	DWP	-176	-152
Serious Violence Grant	GMCA	-150	-150
Staying Put Grant	DFE	-155	-149
Community Accommodation Service (Tier 3) *	GMCA	0	-147
PCC Voluntary & Community Sector Grant	GMCA	-100	-100
Infection Control Fund	DHSC	-3,007	0
Workforce & Retention Fund for Adult Social Care	DLUHC	-1,990	0
Adult Social Care Rapid Testing Fund	DHSC	-1,971	0
Self Isolation Practical Support Grant	DLUHC	-1,708	0
COVID Local Support Grant	DWP	-1,323	0
COVID19 Catch Up Premium Schools	DFE	-1,143	0
Workforce Recruitment & Retention Fund	DLUHC	-1,078	0
Leisure Additional Recovery Fund	Sport England	-861	0
Community Testing Programme Funding	DHSC	-731	0
Additional Drug Treatment Crime & Harm Reduction Universal Funding	PHE	-431	0
Adult Social Care Omicron Support Fund	DHSC	-398	0
COVID Winter Support Grant Scheme	DWP	-379	0
Welcome Back Fund	DLUHC	-377	0
GM Pathfinder Self Isolation	GMCA	-235	0
COVID 19 Test & Trace Service Support Grant	DHSC	-227	0
Safety of Women at Night Fund	HO	-224	0
Vaccine Fund	DHSC	-136	0
<b>Total</b>		<b>-369,428</b>	<b>-374,152</b>

\* These sources of funding are new for 2022/23

## 37. Related Parties

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

### Central Government

Central Government has significant influence over the general operations of the Authority. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, Housing Benefits). Details of grant transactions with Government departments are set out in Note 36 Grant Income.

### Members of the Council

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2022/23 is shown in Note 32. Each year the Council invites Members to declare any such interests including related parties. In respect of 2022/23 financial year, no members declared interests in other organisations that the Council transact with. Contracts were entered in full compliance with the Council's standing orders.

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

### Chief Officers

The Council operates a Code of Conduct whereby individual Chief Officers are required to disclose any pecuniary and non-financial interests with related parties. In addition, the Council necessitates Chief Officers to make a declaration of any related parties on an annual basis. During 2022/23, Paul McKeivitt Deputy Chief Executive, declared a related party transaction. During 2022/23 the Council paid £142,074.50 to Coral Reef Consultancy Ltd. There are no outstanding balances.

All Chief Officer remuneration payments are included in detail in Note 33 Officers' Remuneration.

## Joint Services and Partnerships:

### Greater Manchester Combined Authority (GMCA)

As a result of an agreement reached between the ten Greater Manchester Councils and Central Government, the Combined Authority has taken over arrangements for the coordination of a range of policy issues including economic development and regeneration for Greater Manchester and have responsibility for the exercise of new powers for the Greater Manchester Mayoral Function and function for the prioritisation of transport investment.

During 2022/23 the following amounts were paid to the GMCA:

- Passenger Transport Levy £22.348m
- Economic Regeneration £0.973m

### Association of Greater Manchester Authorities (AGMA)

The Association is a partnership between the ten Local Authorities within the Greater Manchester area. The ten co-operate on a number of issues both statutory and non-statutory, where there is the possibility of improving service delivery by working together. The expenditure incurred is contained within the relevant service headings in the Comprehensive Income and Expenditure Statement. During 2022/23 this amounted to £0.077m.

### Assisted Organisations

The Council has pooled budget arrangements with the NHS Integrated Care Board (GM ICB) in order to improve the Health and Social Care outcomes for the residents of the Borough. As part of this integration, the Chief Executive of Wigan Council is also a separately appointed Place Lead for the Integrated Care Board.

The Council also entered a pooled budget arrangement on 1 September 2017 with four other neighbouring local authorities to create 'Together for Adoption' Regional Adoption Agency to provide local adoption services. Further details are included in Note 31 Joint Operations.

## 38. Related Businesses and Companies

### Wigan Metropolitan Development Company Limited

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

Wigan Metropolitan Development Company (Property) Limited has ceased active trading. Therefore, figures reported in this note relate to the trading company of Wigan Metropolitan Development Company (Investment) Limited for the financial year 2022/23.

The Council manages surplus cash balances on behalf of the company. The amount deposited with the Council at 31 March 2023 was £1.530m.

The company returned a draft pre-tax profit of £0.275m for the financial year 2022/23. Copies of the accounts are available at Wigan Investment Centre, Waterside Drive, Wigan, Lancashire, WN3 5BA.

#### Leigh Sports Village Limited

This is a company limited by shares. The Council is the only shareholder. The Council has the ability to dissolve the company and to procure the distribution of its assets, although the Council does not have direct liability for the losses of the company. The company manages the facilities at the Leigh Sports Village site. The Council paid the company £1.802m in 2022/23 for a combination of services (£0.901m) and general support (£0.901m).

The company returned a draft pre-tax loss of £0.285m in 2022/23.

Copies of the accounts are available at Leigh Sports Stadium, Sale Way, Leigh, Lancashire, WN7 4JY.

#### Douglas Valley Community Limited

This is a company limited by guarantee. The Council has the right to nominate 4 out of 12 members, hence the Council directly/indirectly holds more than 20% of the company's voting power. The Council paid £0.001m for services provided by the Douglas Valley Community Limited in 2022/23.

#### Douglas Valley Properties Limited (DVP)

This is a company limited by guarantee. The Council has the right to appoint 3 out of the 9 members. The Council and Douglas Valley Community Limited must consent to the acquisition of any interest in land or premises by the Company and further, that the Council and Douglas Valley Community Limited may determine what the Company may do with its profits. The Council has not made payments to the company in 2022/23.

The company has ceased active trading and has had no activity during 2022/23. There are three properties leased from the council to DVP expiring up to 2035. Wigan Metropolitan Development Company (Investment) Ltd manage these properties on behalf of DVP however as they are still in place. It is anticipated that the leases will be surrendered and new leases entered into between the Council and Wigan Metropolitan Development Company (Investment) Ltd during 2023/24 allowing Douglas Valley Properties to be wound up.

#### PSP Wigan LLP

The Council has entered into an agreement with Public Sector PLC (PSP) to establish a Limited Liability Partnership, trading as PSP Wigan LLP. This is classed as a Joint Venture as decisions about activities require the unanimous consent of all the parties sharing control and the Council and PSP have rights to the net assets of the arrangement. The partnership has been established to facilitate property related projects which could include development of

surplus assets, facilitation of regeneration schemes, portfolio management and the investment of private sector funds in projects to mutual benefit. The partnership was dissolved during 2022/23. £0.209m was paid to the partnership to cover expenditure incurred in the company prior to winding up.

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

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

**39. Leases**

**Authority as lessee:**

During 2022/23 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 2022/23 was £1.847m (2021/22 £1.414m).

The Council was committed at 31 March 2023 to future lease payments of £10.878m under these operating leases, comprising the following elements:

2021/22 Total		Vehicles, Plant & Equipment	Property	2022/23 Total
£'000s		£'000s	£'000s	£'000s
1,414	Lease payments due within 1 year	752	484	1,237
4,250	Lease payments between 1 and 5 years	1,192	1,618	2,810
7,073	Lease payments after 5 years	0	6,832	6,832
12,737	<b>Total Leases</b>	<b>1,944</b>	<b>8,934</b>	<b>10,878</b>

**Authority as lessor:**

The Council acts as lessor for numerous commercial and industrial land and property assets in the borough and the rent receivable in respect of these operating leases for the year 2022/23 was £3.702m (2021/22 £3.792m).

The future minimum lease payments receivable are:

2021/22 Total £'000s		2022/23 Total £'000s
2,777	Leases expiring within 1 year	3,019
10,648	Leases expiring between 1 and 5 years	11,435
167,149	Leases expiring after 5 years	172,174
<b>180,574</b>	<b>Total Leases</b>	<b>186,628</b>

Of the minimum lease payments receivable after 2027/28 of £172.174m, £96.521m is in respect of leases which are due to expire more than 50 years after 31 March 2023.

## 40. Pension Schemes

### Pension Schemes Accounted for as Defined Contribution Schemes:

#### Teachers' Pension Scheme

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

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

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

In 2022/23 the Council paid £17.1m (£17.0m in 2021/22) to Capita Teachers' Pensions in respect of teachers' retirement benefits. In addition, the Council pays the pension payments for teachers relating to added years together with related increases. In 2022/23 these amounted to £3.8m (£3.6m in 2021/22). This represents 23.68% (23.68% in 2021/22) of total pensionable pay. The Council is not liable to the scheme for any other entities obligations under the plan. There were no contributions remaining payable at the year end.

#### NHS Staff Pension Scheme

During 2022/23, NHS staff have continued to work within the Council and have maintained their membership in the NHS Pension Scheme. The scheme provides these staff with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

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

In 2022/23, the Council paid £0.117m to the NHS Pension Scheme (£0.136m in 2021/22) in respect of former NHS staff retirement benefits. There were no contributions remaining payable at the year end.

#### Defined Benefit Pension Schemes:

#### Participation in Pension Schemes

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

#### The Local Government Pension Scheme

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

The cost of retirement benefits is recognised in the reported Net Cost of Service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on cash payable in the year, so the real cost of the post-employment / retirement benefits is reversed out of the General Fund Balance via the Movements in Reserves Statement.

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



## Comprehensive Income and Expenditure Statement

2021/22		2022/23
£'000		£'000
	<b>Cost of Services:</b>	
82,112	Current service cost	81,390
1,578	Past service cost (including curtailments)	1,646
<b>83,690</b>	<b>Total Service Cost</b>	<b>83,036</b>
	<b>Financing and Investment Income &amp; Expenditure:</b>	
-30,198	Interest income on scheme assets	-45,203
44,594	Interest cost on defined benefit obligation	57,951
<b>14,396</b>	<b>Total Net Interest</b>	<b>12,748</b>
<b>98,086</b>	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>95,784</b>
	<b>Remeasurements of the Net Defined Liability Comprising:</b>	
147,381	Return on plan assets (excluding amounts included in net interest)	-8,398
13,925	Actuarial gains/losses arising from changes in demographic assumptions	39,202
157,130	Actuarial gains/losses arising from changes in financial assumptions	838,012
-1,560	Other experience and actuarial adjustments	-165,731
0	Impact of Asset Ceiling	-182,779
-7,421	Effect of business combinations and disposals	0
<b>309,455</b>	<b>Total Remeasurements Recognised in Other in the Comprehensive Income and Expenditure Statement</b>	<b>520,306</b>

## Movement in the Reserves Statement - General Fund

2021/22		2022/23
£'000		£'000
-98,086	Reversal of net charges made to the surplus / deficit on the provision of service	-95,784
30,771	Employers' contributions payable to the scheme	34,317
5,001	Retirement benefits payable to pensioners	4,877
<b>-62,314</b>	<b>Actual amount charged against the General Fund Balance for Pensions in the year</b>	<b>-56,590</b>

## Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme	
	2021/22	2022/23
	£'000	£'000
Present value of the funded liabilities	-2,067,474	-1,650,847
Present value of the unfunded liabilities*	-59,521	-49,735
Fair value of plan assets	1,676,304	1,713,607
<b>Total</b>	<b>-450,691</b>	<b>13,025</b>
Other movements in the liability (asset)	0	0
<b>Net liability arising from the defined benefit obligation</b>	<b>-450,691</b>	<b>13,025</b>

\* this liability in 2022/23 comprises of £14.183m (£16.932m in 2021/22) in respect of LGPS unfunded pensions and £35.552m (£42.589m in 2021/22) in respect of Teachers' unfunded pensions.

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

	Funded Liabilities: Local Government Pension Scheme	
	2021/22	2022/23
	£'000	£'000
<b>Opening present value of funded liabilities</b>	<b>2,048,695</b>	<b>2,067,474</b>
<b>Opening present value of unfunded liabilities</b>	<b>66,928</b>	<b>59,521</b>
Current Service Cost	82,112	81,390
Interest Cost	44,594	57,951
Contributions from scheme participants	9,886	11,048
<b>Remeasurement gain</b>		
Actuarial gains/losses arising from changes in demographic assumptions	-13,925	-39,202
Actuarial gains/losses arising from changes in financial assumptions	-157,130	-838,012
Other experience and actuarial adjustments	1,560	168,122
Impact of Asset Ceiling	0	182,779
Past Service Costs	1,578	1,646
Benefits Paid	-51,402	-52,135
Effect of business combinations and disposals	94,099	0
Closing present value of funded liabilities	2,067,474	1,650,847
Closing present value of unfunded liabilities	59,521	49,735
<b>Closing fair value of scheme liabilities at 31 March</b>	<b>2,126,995</b>	<b>1,700,582</b>

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

	Local Government Pension Scheme	
	2021/22	2022/23
	£'000	£'000
<b>Opening fair value of scheme assets</b>	<b>1,417,791</b>	<b>1,676,304</b>
Interest Income	30,198	45,203
<b>Remeasurement gain</b>		
Return on plan assets excluding amounts included in net interest	147,381	-8,398
Contributions from employer into the scheme	35,772	39,194
Contributions from employees into the scheme	9,886	11,048
Benefits Paid	-51,402	-52,135
Other Experience	0	2,391
Effect of business combinations and disposals	86,678	0
<b>Closing fair value of scheme assets at 31 March</b>	<b>1,676,304</b>	<b>1,713,607</b>

In 2022/23 one school transferred to Academy Status.

## Local Government Pension Scheme assets comprised:

	Quoted	Unquoted	Total	Percentage of Total Assets	Quoted	Unquoted	Total	Percentage of Total Assets
	2021/22 £'000	2021/22 £'000	2021/22 £'000	2021/22 %	2022/23 £'000	2022/23 £'000	2022/23 £'000	2022/23 %
<b>Equity Securities</b>								
Consumer	130,438	0	130,438	8	102,960	0	102,960	6
Manufacturing	116,584	0	116,584	7	94,735	0	94,735	6
Energy and utilities	79,386	0	79,386	5	84,590	0	84,590	5
Financial Institutions	175,267	0	175,267	10	146,200	0	146,200	9
Health and care	89,426	0	89,426	5	85,826	0	85,826	5
Information Technology	89,582	0	89,582	5	120,946	0	120,946	7
Other	20,492	0	20,492	1	19,483	0	19,483	1
<b>Debt Securities</b>								
Corporate bonds (investment grade)	66,977	0	66,977	4	68,292	0	68,292	4
UK Government	28,781	0	28,781	2	40,950	0	40,950	2
Other	49,709	0	49,709	3	51,007	0	51,007	3
<b>Private Equity - All</b>	0	118,429	118,429	7	0	128,179	128,179	7
<b>Real Estate</b>								
UK Property	0	64,941	64,941	4	0	66,670	66,670	4
<b>Investment Funds and Unit Trusts</b>								
Equities	110,980	0	110,980	7	91,535	0	91,535	5
Bonds	172,976	0	172,976	10	152,066	0	152,066	9
Infrastructure	0	97,247	97,247	6	0	136,937	136,937	8
Other	33,868	190,196	224,064	13	41,774	237,987	279,761	16
<b>Derivatives - Other</b>	-11,397	0	-11,397	-1	0	0	0	0
<b>Cash and Cash Equivalents - All</b>	52,423	0	52,423	3	43,470	0	43,470	3
<b>Totals</b>	<b>1,205,491</b>	<b>470,813</b>	<b>1,676,304</b>	<b>100</b>	<b>1,143,834</b>	<b>569,773</b>	<b>1,713,607</b>	<b>100</b>

## Basis for Estimating Assets and Liabilities

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

Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates are based on the latest full valuation of the scheme as at 31 March 2023.

The significant assumptions used by the actuary have been:

### Mortality Assumptions

2021/22		2022/23
	<b>Longevity at 65 for current pensioners:*</b>	
20.3 years	Male	20.0 years
23.2 years	Female	23.3 years
	<b>Longevity at 65 for future pensioners:*</b>	
21.6 years	Male	21.2 years
25.1 years	Female	25.1 years
	<b>Other Assumptions:</b>	
3.95%	Rate of increase in salaries (Salary Increases)	3.75%
3.20%	Rate of increase in pensions (Pension Increases)	2.95%
2.70%	Rate of discounting scheme liabilities (Discount Rate)	4.75%
55.00%	Take up of option to convert annual pension into retirement grant	50.00%

\*Life Expectancy is based on the Fund's VitaCurves with improvements in line with the latest Continuous Mortality Investigation results tailored to fit the membership profile of the fund.

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to the HRMC limits.

### Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some assumptions may be interrelated.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below is consistent with that adopted in the previous year.

Change in Assumption at 31 March 2023	Approximate % increase to Employer Liability	Approximate monetary amount
	£'000	£'000
0.1% decrease in Real Discount Rate	2%	27,464
1 year increase in member life expectancy	4%	60,712
0.1% increase in the Salary Increase Rate	0%	3,278
0.1% increase in the Pension Increase Rate (CPI)	2%	24,582

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

The objectives of the scheme are to keep employers contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 3 years if market conditions allow. Funding levels are monitored on an annual basis. The next triennial valuation will take effect from 1 April 2025.

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

The Council estimates paying £31.894m contributions to the scheme for the period to 31 March 2024.

### 41. Contingent Assets

#### Equity Loan Scheme

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

Repayment of the equity loan will occur when the property is re-sold in the future or if the occupier decided to acquire the additional 30% equity. The repayment sum will be linked to the property value and will depend on the value at the time of repayment. The repayment sums will be classed and treated as Section 106 contributions. As at 31 March 2023, 283 equity loans were outstanding totalling £13.473m and possible repayment dates range from 2037 to 2048.

### 42. Contingent Liabilities

#### Business Rates Appeals

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

### 43. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Director of Resources and Legal (Deputy Chief Executive) on 31<sup>st</sup> May 2023. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no events after the reporting period to disclose in the 2022/23 accounts.

### 44. Accounting Policies

#### General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. These regulations require the Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) and the Service Reporting Code of Practice 2022/23, supported by International Financial Reporting Standards (IFRS).

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

#### Going Concern

The accounts have been prepared on the assumption that the services of the Council will continue to operate for the foreseeable future.

#### Accruals of Income and Expenditure

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

- Revenue from the sale of goods or the provision of services is recognised in accordance with the terms and conditions and performance obligations specified in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### Cash and Cash Equivalents

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

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

### Charges to Revenue for Non-Current Assets

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

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

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

- an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance or,
- equal to at least 2.5% of the underlying amount measured by the adjusted Capital Financing Requirement, excluding amounts attributable to Housing Revenue Account (HRA) activity.

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

### Overheads and Support Services

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

#### Employee Benefits:

##### Benefits Payable During Employment

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

##### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the appropriate service.

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

##### Pensions

The Council contributes to three different pension schemes;

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

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council. However, the arrangements for the Teachers' and NHS schemes mean that liabilities for these benefits cannot be identified. These schemes are therefore accounted for as if it were defined contribution schemes. No liability for future



payments of benefits is recognised in the Balance Sheet and the relevant service lines are charged with the employer's contributions payable to the schemes.

### The Local Government Pension Scheme

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

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

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

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

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

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

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

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

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

**Actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or

because the actuaries have updated their assumptions charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

**Contributions paid to the pension fund** – cash paid as employer’s contributions to the fund.

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

### Discretionary Benefits

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

### Events After the Balance Sheet Date

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

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

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

### Financial Assets

Financial assets (e.g. investments and debtors) are classified into three types:

- Amortised cost
- Fair Value through Other Comprehensive Income (FVOCI)

- Fair Value through Profit and Loss (FVPL)

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

#### Amortised Cost

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

#### Fair Value through Other Comprehensive Income (FVOCI)

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

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

#### Fair Value through Profit and Loss (FVPL)

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

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

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

The Council has a 3.22% shareholding in Manchester Airport Holdings Ltd which is classified at fair value through Other Comprehensive Income. The investment in Manchester Airport Holdings Ltd and Manchester Airport Car Park Ltd are equity instruments and as such, the default valuation method is that any gains and losses on changes in fair value would be recognised through profit and loss.

The Manchester Airport Holdings Ltd and Manchester Airport Car Park Ltd shareholdings are strategic investments and are not held for trading, therefore the Council has opted to designate them as fair value through Other Comprehensive Income. This means there is no impact on

the revenue budget and the gains and losses on the valuation of the shareholdings will therefore be transferred to the Financial Instruments Revaluation Reserve.

### Credit Loss

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

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

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

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

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

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

## Financial Liabilities

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

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

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

## Government Grants and Contributions

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

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

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

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

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

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

### Inventories and Long Term Contracts

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

### Intangible Assets

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

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

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

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

## Leases

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

### The Authority as Lessee:

#### Operating Leases

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

### The Authority as Lessor

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

#### Joint Operations

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

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

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

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

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

### Private Finance Initiative (PFI) and Similar Contracts

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

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

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

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

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

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

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



## Provisions, Contingent Liabilities and Contingent Assets:

### Provisions

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

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

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

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

### Contingent Liabilities

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

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

### Contingent Assets

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

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

## Property, Plant and Equipment

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

### *Recognition*

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. De minimis levels of £6,000 for vehicles, plant and equipment and £10,000 for land and buildings are in place for the acquisition and creation of Property, Plant and Equipment. A de minimis level of £6,000 is also in place for the capitalisation of expenditure for repairs. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

### *Measurement*

Assets are initially measured at cost, comprising:

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

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

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

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

- **Infrastructure, Community Assets and Assets Under Construction** – depreciated historical cost
- **Vehicles, Plant, Furniture & Equipment** – depreciated historical cost

- **Surplus Assets** - the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- **School Buildings** – current value, however because of their specialist nature they are measured at depreciated replacement cost which is used as an estimate of current value
- **Dwellings** – current value determined using the basis of existing use value for social housing (EUV-SH)
- **All other assets** – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

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

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

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

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

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

### *Impairment*

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

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

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

#### *Disposals and Non-Current Assets Held for Sale*

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

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

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

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

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

The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to

borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

### *Depreciation*

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

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

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

Depreciation is calculated on the following bases:

- **council dwellings** – based on straight line allocation over the life of the property.
- **other buildings** – straight line allocation over the life of the property as estimated by the valuer, these can range from 10 to 70 years.
- **vehicles, plant and equipment** – straight line allocation over a period of between 3 and 20 years, or over the asset's estimated remaining life.
- **highways infrastructure** – straight line allocation over 25 years.
- **public open space infrastructure** – straight line allocation over 20 years.
- **bridges** – straight line over 60 years.

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

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

## *Fair Value*

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

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

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

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

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

- **Level 1** – quoted prices in active markets for identical assets that the Council can access at the measurement date
- **Level 2** – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- **Level 3** – unobservable inputs for the asset or liability where market data is not available.

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

## *Investment Properties*

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are

measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

### **Heritage Assets**

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

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

### ***Arts and Artefacts Collection***

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

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

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

### *Civic Regalia*

Items of civic regalia are objects relating to duties of civic office. Examples of civic regalia are the mayoral chains, corporation mace, caskets, badges and other items commemorating civic duty. Civic Regalia are reported in the balance sheet at insurance valuation. These items are available for the public to view; prior arrangements must be made with the Democratic Services Manager. Tel: 01942 827121.

### *Public / Outside Art*

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

### *Other Heritage Assets*

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

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

### *Schools*

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

### *Schools Non-Current Assets*

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



Balance Sheet. The exception is where the entity has transferred the rights of use of the asset to the Council, school or school Governing Body.

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

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

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

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

#### Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

#### Reserves

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

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

#### Accounting for Council Tax

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

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

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

### National Non-Domestic Rates (NNDR)

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

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

### VAT

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

## HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT FOR YEAR ENDED 31 March 2023

2021/22 £'000		Notes	2022/23 £'000
	<b>Expenditure</b>		
32,210	Repairs & Maintenance	1	29,496
23,735	Supervision & Management	2	23,614
1,038	Rents, Rates, Taxes and Other Charges	3	1,467
30,290	Depreciation and Impairment of Non-Current Assets	4	21,967
-95,671	Gain (-) or loss on Revaluation of Stock	5	15
0	Debt Management Costs	6	0
1,320	Movement in the Allowance for Bad Debts	7	1,780
<b>-7,078</b>	<b>Total Expenditure</b>		<b>78,339</b>
	<b>Income</b>		
-86,144	Dwelling Rents	8/9	88,014
-360	Non-dwelling Rents	10	328
-334	Charges for Services & Facilities	11	1,863
-1,605	Contributions towards Expenditure	12	1,646
<b>-88,442</b>	<b>Total Income</b>		<b>91,851</b>
	<b>Net Cost of HRA Services as included in the whole authority Comprehensive Income &amp; Expenditure Statement</b>		
120	HRA services share of Corporate and Democratic Core		120
<b>-88,322</b>	<b>Net Cost of HRA Services</b>		<b>13,392</b>
	<b>HRA share of the operating income and expenditure included in the whole authority Comprehensive Income &amp; Expenditure Statement:</b>		
-1,204	Gain (-) or loss on sale of HRA non-current assets		-1,530
13,604	Interest payable and similar charges	13	13,257
-50	HRA Interest and investment income	14	-554
-4	Gain (-) or loss on the Revaluation of HRA Investment Property		0
-2,815	Capital grants and contributions receivable		-6,595
<b>-85,866</b>	<b>Surplus (-) or deficit for the year on HRA services</b>		<b>-8,814</b>

### MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2021/22 £'000		Notes	2022/23 £'000
<b>-24,896</b>	<b>Housing Revenue Account surplus brought forward</b>		<b>-15,297</b>
-85,866	Surplus (-) or deficit for the year on the HRA Income and Expenditure Statement		-8,814
95,465	Adjustments between accounting basis and funding basis under the legislative framework	15	8,111
<b>-15,297</b>	<b>Balance on the HRA at the end of the current year</b>	<b>19</b>	<b>-16,000</b>

## NOTES TO THE HOUSING REVENUE ACCOUNT

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

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

### 1. Repairs & Maintenance

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

### 2. Supervision & Management

This is the cost of managing and delivering services to all of the properties within the Housing Revenue Account.

### 3. Rents, Rates and Other Charges

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

### 4. Depreciation, Impairment and Revaluation

The depreciation, impairment and revaluation charges for 2022/23 are as follows:

	£'000
Depreciation on Property, Plant and Equipment – Dwellings	21,902
Depreciation on Property, Plant and Equipment – Other Land and Buildings	65
Depreciation on Property, Plant and Equipment – Surplus Assets / Vehicles, Furniture and Equipment	0
<b>Total Depreciation</b>	<b>21,967</b>
Impairment	0
Revaluation Adjustment (Gain - / Loss +)	15
<b>Total</b>	<b>21,982</b>

The (restated) opening net book value of dwellings was £793.925m in 2021/22 and increased by £179m during 2022/23 to £973.117m.

### 5. Capital Asset Charges Accounting Adjustment

The costs of impairment are included as charges to the HRA Income and Expenditure Account. The effect of the capital asset charges accounting adjustment is that the impairment cost is reversed out of the HRA in the Movement on HRA Statement as this is not a cost that is to be borne by the HRA tenants. For 2022/23 the impairment charge is nil.

### 6. Debt Management Expenses

This is the total cost of managing the HRA debt portfolio. The cost for 2022/23 was £47k.

## 7. Movement in the Allowance for Bad Debts

Contributions towards the HRA Allowance for Bad Debt amounted to £1.779m compared with £1.320m in 2021/22.

Cumulative provisions for uncollectable debts are as follows:

Cumulative provisions for uncollectable debts	£'000	%
31 March 2022	11,073	90.00
31 March 2023	8,290	90.00

Rent Arrears are analysed below:

2021/22		2022/23
£'000		£'000
6,102	Current Tenants Arrears	6,691
5,749	Former Tenants Arrears	2,445
442	Overpaid Housing Benefit	75
<b>12,293</b>	<b>Total Arrears</b>	<b>9,211</b>

## 8. Dwelling Rents

This is the total income due for the year after allowing for rent lost on void properties. In 2022/23 the void property rent loss was 2.08% compared with 1.90% in 2021/22.

## 9. Stock Numbers and Valuations

The opening stock at 1 April 2022 was 21,448 properties, with a closing stock at 31 March 2023 of 21,362. The movements in stock are as follows:

	2021/22	2022/23
<b>Opening Stock</b>	<b>21,575</b>	<b>21,448</b>
<b>Disposals</b>		
Right to Buys	-167	-215
Conversions	-2	0
Pending Demolition / Demolished	-1	0
Re-classified Dwellings (as Surplus Assets)	-9	0
<b>Total Disposals</b>	<b>-179</b>	<b>-215</b>
<b>New Additions</b>		
New Build / Acquisitions / Returned to Stock	35	128
Assets Under Construction	17	0
Reclassified (from PPE other land and buildings)	0	1
<b>Total Additions</b>	<b>52</b>	<b>129</b>
<b>Closing Stock</b>	<b>21,448</b>	<b>21,362</b>

The balance sheet value for HRA assets is as follows:

	01.04.22	31.03.23
	£'000	£'000
Property, Plant and Equipment – Dwellings	793,925	913,117
Property, Plant and Equipment – Other Land and Buildings	4,965	6,480
Property, Plant and Equipment – Assets Under Construction	16,667	16,387
Depreciation on Property, Plant and Equipment – Plant and Equipment	0	0
Property, Plant and Equipment – Surplus	1,792	1,817
Intangible Assets	0	0
Assets Held for Sale	814	814
Investment Property	378	378
<b>Total HRA Assets</b>	<b>818,541</b>	<b>938,993</b>

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

## 10. Non-Dwelling Rents

This is rental income from garages and shops.

## 11. Charges for Services and Facilities

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

## 12. Contributions towards Expenditure

Various contributions including:

- Tenants rechargeable repairs
- Settlement of insurance claims

## 13. Interest Payable and Similar Charges

This is interest payable on the HRA debt outstanding.

Interest charges have reduced from £13.553m in 2021/22 to £13.210m in 2022/23. As at 31 March 2023 the amount of HRA debt outstanding was £314.249m.

## 14. HRA Interest and Investment Income

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

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

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

## 16. Funding the 2022/23 HRA Capital Expenditure

	£'000
<b>Capital Expenditure 2022/23</b>	
<b>Funded by:</b>	
Contributions from the Major Repairs Reserve	23,732
Borrowing	0
Revenue Contributions to Capital Expenditure	0
Usable Capital Receipts	15,012
Other Grants and Contributions	9,023
<b>Total Funding 2022/23</b>	<b>47,767</b>

The total Capital Grants received in 2022/23 was £6.596m along with £2.427m S106 contributions, which has been used in full for works completed in 2022/23. £15.012m of retained Right to Buy receipts were used towards funding the Capital Programme, leaving a balance of £7.148m in retained receipts for future projects. Each year the Council is required to repay and element of the Right to Buy Receipts. At the end of 2022/23 DLUHC amended the policy to allow Councils to retain this element for 2 years (2022/23 and 2023/24). This funding is ring fenced and to be spent within 5 years. In 2022/23 £5.544m of the above retained receipts are ring fenced.

### Summary of Capital Receipts 2022/23

	£'000
Disposal of Dwellings (Right to Buy)	-12,377
Disposal of HRA Land & Other Receipts (Mortgages)	-170
<b>Total Capital Receipts 2022/23</b>	<b>-12,547</b>

## 17. Transfer to / from Capital Adjustment Account

No voluntary debt repayments were made in 2022/23.

## 18. Transfer to / from Major Repairs Reserve

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

### Major Repairs Reserve Movements 2022/23

	£'000
<b>Opening Balance at 1 April 2022</b>	<b>21,874</b>
Transfers into the MRR 2022/23	21,834
Expenditure charged to the MRR in 2022/23	-23,732
Revenue Provision on legacy debt from the MRR in 2022/23 to the HRA	-2,179
<b>Closing Balance at 31 March 2023</b>	<b>17,797</b>

This is a statutory reserve maintained to show how the HRA Major Repairs Allowance funding has been used. The reserve commenced the financial year with a balance of £21.874m. In 2022/23 funding of £21.966m was received, which was used in part during the financial year to pay for major refurbishment works to Council dwellings & debt repayments. The reserve has a £17.796m balance to carry forward to 2023/24.

## 19. Balance at 31 March 2023

£4.264m was required from general HRA reserves to balance the HRA account as at 31 March 2023. The reserve balance stands at £16m to be carried forward into 2023/24 for use in future years.



## THE COLLECTION FUND STATEMENT FOR YEAR ENDED 31 MARCH 2023

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

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

Business Rates 2021/22 £'000	Council Tax 2021/22 £'000	Total 2021/22 £'000		Business Rates 2022/23 £'000	Council Tax 2022/23 £'000	Total 2022/23 £'000
			<b>Income</b>			
0	155,539	155,539	Council Tax Receivable	0	167,453	167,453
0	29	29	Council Tax Section 13A 1 c Discounts Transferred to General Fund	0	11	11
70,984	0	70,984	Income from Business Ratepayers	71,190	0	71,190
42,325	328	42,653	Contribution towards previous years Collection Fund deficit	15,743	0	15,743
<b>113,309</b>	<b>155,896</b>	<b>269,204</b>		<b>86,933</b>	<b>167,464</b>	<b>254,397</b>
			<b>Precepts, Demands and Shares</b>			
82,227	126,707	208,934	Wigan Council	77,040	132,610	209,650
0	20,215	20,215	Greater Manchester Mayoral – Police and Crime Commissioner	0	21,483	21,483
831	6,130	6,961	Greater Manchester Mayoral – Fire Service	778	6,699	7,477
0	2,292	2,292	Greater Manchester Mayoral – Mayor	0	2,988	2,988
736	0	736	Transitional Protection Payments	-821	0	-821
0	0	0	Contribution towards previous years Collection Fund surplus	0	374	374
<b>83,794</b>	<b>155,344</b>	<b>239,137</b>		<b>76,997</b>	<b>164,154</b>	<b>241,151</b>
			<b>Charges to Collection Fund</b>			
3,907	1,101	5,008	Increase / Decrease in Bad Debt Provision	1,228	1,134	2,362
3,603	0	3,603	Increase / Decrease in Provision for Appeals	2,593	0	2,593
-1,743	0	-1,743	RV List Amendments charged to Provision	-4,169	0	-4,169
369	0	369	Cost of Collection	372	0	372
<b>6,138</b>	<b>1,101</b>	<b>7,238</b>		<b>24</b>	<b>1,134</b>	<b>1,158</b>
23,377	-549	22,828	<b>Surplus / Deficit (-) arising in the year</b>	9,912	2,176	12,088
-45,638	-3,616	-49,254	<b>Surplus / Deficit (-) b/fwd 1 April</b>	-22,261	-4,165	-26,426
<b>-22,261</b>	<b>-4,165</b>	<b>-26,426</b>	<b>Surplus / Deficit (-) c/fwd 31 March</b>	<b>-12,349</b>	<b>-1,989</b>	<b>-14,338</b>
			<b>Allocated to:</b>			
22,038	3,371	25,409	<b>Wigan Council</b>	12,226	1,609	13,835
0	0	0	<b>Central Government</b>	0	0	0
0	546	546	<b>Greater Manchester Mayoral – Police and Crime Commissioner</b>	0	263	263
223	171	394	<b>Greater Manchester Mayoral – Fire Service</b>	123	82	205
0	77	77	<b>Greater Manchester Combined Authority</b>	0	35	35
<b>22,261</b>	<b>4,165</b>	<b>26,426</b>	<b>Total Shares Allocated</b>	<b>12,349</b>	<b>1,989</b>	<b>14,338</b>

## NOTES TO THE COLLECTION FUND

### 1. Council Tax

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

For 2022/23, the proportions were as follows:

	%
Wigan Council	80.97%
Police Crime and Commissioner for Greater Manchester	13.12%
Greater Manchester Fire and Rescue Authority	4.09%
Greater Manchester Combined Authority	1.82%

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

The Council Tax base for 2022/23 was 94,100 (92,600 in 2021/22) calculated as follows:

#### Tax Base

Council Tax Bands (No. of Properties)			
Band	Number of chargeable dwellings	Multiplier	Band D equivalent dwellings
A	53,213	6/9	35,475
B	26,549	7/9	20,649
C	19,670	8/9	17,484
D	10,258	9/9	10,258
E	5,791	11/9	7,078
F	1,551	13/9	2,240
G	501	15/9	835
H	41	18/9	81
<b>Total Band D Equivalent</b>	<b>117,574</b>		<b>94,100</b>

The average Council Tax for Band D dwellings for the Council and major precepting authorities was £1,752.57.

## 2. Non-Domestic Rates

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

The total non-domestic rateable value at the year-end was £207,081,920.

The national multipliers are as follows:

	2021/22	2022/23
Standard Business rate	51.2p	51.2p
Small Businesses rate	49.9p	49.9p

Wigan Council is part of the Greater Manchester 100% business rates pilot. Authorities receive 99% of their business rates income in lieu of Revenue Support Grant and Public Health Grant. The Business Rates shares payable for 2022/23 were estimated before the start of the financial year as £77.040m to Wigan Council (99%), £0.778m to Greater Manchester Fire (1%) and £0 to Central Government.

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

## 3. Contributions to Collection Fund Surpluses and Deficits

The Council under statute has to prepare an estimate each January of the surplus or deficit expected to arise at the end of the financial year. In January 2022, it was estimated that the following amounts would arise at the end of 2021/22 and therefore be due from the preceptors in 2022/23.

	Estimated Surplus Council Tax £'000	Estimated Deficit NDR £'000
Wigan Council	-305	15,585
Greater Manchester Mayoral – Fire Service & Mayor	-49	158
Greater Manchester Mayoral – Police and Crime Commissioner	-20	0
<b>Total</b>	<b>-374</b>	<b>15,743</b>

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### The Council's Responsibilities

The Council is required:

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

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

The Director of Resources and Legal (Deputy Chief Executive) is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

In preparing this Statement of Accounts, the Director of Resources and Legal (Deputy Chief Executive) has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Code of Practice
- kept proper up to date accounting records
- taken reasonable steps for the prevention and detection of fraud and other irregularities
- 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 2023.

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



P McKeivitt BA (Hons) CGMA, Director Resources and Legal (Deputy Chief Executive)  
31st May 2023

# GLOSSARY

## A

### **ACCRUALS**

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

### **ACCUMULATED ABSENCES**

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

### **ACTUARY**

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

### **AGENCY ARRANGEMENTS**

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

### **AMORTISATION**

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

## B

### **BUDGET**

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

## C

### **CAPITAL ADJUSTMENT ACCOUNT**

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

### **CAPITAL EXPENDITURE**

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

### **CAPITAL FINANCING COSTS**

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

## **CAPITAL FINANCING REQUIREMENT**

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

## **CAPITAL RECEIPTS**

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

## **COLLECTION FUND**

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

## **CORPORATE AND DEMOCRATIC CORE**

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

## **CORPORATE GOVERNANCE**

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

## **COUNCIL TAX**

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

## **CREDITORS**

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

# **D**

## **DEBTORS**

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

## **DEFERRED LIABILITIES**

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

## **DEFINED BENEFIT PENSION SCHEME**

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

## **DEPRECIATION**

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

### **DONATED ASSETS**

Assets transferred at nil value or acquired at less than fair value.

## **F**

### **FAIR VALUE**

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

### **FINANCIAL INSTRUMENTS**

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

### **FUNDED PENSION SCHEME**

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

## **H**

### **HERITAGE ASSETS**

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

### **HOUSING REVENUE ACCOUNT**

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

## **I**

### **IMPAIRMENT**

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

### **INTANGIBLE ASSETS**

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

### **INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS)**

Defined Accounting Standards that must be applied by all reporting entities to financial statements in order to provide a true and fair view of their financial position and enables a standardised method of comparison with the financial statements of other entities.

## **L**

### **LOCAL AUTHORITY (SCOTLAND) ACCOUNTS ADVISORY COMMITTEE (LASAAC)**

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

## **M**

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

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

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

This is the minimum amount which must be set aside from revenue as provision for debt repayment. For this Authority it is currently 2.5% of the internal and external debt outstanding at the start of the year.

## **N**

### **NON-DOMESTIC RATES (NDR)**

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

### **NET-BOOK VALUE**

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

### **NET REALISABLE VALUE**

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

### **NON-DISTRIBUTED COSTS**

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

## **P**

### **POOLED BUDGETS**

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



## **PRECEPTS**

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

## **PRIVATE FINANCE INITIATIVE (PFI)**

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

## **PROVISIONS**

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

## **PRUDENTIAL BORROWING**

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

# **R**

## **RESERVES**

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

## **REVALUATION RESERVE**

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

## **REVENUE EXPENDITURE**

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

## **REFCUS**

Revenue expenditure funded by capital under statute.

# **S**

## **SECTION 106**

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

# **U**

## **UNFUNDED PENSION SCHEME**

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

## V

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

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

## TERMS OF REFERENCE

### **REGULATORY BODIES, OTHER BODIES AND REGULATORY FRAMEWORK**

## C

### **Chartered Institute of Public Finance and Accountancy (CIPFA)**

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

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

### **Code of Practice on Local Government Accounting in the United Kingdom 2022/23**

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

### **Department for Levelling Up Homes and Communities (DLUHC)**

DLUHC issues government lead initiatives on issues such as fire prevention, emergency planning and training. CLG is also a major funding source.

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

## D

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

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

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

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

This government department integrates environmental, social and economic objectives.

DEFRA promotes sustainable development as the way forward for Government.

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

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

UK government department with responsibility for welfare and pension policy.

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

## G

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

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

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

## H

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

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

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

### **Homes England (HE)**

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

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

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

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

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

## I

### **International Accounting Standards Board (IASB)**

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

## O

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

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

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

## P

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

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

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

## R

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

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

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

## S

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

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

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

## T

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

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

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

## V

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

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

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

## FUNDING

### D

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

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

### N

#### **Non-Domestic Rate (NDR)**

The operation of NDR follows a similar process to Council Tax where an assessment of the receipts which can be raised will be forecast by the Council and this will be shared between the Council, The Greater Manchester Combined Authority and Greater Manchester Mayor for Police and Fire Services. Any year end surplus or deficits will be shared between the three bodies and taken into account in their budget processes in the following year.

### S

#### **SCHEMES**

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

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

#### **Teachers' Pension Scheme**

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

#### **NHS Pension Scheme**

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

## OTHER TERMS OF REFERENCE

### **C**

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

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

### **L**

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

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

### **S**

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

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