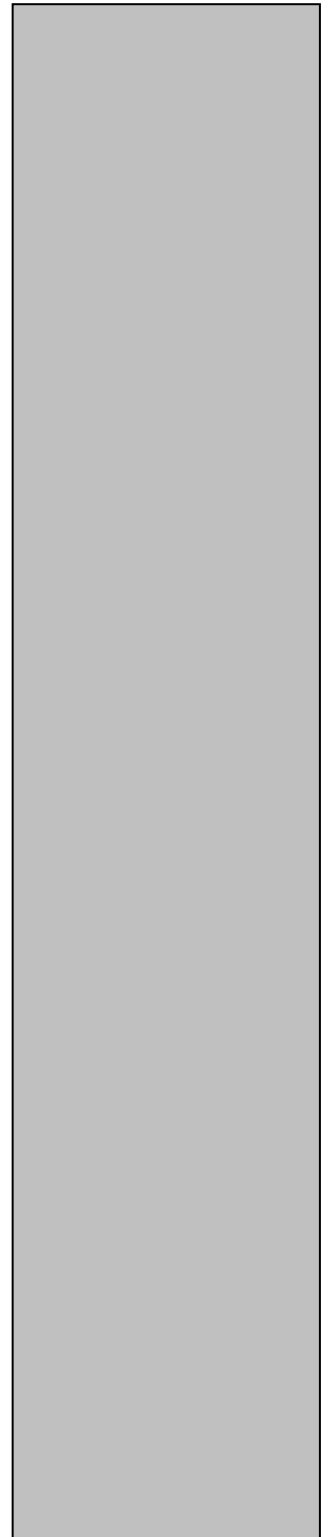


**STATEMENT OF  
ACCOUNTS  
2003/2004**



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## **STATEMENT OF ACCOUNTS**

### **Introduction by Councillor Wayne Campbell, Deputy Leader and Executive Member for Resource**

I am pleased to welcome you to the Council's Statement of Accounts for 2003/04.

The Government's Comprehensive Performance Assessment (CPA) continues to have a major influence throughout local government whereby each local authority's performance is assessed by the Audit Commission based on performance information that is produced from a variety of sources. The Accounts play a vital part in this as they provide information on the Council's financial performance to a wide range of interested parties. They show how we've spent our money, how we've performed against our budget and how we've invested in our assets.

Bury Council is a low spending, low taxing and low borrowing authority. On average we spend 15% per person less than the other nine Greater Manchester Councils, our Council tax is 8% less than that of these other Councils and we owe 30% less per person as well. Whilst much of this is due to the prudent approach taken by the Council it is also true to say that over the past 10 years Bury has been hit particularly hard by central Government controls on our finances. In 2003/04 the Council received a lower than expected settlement from Central Government. We therefore remain committed to fighting for a better deal for Bury when it comes to the way that Government funding is shared out between Councils. In 2002 the Government issued changes to the formulae used to distribute Revenue Support Grant in 2003/04 to local authorities.

The Council takes its financial responsibilities very seriously. The Accounts demonstrate that we have continued to exercise tight control over our finances. We have kept our spending to within budget and the difference between what we spent and what we planned to spend is less than 1% of our total budget. Given our turnover of more than £330million this is a very commendable performance. More than £28million has been invested on improving the assets that are so vital to the quality of the services that we aim to provide.

However, there are ever increasing demands on the Council's services and this will clearly put our budget under pressure in the years to come. We are improving the way that we set and monitor our budget and more detailed three-year budgets have been developed that allow the Council to take a longer term view of its budget strategy in order to link it more directly to the Council's aims and objectives and its service plans. We also bring together the regular reporting of budget and service performance to make clearer the links between spending and outcomes.

The Council is committed to obtaining "Best Value" from all of its services and the preparation and presentation of the Accounts continues to be influenced by the Best Value Accounting Code of Practice which sets out to modernise the system of local authority accounting to ensure that it meets the changed and changing needs of modern local government.

Finally I would like to take this opportunity to thank all of the Council's Members and officers who have played a part in the production of these Accounts and who have contributed to the sound financial performance that they demonstrate. I would also like to say thank you to everyone who takes the time to read the Accounts; I hope you find them helpful and informative.

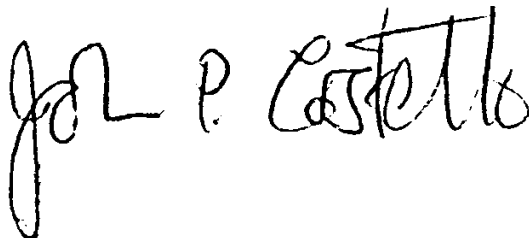


**Councillor Wayne Campbell  
Deputy Leader of the Council and Executive Member for Resource**

## APPROVAL OF THE STATEMENT OF ACCOUNTS

In accordance with Regulation 10 of the Accounts and Audit Regulations 2003 I confirm that these accounts were approved by the Audit Committee at the meeting held on Thursday 29 July, 2004.

Signed on behalf of Bury Metropolitan Borough Council:

A handwritten signature in black ink, appearing to read 'J P Costello'. The signature is written in a cursive style with a large initial 'J' and 'P'.

J P Costello  
Chair of the Audit Committee

Date: 29 July, 2004

# **GLOSSARY OF TERMS**

## GLOSSARY OF TERMS

### ACTUARIAL GAINS AND LOSSES

For a defined benefit scheme, the changes in actuarial deficits or surpluses that arise because:

- (a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses)
- (b) the actuarial assumptions have changed

### ASSETS

Items that are of worth and are measurable in terms of money. Assets can be further classified as:

#### **CURRENT ASSETS**

assets which may change in value on a day-to-day basis (e.g. stocks).

#### **FIXED ASSETS**

assets which yield benefit to the Authority for a period of a year or more (e.g. land and buildings). Fixed assets are further classified into: -

##### **Operational Assets**

assets used in the direct delivery of those services for which the Authority has a responsibility e.g. schools.

##### **Community Assets**

assets that the Authority intends to hold in perpetuity, which have no determinable useful life, and which may have restrictions on their disposal e.g. parks.

##### **Infrastructure Assets**

assets that are required in order to enable other developments to take place e.g. roads.

##### **Non-Operational Assets**

assets that are held by the Authority but not directly used or occupied e.g. surplus buildings held pending sale or redevelopment.

### BALANCES

The **capital** or **revenue reserves** of the Authority, made up of the accumulated surplus of **income** over **expenditure** on any of the Funds.

### BALANCE SHEET

A statement of the **assets**, **liabilities** and other **balances** at the end of an accounting period (e.g. a financial year).

### CAPITAL

**Expenditure** on the acquisition, creation or enhancement of tangible **assets** which yields benefit to the Authority for more than a year and/or income from the sale of such **assets**.

### CAPITAL CHARGES

Charges made to Committees for the use of their **fixed assets**. Capital charges comprise two elements: -

### **Notional Interest**

a capital financing charge determined by applying a specified notional rate of interest to the amount at which assets are included within the Balance Sheet.

### **Depreciation**

the measure of the wearing out, consumption or other reduction in the useful life of a fixed asset. This is calculated based on the remaining life an asset, and charged to revenue on a reducing balance basis on all depreciable assets except where the remaining life of the asset can be measured.

## **CAPITAL RECEIPTS**

**Income** from the sale of tangible **fixed assets**. Such receipts may be used to finance additional **capital expenditure** but a certain proportion has to be set aside to repay debt and only the remainder is usable.

## **CHARGING AUTHORITY**

This is an authority which has the task of collecting the Council Tax from the Council Tax payers within its geographical area. Bury MBC is such an authority.

## **CREDITORS**

Money owed **TO** individuals or organisations **BY** the Authority in respect of work done or services rendered within the financial year but for which payment has not yet been made.

## **CURTAILMENT**

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- a) termination of employees' services earlier than expected; and
- b) termination of, or amended to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

## **DEBTORS**

Money owed **BY** individuals or organisations **TO** the Authority in respect of work done or services rendered within the financial year but for which payment has not yet been received.

## **DEFERRED CHARGES**

An item in the **Balance Sheet** of a **capital** nature where there is no tangible **fixed asset** in existence (for example improvement grants given to the owners of private houses - this is **capital expenditure** for which the Authority does not receive a **fixed asset**).

## **DEFINED BENEFIT SCHEME**

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded)

## **DEFINED CONTRIBUTION SCHEME**

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

## **EXPENDITURE**

Amounts paid by the Authority for goods received or services rendered of either a **capital** or a **revenue** nature. This does not necessarily involve a cash payment - expenditure is deemed to have been incurred once the goods or services have been received even if they have not yet been paid for (in which case the supplier is a **creditor** of the Authority).

## **INCOME**

Amounts due to the Authority for goods supplied or services rendered of either a **capital** or a **revenue** nature. This does not necessarily involve a cash payment - income is deemed to have been earned once the goods or services have been supplied even if the payment has not yet been received (in which case the recipient is a **debtor** of the Authority).

## **LEASING**

A method of financing capital expenditure where a rental is paid for an asset for a specified period of time. There are two forms of lease; a **Finance Lease** involves the payment of the full cost of the **asset** and at the end of the leasing agreement the **asset** will belong to the Authority; an **Operating Lease** involves the payment of a rental for the use of the **asset** and at the end of the leasing agreement the **asset** will not belong to the Authority.

## **LIABILITIES**

Amounts due to individuals or organisations which will have to be paid at some time in the future. Current Liabilities are usually payable within one year of the **Balance Sheet** date.

## **OUTTURN**

The final actual **income** and **expenditure** earned or incurred in a financial year.

## **PRECEPTS**

The method by which a non-charging authority obtains the income it requires by making a levy on the appropriate **charging authorities**. (i.e. Police and Fire). **Charging authorities** will themselves precept on the Collection Fund to obtain their own income.

## **PROJECTED UNIT METHOD**

An accrued benefits valuation method in which the pension scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- a) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants allowing, where appropriate, for future increases; and
- b) the accrued benefits for members in service on the valuation date.



The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

## **PROVISIONS**

These are sums set aside to meet **liabilities** or losses which it is anticipated will be incurred but where the amount and/or the timing of such costs is uncertain.

## **RESERVES**

These are sums set aside to meet possible future costs where there is no certainty about whether or not the costs will actually be incurred.

## **RETIREMENT BENEFITS**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employers decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

## **REVENUE**

**Income** and **expenditure** arising from day-to-day activities.

## **REVENUE SUPPORT GRANT**

This is an annual grant paid by central Government as its contribution towards the cost of the Authority's services in general.

## **STATEMENTS OF STANDARD ACCOUNTING PRACTICE**

These describe methods of accounting approved by the accountancy profession through the Accounting Standards Board and the Financial Reporting Council as being best professional practice, and they are intended to apply to all organisations (albeit with some amendments or minor exceptions).

# **EXPLANATORY FOREWORD**

## **EXPLANATORY FOREWORD**

These Accounts have been prepared in accordance with the 2003 Accounts and Audit Regulations, the Local Government and Housing Act 1989, the current Code of Practice on Local Authority Accounting and the Statement of Recommended Practice 2000 (as amended by the 2003 SoRP), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Accounts comprise several individual financial statements and related notes, which are intended to present fairly the financial position and transactions of Bury MBC (the Authority). They give details of the Authority's income and expenditure for the financial year, which ran from **1<sup>st</sup> April 2003 to 31<sup>st</sup> March 2004** along with details of the assets and liabilities of the Council at **31<sup>st</sup> March 2004**. Wherever it is relevant the corresponding figures for the last financial year, 2002/2003, are also shown for comparison. Briefly, the purpose of the individual statements is as follows:-

### **THE CONSOLIDATED REVENUE ACCOUNT**

shows the revenue income and expenditure for each service.

### **THE HOUSING REVENUE ACCOUNT**

shows the revenue income and expenditure on council housing.

### **THE COLLECTION FUND**

shows income collected from Council Tax, Community Charge and business rate payers and from Council Tax and Community Charge benefits. The Fund's expenditure then comprises the amount that the Authority needs from it to pay for its services, precepts made by the Police and Fire Authorities and a provision for uncollectable amounts. Business rates collected by the Authority are passed over to the Government and redistributed nationally so that the Authority receives back an amount dependent on Bury's population. This is paid directly into the General Fund as is Revenue Support Grant.

### **THE CONSOLIDATED BALANCE SHEET**

shows the financial position of the Authority at 31<sup>st</sup> March 2004 with regards to its assets, liabilities, reserves and balances.

### **THE STATEMENT OF TOTAL MOVEMENTS IN RESERVES**

brings together all the recognised gains and losses during 2003/2004 and those which have been and have not been reflected in the Consolidated Revenue Account. The Statement separates the movements between revenue and capital reserves.

### **THE CASH FLOW STATEMENT**

summarises the inflows and outflows of cash arising from revenue and capital transactions with the outside world.

The Accounts comply with the CIPFA Accounting Code of Practice, 2000 and as updated by the 2003 Statement of Recommended Practice.

## SUMMARY OF THE COUNCIL'S FINANCIAL RESULTS

When reporting on the financial activities of a local authority it is usual to distinguish between revenue expenditure, which comprises day to day spending such as salaries, wages and running costs, and capital expenditure which relates to spending on assets that provide benefit for more than a year.

### REVENUE OUTTURN

As the table below shows, the Authority underspent its budget, as revised in March 2004, by **£3.335m**. This is largely accounted for by planned underspends and carry-forwards in accordance with the Council Policy and for Schools through statute.

At 31<sup>st</sup> March 2004 the borough's schools had accumulated a total underspending against their budget of **£3.032m**, of which £3.340m is in respect of mainstream school budgets plus an overspend of £0.308m relating to Standards Fund grants which are not required to be spent until 31 August, 2004. Under the terms of the Local Management of Schools scheme of delegation operated by the Authority, this overall underspending will be carried forward, in total, into the 2004/2005 financial year for the schools to use at their discretion.

In the case of the Authority's other Departments, the "Cash Ceiling" scheme of financial delegation operated by the Authority means that they will be able to carry forward into 2004/2005 their underspendings up to a limit that is the greater of **1% of their net budget or £50,000**. However, the **total** value of any overspendings must be carried forward. The directorate carry-forwards recommendations are included in the revenue outturn report considered by Executive on 21 July, 2004.

Detailed Outturn and variation reports for all services were submitted to the Resource Scrutiny Panel on 9 September, 2004 for all services (and the Economy, Environment and Transport Scrutiny Panel on 21 September in respect of the Housing Revenue Account). These reports are available to members of the public and they may be obtained from the Head of Financial Management at Bury Town Hall or by telephoning 0161-253 5034.

Revenue expenditure during 2003/2004 was: -

|                              | <u>Revised<br/>Estimate<br/>£000's</u> | <u>Actual<br/>£000's</u> | <u>Difference<br/>£000's</u> |
|------------------------------|--|--------------------------|------------------------------|
| Net cost of Bury services    | 189,875                                | 186,540                  | (3,335)                      |
| Precepts :-                  |  |                          |                              |
| Police                       | 5,293                                  | 5,293                    | 0                            |
| Fire                         | 2,308                                  | 2,308                    | 0                            |
|                              | 197,476                                | 194,141                  | (3,335)                      |
| <b>TOTAL NET EXPENDITURE</b> |  |                          |                              |
| Financed from:-              |  |                          |                              |
| Revenue Support Grant        | 74,918                                 | 74,918                   | 0                            |
| Business Rates Pool          | 52,891                                 | 52,891                   | 0                            |
| Council Tax                  | 62,580                                 | 62,580                   | 0                            |
| Collection Fund              | 345                                    | 345                      | 0                            |
|                              | 6,742                                  | 3,407                    | (3,335)                      |
| <b>( SURPLUS ) / DEFICIT</b> | <b>6,742</b>                           | <b>3,407</b>             | <b>(3,335)</b>               |

The **£6.742 million** deficit shown at Revised Estimate was to be funded from **£1.247 million** of General Fund Balances, **£4.038 million** of balances from School Reserves and **£1.457 million** of committee carry forwards and specific carry forward requests. At the end of 2003/04 there was

actually the need for **£2.680million** of General Fund Balances, an increased requirement of **£1.433million**.

The Corporate Revenue Outturn Report considered by the Executive on 21 July, 2004 details the overall performance of the Council in 2003/2004.

Major Variances included:

| <b><u>Area of Saving</u></b>                | <b><u>£000's</u></b> |
|---|----------------------|
| Schools underspend to be c/fwd into 2004/05 | (3,032)              |
| Environmental and Development Services      | (1,371)              |
| Social Services, Health and Housing         | 983                  |
| Education – Non Schools, and Culture        | 490                  |
| Chief Executive's                           | (87)                 |
| Other Variances                             | (318)                |
| <b>Total</b>                                | <b>(3,335)</b>       |

## **CAPITAL OUTTURN**

Total Capital Expenditure in the year was **£28.155million** compared to the revised Capital Programme of **£39.074million**. The majority of this variance is represented by slippage of schemes into the next financial year including improvements to public and private sector housing stock, education grant funded schemes, children's disability service, housing association activities, cleaner safer greener schemes and countryside plans. For information on how Capital Expenditure was financed, refer to Note 3 to the Consolidated Balance Sheet (page 54). The major capital schemes in progress during the year included:-

|  | <b><u>£000's</u></b> | <b><u>£000's</u></b> |
|--|----------------------|----------------------|
| <b>EDS Other Schemes</b>                               |                      |                      |
| Play Areas   | 175                  |                      |
| Ball Zones / Sports                                    | 180                  |                      |
| Parks and Countryside                                  | 380                  |                      |
| Disabled Access to Buildings                           | 592                  |                      |
| Refurbishment of Leisure Facilities                    | 83                   |                      |
| Craig House Accommodation                              | 52                   |                      |
| Asset Management System                                | 125                  |                      |
| Vehicle & Plant Acquisition- Leasing                   | 648                  | 2,235                |
| <b>Education &amp; Culture</b>                         |                      |                      |
| Elton High School                                      | 190                  |                      |
| Specialist Facilities / Status in High Schools         | 100                  |                      |
| St Andrews Ramsbottom – LEA liability                  | 130                  |                      |
| Christ Church Ainsworth Double Classroom Unit          | 65                   |                      |
| Gorsefield – Modernisation                             | 179                  |                      |
| Access Initiatives                                     | 323                  |                      |
| Castlebrook All Weather Pitch                          | 281                  |                      |
| Gorsefield – Condition funding                         | 179                  |                      |
| Sedgley Park -NDS condition                            | 157                  |                      |
| Elmsbank – Extensions & adaptations                    | 171                  |                      |
| St John's & St Marks amalgamation                      | 546                  |                      |
| Radcliffe Juniors and Infants - amalgamation           | 365                  |                      |
| Mersey Drive renew roofing - Condition                 | 67                   |                      |
| Hoyle Nursery Remodelling                              | 648                  |                      |
| Staff Workspaces                                       | 108                  |                      |
| Self Service Library Provision - Castle Leisure Centre | 206                  |                      |
| Bury Museum and Archive Development                    | 90                   | 3,805                |
| <b>Highways</b>  |                      |                      |
| Local Safety Schemes                                   | 435                  |                      |
| Road Safety Schemes                                    | 161                  |                      |
| Bus Priority Schemes                                   | 565                  |                      |
| Traffic Calming  | 87                   |                      |
| Improvements to Footways and Carriageways              | 1004                 |                      |
| Bridge Repairs and Maintenance                         | 526                  |                      |
| Road Network Schemes                                   | 2,601                |                      |
| Street Lighting Improvements                           | 203                  |                      |
| Decriminalised Parking Enforcement                     | 2                    | 5,584                |
| <b>Housing &amp; Environmental Services</b>            |                      |                      |
| Re-roofing council housing                             | 507                  |                      |
| Modernisation  | 1,927                |                      |
| Heating Schemes  | 752                  |                      |
| Window Replacement                                     | 630                  |                      |
| Disabled Facilities adaptations                        | 583                  |                      |
| Miscellaneous and structural                           | 193                  |                      |
| Private Sector Grants and Associated Works             | 1,616                |                      |
| Environmental works-Pimhole                            | 607                  |                      |
| Capitalised Salaries                                   | 174                  |                      |
| Clearance  | 181                  | 7,170                |

|                                       |     |                      |
|---------------------------------------|-----|----------------------|
| <b>Markets</b>                        |     |                      |
| Market Investment                     | 31  | 31                   |
| <b>Planning</b>                       |     |                      |
| Investment Programme                  | 356 |                      |
| Roch Valley Regeneration Strategy     | 72  |                      |
| Prestwich Village Strategy            | 853 |                      |
| Safe routes to schools                | 132 |                      |
| ELR Visitor Gateway Improvements      | 165 |                      |
| York Street Acquisition Rola Cylinder | 111 |                      |
| Buckley Wells Project                 | 109 |                      |
| Prestwich HERS and Town Centre        | 88  | 1,886                |
| <b>Chief Executives</b>               |     |                      |
| One Stop Shop – Whittaker Street      | 277 |                      |
| Land Development                      | 151 | 428                  |
| <b>Social Services</b>                |     |                      |
| Killelea refurbishment                | 122 |                      |
| Local Information Strategy            | 101 |                      |
| National Care Standards               | 122 |                      |
| Seedfield Community Stores Extension  | 155 |                      |
| General Repairs and Maintenance       | 67  | 567                  |
|                                       |     | <hr/>                |
| <b>TOTAL</b>                          |     | <b><u>21,706</u></b> |

During the year there were a number of material capital receipts due to the disposal of council houses, various land and Claremont EPH and Saxon Mill. Copies of the Capital Outturn report are available from the Head of Financial Management at Bury Town Hall during normal office hours or by telephoning 0161-253 5034.

## **HOUSING**

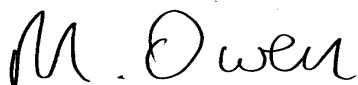
The Housing Revenue Account (HRA) on page 41 shows that a surplus of **£1.088 million** was achieved during the year. This was against an estimated deficit for the year of £1.044 million.

## **COLLECTION FUND**

The information shown on page 47 demonstrates that at 31<sup>st</sup> March 2004 there was a surplus balance on the Collection Fund of **£0.923 million**. This sum will be utilised in 2004/2005 and the following year to reduce the level of the Council Tax.

## **INSPECTION OF THE ACCOUNTS**

Members of the public have the right to inspect the Authority's Accounts, including supporting documents, prior to external audit and then to question the auditor or make objections to the Accounts. This year the Accounts were deposited for inspection at the Town Hall for 20 working days (as required by the 2003 Accounts and Audit Regulations) commencing **2nd August 2004** and the External Auditor was available for questioning on or after **30<sup>th</sup> August 2004**. This facility was advertised in the local press.



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## **BURY METROPOLITAN BOROUGH COUNCIL**

### **STATEMENT ON INTERNAL CONTROL 2003/04**

#### **1. SCOPE OF RESPONSIBILITY**

Bury MBC is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the authority is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

#### **2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at Bury MBC for the year ended 31 March 2004, and up to the date of approval of the annual accounts.

#### **3. THE INTERNAL CONTROL ENVIRONMENT**

Bury MBC has a sound control environment. The key elements are:

- Well established procedures are in place for setting and monitoring the authority's objectives.
- The Council has a well developed and clearly understood policy and decision making process.
- Compliance with established policies, procedures, laws and regulations is carefully monitored. Every Council report produced has to consider a range of implications, including financial, legal, risk etc., and additionally, must contain a statement by the Monitoring Officer and by the Director of Finance and E Government.
- The Council has adopted a Local Code of Corporate Governance which has been incorporated into its Anti Fraud and Corruption Strategy. The policy takes a strong line on fraud issues, and there are also sections covering Confidential Reporting (Whistleblowing), Benefit Fraud Prosecutions, Guidance for Members attending outside bodies, and Standards of Conduct for officers and Members.
- A detailed Risk Management Policy and Strategy is in place, incorporating a "live" action plan. The Council is continually improving its approach to risk management under the direction of the Director of Finance and E Government. Each Council department has appointed a lead officer for Risk Management. A comprehensive series of events and training sessions have been held throughout the year, to ensure that risk management is embedded in the activities of the authority. The appointment of a dedicated Risk Manager is imminent.



- Measures are in place to secure the economical, effective and efficient use of resources. All reports and developments are assessed by the Director of Finance and E Government (as outlined above), and The Council's Constitution contains clear and unambiguous Standing Orders, Financial Regulations and Scheme of Delegated Powers which are regularly updated, and are subject to continual review.
- The Council has a comprehensive Planning and Performance Framework which, coupled with its Best Value Performance Plan helps to secure continuous improvement in the way in which our functions are exercised. Senior management at the authority have received management training during the year, following assessment, based on the Audit Commission's Performance Breakthrough Model.
- Sound procedures are in place covering the financial management of the authority and the reporting of financial management. This is now incorporated into the Planning and Performance Cycle. A longer term revenue and capital budget cycle (3 year budget forecast) has been introduced and the Medium Term Financial Strategy is regularly updated. Treasury Management is conducted in accordance with a Treasury Management Annual Strategy and Plan, and borrowing is in accordance with the Prudential Code.

#### **4. REVIEW OF EFFECTIVENESS**

Bury MBC has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. This review is informed by the work of Internal Audit and the executive managers within the authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the Council's external auditors and other review agencies and inspectorates. The following measures are in place to ensure an effective continual review:

- The Council, having adopted a Planning and Performance Framework, carries out a programme of monitoring which runs throughout its annual cycle. This includes monthly scrutiny of all budgets, bi-annual monitoring of Service Development and Delivery Plans (SDDP's), bi-annual monitoring of Best Value Performance Indicators/Public Service Agreements (BVPI's/PSA's), and bi-annual monitoring of the Corporate Plan. Each summer the lead Members and officers hold a Strategic Forward Planning Event, in order to review performance and re-define corporate objectives.
- The Executive carries out functions which are not the responsibility of any other part of the authority. Several members of the Executive are assigned portfolio areas, and are assisted by non Executive Members who are appointed Lead Member status for particular areas of responsibility. This allows the Executive to monitor the activities of the authority.
- There is a well established Overview and Scrutiny function which has been revised and updated in the light of experience. Scrutiny Panels (internal focus) and Commissions (policy development) review the work of the Council throughout the year and also report annually to Council.
- The Monitoring Officer carries out a continuous review of all legal and ethical matters, receiving copies of all agendas, minutes, reports and associated papers, commenting when necessary, or taking appropriate action, should it be required. The Monitoring Officer is also responsible for monitoring the Local Code of Corporate Governance.
- The Director of Finance and E Government prepares a Risk Management Annual Report reviewing activities and progress for the year.
- The Standards Committee is responsible for standards and probity, and receives regular reports from the Monitoring Officer.

- The Audit Committee carries out an overview of the activities of the Council's internal and external audit functions. Members are provided with copies of all reports produced by Internal Audit and by the Audit Commission. They approve the annual plans for each, and receive regular progress reports throughout the year. The Head of Audit and Risk Management submits to them an Annual Report and Opinion, and the external auditor (Audit Commission) submits an Audit and Inspection Annual Letter.
- The Internal Audit Section is a directly employed in-house service, providing a continuous review in accordance with the Council's obligations under the Local Government Act 1972, and the Accounts and Audit Regulations 2003. It operates under the APB (Auditing Practices Board) Guidelines and CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Internal Audit in Local Government, as approved by the Audit Committee.
- The Council's external auditors (the Audit Commission) review the activities of the Council and approve the annual accounts.

The Audit Committee has been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Authority, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

## 5. SIGNIFICANT INTERNAL CONTROL ISSUES

The Annual Report and Opinion by the Head of Audit and Risk Management stated "The effectiveness and security of local authority systems and controls are underpinned by the overall control framework. At Bury this is considered to be sound..."

The Audit and Inspection Annual Letter by the District Auditor and Relationship Manager stated "Bury has developed and maintained sound systems of internal financial control. The quality of the work of Internal Audit is good."

No significant internal control issues have been identified, and based on the various assurances given, satisfactory corporate governance arrangements are deemed to be in place and working effectively.

However, in order to ensure continual improvement, the following are our immediate priorities:

- Develop a series of assurance statements which will allow our executive directors to measure and report on the degree of assurance they obtain from the framework. The intention will be to jointly address any shortfalls.
- Take the development of our Risk Management function on to the next stage following the appointment of a dedicated risk manager.
- Introduce an annual Monitoring Officer's report which will incorporate a review of the Local Code of Corporate Governance.

The Director of Finance and E Government will report annually on the Local Code of Corporate Governance.

Signed:

Chief Executive 

Date: 29 July, 2004

Council Leader 

Date: 29 July, 2004

# **STATEMENT OF RESPONSIBILITIES**

## **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

### **The Authority's Responsibilities**

The Authority is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In Bury that officer is the Director of Finance & E-Government.
- To manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets.
- To approve the Statement of Accounts

### **The Director of Finance & E-Government's Responsibilities**

The Director of Finance & E-Government is responsible for the preparation of the Authority's Statement of Accounts which, in terms of CIPFA's Code of Practice on Local Authority Accounting in Great Britain, is required to present fairly both the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31<sup>st</sup> March 2004.

In preparing the Statement of Accounts the Director of Finance & E-Government has:

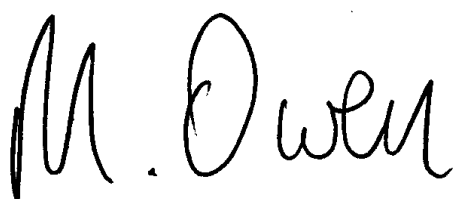
- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice.

The Director of Finance & E-Government has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities;
- Signed the letter of representation with the External Auditor.

### **The Auditor's Responsibilities**

The External Auditor's Certificate and Opinion will be included at page 22.



**M. OWEN C.P.F.A.**  
**Director of Finance & E-Government**

# **AUDIT OPINION & CERTIFICATE**

**AUDIT OPINION AND CERTIFICATE**

**AUDITOR'S REPORT TO BURY METROPOLITAN BOROUGH COUNCIL**

This page will be inserted upon conclusion of the audit.

# **ACCOUNTING POLICIES**

## ACCOUNTING POLICIES

### GENERAL

The Accounts have been prepared in accordance with the Accounts and Audit Regulations 1983 (as amended in 1996 and 2003 where applicable) and the Local Government and Housing Act 1989. They follow the principles and form recommended by the Code of Practice on Local Authority Accounting issued by CIPFA (the Code). They also conform with CIPFA's Statement of Recommended Practice (SoRP) on The Applicability of Statements of Standard Accounting Practice (SSAPs), and Financial Reporting Standards (FRSs), to Local Authorities in Great Britain. Any divergence from either the Code or any SSAP is indicated with an appropriate explanatory note.

### FIXED ASSETS

From 1<sup>st</sup> April 1994 all expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis. Expenditure on fixed assets is capitalised provided that the asset yields benefits to the Authority and the services it provides are for a period of more than one year. This excludes expenditure on routine repairs and maintenance, which is charged direct to service revenue accounts.

Fixed assets have been classified into the groupings required by the Code and closing balances at 31<sup>st</sup> March 1994 were restated as at 1<sup>st</sup> April 1994 on the following basis: -

- Land, operational properties and other operational assets have been included in the Balance Sheet at the lower of net current replacement cost or net realisable value in existing use;
- Non operational assets, excluding investment properties, have been included in the Balance Sheet at the lower of net current replacement cost or net realisable value. In the case of investment properties, these are valued at open market value;
- Infrastructure assets have been included in the Balance Sheet at historic cost; community assets have been included at historic cost or open market value.

In applying the concept of materiality, and in view of the practical implications of revaluing the Authority's assets, a de-minimis level of **£15,000** in respect of vehicles and plant has been applied. Fixed assets in this category with a value below these levels have not been included in the Balance Sheet.

The surpluses arising from the initial revaluation of fixed assets have been credited to the Fixed Asset Restatement Reserve. Subsequent revaluations are planned at intervals of no greater than 5 years, although material changes to asset valuations will be accounted for as they occur. The relevance and amount of the de-minimis levels have been reviewed in the current year, this review will continue in future years.

The School Standards and Framework Act 1998 changed the status of grant maintained schools to foundation schools maintained by the local education authority. The change for funding purposes took effect from 1<sup>st</sup> April 1999. This change has resulted in the inclusion of opening and closing balances for current assets and liabilities controlled by foundation schools within the Consolidated Balance Sheet. Fixed Assets and long term liabilities remain vested in the Governing Bodies of individual foundation schools and therefore values and amounts have not been consolidated in this balance sheet.



## **DEPRECIATION**

Depreciation is provided for on all fixed assets included in the Balance Sheet at the commencement of the financial year having recourse to asset disposals.

Depreciation is provided at the following rates and bases:

|                                  | <b><u>Bases</u></b>     | <b><u>Rate</u></b> |
|----------------------------------|-------------------------|--------------------|
| Schools and Education Properties | Reducing Balance        | 100 Years          |
| Other Operational Properties     | Reducing Balance        | 50 Years           |
| Infrastructure Assets            | Reducing Balance        | 25 Years           |
| Plant & Equipment                | Reducing Balance        | 10 Years           |
| Council Dwellings                | Major Repairs Allowance | -                  |

For 2003/04 the Council has applied depreciation across all assets in accordance with FRS15 'Tangible Fixed Assets'.

## **CHARGES TO REVENUE**

From 1<sup>st</sup> April 1994, general fund service revenue accounts, central support services, statutory trading services and Direct Service Organisations (DSOs) have been charged a capital charge for all fixed assets used in the provision of services. The total charge covers the annual provision for depreciation plus a capital financing charge determined by applying a specified notional rate of interest of 3.5% to net asset values for assets carried at current value and 4.625% for assets carried at historical cost.

The charge made to the Housing Revenue Account (HRA) is an amount equivalent to the statutory capital financing costs (known as the Item 8 Determination).

Interest payable (including internal interest) and the provision for depreciation are charged to the Asset Management Revenue Account, which is in turn credited with the capital charges explained in the preceding paragraph. Capital charges therefore have a neutral impact on local taxation levels.

## **DEFERRED CHARGES**

Deferred charges represent expenditure which may properly be capitalised but which does not represent tangible fixed assets. It is a requirement that any expenditure that does not represent continuing value to the Authority should be amortised to revenue in the year that the expenditure is incurred. As shown in Note 2 of the Consolidated Balance Sheet (page 53), deferred charges, other than that relating to Probation Service debt, have been written off to revenue in year.

## **LEASING**

Lease rentals are charged direct to service revenue accounts. Any outstanding liabilities on leases of vehicles or plant will be met from the revenue proceeds of sales or insurance settlements and therefore no provision has been made in the Accounts. The value of leased assets is not reflected in the Balance Sheet.

## **CAPITAL RECEIPTS**

Income from the disposal of fixed assets, known as capital receipts, has been accounted for on an accruals basis. A proportion of the capital receipts earned during the year have been set aside to redeem debts, using the proportions defined in the Local Government and Housing Act 1989, and this forms part of the Capital Financing Reserve. The balance is available to finance further capital expenditure and this is explained further in Note 15 to the Balance Sheet on page 62.

## **REVENUE TRANSACTIONS**

These have been recorded on an income and expenditure basis at historical cost in accordance with SSAP No.2. Debtors and creditors have been accrued on the basis of actual sums receivable or payable wherever possible although it has been necessary to estimate some amounts based on the most recent and accurate information available. However there are significant variations to this principle: -

- Not all payments to public utilities (gas, electricity etc.) have been accrued but since this is a consistent policy from one year to the next the effect on the Accounts for 2003/2004 will not be material.
- Employees' holiday pay entitlement at the year-end is not accrued.

Provision has been made for doubtful debts where necessary and uncollectable amounts have been written-off.

Council dwelling rents are regarded as annual amounts payable over 50 weeks.

## **INVESTMENTS**

Investments are recorded in the Balance Sheet at cost.

## **STOCKS, STORES AND WORK-IN-PROGRESS**

These are shown at cost with relatively insignificant stocks not being included within the Balance Sheet.

## **SUPPORT SERVICES**

The costs of support services such as administration and management are fully allocated to users on various bases compatible with practices recommended by CIPFA. The allocation bases include actual time spent by staff, building floor area occupied and actual usage of support services.

## **PROVISIONS AND RESERVES**

From 1<sup>st</sup> April 1994 the introduction of the new system of accounting for fixed assets has required the establishment of two new reserve accounts in the Balance Sheet: -

- The Fixed Asset Restatement Reserve, which represents principally the balance of the surpluses arising from the periodic revaluation of fixed assets;
- The Capital Financing Reserve, which represents amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.

- Additionally, due to full implementation of FRS17 Retirement benefits, a Pensions Reserve has been established which provides for the net change in the pensions liability to be met by the Council which is recognised in the Consolidated Revenue Account where the pension payments made in the year in accordance with the pension scheme requirements do not match the change in the authority's recognised asset or liability for the same period.

The level, purposes and transactions in respect of the other reserves and provisions are set out in Notes 10 and 11 to the Balance Sheet on pages 57 and 58.

## **PENSIONS**

The Authority pays employer's contributions for different types of employees as follows: -

- **Teachers**

The Council administers a centralised scheme for the Department for Education and Skills (DFES) and although the scheme is unfunded the DFES uses a notional fund as the basis for calculating the employer's contribution rate paid by the Authority.

- **Other Employees**

Contributions are paid to the Greater Manchester Pension Fund that is administered by Tameside MBC on behalf of the 10 Greater Manchester district councils. This is a contributory, final salary based, occupational pension scheme which is contracted out of the State Earnings Related Scheme. The contribution rate is determined by the Fund's actuary based on triennial valuations, the last of which took place in 2004.

Details of contribution rates and amounts paid to the schemes in 2003/2004 are shown in Note 9 to the Consolidated Revenue Account on page 35.

Requirements for accounting for pension costs have gone through substantial change over the financial years 2001/02 to 2003/04. The requirements of **FRS17 Retirement Benefits** have been fully incorporated into the Statement of Recommended Practice for Local Authority Accounting for the 2003/04 financial year. The preparation of the information for this disclosure has required the assistance of actuaries and can be found in Note 20 to the Consolidated Balance Sheet on page 63.

The purpose of the pensions disclosures is to provide clear information on the impact of this authority's obligation to fund the retirement benefits of its staff on its financial position and performance.

## **VALUE ADDED TAX (VAT)**

Value Added Tax is included in the accounts only to the extent that it is irrecoverable and therefore charged to service expenditure.

**CONSOLIDATED REVENUE**  
**ACCOUNT**

## CONSOLIDATED REVENUE ACCOUNT

| <u>2002/2003</u>   | <u>2003/2004</u>                          |                                |   | <u>Notes</u> |
|--|---|--------------------------------|---|--------------|
| <u>Net Expenditure</u><br><u>£000's</u>                                  | <u>Gross Expenditure</u><br><u>£000's</u> | <u>Income</u><br><u>£000's</u> | <u>Net Expenditure</u><br><u>£000's</u> |              |
| <b>Continuing Services</b>   |   |                                |   |              |
| 3,001 Central Services to the Public                                     | 24,956                                    | (21,801)                       | 3,155                                   |              |
| 2,597 Non-Distributed Costs  | 2,251                                     | (32)                           | 2,219                                   |              |
| 730 Court Services   | 792                                       | (26)                           | 766                                     |              |
| 16,827 Cultural, Environmental & Planning Services                       | 31,422                                    | (13,867)                       | 17,555                                  |              |
| 93,255 Education Services  | 133,777                                   | (31,324)                       | 102,453                                 |              |
| 15,026 Highways, Roads & Transport Services                              | 22,304                                    | (5,450)                        | 16,854                                  |              |
| 11,323 Housing Services  | 64,767                                    | (55,259)                       | 9,508                                   |              |
| 38,440 Social Services   | 79,130                                    | (37,450)                       | 41,680                                  |              |
| 3,860 Corporate & Democratic   | 4,980                                     | (601)                          | 4,379                                   |              |
| 6,583 Levies   | 6,927                                     | -                              | 6,927                                   |              |
| 1,233 Other Operating Inc & Exp.   | 10,908                                    | (10,009)                       | 899                                     |              |
| <b>192,875 NET COST OF SERVICES</b>                                      | <b>382,214</b>                            | <b>(175,819)</b>               | <b>206,395</b>                          |              |
| (1,926) (Surplus)/Deficits on Trading Operations                         |   |                                | (1,527)                                 | <b>5</b>     |
| 15,400 Pension Interest Cost   |   |                                | 15,800                                  | <b>9</b>     |
| (17,100) Return on Assets  |   |                                | (14,700)                                | <b>9</b>     |
| (19,062) Asset Management Revenue Account                                |   |                                | (9,232)                                 | <b>3</b>     |
| (25) Gain on repurchase of borrowing                                     |   |                                | (29)                                    |              |
| (1,303) Interest Receivable  |   |                                | (1,676)                                 | <b>6</b>     |
| <b>168,859 NET OPERATING EXPENDITURE</b>                                 |   |                                | <b>195,031</b>                          |              |
| 1,387 Transferred to HRA balances  |   |                                | 1,088                                   |              |
| (251) Transfer to / (from) Other Earmarked Reserves                      |   |                                | (561)                                   | <b>4</b>     |
| 5,662 Pension Fund – Employers Contributions                             |   |                                | 6,466                                   | <b>9</b>     |
| (8,200) Movement on Pensions Reserve                                     |   |                                | (11,100)                                | <b>9</b>     |
| 1,791 Capital Expenditure Financed from Revenue                          |   |                                | 1,441                                   |              |
| (4,761) Deferred Charges   |   |                                | (5,730)                                 |              |
| (702) Provision for repayment of external loans                          |   |                                | (95)                                    | <b>8</b>     |
| <b>163,785 AMOUNT TO BE MET FROM GOVERNMENT GRANT AND LOCAL TAXATION</b> |   |                                | <b>186,540</b>                          |              |
| (49,794) Council Tax   |   |                                | (54,979)                                |              |
| (59,315) Revenue Support Grant   |   |                                | (74,918)                                |              |
| (54,344) Contribution from Non-Domestic Rate Pool                        |   |                                | (52,891)                                |              |
| (585) Collection Fund Surplus  |   |                                | (345)                                   |              |
| <b>(253) NET (SURPLUS)/ DEFICIT</b>                                      |   |                                | <b>3,407</b>                            |              |
| (10,500) Balance on General Fund Brought Forward                         |   |                                | (10,753)                                |              |
| <b>(10,753) Balance on General Fund Carried Forward</b>                  |   |                                | <b>(7,346)</b>                          |              |

|   |         |
|---|---------|
| (4,038) (General Fund balance<br>attributable to schools budgets) | (3,032) |
|---|---------|

*M. Owen*

**M. OWEN C.P.F.A.  
Director of Finance & E-Government**

## **NOTES TO THE CONSOLIDATED REVENUE ACCOUNT**

*The Consolidated Revenue Account is presented in accordance with the CIPFA Code of Practice on Local Authority Accounting, which requires all Councils to present their accounts in accordance with CIPFA's Best Value Accounting Code of Practice and aims to encourage consistent financial reporting within and between Council's.*

### **1. VARIATIONS**

Detailed reports explaining the variations between the Revised Estimates and the Net Expenditure figures was presented to members of the Resource Scrutiny Panel on 9 September, 2004. A summary outturn report was presented to the Executive on 21<sup>st</sup> July, 2004.

Copies of these reports are available from the Head of Financial Management at Bury Town Hall during normal office hours or by telephoning 0161-253 5034.

### **2. PRIOR YEAR ADJUSTMENTS / EXCEPTIONAL ITEMS**

These accounting policies represent a change to those applied in prior years. Previous policy was to recognise liabilities in relation to retirement benefits only when employer's contributions became payable to the pension fund or payments fell due to the pensioners for which we were directly responsible. The new policies better reflect our commitment in the long term to increase contributions to make up any shortfall in attributable net assets in the pension fund.

The change has had the following effects on the results of the prior and current periods:

The overall amount to be met from Government grants and taxation has remained unchanged but the costs disclosed for individual services are 1.56% (2.02% 2002/03) higher after the replacement of employer's contributions by current service costs and Net Operating Expenditure is 1.88% (2.55% 2002/03) higher than it would otherwise have been.

The requirement to recognise the net pensions liability in the balance sheet has reduced the net worth of the authority by 6.2% (12.3% 2002/03)

### **3. ASSET MANAGEMENT REVENUE ACCOUNT**

The Asset Management Revenue Account (AMRA) is an account introduced as part of the arrangements for accounting for fixed assets. The components of the Account are shown in the table below: -

| <b><u>2002/2003</u></b><br><b><u>£000's</u></b> |  | <b><u>2003/2004</u></b><br><b><u>£000's</u></b> |
|---|--|---|
|   | <b><u>Expenditure</u></b>              |   |
| 5,223   | Interest                               | 4,848   |
| 7,510   | Provision for Depreciation             | 7,393   |
| <b>12,733</b>                                   |  | <b>12,241</b>                                   |
| (16,518)  | Capital charges – General Fund         | (10,967)  |
| (15,277)  | Housing Revenue Account                | (10,506)  |
| <b>(31,795)</b>                                 |  | <b>(21,473)</b>                                 |
| <b>(19,062)</b>                                 | <b>TOTAL TO GENERAL FUND &amp; HRA</b> | <b>(9,232)</b>                                  |

#### 4. RESERVES

Reserves and details of these and their balances, are given in Note 11 to the Consolidated Balance Sheet (Page 58). However for completeness, in considering the Consolidated Revenue Account the following movements relating to Reserves should be noted: -

| Reserves           | Housing Services<br>£000's | Non Service Specific<br>£000's | Cultural Services<br>£000's | Finance<br>£000's | Policy/<br>C Execs<br>£000's | Highways<br>£000's | Social Services<br>£000's | Comp Services<br>£000's | TOTAL<br>£000's |
|--------------------|----------------------------|--------------------------------|-----------------------------|-------------------|------------------------------|--------------------|---------------------------|-------------------------|-----------------|
| Arts Reserves      |                            |                                | 5                           |                   |                              |                    |                           |                         | 5               |
| Energy             |                            |                                |                             |                   |                              |                    | 5                         | 7                       | 12              |
| Outwood            |                            |                                |                             |                   |                              |                    |                           | 7                       | 7               |
| Viaduct            |                            |                                |                             |                   |                              |                    |                           |                         |                 |
| School Catering    |                            |                                |                             |                   |                              |                    |                           | 54                      | 54              |
| Major Repairs      | (39)                       |                                |                             |                   |                              |                    |                           |                         | (39)            |
| Leisure Facilities |                            |                                |                             |                   |                              |                    |                           | (1)                     | (1)             |
| IT                 |                            |                                |                             | (40)              | (655)                        |                    |                           |                         | (695)           |
| Policy Dev't       |                            | 80                             |                             |                   | (30)                         |                    |                           |                         | 50              |
| Land               |                            |                                |                             |                   |                              |                    |                           | (3)                     | (3)             |
| Inspection         |                            |                                |                             |                   |                              |                    |                           |                         |                 |
| Liability          |                            |                                |                             | (15)              |                              |                    |                           |                         | (15)            |
| Insurance          |                            |                                |                             |                   |                              |                    |                           |                         |                 |
| Educ Fire          |                            |                                |                             | 11                |                              |                    |                           |                         | 11              |
| Social Services    |                            |                                |                             |                   |                              |                    | (31)                      |                         | (31)            |
| Area Board         |                            |                                |                             |                   | 131                          |                    |                           |                         | 131             |
| EDS                |                            |                                |                             |                   |                              | 64                 |                           | 36                      | 100             |
| Comm Sums          |                            |                                |                             |                   |                              |                    |                           | (147)                   | (147)           |
| <b>TOTAL</b>       | <b>(39)</b>                | <b>80</b>                      | <b>5</b>                    | <b>(44)</b>       | <b>(554)</b>                 | <b>64</b>          | <b>(26)</b>               | <b>(47)</b>             | <b>(561)</b>    |

All the above reserves are revenue reserves except for Major Repairs which is a capital reserve.

#### 5. TRADING SERVICES

The Authority operates the following Trading Services, which are defined as activities that are of a commercial nature and which are financed substantially by charges made for the services: -

|                             | <u>2002/2003</u>                       | <u>2003/2004</u>        | <u>Deficit/<br/>(Surplus)</u><br>£000's |
|-----------------------------|--|-------------------------|---|
|                             | <u>Gross<br/>Expenditure</u><br>£000's | <u>Income</u><br>£000's |   |
| 609 Civic Halls             | 1,840                                  | (1,110)                 | 730                                     |
| (789) Markets               | 1,464                                  | (2,177)                 | (713)                                   |
| (879) Property & Estates    | 1,718                                  | (2,662)                 | (944)                                   |
| (758) Industrial Units      | 913                                    | (1,726)                 | (813)                                   |
| 0 Metro Design              | 100                                    | (65)                    | 35                                      |
| (41) Engineers              | 3,540                                  | (3,481)                 | 59                                      |
| 154 Building Maintenance    | 8,403                                  | (8,249)                 | 154                                     |
| (52) Architectural Practice | 1,753                                  | (1,804)                 | (51)                                    |
| (16) Refuse Collection      | 2,092                                  | (2,093)                 | (1)                                     |
| (21) Winter Maintenance     | 132                                    | (161)                   | (29)                                    |
| 120 Grounds Maintenance     | 2,738                                  | (2,697)                 | 41                                      |
| 30 Cleaning of Buildings    | 4,286                                  | (4,169)                 | 117                                     |
| 0 Education – Fair Funding  | 1,348                                  | (1,348)                 | 0                                       |
| Emergency & Security        |  |                         |   |
| 19 Service                  | 1,100                                  | (1,063)                 | 37                                      |
| (302) Transport Services    | 3,571                                  | (3,720)                 | (149)                                   |



**(1,926) TOTAL****34,998****(36,525)****(1,527)**

The majority of the Council's trading services were operated under the Compulsory Competitive Tendering (CCT) legislation and prior to 2001/02 were disclosed within the DSO trading accounts and report. Following the repeal of CCT legislation in the Local Government Act 1999 many of the activities continue to operate under CCT contract terms and conditions, with separate trading accounts being maintained in accordance with BVACOP. Where former CCT contracts have come to an end and have not been replaced by Voluntary Competitive Tendering (VCT) contracts, or other trading arrangements, trading accounts are no longer kept. The costs are reported as part of the costs of service provision under the normal BVACOP analysis. Metro Design was not treated as a trading service in 2002/03. All material trading accounts are shown above. Both 2002/03 and 2003/04 figures include adjustment for FRS17. Details of individual trading accounts are contained within the detailed outturn report – copies of which are available from the Head of Financial Management at Bury Town Hall (telephone 0161 253 5034).

### **BUILDING REGULATIONS TRADING ACCOUNT**

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the Building Control Unit divided between the chargeable and non-chargeable activities.

### **BUILDING REGULATIONS CHARGING ACCOUNT 2003/2004**

| <b><u>2002/2003</u></b> |                                   | <b><u>2003/2004</u></b>  |                          | <b><u>Total</u></b>    |
|-------------------------|-----------------------------------|--------------------------|--------------------------|------------------------|
| <b><u>Total</u></b>     |                                   | <b><u>Chargeable</u></b> | <b><u>Non</u></b>        | <b><u>Building</u></b> |
| <b><u>Building</u></b>  |                                   | <b><u>£000's</u></b>     | <b><u>Chargeable</u></b> | <b><u>Control</u></b>  |
| <b><u>Service</u></b>   |                                   |                          | <b><u>£000's</u></b>     | <b><u>Service</u></b>  |
| <b><u>£000's</u></b>    |                                   |                          |                          | <b><u>£000's</u></b>   |
|                         | <b>Expenditure</b>                |                          |                          |                        |
| 276                     | Employee Expenses                 | 163                      | 79                       | 242                    |
| 15                      | Transport                         | 10                       | 4                        | 14                     |
| 87                      | Supplies and Services             | 99                       | 27                       | 126                    |
| 163                     | Central & Support Service Charges | 154                      | 40                       | 194                    |
| <b>541</b>              | <b>TOTAL EXPENDITURE</b>          | <b>426</b>               | <b>150</b>               | <b>576</b>             |
|                         | <b>Income</b>                     |                          |                          |                        |
| (397)                   | Building Regulation Charges       | (378)                    | 0                        | (378)                  |
| (14)                    | Miscellaneous Income              | 0                        | (25)                     | (25)                   |
| <b>(411)</b>            | <b>TOTAL INCOME</b>               | <b>(378)</b>             | <b>(25)</b>              | <b>(403)</b>           |
| <b>130</b>              | <b>(SURPLUS)/DEFICIT FOR YEAR</b> | <b>48</b>                | <b>125</b>               | <b>173</b>             |

Under the Building (Local Authority Charges) Regulations 1998, Building Control Authorities are required to ensure that the income received from their charges fully recovers the cost of carrying out their building control functions over a rolling three year accounting period. This information is represented by the figures in the chargeable

column of the table. A deficit of £40,370 has been incurred for this 3 year accounting period. The 2002/2003 comparative figure in the above table is for the whole of the Buildings Regulation function, not just the chargeable account. 2002/03 and 2003/04 figures include adjustments for FRS17.

## 6. INTEREST

The figure shown within the Consolidated Revenue Account includes interest on unpaid debtor accounts, interest on car loans paid by employees and interest earned by investing temporary cash surpluses.

|                                   | <u>2002/2003</u><br><u>£000's</u> | <u>2003/2004</u><br><u>£000's</u> |
|-----------------------------------|-----------------------------------|-----------------------------------|
| Interest on Car Loans             | 191                               | 148                               |
| Mortgage Interest repayment – HRA | 41                                | 31                                |
| Mortgage Interest repayment – HLA | 100                               | 82                                |
| Investment Interest               | 958                               | 1402                              |
| Unpaid Account Interest           | 13                                | 13                                |
| <b>TOTAL</b>                      | <b>1,303</b>                      | <b>1,676</b>                      |

## 7. PUBLICITY

Under section 5 of the Local Government Act 1986, the Authority is required to set up a separate memorandum account to record expenditure on publicity.

|                   | <u>2002/2003</u><br><u>£000's</u> | <u>2003/2004</u><br><u>£000's</u> |
|-------------------|-----------------------------------|-----------------------------------|
| Staff advertising | 633                               | 826                               |
| Other advertising | 250                               | 287                               |
| Publicity         | 198                               | 256                               |
| <b>TOTAL</b>      | <b>1,081</b>                      | <b>1,369</b>                      |

## 8. MINIMUM REVENUE PROVISION

The Authority is required by statute to set aside a minimum revenue provision (MRP) for the redemption of external debt. The method of calculating the provision is determined by statute and in 2003/2004 the amount set aside was: -

| <u>2002/2003</u><br><u>£000's</u> | <u>Minimum Revenue Provision</u> | <u>2003/2004</u><br><u>£000's</u> |
|-----------------------------------|----------------------------------|-----------------------------------|
| 1,268                             | General Fund                     | 1,842                             |
| 472                               | Housing Revenue Account          | 402                               |
| <b>1,740</b>                      | <b>TOTAL</b>                     | <b>2,244</b>                      |

The balance is reflected in the Consolidated Revenue Account as the difference between the MRP and the provision for depreciation charged directly to individual services, and the calculation is shown in the table below:-

| <u>2002/2003</u><br><u>£000's</u> | <u>Provision for Repayment of External Loans</u>                | <u>2003/2004</u><br><u>£000's</u> |
|-----------------------------------|---|-----------------------------------|
|                                   | 1,740 Minimum Revenue Provision ( excl Housing Loans)           | 2,244                             |
|                                   | 335 Other principal repayments                                  | 368                               |
|                                   | (2,777) Less : Depreciation charged to Consolidated Revenue A/C | (2,707)                           |
|                                   | <b>(702) TOTAL</b>  | <b>(95)</b>                       |

## 9. PENSIONS COSTS

The Authority makes payments to the Department for Education and Skills in respect of Teachers' pension costs. In respect of other employees, the Authority paid an employer's contribution to Tameside Metropolitan Borough Council who administer the Greater Manchester Pension Scheme on behalf of the 10 districts which comprise the Greater Manchester area. In both cases the Authority is also responsible for all pension payments relating to added years it has awarded, together with related increases.

The table below shows the costs of these items: -

| <u>2002/2003</u><br><u>£000's</u> | <u>Total Cost</u>                                   | <u>2003/2004</u><br><u>Total Cost</u><br><u>£000's</u> | <u>Proportion Pensionable</u><br><u>Pay</u><br><u>%</u> |
|-----------------------------------|---|--|---|
|                                   | <b>Teachers</b>                                     |  |   |
|                                   | 3,751 Contribution to Department for Education etc. | 6,426  | 13.50   |
|                                   | 1,245 Added years and pensions increases            | 1,256  | 2.64  |
|                                   | 11 Lump sum payments                                | 34   | 0.07  |
|                                   | <b>5,007</b>  | <b>7,716</b>   |   |
|                                   | <b>Other employees</b>                              |  |   |
|                                   | 5,666 Contribution to Superannuation Fund           | 6,466  | 9.90  |
|                                   | 1,186 Added years and pensions increases            | 1,203  | 1.85  |
|                                   | 75 Lump sum payments                                | 39   | 0.06  |
|                                   | <b>6,927</b>  | <b>7,708</b>   |   |

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

The Authority participates in the Local Government Pension Scheme, administered by Tameside Metropolitan Borough. This is a funded scheme, meaning that the Authority and employees pay contributions into the Greater Manchester Pension Fund, calculated at a level estimated to balance the pensions liabilities with investment assets.

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Consolidated Revenue Account (CRA) after Net Operating Expenditure. The following transactions have been made in the CRA during the year:

| Amount Charged to Consolidated Revenue Account                            | <u>Year to</u><br><u>31 March, 2003</u><br>£000 | <u>Year to</u><br><u>31 March, 2004</u><br>£000 |
|---|---|---|
| <b>Net Cost of Services</b>   |   |   |
| Service cost  | 8,500   | 9,000   |
| Past service costs  | 700   | 600   |
| Curtailement and Settlements  | 700   | 400   |
| <b>Total Costs of Services (A)</b>  | <b>9,900</b>                                    | <b>10,000</b>                                   |
| <b>Net operating Expenditure</b>  |   |   |
| Interest cost   | (15,400)  | (15,800)  |
| Expected return on assets in the scheme                                   | 17,100  | 14,700  |
| <b>Total Operating Expenditure (B)</b>                                    | <b>1,700</b>                                    | <b>(1,100)</b>                                  |
| <b>Amount to be met from Government Grants and Local Taxation:</b>        |   |   |
| Movement on pensions reserve (A)-(B)                                      | <b>8,200</b>                                    | <b>11,100</b>                                   |
| <b>Actual amount charged against council tax for pensions in the year</b> |   |   |
| Employers' contributions payable to scheme                                | <b>5,662</b>                                    | <b>6,466</b>                                    |

Note 20 to the Consolidated Balance Sheet contains details of the assumptions made in estimating the figures included in this note. It should be noted that the employers' contributions in the Consolidated Revenue Account for 2003/04 of £6.466 million is different from that analysed in the Consolidated Balance Sheet of £6.7 million. This is due to the actuarial valuation report being based on estimates.

Note 6 to the Statement of Total Movements in Reserves details the costs that have arisen through the year.

## 10. **FINANCE & OPERATING LEASES**

The Authority uses vehicles, plant, computer hardware, wheeled bins, leisure and other equipment financed under the terms of an operating lease. The amount charged under these arrangements in 2003/2004 was **£1,141,116** (2002/2003 £1,056,570).

The Authority is committed to making payments of £1,012,348 under these leases in 2004/2005, comprising the following elements:

|   |                                |
|---|--------------------------------|
| Leases expiring in 2004/2005                    | £ 54,904                       |
| Leases expiring between 2005/2006 and 2009/2010 | 947,046                        |
| Leases expiring after 2009/2010                 | <u>10,398</u>                  |
| <b>TOTAL</b>                                    | <b><u><u>1,012,348</u></u></b> |

The Authority also holds various assets under the terms of a finance lease for the mainframe computer and plant. The amount charged under these arrangements in 2003/2004 was £299,630 (2002/2003 £306,251).

In accordance with SSAP21, the estimate of the outstanding undischarged obligations in respect of operating leases is disclosed in the illustration on the basis of an analysis of the commitment that the authority has to make payments in the succeeding financial year, categorised according to the eventual year of expiry of the leases under which the payments are to be made.

As explained in the Accounting Policies, the value of items financed by leasing is excluded from the Balance Sheet.

#### 11. LOCAL AUTHORITY (GOODS & SERVICES) ACT 1970

The Council is empowered by this Act to provide goods and services to other public bodies. The Authority provided security, caretaking and cleaning services to Bury College, payroll services to Holy Cross College and grounds maintenance to a number of organisations including the Primary Care Trust and Housing Associations. The income earned from these sources during the year was £180,387 (£274,903 in 2002/2003).

The Council cannot identify accurately the expenditure on services provided under the Local Authority (Goods and Services) Act, 1970 and therefore does not comply fully with the disclosure required under the SORP.

#### 12. MANCHESTER AIRPORT PLC

The table below shows an analysis of the income from Manchester Airport:-

| <u>2002/2003</u><br><u>£000's</u> | <u>2003/2004</u><br><u>£000's</u> |
|-----------------------------------|-----------------------------------|
| <b><u>Income</u></b>              |                                   |
| (541) Rent Income                 | (396)                             |
| (250) Dividend Income             | (275)                             |
| <u>(791)</u>                      | <u>(671)</u>                      |
| <b><u>Expenditure</u></b>         |                                   |
| 86 Repayment of loans             | 86                                |
| 250 Airport Dividend Reserve      | 275                               |
| <u>336</u>                        | <u>361</u>                        |
| <u><b>(455) NET INCOME</b></u>    | <u><b>(310)</b></u>               |

In 2003/04 net income of £310,506 was transferred to the Consolidated Revenue Account and the dividend of £275,000 was transferred to the Airport Share Earmarked Reserve.

#### 13. PAYMENT TO SUPPLIERS

The Authority has adopted a policy of Prompt Payment to Suppliers. This endorses the principle of paying promptly the Authority's suppliers and stipulates that all businesses will normally be paid within **30 days** of the Authority receiving a bona-fide invoice. The policy is also in accord with the Government's Best Value Performance Indicator No. 8 which relates to the percentage of invoices paid by the Authority within 30 days. In 2003/2004 the Council paid **87.62%** of all suppliers within 30 days (2002/2003 87.54%). Compliance with this policy is subject at all times to the proper observance of the Authority's Standing Orders and Financial Regulations.

**14. EMPLOYEES IN HIGHER EARNINGS BANDS**

The number of employees whose remuneration, excluding pension contributions, was £40,000 or more in bands of £10,000:-

| <u>Salary Range (£)</u> | <u>2002/2003</u> | <u>2003/2004</u> |
|-------------------------|------------------|------------------|
| 50,000 to 59,999        | 12               | 19               |
| 60,000 to 69,999        | 4                | 5                |
| 70,000 to 79,999        | 0                | 1                |
| 80,000 to 89,999        | 1                | 2                |
| 90,000 to 99,999        | 0                | 0                |
| <b>TOTAL</b>            | <b>17</b>        | <b>27</b>        |

**15. MEMBERS ALLOWANCES**

The total of allowances paid to Members of the Council during 2003/2004 was £493,281 (£360,815 in 2002/2003).

**16. EURO**

The Authority incurred no direct expenditure during 2003/04 in preparing for the introduction of the Euro.

**17. TRANSACTIONS WITH RELATED PARTIES**

This is a disclosure note required by FRS 8, which requires the Council to declare transactions between the Council and related parties. (A related party is where a member of the Council or a Chief Officer is involved in a company or organisation with which the Council undertakes business on normal contractual terms for the supply of services). Central Government has effective control over the general operations of the Council. It is responsible for providing the framework within which the Council operates. It also provides the majority of funding for Council services. Details of transactions with government departments are set out in the Cash Flow Statement.

During 2003/2004 the Council has undertaken the following transactions with related parties:

2 Members of the Council are Directors of a Primary Care Trust that was established in September 2003. The Council entered into transactions with the concern to the value of £16,922 during 2003/2004.

There were no other material related party transactions involving Members of the Council. However, several Members are trustees, employees and Council representatives of various charitable and similar voluntary organisations that receive financial and other support from the Council.

**18. GENERAL FUND MOVEMENTS**

The 2003/2004 deficit on the General Fund (excluding the use of balances and reserves) of **£3.407m** is split as follows: -

| <u>Standards</u> | <u>Schools</u> | <u>General</u> | <u>Total</u> |
|------------------|----------------|----------------|--------------|
|------------------|----------------|----------------|--------------|

|  | <u>Fund</u><br><u>£000's</u> | <u>£000's</u>  | <u>£000's</u>  | <u>£000's</u>   |
|--|------------------------------|----------------|----------------|-----------------|
| <b>Balance at 31<sup>st</sup> March 2003</b> | <b>(2,045)</b>               | <b>(1,993)</b> | <b>(6,715)</b> | <b>(10,753)</b> |
| (Surplus)/Deficit for the Year               | 2,353                        | (1,347)        | 2,401          | 3,407           |
| <b>Balance at 31<sup>st</sup> March 2004</b> | <b>308</b>                   | <b>(3,340)</b> | <b>(4,314)</b> | <b>(7,346)</b>  |

19. **DISCLOSURE OF AUDIT COSTS**

In 2003/04 the Authority incurred the following fees relating to external audit and inspection:

|   | <u>2002/2003</u><br><u>(£000)</u> | <u>2003/2004</u><br><u>(£000)</u> |
|---|-----------------------------------|-----------------------------------|
| Fees payable to the Audit Commission with regard to external audit services carried out | 159                               | 224                               |
| Fees payable to the Audit Commission in respect of statutory inspection                 | 102                               | 108                               |
| Fees payable to the Audit Commission for the certification of grant claims and returns  | 137                               | 135                               |
| <b>TOTAL</b>  | <b>398</b>                        | <b>467</b>                        |

20. **BURY LEARNING DISABILITY PARTNERSHIP BOARD**  
**POOLED FUND MEMORANDUM ACCOUNT**

In March 2003, the Council entered into a Section 31 Health Act 1999 Partnership Agreement for the pooling of its learning disability service budgets with the Bury Primary Care Trust. Pooled funds enable health bodies and local authorities to work collaboratively to address specific local health issues. Details of contributions to and from the pooled fund in 2003/04 are shown below. The £648,000 deficit will be met by contributions from Bury MBC (£463,000) and Bury PCT (£185,000). No expenditure was incurred in 2002/03. The statutory Pooled Fund Memorandum of Account was qualified by the Auditors and a copy can be obtained from the Director of Finance and E-Government, Bury MBC, Town Hall, Knowsley Street, Bury.

|                           | <u>2003/04</u><br><u>Total Fund</u><br><u>£000</u> | <u>2003/04</u><br><u>Bury MBC</u><br><u>£000</u> |
|---------------------------|--|--|
| Contributions to the pool | 13,678   | 7,360  |
| Expenditure from the pool | 14,326   | 7,823  |
| (Surplus) / Deficit       | 648  | 463  |

# **HOUSING REVENUE ACCOUNT**



## HOUSING REVENUE ACCOUNT

This account relates to the provision, supervision and management of council houses, flats and sheltered accommodation. The requirement to keep such an account separately from the General Fund Revenue Account and the format of it are specified by the Local Government and Housing Act 1989 ('1989 Act').

| <u>2002/2003</u><br><u>£000's</u> |  | <u>2003/2004</u><br><u>£000's</u> | Note   |
|-----------------------------------|--|-----------------------------------|--------|
|                                   | <b><u>INCOME</u></b>                         |                                   |        |
|                                   | Rents (Gross of Rent Rebates)                |                                   | 1,2,10 |
| 20,931                            | Dwellings                                    | 20,948                            |        |
| 193                               | Other Property                               | 204                               |        |
| 795                               | Charges for Services and Facilities          | 734                               |        |
| 11,341                            | Housing Revenue Account Subsidy              | 10,325                            | 9      |
| 214                               | Contributions towards expenditure            | 164                               |        |
| <b><u>33,474</u></b>              | <b>TOTAL INCOME</b>                          | <b><u>32,375</u></b>              |        |
|                                   | <b><u>EXPENDITURE</u></b>                    |                                   |        |
| 6,231                             | Repairs and Maintenance                      | 5,641                             |        |
| 5,668                             | Supervision and Management                   | 6,522                             |        |
| 23                                | Rents, Rates, taxes & other charges          | 38                                |        |
| 13,585                            | Rent Rebates                                 | 13,212                            |        |
| 428                               | Increased Provision for Bad & Doubtful Debts | 214                               | 11     |
| 10,544                            | Cost of capital charge                       | 5,845                             | 5      |
| 4,734                             | Depreciation of fixed assets                 | 4,661                             | 6      |
| 20                                | Debt management costs                        | 18                                |        |
| <b><u>41,233</u></b>              | <b>TOTAL EXPENDITURE</b>                     | <b><u>36,151</u></b>              |        |
| <b><u>7,759</u></b>               | <b>NET COST OF SERVICES</b>                  | <b><u>3,776</u></b>               |        |
| (9,259)                           | Adjusting transfer from AMRA                 | (4,868)                           |        |
| (40)                              | Amortised Premiums and Discounts             | (44)                              |        |
| (181)                             | Investment Income                            | (227)                             |        |
| <b>(1,721)</b>                    | <b>NET OPERATING EXPENDITURE / (INCOME)</b>  | <b>(1,363)</b>                    |        |
| 0                                 | Revenue Contribution to Capital Exp.         | 0                                 | 4      |
| 472                               | HRA Contribution to MRP                      | 402                               |        |
| (40)                              | Transfer from Major Repairs Reserve          | (39)                              | 3      |
| (98)                              | Reversal of FRS17 Adjustment                 | (88)                              |        |
| <b>(1,387)</b>                    | <b>(SURPLUS)/DEFICIT FOR THE YEAR</b>        | <b>(1,088)</b>                    |        |
| <b><u>(2,437)</u></b>             | <b>(SURPLUS) / DEFICIT B/FWD</b>             | <b><u>(3,824)</u></b>             |        |
| <b><u>(3,824)</u></b>             | <b>(SURPLUS) / DEFICIT C/FWD</b>             | <b><u>(4,912)</u></b>             |        |

Copies of the HRA Outturn Report and details of variances are available from the Head of Financial Management at Bury Town Hall during normal office hours or by telephoning 0161-253 5034.

## NOTES TO THE HOUSING REVENUE ACCOUNT

### 1. HOUSING STOCK

In preparing the HRA budget, the Council needs to estimate the total level of income it needs to raise from rents. In doing so it takes account of current rental income, any likely changes in the size and composition of the Housing Stock and the estimated loss of income from unoccupied dwellings.

The numbers of each type of property at 31<sup>st</sup> March were: -

| <u>2003</u>                   |                    | <u>2004</u>  |
|-------------------------------|--------------------|--------------|
| <b>Flats and Maisonettes</b>  |                    |              |
| 2,357                         | 1 Bedroom          | 2,356        |
| 882                           | 2 Bedrooms         | 871          |
| 82                            | 3 Bedrooms         | 83           |
| 271                           | Bedsitters         | 251          |
| <b>Houses &amp; Bungalows</b> |                    |              |
| 812                           | 1 Bedroom          | 812          |
| 2,087                         | 2 Bedrooms         | 2,002        |
| 2,537                         | 3 Bedrooms or more | 2,403        |
| <u>9,028</u>                  | <b>TOTAL</b>       | <u>8,778</u> |

Sale of Council Houses account for the reduction in the Housing stock during the financial year.

The value of the housing stock was:-

| <u>£000's</u>  |   | <u>£000's</u>  |
|--|---|----------------|
| Total Balance Sheet value as at 1 <sup>st</sup> April 2003 |   |                |
| 174,165  | Dwellings   | 165,515        |
| 824  | Shops, Offices and Garage Colonies                          | 1,442          |
| <b>174,989</b>   | <b>Total Operational Assets</b>                             | <b>166,957</b> |
| 233  | Reclassification  | 0              |
| 4,413  | Additions   | 5,629          |
| 396  | Certificated Revaluation – Shops and Offices                | 40             |
| (4,394)  | Housing stock Revaluations                                  | 83,536         |
| (4,724)  | Depreciation  | (4,652)        |
| (3,956)  | Sale of Council Houses                                      | (7,683)        |
| <u>166,957</u>   | <b>Balance Sheet Value as at 31<sup>st</sup> March 2004</b> | <u>243,827</u> |

## 2. VACANT POSSESSION

- (i) The vacant possession value of dwellings within the Council's HRA as at 1<sup>st</sup> April 2003 was £431.660 million representing an increase of 42% over the 1<sup>st</sup> April 2002 figure of £303.558 million. The new value was established as a result of the revaluation of the Housing Stock completed in the year.
- (ii) The vacant possession value and the balance sheet value of dwellings within the HRA show the economic cost to the Government of providing council housing at less than open market rents.

## 3. MAJOR REPAIRS RESERVE (MRR)

The Major Repairs Allowance (MRA), paid as part of the HRA subsidy, provides authorities with the resources needed to maintain the value of their housing stock over time. Authorities are required to set up a Major Repairs Reserve and to transfer into it a sum not less than the MRA.

| <u>£000'S</u><br><u>2002/03</u>                             | <u>£000's</u><br><u>2003/04</u> |
|---|---------------------------------|
| <b>(627) Balance as at 1<sup>st</sup> April 2003</b>        | <b>(933)</b>                    |
| (4,734) Transferred to MRR during the year                  | (4,661)                         |
| 40 Transferred from MRR to HRA during the year              | 39                              |
| 4,388 Debits in respect of capital expenditure within HRA   | 5,420                           |
| <hr/> <b>(933) Balance as at 31<sup>st</sup> March 2004</b> | <hr/> <b>(135)</b>              |

## 4. CAPITAL EXPENDITURE WITHIN HRA

The 1989 Act gives local authorities the discretion to finance expenditure for HRA capital purposes from the HRA.

| <u>£000'S</u><br><u>2002/03</u>  | <u>£000's</u><br><u>2003/04</u> |
|--|---------------------------------|
| <b>4,588 Capital Expenditure within the HRA</b>                            | <b>5,639</b>                    |
| 85 Capital creditors and unfinanced expenditure b/f from 2002/2003         | 155                             |
| (155) Capital creditors and unfinanced expenditure c/f to 2004/2005        | (260)                           |
| <hr/> <b>4,518 Total Capital expenditure within the HRA to be financed</b> | <hr/> <b>5,534</b>              |
| <b>Financed By:</b>  |                                 |
| 0 Housing Balance Sheet Provision  | 4                               |
| 0 Usable Capital Receipts  | 23                              |
| 130 SRB Grant  | 87                              |
| 0 Revenue Contributions  | 0                               |
| 4,388 Major Repairs Reserve  | 5,420                           |
| <hr/> <b>4,518 Total</b>   | <hr/> <b>5,534</b>              |

Total capital receipts from the disposal of houses during the year was **£7.683 million** which represents an increase of 87.8% over the 2002/2003 figure of £4.091million.

## 5. COST OF CAPITAL CHARGE

This is calculated as 3.5% of the value of HRA operational assets taking account of a 2.5% reduction in the rate used in 2002/03 of 6%. The charge is to reflect the cost of public sector capital tied up in council housing and other HRA assets, but does not impact on the amount of income to be generated to achieve a balanced budget. There is an adjustment below the Net Cost of Services which ensures that the HRA continues to bear its share of the Authority's debt financing costs.

## 6. DEPRECIATION

Authorities are required to charge depreciation on all HRA properties calculated in accordance with proper practices, including non-dwelling properties. In 2003/04, the total charge for depreciation for council houses was £4,622,078 (£4,694,200 in 2002/03) and for other property was £29,638 (£29,434 in 2002/03). Depreciation for equipment totalled £9,098 (£10,000 in 2002/03). As only limited information was available on the values of individual properties or type, the Major Repair Allowance was used as a proxy for depreciation of the council houses stock.

## 7. IMPAIRMENT CHARGES

No impairment charges have been made in respect of land, houses and other property within the HRA for the financial year.

## 8. DEFERRED CHARGES

No deferred charges are attributable to the HRA.

## 9. HRA SUBSIDY

Housing Revenue Account subsidy is central Government's contribution towards the cost of council housing in Bury. It is calculated as the amount required to balance a notional Housing Revenue Account, which is derived by the Government, and is based on its estimates of the income and expenditure which should be earned and spent by the Authority on council housing.

### Breakdown of Amount of HRA Subsidy Payable to the Authority for 2003/2004

| <u>£000's</u><br><u>2002/03</u> |                                       | <u>£000's</u> | <u>£000's</u><br><u>2003/04</u> |
|---------------------------------|---------------------------------------|---------------|---------------------------------|
| 2,891                           | Management Allowance                  | 3,066         |                                 |
| 5,654                           | Maintenance Allowance                 | 5,787         |                                 |
| 4,694                           | Major Repairs Allowance               | 4,622         |                                 |
| <u>13,239</u>                   |                                       |               | <u>13,475</u>                   |
| 2,433                           | Charges for Capital                   | 2,249         |                                 |
| 13,766                          | Rent Rebates                          | 13,355        |                                 |
| 0                               | Other items of reckonable expenditure | 0             |                                 |
| (18,076)                        | Guideline Rent Income                 | (18,730)      |                                 |
| <u>(53)</u>                     | Interest on Receipts                  | <u>(39)</u>   |                                 |
| <b>11,309</b>                   | <b>Subsidy Receivable</b>             |               | <b>10,310</b>                   |
| <u>32</u>                       | Prior Year Adjustments                |               | <u>15</u>                       |
| <b><u>11,341</u></b>            | <b>Total Subsidy Receivable</b>       |               | <b><u>10,325</u></b>            |

10. **RENT ARREARS**

The rent arrears as at 1 April, 2003 totalled £1,581,309 and at 31 March, 2004 they totalled £1,527,750. 48.9% of the arrears at 31 March 2004 related to current tenants (50% at 31<sup>st</sup> March 2003) and 51.1% related to former tenants (50% at 31<sup>st</sup> March 2003).

11. **BAD DEBT PROVISION**

| <u>£000's</u><br><u>2002/03</u> |  | <u>£000's</u> | <u>£000's</u> |
|---------------------------------|--|---------------|---------------|
| 1,715                           | Bad debt provision as at 31 <sup>st</sup> March 2003 |               | 1,366         |
| 323                             | Charged to HRA 2003/2004                             | 214           |               |
| (674)                           | Written off  | (216)         |               |
| 2                               | Reinstated previously written off amount             | 16            |               |
| <u>(349)</u>                    | <b>Net Increase 2003/2004</b>                        |               | <u>14</u>     |
| 1,366                           | Bad debt provision as at 31 <sup>st</sup> March 2004 |               | 1,380         |

The Bad Debt provision for 2002/03 was re-stated because the responsibility for collecting Housing Benefits overpayments was transferred to the Revenues and Benefits Service.

# **COLLECTION FUND**

## THE COLLECTION FUND

The account is kept separately and shows the income collected from Council Tax, Community Charge and National Non-Domestic Rates (NNDR) payers. The account also shows the amount that the Authority needs from the fund to pay for its services along with precepts made by other authorities and Bury's contribution to the NNDR Pool.

| <b><u>INCOME AND EXPENDITURE ACCOUNT</u></b> |   |                         |                    |
|--|---|-------------------------|--------------------|
| <b><u>2002/2003</u></b>                      |   | <b><u>2003/2004</u></b> | <b><u>Note</u></b> |
| <b><u>£000's</u></b>                         |   | <b><u>£000's</u></b>    |                    |
|  | <b><u>INCOME</u></b>                          |                         |                    |
| (48,788)                                     | Income from Council Tax Payers                | (55,116)                | 1                  |
| 1  | Community Charge Payers                       | 1                       |                    |
|  | Transfers from General Fund                   |                         |                    |
| (7,299)                                      | Council Tax Benefit                           | (8,228)                 |                    |
| (4)  | Other Income                                  | 0                       |                    |
| <u>(32,680)</u>                              | Income from NNDR payers                       | <u>(31,134)</u>         | 2                  |
| <b><u>(88,770)</u></b>                       | <b>TOTAL INCOME</b>                           | <b><u>(94,477)</u></b>  |                    |
|  | <b><u>EXPENDITURE</u></b>                     |                         |                    |
| 55,603                                       | Precepts on the Collection Fund               | 62,580                  | 3                  |
|  | NNDR  |                         |                    |
| 32,085                                       | Payments to National Pool                     | 30,538                  |                    |
| 232  | Cost of Collection                            | 233                     |                    |
| 107  | Interest Payable                              | 310                     |                    |
|  | Bad and Doubtful Debts                        |                         |                    |
| 224  | Increased/(Reduced) Provision                 | 432                     |                    |
|  | Transfer of Previous Year's Estimated Surplus |                         |                    |
| 585  | To General Fund                               | 345                     |                    |
| 59   | To Major Preceptors                           | 40                      |                    |
| <b><u>88,895</u></b>                         | <b>TOTAL EXPENDITURE</b>                      | <b><u>94,478</u></b>    |                    |
| <b>125</b>                                   | <b>FUND DEFICIT/ (SURPLUS) FOR THE YEAR</b>   | <b>1</b>                |                    |
| <u>(1,048)</u>                               | <b>BALANCE BROUGHT FORWARD</b>                | <u>(923)</u>            |                    |
| <b><u>(923)</u></b>                          | <b>BALANCE CARRIED FORWARD</b>                | <b><u>(922)</u></b>     |                    |

## NOTES TO THE COLLECTION FUND

### 1. COUNCIL TAX

The Council Tax was introduced on 1<sup>st</sup> April 1993 to replace the Community Charge and is a tax on property values. Dwellings were valued at their open market values as at 31<sup>st</sup> March 1991 and have been placed in eight bands according to their value. The Council Tax payable per band will be a specified ratio of the middle band, Band D. The table below shows the calculation of the Band D equivalent number of dwellings per band:-

| <u>Band</u> | <u>Valuation</u>                        | <u>Total<br/>Number of<br/>Dwellings</u> | <u>Specified<br/>Ratio</u> | <u>Band D<br/>Equivalent</u> |
|-------------|---|--|----------------------------|------------------------------|
| A           | Less than £40,000                       | 23,751                                   | 6/9                        | 15,831                       |
| B           | £40,000 to £52,000                      | 14,859                                   | 7/9                        | 11,557                       |
| C           | £52,000 to £68,000                      | 14,694                                   | 8/9                        | 13,062                       |
| D           | £68,000 to £88,000                      | 8,019                                    | 1                          | 8,019                        |
| E           | £88,000 to £120,000                     | 4,868                                    | 11/9                       | 5,949                        |
| F           | £120,000 to £160,000                    | 1,593                                    | 13/9                       | 2,301                        |
| G           | £160,000 to £320,000                    | 1,180                                    | 15/9                       | 1,966                        |
| H           | More than £320,000                      | 123                                      | 18/9                       | 246                          |
|             |   | <b>69,087</b>                            |                            | <b>58,931</b>                |
|             | Less allowance for losses on collection |  |                            | (1,178)                      |
|             | <b>COUNCIL TAX BASE 2003/2004</b>       |  |                            | <b>57,753</b>                |

- i) The actual number of properties was 75,777 but after adjusting for single person discounts, empty properties etc, the notional number of dwellings is 69,087.
- ii) The Band D Council Tax levied for the year was **£1,083.59** (£970.09 in 2002/2003).

### 2. NATIONAL NON-DOMESTIC RATES (NNDR)

The Authority collects NNDR in respect of business premises by applying a rate poundage set by central Government to the rateable value of the premises. The rate set for 2003/2004 was **44.4p** in the pound (43.7p in 2002/2003) and at 31<sup>st</sup> March 2004 the estimated non-domestic rateable value of the Borough was **£86.846 million** (£88.315 million at 31<sup>st</sup> March 2003). The amount collected, less certain allowances, is paid into a national pool which is then redistributed to councils by the Government at an amount per head of adult population.

### 3. PRECEPTS

The precepts on the Collection Fund were: -

|   | <u>2002/2003<br/>£000's</u> | <u>2003/2004<br/>£000's</u> |
|---|-----------------------------|-----------------------------|
| Bury MBC  | 49,794                      | 54,979                      |
| Greater Manchester Police Authority               | 3,947                       | 5,293                       |
| Greater Manchester Fire & Civil Defence Authority | 1,862                       | 2,308                       |
| <b>TOTAL</b>                                      | <b>55,603</b>               | <b>62,580</b>               |



# **CONSOLIDATED BALANCE SHEET**

**CONSOLIDATED BALANCE SHEET AT 31<sup>ST</sup> MARCH 2004**

| <b><u>2003</u></b>  |                     |  | <b><u>2004</u></b>  |                     |                     |                    |
|---------------------|---------------------|--|---------------------|---------------------|---------------------|--------------------|
| <b><u>£'000</u></b> | <b><u>£'000</u></b> |  | <b><u>£'000</u></b> | <b><u>£'000</u></b> | <b><u>£'000</u></b> | <b><u>Note</u></b> |
|                     |                     | <b>FIXED ASSETS</b>                                  |                     |                     |                     |                    |
| 166,957             |                     | Council Dwellings                                    | 243,827             |                     |                     |                    |
| 203,958             |                     | Other Land & Buildings                               | 205,349             |                     |                     |                    |
| 695                 |                     | Vehicles & Plant                                     | 803                 |                     |                     |                    |
| 22,932              |                     | Infrastructure Assets                                | 22,674              |                     |                     |                    |
| 370                 |                     | Community Assets                                     | 370                 |                     |                     |                    |
| 26,677              | <b>421,589</b>      | Other Non-Operational Assets                         | 30,589              | <b>503,612</b>      | <b>1</b>            |                    |
|                     |                     | <b>DEFERRED CHARGES</b>                              |                     |                     |                     |                    |
| <b>37</b>           | <b>37</b>           | Deferred Charges                                     | <b>32</b>           | <b>32</b>           | <b>2</b>            |                    |
|                     |                     | <b>LONG TERM INVESTMENTS</b>                         |                     |                     |                     |                    |
| 10,214              |                     | Manchester Airport PLC                               | 10,214              |                     |                     |                    |
| 0                   | <b>10,214</b>       | Other  | 1                   | <b>10,215</b>       | <b>5</b>            |                    |
|                     |                     | <b>LONG TERM DEBTORS</b>                             |                     |                     |                     |                    |
| 13,323              |                     | Loan Accounts  | 11,980              |                     | <b>6</b>            |                    |
| 6                   | <b>13,329</b>       | Debt Managed on Behalf of<br>Other Local Authorities | 4                   | <b>11,984</b>       |                     |                    |
|                     |                     | <b>CURRENT ASSETS</b>                                |                     |                     |                     |                    |
| 695                 |                     | Stocks & Work in Progress                            | 713                 |                     |                     |                    |
| 22,150              |                     | Short Term Investments                               | 23,900              |                     |                     |                    |
| 24,567              |                     | Sundry Debtors & Advance<br>Payments                 | 25,335              |                     | <b>6</b>            |                    |
| 1,400               | <b>48,812</b>       | Cash in Hand   | 806                 | <b>50,754</b>       |                     |                    |
|                     |                     | <b>LESS : CURRENT LIABILITIES</b>                    |                     |                     |                     |                    |
| (11,895)            |                     | Short Term Loans Outstanding                         | (215)               |                     | <b>7</b>            |                    |
| (131)               |                     | Deposits & Clients' Funds                            | (140)               |                     |                     |                    |
| (21,555)            |                     | Sundry Creditors & Advance<br>Receipts               | (31,959)            |                     |                     |                    |
| (4,371)             | <b>(37,952)</b>     | Cash Overdrawn                                       | (6,015)             | <b>(38,329)</b>     |                     |                    |
|                     | <b>10,860</b>       | <b>NET CURRENT LIABILITIES</b>                       |                     | <b>12,425</b>       |                     |                    |
|                     | <b>456,029</b>      | <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>         |                     | <b>538,268</b>      |                     |                    |
|                     |                     | <b>LESS: LONG TERM LIABILITIES</b>                   |                     |                     |                     |                    |
|                     |                     | Loans Outstanding                                    |                     |                     |                     |                    |
| 80,124              |                     | External   | 77,909              |                     | <b>7</b>            |                    |
| 10,696              |                     | Deferred Liabilities                                 | 10,333              |                     | <b>8</b>            |                    |
| 44,500              |                     | Pension Liability                                    | 27,634              |                     | <b>20</b>           |                    |
| 570                 |                     | Deferred Capital Receipts                            | 428                 |                     | <b>9</b>            |                    |
| 4,237               | <b>(140,127)</b>    | Provisions   | 6,812               | <b>(123,116)</b>    | <b>10</b>           |                    |
|                     | <b>315,902</b>      | <b>TOTAL NET ASSETS</b>                              |                     | <b>415,152</b>      |                     |                    |

Consolidated Balance Sheet continued on next page.

**CONSOLIDATED BALANCE SHEET AT 31<sup>ST</sup> MARCH 2004**

| <u>2003</u>  |                |                                    | <u>2004</u>  |                |             |
|--------------|----------------|------------------------------------|--------------|----------------|-------------|
| <u>£'000</u> | <u>£'000</u>   |                                    | <u>£'000</u> | <u>£'000</u>   | <u>Note</u> |
|              |                | <b>FINANCED BY :</b>               |              |                |             |
|              |                | <b>RESERVES AND OTHER BALANCES</b> |              |                |             |
| 6,738        |                | Earmarked Reserves                 | 7,772        |                | 11          |
| 232,372      |                | Fixed Asset Restatement Reserve    | 300,061      |                | 12          |
| 88,345       |                | Capital Financing Reserve          | 103,671      |                | 13          |
| (44,500)     |                | Pension Reserve                    | (27,634)     |                | 20          |
| 1,983        |                | Capital Receipts Unapplied         | 4,530        |                | 15          |
| 947          |                | Capital Grants Unapplied           | 2,013        |                | 16          |
|              |                | Balances                           |              |                |             |
| 10,753       |                | General Fund                       | 7,346        |                | 14          |
| 3,824        |                | Housing Revenue Account            | 4,912        |                |             |
| 323          |                | Competitive Services               | 289          |                | 11          |
| 933          |                | Major Repairs Reserve              | 135          |                | 11          |
| 923          |                | Collection Fund Balance            | 922          |                |             |
| 13,261       |                | Other Balances                     | 11,135       |                |             |
|              | <u>315,902</u> | <b>TOTAL RESERVES AND BALANCES</b> |              | <u>415,152</u> |             |

*M. Owen*

**M. OWEN C.P.F.A.**  
**Director of Finance & E-Government**

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 1. FIXED ASSETS

Movements in respect of fixed assets were as follows: -

|  | <u>Council Dwellings</u> | <u>Other Land &amp; Buildings</u> | <u>Vehicles, Plant &amp; Equip</u> | <u>Infra-structure Assets</u> | <u>Community Assets</u> | <u>Other Assets</u> | <u>Total</u>    |
|--|--------------------------|-----------------------------------|------------------------------------|-------------------------------|-------------------------|---------------------|-----------------|
|  | <u>£000's</u>            | <u>£000's</u>                     | <u>£000's</u>                      | <u>£000's</u>                 | <u>£000's</u>           | <u>£000's</u>       | <u>£000's</u>   |
| <b>Gross Book Value at 1<sup>st</sup> April 2003</b> | <b>181,209</b>           | <b>213,517</b>                    | <b>1,001</b>                       | <b>29,602</b>                 | <b>370</b>              | <b>26,677</b>       | <b>452,376</b>  |
| Reclassification                                     |                          |                                   |                                    |                               |                         |                     |                 |
| Additions  | 5,629                    | 7,739                             | 315                                | 6,241                         | 449                     | 422                 | 20,795          |
| Disposals  | (7,683)                  | (1,382)                           | (12)                               | 0                             | 0                       | (234)               | (9,311)         |
| Revaluations   | 83,576                   | (3,197)                           | (140)                              | (5,582)                       | (449)                   | 3,724               | 77,932          |
| <b>Gross Book Value at 31 March 2004</b>             | <b>262,731</b>           | <b>216,677</b>                    | <b>1,164</b>                       | <b>30,261</b>                 | <b>370</b>              | <b>30,589</b>       | <b>541,792</b>  |
| Accumulated depreciation at 1 April 2003             | (14,252)                 | (9,559)                           | (306)                              | (6,670)                       | 0                       | 0                   | (30,787)        |
| Depreciation in year                                 | (4,652)                  | (1,769)                           | (55)                               | (917)                         | 0                       | 0                   | (7,393)         |
| <b>Accumulated depreciation at 31 March 2004</b>     | <b>(18,904)</b>          | <b>(11,328)</b>                   | <b>(361)</b>                       | <b>(7,587)</b>                | <b>0</b>                | <b>0</b>            | <b>(38,180)</b> |
| <b>Net Book Value at 31<sup>st</sup> March 2004</b>  | <b>243,827</b>           | <b>205,349</b>                    | <b>803</b>                         | <b>22,674</b>                 | <b>370</b>              | <b>30,589</b>       | <b>503,612</b>  |
| <b>Net Book Value at 1<sup>st</sup> April 2003</b>   | <b>166,957</b>           | <b>203,958</b>                    | <b>695</b>                         | <b>22,932</b>                 | <b>370</b>              | <b>26,677</b>       | <b>421,589</b>  |

The Authority has one foundation school (Peel Brow Primary School) which is not included within the consolidated balance sheet as the assets are not owned by the Authority. Peel Brow is currently valued at £2.24million.

More information on the basis of asset valuation and the accounting treatment for fixed assets may be found in the statement of accounting policies.

### Valuations of Fixed Assets carried at Current Value

The following statement shows the progress of the Council's rolling programme for the revaluation of fixed assets. The valuations are carried out by the internal Principal Valuation Officer, Mr. A. Darbyshire (MRICS) and the Property Asset Officer, Mrs B.M.Beech (MRICS). The basis for the valuation is set out in the statement of accounting policies.

|                                     | <u>Council Dwellings</u> | <u>Other Land &amp; Buildings</u> | <u>Vehicles, Plant &amp; Eqpt</u> | <u>Infra-structure Assets</u> | <u>Community Assets</u> | <u>Other Assets</u> | <u>Total</u>   |
|-------------------------------------|--------------------------|-----------------------------------|-----------------------------------|-------------------------------|-------------------------|---------------------|----------------|
|                                     | <u>£000's</u>            | <u>£000's</u>                     | <u>£000's</u>                     | <u>£000's</u>                 | <u>£000's</u>           | <u>£000's</u>       | <u>£000's</u>  |
| <b>Valued at Historic Cost :</b>    |                          |                                   | 546                               | 22,932                        | 50                      |                     | 23,528         |
| <b>Valued at Current Value in :</b> |                          |                                   |                                   |                               |                         |                     |                |
| 2003/2004                           | 76,870                   | 1,392                             | 108                               | (258)                         | 0                       | 3,911               | 82,023         |
| 2002/2003                           | 396                      | 55,572                            |                                   |                               |                         | 2,678               | 58,646         |
| 2000/2001                           | 166,561                  | 98,124                            | 61                                |                               | 220                     | 18,795              | 283,761        |
| Prior to 1999/2000                  |                          | 50,262                            | 88                                |                               | 100                     | 5,204               | 55,654         |
| <b>Total Fixed Assets</b>           | <b>243,827</b>           | <b>205,350</b>                    | <b>803</b>                        | <b>22,674</b>                 | <b>370</b>              | <b>30,588</b>       | <b>503,612</b> |

In September 2003 the Authority's housing stock was revalued to £254,680,000. Magistrates Court is shown at the Historical value pending a revaluation in 2004/05 when an adjustment will be made to reflect the Authority's interest of 20% in the asset.

In accordance with FRS 15 "Tangible Fixed Assets", the Council has charged depreciation on its assets to the consolidated revenue account regardless of the maintenance regime on the asset.

## 2. DEFERRED CHARGES

The Balance Sheet reflects the writing off to the Capital Financing Reserve of the value of Deferred Charges. Deferred Charges represent expenditure on improvement grants, other private sector housing and on Aided Schools, where no tangible asset is in existence.

|  | <u>Improvement Grants</u> | <u>Other</u>  | <u>Total</u>  |
|--|---------------------------|---------------|---------------|
|  | <u>£000's</u>             | <u>£000's</u> | <u>£000's</u> |
| <b>Balance at 1<sup>st</sup> April 2003</b>  | <b>0</b>                  | <b>37</b>     | <b>37</b>     |
| Expenditure in year                          | 3,192                     | 2,533         | 5,725         |
| Written off to Consolidated Revenue A/C      | (3,192)                   | (2,538)       | (5,730)       |
| <b>Balance at 31<sup>st</sup> March 2004</b> | <b>0</b>                  | <b>32</b>     | <b>32</b>     |

### 3. CAPITAL EXPENDITURE

Capital expenditure in the year was as follows:-

| <u>2002/2003</u> |                                       | <u>2003/2004</u> |               |
|------------------|---------------------------------------|------------------|---------------|
| <u>£000's</u>    | <u>Expenditure:</u>                   | <u>£000's</u>    | <u>£000's</u> |
| 1,409            | Un-financed Capital Expenditure b/fwd |                  | 901           |
| 19,084           | Fixed assets                          | 21,622           |               |
| 4,754            | Deferred Charges                      | 5,725            |               |
| 1,017            | Vehicle & Plant                       | 648              |               |
| 0                | Other                                 | 160              | 28,155        |
| <b>26,264</b>    | <b>Total</b>                          |                  | <b>29,056</b> |
| <u>£000's</u>    | <u>Financed by:</u>                   | <u>£000's</u>    | <u>£000's</u> |
| 7,829            | Loan                                  | 8,827            |               |
| 1,218            | Capital Receipts                      | 3,368            |               |
| 8,577            | Grants & Contributions                | 7,253            |               |
| 1,094            | Leasing                               | 648              |               |
| 1,791            | Revenue                               | 1,441            |               |
| 466              | Reserves                              | 561              |               |
| 4,388            | Major repairs allowance               | 5,420            | 27,518        |
| 25,363           |                                       |                  |               |
| 901              | Capital Expenditure c/fwd Un-financed |                  | 1,538         |
| <b>26,264</b>    |                                       |                  | <b>29,056</b> |

The un-financed expenditure represents expenditure for which matched funding sources were not received by 31<sup>st</sup> March of each year, and will be financed on receipt of the funding. This occurs because capital expenditure is accounted for on a cash basis and not an accruals basis. At 31<sup>st</sup> March 2004 the Authority had authorised capital expenditure of **£36.929million** for 2004/2005 and had also identified a capital investment requirement of **£56.443million** for the following two years under the approved Capital Programme. Capital commitments as at 31<sup>st</sup> March 2004 totalled £12.540 million. The actual level of expenditure on uncommitted schemes in future years will depend upon the availability of capital financing resources. Copies of the Capital Programme may be obtained from the Head of Financial Management during normal office hours, or by telephoning 0161-253 5034.

The Council has entered into a £1.2M, 7 year partnership deal with Alliance Leisure Services effective from 2003/2004. This has funded the building and equipping of a new gym and creche at Ramsbottom Pool. It has also funded the relocation and re-equipping of the gym within Castle Leisure Centre along with the provision of 3 new aerobic studios.

### 4. STATEMENT OF PHYSICAL ASSETS

The Authority owned the following assets (excluding Council dwellings, see Housing Revenue Account section) at 31<sup>st</sup> March:-

| <u>SERVICE / ASSET</u>           | <u>2003</u> | <u>2004</u> |
|----------------------------------|-------------|-------------|
| <b>Education</b>                 |             |             |
| Nursery Schools                  | 1           | 1           |
| Primary Schools                  | 69          | 63          |
| Secondary Schools                | 14          | 14          |
| Special Education Establishments | 4           | 4           |
| Adult Education Centres          | 5           | 5           |
| Youth Centres                    | 7           | 7           |

| <b><u>Highways &amp; Transportation</u></b> |       |       |
|---|-------|-------|
| Roads (km):                                 |       |       |
| Principal                                   | 55    | 55    |
| Non Principal, Classified                   | 70    | 70    |
| Urban, Unclassified                         | 528   | 525   |
| Car Parks                                   | 66    | 65    |
| <b><u>Leisure Facilities</u></b>            |       |       |
| Public Conveniences                         | 8     | 9     |
| Parks & Open spaces                         | 837   | 837   |
| Cemeteries                                  | 35    | 35    |
| Civic Halls                                 | 5     | 4     |
| Sports Centres (with pool)                  | 2     | 3     |
| Sports Centre (no pool)                     | 1     | 1     |
| Swimming Pools                              | 1     | 0     |
| <b><u>Office Accommodation</u></b>          |       |       |
| Administrative Buildings                    | 7     | 6     |
| <b><u>Cultural Services</u></b>             |       |       |
| Libraries                                   | 9     | 9     |
| Art Gallery / Museum                        | 1     | 1     |
| <b><u>Property Services</u></b>             |       |       |
| Dwellings                                   | 4     | 4     |
| Small Lettings                              | 1,175 | 1,175 |
| Commercial Lettings                         | 380   | 378   |
| Farms, Grazing                              | 24    | 24    |
| Poster Sites                                | 22    | 22    |
| Market Shops & Stalls                       | 525   | 525   |
| Industrial Factory Units                    | 204   | 204   |
| Magistrates Courts                          | 1     | 1     |
| <b><u>Social Services</u></b>               |       |       |
| Children's Homes                            | 1     | 0     |
| Children & Family Centres                   | 2     | 2     |
| Resource Centres                            | 1     | 1     |
| Elderly Persons Homes                       | 9     | 9     |
| Homes for Adults with Learning Disabilities | 4     | 4     |
| Learning Disability Day Centres             | 3     | 3     |
| Day Care Centres                            | 3     | 3     |
| Admin Buildings                             | 5     | 5     |
| Non Operational                             | 3     | 3     |

5. **INVESTMENTS**

| <b>Investments at 31<sup>st</sup> March:<br/>consisted of:-</b> | <b><u>2003</u><br/><u>£000's</u></b> | <b><u>2004</u><br/><u>£000's</u></b> |
|---|--------------------------------------|--------------------------------------|
| Manchester Airport PLC  | 10,214                               | 10,214                               |
| Modesole Ltd  |                                      | 1                                    |
| <b>TOTAL</b>  | <b><u>10,214</u></b>                 | <b><u>10,215</u></b>                 |

**Manchester Airport plc**

Bury, in common with all Greater Manchester Districts, other than Manchester City Council, which holds 55%, has a 5% shareholding in Manchester Airport plc. The Company's most recent accounts (for the year ending 31 March, 2003) showed a profit before tax in 2002/03 of £11.2m compared to a profit of £2.4m for 2001/02. For 2002/03 profit after tax was £5.7m and in 2001/02 the loss after tax was £3.8m. Net assets amounted to £644m at the 31<sup>st</sup> March 2003 (£643m at 31<sup>st</sup> March 2002). Further

information can be obtained from the Director of Finance, Manchester Airport (Tel. 0161-489-3000).

### **Modesole Ltd**

Modesole Ltd, (formerly GM Property Trust) is the holding company for the ten Greater Manchester districts interest in the Midland Hotel & Conference Centre Ltd and G-Mex Ltd. (formerly Central Station Properties Ltd). Modesole Ltd is 100% owned by the ten districts. Bury's shareholding in Modesole Ltd is 673 £1 shares, which represent 6.7% of the company and its liability is limited to the extent of this shareholding. Shares were distributed to the districts pro-rata to the population of each at the date of transfer from the Greater Manchester County Council (GMC) on 1<sup>st</sup> April 1986. These mechanisms arise from the GMC initiative to redevelop the area around the G-Mex site, which the ten districts inherited in April 1986 on the abolition of the GMC. G-Mex Ltd is 52% owned by Modesole Ltd.

On the 24<sup>th</sup> February 2004, Modesole Ltd sold the whole of its 22.9% shareholding in the Midland Hotel & Conference Centre Ltd. Part of the proceeds were used by Modesole Ltd to repay loans and loan guarantees that were owed to the Greater Manchester districts. Bury MBC received £297,399 as its share which was treated in the accounts as a receipt to the Computer Reserve. Subsequently Modesole Ltd declared a dividend, part of which was paid in May 2004.

In Modesole's accounting year ended 30<sup>th</sup> September 2003, the company made a profit on ordinary activities after tax of £1,548,780 (previous year loss of £15,073). The company had net assets at 30<sup>th</sup> September 2003 of £1,860,823 (£312,043 at 30<sup>th</sup> September 2002). Further information and details of the financial statements of Modesole Ltd can be obtained from the Company Secretary: W.J. Lawley, PO Box 15, Town Hall, Rochdale. OL16 1AB.

## **6. DEBTORS & LOAN ACCOUNTS**

| <b>Long term debtors:</b>             | <b><u>2003</u></b><br><b><u>£000's</u></b> | <b><u>2004</u></b><br><b><u>£000's</u></b> |
|---------------------------------------|--|--|
| Car loans (employees)                 | 1,869                                      | 1,522                                      |
| Airport Terminal 1                    | 9,260                                      | 9,078                                      |
| Bury Metro Arts Association Ltd       | 32   | 32   |
| Bury Music Centre                     | 9  | 6  |
| PWLB Premiums                         | 192  | 170  |
| Housing Loans                         | 1,961                                      | 1,172                                      |
| <b>TOTAL</b>                          | <b>13,323</b>                              | <b>11,980</b>                              |
| <b>Short term debtors:</b>            |  |  |
| <b>General Fund:</b>                  | 22,895                                     | 22,912                                     |
| Less provision for uncollectable sums | (3,027)                                    | (2,701)                                    |
| Advance receipts                      | 2,071                                      | 2,305                                      |
|                                       | <b>21,939</b>                              | <b>22,516</b>                              |
| <b>Collection Fund:</b>               |  |  |
| Council tax                           | 3,333                                      | 3,502                                      |
| Community charges                     | 438  | 433  |
| Business rates                        | 958  | 1,012                                      |
| Less provision for uncollectable sums | (2,101)                                    | (2,128)                                    |
|                                       | <b>2,628</b>                               | <b>2,819</b>                               |
| <b>TOTAL</b>                          | <b>24,567</b>                              | <b>25,335</b>                              |



**7. LOANS OUTSTANDING, LONG & SHORT TERM**

|                                      | <u>2003</u><br><u>£000's</u> |               | <u>2004</u><br><u>£000's</u> |               |
|--------------------------------------|------------------------------|---------------|------------------------------|---------------|
| Long term loans:                     |                              |               |                              |               |
| PWLB:                                |                              |               |                              |               |
| Bury                                 | 61,009                       |               | 47,309                       |               |
| Airport                              | 10,006                       |               | 9,811                        |               |
| Local & Market Bonds                 | 21,004                       |               | <u>21,004</u>                |               |
| <b>TOTAL</b>                         | <b><u>92,019</u></b>         |               | <b><u>78,124</u></b>         |               |
| <b>Analysed by maturity period:-</b> |                              |               |                              |               |
| Short Term Loans Outstanding         |                              |               |                              |               |
| Within 1 year                        | <u>11,895</u>                | 11,895        | <u>215</u>                   | 215           |
| Long Term Loans Outstanding          |                              |               |                              |               |
| 1/2 years                            | 215                          |               | 507                          |               |
| 2/3 years                            | 507                          |               | 2,260                        |               |
| 3/4 years                            | 2,260                        |               | 287                          |               |
| 4/5 years                            | 287                          |               | 6,316                        |               |
| 5/6 years                            | 6,316                        |               | 348                          |               |
| 6/10 years                           | 13,398                       |               | 11,799                       |               |
| 10/15 years                          | 6,384                        |               | 5,637                        |               |
| 15+ years                            | <u>50,757</u>                | <u>80,124</u> | <u>50,755</u>                | <u>77,909</u> |
| <b>TOTAL</b>                         | <b><u>92,019</u></b>         |               | <b><u>78,124</u></b>         |               |

The PWLB debt at 31<sup>st</sup> March 2004 includes **£9.811 million** in respect of Manchester Airport, being Bury's share of the debt transferred from Manchester City Council to each of the other Greater Manchester districts.

**8. DEFERRED LIABILITIES**

|  | <u>2003</u><br><u>£000's</u> | <u>2004</u><br><u>£000's</u> |
|--|------------------------------|------------------------------|
| Debt from ex Greater Manchester County | 9,668                        | 9,430                        |
| ex Probation Service                   | 37                           | 32                           |
| From Lancashire County Council         | 991                          | 871                          |
| <b>TOTAL</b>                           | <b><u>10,696</u></b>         | <b><u>10,333</u></b>         |

The debt outstanding to other authorities is in respect of assets and responsibilities transferred at Local Government reorganisation in 1974 and 1986. Local Authorities are now responsible for Probation Service Debt; the Capital Financing costs are recovered by Government Grant.

**9. DEFERRED CAPITAL RECEIPTS**

The figures shown represent receipts due from the sale of council houses and other dwellings where the Council has entered into a mortgage agreement and the receipt will therefore be realised over a number of years.

## 10. PROVISIONS

The insurance provisions are used to provide cover against specific risks in order to reduce the level of external insurance premiums, whilst maintaining adequate cover. The main Education provision is for schools improvements. The main Development Services provision is the Heywood Link commuted sum which is payable to the East Lancashire Railway Trust. There are also provisions relating to the agency agreement that the Council had with United Utilities and potential legal costs in respect of a footpath dispute.

|                      | <u>31<sup>st</sup> March</u><br><u>2003</u><br><u>£000's</u> | <u>Income</u><br><u>£000's</u> | <u>Expenditure</u><br><u>£000's</u> | <u>31<sup>st</sup> March</u><br><u>2004</u><br><u>£000's</u> |
|----------------------|--|--------------------------------|-------------------------------------|--|
| Liability insurance  | (3,084)  | (5,422)                        | 2,917                               | (5,589)  |
| Property insurance   | (165)  | (148)                          | 112                                 | (201)  |
| Education            | (612)  | (96)                           | 259                                 | (449)  |
| Development Services | (282)  | (19)                           | 21                                  | (280)  |
| Other                | (94)   | (240)                          | 41                                  | (293)  |
| <b>TOTALS</b>        | <b>(4,237)</b>   | <b>(5,925)</b>                 | <b>3350</b>                         | <b>(6,812)</b>   |

## 11. RESERVES

The reserves are set aside for the purposes indicated in their title, with contributions to and calls upon being fixed at levels which optimise the Authority's financial position.

|                            | <u>31<sup>st</sup> March</u><br><u>2003</u><br><u>£000's</u> | <u>31<sup>st</sup> March</u><br><u>2004</u><br><u>£000's</u> |
|----------------------------|--|--|
| Airport Shares             | 356  | 423  |
| Arts Reserve               | 34   | 12   |
| Best Value Reserve         | 127  | 132  |
| Education Fire             | 190  | 200  |
| Energy Conservation        | 144  | 188  |
| Leisure                    | 59   | 60   |
| Social Services            | 249  | 402  |
| Computer Reserve           | 2,951  | 3,560  |
| Capital Reserve            | 1,584  | 1,584  |
| Area Board Reserve         | 79   | 210  |
| Policy Development Reserve | (45)   | 0  |
| Outwood Viaduct            | 28   | 35   |
| School Catering Reserve    | 64   | 120  |
| PWLB Discount              | 544  | 379  |
| EDS                        | 374  | 467  |
|                            | <b>6,738</b>   | <b>7,772</b>   |
| Competitive Services       | 117  | 93   |
| Commuted Sums              | 206  | 196  |
|                            | <b>323</b>   | <b>289</b>   |
| Major Repairs Reserve      | 933  | 135  |
| <b>TOTALS</b>              | <b>7,994</b>   | <b>8,196</b>   |

The reserves are held for the following purpose:

***Airport Share Reserve***

This reserve was funded initially from dividends from Manchester Airport and is available for General Use; though to date has been utilised to fund leisure investment within the Borough

***Arts Reserve***

This reserve funds any opportunities to purchase pictures for the art gallery.

***Best Value Reserve***

The reserve is to support the delivery of the Best Value Review Programme within the Council.

***Education Fire Reserve***

The Council is required to fund the initial £100,000 of any Education Fire Insurance Claim. This reserve thereby provides for this risk corporately.

***Energy Conservation Reserve***

The Energy Conservation Reserve operates on a payback process where initial investment in energy conservation is funded from the reserve, while contributions are made to the reserve by services over an agreed pay back period.

***Leisure Reserve***

The Leisure Reserve is for the general development of leisure facilities.

***Social Services Reserves***

The Social Services Reserve comprises individual reserves for the Area Child Protection Committee, Learning Disability, a Primary Care Group Commissioning post, Inwood House, and mental health and transport refunds.

***Computer Reserve***

The Computer Reserve is to fund future Information and Communication Technology (ICT) investment within the Borough.

***Capital Reserve***

The Capital Reserve is to fund future capital investment within the Borough in accordance with the Council's Capital Strategy.

***Area Board Reserve***

This reserve is to support the work of the Council's six Area Boards and includes carryovers of the Board's Kickstart Grants.

***Policy Development Reserve***

This reserve is to assist in the development of new policy and initiatives within the Council and, where required, provide some pump-priming to new initiatives.

***School Catering Reserve***

This reserve is to finance investment in school kitchens and dining facilities.

***Outwood Viaduct***

This reserve is for the future maintenance and upgrade of Outwood viaduct.

***PWLB Discount***

This reserve relates to sums arising from the premature repayment of PWLB loans.

***Competitive Services Reserve***

This reserve is the remainder of the DSO Reserve that the Council was required to hold under CCT legislation. It will disappear once all the reserve's commitments are incurred.

***Commuted Sums***

This reserve represents money received as part of Section 106 agreements from Housing and other developers. The reserve is earmarked and is not available for general use.

**EDS Reserve**

This reserve comprises several individual reserves for Planning and Highways functions.

**Major Repairs Reserve**

This reserve provides the authority with the resources needed to maintain the value of housing stock (see HRA Note 3, page 25 for detail of movements during 2003/04).

**Other Balances**

Other balances used to finance our assets include our 5% shareholding in Manchester Airport (£10.214m); monies received from the government in connection with the Local Public Service Agreement (£856,000).

**12. FIXED ASSET RESTATEMENT RESERVE**

The system of capital accounting requires the establishment of a Fixed Asset Restatement Reserve. The reserve will be written down by the net book value of assets as they are disposed of, and debited or credited with the deficits or surpluses arising on future revaluations. The balance on this account does not represent cash and is not available to spend.

| <u>2002/2003</u><br><u>Total</u><br><u>£000's</u> |  | <u>2003/2004</u><br><u>Total</u><br><u>£000's</u> |
|---|--|---|
| 196,463   | Balance at 1 <sup>st</sup> April 2003              | 232,372   |
| (4,546)   | Disposal of fixed assets                           | (9,311)   |
| (283)   | Disposal of investment in Ringway Developments plc |   |
| 42,060  | Restatement of Value                               | 77,932  |
| (1,322)   | Other  | (932)   |
| <u>232,372</u>                                    | Balance at 31 <sup>st</sup> March 2004             | <u>300,061</u>                                    |

**13a. CAPITAL FINANCING RESERVE**

The Capital Financing Reserve contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans, and the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and the amount required to be charged to revenue to repay the principal element of external loans. The balance on this account does not represent cash and is not available to spend.

| <u>2002/2003</u><br><u>£000's</u> |                                       | <u>2003/2004</u><br><u>£000's</u> |
|-----------------------------------|---------------------------------------|-----------------------------------|
| 78,693                            | Balance at 1 <sup>st</sup> April 2003 | 88,345                            |
| 3,022                             | Capital Receipts Set Aside in Year    | 5,762                             |
| <u>81,715</u>                     |                                       | <u>94,107</u>                     |
|                                   | <b>2003/2004 Capital Financing:</b>   |                                   |

|               |  |                |
|---------------|--|----------------|
| 1,218         | Capital Receipts   | 3,368          |
| 8,577         | Grants & Contributions   | 7,254          |
| 1,791         | Revenue  | 1,441          |
| 4,388         | Major repairs allowance  | 5,420          |
| 466           | Reserves   | 565            |
| (4,734)       | Provision for Major Repairs  | (4,661)        |
| (702)         | Provision for debt repayment (net of depreciation)                         | (95)           |
| 387           | Housing Corp Grant used in debt redemption                                 |                |
|               | Magistrates Court debt redemption  | 2002           |
| (4,761)       | Appropriation from General Fund – writing down of in year deferred charges | (5,730)        |
| <b>88,345</b> | <b>Balance at 31<sup>st</sup> March 2004</b>                               | <b>103,671</b> |

**13b. PROVISION FOR CREDIT LIABILITIES (Memorandum Account)**

In accordance with statutory requirements the Council is required to set aside sums as a provision to repay external loans and finance leases and other limited purposes. The Council does not keep an account within the accounting records for the Provision for Credit Liabilities as there is no need to do so, but is required to maintain a memorandum account, which is set out below.

| <u>2002/2003</u><br><u>£000's</u> |                                   | <u>2003/2004</u><br><u>£000's</u> |
|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>0</b>                          | <b>Amounts brought forward</b>    | <b>0</b>                          |
|                                   | <b>Amounts set aside for year</b> |                                   |
| (3,022)                           | Reserved Capital Receipts         | (5,762)                           |
| (1,740)                           | Minimum Revenue Provision         | (2,244)                           |
|                                   | <b>Amounts applied in year</b>    |                                   |
| 4,762                             | Repayment of external debt        | 8,006                             |
| <b>0</b>                          | <b>Carried forward</b>            | <b>0</b>                          |

**14. THE GENERAL FUND**

This Fund represents the balance of the revenue account surplus of **£7.346m** (excluding schools) as at 31<sup>st</sup> March 2004, although this amount is not wholly available to be spent at the Council's discretion.

|  | <u>£000's</u>       |
|--|---------------------|
| <b>General Fund Balance 31<sup>st</sup> March 2004</b> | <b>7,346</b>        |
| Less amount available to schools                       | (3,032)             |
| Less minimum to be retained                            | <u>(2,804)</u>      |
| <b>Available Balance 1<sup>st</sup> April 2004</b>     | <b><u>1,510</u></b> |

It is the view of the Director of Finance and E-Government that prudence dictates a minimum balance of **£2.804m** is retained in the Fund to meet unforeseen eventualities, and the Revenue Budget for 2004/2005 reflects this.

The Authority operates a scheme of Local Management in Schools that has been approved by the Secretary of State for Education and Skills. This allows schools in Bury to carry forward any over or underspendings to the next financial year. In 2003/2004 an under spending of **£3.032m** was contributed to the General Fund by schools and is carried forward to 2004/2005.

The Authority also operates a scheme of delegated financial management whereby departments are given cash ceilings against which their financial performance is measured. They are allowed to carry forward underspendings subject to the overall financial position of the Council, and they must carry forward overspendings. Carry-forwards under the cash ceiling schemes will be determined at Executive Committee. This will of course impact on the available General Fund balance at 1<sup>st</sup> April 2004.

**15. CAPITAL RECEIPTS UNAPPLIED**

|   | <u>Housing</u><br><u>£000's</u> | <u>Other</u><br><u>£000's</u> | <u>Total</u><br><u>£000's</u> |
|---|---------------------------------|-------------------------------|-------------------------------|
| <b>Available 31<sup>st</sup> March 2003</b> | <b>1,007</b>                    | <b>976</b>                    | <b>1,983</b>                  |
| Received in the year                        | 7,683                           | 3,994                         | 11,677                        |
| Set aside in the year                       | (5,762)                         | (0)                           | (5,762)                       |
| Applied in the year                         | (0)                             | (3,368)                       | (3,368)                       |
| <b>Available 31<sup>st</sup> March 2004</b> | <b>2,928</b>                    | <b>1,602</b>                  | <b>4,530</b>                  |

The Local Government and Housing Act 1989 dictates that the Authority must set aside a proportion of capital receipts to redeem debt. This table shows the balance available after set aside to meet capital expenditure for committed, on-going and new capital schemes in 2004/05.

**16. CAPITAL GRANTS UNAPPLIED**

|   | <u>Environment</u><br><u>Services</u><br><u>£000's</u> | <u>Highways</u><br><u>£000's</u> | <u>Other</u><br><u>£000's</u> | <u>Total</u><br><u>£000's</u> |
|---|--|----------------------------------|-------------------------------|-------------------------------|
| <b>Available 31<sup>st</sup> March 2003</b> | <b>95</b>  | <b>319</b>                       | <b>533</b>                    | <b>947</b>                    |
| Received in the year                        | 289  | 273                              | 7,757                         | 8,319                         |
| Applied in the year                         | (308)  | (263)                            | (6,682)                       | (7,253)                       |
| <b>Available 31<sup>st</sup> March 2004</b> | <b>76</b>  | <b>329</b>                       | <b>1,608</b>                  | <b>2,013</b>                  |

This represents amounts received from Government or other third parties for capital purposes that have not yet been applied to finance capital expenditure. The table shows only those services where a proportion of the capital grant has not been applied. See Capital Financing Reserve for full details of capital grants and contributions applied. The SoRP requires a government grant deferred account which is to be generated in 2004/05.

**17. CONTINGENT LIABILITIES**

Municipal Mutual Insurance Ltd

On 30<sup>th</sup> September 1992 the Authority's then insurers, MMI Ltd., announced that they were no longer accepting new business. The Authority has a number of outstanding claims with MMI totalling **£21,223** at 31<sup>st</sup> March 2004.

A "Scheme of Arrangement" has been put in place to facilitate an orderly settlement of the sums due.

If MMI are not able to meet their liabilities, and the Scheme is triggered, then the Authority will be required to repay **£1,821,853** in respect of claims previously settled. The Balance Sheet makes no provision for this. There is no indication that MMI won't be able to meet claims.

#### Manchester Airport PLC

The Balance Sheet items, Investments and Long Term Debtors, refer to debt outstanding held by the Authority in respect of Manchester Airport. The Airport has agreed to reimburse this Authority for all costs due on these loans which have maturity dates up to 2027. No provision has been made for any potential loss from this arrangement.

#### Modesole Ltd.

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

### **18. POST BALANCE SHEET EVENT**

Modesole Ltd, a company in which the Council has a 6.7% shareholding, declared a dividend of £3.0m at the end of April 2004 of which this Council will receive £0.202m.

### **19. TRUST FUNDS**

The Director of Finance and E-Government administers a number of trust funds of a mainly educational nature, which are independent of the Authority and excluded from the Balance Sheet.

|                        | <b>2003</b>    | <b>2004</b>    |
|------------------------|----------------|----------------|
|                        | <b>£</b>       | <b>£</b>       |
| John Kay               | 29,969         | 31,081         |
| British Cotton Growers | 89,302         | 91,957         |
| Sidney Taylor Bequest  | 17,905         | 18,570         |
| Others                 | 71,172         | 87,889         |
| <b>Total</b>           | <b>208,348</b> | <b>229,497</b> |
| Represented by :-      |                |                |
| Investments            | 8,228          | 8,228          |
| Cash                   | 200,120        | 221,269        |
| <b>Total</b>           | <b>208,348</b> | <b>229,497</b> |

### **20. RETIREMENT BENEFITS DISCLOSURE**

Bury MBC has employees with pensions in the Greater Manchester Pension Scheme, which is administered in accordance with the Local Government Pension Scheme regulations 1997 as amended.

Note 9 to the Consolidated Revenue Account contains details of the Authority's participation in the Local Government Pension Scheme in providing retirement benefits.

The underlying assets and liabilities for retirement benefits attributable to the authority are as follows:

| <b>Net pension asset as at</b>        | <b>31 Mar 2003</b> | <b>31 Mar 2004</b> |
|---------------------------------------|--------------------|--------------------|
|                                       | <b>£000</b>        | <b>£000</b>        |
| <b>Estimated Employer Assets (A)</b>  | <b>212,100</b>     | <b>265,800</b>     |
| Present Value of Scheme Liabilities   | 256,600            | 276,500            |
| Present Value of Unfunded Liabilities | -                  | -                  |
| <b>Total Value of Liabilities (B)</b> | <b>256,600</b>     | <b>276,500</b>     |
| <b>Net Pension Asset (A)-(B)</b>      | <b>(44,500)</b>    | <b>(10,700)</b>    |

The liabilities show the long term underlying commitments that the authority has to pay in retirement benefits. The total liability of £276.5 million has a substantial impact on the net worth of the authority as recorded in the balance sheet, resulting in a negative overall balance of £10.7million. It should be noted that in the consolidated balance sheet the pension reserve is stated as a combination of the deficit in the table above (as adjusted to take account of actual pension contribution payments) of £10.934 million and the £16.7 million liability for unfunded teachers' pensions.

Statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Greater Manchester Pension Fund liabilities have been assessed by an independent firm of actuaries - Hymans Robertson - based on the latest full valuation of the scheme as at 1 April 2001. The next full actuarial valuation is based on the scheme as at 31 March 2004. In order to assess the net pension liability under Financial Reporting Standard 17 as at 31 March 2004, Hymans Robertson rolled forward the actuarial valuation of the liabilities as at 31 March 2001, allowing for changes in financial assumptions as prescribed under FRS 17.

The **financial assumptions** used for the purpose of the FRS17 calculations are as follows:

| <b>Assumptions as at</b>                | <b>31 Mar 2003</b> | <b>31 Mar 2004</b> |
|---|--------------------|--------------------|
|   | <b>% p.a.</b>      | <b>% p.a.</b>      |
| Rate of Inflation                       | 2.5                | 2.9                |
| Rate of Increase in Salaries            | 4.0                | 4.4                |
| Rate of Increase in Pensions            | 2.5                | 2.9                |
| Rate for discounting scheme liabilities | 6.1                | 6.5                |

Assets in the Council's Pension Fund as at 31<sup>st</sup> March 2003 are valued at fair value, principally market value for investments, and consist of the following categories, by value and proportion of the total assets held by the fund:

| <b>Assets</b> | <b>Long-term Return % 31 Mar 2003</b> | <b>Assets at 31 Mar 2003 £000</b> | <b>Proportion 31 Mar 2003 %</b> | <b>Long-term Return % 31 March 2004</b> | <b>Assets at 31 Mar 2004 £000</b> | <b>Proportion 31 Mar 04 %</b> |
|---------------|---------------------------------------|-----------------------------------|---------------------------------|---|-----------------------------------|-------------------------------|
| Equities      | 8.0                                   | 134,100                           | 63.2                            | 7.7                                     | 179,800                           | 67.6                          |
| Bonds         | 4.8                                   | 38,100                            | 18.0                            | 5.1                                     | 42,200                            | 15.9                          |
| Property      | 6.0                                   | 24,800                            | 11.7                            | 6.5                                     | 27,300                            | 10.3                          |
| Cash          | 4.0                                   | 15,100                            | 7.1                             | 4.0                                     | 16,500                            | 6.2                           |
| <b>TOTAL</b>  | <b>6.9</b>                            | <b>212,100</b>                    | <b>100</b>                      | <b>6.9</b>                              | <b>265,800</b>                    | <b>100</b>                    |



**STATEMENT OF TOTAL  
MOVEMENTS IN RESERVES**

## STATEMENT OF TOTAL MOVEMENTS IN RESERVES

This statement brings together all the recognised gains and losses of the Authority during the year. All large organisations are required to produce such a statement, but this particular format has been adapted to reflect the statutory framework in which local authorities work.

| <b>2002/03</b>       |   | <b>2003/04</b>       |                     |
|----------------------|---|----------------------|---------------------|
| <b><u>£000's</u></b> |   | <b><u>£000's</u></b> | <b><u>Notes</u></b> |
|                      | Surplus/(deficit) for the year:-  |                      |                     |
| 253                  | General fund  | (3,407)              |                     |
| 1,387                | Housing Revenue Account   | 1,088                |                     |
| 3,588                | Other Reserves  | (1,127)              |                     |
| 0                    | add back Movements on specific revenue reserves                                     | 0                    |                     |
| <b>5,228</b>         | <b>Total increase/(decrease) in revenue resources</b>                               | <b>(3,446)</b>       | <b>1</b>            |
| 1,813                | Increase/(decrease) in useable capital receipts                                     | 2,547                |                     |
| (955)                | Increase/(decrease) in unapplied capital grants and contributions                   | 1,066                |                     |
| <b>858</b>           | <b>Total increase/(decrease) in realised capital resources</b>                      | <b>3,613</b>         | <b>2</b>            |
| 42,060               | Gains/(losses) on revaluation of fixed assets                                       | 77,932               |                     |
|                      | FARR other movements  | (932)                |                     |
| 0                    | Impairment losses on fixed assets due to general changes in prices                  | 0                    |                     |
| <b>42,060</b>        | <b>Total increase/(decrease) in unrealised value of fixed assets</b>                | <b>77,000</b>        | <b>3</b>            |
| <b>(6,151)</b>       | <b>Value of assets sold, disposed of or decommissioned</b>                          | <b>(9,311)</b>       | <b>4</b>            |
| 4,240                | Capital receipts set aside  | 9,130                |                     |
| 1,476                | Revenue resources set aside   | 3,348                |                     |
| 0                    | Movement on Government Grants Deferred  | 0                    |                     |
| 3,936                | Other movements on the capital financing reserve                                    | 2,848                |                     |
| 306                  | Movement on major Repairs Reserve   | (798)                |                     |
| <b>9,958</b>         | <b>Total increase/(decrease) in amounts set aside to finance capital investment</b> | <b>14,528</b>        | <b>5</b>            |
| <b>(60,838)</b>      | <b>Increase/(Decrease) on the pensions reserve</b>                                  | <b>16,866</b>        |                     |
| <b>(8,885)</b>       | <b>Total recognised gains and losses</b>  | <b>99,250</b>        |                     |

## NOTES TO THE STATEMENT OF TOTAL MOVEMENTS IN RESERVES

### 1. MOVEMENT IN REVENUE RESOURCES

|   | General<br>Fund<br>Balances<br>£000's | HRA<br>Balances<br>£000's | Earmarked<br>Revenue<br>Reserves<br>£000's | Pension<br>Reserve<br>£000's |
|---|---------------------------------------|---------------------------|--|------------------------------|
| Surplus/(deficit) for 2003/04                     | (3,407)                               | 1,088                     | (566)                                      |                              |
| Appropriations to/from revenue                    |                                       |                           | (561)                                      | (4,634)                      |
| Actuarial gains and (losses) relating to pensions |                                       |                           |  | 38,200                       |
|   | (3,407)                               | 1,088                     | (1,127)                                    | 33,566                       |
| Teachers unfunded pension liability               |                                       |                           |  | (16,700)                     |
| Balance brought forward at 1 April 2003           | 10,753                                | 3,824                     | 21,245                                     | (44,500)                     |
| <b>Balance carried forward at 31 March 04</b>     | <b>7,346</b>                          | <b>4,912</b>              | <b>20,118</b>                              | <b>(27,634)</b>              |

Further detail with regards to the Pension Reserve can be seen in note 6 below.

### 2. MOVEMENTS IN REALISED CAPITAL RESOURCES

|   | Useable<br>Capital<br>Receipts<br>£000's | Unapplied capital<br>grants and<br>contributions<br>£000's |
|---|--|--|
| Amounts receivable in 2003/04   | 5,915                                    | 8,319  |
| <b>Amounts applied to finance new capital investment in 2003/04</b>       | <b>(3,368)</b>                           | <b>(7,253)</b>   |
| <b>Total increase/(decrease) in realised capital resources in 2003/04</b> | <b>2,547</b>                             | <b>1,066</b>   |
| Balance brought forward at 1 April 2003                                   | 1,983                                    | 947  |
| <b>Balance carried forward at 31 March 04</b>                             | <b>4,530</b>                             | <b>2,013</b>   |

Further detail with regards to capital receipts and capital grants and contributions can be seen in notes 15 and 16 to the consolidated balance sheet.

### 3. MOVEMENTS IN UNREALISED VALUE OF FIXED ASSETS

|   | Fixed Asset<br>Restatement<br>Reserve<br>£000's |
|---|---|
| Gains/losses on revaluation of fixed assets in 2003/04                        | 77,932  |
| Impairment losses on fixed assets due to general changes in prices in 2003/04 |   |
| FARR other movements  | -932  |
| <b>Total increase/(decrease) in unrealised capital resources in 2003/04</b>   | <b>77,000</b>                                   |

### 4. VALUE OF ASSETS SOLD, DISPOSED OF OR DECOMMISSIONED

|  |                |
|--|----------------|
| <b>Amounts written off fixed asset balances for disposals in 2003/04</b> | <b>(9,311)</b> |
| Total movement on reserve in 2003/04                                     | 67,689         |
| Balance brought forward at 1 April 2003                                  | 232,372        |
| <b>Balance carried forward at 31 March 2004</b>                          | <b>300,061</b> |

Further detail with regards to the Fixed Assets Restatement Reserve can be found in note 12 to the consolidated balance sheet.

## 5. MOVEMENTS IN AMOUNTS SET ASIDE TO FINANCE CAPITAL INVESTMENT

|   | Capital<br>financing<br>reserve<br>£000's | Government<br>grants<br>deferred<br>£000's | Total<br>£000's |
|---|---|--|-----------------|
| Capital receipts set aside in 2003/04:  |   |  |                 |
| reserved receipts   | 5,762                                     | -  |                 |
| useable receipts applied  | 3,368                                     | -  |                 |
| <b>Total capital receipts set aside in 2003/04</b>                                  | <b>9,130</b>                              | <b>-</b>                                   | <b>9,130</b>    |
| Revenue resources set aside in 2003/04:-  |   |  |                 |
| capital expenditure financed from revenue   | 1,441                                     | -  |                 |
| reconciling amount for provisions for loan repayment                                | 1,907                                     | -  |                 |
| <b>Total revenue resources set aside in 2003/04</b>                                 | <b>3,348</b>                              | <b>-</b>                                   | <b>3,348</b>    |
| Grants applied to capital investment in 2003/04                                     | 7254                                      | -  |                 |
| Amounts credited to the asset management revenue account in 2003/04                 | -   | -  |                 |
| Other movements on the capital financing reserve in 2003/04                         | -4406                                     |  |                 |
| <b>Movement on Government Grants Deferred</b>                                       | <b>-</b>                                  | <b>0</b>                                   | <b>0</b>        |
| <b>Other movements on the capital financing reserve</b>                             | <b>2,848</b>                              |  | <b>2,848</b>    |
| <b>Total increase/(decrease) in amounts set aside to finance capital investment</b> |   |  | <b>15,326</b>   |
| Total movement on reserve in 2003/04  | 15,326                                    | 0  |                 |
| Balance brought forward at 1 April 2003   |   |  | 88,345          |
| <b>Balance carried forward at 31 March 2004</b>                                     | <b>15,326</b>                             | <b>0</b>                                   | <b>103,671</b>  |

Further information with regards to the Capital Financing Reserve can be found in note 13a to the consolidated balance sheet.

## 6. MOVEMENT ON PENSION RESERVE

Movement in surplus / Deficit of the pension fund during the year is detailed as follows:

|  | <u>Year to 31</u><br><u>March, 2003</u><br><u>£000</u> | <u>Year to 31</u><br><u>March, 2004</u><br><u>£000</u> |
|--|--|--|
| <b>Surplus/ (deficit) at beginning of the year</b> | <b>16,300</b>  | <b>(44,500)</b>  |
| Current Service Cost                               | (8,500)  | (9,000)  |
| Employer contributions                             | 5,700  | 6,466  |
| Other income                                       | -  | -  |
| Other outgoings (e.g. expenses, etc)               | -  | -  |
| Past service costs                                 | (700)  | (600)  |
| Impact of settlements and curtailments             | (700)  | (400)  |
| Net return on assets                               | 1,700  | (1,100)  |
| Actuarial gains/ (losses)                          | (58,300)   | 38,200   |
| <b>Surplus/ (deficit) at end of year</b>           | <b>(44,500)</b>  | <b>(10,934)</b>  |

It should be noted that in the consolidated balance sheet the pension reserve is stated as £27.634 million. This is a combination of the deficit in the table above of £10.934 million and the £16.7 million liability for unfunded teachers pensions.

The actuarial gains, of £38.2 million, identified as movements on the Pensions Reserve in 2003/04 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities:

|   | <b>31 March, 2003</b> |                 | <b>31 March, 2004</b> |                 |
|---|-----------------------|-----------------|-----------------------|-----------------|
|   | <b><u>£000</u></b>    | <b><u>%</u></b> | <b><u>£000</u></b>    | <b><u>%</u></b> |
| Actual return less expected return on pension scheme assets                         | (59,700)              | (28.1)          | 37,900                | 14.3            |
| Differences between actuarial assumptions about liabilities and actual experience   | 1,400                 | 0.5             | 300                   | 0.1             |
| Changes in financial assumptions underlying the present value of scheme liabilities | 0                     | 0               | 0                     | 0               |
| <b>Actuarial gain/ (loss) recognised in STRGL</b>                                   | <b>(58,300)</b>       | <b>(22.7)</b>   | <b>38,200</b>         | <b>13.8</b>     |

# **CASH FLOW STATEMENT & NOTES**

## CASH FLOW STATEMENT

The Cash Flow Statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

| <u>2002/2003</u>  |   | <u>2003/2004</u> | <u>£000's</u>   |
|---|---|------------------|-----------------|
| <u>£000's</u>   |   | <u>£000's</u>    | <u>£000's</u>   |
| <b><u>REVENUE ACTIVITIES</u></b>                              |   |                  |                 |
| 147,557   | <b>Cash Outflows:</b> Cash Paid to and on behalf of Employees | 159,790          |                 |
| 127,271   | Other Operating Cash Payments                                 | 143,873          |                 |
| 17,828  | Housing Benefit paid out                                      | 14,049           |                 |
| 32,085  | NNDR payments to National Pool                                | 30,539           |                 |
| 5,809   | Precepts paid   | 7,601            |                 |
| 330,550   |   | <u>355,852</u>   |                 |
| (7,153)   | <b>Cash Inflows:</b> Rents (after Rebates)                    | (7,531)          |                 |
| (49,225)  | Council Tax Receipts  | (55,115)         |                 |
| (54,216)  | NNDR Receipts from National Pool                              | (52,760)         |                 |
| (32,680)  | Non-Domestic Rate Receipts                                    | (31,134)         |                 |
| (59,315)  | Revenue Support Grant   | (74,918)         |                 |
| (24,241)  | DSS Grants for Benefits                                       | (22,675)         |                 |
| (37,403)  | Other Government Grants                                       | (40,211)         |                 |
| (74,515)  | Cash Received for Goods and Services                          | (85,161)         |                 |
| (338,748)   |   | <u>(369,505)</u> |                 |
| <b>(8,198)</b>  | <b>NET CASH INFLOW FROM REVENUE ACTIVITIES</b>                |                  | <b>(13,653)</b> |
| <b><u>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</u></b> |   |                  |                 |
| 2,995   | <b>Cash Outflows:</b> Interest Paid                           |                  | 2,468           |
| (1,303)   | <b>Cash Inflows:</b> Interest Received                        |                  | <u>(1,676)</u>  |
| 1,692   |   |                  | 792             |
| <b>(6,506)</b>  |   |                  | <b>(12,861)</b> |
| <b><u>CAPITAL ACTIVITIES</u></b>                              |   |                  |                 |
| 17,751  | <b>Cash Outflows:</b> Purchase of Fixed Assets                | 20,795           |                 |
| 0   | Purchase of Long Term Investments                             | 0                |                 |
| 17,751  |   | <u>20,795</u>    |                 |
| (6,586)   | <b>Cash Inflows:</b> Proceeds of Sale of Fixed Assets         | (11,677)         |                 |
| (6,649)   | Capital Grants received                                       | (8,319)          |                 |
| (13,235)  |   | <u>(19,996)</u>  |                 |
| <b>4,516</b>  |   |                  | <b>799</b>      |
| <b>(1,990)</b>  |   |                  | <b>(12,062)</b> |
| <b><u>MANAGEMENT OF LIQUID RESOURCES</u></b>                  |   |                  |                 |
| 1,850   | Net Increase/Decrease in Short Term Deposits                  |                  | <u>1,750</u>    |
| <b>(140)</b>  | <b>NET CASH (INFLOW) / OUTFLOW BEFORE FINANCING</b>           |                  | <b>(10,312)</b> |

The Cash Flow Statement is continued on the next page.

| <u>2002/2003</u>      |  | <u>2003/2004</u> |                |               |
|-----------------------|--|------------------|----------------|---------------|
| <u>£000's</u>         |  | <u>£000's</u>    | <u>£000's</u>  | <u>£000's</u> |
| <b>FINANCING</b>      |  |                  |                |               |
| <b>Cash Outflows:</b> |  |                  |                |               |
|                       | Repayments of amounts borrowed           |                  |                |               |
| 51,177                | Long Term loans repaid                   | 13,895           |                |               |
| 6,500                 | Short Term loans repaid                  | 0                |                |               |
| <b>57,677</b>         |  |                  | <b>13,895</b>  |               |
| <b>Cash Inflows:</b>  |  |                  |                |               |
| (751)                 | Net Receipts from Long Term Debtors      | (1,345)          |                |               |
| (51,000)              | New Long Term Loans                      | 0                |                |               |
| (6,500)               | New Short Term Loans                     | 0                |                |               |
| <b>(58,251)</b>       |  |                  | <b>(1,345)</b> |               |
| <b>(574)</b>          |  |                  |                | <b>12,550</b> |
| <b>(714)</b>          | <b>NET (INCREASE) / DECREASE IN CASH</b> |                  |                | <b>2,238</b>  |



## NOTES TO THE CASH FLOW STATEMENT

### 1. RECONCILIATION OF CASHFLOW TO CONSOLIDATED REVENUE ACCOUNT

The net cash flow from revenue activities can be reconciled to the Consolidated Revenue Account as follows:

| <u>2002/2003</u><br><u>£000's</u>                        | <u>2003/2004</u><br><u>£000's</u>                             | <u>£000's</u>   |
|--|---|-----------------|
| <b>(253)</b>   | <b>(SURPLUS)/DEFICIT FOR THE YEAR ON REVENUE ACCOUNT</b>      | <b>3,407</b>    |
| <b>Non Cash Movements in Revenue Account:</b>            |   |                 |
| (7,510)  | Provision for Depreciation                                    | (7,393)         |
| 664  | Other Provisions  | 2,575           |
| (1,740)  | Minimum Revenue Provision                                     | (2,244)         |
| (2,488)  | Contributions from / (to) Revenue Reserves                    | 2118            |
| 2,282  | Other non-cash Movements                                      | (1,706)         |
| <b>(8,792)</b>   |   | <b>(6,650)</b>  |
| <b>Movements in Current Assets and Liabilities:</b>      |   |                 |
| 77   | Increase / (Decrease) in Stock                                | 18              |
| 3,793  | Increase / (Decrease) in Revenue Debtors                      | 768             |
| (1,331)  | (Increase) / Decrease in Revenue Creditors & Advance Receipts | (10,404)        |
| <b>2,539</b>   |   | <b>(9,618)</b>  |
| <b>Items shown elsewhere in the Cash Flow Statement:</b> |   |                 |
| (2,995)  | Interest Paid   | (2,468)         |
| 1,303  | Interest Received   | 1,676           |
| <b>(1,692)</b>   |   | <b>(792)</b>    |
| <b>NET CASH INFLOW FROM REVENUE ACTIVITIES</b>           |   |                 |
| <b>(8,198)</b>   |   | <b>(13,653)</b> |

### 2. ANALYSIS OF NET DEBT

The following table details movement on cash, loans and investments in the year.

|                           | <u>31<sup>st</sup> March</u><br><u>2003</u><br><u>£000's</u> | <u>Receipts</u><br><u>£000's</u> | <u>Payments</u><br><u>£000's</u> | <u>Other</u><br><u>Movements</u><br><u>£000's</u> | <u>31<sup>st</sup> March</u><br><u>2004</u><br><u>£000's</u> |
|---------------------------|--|----------------------------------|----------------------------------|---|--|
| Cash Overdrawn            | (4,371)  | 76,256                           | (77,900)                         | -   | (6,015)  |
| Cash in Hand              | 1,400  | (594)                            |                                  | -   | 806  |
| Debt Due Beyond One Year  | (80,124)   |                                  | 13,895                           | (11,680)  | (77,909)   |
| Debt Due Within One Year  | (11,895)   |                                  |                                  | 11,680  | (215)  |
| Long Term Debtors         | 13,329   |                                  | (1,345)                          | -   | 11,984   |
| Current Asset Investments | 22,150   | 1,750                            |                                  | -   | 23,900   |
| <b>TOTALS</b>             | <b>(59,511)</b>  | <b>77,412</b>                    | <b>(65,350)</b>                  | <b>-</b>  | <b>(47,449)</b>  |

### 3. RECONCILIATION OF NET DEBT

The table below reflects a favourable movement in the net debt of the Council during the year.

| <u>2002/2003</u><br><u>£000's</u>                                      | <u>2003/2004</u><br><u>£000's</u> |
|--|-----------------------------------|
| 714 (Increase)/ Decrease in Cash in the Year to 31 <sup>st</sup> March | (2,238)                           |
| (574) (Increase)/Decrease in Debt                                      | 12,550                            |
| <u>1,850 Increase/(Decrease) in Investments</u>                        | <u>1,750</u>                      |
| <b><u>1,990 Change in Net Debt</u></b>                                 | <b><u>12,062</u></b>              |
| (61,502) Net Debt at 1 <sup>st</sup> April                             | (59,511)                          |
| <u>(59,512) Net Debt at 31<sup>st</sup> March</u>                      | <u>(47,449)</u>                   |
| <b>1,990 Movement in Net Debt</b>                                      | <b>12,062</b>                     |

### 4. ANALYSIS OF GOVERNMENT GRANTS

The following government grants were received in and are reflected in the cash flow statement.

| <u>2002/2003</u><br><u>£000's</u> | <u>2003/2004</u><br><u>£000's</u> |
|-----------------------------------|-----------------------------------|
| 17,242 Housing Benefits           | 14,313                            |
| 6,999 Council Tax Benefits        | 8,362                             |
| 11,341 Housing Subsidy            | 10,325                            |
| 2,928 Student Awards              | 1,513                             |
| 13,045 Other Education Grants     | 9,482                             |
| 7,271 Social Services             | 8,270                             |
| 28 Probation                      | 26                                |
| 110 Magistrates' Courts           | -                                 |
| 391 SRB/ERDF                      | 357                               |
| - Supporting People               | 6,936                             |
| <u>2,289 Other Grants</u>         | <u>3,302</u>                      |
| <b><u>61,644 TOTAL</u></b>        | <b><u>62,886</u></b>              |

### 5. MOVEMENT IN CASH

The table below shows the movement in cash to the related items in the opening and closing balance sheets for the period.

|                          | <u>31<sup>st</sup> March</u><br><u>2003</u><br><u>£000's</u> | <u>31<sup>st</sup> March</u><br><u>2004</u><br><u>£000's</u> | <u>Movement</u><br><u>£000's</u> |
|--------------------------|--|--|----------------------------------|
| Bank Overdraft           | (4,371)  | (6,015)  | 1,644                            |
| Cash in Hand and at Bank | <u>1,400</u>   | <u>806</u>   | 594                              |
| <b>TOTALS</b>            | <b><u>(2,971)</u></b>  | <b><u>(5,209)</u></b>  | <b>2,238</b>                     |

