



***FINANCIAL
MANAGEMENT
SERVICES***

**STATEMENT

OF

ACCOUNTS

2009/2010**



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Introduction by Councillor Iain Gartside, Cabinet Member for Resource, Human Resource and Performance

I am delighted to welcome you to the Council's Statement of Accounts for 2009/10.

The Accounts play a vital part in providing information to a wide range of interested parties on the Council's financial performance. They show how we've spent our money, how we've performed against our budget and how we've invested in our assets. The accounts are the means by which the Council provides details of its stewardship of resources and financial performance to its stakeholders.

We have consistently been amongst the top level of local authorities who are low cost but perform and improve strongly. We continue to receive lower levels of funding than other authorities yet achieve some of the best results in the country across a range of services including education, parks and open spaces, planning and supporting older people in residential and nursing care. Our Priority Investment Reserve uses money saved through being more efficient to support investment in areas identified as important by our communities.

The difference between what we spent and what we planned to spend is less than 1% of our total budget and given our gross revenue expenditure is more than £535million this is a very commendable performance. More than £31million 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. As with most organisations, the council hasn't been immune to the effects of the economic slowdown which has resulted in reduced income, reductions in investment returns and increased utility costs. The council has updated its financial forecasts to reflect the pressures on public finances during 2010/11 and beyond. We have improved the way that we set and monitor our budget by bringing together the regular reporting of budget and service performance information to make clearer the links between spending and outcomes and we are utilising risk management techniques to direct attention to the areas that require most attention. A medium-term budget strategy has been embedded that allows 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. I am determined that this trend will continue and that financial prudence will be the watchword of the Council.

This Statement of Accounts is one of a number of publications giving information on the Council's finance and other activities. The Bury Plan 2009-2012 sets a clear direction for the Council and outlines the strong progress and contribution the Council will make towards Team Bury's shared vision of making Bury **'a great place to live, work, study and visit.'** It also provides a clear statement about what we are trying to achieve; how well we did in the preceding year; and how we intend to improve in the coming year. It can be found on the Council's website as follows: <http://www.bury.gov.uk/NR/rdonlyres/CBBBD34CC-6DC6-41E9-A038-8221445B5FD0/0/BURYPLAN20092012versionfor090909.pdf>

We also produce a wide range of other publications, available free from the Council offices at The Town Hall and available on our website at www.bury.gov.uk.

Members of the public are welcome to attend Council and other Committee meetings. You may also raise local issues at the various Local Area Partnerships held across the borough. Information about meetings, agendas and copies of Council minutes are available from Council offices, on the website or by telephoning 0161 253 5118.

We will promote equality and equal opportunity access and participation for everyone, whatever their personal circumstances. We will allocate and spend money on services as fairly as possible according to the needs of the community. We will set out clear standards for services so that everyone knows what to expect. If you need any help with reading or understanding this document, take it to the Council Offices at the Town Hall or telephone 0161 253 5034 / 5225. We will try to provide a reading service, translation or any other format you may need.

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. A summary format of the council's financial performance will also be available on the Internet and in hard copy. 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.



A handwritten signature in black ink that reads "I. Gartside." The signature is written in a cursive style and is positioned above a horizontal line.

Councillor Iain Gartside
Cabinet Member for Resource, Human Resource and Performance

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 Tuesday, 22 June, 2010.

Signed on behalf of Bury Metropolitan Borough Council:

B Vincent
Chair of the Audit Committee
22 June, 2010

GLOSSARY OF TERMS

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ACCOUNTING POLICIES

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- (i) Recognising
- (ii) Selecting measurement bases for, and
- (iii) Presenting

Assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques. They define the process whereby transactions and other events are reflected in the financial statements.

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:

INTANGIBLE ASSETS

an item in the Balance Sheet representing, for example, the cost of computer software purchased by the Authority where there is no tangible **fixed asset** in existence, but the Authority derives benefit from the expenditure over a number of years. Capital expenditure on such items as improvement grants given to the owners of private houses does not generate an asset for the Authority, and is not carried forward in the Balance Sheet.

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 and historic buildings.

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. Investment Properties; Assets under construction; and Surplus assets held for disposal.

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).

BVACOP

The Best Value Accounting Code of Practice (BVACOP) was established to modernise the system of local authority accounting and reporting to ensure it meets the changed and changing needs of modern local government; particularly the duty to secure and demonstrate best value in the provision of services to the community.

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 **fixed assets**.

The charge in 2009/10 represents **Depreciation** which is:

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 of an asset. It is charged to revenue on a straight-line basis on all depreciable assets based on an assessment of the remaining useful life of the asset.

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 amendment 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.

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).

DEPRECIATION

The measure of the cost or revalued amount of the benefits of the fixed assets that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

EVENTS AFTER THE BALANCE SHEET DATE

Those events, favourable and unfavourable, that occur between the balance sheet date and the date when the Statement of Accounts is authorised for issue.

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).

GROUP ACCOUNTS

The preparation of a group income and expenditure account and group balance sheet where local authorities have interests in subsidiaries, associated companies and joint ventures that are material in aggregate.

- a) Group – a reporting authority and its subsidiary entities.
- b) Subsidiary – an entity is a subsidiary of the reporting authority if the authority is able to exercise **control** over the operating and financial policies of the entity and the authority is able to gain **benefits** from the entity or is exposed to the risk of potential losses arising from this control.
- c) Associate – an entity (other than a subsidiary or joint venture) in which the reporting authority has a **participating interest** and over whose operating and financial policies the reporting authority is able to **exercise significant influence**.
- d) Joint Venture – an entity in which the reporting authority has an interest on a long-term basis and is **jointly controlled** by the reporting authority and one or more entities under a contractual or other binding arrangement.

IMPAIRMENT OF FIXED ASSETS

The primary meaning of Impairment is a reduction in the economic value of a fixed asset, arising from e.g. damage such as fire or vandalism, or changed use following demolition.

Further to the introduction of the new Revaluation Reserve in 2007/08, 'valuation' impairments also now occur, relating to downward revaluations (arising from general fall in market prices) and the treatment of capital expenditure not capitalised as fixed assets (non-enhancing spend).

Both 'economic use' and 'valuation' impairments are treated in the same way as depreciation, i.e. a charge to the service revenue accounts reversed out through the Statement of Movement on the General Fund Balance.

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.

LOBO ("Lender Option, Borrower Option")

A LOBO is a type of loan instrument. The borrower borrows a principal sum for the duration of the loan period (typically 20 to 40 years), initially at a fixed interest rate. Periodically (typically every 3 to 5 years), the lender has the ability to alter the interest rate. Should the lender exercise this option, the borrower then has the option to continue with the instrument at the new rate or alternatively to terminate the agreement and pay back the principal sum with no other penalty.

NON DISTRIBUTED COSTS

These are overheads for which no user now benefits and should not be apportioned to services.

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.

RELATED PARTIES

Two or more parties are related parties when at any time during the financial period:

- (i) One party has direct or indirect control over another party, or
- (ii) The parties are subject to common control from the same source, or
- (iii) One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests, or
- (iv) The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Examples of related parties of an authority include central government, local authorities and other bodies precepting or levying demands on the Council Tax, its subsidiary and associated companies, its joint ventures and joint venture partners, its members, chief officers and its pension fund (the administering authority and related parties, scheduled bodies and related parties, trustees and advisors).

RELATED PARTY TRANSACTIONS

The transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Examples include:

- (i) The purchase, sale, lease, rental or hire of assets between related parties.
- (ii) The provision of a pension fund to a related party of assets of loans, irrespective of any direct economic benefit to the pension fund.
- (iii) The provision of a guarantee to a third party in relation to a liability or obligation of a related party.
- (iv) The provision of services to a related party, including the provision of pension fund administration services.
- (v) Transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund, such as Council tax, rents and payments of benefits.

The materiality of related party transactions should be judged not only in terms of their significance to the authority, but also in relation to its related party.

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.

STATEMENT OF RECOMMENDED PRACTICE (SORP)

This specifies the principles and practices of accounting required to prepare a Statement of Accounts which 'presents fairly' the financial position and transactions of a local authority and includes group financial statements where a local authority has material interests in subsidiaries, associates or joint ventures.

EXPLANATORY FOREWORD

EXPLANATORY FOREWORD

These Accounts have been prepared in accordance with and comply 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 2009 SoRP), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Accounts comprise several core financial statements and related notes, which are intended to present fairly the financial position and transactions of Bury Council (the Authority). They give details of the Authority's income and expenditure for the financial year, which ran from **1st April 2009** to **31st March 2010** along with details of the assets and liabilities of the Council at **31st March 2010**. Wherever it is relevant the corresponding figures for the last financial year, 2008/2009, are also shown for comparison. Briefly, the purpose of the individual statements is as follows:-

CORE FINANCIAL STATEMENTS

THE INCOME AND EXPENDITURE ACCOUNT

brings together all of the functions of the Authority and summarises all of the resources that the Authority has generated, consumed or set aside in providing services during the year. Further details can be found on page 55.

STATEMENT OF THE MOVEMENT ON THE GENERAL FUND BALANCE

reconciles the outturn on the Income and Expenditure Account with the General Fund Balance. This Statement and the Income and Expenditure Account replace the Consolidated Revenue Account.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

brings together all the gains and losses of the Authority for the year and shows the aggregate movement in its net worth.

THE BALANCE SHEET

shows the financial position of the Authority at 31st March 2010 with regards to its assets, liabilities, reserves and balances.

THE CASH FLOW STATEMENT

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

THE HOUSING REVENUE ACCOUNT (supplementary statement)

shows the revenue income and expenditure on council housing.

THE COLLECTION FUND (supplementary statement)

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 GROUP ACCOUNTS

show the Group Income and Expenditure Account, Reconciliation of the Single Entity Income and Expenditure Account (surplus or deficit) to the Group Income and Expenditure Account (surplus or deficit), Group Statement of Total Recognised Gains and Losses, Group Balance Sheet and Group Cash Flow Statement for those subsidiaries, associates and joint ventures that the Council has interests in.

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 July 2009, by **£0.120m**. This is largely accounted for by planned underspends and carry-forwards in accordance with the Council Policy and for Schools through statute.

At 31st March 2010 the borough's schools had accumulated a total underspending against their budget of **£3.681m**. 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 2010/2011 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 may be able to carry forward into 2010/2011 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 requests are included in the revenue outturn report which will be considered by the appropriate Cabinet Member in July, 2010.

Detailed outturn and variation reports will be submitted to the Scrutiny Committee (Internal) on 31 August, 2010 for all services. 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 2009/2010 was: -

	<u>Revised Estimate £000's</u>	<u>Actual £000's</u>	<u>Difference £000's</u>
Net cost of Bury services	138,095	137,975	(120)
Precepts :- Police	8,032	8,032	0
Fire	3,073	3,073	0
	149,200	149,080	(120)
TOTAL NET EXPENDITURE			
Financed from:-			
Revenue Support Grant	(12,131)	(12,131)	0
Business Rates Pool	(52,558)	(52,558)	0
Council Tax	(83,998)	(83,998)	0
(SURPLUS) / DEFICIT	513	393	(120)

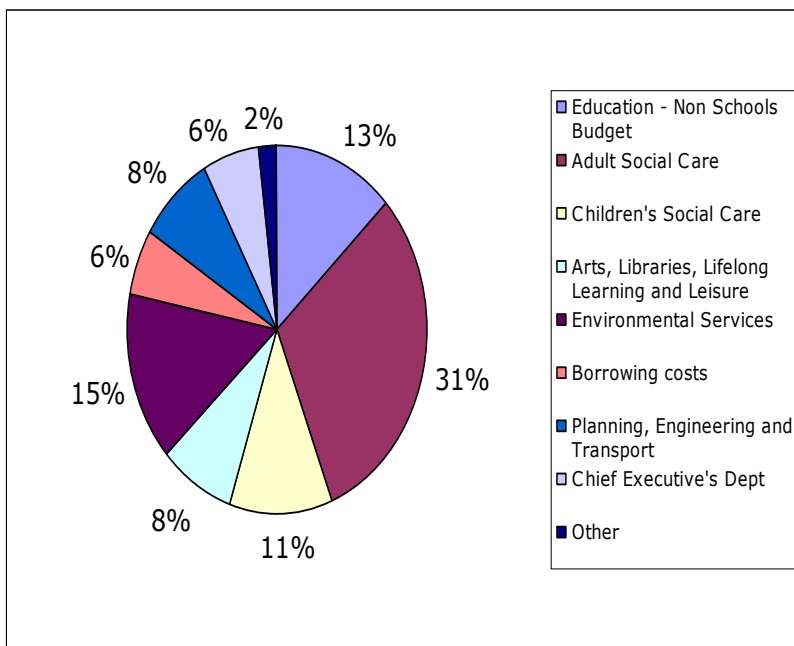
The **£0.513 million** deficit shown at Revised Estimate relates to contributions from general fund balances.

The Corporate Revenue Outturn Report which will be considered by the appropriate Cabinet Member in July, 2010 details the overall performance of the Council in 2009/2010.

Major Variances, details of which can be found in the Revenue Outturn report, included:

<u>Service Area</u>	<u>£000's</u>
Environment and Development Services	(16)
Adult Care Services	(31)
Cost of Borrowing	(579)
Housing	(67)
Education – Non Schools Budget	(134)
Children’s Social Care	1,008
Chief Executive’s Dept.	(573)
Other Variances	272
Total	(120)

The Council spent £137.975m (excluding precepts) in 2009/2010 as follows



	£M
Education – Non Budget Schools	17.680
Adult Social Care	42.035
Children’s Social Care	14.775
Arts, Libraries, Adult Learning and Leisure	11.589
Environmental Services	20.580
Planning, Engineering & Transport	11.027
Borrowing costs	8.722
Chief Executive’s Dept	8.192
Other	3.375
Total	137.975

CAPITAL OUTTURN

Total Capital Expenditure achieved in the year was **£31.971** million.

In addition to the figures shown for the year, Bury’s Voluntary Aided schools received **£1.585m** from the Department for Children, Schools and Families for the modernisation of the voluntary sector aided schools.

For information on how Capital Expenditure was financed, refer to Note 20 (page 77).

Expenditure on capital schemes undertaken by Council services in the year are detailed below:-

<u>SERVICE</u>	<u>PROJECT</u>	<u>£000's</u>	<u>£000's</u>
Chief Executive's	Corporate ICT Projects	560	
	Safer, Stronger Communities	118	678
Adult Care Services	Older People Services	30	
	Learning Disabilities	293	
	Improving Information Management	23	
	Equal Pay / Back Pay Capitalisation	1358	1,704
Children's Services	Information System for Parents & Providers	24	
	Computers for Schools	62	
	Devolved Formula Capital	2,705	
	Modernisation / New School	1,553	
	Access Initiatives	243	
	Targeted Capital Funding	1,527	
	Schools – New Build	966	
	Children Centres	1,520	
	Youth Capital	82	
	Harnessing Technology	125	
	Primary Capital Programme	826	
	Playbuilder	487	
	Short Break Allocation	89	
Equal Pay / Back Pay Capitalisation	104	10,313	
Arts, Libraries & Adult Learning	Ramsbottom Library Extension	145	
	Library Development Programme	2	
	Big Lottery Fund – Community Libraries	545	692
Planning Services	Development Group Schemes	609	
	East Lancashire Railway Trust	4	
	Environmental Projects	95	708
Property Services	Cost of property sales and purchases	38	
	Invest to Save bid – Humphrey House	91	
	Townside Relocation	1,535	1,664

Leisure Services	Parks and Countryside	233	
	Play Areas	247	
	Free Swimming Programme	23	503
Highways and Transportation	Highways Network Services	1,251	
	Bridge Repairs and Maintenance	801	
	Cycling Strategy	24	
	Walking Strategy	44	
	Other Transportation & Parking Schemes	471	
	Traffic Management & Road Safety Schemes	583	3,174
Housing Private Sector	Empty Properties	3	
	Financial Assistance	840	
	Pimhole – Property Improvements	693	
	Pimhole - Clearance	27	
	Disabled Facilities Grants	1,049	
	Disabled Facilities Adaptations	523	
	Capital Salaries - Private Sector	189	3,324
Environmental	Air Pollution Monitoring	10	10
Other Services	Extension of Recycling Initiative	21	
	Revenue Capitalisation	517	
	Asset Management System	14	
	Refurbishment Backlog	460	
	Ramsbottom Civic Hall	375	
	Equal Pay / Back Pay Capitalisation	251	1,638
Housing Public Sector	Asbestos Removal	7	
	Environment/Security Work	87	
	Energy Efficiency	651	
	Modernisations	3,582	
	Roofing Schemes	2,508	
	Windows	86	
	Miscellaneous Housing Schemes	642	7,563
TOTAL		31,971	31,971

The Capital Programme is funded from a variety of funding sources. To achieve effective financing of the Capital Programme the emphasis is put on the optimum use of resources so that the best possible financial position for the Council is achieved. This is realised through maximising the use of supported borrowing, capital grants and external contributions. The Capital Programme also requires contributions from capital receipts, reserves and the revenue budget.

The financing of the expenditure carried out during the year is detailed below:

<u>Expenditure:</u>	<u>£000's</u>	<u>£000's</u>
Fixed assets	30,904	
Intangible assets	600	
Vehicle, Plant and Equipment	467	
Total		31,971
<u>Financed by:</u>	<u>£000's</u>	<u>£000's</u>
Loan	14,178	
Capital Receipts	107	
Grants & Contributions	12,530	
Revenue	158	
Major Repair Allowance	4,998	
Total		31,971

BORROWING OUTTURN

During 2009/2010 £13.7m of new PWLB loans were taken out to fund capital investment. One PWLB loan of £4m was repaid.

An analysis of movements on loans at nominal values during the year is shown below:

	Balance at 31.3.09 £000s	Loans Raised £000s	Loans Repaid £000s	Balance 31.03.10 £000s
PWLB	74,309	13,700	4,000	84,009
PWLB (Airport)	8,226	0	348	7,878
Market	39,000	0	0	39,000
Other Loans	3	0	0	3
Total Debt	121,538	13,700	4,348	130,890

HOUSING

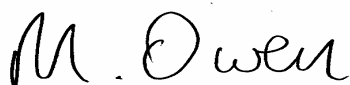
The Housing Revenue Account (HRA) on page 103 produced a deficit of **£0.141 million** during the year. This was against an estimated surplus for the year of £0.025 million.

COLLECTION FUND

The information shown on page 110 demonstrates that at 31st March 2010 there was a deficit balance on the Collection Fund of **£0.209 million**.

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 will be deposited for inspection at the Town Hall for 20 working days (as required by the 2003 Accounts and Audit Regulations) commencing 30 June 2010 and the External Auditor will be available for questioning on or after 5 July 2010. This facility will be advertised in the local press.



M. OWEN, C.P.F.A.
Director of Finance & E-Government
22 June 2010

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Email; M.A.Owen@Bury.gov.uk
www.Bury.gov.uk

Annual Governance Statement 2009/10

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 the above.

In discharging this overall responsibility, the Authority is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Authority has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on our website at www.bury.gov.uk or can be obtained from;

Head of Strategic Finance
Town Hall
Knowsley Street
Bury MBC
BL9 0SP

This statement explains how Bury MBC has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit Regulations 2006 in relation to the publication of a statement on internal control.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and 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 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 governance framework has been in place at Bury MBC throughout the year ended 31 March 2010, and up to the date of approval of the statement of accounts.

3. GOVERNANCE FRAMEWORK

The Authority has adopted a revised “Local Code of Corporate Governance” and recognises that effective governance is achieved through the following core principles:

- (i) Focussing on the purpose of the authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.
- (ii) Members and officers working together to achieve a common purpose with clearly defined functions and roles.
- (iii) Promoting the values of the authority and demonstrating the values of good governance through behaviour.
- (iv) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- (v) Developing the capacity and capability of Members to be effective and ensuring that officers – including the statutory officers – also have the capability and capacity to deliver effectively.
- (vi) Engaging with local people and other stakeholders to ensure robust local public accountability.

The table overleaf demonstrates how these core principles have been upheld during the year 2009/10, and also highlights the critical role of the Council’s Chief Finance Officer (CFO).

Core Principle	Supporting Principles	Specific Actions	Role of Chief Finance Officer (CFO)
<p>Focussing on the purpose of the authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area</p>	<p>Exercising leadership by clearly communicating the authority's purpose and vision and its intended outcome for citizens and service users</p> <p>Ensuring that users receive a high quality of service whether directly, or in partnership or by commissioning</p> <p>Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money.</p>	<p>The Council has made a clear statement of the Authority's purpose and vision and uses this as a basis for corporate and service planning and shaping the Community Strategy and Local Area Agreement</p> <p>The Council reviews on a regular basis the Authority's vision for the local area and its impact on the Authority's governance arrangements</p> <p>The Council (and Team Bury) publishes an annual report on a timely basis to communicate the Authority's activities and achievements, its financial position and performance</p> <p>The Council has decided how the quality of service for users is to be measured and makes sure that the information needed to review service quality effectively and regularly is available. The Authority ensures that this information is reflected in the Bury Plan, the Financial Strategy and other resourcing plans in order to ensure improvement</p> <p>The Council has determined how value for money is to be measured and makes sure that the information needed to review value for money and performance effectively is available. The Authority also ensures that the results are reflected in the Bury Plan, in service plans and in reviewing the work of the Authority</p> <p>There are effective arrangements to deal with failure in service delivery</p> <p>When working in partnership there is a common vision underpinning the work of the partnership that is understood and agreed by all partners. The vision is:</p> <ul style="list-style-type: none"> • supported by clear and measurable objectives with targets and indicators • the driver for deciding what services will be provided by or commissioned by the partnership, the quality and the cost. 	<p>The CFO ensures that timely, accurate and impartial financial advice and information is provided to assist in decision making and ensures that the Authority meets its policy and service objectives and provides effective stewardship of public money and value for money in its use.</p> <p>The CFO ensures that the Authority maintains a prudential financial framework, keeping commitments in balance with available resources, and monitors income and expenditure levels to ensure that this balance is maintained and takes corrective action where necessary.</p> <p>The CFO ensures compliance with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code.</p>
<p>Members and officers working together to achieve a common purpose with clearly defined functions and roles</p>	<p>Ensuring effective leadership throughout the authority by being clear about executive and non executive functions and of the roles and responsibilities of the scrutiny function</p> <p>Ensuring that a constructive working relationship exists between elected Members and officers and that the responsibilities of Members and officers are carried out to a high standard.</p>	<p>The Council has set out a clear statement of the respective roles and responsibilities of the Executive and of the Executive's members individually and the Authority's approach towards putting this into practice</p> <p>There is a clear statement of the respective roles and responsibilities of other Members, Members generally and of senior officers</p> <p>The Council has developed protocols to ensure effective communication between Members and officers in their respective roles</p> <p>Established protocols ensure that the Leader and Chief Executive negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained</p> <p>There are clear terms and conditions for remuneration of Members and officers and an effective structure for managing the process including an effective remuneration panel</p>	<p>The CFO reports directly to the Chief Executive and is a member of the Leadership Team (Management Board) with a status at least equivalent to other members.</p> <p>The Authority's governance arrangements allow the CFO direct access to the Chief Executive and to other Management Board members as required.</p> <p>The CFO is professionally qualified, and complies with the CIPFA Statement on the Role of the CFO in Local Government. The role of the</p>

Core Principle	Supporting Principles	Specific Actions	Role of Chief Finance Officer (CFO)
	<p>Ensuring relationships between the authority, its Partners and the public are clear so that each know what to expect of the other.</p>	<p>The Council's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated</p> <p>When working in partnership the Council has adopted a Partnership Code of Practice ensuring:</p> <ul style="list-style-type: none"> • that there is clarity about the legal status of the partnership • that the roles and responsibilities of the partners are agreed so that there is effective leadership and accountability • that representatives or organisations make clear to all other partners the extent of their authority to bind their organisation to partner decisions <p>Effective mechanisms exist to monitor service delivery, e.g. Star Chambers</p> <p>A scheme of delegated and reserved powers exists within the Constitution, including a formal schedule of those matters specifically reserved for collective decision of the Authority taking account of relevant legislation; this is monitored and updated when required</p> <p>Effective management arrangements are in place at the top of the organisation</p> <p>The Chief Executive is responsible and accountable to the Authority for all aspects of operational management</p> <p>The Director of Finance and eGovernment (s151 officer) is responsible to the Authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control</p> <p>The Monitoring Officer / Director of Legal and Democratic Services is responsible to the Authority for ensuring that agreed procedures are followed and that all applicable statutes, regulations and other relevant statements of good practice are complied with.</p>	<p>CFO is outlined in the Council Constitution and is understood throughout the organisation.</p> <p>The CFO leads the promotion and delivery of good financial management throughout the organisation, and ensures that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.</p> <p>The CFO (through the Medium Term Financial Strategy) ensures that budget calculations are robust and reserves adequate (risk assessed) in line with CIPFA guidance.</p> <p>The CFO ensures that appropriate management accounting systems, functions and controls are in place so that finances are kept under review on a regular basis. These systems, functions and controls apply consistently to all activities, including Partnerships, Group activity, or where the Authority is acting in an enabling role.</p> <p>The CFO has established a medium term business and financial planning process to deliver strategic objectives, this includes;</p> <ul style="list-style-type: none"> • A medium term financial strategy, ensuring sustainable finances • A robust annual budget process that ensures financial balance • A comprehensive monitoring and reporting process <p>These processes are subject to regular review.</p>

Core Principle	Supporting Principles	Specific Actions	Role of Chief Finance Officer (CFO)
<p>Promoting the values of the authority and demonstrating the values of good governance through behaviour</p>	<p>Ensuring council Members and officers exercise leadership by behaving in ways that uphold high standards of conduct and exemplify effective governance</p> <p>Ensuring that organisational values are put into practice and are effective.</p>	<p>ouncil has developed, and maintains shared values including leadership values both for the organisation and its staff reflecting public expectations about the conduct and behaviour of individuals and groups within and associated with the Authority</p> <p>The Authority's shared values act as a guide for decision making and as a basis for developing positive and trusting relationships within the Authority</p> <p>Established Codes of Conduct define expected standards of personal behaviour</p> <p>An effective Standards Committee acts as the main means to raise awareness and takes the lead in ensuring high standards of conduct are firmly embedded within the local culture</p> <p>Arrangements are in place to ensure that Members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders; appropriate processes ensure that they continue to operate in practice</p> <p>Procedures and operations are designed in conformity with appropriate ethical standards, and continuing compliance is monitored. Staff and Member awareness of ethical standards has been raised further during 2009/10 via an on-line e-learning package.</p> <p>When pursuing the vision of a partnership, values are agreed, against which decision making and actions can be judged. Such values are 'alive' and demonstrated by partners' behaviour both individually and collectively.</p>	<p>O ensures that systems and processes for financial administration, financial control and the protection of the Authority's resources and assets conform with appropriate professional and ethical standards, and are subject to regular review.</p>
<p>Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</p>	<p>Exercising leadership by being rigorous and transparent about how decisions are taken and listening to and acting upon the outcome of constructive scrutiny</p> <p>Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs</p> <p>Making sure that an effective risk management system is in place</p> <p>Recognising the limits of lawful action and observing</p>	<p>The Council has an effective scrutiny function which encourages constructive challenge and enhances the Authority's performance overall</p> <p>There are effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based</p> <p>Arrangements are in place so that conflicts of interest on behalf of Members and officers are avoided and processes ensure that they continue to operate in practice</p> <p>Arrangements are in place for whistle blowing, to which all staff and all those contracting the Authority have access</p> <p>Effective transparent and accessible arrangements are in place for dealing with complaints</p> <p>An effective Audit Committee is in place, which is independent of the Executive and the scrutiny function</p> <p>An effective Standards Committee lies at the heart of decision making and raises awareness on standards issues</p>	<p>The CFO ensures that an adequate and effective internal audit function operates in the Council, and this is appropriately resourced by qualified and suitably experienced staff.</p> <p>The Authority's governance arrangements offer both the CFO and Head of Internal Audit direct and unrestricted access to the Audit Committee and the Council's External Auditors.</p> <p>The CFO ensures the provision of clear, well presented, timely, complete and accurate information and reports to budget managers, senior officers, and elected members on the budgetary and financial performance of the Authority.</p>

Core Principle	Supporting Principles	Specific Actions	Role of Chief Finance Officer (CFO)
	<p>both the specific requirements of legislation</p> <p>and the general responsibilities placed on local authorities by public law, but also accepting responsibility to use their legal powers to the full benefit of the citizens and communities in their area.</p>	<p>A Governance Panel oversees the Council's ethical framework, and monitors compliance on a quarterly basis</p> <p>Those making decisions are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications</p> <p>Effective arrangements are in place for determining the remuneration of senior staff</p> <p>Effective arrangements are in place to record declarations of interest and offers of gifts & hospitality</p> <p>Professional advice on legal and financial matters is available and recorded well in advance of decision making and used appropriately when decisions have significant legal or financial implications</p> <p>Risk management is integral to the core functional activities and culture of the Authority, with Members and managers at all levels recognising that risk management is part of their job</p> <p>Limits of lawful activity are recognised by the ultra vires doctrine and managers strive to utilise their powers to the full benefit of the community</p> <p>Specific legislative requirements are observed, as well as the requirements of general law, and in particular the key principles of administrative law – rationality, legality and natural justice form part of procedures and decision making</p> <p>When working in partnership, protocols exist for working together which include a shared understanding of respective roles and responsibilities of each organisation</p> <p>When working in partnership, there are robust procedures for scrutinising decisions and behaviour and decisions and behaviour are compliant with any Local Authority rules/codes or comply with any rules/codes developed for the purpose of the partnership</p> <p>When working in partnership, partnership papers are easily accessible and meetings are held in public unless there are good reasons for confidentiality. The partners ensure that:</p> <ul style="list-style-type: none"> • the partnership receives good quality advice and support and information about the views of citizens and stakeholders, so that robust and well reasoned decisions are made • risk is managed at a corporate and operational level. 	<p>The Authority's governance arrangements ensure that the CFO</p> <p>has the opportunity to advise on / influence all material decisions.</p> <p>The CFO regularly advises on the adequacy of reserves and balances in the light of perceived risks, and best practice guidance.</p> <p>The CFO ensures that the Authority's arrangements for financial and internal control and for managing risk are outlined and reported in this statement.</p> <p>The CFO ensures that the Authority puts in place effective internal financial controls covering budgetary issues, supervision, management review, monitoring, physical safeguarding of assets, segregation of duties, accounting procedures, information systems, authorisation and approval processes.</p>
<p>Developing the capacity and capability of Members to be effective and ensuring that officers – including the</p>	<p>Making sure that Members and officers have the skills, knowledge, experience and resources they need to perform well in their roles</p>	<p>The Authority assesses the skills required by Members and officers and makes a commitment to develop these to enable roles to be carried out effectively</p> <p>The Authority ensures that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly</p>	<p>The CFO has the necessary skills, knowledge, experience and resources to perform effectively in both financial and non-financial aspects of their role.</p>

Core Principle	Supporting Principles	Specific Actions	Role of Chief Finance Officer (CFO)
<p>statutory officers – also have the capability and capacity to deliver effectively</p>	<p>Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group</p> <p>Encouraging new talent for membership of the authority so that best use can be made of resources in balancing continuity and renewal.</p>	<p>understood throughout the authority</p> <p>Induction programmes are tailored to individual needs and opportunities for Members and officers to update their knowledge on a regular basis</p> <p>Skills are developed on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed</p> <p>Arrangements are in place for reviewing the performance of the Executive as a whole and of individual Members and agreeing an action plan which might for example aim to address any training or development needs</p> <p>Arrangements are in place to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority</p> <p>Career structures for Members and officers encourage participation and development</p> <p>When working in partnership, partners individually and the partnership collectively share responsibility for appointing people to the partnership who have the required skills and are at an appropriate level.</p> <p>Partnerships;</p> <ul style="list-style-type: none"> • identify the capacity and capability requirements of the partnership • conduct an audit of the availability of the capacity and capability of the partnership and partners • develop effective plans for addressing any gaps. 	<p>The management responsibilities of the CFO are such that financial duties are not compromised; e.g. appropriate segregation of duties.</p> <p>The CFO ensures that the Finance function is adequately resourced with the necessary staff, expertise and systems necessary to discharge its role effectively.</p> <p>Competency of finance staff is embedded in person specifications, and regularly reviewed through the staff appraisal scheme.</p> <p>The role of elected Members in monitoring financial and operational performance is clearly outlined and they have the required access to financial advice.</p> <p>Training is available to Members on an ongoing basis to allow them to keep up to date with financial matters and ensure they can discharge their responsibilities effectively.</p>
<p>Engaging with local people and other stakeholders to ensure robust local public accountability</p>	<p>Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders including partnerships, and develops constructive accountability relationships</p> <p>Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery</p> <p>Making best use of resources</p>	<p>It is clear to all staff and the community, to whom they are accountable and for what</p> <p>Staff consider those institutional stakeholders to whom they are accountable and assess the effectiveness of the relationships and any changes required</p> <p>Clear channels of communication exist with all sections of the community and other stakeholders and monitoring arrangements are in place to ensure that they operate effectively</p> <p>Arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements recognise that different sections of the community have different priorities and there are explicit processes for dealing with these competing demands</p> <p>There is a clear policy on the types of issues for consultation and service users including a feedback mechanism for those consulted</p> <p>A performance plan is published annually giving information on the Authority's vision,</p>	

Core Principle	Supporting Principles	Specific Actions	Role of Chief Finance Officer (CFO)
	<p>by taking an active and planned approach .</p>	<p>strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period</p> <p>Effective systems are in place to protect the rights of staff. Policies for whistle blowing which are accessible to staff and those contracting with the authority, and arrangements for the support of whistle blowers, are in place</p> <p>There are clear policies on how staff and their representatives are consulted and involved in decision making</p> <p>An annual report is produced on scrutiny function activity</p> <p>The Authority as a whole is open and accessible to the community, service users and its staff and has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so</p> <p>When working in partnership, engagement and consultation undertaken by the partnership is planned with regard to methodology, target audience and required outcomes.</p> <p>Existing mechanisms and groups are used where appropriate. In the work cycle of the partnership it is clear what has happened to any feedback and what has changed as a result.</p>	

4. RISK MANAGEMENT

The Council has adopted a corporate risk management policy, and operates a fully integrated risk management system covering the core functionality of the organisation. A web-based risk management toolkit is available to all levels of staff, enabling the production of risk registers at various levels throughout the organisation which are reviewed continually, and reported on a quarterly basis.

Significant business risks that may impact upon the Council and its key partnership priorities (Team Bury) have been identified and appropriate control measures are in place.

During 2009/10, the Council continued to build upon its approach to the management of risk within partnership working arrangements.

In the Council's Use of Resources Judgement, the External Auditors concluded;

"The Council has robust governance arrangements in place which extend to its partnership working. The Council's system of internal control is sound. In addition, effective risk management arrangements and a strategy to manage the risk of fraud and corruption are in place".

A summary of the key risks the Council faced during 2009/10 is outlined in the table overleaf;

CORPORATE RISK REGISTER 2009/10

RISK REF.	RISK EVENT	RISK STATUS AS AT 30/06/09	RISK STATUS AS AT 30/09/09	RISK STATUS AS AT 31/12/09	RISK STATUS AS AT 31/3/10
001	Budget is unsustainable and inadequate to support the achievements of the Council's Priorities and Ambitions	6 Medium	6 Medium	6 Medium	9 High
002	Continue to develop and implement preparations and improvement programme for Comprehensive Area Assessment	6 Medium	6 Medium	6 Medium	4 Low
003	Absenteeism levels are unacceptably high (as measured by BVPI targets)	6 Medium	6 Medium	6 Medium	6 Medium
004	Failure to effectively revise working practices to realise the full potential of new ICT systems now in place	3 Low	4 Low	4 Low	4 Low
005	Failure to comply effectively with established partnership governance arrangements within the Council and Team Bury	3 Low	3 Low	3 Low	Risk Removed
006	Children' Services are unable to meet existing and/or future demands within existing parameters	3 Low	3 Low	3 Low	6 Medium
007	Arrangements for workforce development do not support the provision of a "fit-for-purpose" workforce	6 Medium	6 Medium	6 Medium	6 Medium
008	Demands for Adult Social Care out-strip the available resources and capacity	9 High	9 High	9 High	6 Medium
009	Disaster Management policies practices and manuals are ineffective	4 Low	4 Low	4 Low	4 Low
010	Back-log against Maintenance Programme	6 Medium	6 Medium	6 Medium	6 Medium
011	Relocation of Travellers Site	6 Medium	6 Medium	6 Medium	Risk Removed
012	To effectively implement the Pay Structure in line with NJC pay agreement 04/07	16 High	16 High	16 High	6 Medium
013	Risk of deteriorating economic climate impacting upon the Council's financial wellbeing, and also leading to increased levels of support / service demands from the public.	4 Low	4 Low	4 Low	6 Medium

The most significant risk facing the Council throughout 2009/10 has been the implementation of the Pay & Grading Review in response to the requirements of Single Status.

The new pay structure was finally implemented in September 2009 after extensive consultation with Trades Unions, and whilst the risk remains on the corporate risk register to allow post implementation monitoring, it is now classified as a medium risk.

Going forward into 2010/11, the increasing risk of public sector spending reductions presents the greatest challenge to the Council.

5. REVIEW OF EFFECTIVENESS

The Council is required to conduct a continuous review of the effectiveness its governance framework including the system of internal control.

This is achieved through the following;

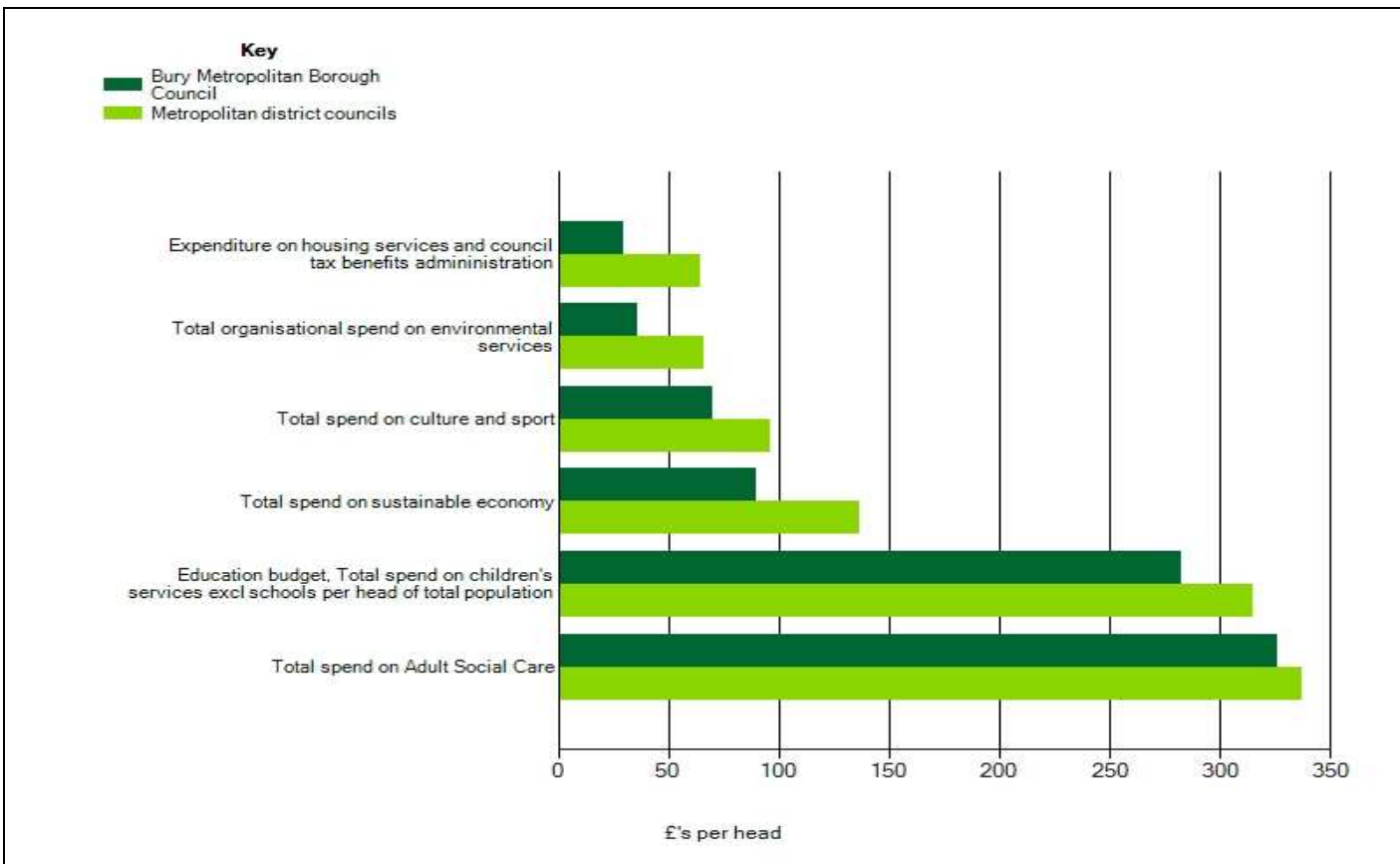
- The Council is fully committed to operating the highest standards of ethical governance throughout the organisation. During 2009/10 an e-learning exercise was performed to assess awareness of senior managers and elected members. As at 31st March 2010, 42% of senior staff and 36% of Members had successfully completed this training. Work is underway in 2010/11 to achieve 100% participation.
- Quarterly meeting of "Governance Panel" comprising; Director of Finance & eGovernment (s151 officer), Director of Legal & Democratic Services (Monitoring Officer), Head of Strategic Finance and Head of Internal Audit.
- Continuous review of governance arrangements, and a quarterly update of the Governance Statement – reported to and approved by the Audit Committee.
- The Council is keen to draw upon examples of good practice operating elsewhere, and to this end has signed up to the CIPFA "Better Governance Forum", and now also subscribes to the "Red Book" compiled by CIPFA's "Counter Fraud Advisory Panel".
- The Council has adopted a Planning and Performance Framework and carries out a programme of monitoring which runs throughout its annual cycle. This includes: monthly scrutiny of all budgets; bi-annual monitoring of Service Plans; quarterly monitoring of Best Value Performance Indicators/Local Area Agreement (BVPIs/LAA); and bi-annual monitoring of the Bury Plan. Internal Audit reviews the effectiveness of the data collection processes that underpin the internal and external reporting of BVPIs. Each summer the lead Members and officers hold a Strategic Forward Planning Event, in order to review performance and re-define corporate objectives, priorities and ambitions.
- 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 as necessary. This allows the Executive to monitor the activities of the authority. Executive Members each have a specific Role Description setting out the responsibilities of their portfolio.
- There is a well established Overview and Scrutiny function which has been revised and updated in the light of experience. Scrutiny Commissions review the work of the Council throughout the year and also report annually to Council.
- The Council has introduced a corporate system to receive and reference incoming complaints, allowing the response to be tracked, and progress to be reported to senior management.

- During 2009/10, the Council developed an in-house database to record and track Freedom of Information requests, ensuring compliance with statutory deadlines.
- Similarly, a database has been developed in-house to hold service business continuity plans, and map links / dependencies between services.
- The Executive Directors have each reviewed the operation of key controls throughout the Council, from the perspective of their own departments, using a detailed checklist. They have provided a signed assurance statement and identified any weaknesses or reservations for inclusion in an improvement programme.
- 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 eGovernment (s151 officer) prepares quarterly Risk Management reports reviewing activities and progress, and has reviewed the Local Code of Corporate Governance.
- 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 Council's external auditors (KPMG). They approve the annual plans for each, and receive regular progress reports throughout the year. The Head of Internal Audit submits to them an Annual Report and Opinion, and the external auditor submits an Audit and Inspection Annual Letter.
- The Internal Audit service 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 2006. It operates under the APB (Auditing Practices Board) Guidelines and CIPFA Code of Practice for Internal Audit in Local Government, as approved by the Audit Committee.
- In 2009, the Internal Audit Section again subscribed to the CIPFA Internal Audit Benchmarking Club. An assessment of the service concluded that it achieved upper quartile compliance of 97% with the "CIPFA Code of Practice for Internal Audit in Local Government (2006)". Compliance has increased annually and was 93% in 2008. An action plan has been developed to further improve compliance in the future.
- The Council's external auditors (KPMG) review the activities of the Council and approve the annual accounts. Conclusions and significant issues arising are reported in their Report to those charged with governance.
- The Audit Committee has been advised on the outcome of the review of the effectiveness of the system of internal control, and an action plan to address weaknesses and ensure continuous improvement of the system is in place.

6. EFFICIENCY / VALUE FOR MONEY

The Council prides itself on delivering quality services at an affordable price, and is recognised as being efficient.

The Audit Commission has published profiles comparing the cost per head of population of services in Bury with those of other Metropolitan Councils; these confirm the Council is offering Value for Money.



The Council is keen to build upon this, and deliver further efficiencies where possible; a programme of Service Improvement Reviews is in place targeting services with high cost / poor performance issues.

The Council continues to fulfil its 3% Government target for cashable efficiencies each year.

7. USE OF RESOURCES AUDITOR JUDGEMENT

In September 2009, the Council received its "Use of Resources" Auditor Judgement.

The assessment evaluates whether the Council has adequate arrangements to ensure effective use of its resources. The framework assesses Local Authorities against three themes: managing finances, governing the business and managing resources.

The Council has been assessed as performing adequately against these themes as follows;

Key Line of Enquiry	Theme Score (out of 4)

Managing Finances	3
Governing the Business	2
Managing Resources	2

The Council’s External Auditors concluded that:

"the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources".

Assessment arrangements are likely to be reviewed in the future, however the Council is committed to the underlying principles of good governance and delivering value for money.

8. GROUP ACTIVITIES

The Council has “Group” relationships with two organisations as follows;

- AskBury joint venture company
- Six Town Housing

From an internal control / governance perspective;

- All transactions relating to these organisations utilise the Council’s corporate systems and are safeguarded by the controls therein.
- All transactions are open to examination by the Council’s own Internal Audit team.
- There are regular “Joint Venture Board” meetings involving elected members and senior officers from Ask Developments and the Council.
- Guidance is sought from External Auditors on significant issues, e.g. Knowsley Place development.
- All decisions are subject to the Council’s reporting / approval requirements.
- There are regular performance / financial monitoring meetings between senior officers of Six Town Housing and the Council.

9. SIGNIFICANT GOVERNANCE ISSUES

The Effectiveness statement set out in section 5 above demonstrates that the Control Environment described in section 4 is operating effectively. Further evidence to support this conclusion comes from:

Work of Internal Audit

The Internal Audit Section is managed by the Head of Internal Audit (HIA). In discharging this role, the HIA seeks to comply with the five principles of CIPFA’s guidance on the Role of the HIA as follows;

<p>The Head of Internal Audit in a public service organisation plays a critical role in delivering the organisation’s strategic objectives by;</p>	<p>Championing best practice in governance and management, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments.</p>
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	Giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.
To perform this role the Head of Internal Audit;	Must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee.
	Must lead and direct an internal audit service that is resourced to be fit for purpose.
	Must be professionally qualified and suitably experienced.

The Internal Audit section reviews the core functional activities of the Council in accordance with professional standards and in line with a risk based plan. During 2009/10 65 Internal Audit reports were produced resulting in 413 recommendations. In addition, the Financial Management Standard in Schools (FMSIS) was successfully applied to 33 schools.

Internal Audit recommendations are ranked according to risk – there were no recommendations made during 2009/10 that were viewed as high risk.

The Annual Report and Opinion by the Head of Internal Audit states;

"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".

View of External Audit

The Auditors' ISA 260 report concluded that;

"No significant audit differences have been identified by our audit of [The Council's] financial statements for the year ended 31st March 2009."

The Auditors confirmed that recommendations from the previous year had been satisfactorily implemented.

The ISA 260 report highlighted three new recommendations as follows;

Issue	Priority
Reconciliation with the bank account relating to one school.	Medium
Requirement to "break even" on Building Control activity	Low
Clarification of the definition of "non specific investments" in the Investment Strategy	Low

These points have been addressed in compiling the 2009/10 accounts.

10. LOOKING AHEAD - 2010/11

Looking forward to 2010/11, the Council is proactively responding to a number of challenges;

- The new coalition Government has announced a fundamental review of public spending, and the likelihood of significant savings from the Public Sector. The Council needs to respond positively to this whilst maintaining the provision of essential services to residents. Details of the extent of savings required are not known at this stage, however preparations have commenced through Management Board, and with elected members.
- The economic conditions have seen an adverse impact on income levels in Departments, notably Adult Care Services and Environment and Development Services. This risk has been recognised, and addressed through the Councils budget strategy, with additional resources being made available through the Priority Investment Reserve. The situation will continue to be closely monitored throughout 2010/11.
- Budgets in respect of Childrens Social Care remain under pressure in the light of the increased emphasis on child protection nationally. This situation will be closely monitored during 2010/11.
- The Council is adopting the "Strong Leader" democratic model; this offers considerable opportunities to streamline the decision making process, however must be underpinned by effective scrutiny arrangements.
- During early 2010/11, it was necessary to replace the Board of Six Town Housing. An interim Board is now in place, and a review of governance arrangements is in progress. Findings of this review will be included in the 2010/11 Governance Statement as appropriate. A new Board is expected to be appointed later in 2010.
- The 2009/10 revenue outturn position reports a net underspending of £120,000 and the Council maintains a strong position in terms of "financial standing" with balances now in excess of £7m. This is above the Council's risk assessed minimum level of balances (£3.6m).
- The Council has taken positive steps to address the challenges in managing the Adult Care Services budget; £2m was invested into the service for 2009/10, and the outturn figures highlight this budget is now sufficient. Pressure still remains as client numbers, longevity, demands and expectations

increase; this situation will continue to be closely monitored throughout the forthcoming financial year.

- Concerns were raised in 2008/09 regarding the robustness of the RAISE system operating within Adult Care Services and Childrens Services. This risk has been recognised, and is now being addressed as the systems operated in both departments are scheduled for replacement in 2010/11.

This statement, and progress on the actions set out above is reviewed and monitored by the Management Board and the Audit Committee on a regular basis.

Signed:



Chief Executive
14th June 2010



Council Leader
14th June 2010

**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 secure 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 **a true and fair view** of both the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2010.

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

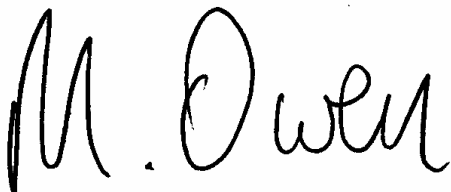
- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice.

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 42.



M. OWEN C.P.F.A.
Director of Finance & E-Government
22 June, 2010

Independent auditor's report to the Members of Bury Metropolitan Borough Council

To be inserted upon completion of audit

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

To be inserted upon completion of audit

ACCOUNTING POLICIES

ACCOUNTING POLICIES

GENERAL

The Statement of Accounts summarises the Council's transactions for the 2009/2010 financial year and its position at year end of 31 March 2010. The Accounts have been prepared in accordance with the Accounts and Audit Regulations 1983 (as amended in 1996, 2003 and 2009 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 of Practice).

They also conform with CIPFA's 2009 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.

AREA BASED GRANT

From 2008/09 Local Area Agreement Grant has been replaced by Area Based Grant (ABG) which is a non-ringfenced general grant which must be included in the Income and Expenditure Account with other general income sources such as income from the Collection Fund and Business Rates distribution.

TANGIBLE FIXED ASSETS

The current system of capital accounting is defined by the 1993 Code of Practice (the Code), introduced as of 1st April 1994. The Code's requirements are embodied in the current SoRP, which also incorporates subsequent changes to accounting standards. Expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis provided that the asset yields benefits to the Authority and the services it provides for a period of more than one year. This excludes expenditure on routine repairs and maintenance, which is charged direct to service revenue accounts.

Valuation bases are prescribed in the current SoRP.

- Market Value (MV) - non-operational assets
- Existing Use Value (EUV) - operational and non-specialised assets
- Existing Use Value – Social Housing (EUV-SH) - Housing stock
- Depreciated Replacement Cost (DRC) - some specialised operational assets

For presentation in the Balance Sheet, fixed assets have been classified into the groupings required by the Code and valued on the appropriate basis: -

- Land, operational properties and other operational assets are disclosed at value in existing use (EUV), net of depreciation. Some specialised-use operational assets are valued on a DRC basis.
- Housing stock is disclosed at value in existing use – social housing (EUV-SH), net of depreciation. HRA shops, offices and garages are disclosed at value in existing use (EUV), net of depreciation.
- Non operational assets are disclosed at open market value (MV). These assets are not depreciated.

- Infrastructure assets, Vehicles Plant and Equipment (VPE), and community assets are disclosed at historic cost. Infrastructure assets and VPE are depreciated, while community assets are not depreciated.

In applying the concept of materiality a de-minimis level of **£15,000** in respect of VPE is applicable. Expenditure on VPE assets with a value below this level would not generally be included in the Balance Sheet. The relevance and amount of the de-minimis level has been reviewed in the current year. This review will continue in future years.

The surpluses arising from the initial revaluation of fixed assets were credited to the Fixed Asset Restatement Account (FARA), as were valuation movements up to the end of 2006/07. FARA has been discontinued as from 31st March 2007, and from 2007/08 onwards revaluation movements are processed through the Revaluation Reserve (RR). There is a planned programme of revaluations under which all assets are revalued at intervals of no greater than 5 years, although material changes to asset valuations are accounted for as they occur.

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 1st 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 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 against operational fixed assets included in the Balance Sheet at the commencement of the financial year taking account of asset disposals.

Depreciation is provided at the following bases and estimated useful lives:

	<u>Bases</u>	<u>Estimated Life</u>
Schools and Education Properties	Straight line	8 – 68 Years
Other Operational Properties	Straight line	10 – 99 Years
Infrastructure Assets	Straight line	25 Years
Plant & Equipment	Straight line	5 – 10 Years
Council Dwellings	Major Repairs Allowance (proxy for depreciation)	

In 2009/10 the Council has applied depreciation to operational assets in accordance with FRS15 'Tangible Fixed Assets'.

Operational Assets other than Council Dwellings are depreciated on a straight-line basis.

A review of the estimated useful life of individual operational properties is an integral part of the rolling revaluation programme carried out by the Council's Property Services department.

Asset users provide their assessment of the useful life of specific Plant & Equipment assets.

INTANGIBLE ASSETS

Intangible Assets represent expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences). The expenditure is capitalised when it will bring benefits to the council for more than one financial year. Intangible assets are carried at the historical cost of purchase and other costs incurred in bringing the asset to a usable condition. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

The disclosure in the Council's balance sheet refers to the acquisition of software licences. Economic lives for the purposes of amortisation have been assessed at 5 and 10 years.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of fixed assets has been charged as expenditure to the relevant service revenue account in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the General Fund Balance so there is no impact on the level of council tax. This was formerly described as Deferred Charges and disclosed in the Balance Sheet with Intangible Assets. There is no longer a Balance Sheet disclosure and the expenditure is amortised to revenue in the year that the expenditure is incurred, as shown in Note 18 (page 76).

CHARGES TO REVENUE

Service revenue accounts, support services and trading accounts have been charged with the following to record the real cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off
- Amortisation of intangible fixed assets attributable to the service

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

GOVERNMENT GRANTS

Revenue grants are accrued and credited to income in the same period in which the related expenditure is charged. SSAP4 (Revised) *Accounting for*

Government Grants states that capital expenditure related grants should be credited to revenue over the expected useful life of the assets. When a government grant or any other contribution has been applied to the financing of capital expenditure on fixed assets, a balance is established representing a deferred credit to be released to revenue to net off the depreciation that might be charged to assets.

INTEREST

Interest for the whole authority is seen on the face of the income and expenditure account and is charged corporately as detailed in the BVACOP. Interest payable on borrowing is charged on a straight-line basis over the period of the loan.

Where the loan agreement has a provision that allows for its early redemption under certain conditions, the period of the loan for the apportionment of interest charges is held to be that up to the next point at which it is a commercial possibility that such a provision could be exercised.

The Council has a number of LOBO loans (see Glossary). For the purpose of apportioning interest costs, the loan period is therefore considered to be that up to which the lender can exercise his offer. In effect, this means that the interest charged is the actual interest paid to the lender in the period.

FINANCIAL LIABILITIES

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income & Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the council's borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and the interest chargeable to the Income & Expenditure Account is the amount payable for the year in the loan agreement.

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

Where premiums and discounts have been charged to the Income and Expenditure Account, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain / loss over a ten year period. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

FINANCIAL ASSETS

Financial assets are classified into two types:

- Loans and Receivables – assets that have fixed or determinable payments but are not quoted in an active market
- Available-for-sale Assets – assets that have a quoted market price and / or do not have fixed or determinable payments. The Council has also included Unquoted Equity Investments at cost in this category (i.e. shares in Manchester Airport).

Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Income and Expenditure Account for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Income and Expenditure Account to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Income and Expenditure Account.

Available-for-sale-Assets

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account for the interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Income and Expenditure Account when it becomes receivable by the Council.

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

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

- equity shares with no quoted prices – cost less any impairment losses

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain / loss is recognised in the Statement of Total Recognised Gains and Losses (STRGL). The exception is where impairment losses have been incurred – these are debited to the Income and Expenditure Account along with any net gain / loss for the asset accumulated in the Reserve.

Any gains and losses that arise on de-recognition of the asset are credited/debited to the Income and Expenditure Account, along with any accumulated gains/losses previously recognised in the STRGL.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

LEASING

Finance Leases

The Council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council. Rental payments are apportioned between:

- A charge for the acquisition of the interest in the property (recognised as a liability in the Balance Sheet at the start of the lease, matched with a tangible fixed asset – the liability is written down as the rent becomes payable) and
- A finance charge (which would go to the Income & Expenditure Account)

Fixed assets recognised under finance leases are accounted for using the policies applied generally to Fixed Assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

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.

LONG TERM CONTRACTS

As per the requirement of SSAP 9 *Stocks and Long Term Contracts*, income and expenditure relevant to long term contracts is reflected in the income and expenditure account as contract activity progresses. Long term contracts are reflected in the Balance Sheet when the amount by which recorded turnover is in excess of payments on account and these are classified as 'amounts recoverable on contracts' and are separately disclosed within debtors; or where the balance of payments on account is classified as payments on account and disclosed within creditors.

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 were pooled and paid out to DCLG as per Local Authorities Finance Regulations 2004 using the proportions as first defined in the Local Government and Housing Act 1989. The balance is credited to the Capital Receipts Unapplied account and is available to finance capital expenditure, as set out in Note 33 (page 87).

REVENUE TRANSACTIONS

These have been recorded on an income and expenditure basis at historical cost in accordance with SSAP2. 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 2009/2010 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 amortised 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. The two exceptions are:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early.

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

PROVISIONS AND RESERVES

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. Provisions are charged to the appropriate revenue account when the Authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up on the balance sheet. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Amounts set aside for purposes falling outside the definition of provisions are considered as reserves. The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies.

The current system of capital accounting, introduced as of 1st April 1994, required the introduction of two reserve accounts in the Balance Sheet: -

- The Fixed Asset Restatement Reserve, which represented principally the balance of the surpluses arising from the periodic revaluation of fixed assets.
- The Capital Financing Reserve, which represented 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.
- These were renamed in the 2004 SoRP to the Fixed Asset Restatement Account (FARA) and the Capital Financing Account (CFA) in order to clarify the fact that these reserves are backed or balanced within the balance sheet by fixed assets and do not constitute a funding resource available to the authority.

The 2007 SoRP, applicable as from 1st April 2007, brought in the Revaluation Reserve and the Capital Adjustment Account to replace the FARA and the CFA.

The new reserves do not represent resources available to support capital financing.

Their purpose is summarised as:

- The Revaluation Reserve (RR) is intended to record accumulated movements on revaluation of fixed assets. These revaluation movements were previously processed through the FARA. The RR is made up of individual credit balances resulting from upward revaluations of specific assets. It is not permissible for there to be a debit balance against any asset. A downward revaluation not covered by a previously established credit balance is processed through the
Capital Adjustment Account.
- The Capital Adjustment Account (CAA) was initially constituted by transferring into it the closing balances on the former CFA and FARA. Entries to the CAA are those previously made to the CFA and FARA with the exception of revaluation movements now processed through the RR. An overall credit balance on the CAA indicates that capital finance has been set aside at a faster rate than fixed assets have been consumed. An overall debit balance indicates that fixed assets have been consumed in advance of their financing.

- 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 Income and Expenditure 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, purpose and transactions in respect of the other reserves and provisions are set out in Notes 28 and 29 on pages 82 and 83.

REDEMPTION OF DEBT

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the Income and Expenditure Account in the year of repurchase/settlement.

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 Children, Schools and Families (DCSF) and although the scheme is unfunded the DCSF 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 2007.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Statement of Movement on the General Fund Balance this means there are appropriations to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but repaid at year-end.

Details of contribution rates and amounts paid to the schemes in 2009/2010 are shown in Note 7 on page 64.

Requirements for accounting for pension costs went through substantial change over the financial years 2001/02 to 2003/04. The requirements of FRS17 *Retirement Benefits* were fully incorporated into the Statement of Recommended Practice for Local Authority Accounting from the 2008/09 financial year and beyond. The preparation of the information for this disclosure has required the assistance of actuaries and can also be found in Note 7.

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.

Under the 2009 SORP the Council has adopted the amendment to FRS17, Retirement Benefits. As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value. The effect of this change is that the value of scheme assets at 31st March 2010 has been restated as £419.900m. Current and prior year surplus have been unaffected by this change.

COLLECTION FUND

The Authority has undertaken a review of the level of the provisions made in relation to potential unrecoverable debts due to the Collection Fund. The conclusion of the review was that there has been a past over-provision due to higher than anticipated collection rates.

ACCOUNTING FOR COUNCIL TAX

Up to 2008/09 the SoRP required the Council tax income included in the Income and Expenditure Account to be the amount that under regulation was required to be transferred from the Collection Fund to the General Fund of the billing authority. From the year commencing 1 April 2009, for both billing authorities and major preceptors, the Council Tax income included in the Income and Expenditure Account for the year shall be accrued income for the year. The difference between the income included in the Income and Expenditure Account and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account in the balance sheet and included as a reconciling item in the Statement of Movement on the General Fund Balance.

The change of accounting policy for Council Tax has required prior year adjustment to the 2008/09 corresponding amounts.

ACCOUNTING FOR NATIONAL NON-DOMESTIC RATES (NNDR)

The 2009 SoRP confirms that billing authorities collect NNDR under what is in substance an agency arrangement with the Government and should be accounted for accordingly. Up 2008/09 NNDR income was included in the authority's Income and Expenditure Account and NNDR creditors and debtors were included in the Balance Sheet. Additionally, cash collected from NNDR taxpayers was included as a cash inflow in the billing authority's Cash Flow Statement. From the year commencing 1 April 2009 no NNDR income is to be included in the Income and Expenditure Account except for the cost of collection allowance; the Balance Sheet should not include NNDR arrears, prepayments and overpayments; and in the Cash Flow Statement, Revenue Activities should only include the receipt of the costs of collection allowance and any amounts received in recovering costs of pursuing unpaid debts.

The change of accounting policy for NNDR has required prior year adjustment to the 2008/09 corresponding amounts.

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.

CORE FINANCIAL STATEMENTS

INCOME AND EXPENDITURE ACCOUNT

This account summarises the resources that have been generated and consumed in providing services and managing the Council during the last year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

<u>2008/2009</u>	<u>2009/2010</u>				
<u>Net Expenditure</u> <u>£000's</u>	<u>Gross Expenditure</u> <u>£000's</u>	<u>Income</u> <u>£000's</u>	<u>Net Expenditure</u> <u>£000's</u>	<u>Notes</u>	
Continuing Services					
3,293	Central Services to the Public	32,546	(28,789)	3,757	
213	Court Services	300	(21)	279	
33,662	Cultural, Environmental, Regulatory & Planning Services	51,099	(20,440)	30,659	
36,968	Children's & Education Services	205,625	(165,470)	40,155	
22,823	Highways & Transport Services	28,041	(7,789)	20,252	
15,253	Local Authority Housing (HRA)	35,889	(26,436)	9,453	
6,290	Other Housing Services	51,857	(47,254)	4,603	
51,085	Adult Social Care Services	74,553	(29,763)	44,790	
4,534	Corporate & Democratic Core	4,957	(211)	4,746	
6,666	Non-Distributed Costs	6,096	(36)	6,060	
196	Other Operating Inc & Exp.	432	(117)	315	
180,983	Net Cost Of Services	491,395	(326,326)	165,069	
(2,175)	(Gain)/Loss on Disposal of Fixed Assets			(239)	
(4,244)	(Surplus)/Deficits on Trading Operations			(4,396)	4
6,200	Interest Payable & other Similar Charges			6,468	
449	Contribution of Housing Capital Receipts to Government Pool			242	33
(4,988)	Interest and Investment Income			(2,379)	5
4,200	Pensions Interest Cost and Expected Return on Pensions Assets (FRS17)			9,600	7
180,425	Net Operating Expenditure			174,365	
(69,365)	Demand On Collection Fund: Collection Fund Surplus Council Tax			(73,023)	
(15,871)	Government Grants (not attributable to specific services)			(21,266)	
(55,392)	Non-Domestic Rate distribution			(52,558)	
39,797	Net (Surplus) or Deficit For The Year			27,518	

STATEMENT OF MOVEMENT ON GENERAL FUND BALANCE

The Income and Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the authority is required to raise council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.

- The payment of a share of the housing capital receipts to the Government is treated as a loss in the Income and Expenditure Account, but is met from the usable capital receipts balance rather than council tax.
- Retirement benefits are charged as amounts become payable to pension fund and pensioners, rather than as future benefits are earned.

The General Fund balance compares the Council's spending against the council tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure. It is the view of the Director of Finance and E-Government that prudence dictates a minimum balance of **£3.8m** is retained in the Fund to meet unforeseen eventualities, and the Revenue Budget for 2010/2011 reflects this.

The Authority also 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 2009/2010 an under spending of **£3.681m** was contributed to the General Fund by schools and is carried forward to 2010/2011. See also Note 13 (page 72) for further details.

This reconciliation summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance. See also Note 12 (page 72) for further details.

2008/2009	2009/2010
£000's	£000's
Deficit for the year on the Income and Expenditure Account	27,518
Net additional amount to be debited (38,010) or credited to the General Fund balance for the Year (see table below)	(24,214)
1,787 Decrease / (Increase) In General Fund Balance for the Year	3,304
(14,994) Balance on General Fund B/Fwd	(13,346)
(139) In Year (Contribution) / Withdrawal	117
(13,346) Balance on General Fund C/Fwd	(9,925)
(6,591) General Fund balance attributed to school Budgets	(3,681)
(6,755) Amount of General Fund balance generally available for new expenditure	(6,244)
(13,346)	(9,925)

NOTE OF RECONCILING ITEMS FOR THE STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

2008/2009	2009/2010	Note
£000's	£000's	
(668) Amortisation of intangible fixed assets (reversal)	(748)	18
(28,903) Depreciation and impairment of fixed assets (reversal)	(30,966)	
(3,681) Revenue Expenditure Funded from Capital Under Statute (reversal)	(3,203)	20
2,175 Net (gain) / loss on sale of fixed assets (reversal)	256	
Differences between amounts debited / credited to the I&E a/c and amounts payable / receivable to be recognised under statutory provisions relating to soft loans and premiums & discounts		

379 on the early repayment of debt	(103)	
	(8,400)	
(9,800) Net changes made for retirement benefits (FRS17 entry) (reversal)		7
(16,385) Other	0	
Amount by which council tax income adjustment included in the I&E a/c is different from the amount taken to the General Fund in accordance with regulation	131	
(56,876) Amounts included in the Income and Expenditure Account required by statute to be excluded when determining the Movement on the General Fund Balance for the year	(43,033)	
4,595 Minimum revenue provision for capital financing	4,631	6
265 Capital expenditure financed from revenue	234	
(449) Transfer from Usable Capital Receipts equal to Housing Pooled Capital Receipts	(242)	33
11,367 Pension Fund - Employer's contributions payable to PF and retirement benefits payable direct to pensioners (FRS17 entry)	12,332	7
15,778 Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year	16,955	
3,276 Transfer to/(from) other earmarked reserves -	1,567	3
(617) Transfer to/(from) HRA Balances	(141)	
429 Voluntary Revenue provision for capital financing	438	6
3,088 Transfers to and from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year	1,864	
(38,010) Net additional amount required to be credited to the General Fund Balance for the year	(24,214)	

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

This statement brings together all the gains and losses of the council for the year and shows the aggregate increase / decrease in its net worth. In addition to the deficit generated on the Income and Expenditure Account, it includes gains and losses relating to revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirements:

2008/2009 £000's	2009/2010 £000's
39,797 Deficit for the year on the Income and Expenditure Account	27,518
(1,817) (Surplus) / Deficit Arising on revaluation of fixed assets	12,554
(379) (Surplus) / Deficit Arising on Revaluation of Available for Sale Financial Assets	103
56,167 Actuarial (gains) / losses on pension fund assets and liabilities	137,332
(7,249) Other (Gains) / Losses for the year	(5,744)
86,519 Total Recognised (Gains) / Losses for the Year	171,763

BALANCE SHEET AT 31ST MARCH 2010

<u>2008/09</u>		<u>2009/10</u>			
<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>Note</u>
		FIXED ASSETS			
5,572	5,572		5,424		18
		<i>Intangible Fixed Assets</i>			
		<i>Tangible Fixed Assets</i>			
		Operational Assets:			
292,997		273,065			
354,890		361,668			
29,847		30,526			
3,035		2,892			
637		638			
		Non-Operational Assets:			
49,284		44,198			
16,938		8,593			
405		405			
		disposal			
748,033	753,605	721,985	727,409		17
		TOTAL FIXED ASSETS			
		LONG TERM INVESTMENTS			
10,214			10,214		23
5,029			5,004		23
0	15,243	1,420	16,638		23
		LONG TERM DEBTORS			
9,006			9,855		25
24			22	9,877	19
	9,030				
		CURRENT ASSETS			
1,090		1,203			
34,995		34,368			
27,545		25,486			24
2,342		1,701	62,758		40
	65,972				
		LESS : CURRENT LIABILITIES			
(4,377)		(2,278)			
(192)		(254)			25
(44,676)		(33,607)			
(4,850)		(10,603)			34
(1,531)		(5,397)	(52,139)		
	(55,626)				
	10,346	NET CURRENT ASSETS		10,619	
		TOTAL ASSETS LESS CURRENT LIABILITIES			
	788,224			764,543	
		LESS: LONG TERM LIABILITIES			
(119,018)			(130,594)		25
(8,058)			(8,686)		26
(114,200)			(247,600)		7
(29,697)			(32,544)		32
(39,084)			(38,715)		28
	(310,057)		(458,139)		
	478,167	TOTAL NET ASSETS		306,404	

<u>2008/09</u>			<u>2009/10</u>			
<u>£'000</u>	<u>£'000</u>		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>Note</u>
		FINANCED BY :				
		RESERVES AND OTHER				
		BALANCES				
3,771		Earmarked Reserves		(14,564)		29
(189,760)		Revaluation Reserve		(177,200)		30
(379,064)		Capital Adjustment		(353,507)		31
		Account				
(431)		Financial Instruments		(328)		35
		Adjustment Reserve				
15		Collection Fund Adjustment		(142)		
		Account				
40		Capital Receipts Unapplied		(307)		33
(114)		Deferred Capital Receipts		(84)		27
0		Equal Pay Back Pay		14,672		
		Reserve				
114,200		Pension Reserve		247,600		7
		Balances				
(13,346)		General Fund		(9,925)		12
(922)		Housing Revenue				
		Account		(781)		
(973)		Major Repairs Reserve		(891)		29
(1,114)		Competitive Services /		(629)		29
		Commuted Sums				
(79)		Collection Fund Balance		210		
(10,390)		Other Balances		(10,528)		
	478,167	TOTAL RESERVES AND BALANCES			306,404	

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>2008/ 2009</u> <u>£000's</u>		<u>2009/2010</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
	<u>REVENUE ACTIVITIES</u>				
186,027	Cash Outflows: Cash Paid to and on behalf of Employees	192,667			
210,187	Other Operating Cash Payments	215,042			
20,578	Housing Benefit paid out	27,397			
416,792				435,106	
(24,122)	Cash Inflows: Rents (after Rebates)	(24,889)			
(59,184)	Council Tax Receipts (excl major preceptors share of receipts)	(61,436)			
(55,392)	NNDR Receipts from National Pool	(52,558)			
(7,711)	Revenue Support Grant	(12,131)			
(32,189)	DWP Grants for Benefits	(40,669)			
(150,664)	Other Government Grants	(155,455)			
(87,407)	Cash Received for Goods and Services	(91,285)			
(416,669)				(438,423)	
123	NET CASH OUTFLOW FROM REVENUE ACTIVITIES				(3,317)
	<u>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</u>				
4,398	Cash Outflows: Interest Paid			4,416	
(4,788)	Cash Inflows: Interest Received			(2,379)	
(390)					2,037
(267)					(1,280)
	<u>DIVIDENDS FROM JOINT VENTURES AND ASSOCIATES</u>				
(1,300)	Airport Dividend Received			(1,000)	(1,000)
	<u>CAPITAL ACTIVITIES</u>				
33,806	Cash Outflows: Purchase of Fixed Assets	32,774			
5,029	Purchase of Long Term Investments	1,395			
449	Payments to Housing Capital Receipts Pool	242			
39,284				34,411	
(5,459)	Cash Inflows: Proceeds of Sale of Fixed Assets	(655)			
(13,886)	Capital Grants received	(18,206)		(18,861)	
(19,345)					15,550
19,939					13,270
18,372					
	<u>MANAGEMENT OF LIQUID RESOURCES</u>				
(9,693)	Net Increase / (Decrease) in Short Term Deposits				(2,059)
1,468	Net Increase / (Decrease) in Council Tax Liquid Resources				1,925
10,147	NET CASH OUTFLOW BEFORE FINANCING				13,136
	<u>FINANCING</u>				

	Cash Outflows:	Repayments of amounts borrowed		
25,000		Long Term loans repaid	3,876	
23,800		Short Term loans repaid	348	
48,800				4,224
(319)	Cash Inflows:	Net Receipts from Long Term Debtors	847	
(34,000)		New Long Term Loans	(13,700)	
(23,628)		New Short Term Loans	0	(12,853)
(57,947)				(8,629)
(9,147)				
1,000	NET DECREASE IN CASH			4,507

M. Owen

M. OWEN C.P.F.A.
Director of Finance & E-Government
22 June, 2010

NOTES TO THE CORE FINANCIAL STATEMENTS

The Income and Expenditure 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 Councils.

1. VARIATIONS

Detailed reports explaining the variations between the Revised Estimates and the Net Expenditure figures will be presented to members of the Scrutiny Committee (Internal) on 31 August, 2010. A summary outturn report will be presented to the appropriate Cabinet Member in July, 2010.

Copies of these reports will be 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

Exceptional items are ones that are material in terms of the authority's overall expenditure and are not expected to recur frequently or regularly. Prior year adjustments represent those material adjustments applicable to prior years arising from changes in accounting policies or the correction of fundamental errors. There were no exceptional items made to the accounts. Prior year adjustments have been made to the accounts due to changes in policy introduced in 2009 relating to accounting for council tax and national non-domestic rates. See page 53 for more information.

3. RESERVES

Reserves and details of these and their balances, are given in Note 29 (Page 83). However for completeness, in considering the Income and Expenditure Account the following movements relating to Reserves should be noted: -

Reserves	Hsing Servs £000's	GM Connexions £000's	Cultural Services £000's	Finance £000's	Policy/CExecs £000's	Highways /Planning £000's	Adult Care £000's	Comp Services £000's	Non Service Specific £000's	TOTAL £000's
Arts Reserves			(10)							(10)
Energy			48					(100)		(52)
Outwood								7		7
Viaduct										
School Catering								28		28
Major Repairs	(38)									(38)
Transformation				(27)	(196)		196	(5)	220	188
Adult Care							134			134
Area Board					(4)					(4)
EDS						27		(8)		19
Leisure Facilities			49							49
Comm Sums			(241)					(50)		(291)
Performance					(70)					(70)
Reward										
BCCI Reserve				(55)						(55)
GM Residuary		(3)								(3)
Body										
Pay & Grading									1,086	1,086
Airport Share									305	305
ICT Access			14							14
Insurance				(7)						(7)
Provisions	169			31	(71)				138	267
TOTAL	131	(3)	(140)	(58)	(341)	27	330	(128)	1,749	1,567

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

4. 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>2008/2009</u>		<u>2009/2010</u>		
<u>Deficit/</u> <u>(Surplus)</u>		<u>Gross</u> <u>Expenditure</u>	<u>Income</u>	<u>Deficit/</u> <u>(Surplus)</u>
<u>£000's</u>		<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
650	Civic Halls	1,516	(969)	547
(916)	Markets	1,634	(2,669)	(1,035)
(1,656)	Property & Estates	1,462	(2,478)	(1,016)
(469)	Industrial Units	947	(1,546)	(599)
9	Metro Design	0	0	0
(95)	Highway Network	4,155	(4,192)	(37)
	Services			
(385)	Architectural Practice	5,007	(5,100)	(93)
(81)	Grounds Maintenance	2,850	(3,270)	(420)
(397)	Cleaning of Buildings	5,082	(5,744)	(662)
0	Education – Fair	6,576	(6,576)	0
	Funding			
	Emergency & Security			
(277)	Service	1,257	(1,526)	(269)
(627)	Transport Services	3,787	(4,599)	(812)
(4,244)	TOTAL	34,273	(38,669)	(4,396)

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. All material trading accounts are shown above the figures include contributions to and from reserves which are excluded from BVACOP. Both 2008/09 and 2009/10 figures include adjustment for FRS17 and Impairment charges. Metro Design ceased trading in 2008/09 and so only residual costs are shown. Details of individual trading accounts are contained within the detailed outturn report – copies of which will be available from the Head of Financial Management at Bury Town Hall (telephone 0161-253-5034).

5. INTEREST AND INVESTMENT INCOME

The figure shown within the Income and Expenditure Account includes interest on car loans paid by employees and interest earned by investing temporary cash surpluses.

	<u>2008/2009</u>	<u>2009/2010</u>
	<u>£000's</u>	<u>£000's</u>
Interest on Car Loans	68	70

Mortgage Interest repayment – Housing Revenue Account	9	6
Mortgage Interest repayment – Housing Loan Account	38	28
Discount- Early Repayment of Debt	475	0
Investment Interest	2,996	784
Interest on Airport Loan	0	305
Interest on Other Balances	102	186
Airport Dividend	1,300	1,000
TOTAL	4,988	2,379

6. **MINIMUM REVENUE PROVISION**

The Local Government Act 2003 requires the Authority to set aside a Minimum Revenue Provision (MRP) for the redemption of external debt for the General Fund and allows the HRA the option to choose to set aside MRP or not. The HRA did not make an MRP contribution for 2009/10. The statute also allows the Authority to set a side a voluntary revenue provision to repay debt more quickly if it is prudent to do so.

The method of calculating the provision is determined by statute and is reflected in the Note of Reconciling Items for the Statement of Movement on the General Fund balance and includes the principal repaid on external debt held by other Manchester Authorities on behalf of Bury MBC. The voluntary revenue provision can also be seen in the Note of Reconciling Items (page 57). The calculation is shown in the table below:-

<u>2008/2009</u> <u>£000's</u>	<u>Provision for Repayment of External Loans</u>	<u>2009/2010</u> <u>£000's</u>
4,031	Minimum Revenue Provision for the General Fund	4,143
564	Other principal repayments	488
4,595	TOTAL	4,631
429	Voluntary Revenue Provision	438

7. **RETIREMENT BENEFITS**

Participation in Pensions Schemes

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits 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 Council. This is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into the Greater Manchester Pension Fund,

calculated at a level intended to balance the pension liabilities with investment assets.

Transactions Relating to Retirement benefits

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 in the Statement of Movement in the General Fund Balance. This can be seen clearly in the Note of Reconciling items. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year:

	<u>Year to</u> <u>31 March</u> <u>2009</u> £000's	<u>Year to</u> <u>31 March</u> <u>2010</u> £000's
Income and Expenditure Account		
Net Cost of Services		
Current Service Cost	(9,800)	(8,400)
Past service costs	(4,700)	(1,700)
Curtailment and Settlements	0	0
Net operating Expenditure	(14,500)	(10,100)
Interest cost	(29,700)	(29,000)
Expected return on assets in the scheme	25,500	19,400
Net Charge to Income and Expenditure Account	(18,700)	(19,700)
Statement of Movement in the General Fund Balance		
Reversal of net charges made for retirement benefits in accordance with FRS 17	18,700	19,700
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to scheme	11,367	12,332

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial losses of £154,600,000 (£47,900,000 loss in 2008/09 as restated) are included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses is £204,800,000 of losses.

In addition to the employer's contributions to the Greater Manchester Pension Scheme, the Authority also makes payments to the Department for Childrens, Schools and Families (DCSF) in respect of Teachers' pension costs. 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>2008/09</u>	<u>2009/10</u> <u>Proportion of</u>
----------------	--

<u>Total Cost</u> <u>£000's</u>		<u>Total Cost</u> <u>£000's</u>	<u>Pensionable</u> <u>nav</u> <u>%</u>
<u>Teachers</u>			
7,809	Contribution to DCSF etc.	8,053	13.63
1,494	Added years and pensions increases	1,542	2.61
0	Lump sum payments	0	
9,303		9,595	
<u>Other employees</u>			
11,370	Contribution to Superannuation Fund	12,332	12.11
1,351	Added years and pensions increases	1,387	1.36
0	Lump sum payments		
12,721		13,719	

Assets and Liabilities in Relation to Retirement Benefits

Reconciliation of present value of the scheme liabilities

	31 Mar 2009 £000	31 Mar 2010 £000
1 st April		
Opening Defined Benefit Obligation	434,100	421,600
Current Service Costs	9,800	8,400
Interest Cost	29,700	29,000
Contributions by Members	5,100	5,100
Actuarial Gains / (Losses)	(39,700)	245,900
Past Service Costs / (Gains)	4,700	1,700
Liabilities Extinguished on Settlements	(5,200)	0
Estimated Unfunded Benefits Paid	(2,800)	(2,900)
Benefits Paid	(14,100)	(15,200)
31st March	421,600	693,600

Reconciliation of fair value of the scheme assets:

	31 Mar 2009 £000	31 Mar 2010 £000
1 st April		
Opening Fair Value of Employer Assets	373,100	307,400
Expected Return on Assets	25,500	19,400
Contributions by Members	5,100	5,100
Contributions by the Employer	11,200	11,900
Contributions in respect of Unfunded Benefits	2,800	2,900
Actuarial Gains / (Losses)	(87,600)	91,300
Assets Distributed on Settlements	(5,800)	0
Unfunded Benefits Paid	(2,800)	(2,900)
Benefits Paid	(14,100)	(15,200)
31st March	307,400	419,900

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The actuary return on scheme assets in the year was a gain of £91,300,000 (2008/09 this was a deficit of £87,600,000)

Scheme history

	31 Mar 2009	31 Mar 2010
	£000	£000
Present value of liabilities:	(386,300)	(650,900)
Fair Value of Employer Assets	307,400	419,900
Present Value of Unfunded Liabilities	(35,300)	(42,700)
Net Asset / (Liability)	<u>(114,200)</u>	<u>(273,700)</u>

The Council has elected to restate fair value of the scheme assets for 2009/10 and prior years as permitted under FRS17 (as revised)

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £386.300m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £273.700m.

However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy.

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

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31st March 2010 are £13,000,000.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions payable in future schemes dependent on assumptions about mortality rates, salary levels etc. The scheme has been assessed by Hyman Robertson an independent firm of actuaries based on the latest full valuation of the scheme as at 31st March 2007.

The principal assumptions used by the actuary are:

Long term expected rate of return on assets in the scheme:	31 Mar 2009	31 Mar 2010
	£000	£000
Equity investments	7.0%	7.8%
Bonds	5.4%	5.0%
Property	4.9%	5.8%
Cash	4.0%	4.8%
Mortality assumptions:		

Longevity at 65 for current pensioners:		
- Men	19.6 years	20.8 years
- Women	22.5 years	24.1 years
Longevity at 65 for future pensioners:		
- Men	20.7 years	22.8 years
- Women	23.6 years	26.2 years
Rate of inflation	3.1%	3.8%
Rate of increase in salaries	4.6%	5.3%
Rate of increase in pensions	3.1%	3.8%
Rate for discounting scheme liabilities	6.9%	5.5%
Take-up of option to convert annual pension into retirement lump sum for pre-April 2008 service	50%	50%
As above but for post-April 2008 service	n/a	75%

* indicates not supplied by actuary

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

Long term expected rate of return on assets in the scheme:	31 Mar 2009 £000	31 Mar 2010 £000
Equity investments	67%	67%
Bonds	16%	16%
Property	7%	6%
Cash	10%	11%
	100%	100%

History of experience Gains and Losses

The actuarial gains identified as movements on the Pensions reserve in 2009/10 can be analysed into the following categories as at 31st March 2010:

	<u>2009/10</u>		<u>2008/09</u>		<u>2007/08</u>		<u>2006/07</u>		<u>2005/06</u>	
	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>
Differences between expected and actual return on assets	91,300	n/k*	(87,600)	n/k*	(46,700)	n/k*	2,400	n/k*	46,400	n/k*
Experience gains and losses on liabilities	(1,900)	n/k*	(500)	n/k*	2,600	n/k*	(500)	n/k*	(22,300)	n/k*

n/k * - indicates not supplied by actuary

Further information can be found in the Greater Manchester Pension Fund's Annual Report which is available upon request from Tameside Metropolitan Borough Council, Concord Suite, Manchester Road, Droylsden, Tameside, M43 6SF, or on their website www.gmpf.org.uk.

8. MANCHESTER AIRPORT PLC

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

<u>2008/2009</u> <u>£000's</u>	<u>2009/2010</u> <u>£000's</u>
Income	
(427) Rent Income	(420)
(1,300) Dividend Income	(1,000)
(1,727)	(1,420)
Expenditure	
81 Repayment of loans	81
28 Reserve	0
254 Impairment charges	153
363	234
(1,364) NET INCOME	(1,186)

In 2009/10 net income of £1.186 million was transferred to the Income and Expenditure Account

9. EMPLOYEES IN HIGHER EARNINGS BANDS

In accordance with Regulation 4 of the Accounts and Audit (Amendment No. 2) (England) Regulations 2009, disclosure requirements have changed this year in respect of senior officer remuneration and introduces a new requirement to disclose individual remuneration details for certain employees.

The following table, therefore, sets out the **remuneration** disclosure for senior officers (excluding teachers), identified by name, whose **salary** is £150,000 or more per year.

Postholder Information (Post title and Name)	Salary (including fees and allowances)	Benefits In Kind	Total Remuneration excluding pension contributions	Employers Pension Contributions	Total Remuneration Including Pension Contributions
	£	£	£	£	£
2009/10					
Chief Executive – M Sanders	167,023	906	167,929	25,053	192,982

The following table sets out the **remuneration** disclosures for Senior Officers (excluding teachers), identified by job title, whose **salary** is less than £150,000 but equal to or more than £50,000 per year and who are members of the Council's Management Board.

Postholder Information (Post title and Name)	Salary (including fees and allowances)	Benefits In Kind	Total Remuneration excluding pension contributions	Employers Pension Contributions	Total Remuneration Including Pension Contributions
	£	£	£	£	£
2009/10					
Deputy Chief Executive	122,577	906	123,483	18,387	141,870
Executive Director – Children’s Services	109,284	0	109,284	16,377	125,661
Executive Director – Adult Services	98,994	0	98,994	14,849	113,843
Executive Director – Environment & Development	98,994	0	98,994	14,849	113,843
Director of Finance & E- Government	89,934	0	89,934	13,490	103,424
Director of Personnel	81,927	0	81,927	12,273	94,200
Director of Legal & Democratic Services	80,763	0	80,763	12,114	92,877
Assistant Chief Executive	72,000	0	72,000	10,800	82,800
2008/09					
Chief Executive	143,730	849	144,579	20,410	164,989
Deputy Chief Executive	115,065	849	115,914	16,339	132,253
Executive Director – Children’s Services	107,378	0	107,378	15,232	122,610
Executive Director – Adult Services	96,972	0	96,972	13,770	110,742
Executive Director – Environment & Development	96,972	0	96,972	13,770	110,742
Director of Finance & E- Government	88,080	0	88,080	12,507	100,587
Director of Personnel	80,114	0	80,114	11,361	91,475
Director of Legal & Democratic Services	78,978	0	78,978	11,215	90,193
Assistant Chief Executive	70,683	0	70,683	10,037	80,720

The number of employees, including teachers, whose remuneration, excluding employer pension contributions, was £50,000 or more in bands of £5,000 is as follows:-

Salary Range (£)	2008/09	2009/2010
50,000 to 54,999	44	43
55,000 to 59,999	41	49
60,000 to 64,999	11	15
65,000 to 69,999	11	8
70,000 to 74,999	9	9
75,000 to 79,999	7	4
80,000 to 84,999	4	6
85,000 to 89,999	4	3
90,000 to 94,999	1	1
95,000 to 99,999	3	2
100,000 to 104,999	0	0
105,000 to 109,999	1	1

110,000 to 114,999	0	1
115,000 to 119,999	1	0
120,000 to 124,999	0	1
125,000 to 129,999	0	0
130,000 to 134,999	0	0
135,000 to 139,999	0	0
140,000 to 144,999	1	0
145,000 to 149,999	0	0
150,000 to 154,999	0	0
155,000 to 159,999	0	0
160,000 to 164,999	0	0
165,000 to 169,999	0	1
TOTAL	138	144

10. MEMBERS ALLOWANCES

The total of allowances paid to Members of the Council during 2009/10 was £623,438 (£615,306 in 2008/09) plus Employees National Insurance of £46,639 (£47,698 in 2008/2009), giving an overall gross total of £670,077. In addition during 2009/10 Members were also paid Expenses totalling £20,193 (£17,131 in 2008/09).

11. 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 2009/2010 the Council has undertaken the following transactions with related parties:

1 Member of the Council is the Chief Executive of a Day Care Centre. The Council entered into transactions with the concern to the value of £12,213 during 2009/2010 (£17,336 during 2008/2009).

5 Members of the Council are on the board of Six Town Housing, which represents 29.4% of the voting rights of Six Town Housing. The Council entered into transactions with the concern to the net value of £6,447,228 during 2009/2010 (£3,855,245 in 2008/2009). This represents income to the Council of £10,528,286 (£12,203,082 in 2008/2009) and expenditure of £16,975,514 (£16,058,327 in 2008/2009), including the management fee paid to Six Town Housing, of £13,490,800.

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.

12. GENERAL FUND MOVEMENTS

The 2009/2010 deficit on the General Fund (excluding the use of balances and reserves) of **£3.304m** is split as follows: -

	<u>DSG</u> <u>Schools</u> <u>Budget</u> <u>£000's</u>	<u>General</u> <u>£000's</u>	<u>Total</u> <u>£000's</u>
Balance at 31st March 2009	(6,591)	(6,755)	(13,346)
(Surplus)/Deficit for the Year	2,910	394	3,304
In Year Contribution	0	117	117
Balance at 31st March 2010	(3,681)	(6,244)	(9,925)

The directorate carry-forward requests will be considered by the appropriate Cabinet Member in July, 2010.

13. DISCLOSURE OF DEPLOYMENT OF DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily by grant monies, provided by the Department for Children, Schools and Families, the Dedicated Schools Grant (DSG). DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2008. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2009/10 are as follows:

	Central Expenditure	ISB	Total	Note
	£000	£000	£000	
Final DSG for 2009/2010			112,108	
Brought Forward from 2008/2009			(323)	
Carry forward to 2010/2011 agreed in Advance				
Agreed budgeted distribution in 2009/2010	(10,824)	(100,961)	(111,785)	(a)
Actual Central Expenditure	13,246		13,246	
Actual ISB deployed to Schools		100,961	100,961	
Local Authority contribution for 2009/2010	0	0	0	
Carry forward to 2010/2011	2,422	0	2,422	

Note

(a) The Schools Forum sanctioned a breach of the Central Expenditure Limit in their meeting of 4th February 2008, Item number 6.

14. DISCLOSURE OF AUDIT COSTS

In 2009/2010 the Authority incurred the following fees relating to external audit and inspection:

	<u>2008/2009</u> <u>(£000)</u>	<u>2009/2010</u> <u>(£000)</u>
Fees payable to the Audit Commission / KPMG with regard to external audit services carried out	289	286
Fees payable to the Audit Commission in respect of statutory inspection	126	17
Fees payable to the Audit Commission / KPMG for the certification of grant claims and returns	95	36
Fees payable in respect of other services provided by KPMG	0	18
TOTAL	510	357

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

In March 2003, the Council entered into a Section 31 Health Act 1999 Partnership Agreement (since superseded by Section 75 of the Health Service Act 2006) for the pooling of its learning disability service budgets with NHS Bury. 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 2009/2010 are shown below. The £0.158m deficit will be met in full by contributions from Bury Council. A copy of the Pooled Fund Memorandum of Account can be obtained from the Director of Finance and E-Government, Bury Council, Town Hall, Knowsley Street, Bury. Because the responsibility for the commissioning of Learning Disability services is being transferred from health authorities to Councils from 2010/2011, there will not be a Pooled Budget from April 2010.

	<u>2009/2010</u>	<u>2009/2010</u>
	<u>Total Fund</u> <u>£000</u>	<u>Bury MBC</u> <u>£000</u>
Contributions to the pool	(18,213)	(15,736)
Expenditure from the pool	18,371	15,894
Deficit	158	158

**16. BURY INTEGRATED COMMUNITY EQUIPMENT SERVICE PARTNERSHIP
BOARD
POOLED FUND MEMORANDUM ACCOUNT**

In March 2004, the Council entered into a Section 31 Health Act 1999 Partnership Agreement (since superseded by Section 75 of the Health Service Act 2006) for the pooling of its integrated community equipment service budgets with NHS Bury. 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 2009/10 are shown below. The £41,616 deficit will be met by Bury Council and NHS Bury, although the allocation is to be confirmed. A copy of the statutory Pooled Fund Memorandum of Account can be obtained from the Director of Finance and E-Government, Bury Council, Town Hall, Knowsley Street, Bury.

	<u>2009/2010</u> <u>Total Fund</u> <u>£000</u>
Contributions to the pool	(520)
Expenditure from the pool	<u>562</u>
Deficit	<u>42</u>

The 2008/2009 deficit was £93,000 which was met by Bury Council and NHS Bury.

17. **TANGIBLE FIXED ASSETS**

Movements in respect of tangible fixed assets were as follows: -

<u>TANGIBLE FIXED ASSETS - OPERATIONAL</u>	<u>Council Dwellings</u>	<u>Other Land & Buildings</u>	<u>Vehicles, Plant and Equipment</u>	<u>Infrastructure Assets</u>	<u>Community Assets</u>	<u>Total</u>
Certified Valuation or Cost at 1 April 2009	297,858	362,278	4,138	45,085	637	709,996
Additions	7,563	12,837	467	3,330	406	24,603
Donations	0	0	0	0	0	0
Disposals	(368)	(23)	0	0	0	(391)
Reclassification	0	5,703	0	0	1	5,704
Revaluations	(19,451)	1,775	0	0	0	(17,676)
Impairment	(7,563)	(8,600)	0	(651)	(406)	(17,220)
Value of assets at 31 March 2010	278,039	373,970	4,605	47,764	638	705,016
Accumulated depreciation and impairment at 1 April 2009	(4,861)	(7,389)	(1,102)	(15,238)	0	(28,590)
Depreciation - annual charge	(4,954)	(4,913)	(611)	(2,000)	0	(12,478)
Disposals	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0
Revaluation	4,841	0	0	0	0	4,841
At 31 March 2010	(4,974)	(12,302)	(1,713)	(17,238)	0	(36,227)
Balance Sheet Value of assets at 31 March 2010	273,065	361,668	2,892	30,526	638	668,789
Balance Sheet Value of assets at 1 April 2009	292,997	354,890	3,035	29,847	637	681,406
Nature of asset holding						
Owned by Bury	273,065	361,668	2,892	30,526	638	668,789

Council						
Finance Lease						
PFI						
	273,065	361,668	2,892	30,526	638	668,789

<u>TANGIBLE FIXED ASSETS - NON- OPERATIONAL</u>	<u>Investment Properties</u>	<u>Assets under construction</u>	<u>Surplus Assets</u>	<u>Total</u>
Certified Valuation or Cost at 1 April 2009	49,284	16,938	405	66,627
Additions	713	1,139	0	1,852
Donations	0	0	0	0
Disposals	0	0	0	0
Reclassification	0	(5,703)	0	(5,703)
Revaluations	(4,931)	(3,781)	0	(8,712)
Impairment	(868)	0	0	(868)
Value of assets at 31 March 2010	44,198	8,593	405	53,196
Accumulated depreciation and impairment at 1 April 2009				
Depreciation - annual charge	0	0	0	0
Disposals	0	0	0	0
Reclassification	0	0	0	0
Revaluation	0	0	0	0
At 31 March 2010	0	0	0	0
Balance Sheet Value of assets at 31 March 2010	44,198	8,593	405	53,196
Balance Sheet Value of assets at 1 April 2009	49,284	16,938	405	66,627
Nature of asset holding Owned by Bury Council	44,198	8,593	405	53,196

Bury MBC's share of land owned at Manchester Airport is included in its accounts under Investment Properties at a value of £6.3million, after a downward revaluation of £0.153m in 2009/10. An impairment review was carried out in the year as required by FRS11. It resulted in an adjustment to the value recorded in the Fixed Assets register for Operational and Non-Operational Investment Properties due to:

- Significant decline in market value of Council Housing Stock
- Disposal/demolition of Council owned non operational commercial properties due to the Rock Triangle Development
- Disposal or reduction in the number of Industrial Units managed by the Council

The Council has one foundation school (Peel Brow Primary School). This is not included within the balance sheet as the assets are not owned by the Council for as long as it remains a foundation school. Peel Brow is currently valued at £3.575million.

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 Senior Asset Officer, Mr R Dewsnap (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 & Bldgs</u>	<u>Vehicle Plant & Eqpt</u>	<u>Infrastr- ucture Assets</u>	<u>Commu -nity Assets</u>	<u>Investm- ent Props</u>	<u>Assets under constru- ction</u>	<u>Surplus 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>	<u>£000's</u>	<u>£000's</u>
Valued at Historic Cost :	-	-	2,892	30,526	638	-	8,593	-	42,649
2009/10	273,065	6,778	-	-	-	(17,858)	-	12,772	274,757
2008/2009	-	79,110	-	-	-	19,902	-	282	99,294
2007/2008	-	275,227	-	-	-	25,540	-	108	300,875
2006/2007	-	429	-	-	-	3,814	-	15	4,258
2005/2006 and prior	-	124	-	-	-	28	-	-	152
Total Tangible Fixed Assets	273,065	361,668	2,892	30,526	638	31,426	8,593	13,177	721,985

During 2009/2010 the Authority's housing stock was revalued to £276,900,000.

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

18. INTANGIBLE FIXED ASSETS

Movements in respect of intangible fixed assets were as follows: -

	<u>Software Licences</u>
	<u>£000's</u>
Original cost	7,410
Amortisation to 1 st April 2009	(1,838)
Balance at 1st April 2009	5,572
Disposal of assets	0
Expenditure in year	600
Amortisation in year	(748)
Balance at 31st March 2010	5,424

Expenditure in the year on software licences for new systems totalled £0.600 million. The total cost of the software purchase will be written off over the 5 and 10 years representing the current estimate for its useful life.

There were no changes in the amortisation method for intangible fixed assets in the year.

19. LONG TERM DEBT MANAGED ON BEHALF OF OTHER LOCAL AUTHORITIES / SERVICES

The Balance Sheet reflects any writing off of the value of debt managed on behalf of other services:

	<u>Probation Service £000's</u>
Balance at 1 April 2009	24
Written off to Income and Expenditure A/C	(2)
Balance at 31 March 2010	22

20. CAPITAL EXPENDITURE and FINANCING

	<u>2008/2009 £000's</u>	<u>2009/2010 £000's</u>
Opening Capital Financing Requirement	141,350	155,080
<u>Capital Investment</u>		
Operational Assets	32,773	24,603
Non-operational Assets	14,934	1,853
Intangible Assets	796	600
Revenue Expenditure Funded from Capital under Statute	3,681	3,203
Revenue Expenditure Funded from Capital under Statute – Equal Pay back Pay	0	1,712
	52,184	31,971
<u>Sources of Finance</u>		
Capital Receipts	(4,942)	(106)
Government Grants and other Contributions	(20,020)	(12,530)
Sums set aside from Revenue including MRP	(13,492)	(10,248)
	(38,454)	(22,884)
Closing Capital Financing Requirement	155,080	164,167
<u>Explanation of movements in year</u>		
Increase in underlying need to borrow		
- supported by Government financial assistance	12,203	6,079
- unsupported by Government financial assistance	6,570	8,099
MRP and other repayments in the year	(5,043)	(5,091)
Increase (decrease)in Capital Financing Requirement	13,730	9,087

At 31st March 2010 the Authority had authorised capital expenditure of **£36.480 million** for 2010/2011 and had also identified a capital investment

requirement of **£2.538 million** for the following years under the approved Capital Programme.

Major capital commitments as at 31st March 2010 totalled **£11.853 million** and include:

- Customer Relationship Management System - £2.540m
- Mental Health Services - £0.212m
- Adult Care – Improving Information Management - £0.120m
- School Kitchen & Dining Facilities - £0.269m
- Derby High - £0.157m
- Prestwich High Additional/Diploma Accommodation - £0.495m
- Woodhey High New School Build - £0.106m
- Children Centres - £0.942m
- Butterstile Primary - £0.136m
- Heaton Park Primary - £0.178m
- Millwood Primary New Build - £0.519m
- St Luke’s CE Primary - £0.522m
- Whitefield Centre Refurbishment - £0.168m
- Schools – Harnessing Technology - £0.445m
- All Saints – Foundation Unit - £0.214m
- Ramsbottom Library Extension - £0.226m
- Big Lottery Fund Community Libraries - £0.687m
- Townside Relocation - £0.100m
- Jericho Landfill Site - £0.100m
- Highways Network Services / Transportation Schemes - £0.340m
- Kirklees Trail (Woolfold Gap) - £0.750m
- Parks - £0.138m
- Pimhole Clearance/Renewal Area – £1.001m
- Empty Homes Strategy - £0.228m
- Waste Management - £0.369m
- Housing Public Sector Schemes – £0.891m

The actual level of expenditure on any of the uncommitted schemes for 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 by telephoning 0161-253-5034.

21. STATEMENT OF PHYSICAL ASSETS

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

<u>SERVICE / ASSET</u>	<u>2009</u>	<u>2010</u>
<u>Children’s Services</u>		
Nursery Schools	1	1
Primary Schools (Council owned)	30	30
Primary School playing fields (VA, VC etc)	26	26
Secondary Schools (Council owned)	11	11
Secondary School playing fields (VA, VC etc)	2	2
Special Education Establishments	6	6
Youth Centres	6	5
Children & family Centres	1	1
Children’s Centres	10	10
Community Centre	0	0
Admin Building	5	7

<u>Highways & Transportation</u>		
Roads (km):		
Principal	55	55
Non Principal, Classified	71	71
Urban, Unclassified	481	481
Car Parks	60	60
<u>Leisure Facilities</u>		
Parks & Open spaces (area in hectares)	837	841
Civic Halls	4	4
Sports Centres (with pool)	3	3
Sports Centre (no pool)	1	1
<u>Office Accommodation</u>		
Administrative Buildings	10	11
<u>Arts, Libraries, Lifelong Learning</u>		
Art Gallery / Museum	1	1
Adult Learning Centres	1	1
Libraries	12	12
Library / Adult Learning Centre	3	3
<u>Property Services</u>		
Dwellings	3	3
Small Lettings	1133	1131
Commercial Lettings	360	362
Farms, Grazing	24	24
Poster Sites	18	18
Market Shops & Stalls	475	475
Industrial Factory Units	215	191
<u>Adult Care Services</u>		
Elderly Persons Homes	7	6
Homes for Adults with Learning Disabilities	2	2
Learning Disability Day Centres	4	4
Day Care Centres	3	3
Admin Buildings	8	8
Resource Centre	1	1
Non Operational	1	2
<u>Other Services</u>		
Cemeteries (area in hectares)	35	35
Public Conveniences	6	5

22. **OPERATING LEASES**

Authority as Lessee :-

Vehicles, Plant, Furniture and Equipment - 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 2009/2010 was £1,344,175 (2008/2009 £1,627,604).

Land and Buildings – the Authority leases numerous buildings, which have been accounted for as operating leases. The rentals payable in 2009/2010 were £815,547 (2008/2009 £610,874).

The Authority is committed to making payments of £1,207,442 under operating leases in 2010/2011 for Vehicles, Plant and Equipment and £557,312 for land and Buildings comprising the following elements:

	Land and Buildings	Vehicles, Plant and Equipment

Leases expiring in 2010/2011	£ 76,937	£ 142,270
Leases expiring between 2011/2012 and 2015/2016	386,525	1,011,521
Leases expiring after 2015/2016	93,850	53,651
TOTAL	557,312	1,207,442

In accordance with SSAP21, the estimate of the outstanding undischarged obligations in respect of operating leases is disclosed in the above 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.

The Council does not have any finance leases. As explained in the Accounting Policies, the value of items financed by leasing is excluded from the Balance Sheet.

Authority as Lessor :-

The Authority acts as lessor for a number of buildings within the Borough, which are accounted for as operating leases. The rentals receivable in 2009/2010 were £3,475,239 (2008/2009 £3,731,674).

The gross value of assets held for use in operating leases was £39,951,301. The assets have been valued at different stages over the last 5 years in accordance with FRS15 and are subject to depreciation ranging between 20-50% at 31 March 2010.

23. INVESTMENTS

Investments at 31st March: consisted of:-	<u>2009</u> £000's	<u>2010</u> £000's
Manchester Airport Group PLC	10,214	10,214
Royal Bank of Scotland	5,029	5,004
Bury MBC Townside Fields Ltd	0	1,420
TOTAL	15,243	16,638

Manchester Airport Group plc – Bury has a 5% shareholding in Manchester Airport Group plc which is in common with all Greater Manchester Districts, other than Manchester City Council which holds 55%. The Company's accounts for the year ended 31 March 2010 showed a profit before tax of £45.6m compared to a profit of £2.2m for the year 2008/2009. The profit after tax for the year was £36.9m compared to the loss after tax of £103.1 for the year 2008/2009. Net assets amounted to £769.1m at the 31st March 2010 (the figure at 31st March 2009 was £788.5m). Further information can be obtained from the Director of Finance, Manchester Airport (Tel. 0161 489 5833).

Royal Bank of Scotland - This is a three year investment from 14 May 2008 to 16 May 2011.

Bury MBC Townside Fields Ltd – This is a long term investment in Bury MBC Townside Fields Ltd which is a wholly owned subsidiary of the Council.

24. DEBTORS & LOAN ACCOUNTS

Long term debtors:	<u>2008/2009</u>	<u>2009/2010</u>
	<u>£000's</u>	<u>£000's</u>
Car loans (employees)	770	844
Airport Terminal 1	7,573	8,411
Bury Metro Arts Association Ltd	32	32
Bury Music Centre	2	1
Housing Loans	629	567
TOTAL	9,006	9,855
Short term debtors:		
General Fund:		
Less provision for uncollectable sums	26,964	26,245
Advance payments	(586)	(1,152)
	2,626	3,144
Housing Revenue Account:		
Less provision for uncollectable sums	1,777	1,248
	(1,850)	(1,458)
	28,931	28,027
Collection Fund:		
Council tax	6,535	6,194
Business rates	3,022	0
DCLG	0	2,215
Precepting	0	379
Less provision for uncollectable sums	(3,493)	(2,447)
	6,064	6,341
TOTAL	34,995	34,368

25. LOANS OUTSTANDING, LONG & SHORT TERM

	<u>2008/2009</u>	<u>2009/2010</u>
	<u>£000's</u>	<u>£000's</u>
Long term loans:		
PWLB loans:		
Bury	75,273	85,110
Airport	8,420	8,062
Market loans	39,699	39,697
Local bonds	3	3
TOTAL	123,395	132,872
Analysed by maturity period:-		
Short Term Loans		
Outstanding		
Within 1 year	4,377	2,278
Long Term Loans		
Outstanding		
1/2 years	2,278	10,197

2/3 years	10,585		7,530	
3/4 years	7,958		7,826	
4/5 years	8,297		6,085	
5/6 years	2,897		180	
6/10 years	2,889		14,667	
10/15 years	3,079		4,095	
15+ years	81,035	119,018	80,014	130,594
TOTAL		123,395		132,872

The PWLB debt at 31st March 2010 includes **£8.062 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.

26. DEFERRED LIABILITIES

	<u>2008/2009</u> <u>£000's</u>	<u>2009/2010</u> <u>£000's</u>
Debt ex GMC – Tameside	7,867	7,464
Debt ex Probation Service – Trafford	23	22
Debt from Lancashire County Council	70	0
Debt ex Inner City Central Station - MCC	98	93
Debt ex Airport GMMDAF	0	1,107
TOTAL	8,058	8,686

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 of pre 1990 debt are recovered by Government Grant.

As part of the Manchester Airport Loan Conversion debt ex Airport GMMDAF was transferred to Bury Council during the year.

27. DEFERRED CAPITAL RECEIPTS

The figures shown in the balance sheet (page 59) 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.

28. PROVISIONS

	<u>31st</u> <u>March</u> <u>2009</u> <u>£000's</u>	<u>Income</u> <u>£000's</u>	<u>Expenditure</u> <u>£000's</u>	<u>31st March</u> <u>2010</u> <u>£000's</u>
Liability insurance	(19,973)	(2,972)	1,679	(21,266)
Property insurance	(720)	(113)	70	(763)
Children's Services	(839)	(173)	173	(839)
Development Services	(286)	(12)	0	(298)
Equal Pay Back Pay	(16,385)	0	1,713	(14,672)
Other	(881)	(50)	54	(877)

TOTALS	(39,084)	(3,320)	3,689	(38,715)
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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 income of £2.972m to Liability Insurance reflects the charges to departments required to adhere to the Council's policy of ensuring that the provision is adequate to meet all claims. The main movements in the expenditure of £1.679m represents payment of claims, premiums, brokerage and claims handling fees, and risk management initiatives.

The Property insurance provisions are used to provide cover on specific risks which are not insured commercially. These risks are: Fire, Storm, Flood and escape of water from any tank or apparatus or pipe and Theft by forcible or violent entry / exit to a locked building. The income of £113,000 reflects charges to departments ensuring that the provision is adequate to meet all property claims. The expenditure represents payment of claims made by departments on the Property fund.

The main Children's Services provisions are for Long and Short Term Absence of Teachers (£295,000), and a General Provision (£320,000) which consists of several items including a nursery provision and provisions for early retirement and insurance liabilities related to staff.

The main Development Services provision is the Heywood Link Commuted Sum of £247,000 which is payable to the East Lancashire Railway Trust when certain property leases pass from the Council to the Trust. This lease transfer could happen at any time in the future.

A provision for Equal Pay Back Pay was set up in 2008/09 and payments are expected to be completed in 2010/11. The expenditure represents payment of claims settled in 2009/10.

There are various other provisions which the Council makes from time to time. The main provisions relate to a land purchase works retention of £525,000 in respect of Radcliffe Riverside High School, an empty properties purchase provision of £225,000.

29. **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>31st March</u> <u>2009</u> <u>£000's</u>	<u>31st March</u> <u>2010</u> <u>£000's</u>
Airport Shares	0	305
Arts Reserve	37	27
Education (Schools) Fire	131	131
Energy Conservation	171	148
Leisure	70	119
ABG Top Slice	0	231
Adult Care Services	2,116	2,794
Transformation Reserve	(12,885)	3,186
ICT Access Reserve	0	62
Local Area Partnership Reserve	8	4
Outwood Viaduct	78	86

School Catering Reserve	57	107
GM Connexions Partnership	329	325
BCCI Reserve	404	349
EDS	2,278	2,304
Strategic Housing Unit Reserves	65	0
Performance Reward Reserves	2,129	2,059
Environmental Services	141	141
Pay and Grading Reserve	1,100	2,186
	(3,771)	14,564
Commuted Sums	1,114	629
	1,114	629
Major Repairs Reserve	973	891
TOTALS	(1,684)	16,084

The reserves are held for the following purposes:

Arts Reserve

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

Education (Schools) 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.

ABG Top Slice Reserve

The ABG Top Slice Reserve is a reserve set aside to further the objectives of the Local Area Agreement.

Adult Care Services Reserves

The main Adult Care Services Reserve relates to an earmarked amount for Supporting People, with some smaller reserves to cover items such as equipment replacement for Carelink and Sheltered Housing.

Transformation Reserve

The Transformation Reserve is to fund future technological and other investment within the Borough as part of its modernisation and transformation agenda.

ICT Access Reserve

The ICT Access Reserve is used to fund replacement computer equipment in libraries.

Local Area Partnership Reserve

This reserve is to support the work of the Council's six Local Area Partnerships (LAPs) and includes carryovers of the LAPs Kickstart Grants.

Outwood Viaduct Reserve

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

School Catering Reserve

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

GM Connexions Partnership Reserve

This reserve is to fund future developments of the Connexions Service.

BCCI Reserve

This reserve is to fund future expenses arising from the collapse of BCCI.

EDS Reserves

This comprises several individual reserves including those for Planning and Highways purposes, a Property reserve to offset loss of income during major town centre developments and a Levy Equalisation reserve to offset increased waste levy costs during the early years of the PFI contract for waste disposal.

Performance Reward Reserves

These reserves are used to fund performance improvement initiatives throughout the authority.

Environmental Services Reserve

The Environmental Services Reserve is comprised of a number of individual reserves for environmental purposes.

Pay and Grading Reserve

This reserve is to fund future costs associated with the implementation of the pay and grading review.

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.

Major Repairs Reserve

This reserve provides the Authority with the resources needed to maintain the value of housing stock (see HRA Note 3, page 106 for detail of movements during 2009/2010).

Other Balances

Other balances used to finance our assets include our 5% shareholding in Manchester Airport (£10.214m).

30. REVALUATION RESERVE

The 2007 SORP introduced a major change to replace the Fixed Asset Restatement Account and Capital Financing Account with two new reserve accounts, Revaluation Reserve and Capital Adjustment Account.

The Revaluation Reserve was introduced with a zero balance as at 1st April 2007 and it is required to show individual net asset balances. The reserve will be credited with amounts resulted from acquisition and enhancement and upward revaluation in the year and written down with downward revaluations, depreciation and impairment losses and disposals or decommissioning of fixed assets.

The balance on this account does not represent cash and is not available to spend.

<u>2008/2009</u> <u>£000's</u>		<u>2009/2010</u> <u>£000's</u>
187,948	Balance at 1st April	189,760
0	Acquisitions	0
13,980	Upward revaluations in year	1,831
5,150	Depreciation written back on revaluation	2,896
(8,970)	Downward revaluations in the year	(17,985)
(5)	Disposal of fixed assets	(6)
(8,343)	Impairment Losses	703
189,760	Balance at 31st March	177,199

31. CAPITAL ADJUSTMENT ACCOUNT

The Capital Adjustment Account was created as at **1st April 2007** to replace the previous capital reserves, Fixed Asset Restatement Account (FARA) and Capital Financing Account (CFA), by combining the two accounts closing balances at 31st March 2007.

The resulting opening balance was a consolidation of revaluation gains on fixed assets up to 31st March 2007 and the balance of capital resources awaiting consumption when assets that were financed by these resources are used.

The Capital Adjustment Account also contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans.

The balance will be increased by the future capital resources set-aside and written down with amounts representing the consumption of fixed assets and the disposal or de-commissioning of assets that held revaluation gains up to **31st March 2007**.

The balance on this account does not represent cash and is not available to spend.

<u>2008/2009</u> <u>£000's</u>		<u>2009/2010</u> <u>£000's</u>
394,804	Balance at 1st April (FARA)	379,064
(864)	Disposal of fixed assets	(384)
(752)	Restatement of Value	(4,753)
(33,791)	Depreciation and Impairment Losses	(34,487)
(1)	Other	(1)
4,942	Total capital receipts applied	121

0	Revenue resources applied to capital investment	158
4,675	Grants applied to capital investment	8,637
8,181	Movement on MRR	4,998
5,551	Other movements on CAA:- Revenue resources set aside	5,069
(3,681)	Capital spend not creating a Bury MBC asset	(4,916)
379,064	Balance at 31st March	353,506

32. CAPITAL GRANTS DEFERRED ACCOUNT

The Capital (and Contributions) deferred are amounts received in year as government grants or other external contributions that are applied to the financing of fixed assets. The balance established is a deferred credit that will be released to revenue to offset the depreciation charged on these fixed assets.

<u>2008/2009</u> £000's		<u>2009/2010</u> £000's
15,086	Grants applied to capital investment in year	3,894
(26)	Disposal of assets	0
(268)	Amounts credited to the services revenue accounts in year	(1,047)
14,792	Movement on Capital Grants and Contributions Deferred	2,847
14,905	Balance brought forward at 1 April 09	29,697
29,697	Balance carried forward at 31 March 10	32,544

33. CAPITAL RECEIPTS UNAPPLIED

The Local Government Act 2003 amended by the Local Authorities (Capital Finance and Accounting) Amendment Regulations 2004 has replaced the previous Local Government and Housing Act 1989 set-aside of capital receipts for debt redemption with the pooling regime. This means that the pooled amounts are paid out by Local Authorities in the year towards the Government's redistribution process. The table shows the balance available to meet capital expenditure for committed, on-going and new capital schemes in 2009/2010 after pooled payments made in the year.

<u>2008/2009</u> £000's		<u>2009/2010</u> £000's
5,459	Amounts receivable in 2009/2010	655

(449)	Pooling of Housing Receipts for the year	(242)
(4,942)	Amounts applied to finance new capital investment in 2008/09	(106)
(108)	Amounts applied to provisions in 2008/09	0
(40)	Total increase/(decrease) in realised capital resources in 2009/10	307
0	Balance brought forward at 1 April 09	(40)
(40)	Balance carried forward at 31 March 10	267

34. CAPITAL GRANTS UNAPPLIED

This represents amounts received from Government or other third parties for capital purposes that have not yet been applied to finance capital expenditure. The amounts applied in the year and the balances for those services where a proportion of the capital grant has not been applied are shown in the table below:

<u>2008/2009</u>		<u>2009/2010</u>
<u>£000's</u>		<u>£000's</u>
13,860	Amounts receivable in 2009/2010	18,283
(19,761)	Amounts applied to finance new capital investment in 2009/2010	(12,530)
0	Amounts applied to reserves in 2009/2010	0
0	Amounts applied to provisions in 2009/10	0
0	Reclassified as applied revenue	0
(5,901)	Total increase/(decrease) in realised capital resources in 2009/2010	5,753
10,751	Balance brought forward at 1 April 09	4,850
4,850	Balance carried forward at 31 March 10	10,603

35. STATUTORY FINANCIAL ADJUSTMENT ACCOUNT

This account provides a balancing mechanism between the different rates at which gains and losses (such as the premiums on the early repayment of debt) are recognised under the SoRP and are required by statute to be met from the General Fund. The movement on the account comprises:-

	<u>2009/2010</u>
	<u>£000's</u>
Balance brought forward	(431)
Annual write-off of discounts	126
Annual write-off of premiums	(21)
Effective Interest Rate adjustments for loan numbers B10018 and B10019	(2)
Balance carried forward	(328)

36. CONTINGENT LIABILITIES

Municipal Mutual Insurance Ltd

On 30th September 1992 the Authority's then insurers, MMI Ltd., announced that they were no longer accepting new business. The Authority has 9 outstanding claims with MMI totalling £63,286 as at 31st March 2010. 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 **£1,965,842** 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.

Six Town Housing (Arms Length Management Organisation)

The Council has agreed to meet all contributions to retirement benefit schemes that are the responsibility of Six Town Housing in respect of both transferred and new staff by way of periodic management fee payments to them. The Council has also accepted responsibility for any liabilities of Six Town Housing in respect of transferred employees' early retirement which may arise subsequent to the Transfer Date. It will (in relation to those Transferred Employees who are members of the Local Government Pension Scheme) upon demand make such payments to the Administering Authority as are necessary to ensure the accrued benefits of the Transferred Employees, whilst in the service of the Council, are fully funded.

Contractor Claim

An amount of £664,000 is being claimed by a building contractor for Loss and Expense in connection with a Council Housing refurbishment scheme. The authority is disputing the validity of this claim and has made no provision for potential liability in the accounts at this stage.

37. 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.

	<u>2008/2009</u>	<u>2009/2010</u>
	<u>£</u>	<u>£</u>
John Kay	37,835	38,024
British Cotton Growers	113,546	114,432
Mayor's Charity Fund	36,538	32,927
Hollins Institute Education	165,047	163,516
Rigby Trust	363,948	365,768
Others	42,475	43,123
Total	759,389	757,790
Represented by :-		
Investments	7,441	7,441
Cash	751,948	750,349
Total	759,389	757,790

38. LOCAL AREA AGREEMENT

The Council is a participant in a Local Area Agreement (LAA); a partnership with other public bodies involving the pooling of government grants to finance work towards jointly agreed objectives for local public services.

The purpose of the LAA is;

- To form an agreement between the Bury Local Strategic Partnership, Government Office North West and other external agencies;
- To agree specific outcomes and targets that will be achieved each year for the three years of the agreement;
- To improve the effectiveness and efficiency of public services in Bury by pooling and aligning funding streams as appropriate.

The LAA Partners are;

- Local Government bodies - Bury MBC
- Community Protection bodies - Greater Manchester Fire & Rescue Service; Greater Manchester Police
- Health bodies - Bury PCT
- Learning bodies – local colleges
- Voluntary Organisations - Bury Third Sector Development Agency

Bury MBC acts as the accountable body for the LAA. This means that we are responsible for managing the distribution of grant paid by Government Office to the partners involved, but the Council does not determine which bodies are due payments – this is determined by the Bury Local Strategic Partnership. In this context the Council acts as an agent to the Partnership.

The Council has received **£933,500** Pump Priming Grant for the duration of the LAA (2007/08 to 2009/10).

In addition the Council received **£9,055,400** in 2009/2010 in the form of Area Based Grants (previously individual Local Authority specific grants)

The Council received these amounts in full to fund / procure goods and services in furtherance of the LAA and has therefore recognised these amounts in its financial statements.

39. SUMMARY INTRODUCTION TO DETAIL ON MOVEMENT ON RESERVES

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

Reserve	Balance 01/4/09	Net Movement In Year	Balance 31/3/10	Purpose of Reserve	Further Detail Of Movements
	£000	£000	£000		
Revaluation Reserve	189,760	(12,560)	177,200	Store of gains on revaluation of fixed assets	See Note 30 to Core Financial Statement,

					p. 85
Capital Adjustment Account	379,064	(25,557)	353,507	Store of capital resources set aside to meet past expenditure	See Note 31 to Core Financial Statement, p. 86
Financial Instruments Adjustment Account	431	(103)	328	Balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments	See Note 35 to Core Financial Statement, p. 88
Pensions Reserve	(114,200)	(133,400)	(247,600)	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	See Note 7 to Core Financial Statement, p. 64
Housing Revenue Account	922	(141)	781	Resources available to meet future running costs for council houses	See HRA Statement and Notes, p. 103
Major Repairs Reserve	973	(82)	891	Resources available to meet capital investment in council housing	See HRA Statement and Notes, p. 106
General Fund	13,346	(3,421)	9,925	Resources available to meet future running costs for non-housing services	See Statement of Movement on General Fund Balance, p. 55
Earmarked Reserves	(3,771)	18,335	14,564	Resources set aside for a particular purpose	See Note 29 to Core Financial Statement, p.83
Other Reserves	11,642	(14,834)	(3,192)		
Total	478,167	(171,763)	306,404		

40. FINANCIAL INSTRUMENTS

Introduction – Accounting Policy

With effect from 1 April 2007, local authorities have had to adopt a major change of accounting policy in order to comply with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom – the Statement of Recommended Practice issued by the Chartered Institute of Public Finance and Accountancy / LASAAC Joint Committee. This has been based on major changes in international accounting standards which have resulted in this country in the introduction of new U.K. accounting standards for financial instruments - FRS25, 26 and 29.

This caused major changes in 2007/08 in the accounting treatment of financial instruments, soft loans and guarantees, which have been designed to present a higher quality of information on financial instruments, in line with the private sector. In addition, in order to help identify, quantify and inform on the exposure to and management of risk, new "fair value" disclosure requirements have been introduced. The need for this has arisen in recent years through the high profile failure of a number of financial institutions e.g. Barings, Enron, World Com etc.

For 2009/2010 there have been some further, but more minor, modifications to accounting policy and these disclosure notes.

Amortised Cost

This change in accounting standards has meant that most financial instruments (whether borrowing or investment) have to be valued on an amortised costs basis using the effective interest rate (EIR) method.

Fair Value

In these disclosure notes, financial instruments are also required to be shown at fair value. Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

Compliance

This authority has complied with the following: -

1. it has adopted the CIPFA's Treasury Management in the Public Services: Code of Practice.
2. set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code.

Types of Financial Instruments

Accounting regulations require the "financial instruments" (investment, lending and borrowing of the Council) shown on the balance sheet to be further analysed into various defined categories. The investments, lending & borrowing disclosed in the balance sheet are made up of the following categories of "financial instruments".

TABLE 1 – FINANCIAL INSTRUMENT BALANCES

	Long-Term		Current		Total	
	31st March 2009	31st March 2010	31st March 2009	31st March 2010	31st March 2009	31st March 2010
	£000s	£000s	£000s	£000s	£000s	£000s
Borrowings						
Financial liabilities at	117,475	128,941	5,920	3,931	123,395	132,872

amortised cost						
Financial liabilities at fair value through profit and loss	0	0	0	0	0	0
Other borrowing (Finance lease)	0	0	0	0	0	0
Total borrowings	117,475	128,941	5,920	3,931	123,395	132,872
Investments						
Loans and receivables	12,573	13,411	27,768	25,490	40,341	38,901
Available-for-sale financial assets	0	0	0	0	0	0
Fair value through profit and loss	0	0	0	0	0	0
Unquoted equity investment at cost	10,214	10,214	0	0	10,214	10,214
Total investments	22,787	23,625	27,768	25,490	50,555	49,115

NOTES.

1. LOBOs of £5m nominal value have been included in long term borrowing but have a call date in the next 12 months.
2. The unquoted equity comprises shares in Manchester Airport valued at cost.
3. Loans and Receivables include the new Airport loan conversion valued at cost of £8.411m. Comparative figures for 2009 include the old Airport loan valued at cost of £7.573m plus accrued interest of £0.194m

The above long term figures are based on SORP 2009 Guidance Notes which states that in undertaking EIR calculations the maturity period for a LOBO should usually be taken as being the contractual period to maturity unless there is a specific identifiable reason to determine otherwise.

Gains and losses on Financial Instruments

The gains and losses recognised in the Income and Expenditure Account and STRGL in relation to financial instruments are made up as follows:

TABLE 2 – FINANCIAL INSTRUMENTS GAINS/LOSSES

2009/2010	Financial Liabilities	Financial Assets			Total
	Liabilities measured at amortised cost	Loans and receivables	Available-for-sale assets	Fair value through P&L	
	£000s	£000s	£000s	£000s	£000s
Interest expense	(5,941)	0	0	0	(5,941)
Losses on derecognition	0	0	0	0	0
Impairment losses	0	0	0	0	0
Interest payable and similar charges	(5,941)	0	0	0	(5,941)
Interest income	0	1,090	0	0	1,090
Gains on derecognition	0	0	0	0	0
Interest and investment income	0	1,090	0	0	1,090
Gains on revaluation	0	0	0	0	0
Losses on revaluation	0	0	0	0	0
Amounts recycled to the I&E account after impairment	0	0	0	0	0
Surplus arising on revaluation of financial assets	0	0	0	0	0
Net gain/(loss) for the year	(5,941)	1,090	0	0	(4,851)

Fair value of assets and liabilities carried at amortised cost

The fair value of each class of financial assets and liabilities which are carried in the balance sheet at amortised cost is disclosed below.

Methods and Assumptions in valuation technique

The fair value of an instrument is determined by calculating the Net Present Value of future cash flows, which provides an estimate of the value of payments in the future in today's terms.

The discount rate used in the NPV calculation is the rate applicable in the market on the date of valuation for an instrument with the same structure, terms and remaining duration. For debt, this will be the new borrowing rate since premature repayment rates include a margin which represents the lender's profit as a result of rescheduling the loan; this is not included in the fair value calculation since any motivation other than securing a fair price should be ignored.

The rates quoted in this valuation were obtained by our treasury management consultants from the market on 31st March, using bid prices where applicable.

The calculations are made with the following assumptions:

- For PWLB debt, the discount rate used is the rate for new borrowing as per rate sheet 072/09.
- For other market debt and investments the discount rate used is the rates available for an instrument with the same terms from a comparable lender.
- We have used interpolation techniques between available rates where the exact maturity period was not available.
- No early repayment or impairment is recognised.
- We have calculated fair values for all instruments in the portfolio, but only disclose those which are materially different from the carrying value.
- The fair value of trade receivables, trade payables, cash in hand, and cash overdrawn is taken to be book value/cost as shown in the balance sheet, and these items are not included in tables 3 and 4.

The fair values are calculated as follows:

TABLE 3 – FAIR VALUE OF LIABILITIES CARRIED AT AMORTISED COST

	31 st March 2009		31st March 2010	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000s	£000s	£000s	£000s
LOBO Loans	39,699	43,736	39,697	48,995
PWLB Loans	83,693	95,131	93,172	101,521
Local Bonds	3	3	3	3
Financial liabilities	123,395	138,870	132,872	150,519

Fair value is **less/more** than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is **lower/higher** than the rates available for similar loans at the Balance Sheet date. The commitment to pay interest below current market rates reduces the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.

TABLE 4 – FAIR VALUE OF ASSETS CARRIED AT AMORTISED COST

	31st March 2009		31st March 2010	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000s	£000s	£000s	£000s
Call Investments	1,084	1,084	10,660	10,659
Fixed Investments	26,461	26,573	14,826	14,891
Term Deposit	5,029	5,033	5,004	5,035
Manchester Airport Loan	7,767	7,767	8,411	8,411
Financial assets	40,341	40,457	38,901	38,996

The fair value is **higher/lower** than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate is receivable is **lower/higher** than the rates available for similar loans at the Balance Sheet date. This guarantee to receive interest above/below current market rates increases the amount that the authority would receive if it agreed to early repayment of loans.

Nature and extent of risks arising from financial instruments

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council has fully adopted CIPFA's Code of

Treasury Management Practices and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

Credit Risk

Credit risk is the possibility that other parties may not pay amounts due to the Council. Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the Council's customers. It is the policy of the Council to place deposits only with a limited number of high quality banks and building societies whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution. The Council also has a policy of limiting deposits with institutions to a maximum of **£15m** and a limit on the maximum size of one transaction in placing a deposit of **£15m**.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Council expects full repayment on the due date of deposits placed with its counterparties.

TABLE 5 – CREDIT RISK (A)

	Amounts at 31 March 2010	Historical experience of default	Historical experience adjusted for market conditions as at 31 March 2010	Estimated maximum exposure to default and uncollectability
	£000s	%	%	£000s
Deposits with banks and other financial institutions	30,490	0.00%	0.00%	0
Bonds and other securities	0	0.00%	0.00%	0
Sundry Debtors	34,368	0.86%	0.86%	296
Total	64,858			296

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

Debtors

Of the total Sundry Debtors of £34.368m a main risk of losses relates to system debtors of £10.110m. The Council does not generally allow credit for customers, such that **£7.299m** of the **£10.110m** balance on the debtors system is past its due date for payment. The past due amount can be analysed by age as follows:

TABLE 6 – CREDIT RISK (B)

	31 March 2010
	£000s
Less than three months	3,011
Three to four months	159

Four months to one year	1,820
More than one year	2,309
Total	7,299

Liquidity Risk

The Council has access to a facility to borrow from the Public Works Loans Board. As a result there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council seeks to ensure a spread of maturity dates for borrowings so that there are no significant amounts for repayment at any one time in the future, and so that the financial impact of re-borrowing at a time of unfavourable interest rates is reduced. This involves the prudent planning of new loans and, where it is economic to do so, making early repayments.

The maturity structure of financial liabilities is as follows (at nominal value):

TABLE 7 – LIQUIDITY RISK

On 31 March 2009 £000s	Loans outstanding	On 31 March 2010 £000s
82,535	Public Works Loans Board	91,887
38,000	LOBO Loans	38,000
1,000	Market Debt	1,000
3	Local bonds	3
121,538	Total	130,890
4,348	Less than 1 year	2,234
2,234	Between 1 and 2 years	10,388
26,567	Between 2 and 5 years	22,758
5,637	Between 5 and 10 years	12,758
82,752	More than 10 years	82,752
121,538	Total	130,890

In the more than 10 years category there are **£5m** of LOBOs at nominal value which have a call date in the next 12 months.

Market Risk

Interest Rate Risk

The Council is exposed to interest rate risk in two different ways; the first being the uncertainty of interest paid/received on variable rate instruments, and the second being the affect of fluctuations in interest rates on the fair value of an instrument.

The current interest rate risk for the authority is summarised below:

- Decreases in interest rates will affect interest earned on variable rate investments, potentially reducing income credited to the Income and Expenditure Account.
- Increases in interest rates will affect interest paid on variable rate borrowings, potentially increasing interest expense charged to the Income and Expenditure Account.

- The fair value of fixed rate financial assets will fall if interest rates rise. This will not impact on the Balance Sheet for the majority of assets held at amortised cost, but will impact on the disclosure note for fair value. It would have a negative effect on the Balance Sheet for those assets held at fair value in the Balance Sheet, which would also be reflected in the STRGL.
- The fair value of fixed rate financial liabilities will rise if interest rates fall. This will not impact on the Balance Sheet for the majority of liabilities held at amortised cost, but will impact on the disclosure note for fair value.

The Council has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 40% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the authority's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2010, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

TABLE 8 – INTEREST RATE RISK

	£000s
Increase in interest payable on variable rate borrowings	224
Increase in interest receivable on variable rate investments	(261)
Increase in government grant receivable for financing costs	(182)
Impact on Income and Expenditure Account	(219)
Share of overall impact credited to the HRA	43
Decrease in fair value of 'available for sale' investment assets	0
Impact on STRGL	0
Decrease in fair value of fixed rate investment assets (no impact on I&E account or STRGL)	75
Decrease in fair value of fixed rate borrowing liabilities (no impact on I&E account or STRGL)	18,747

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price Risk

This will only apply where an investment is held as available for sale.

The Council does not generally invest in equity shares but does have unquoted shares in Manchester Airport which are shown in the accounts at cost (£10.214m).

Foreign Exchange Risk

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

41. RECONCILIATION OF CASHFLOW TO INCOME AND EXPENDITURE ACCOUNT

The net cash flow from revenue activities can be reconciled to the Income & Expenditure Account as follows:

<u>2008/2009</u> <u>£000's</u>	<u>2009/10</u>	
	<u>£000's</u>	<u>£000's</u>
39,804 DEFICIT FOR THE YEAR ON I & E ACCOUNT		27,518
Non Cash Movements in I & E Account:		
(28,903) Provision for Depreciation & Impairment of Fixed Assets	(30,966)	
659 Other Provisions	(369)	
4,595 Minimum Revenue Provision	4,631	
(17,764) Contributions from / (to) Revenue Reserves	(14,070)	
5,856 Other General Fund Reconciling Items	1,775	
1,776 Other non-cash Movements	(706)	
(33,781)		(39,705)
Movements in Current Assets and Liabilities:		
(56) Increase / (Decrease) in Stock	113	
(7,422) Increase / (Decrease) in Revenue Debtors	341	
(112) (Increase) / Decrease in Revenue Creditors & Advance Receipts	9,453	
(7,590)		9,907
Items shown elsewhere in the Cash Flow Statement:		
(4,398) Interest Paid	(4,416)	
4,788 Interest Received	2,379	
1,300 Dividend Income	1,000	
1,690		(1,037)
123 NET CASH INFLOW FROM REVENUE ACTIVITIES		(3,317)

42. ANALYSIS OF NET DEBT

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

	<u>31st March</u> <u>2009</u> <u>£000's</u>	<u>Receipts</u> <u>£000's</u>	<u>Payments</u> <u>£000's</u>	<u>Other</u> <u>Movements</u> <u>£000's</u>	<u>31st March</u> <u>2010</u> <u>£000's</u>
Cash Overdrawn	(1,531)	(24,404)	20,538	0	(5,397)
Cash in Hand	2,342	(641)	0	0	1,701
Debt Due Beyond One Year	(119,018)	(13,700)	4,000	(1,876)	(130,594)
Debt Due Within One Year	(4,377)	0	348	1,751	(2,278)
Long Term Debtors	9,030	847	0	0	9,877
Current Asset	27,545	(2,059)	0	0	25,486

43. RECONCILIATION OF NET DEBT

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

<u>2008/2009</u> <u>£000's</u>	<u>2009/2010</u> <u>£000's</u>
(1000) (Increase)/ Decrease in Cash Overdrawn in the Year to 31 st March	(4,507)
(9,147) (Increase)/Decrease in Debt	(8,629)
(9,693) Increase/(Decrease) in Investments	(2,059)
<u>(19,840) Change in Net Debt</u>	<u>(15,195)</u>
(66,170) Net Debt at 1 st April	(86,010)
(86,010) Net Debt at 31 st March	(101,205)
<u>(19,840) Movement in Net Debt</u>	<u>(15,195)</u>

44. ANALYSIS OF GOVERNMENT GRANTS

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

<u>2008/2009</u> <u>£000's</u>		<u>2009/2010</u> <u>£000's</u>
20,624	Housing Benefits	27,439
11,565	Council Tax Benefits	13,230
2,295	Children's Social Care	3,198
131,289	Education Grants	136,599
6,611	Adult Care Services	5,325
22	Probation	22
9	SRB/ERDF	9
6,611	Supporting People	6,360
3,827	Other Grants	3,942
<u>182,853</u>	TOTAL	<u>196,124</u>

45. 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>31st March</u> <u>2009</u> <u>£000's</u>	<u>31st March</u> <u>2010</u> <u>£000's</u>	<u>Movement</u> <u>£000's</u>
Bank Overdraft	(1,531)	(5,397)	3,866
Cash in Hand and at Bank	2,342	1,701	641
TOTALS	811	(3,696)	4,507

HOUSING REVENUE
ACCOUNT

HOUSING REVENUE ACCOUNT
INCOME AND EXPENDITURE ACCOUNT

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

Since April 2005 the Council's housing stock has been managed by an Arms Length Management Organisation, Six Town Housing.

<u>2008/2009</u> <u>£000's</u>		<u>2009/2010</u> <u>£000's</u>	Note
	<u>Income</u>		
24,353	Dwelling Rents (gross)	25,111	1,2,9
231	Non-Dwelling Rents	222	
835	Charges for Services and Facilities	850	
189	Contributions towards expenditure	135	
<u>25,608</u>	Total Income	<u>26,318</u>	
	<u>Expenditure</u>		
6,879	Repairs and Maintenance	6,993	
8,250	Supervision and Management	8,227	
30	Rents, Rates, taxes & other charges	70	
4,497	Negative Housing Revenue Account subsidy payable	4,492	8
21,035	Depreciation and Impairment of fixed assets	15,940	3,5
16	Debt management costs	15	
154	Increased Provision for Bad & Doubtful Debts	34	10
<u>40,861</u>	Total Expenditure	<u>35,771</u>	
<u>15,253</u>	Net Cost of HRA Services as included in the whole authority Income and Expenditure Account	<u>9,453</u>	
11	HRA services share of Corporate and Democratic Core	11	
<u>15,264</u>	Net Cost of HRA Services	<u>9,464</u>	
3	(Gain) or loss on sale of HRA fixed assets	0	
1,797	Interest payable and other similar charges	1,756	
(215)	Interest and investment income	(30)	
<u>16,849</u>	(Surplus) or Deficit for the year on HRA Services	<u>11,190</u>	

Statement of Movement on the HRA Balance

<u>2008/2009</u> <u>£000's</u>		<u>2009/2010</u> <u>£000's</u>
16,849	(Surplus) or Deficit for the year on the HRA Income and Expenditure Account	11,190
(16,232)	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	(11,049)
617	(Increase) or decrease in the Housing Revenue Account Balance	141
(1,539)	Housing Revenue Account surplus brought forward	(922)
(922)	Housing Revenue Account surplus carried forward	(781)

Note to the Statement of Movement on the HRA Balance

<u>2008/2009</u> <u>£000's</u>		<u>2009/2010</u> <u>£000's</u>	<u>2009/2010</u> <u>£000's</u>	Note
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year				
(51)	Difference between amounts charged to the Income and Expenditure Account for amortisation of premiums and discounts and the charge for the year determined in accordance with statute	(59)		
(16,174)	Reversal of impairment losses	(10,985)		
(3)	Gain or loss on sale of HRA fixed assets	0		
(16,228)			(11,044)	
Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year				
34	Capital expenditure funded by the HRA	33		4
(38)	Transfer to/(from) Major Repairs	(38)		3
(4)			(5)	
(16,232)	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year		(11,049)	

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 31st March were: -

<u>2008/2009</u>		<u>2009/2010</u>
	Flats and Maisonettes	
2,311	1 Bedroom	2,310
831	2 Bedrooms	830
60	3 Bedrooms	60
242	Bedsitters	226
	Houses & Bungalows	
809	1 Bedroom	808
1,857	2 Bedrooms	1,857
2,222	3 Bedrooms or more	2,217
8,332	TOTAL	8,308

Council house sales and the disposal of a decommissioned Sheltered Housing scheme account for the reduction in the Housing stock during the financial year.

The total capital receipts realised from the disposal of Council houses during the year was **£0.399 million**. This figure represents a decrease in the region of 40.6% compared to the 2008/2009 figure of £0.672million. The figure represents the total selling price of Council houses (net of Right to Buy discount) and other repaid discounts relating to previous sales.

The value of the housing stock was:-

<u>2008/2009</u>		<u>2009/2010</u>
<u>£000's</u>		<u>£000's</u>
	Total Balance Sheet value as at 1 st April 2009	
293,629	Dwellings	291,565
1,430	Shops, Offices and Garage Colonies	1,432
295,059	Total Operational Assets	292,997
16,174	Additions	7,563
2	Certificated Revaluation – Shops and Offices	55
(12,765)	Housing Stock Revaluations	(22,228)
(4,861)	Depreciation	(4,954)
(612)	Sale of Council Houses	(368)
0	Sale of other Council Housing assets	0
292,997	Balance Sheet Value as at 31st March 2009	273,065
291,565	Dwellings	271,616
1,432	Shops, Offices and Garage Colonies	1,449
292,997	Total Operational Assets	273,065

2. VACANT POSSESSION

- (i) The Vacant Possession Value (VPV) of dwellings within the Council's HRA as at 1st April 2009 was £576.800 million representing a decrease of 6.8% over the 1st April 2008 figure of £618.670million. The new value was established as a result of the revaluation of the Housing Stock completed in the year.
- (ii) The VPV is an opinion of the best sale price that could have been obtained for the properties on the date of the valuation. The Balance Sheet value of dwellings within the HRA contains an adjustment factor advised by Government to reflect the fact that the properties have sitting tenants enjoying sub-market rents and rights, including 'right-to-buy'. This reflects the economic cost to the Government of providing council housing at less than open market rents. The current adjustment factor of 48% for the North West and Merseyside Region was set in July 2005.

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 during the year an amount not less than the MRA.

<u>£000's</u> <u>2008/2009</u>	<u>£000's</u> <u>2009/2010</u>
4,331 Balance as at 1 st April 2009	973
4,861 Transferred to MRR during the year	4,954
0 Credit in respect of General Fund depreciation	0
(38) Transferred from MRR to HRA during the year	(38)
(8,181) Debits in respect of capital expenditure within HRA	(4,998)
973 Balance as at 31 st March 2010	891

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> <u>2008/2009</u>	<u>£000's</u> <u>2009/2010</u>
16,174 Total Capital expenditure within the HRA	7,563
Financed By:	
7,930 ALMO borrowing	2,530
26 Usable Capital Receipts	0
37 Revenue Contributions	35
8,181 Major Repairs Reserve	4,998
16,174 Total	7,563

5. DEPRECIATION

Authorities are required to charge depreciation on all HRA properties calculated in accordance with proper practices, including non-dwelling properties. In 2009/2010, the total charge for depreciation for council houses was £4,916,058 (£4,823,500 in 2008/2009) and for other property was £38,034 (£37,975 in 2008/2009). The Major Repair Allowance is used as a proxy for depreciation of the council houses stock. It corresponds to a straight-line charge based on a 48-year useful life, and is considered to be a reasonable approximation.

6. IMPAIRMENT CHARGES

Impairment charges of £7.563 million for the financial year have been made in respect of capital expenditure not adding value to the housing stock and other property within the HRA. There was also a charge of £14.610 million as a result of downward re-valuation of HRA property in the year.

7. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

No revenue expenditure funded from capital under statute is attributable to the HRA.

8. HRA SUBSIDY

HRA subsidy is central Government's contribution towards the cost of council housing. 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/by the Authority for 2009/2010

<u>£000's</u> <u>2008/2009</u>		<u>£000's</u>	<u>£000's</u> <u>2009/2010</u>
4,074	Management Allowance	4,296	
7,816	Maintenance Allowance	8,114	
4,824	Major Repairs Allowance	4,916	
16,714			17,326
2,679	Charges for Capital	2,501	
0	Admissible Allowance	0	
0	Rent Rebates	0	
0	Other items of reckonable expenditure	0	
0	Rental Constraint Allowance	0	
2,679			2,501
(23,896)	Guideline Rent Income	(24,311)	
(11)	Interest on Receipts	(8)	
(23,907)			(24,319)
(4,514)	Subsidy Receivable / (Payable) to DCLG		(4,492)
17	Prior Year Adjustments		0
(4,497)	Total Subsidy Receivable / (Payable) to DCLG		(4,492)

9. RENT ARREARS

The rent arrears as at 1 April, 2009 totalled £1,322,933 and at 31 March, 2010 they totalled £958,703. 51.22% of the arrears at 31 March 2010 related to current tenants (49.52% at 31st March 2009) and 48.78% related to former tenants (50.48% at 31st March 2009). The figures stated represent gross arrears and are not shown net of advances as in previous years.

10. BAD DEBT PROVISION

<u>£000's</u> <u>2008/2009</u>	<u>£000's</u> <u>2009/2010</u>	<u>£000's</u> <u>2009/2010</u>
1,248 Opening Bad Debt Provision		1,026
154 Charged to HRA	34	
(428) Written off	(411)	
52 Reinstated previously written off amount	59	
(222) Net decrease		(318)
1,026 Closing Bad Debt Provision		708

COLLECTION FUND

THE COLLECTION FUND

The account is kept separately and shows the income collected from Council Tax, 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.

<u>INCOME AND EXPENDITURE ACCOUNT</u>			
<u>2008/09</u>		<u>2009/10</u>	<u>Note</u>
<u>£000's</u>		<u>£000's</u>	
	<u>INCOME</u>		
(68,108)	Income from Council Tax Payers	(70,616)	1
0	Community Charge Payers	0	
	Transfers from General Fund		
(11,560)	Council Tax Benefit	(13,246)	
(6)	Other Income	(0)	
<u>(42,689)</u>	Income from NNDR payers	<u>(43,339)</u>	2
<u>(122,363)</u>	TOTAL INCOME	<u>(127,201)</u>	
	<u>EXPENDITURE</u>		
79,608	Precepts on the Collection Fund	84,040	3
	NNDR		
42,457	Payments to National Pool	43,105	
232	Cost of Collection	234	
(1)	Interest Payable net of refunds	0	
	Bad and Doubtful Debts		
(97)	Increased/(Reduced) Provision	158	
	Transfer of Previous Year's Estimated Surplus /		
	(Deficit)		
142	To General Fund	(42)	
<u>21</u>	To Major Preceptors	<u>(6)</u>	
<u>122,362</u>	TOTAL EXPENDITURE	<u>127,489</u>	
(1)	FUND DEFICIT/ (SURPLUS) FOR THE YEAR	288	
(13)	PRIOR YEAR ADJUSTMENT	0	
<u>(65)</u>	BALANCE BROUGHT FORWARD	<u>(79)</u>	
<u>(79)</u>	BALANCE CARRIED FORWARD	<u>209</u>	

NOTES TO THE COLLECTION FUND

1. COUNCIL TAX

The Council Tax was introduced on 1st April 1993 to replace the Community Charge and is a tax on property values. Dwellings were valued at their open market values as at 31st 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 Number of Dwellings</u>	<u>Specified Ratio</u>	<u>Band D Equivalent</u>
A	Less than £40,000	24,367	6/9	16,241
B	£40,000 to £52,000	15,701	7/9	12,212
C	£52,000 to £68,000	15,366	8/9	13,659
D	£68,000 to £88,000	8,157	1	8,157
E	£88,000 to £120,000	4,944	11/9	6,042
F	£120,000 to £160,000	1,699	13/9	2,454
G	£160,000 to £320,000	1,206	15/9	2,010
H	More than £320,000	135	18/9	270
		71,575		61,045
	Less allowance for losses on collection			(1,221)
				59,824
	COUNCIL TAX BASE 2009/2010			59,824

- i) The actual number of properties was 80,867 but after adjusting for single person discounts, empty properties etc, the notional number of dwellings is 71,575.
- ii) The Band D Council Tax levied for the year was **£1,404.08** (£1337.33 in 2008/2009).

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 2009/2010 was **48.5p** in the pound (46.2p in 2008/2009) and at 31st March 2010 the estimated non-domestic rateable value of the Borough was **£105,032 million** (£104,152 million at 31st March 2009). In addition in 2009/10 the Small Business Rate was set at **48.1p** in the pound (45.8p for 2008/09). 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>2008/2009</u>	<u>2009/2010</u>
	<u>£000's</u>	<u>£000's</u>
Bury MBC	69,216	72,935
Greater Manchester Police Authority	7,435	8,032
Greater Manchester Fire & Civil Defence Authority	2,957	3,073
TOTAL	79,608	84,040

GROUP ACCOUNTS

THE GROUP ACCOUNTS

1. Introduction

The Accounting Code of Practice requires that where an authority has material financial interests and a significant level of control over one or more entity, it should prepare Group Accounts. The group financial statements required include the Group Income and Expenditure Account, Reconciliation of the Single Surplus for the year to the Group Surplus, Statement of Total Recognised Gains and Losses, Balance Sheet and Cash Flow Statement; these are shown on the following pages. The aim of these statements is to give an overall picture of the authority's financial activities and the resources employed in carrying out those activities. There are no significant effects due to group consolidation.

2. Inclusion of Organisations within the Group Accounts

The authority has group relationships with two organisations over which it has substantial control and influence.

Six Town Housing has been included in the group accounts and details of the authority's shareholdings, degree of commitment to the organisation and other financial transaction details are given in the notes to the Group Statements on page 119.

Also included in the group accounts is Bury MBC Townside Fields Limited. The company was incorporated on the 14th October 2009 and is a wholly owned subsidiary of Bury Council.

3. Basis of Consolidation

Six Town Housing and Bury MBC Townside Fields Ltd have been identified as subsidiaries of Bury Council and as such their financial statements have been consolidated on a line by line basis to comply with FRS 2 – acquisition accounting.

The acquisition accounting basis for consolidation has been used for Six Town Housing as Bury Council, the parent company, has taken 100% control of the subsidiary. In order to create the subsidiary, part of the authority has been externalised and therefore at the formation of the company the assets and liabilities were transferred at fair value which did not give rise to good will.

The date of incorporation was 30 October 2003 and trading began on 1 April 2005.

Six Town Housing's financial year runs, the same as Bury Council, from 1 April 2009 to 31 March 2010, therefore no adjustments are required regarding the accounting year.

For Bury MBC Townside Fields Limited, the acquisition accounting basis for consolidation has been used because Bury Council has taken 100% control of the company.

4. Accounts

Six Town Housing's Statement of Accounts 2009/2010 are to be audited by Baker Tilly UK and are to be submitted to their Audit and Standards Committee, followed by the Board, and AGM meeting for approval.

Copies of Six Town Housing Ltd 2009/10 Statement of Accounts can be obtained from Six Town Housing Finance Department, Point Blue, Moor Street, Bury BL9 5AQ.

For Bury MBC Townside Fields Limited interim accounts for the period from 14th October 2009 to 31st March 2010 have been used to prepare the group accounts.

GROUP INCOME AND EXPENDITURE ACCOUNT 2009/2010

This statement sets out the income and expenditure relating to the authority and its subsidiaries as a whole, together with any appropriations to reserves.

<u>2008/2009</u>		<u>2009/2010</u>			<u>Notes</u>
<u>Net Expenditure</u>		<u>Gross Expenditure</u>	<u>Income</u>	<u>Net Expenditure</u>	
<u>£000's</u>		<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	
3,293	Central Services to the Public	32,546	(28,789)	3,757	
6,666	Non-Distributed Costs	6,096	(36)	6,060	
213	Court Services	300	(21)	279	
33,380	Cultural Environmental & Planning Services	51,099	(20,440)	30,659	
36,127	Children's and Education Services	205,369	(165,464)	39,905	
22,823	Highways Roads & Transport Services	28,041	(7,789)	20,252	
4,625	Local Authority Housing (HRA)	8,799	(9,460)	(661)	
7,378	Other Housing Services	51,857	(47,848)	4,009	
50,939	Adult Social Care	74,493	(29,750)	44,743	
13,083	Corporate & Democratic	5,061	7,455	12,516	
196	Other Operating Income & Exp.	432	(117)	315	
178,723	NET COST OF SERVICES	464,093	(302,259)	161,834	
(2,175)	Gain or loss on disposal of fixed assets			(239)	
(897)	Surplus or deficit of trading undertakings			(1,651)	
449	Amounts payable into the Housing Capital Receipts Pool			242	
6,200	Interest payable			6,468	
(5,156)	Interest and Investment Income			(2,400)	
4,211	Pensions interest cost and expected return on pensions assets			9,708	
36	Taxation of group entities			4	
181,391	NET EXPENDITURE			173,966	
(69,365)	Demands or precepts on the Collection Fund			(73,022)	
(15,871)	Government grants			(21,266)	
(55,392)	Distribution from non-domestic rate pool			(52,558)	
40,763	NET (SURPLUS)/DEFICIT FOR THE YEAR			27,120	

RECONCILIATION OF THE SINGLE ENTITY SURPLUS OR DEFICIT FOR THE YEAR TO THE GROUP SURPLUS OR DEFICIT

2008/2009 £000's		2009/2010 £000's
39,797	(Surplus) / deficit for the year on the Authority Income and Expenditure Account	27,518
0	Adjustments for transactions with other group entities	0
39,797	Surplus / Deficit in the Group Income and Expenditure Account attributable to the Authority	27,518
966	(Surplus) / deficit in the Group Income and Expenditure Account attributable to group entities (adjusted for intra-group transactions):	(398)
	➤ Subsidiaries	
	➤ Associates	
	➤ Joint Venture	
40,763	Surplus / Deficit for the year on Group Income and Expenditure Account	27,120

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

2008/2009 £000's		2009/2010 £000's
40,763	Net (surplus) or deficit for the year on the Income and Expenditure Account	27,120
(1,817)	(Surplus) / deficit arising on revaluation of fixed assets	12,554
56,670	Actuarial (gains) / losses on pension fund assets and liabilities	144,484
(7,628)	Any other (gains)/losses for the year	(5,624)
87,988	Total Recognised (Gains) / Losses for the Year	178,534

GROUP BALANCE SHEET AS AT 31 MARCH 2010

The Group Balance Sheet summarises the financial position of the authority and its subsidiaries as a whole. It shows the value of the group assets and liabilities at the end of the financial year.

GROUP BALANCE SHEET						
<u>31 March 2009</u>			<u>31 March 2010</u>			
<u>£'000</u>	<u>£'000</u>		<u>£'000</u>	<u>£'000</u>		<u>Note</u>
		<u>FIXED ASSETS</u>				
		Intangible Assets				
		Goodwill				
5,572	5,572	Other Intangible assets	5,424	5,424		
		Operational Assets				
292,997		Council Dwellings	273,065			
354,890		Other Land & Buildings	362,793			
3,041		Vehicles & Plant	2,896			
29,847		Infrastructure Assets	30,526			
637		Community Assets	638			
66,627	748,039	Other Non-Operational Assets	53,196	723,114		
	753,611	TOTAL FIXED ASSETS		728,538		
		<u>LONG TERM INVESTMENTS</u>				
10,214		Manchester Airport PLC	10,214			
5,029	15,243	Royal Bank of Scotland	5,004	15,218		
		<u>LONG TERM DEBTORS</u>				
9,006		Loan Accounts	9,855			
24	9,030	Debt Managed on Behalf of Other Local Authorities	22	9,877		
		<u>CURRENT ASSETS</u>				
1,090		Stocks & Work in Progress	1,250			
27,545		Short Term Investments	25,486			
32,588		Sundry Debtors & Advance Payments	32,575			
5,775	66,998	Cash in Hand	5,644	64,955		
		<u>LESS: CURRENT LIABILITIES</u>				
(4,377)		Short Term Loans Outstanding	(2,278)			
(193)		Deposits & Clients' Funds	(254)			
(44,327)		Sundry Creditors & Advance Receipts	(33,854)			
(4,850)		Capital Grants Unapplied	(10,603)			
(1,531)	(55,278)	Cash Overdrawn	(5,397)	(52,386)		
	789,604	TOTAL ASSETS LESS CURRENT LIABILITIES		766,202		
		<u>LESS: LONG TERM LIABILITIES</u>				
		Loans Outstanding:				
(119,018)		External	(130,594)			
(8,058)		Deferred Liabilities	(8,686)			
(29,697)		Government Grants – Deferred	(32,544)			
(114,844)		Pension Liability	(255,294)			
(39,084)	(310,701)	Provisions	(38,715)	(465,833)		
	478,903	TOTAL NET ASSETS		300,369		

<u>31 March 2009</u>		GROUP BALANCE SHEET	<u>31 March 2010</u>		<u>Note</u>
<u>£'000</u>	<u>£'000</u>		<u>£'000</u>	<u>£'000</u>	
		FINANCED BY :			
		RESERVES AND OTHER BALANCES			
379,064		Capital Adjustment Account	353,507		
431		Financial Instruments Adjustment A/c	328		
189,760		Revaluation Reserve	177,200		
(114,200)		Pensions Reserve	(247,600)		
973		Major Repairs Reserve	891		
22,875		Fund Balances and Reserves	16,043		
	<u>478,903</u>	TOTAL GROUP BALANCES AND RESERVES		<u>300,369</u>	

GROUP CASH FLOW STATEMENT 2009/2010

The Group Cash Flow Statement summarises the cash flows of the authority and its subsidiaries during the year.

<u>2008/2009</u>	Group Cash Flow Statement		<u>2009/2010</u>	
<u>£000's</u>		<u>£000's</u>	<u>£000's</u>	
	Net Cash Inflow from Revenue Activities			
2,419	Net Cash (Inflow) / Outflow			(3,860)
	Dividends from Joint Ventures and Associates			
(1,300)				(1,000)
	Returns on Investments and Servicing of Finance			
	Cash Outflows			
4,398	Interest paid			4,416
	Cash Inflows			
(4,956)	Interest received			(2,400)
	Taxation			
57				55
	Capital Expenditure and Financial Investment			
	Cash Outflows			
33,806	Purchase of fixed assets	32,774		
5,029	Purchase of long-term investments	1,395		
449	Other capital cash payments	242		34,411
39,284				
	Cash Inflows			
(5,459)	Sale of fixed assets	(655)		
	Capital grants received	(18,206)		(18,861)
(13,886)				
(19,345)				
0	Acquisitions and Disposals			
	Management of Liquid Resources			
	Net (increase)/decrease in short term deposits			(2,059)
(9,693)	Net increase in Council tax liquid			1,925
1,468				

	resources	
12,332	Net Cash Inflow before Financing	12,627
	Financing	
48,800	Cash Outflows	
	Repayment of amounts borrowed	4,224
	Cash Inflows	
(319)	Net Receipts from Long Term Debtors	847
(57,628)	Loans raised	(13,700)
(57,947)		(12,853)
3,185	Net (Increase)/Decrease in Cash	3,998

M. Owen

M. OWEN C.P.F.A.
Director of Finance & E-Government
22 June, 2010

Notes to the Group Statements

1. Subsidiary Income and Expenditure

The operating expenditure and income of Six Town Housing has been included within "Housing Services". The operating expenditure and income of Bury MBC Townside Fields Limited has been included within "Corporate and Democratic Services".

2. Amount to be met from Government Grant and Local Taxes

This is the same amount as that disclosed in the Income and Expenditure Account of Bury MBC.

3. Goodwill

No goodwill arose in respect of both subsidiaries.

5. Fixed Assets

Six Town Housing's fixed assets are included as tangible assets and are valued at historical cost, the same as the assets of Bury Council. The fixed assets of Bury MBC Townside Fields Limited are also valued at historic cost in line with Bury Council's policy.

6. Six Town Housing - wholly owned subsidiary

Nature of the Business: Six Town Housing was set up to manage and maintain the housing stock of Bury MBC. Six Town Housing has no share capital and is wholly owned by the authority. Bury MBC has a 100% interest in Six Town Housing, a company which is limited by guarantee.

Percentage of Total Shareholding: The composition of the Board and the voting rights is as follows:

	Members	% of voting Rights
Bury Council	5	29.4
Tenant	7	41.2
Independent	5	29.4
		100

The related party transaction between Council Members on the board of Six Town Housing and Bury MBC are detailed in Bury MBC Statement of Accounts Note 11 (page 71).

Bury Council's Commitment: Six Town Housing is the wholly owned subsidiary of Bury MBC. The Council is therefore committed that in the event of Six Town Housing being wound up to contribute up to the limit of the guarantee. After the satisfaction of all the debts and liabilities the remaining assets will be transferred to the Council's Housing Revenue Account.

Financial Transactions and Operations: In 2009/2010 Six Town Housing made a net operating profit of £0.594m compared to a loss of £1.102m restated in 2008/2009. Bury MBC paid management fees of £13.491m in 2009/2010 (£13.392m in 2008/2009) to Six Town Housing for the management of its housing stock.

7. Bury MBC Townside Fields Limited – wholly owned subsidiary

Nature of Business: Bury MBC Townside Fields was formed to facilitate the development of Knowsley Place. The company's share capital (Ordinary Share Capital £1) is wholly owned by Bury Council.

Bury MBC Townside Fields Limited incurred an interim loss of £0.105m for the period to 31st March 2010. Bury Council invested £1.420m in Bury MBC Townside Fields Limited in 2009/10.

8. Reconciliation of the deficit in the group Income and Expenditure Account to the revenue activities net cash flow

<u>2008/2009</u>	GROUP RECONCILIATION OF REVENUE CASH FLOW	<u>2009/2010</u>	
<u>£000's</u>		<u>£000's</u>	<u>£000's</u>
40,763	DEFICIT FOR THE YEAR ON REVENUE ACCOUNT		27,120
1,087	Six Town Housing Surplus		(508)
0	Bury MBC Townside Fields Loss		105
	Non Cash Movements in Revenue Account:		
(28,903)	Provision for Depreciation	(30,966)	
659	Other Provisions	(369)	
4,595	Minimum Revenue Provision	4,631	
(17,764)	Contributions from / (to) Revenue Reserves	(14,070)	
5,167	Other non-cash Movements	593	
(36,246)			(40,181)
	Movements in Current Assets and Liabilities:		
(56)	Increase / (Decrease) in Stock	160	
(1,789)	Increase / (Decrease) in Revenue Debtors	(13)	
(3,198)	(Increase) / Decrease in Revenue Creditors & Advance Receipts	10,473	
(5,043)			10,620
	Items shown elsewhere in the Cash Flow Statement:		
(4,398)	Interest Paid	(4,416)	
4,956	Interest Received	2,400	
1,300	Dividend Income	1,000	
1,858			(1,016)
2,419	NET CASH INFLOW FROM REVENUE ACTIVITIES		(3,860)