AGENDA FOR

AUDIT COMMITTEE

Contact: Andrea Tomlinson
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To: All Members of Audit Committee

Councillors: R Gold, M Hayes, N Jones, D Silbiger, Sarah Southworth, R Walker, S Walmsley, M Whitby (Chair) and S Wright

Dear Member/Colleague

Audit Committee

You are invited to attend a meeting of the Audit Committee which will be held as follows:-

Date:	Tuesday, 17 September 2019
Place:	Lancashire Fusiliers Room - Town Hall
Time:	7.00 pm
Briefing Facilities:	If Opposition Members and Co-opted Members require briefing on any particular item on the Agenda, the appropriate Director/Senior Officer originating the related report should be contacted.
Notes:	

AGENDA

1 **APOLOGIES FOR ABSENCE**

2 **DECLARATIONS OF INTEREST**

Members of the Audit Committee are asked to consider whether they have an interest in any of the matters on the agenda and, if so, to formally declare that interest.

3 **MINUTES OF THE LAST MEETING** *(Pages 1 - 4)*

The Minutes of the last meeting of the Audit Committee held on

4 **MATTERS ARISING**

5 **AUDITED STATEMENT OF ACCOUNTS 2018/2019** *(Pages 5 - 144)*

Report from the Chief Finance Officer is attached
The Audited Statement of Accounts are attached.

6 **AUDIT COMPLETION REPORT AND BURY'S RESPONSE** *(Pages 145 - 174)*

Report from Mazars attached

7 **QUARTERLY GOVERNANCE STATEMENT** *(Pages 175 - 180)*

A report from the Head of Financial Management is attached.

8 **RISK MANAGEMENT ANNUAL REPORT** *(Pages 181 - 206)*

9 **FINANCIAL MONITORING REPORT** *(Pages 207 - 212)*

A report from the Chief Finance Officer is attached

10 **EXCLUSION OF PRESS AND PUBLIC**

To consider passing the appropriate resolution under Section 100(A)(4) of the Local Government Act 1972 that the press and public be excluded from the meeting during consideration of the following items of business since they involve the likely disclosure of the exempt information stated.

11 **INTERNAL AUDIT PROGRESS REPORT** *(Pages 213 - 222)*

A report from the Head of Financial Management is attached.
Appendix A attached
Appendix B attached
Appendix C attached

12 **MEMBERS FEEDBACK** *(Pages 223 - 228)*

Report from the Head of Financial Management is attached.

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Minutes of: **AUDIT COMMITTEE**

Date of Meeting: 30 July 2019

Present: Councillor M Whitby (in the Chair)
Councillors N Jones, D Silbiger, Sarah Southworth, R Walker, S Walmsley and S Wright

Also in attendance: Karen Murray – Mazars
Ian Pinches - Mazars

Public Attendance: No members of the public were present at the meeting.

Apologies for Absence: Councillor Gold and Councillor M Hayes

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AU.110 DECLARATIONS OF INTEREST

Councillor Sarah Southworth declared a personal interest in any item relating to Six Town Housing as she is a Member of the Board of Directors. She also declared a personal interest in any item relating to Persona and Six Town Housing as her husband's accountancy business has been awarded the contract to audit both companies.

Councillor S Wright declared a personal interest in any item relating to the Department for Children, Young People and Culture as his wife is employed in a Bury School. He also declared a personal interest in any item relating to Six Town Housing as he is a member of the Board.

AU.111 MINUTES OF THE LAST MEETING

It was agreed:

That the Minutes of the last meeting of the Audit Committee held on 26 February 2019 be agreed as a correct record and signed by the Chair.

AU.112 DRAFT STATEMENT OF ACCOUNTS 2018/2019

It was reported that the Draft Statement of Accounts would have to be deferred until the September meeting of the Audit Committee.

Karen Murray from the Council's external auditors Mazars explained that Mazars had received the draft accounts on 31 May and had started the audit work at that time. There had been some technical issues that had arisen that would mean that Mazars would not be in a position to issue an Audit Opinion.

It was reported that the Council will meet its obligations by publishing the current working accounts on its website with a statement of explanation.

Karen explained that Mazars would continue with the work to complete the audit and would report back to the Committee at its meeting is September.

Mike Woodhead, Chief Finance Officer explained that there had been similar issues across the country in relation to Councils' accounts. It had been reported that there were over 100 council's in the same position including some of the other GM authorities.

AU.113 ISA 260 2018/2019

This item deferred until the September Audit Committee.

AU.114 ANNUAL GOVERNANCE STATEMENT

The Head of Financial Management, Andrew Baldwin, presented a report introducing the Annual Governance Statement.

It was explained that Bury Council had complied with the requirements of Regulation 6(1)(b) of the Accounts and Audit Regulations 2015, in relation to the publication of a statement on internal control.

The Annual Governance Statement provides an assurance that the Governance Framework is operating effectively and reports any significant issues arising during the year. 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.

The report also includes details of the key risks that the Council faced in 2018/2019, a review of the effectiveness of the governance framework including the system of internal control plus a copy of the latest Audit Commission VFM profiles, the governance arrangements in respect of group relationships and a number of the challenges facing the Council in 2019/2020.

It was explained that it was a legal requirement for every Council to produce an annual governance statement and that Bury Council also produces a quarterly report in line with best practice.

It was reported that the Annual Governance Statement had been to the Joint Executive Team Meeting on 10 June and had been signed off by the Chief Executive and the then Leader of the Council.

Delegated decision:

That the Annual Governance Statement 2018/2019 be accepted.

AU.115 INTERNAL AUDIT ANNUAL REPORT AND REVIEW OF THE EFFECTIVENESS OF INTERNAL CONTROL AND GOVERNANCE 2018/19

The Head of Financial Management, Andrew Baldwin, presented a report summarising the work undertaken by the Internal Audit service during the 2018/2019 financial year and comparing it to the Audit Plan for the year.

The report contained an Audit Opinion which assessed the authority's control framework as "robust" and updated the Members on some of the issues facing the Internal Audit Service. It was also explained that the report would provide information to support the 2018/2019 Annual Governance Statement, also on the agenda.

It was explained that 100% of the target chargeable days had been achieved by the Internal Audit Team, 48 final reports had been produced which contained 200 recommendations. It was also reported that 97% of the recommendations had been accepted.

Appended to the report was a Review of the Effectiveness of Internal Control, an update on the Internal Audit Plan and Internal Audit Performance Indicators 1 April 2018 – 31 March 2019.

Delegated decision:

That the Audit Committee accept the report and endorse its suitability in support of the Governance Statement for 2018/2019.

AU.116 EXCLUSION OF PRESS AND PUBLIC

Delegated decision:

That in accordance with Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items of business since they involved the likely disclosure of exempt information, relating to any action taken, or to be taken in connection with the prevention, investigation and prosecution of crime.

AU.117 REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE 2018/19

Andrew Baldwin, Head of Financial Management, submitted a report summarising the work carried out by the Audit Committee over the 2018/2019 Municipal Year which showed the effectiveness of the Committee. Included in the report was a copy of one of the self-assessment checklists that would be sent out for Members to complete. This will help to demonstrate that CIPFA guidance was being complied with.

Comments received from the self-assessment checklists will be addressed both individually and collectively, where required, through the production of an action plan.

Delegated decision:

That the report be accepted.

COUNCILLOR M WHITBY
Chair

(Note: The meeting started at 7.00 pm and ended at 7.40 pm)

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REPORT FOR DECISION

Agenda Item	

MEETING:	**AUDIT COMMITTEE**
DATE:	**17 SEPTEMBER, 2019**
SUBJECT:	**STATEMENT OF ACCOUNTS 2018/19**
REPORT FROM:	**MIKE WOODHEAD, CHIEF FINANCE OFFICER**
CONTACT OFFICER:	**ANDREW BALDWIN, HEAD OF FINANCIAL MANAGEMENT**

TYPE OF DECISION:	**COUNCIL**
FREEDOM OF INFORMATION/STATUS:	This paper is within the public domain

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SUMMARY:

The report provides Members with details of the Authority's audited Statement of Accounts for the financial year ended 31 March 2019.

The pre-audited Statement of Accounts was approved by the Responsible Finance Officer on 31 May, 2019. The accounts have now been audited by Mazars and Members are asked to note:

- 10 audit adjustments have been required;
- Two recommendations have been made which are of medium and low priority;
- Officers will work with Mazars to improve the final accounts process;
- A notice will be placed advertising the completion of the audit and how members of the public can access copies of the statement and summary of accounts.

This report is to be considered along with the ISA (UK+I) 260 *"Communication of Audit Matters with those Charged with Governance"* report which will be presented by Mazars as part of this meeting.

OPTIONS & RECOMMENDED OPTION	Members are recommended to: Approve the final version of the Statement of Accounts for the 2018/19 financial year in line with the provisions of the Accounts and Audit Regulations 2015; Note the matters and issues arising from the audit and contained within the Audit Completion Report (ISA (UK+I) 260 Financial Statement report) also on the agenda presented by MAZARS; Approve the letter of representation signed by the Chief Finance Officer which will be presented at the meeting of the Audit Committee.

IMPLICATIONS: **Corporate Aims/Policy Framework:**	Do the proposals accord with the Policy Framework? Yes
Statement by the Joint Chief Finance Officer / Section 151 Officer:	The Statement of Accounts reflects the Authority's financial performance during 2018/19 and helps to shape budget strategy in future years.
Equality/Diversity implications:	No
Considered by Monitoring Officer:	Yes
Are there any legal implications?	Yes. The production of the Authority's statutory accounts is a requirement of the Local Government Act 1972 and has been undertaken in compliance therewith and the Council's Financial Regulations (Financial Regulation A: Financial Management: 3.8.5). The report accords with the Council's Policy and Budget Framework and has been produced in accordance with all relevant Statutory Guidance and Codes of Practice.
Staffing/ICT/Property:	No specific implications
Wards Affected:	All
Scrutiny Interest:	Overview & Scrutiny Committee

TRACKING/PROCESS **DIRECTOR: Mike Woodhead**

Joint Executive Team	Cabinet Member / Chair	Ward Members	Partners
Yes	Yes		
Overview & Scrutiny Committee		Committee	Council
		Audit 17/09/2019	

1.0 INTRODUCTION

1.1 Under the terms of the Accounts and Audit Regulations 2015 each year the Authority is required to produce the draft, unaudited Statement of Accounts before 31 May following the Balance Sheet date. The accounts are approved at this stage by the Responsible Finance Officer (Section 151 Officer). For Bury Council the Responsible Finance Officer in 2018/19 was the Assistant Director of Finance.

1.2 Once the draft Accounts have been approved they are subject to audit by, in our case, Mazars, and a copy of the Accounts must be published on or before the statutory publication date of 31 July.

1.3 The 2018/19 draft Accounts were approved by the Responsible Finance Officer on 31 May, 2019.

1.4 In accordance with the Accounts and Audit Regulations 2015 members of the public have the right to inspect the Authority's Accounts, including supporting documents, on reasonable notice at all reasonable times. Any rights of objection, inspection and questioning of the external auditor may only be exercised within a single period of 30 working days. This year the Accounts were deposited for inspection at the Town Hall for 30 working days commencing 3 June 2019 until 12 July and the External Auditor was available for questioning from 3 June 2019. This facility was advertised in the local press and on the Bury Council website.

1.5 The figures shown within the Statement of Accounts correspond with the results which were reported within the Corporate Revenue & HRA, Capital and Treasury Management Outturn Reports. These were considered by the Cabinet on 25 June 2019 and will be considered by the Overview & Scrutiny Committee on 16 July 2019 and contain details of the Council’s financial performance against budget.

2.0 THE FORMAT OF THE ACCOUNTS

2.1 The Statement of Accounts is attached at Appendix A and it contains the following financial statements:-

- An Introduction by the Cabinet Member for Finance & Housing;
- Narrative Report;
- Statement of Responsibilities;
- Core Financial Statements:
  - Comprehensive Income and Expenditure Statement;
  - Balance Sheet;
  - Movement In Reserves Statement;
  - Cash Flow Statement
- Index for the Notes to the Core Financial Statements;

- Notes to the Core Financial Statements including Accounting Policies;
- The Housing Revenue Account;
- The Collection Fund;
- Group Accounts;
- Glossary of Terms

2.2 A brief explanation of the purpose of these statements is given in the Narrative Report on page 6 of the Accounts.

2.3 The format and contents of the Accounts are laid down in regulations and in the Code of Practice on Local Authority Accounting incorporating International Financial Reporting Standards which we are required to follow. As a result the Authority has little or no discretion over what is shown.

2.4 The Council has continued to investigate ways in which the Accounts can be made more accessible to the community at large, especially through the use of plain English, summary information and through the internet. Similar to previous years, the 2018/19 Accounts can be translated into a number of different languages if required and can be made available in Braille and large print.

2.5 A quick and easy summary format of the accounts in order to make the accounts easier to understand and more informative, will continue to be provided. These will again be placed on the Council's website and this facility will again be advertised in the local press. We will ensure that the Accounts continue to be presented in the professional format adopted last year on conclusion of the audit.

3.0 AMENDMENTS TO THE ACCOUNTS

3.1 For the 2018/19 financial year there is the continuation of the important development in the responsibilities of auditors in relation to any misstatements that they discover in the course of their work. Under International Standard of Auditing (UK and Ireland) (ISA (UK+I)) 330, auditors plan and perform their audit to provide reasonable assurance that the financial statements are free from material misstatement.

3.2 However, in carrying out their work, they will also happen across other misstatements/omissions that are not material and ISA (UK+I) 260 *"Communication of Audit Matters with those Charged with Governance"* requires auditors to report to Members all misstatements that have been advised to officers but not adjusted for.

3.3 The principal purposes of the communication with Members are for the auditors to ensure that there is a mutual understanding of the scope of the audit and the respective responsibilities of the auditors and Members; to share information to assist both the auditors and Members to fulfil their respective responsibilities; and to provide Members with constructive observations arising from the audit process.

3.4 There were 10 audit adjustments that Mazars have identified from the draft accounts that were approved by the Responsible Finance Officer on 31 May.

3.5 **Members are therefore recommended to approve these Accounts.**

3.6 In the last few years the Council has made continuous improvements to the accounts closure process in terms of its preparation and application and the results of this can be seen in a consistently good performance in terms of a reduced number of both audit adjustments and recommendations as reported in previous ISA260s. Officers will work with Mazars to ensure improvements are made in the final accounts process in future:

	2018 / 19	**2017 / 18**	**2016 / 17**	**2015 / 16**	**2014 / 15**	**2013 / 14**	**2012 / 13**	**2011 / 12**	**2010 / 11**
Audit Adjustments	**10**	**0**	0	2	0	1	2	1	3
Recommendations	**2**	**7**	2	1	6	6	1	1	10
Recommendations outstanding from previous years	**3**	**0**	0	1	4	0	0	1	0

3.7 The Committee should also note that no audit matters of governance have been identified by Mazars.

4.0 MANAGEMENT LETTER

4.1 The authority is required by Auditing Standards to provide the auditor with written representations from management in respect of related party disclosures, compliance with laws and regulations, the accuracy of the financial statements, unadjusted audit differences, fraud and fair value measurements and disclosures. In addition the auditors also seek management representations in relation to contingent liabilities, post balance sheet events.

4.2 In a local government context it is appropriate for management representations to be discussed and approved by the full Council, the Audit Committee or any other committee which has been given delegated responsibility for approval of the financial statements under the Accounts and Audit Regulations 2015. In Bury’s case this is the Audit Committee and a letter of representation signed by the Chief Finance Officer and Chair of Audit Committee will require approval by Audit Committee.

5.0 ISSUES

5.1 I would like to thank all the Council staff involved in the achievement of the 31 May deadline for the close down process and pay tribute to the professional and timely manner in which the officers have responded to the audit queries that they have received.

MIKE WOODHEAD
CHIEF FINANCE OFFICER

Background documents:
Various final accounts working papers held in the files of the Head of Financial Management.

For further information on the details of this report, please contact:
Mr Mike Woodhead, Joint Chief Finance Officer;

Tel. 0161 253 7659, (email: mike.woodhead@nhs.net)

FINANCIAL
MANAGEMENT
SERVICES

Statement of Accounts 2018/2019

CONTENTS

Introduction by Councillor Eamonn O'Brien, Cabinet Member for Finance and Housing

I am delighted to welcome you to the Council's Statement of Accounts for 2018/19.

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 public resources and financial performance to its stakeholders.

We have consistently been amongst the top level of local authorities that 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.

The difference between what we spent and what we planned to spend is less than 1% of our total budget and given our gross expenditure is almost £0.5 billion this is a very commendable performance. Almost £35 million has been invested on improving the assets that are so vital to the quality of the services that we aim to provide.

However, as we look to the future there continue to be 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 fragile state of the economy which has continued to result in reduced income, reductions in investment returns and increased energy costs.

The Council has also set its strategic direction looking towards 2020 and beyond. This includes working with the Bury Clinical Commissioning Group towards the development of One Commissioning Organisation, which was established in shadow form in April 2018 and setting up a Joint Executive Team of officers.

Bury is also a key player within Greater Manchester and is at the heart of bold and ambitious proposals in respect of:

- The GM Clean Air Plan - a plan to address poor air quality which is one of the largest public health issues facing the UK. Action includes tackling harmful and illegally high levels of roadside air pollution across the GM Region;
- The GM Infrastructure Framework - a framework under development to enable prosperity, social inclusion and ensure that Greater Manchester is resilient to future potential shocks and stresses. Physical infrastructure (such as transport, energy, water, flood risk, digital communications and landscape) and social infrastructure (such as education, health and wellbeing, culture and leisure) are both within its scope;
- The GM Spatial Framework - a plan for homes, jobs and the environment which sets out how the GM region should develop up to 2037. This is a plan put together by all 10 of the local authorities in Greater Manchester. It's about providing the right homes, in the right places for people across the GM region. It's also about creating jobs and improving infrastructure to ensure future success;
- The GM Housing Vision - an ambitious plan for changing and tackling the housing crisis. The vision provides a framework for the GM Housing Strategy which is to be published later this year. It makes identifying safe, decent and affordable housing a priority so that there will be homes fit for future needs and generations;
- The 2040 Transport Delivery Plan - a plan that sets out the practical actions planned to enable a co-ordinated approach to transport investment. Published alongside the GM Spatial Framework, this plan supports the vision of the 2040 Transport Strategy, i.e. for 50% of all journeys in Greater Manchester to be made by walking, cycling and public transport by 2040. That's a million more sustainable journeys every day!

Each of these plans, individually and collectively, are really important for the future of Bury and Greater Manchester.

We also acknowledge that we need to change the way we work given the relentless financial pressures that the Council is facing. Our corporate plan indicates that the Council will have to reduce the services that we provide, focusing on what we have to do and meeting the needs of the most vulnerable. The Council has put in place a programme of savings which sets out Bury Council's way of meeting these challenges in an open and transparent way in partnership with our communities, staff and partners.

We continue to improve the way that we set and monitor our budget and utilise risk management techniques to direct attention to the areas that require most attention. I am determined that this trend will continue through these difficult financial times and that financial prudence will be the watchword of the Council.

I am also determined that the Council 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 and we will set out clear standards for services so that everyone knows what to expect.

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.

Councillor Eamonn O'Brien
Cabinet Member for Finance and Housing

APPROVAL OF THE STATEMENT OF ACCOUNTS

In accordance with Regulation 9 of the Accounts and Audit Regulations 2015 I confirm that these accounts were approved by the Audit Committee at the meeting held on Tuesday, 17 September, 2019.

Signed on behalf of Bury Metropolitan Borough Council:

Councillor Mary Whitby
Chair of Audit Committee

17 September, 2019

In accordance with Regulation 9 of the Accounts and Audit Regulations 2015 I confirm that these accounts present a true and fair view of the financial position, financial performance and cash flows of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2019. I also reconfirm satisfaction that the accounts present a true and fair view of the financial position at the balance sheet date and the income and expenditure for the year, upon conclusion of the public inspection period and immediately prior to approval of the audited accounts by Audit Committee.

Signed on behalf of Bury Metropolitan Borough Council:

M Woodhead
Chief Finance Officer

17 September, 2019

NARRATIVE REPORT

The purpose of this Narrative Report is to offer the reader of the accounts an easily understandable effective guide to the most significant matters reported in the accounts. It is intended that the narrative report is fair, balanced and understandable.

The narrative report provides 2018/19 information relating to:

- Bury Council's Vision, Purpose and Values
- Performance management of the Council;
- Preparation of the accounts;
- Explanation of the core financial statements;
- Summary of the Council's financial results;
- Economy, efficiency and effectiveness in its use of resources
- Corporate Risks;
- Looking Ahead;
- Inspection of the accounts

Bury Council's Vision, Purpose and Values 2015-2020

The Council's Vision, Purpose and Values set outs the strategic direction for the Council, looking towards 2020.

The plan outlines the vision for the Council - **to lead, shape and maintain a prosperous, sustainable, Bury that is fit for the future**

It acknowledges that we need to change the way we work given the relentless financial pressures that the Council is facing. The Plan indicates that the Council will have to reduce the services that we provide, focusing on what we have to do and meeting the needs of the most vulnerable.

There are six priorities to help provide the focus for our work:

1. Drive forward through effective marketing and information, proactive engagement with the people of Bury to take ownership of their own health and wellbeing.
2. Continue to develop business friendly policies to attract inward investment and new jobs so that Bury retains its position as a premier destination for retail, leisure, tourism and culture.
3. Ensure new and affordable housing is developed to support growth in the Bury and Greater Manchester economy.
4. Build on the culture of efficiency and effectiveness through new, progressive and integrated partnership working models to drive forward the Council's and Greater Manchester Public Service growth and reform agenda.
5. Ensure staff have the right skills to embrace significant organisational change, through embedding a culture of ownership, empowerment and decision making at all levels of the organisation.
6. Work toward reducing reliance on government funding by developing new models of delivery that are affordable, add value and based on need.

The Council also has five outcomes it wants to achieve; whereby:

1. All people of Bury live healthier, resilient lives and have ownership of their wellbeing.
2. Bury people live in a clean and sustainable environment.
3. People of Bury at all ages have high level and appropriate skills.
4. All Bury people achieve a decent standard of living.
5. Bury is a safe place to live with all people protected (and feeling protected) from harm.

Bury COUNCIL

Our Vision, Purpose and Values

To lead, shape and maintain a prosperous, sustainable Bury that is fit for the future

2018/19

The people of Bury to take ownership of their own health and wellbeing

Develop business friendly policies to attract inward investment

Ensure new and affordable housing is developed

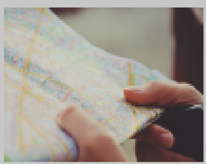
GM

Drive forward the Council's and Greater Manchester Public Service growth and reform agenda

Ensure staff have the right skills to embrace significant organisational change

Work toward reducing reliance on government funding

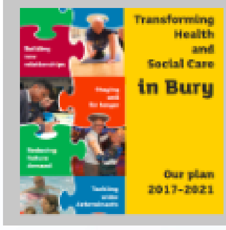
Over £19m secured as part of Transformation Funding to develop new models of care and behaviour change programmes with residents



The Greater Manchester Spatial Framework is out for consultation.

145 affordable housing units proposed to be build on sites that have detailed planning permissions in the year

Transformation of health and social care through the Bury Locality Plan as part of GM Devolution



Recruitment of a Executive Director - Business, Growth & Infrastructure, has been recruited to drive transformation at scale and pace, with cross-team and cross-organisation management now taking place

Budget Records and new delivery plans already established with a new Medium Term Financial Strategy

The Bury directory

One Community was formally launched on 19th February 19.

Bury third best retail offer in Greater Manchester

100% planning permissions dealt within statutory timescales

GMCA GREATER MANCHESTER COMBINED AUTHORITY

Bury has played a key role as one of the 10 local authorities in GM, to develop and deliver 'Our People, Our Place - the GM Strategy' which contains 10 priorities for the region

LIVE Better | FEEL Better

Continued implementation of the People Strategy including Workforce Development and Wellbeing proposals - reduction in long term sickness levels

Neighbourhood Working and the new Neighbourhood Engagement Framework - public, voluntary and private sector working together different

The CCG and the Local Authority have appointed the Northern Care Alliance NHS Group to undertake the role as provider on an interim contract and has awarded an interim contract to Salford Royal NHS Foundation Trust (as a legal entity on behalf of the Northern Care Alliance) on an interim term basis.

Bury now has the highest rate of business start ups per population in GM - 1 start up for every 53 residents.

Growth Programme Board in place bringing forward sites for development with the Housing Revenue Account

Active involvement in GM Reform Board, Councillor Lead for Early Years and Social Cohesion. Lead Chief Executive for Civil Congrencies

Improved communications through the Chief Executive engagement sessions

BURY

Development of a One Commissioning Organisation for integrated care commissioning

PREPARATION OF ACCOUNTS

These Accounts have been prepared in accordance with the 2018/19 Code of Practice on Local Authority Accounting in the United Kingdom which has been issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and also using International Financial Reporting Standards (IFRS's).

IFRS's are accounting standards issued by the International Accounting Standards Board (IASB) and are embodied within the Code.

The accounts have also been prepared in accordance with, and comply with, the Accounts and Audit Regulations 2015.

CORE FINANCIAL STATEMENTS

The Accounts comprise several core financial statements and related notes, which are intended to present the true and fair financial position, financial performance and cash flows of Bury Council.

All the statements and notes give details of the Authority's income and expenditure for the financial year, which ran from **1st April 2018** to **31st March 2019** along with details of the assets and liabilities of the Council at **31st March 2019**. Wherever it is relevant the corresponding figures for the last financial year, 2017/2018, are also shown for comparison.

Briefly, the purpose of the individual statements is as follows:-

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT:

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

THE BALANCE SHEET:

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

MOVEMENT IN RESERVES STATEMENT:

This statement shows the movement from the start of the year to the end of the year on the different reserves held by the Authority analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves. The statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to council tax for the year. The net increase / decrease line shows the statutory General Fund Balance and Housing Revenue Account balance movements in the year following those adjustments.

THE CASH FLOW STATEMENT:

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

THE HOUSING REVENUE ACCOUNT (HRA):

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

THE COLLECTION FUND:

Is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates. Up to and including the 2012/13 financial year business rates collected by the local authorities were passed over to the government and redistributed nationally so that each local authority received back an amount dependent on its population. This was paid directly into the General Fund. Since 2013/14 onwards local authorities keep 50% of all business rates income; whilst in 2017/18, as part of the GM Business Rates pilot, Bury Council retained 100% of the business rates collected.

THE GROUP ACCOUNTS:

The Group Accounts show the Comprehensive Income and Expenditure Statement, Reconciliation of the Single Entity (Surplus) or Deficit on Provision of Services to the Group Comprehensive Income and Expenditure Statement (surplus or deficit), Group Balance Sheet, Group Movement in Reserves Statement 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

In 2018/19 we had to make ongoing savings totalling £6.643m in response to the Council's reduced funding position. This was on top of the savings already made / agreed for previous years. This position was outlined in the Medium Term Financial Strategy approved by Cabinet in December 2013. Total savings from 2011/12 are summarised below;

2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	**2018/19**	**Total**
£'000	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**	**£'000**
9,575	8,656	9,871	9,652	15,807	11,579	13,335	**6,643**	**85,118**

A priority led budget model was used for the three year period of 2017/18 to 2019/20 which allocated initial savings targets between services according to the following factors:

- Link to Council Priorities
- Cost of Doing Business
- Mandatory Provision
- Local Political Priority

In examining ways of achieving savings, Cabinet Members and Directors were asked to question:

- The number of services that they provide
- The quantity of each service
- The quality of each service
- Alternative ways of delivering each service including the use of volunteers
- Options for increasing income

Directors and Cabinet Members were again asked to be mindful of the updated strategic overview to budget setting which suggests that the Council needs to:

- Change the public's expectations about what the Council can deliver
- Work more closely with individuals and communities to deliver services
- Provide a stronger focus on demand reduction
- Undertake an examination of alternative ways of delivering remaining
- Council services
- Change the way residents access services

On the 21 February, 2018 the Council set a net budget of **£138.016m** including a planned contribution to General Fund balances of £2.811m.

As the table below shows, the Council overspent its budget by **£2.657m.**

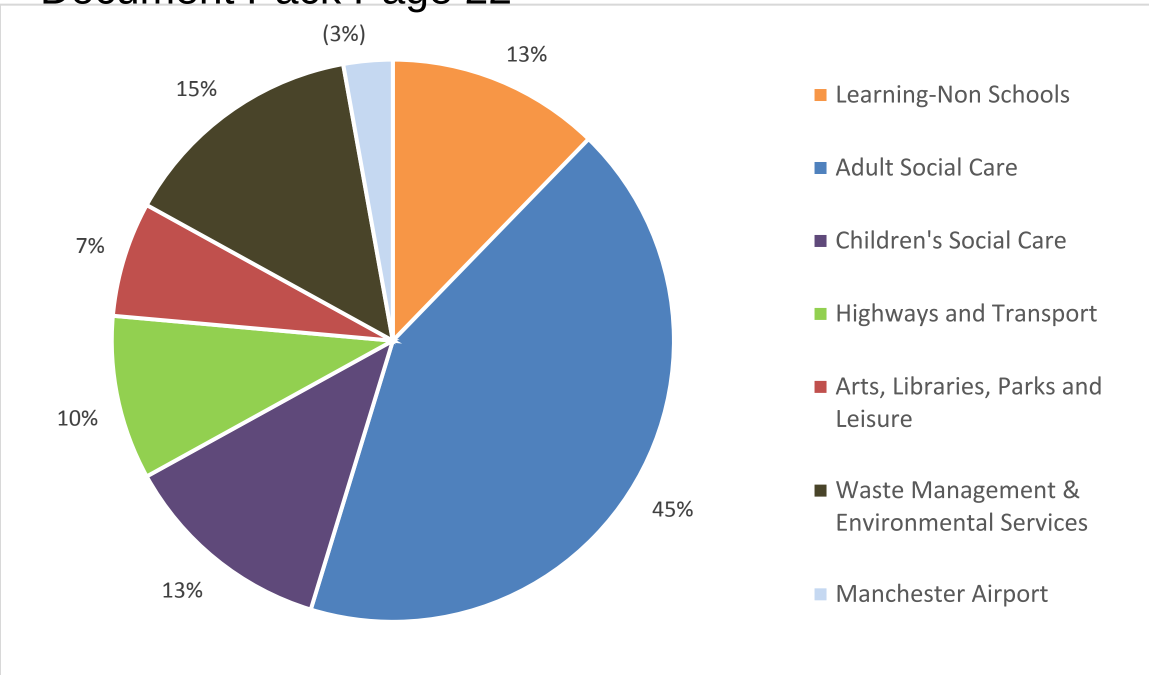
At 31st March 2019 the borough's schools had accumulated a total overspending against their budget of **£9.677m**. Under the terms of the Local Management of Schools scheme of delegation operated by the Authority, this overall overspending will be carried forward, in total, into the 2019/20 financial year and plans will be put in place to recover the amount of the deficit over the next two financial years.

Revenue expenditure during 2018/2019 was: -

		Revised Estimate £000's	**Actual £000's**	**Difference £000's**
Net cost of Bury services		135,205	137,862	2,657
Planned contribution to balances		2,811	2,811	0
Precepts :-	Police	9,212	9,212	0
	Fire	3,591	3,591	0
		150,819	153,476	2,657
TOTAL NET EXPENDITURE				
Financed from:-				
Locally Retained Business Rates		(55,401)	(55,401)	0
Council Tax		(95,418)	(95,418)	0
Movement between specific and formula grants		0	(2,657)	(2,657)
BALANCE		**0**	**0**	**0**

The Corporate Revenue Outturn Report details the overall performance of the Council in 2018/2019.

The Council spent £137.862m (excluding precepts) in 2018/2019 as follows:



	£m
Learning – Non Schools	12.010
Adult Health & Social Care	62.687
Children's Social Care	24.166
Arts, Libraries, Parks and Leisure	5.870
Waste Mgt & Environmental Services	13.562
Highways & Transport	26.131
Manchester Airport	(5.641)
Other	(0.923)
Total	**137.862**

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

Service Area	**£000's**
Children's Social Care and Safeguarding	4,154
Property & Asset Management	1,810
Communities & Wellbeing – Commissioning & Procurement (Care In the Community)	1,401
Waste Management / Street Cleansing	1,108
Trading Services	692
Provisions	(2,559)
Manchester Airport	(841)
Cost of Borrowing	(2,604)
Grants To Voluntary Organisations	(342)
Other Variances	(162)
Total	**2,657**

A number of hotspots remain within specific service areas, particularly around reduced income for some services in light of prevailing economic conditions and demand pressures in respect of Looked After Children and Vulnerable Adults. This has been offset by savings on loan interest payable, a reduced need in provisions and increased annual dividend receipt in respect of Manchester Airport.

CAPITAL OUTTURN

Total Capital Expenditure achieved in the year was **£35.348m**.

In addition to the figures shown for the year, Bury's Voluntary Aided schools received **£1.291m** from the Department for Education for the modernisation of the voluntary sector aided schools.

For information on how Capital Expenditure was financed, refer to Note 16 (page 79).

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

SERVICE	**PROJECT**	**£000's**	**£000's**
COMMUNITIES & WELLBEING			
Environmental Works	Environmental Works	62	**62**
Leisure Services	Leisure Services	266	**266**
Adult Care Services	Older People Services	6	**6**
Urban Renewal	Disabled Facilities Grant	823	
	Empty Properties	29	
	Housing development - Urban Renewal	4,802	**5,654**
Economic Development	Neighbourhood Working	130	**130**
CHILDREN, YOUNG PEOPLE & CULTURE			
Children's Services	Support Services	24	
	Children Centre	1	
	All Schools	158	
	Nursery	54	
	Primary	2,942	
	Secondary	2,887	
	Special	1,787	**7,853**
RESOURCES & REGULATION			
Highways and Transportation	Street Lighting LED Invest to Save	373	
	Traffic Management Schemes	59	
	Highways Planned Network Maintenance	6,086	
	Policy – Disabled Pedestrian	5	
	Bridges	51	
	Traffic Calming and Improvement	526	
	Flood Repair & Defence	65	**7,165**
Planning Services	Environmental Projects	261	
	Regeneration	22	**283**
Corporate Services	Corporate IT Developments	1,467	**1,467**

SERVICE	PROJECT	£000's	£000's
Property Services	Property Development	1,448	
	Property Management	6	**1,454**
Housing Public Sector	Disabled Facilities Adaptations	505	
	Major Repairs Allowance	10,503	**11,008**
TOTAL		**35,348**	**35,348**

The Capital Programme is funded from a variety of 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:

Expenditure:	**£000's**	**£000's**
Property, Plant & Equipment	34,042	
Intangible assets	1,075	
Vehicle, Plant and Equipment	231	
Total		**35,348**
Financed by:	**£000's**	**£000's**
Loan (HRA)	6,517	
Capital Receipts	1,749	
Grants & Contributions	15,003	
General Fund Revenue and Reserves	1,071	
Housing Revenue Account	1,917	
Major Repair Allowance	9,091	
Total		**35,348**

BORROWING OUTTURN

During 2018/19 temporary and shorter term market loans were used to fund capital investment, in line with the treasury management strategy. An analysis of movements on loans at nominal values during the year is shown below:

	Balance at 31/03/18 £000's	Loans raised £000's	Loans repaid £000's	Balance at 31/03/19 £000's
PWLB	131,453	7,800	0	139,253
PWLB Airport	554	11,278	(4)	11,828
Market	60,500	0	(16,500)	44,000
Temporary Loans	2,000	11,100	(5,600)	7,500
Other loans	3	0	0	3
Total Debt	**194,510**	**30,178**	**(22,104)**	**202,584**

OUTTURN REPORTS

The Revenue & HRA, Capital and Treasury Management Outturn reports were submitted to the Cabinet on 25 June and to Overview & Scrutiny Committee on 126 July, 2019. These reports are available to members of the public and may be obtained from the Head of Financial Management at Bury Town Hall or by telephoning 0161-253 5034.

HOUSING

The Housing Revenue Account (HRA) on page 105 produced a surplus of **£0.432m** during the year. This was against an estimated surplus for the year of £1.704m.

COLLECTION FUND

The information shown on page 111 demonstrates that at 31st March 2019 there was a surplus balance on the Collection Fund of **£9.221m.**

ECONOMY, EFFICIENCY AND EFFECTIVENESS IN USE OF RESOURCES

The Council has a framework in place to ensure its resources are used in the most economical, efficient and effective way.

This is achieved by:

- Putting in place arrangements for the sound and fit for purpose governance;
- Understanding and using appropriate and reliable financial and non-financial performance information to support informed decision making and performance management;
- Having reliable and timely financial reporting that supports the delivery of strategic priorities;
- Managing risks effectively and maintaining a sound system of internal control;
- Planning finance effectively to support the sustainable delivery of strategic priorities and maintain statutory functions;
- Managing and utilising assets effectively to support the delivery of strategic priorities;
- Planning, organising and developing the workforce effectively to deliver strategic priorities;
- Procuring supplies and services effectively and economically to support the delivery of strategic priorities:

CORPORATE RISKS

The Council has an embedded process to manage risks and assist the achievement of its objectives, alongside national and local performance targets. The Corporate Risk Register plays an integral role to support production of the Corporate Plan and is subject to annual review by the Audit Committee when it approves the final accounts.

Key corporate risks are detailed in the Annual Governance Statement. They include the risk that:

- The Council doesn't agree a balanced budget;
- The Council cannot deliver the savings approved in the budget;
- Resilience and capacity of services is jeopardised by ongoing funding reductions;
- Changes to the Business Rates Retention scheme (75%) impact adversely on the Council – e.g. appeals;
- Ongoing Welfare Reforms place additional pressure on both residents and the Council;
- General pressures from school budgets and impacts upon income levels for traded services;
- Unknown implications of the Brexit referendum impact adversely upon the Council;
- The Council is unable to manage customer / resident demands and expectations in the light of funding reductions;
- The Council's growth strategy is impeded by external influences, e.g. economic conditions;

- Population growth and age profile lead to service demands exceeding Council capacity / resources;
- Ability to maintain core functions (statutory and non-statutory) e.g. safeguarding is impeded by funding reductions;
- Health & Social Care integration does not reform services and deliver required efficiency savings;
- GM approach to devolution does not reform services and deliver required efficiency savings;

The Council currently has a number of significant projects covering a wide range of services, which can involve working in partnership with others, many of which require considerable levels of one-off and recurrent funding from the Council. Specific risks relating to partnerships and projects have been incorporated into the Annual Governance statement where appropriate.

LOOKING AHEAD

- In February 2019, the Council agreed the final year of a three year budget for 2017/18 to 2019/20 in compliance with its "Golden Rules". Total of £24m is required to be saved by both Bury Council and the CCG. It is essential that the budget continues to be monitored closely during the year to ensure that departmental savings plans are being achieved, and also that appropriate preparations are made for future years including the refresh of the Council's Medium Term Financial Strategy which will flow from a new corporate plan. Further measures to keep the budget in check that have been implemented in 2019/20 include a £1,000 per transaction procurement limit, a review of external staff resources such as consultants and contractors and a recruitment review for vacant posts - internal recruitment only with external recruitment by exception and by corporate agreement. Themed budget boards will be established to make sure that collectively the Council and CCG meets the £24m savings that are required.

- Economic conditions continue to have an adverse impact on income levels in Departments, notably Operations (parking fees) and Business, Growth and Infrastructure (property income). The risk is recognised in the assessment of the minimum level of balances and will continue to be closely monitored throughout 2019/20.

- Budgets in respect of Children's Social Care remain under pressure in the light of the increased emphasis on child protection nationally. Likewise, pressures remain in Adult Care Services in respect of an increasing elderly population and Learning Disability care packages. Controls are in place to ensure appropriate care packages are provided, and improved procurement activity ensures these are obtained at competitive rates. This situation will continue to be closely monitored during 2019/20.

- The Council faced two significant changes to the structure of Local Government Finance that took effect from April 2013 - the localisation of Council Tax Benefit and changes to the system for Business Rates. These challenges were once again addressed in setting the 2019/20 budget and monitoring / reporting arrangements were put in place to track progress through the year.

- The Council's wage bill is a concern for the Council and workforce planning is essential Details of the exit schemes that are available for application, with immediate effect, and until 31 May, 2019, was launched on 30 April, 2019. Decisions about applications will be made by 30 June, 2019. Business cases need to be provided that demonstrate the costs of departure can be met by available salary budget.

- It is considered that due to the commencement of General Data Protection Regulations (GDPR) in early 2018/19, the level of public interest and the significant level of data breach fines that information governance should remain as a significant governance issue for 2018/19. This will also facilitate the on-going review of arrangements in the first year after the implementation of GDPR. The work undertaken in 2018/19 has enabled the council to meet the GDPR requirements and an audit of the council's arrangements for GDPR is scheduled to be undertaken in 2019/20 to provide a significant level of assurance.

- The Council continues to work closely with Six Town Housing, and a joint Housing Strategic Priorities Board now oversees priorities, and ensures that effective governance arrangements are in place. In addition, regular finance meetings continue to take place between finance staff from Six Town Housing and the Council's s151 Officer.

- The Council set up a Local Authority Trading Company (LATCo) in October 2015 (Persona) to provide a number of adult social care services to the community of Bury. The services include Short Stay (Elmhurst and Spurr House), Shared Lives, Supported Accommodation (Community based), Day Services for Older People (Grundy, Pinfold), Day Services for Physical Disability (ReStart at Castle Leisure), and Day Services for Learning Disabilities (various community bases). Shareholder governance is essential in order to ensure that the Council, who is the 100% shareholder, is strategically in control of the LATCo and thereby meets the requirements of the TECKAL exemption (i.e. the need for the Council to exert control and influence over the company). However, this needs to be balanced with the need to enable the LATCo to develop as an organisation and a business. The governance arrangements include:

    - Shareholder Panel;
    - LaTCo Board;
    - Executive Management Team;
    - Stakeholder Forum;
    - Committees

- Since 2015/16 the Council has been an active participant in the GM Devolution arrangements; these present both an opportunity and a challenge, and the Council must make sure effective governance arrangements are in place.

- Health and Social Care Integration – Bury Council and Bury Clinical Commissioning Group (CCG) are working together with their partners, Pennine Care NHS Foundation Trust, Northern Care Alliance, the GP Federation, BARDOC and the Voluntary, Community and Faith Alliance (VCFA), to help people stay well for longer than is currently the case, as well as reduce variation in the quality of standards across the borough.

  How the Council plan to do this is explained in the borough's Locality Plan. This document sets out a vision to enable people to be active participants in their own wellbeing, to build thriving communities and reduce demand for statutory services. If the Council and CCG do nothing, it is forecast there will be a financial gap of £75.6m.

  The Bury One Commissioning Organisation is the joining up of Council and CCG services which plan, agree and ensure providers deliver effective health and wellbeing services for Bury. This involves teams from both the Council and CCG working together as one team on a shared vision and strategic plan for Bury. The new body will have single leadership, single staff and a single budget.

INSPECTION OF THE ACCOUNTS

In accordance with the Accounts and Audit Regulations 2015 members of the public have the right to inspect the Authority's Accounts, including supporting documents, on reasonable notice at all reasonable times. Any rights of objection, inspection and questioning of the external auditor may only be exercised within a single period of 30 working days. This year the Accounts were deposited for inspection at the Town Hall for 30 working days commencing 3 June 2019 until 12 July and the External Auditor was available for questioning from 3 June 2019. This facility was advertised in the local press and on the Bury Council website.

M Woodhead,
Chief Finance Officer

17 September, 2019

Town Hall,
Knowsley Street,
BURY,
BL9 0SP.

0161-253-7659

Email: mike.woodhead@nhs.net

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 Chief Finance Officer.
- 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 Responsibilities of Audit Committee

Audit Committee is required:

- To monitor the integrity of the financial statements of the Council and to review significant financial reporting judgements contained in them;
- To review the Council's internal financial controls including its risk management systems;
- To monitor and review the effectiveness of the Council's internal audit function;
- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process;
- To consider significant accounting policies, any changes to them, and any significant estimates and judgements;
- To review the clarity and completeness of disclosures in the financial statements and consider whether the disclosures made are set properly in context;
- To approve the audited Statement of Accounts.

The Responsibilities of Chief Finance Officer

The Chief Finance Officer 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 the financial position, financial performance and cash flows of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2019.

In preparing the Statement of Accounts the Chief Finance Officer 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 on Local Authority Accounting.

The Chief Finance Officer has also:

- Kept proper accounting records which are 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;
- Signed and dated the draft Statement of Accounts, confirming satisfaction that it presents a true and fair view of the authority's financial position at the balance sheet date, the authority's income and expenditure for the year;

- Commenced the period for the exercise of public rights with regards to the inspection of the statement of accounts;
- Notified the external auditor of the date on which that period began;
- Assessed the Authority's [and the Group's] ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- Used the going concern basis of accounting on the assumption that the functions of the Authority [and the Group] will continue in operational existence for the foreseeable future;
- Maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- Reconfirmed satisfaction that the accounts present a true and fair view of the financial position at the balance sheet date and the income and expenditure for the year, upon conclusion of the public inspection period and immediately prior to approval of the audited accounts by Audit Committee.

Auditor Responsibilities

The External Auditor's Certificate and Opinion is included at page 21.

M Woodhead,
Chief Finance Officer

17 September, 2019

Town Hall,
Knowsley Street,
BURY,
BL9 0SP.

0161-253-7659

Email: mike.woodhead@nhs.net

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

Report on the financial statements

Opinion

We have audited the financial statements of Bury Metropolitan Borough Council ('the Council') and its subsidiaries and joint ventures ('the Group') for the year ended 31 March 2019, which comprise the Council and Group Comprehensive Income and Expenditure Statements, the Council and Group Movement in Reserves Statements, the Council and Group Balance Sheets, the Council and Group Cash Flow Statements, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion, the financial statements:

- give a true and fair view of the financial position of Bury Metropolitan Borough Council and the Group as at 31st March 2019 and of the Council's and the Group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Chief Finance Officer is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Chief Finance Officer for the financial statements
As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view. The Chief Finance Officer is also responsible for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution without transfer of services or function to another entity. The Chief Finance Officer is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Matters on which we are required to report by exception under the Code of Audit Practice
We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

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

Conclusion
On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that, in all significant respects, Bury Metropolitan Borough Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Basis for conclusion
We have undertaken our review in accordance with the Code of Audit Practice issued by the Comptroller and Auditor General, having regard to the guidance on the specified criterion issued in November 2017, as to whether the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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

Responsibilities of the Council
The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.
Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources
We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice requires us to report to you our conclusion relating to proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

This report is made solely to the members of Bury Metropolitan Borough Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit
We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack. We are satisfied that these matters do not have a material effect on the financial statements or on our conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

In addition, we cannot formally conclude the audit and issue an audit certificate until we have completed our work on an objection raised in relation to the Council's financial statements for the year ended 31 March 2019. We are satisfied that these matters do not have a material effect on the financial statements or on our conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

[*Signature*]

Karen Murray
For and on behalf of Mazars LLP
One St Peters Square, Manchester, M2 3DE
[Insert date]

FINANCIAL STATEMENTS

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2017/2018 Restated * Gross Expenditure	Gross Income	Net Expenditure		2018/2019 Gross Expenditure	Gross Income	Net Expenditure
£000's	**£000's**	**£000's**		**£000's**	**£000's**	**£000's**
			Continuing Services			
133,107	(51,173)	81,934	Communities & Wellbeing	130,571	(56,178)	74,393
230,875	(171,165)	59,710	Children, Young People & Culture	226,765	(172,688)	54,077
31,171	(21,409)	9,762	Resources & Regulation	30,179	(21,932)	8,247
6,843	(5,063)	1,780	Business, Growth & Infrastructure	8,089	(5,543)	2,546
19,751	(7,114)	12,637	Operations	23.473	(7,600)	15,873
755	(196)	559	Art Gallery & Museum	651	(138)	513
57,959	(53,040)	4,919	Non Service Specific	50,419	(52,115)	(1,696)
13,241	(31,348)	(18,107)	Local Authority Housing (HRA)	31,515	(30,541)	974
493,702	**(340,508)**	**153,194**	**Cost Of Services**	**501,662**	**(346,735)**	**154,927**
			Other Operating Expenditure			
0	(628)	(628)	(Gain)/Loss on Disposal of Non-Current Assets	0	0	0
32,494	(36,379)	(3,885)	(Surplus)/Deficits on Trading Operations	30,284	(32,144)	(1,860)
1,532	0	1,532	Contribution of Housing Capital Receipts to Government Pool	1,305	0	1,305
26,890	0	26,890	Levies	26,497	0	26,497
60,916	**(37,007)**	**23,909**		**58,086**	**(32,144)**	**25,942**
			Financing and Investment Income and Expenditure			
7,813	0	7,813	Interest Payable & other Similar Charges	7,719	0	7,719
0	(7,248)	(7,248)	Interest and Investment Income	0	(8,136)	(8,136)
23,902	(17,410)	6,492	Pensions Interest Cost and Expected Return on Pensions Assets (IAS19)	25,281	(18,787)	6,494
31,715	**(24,658)**	**7,057**		**33,000**	**(26,923)**	**6,077**
			Taxation and Non-Specific Grant Income & Expenditure			
0	(79,719)	(79,719)	Demand On Collection Fund: Council Tax	0	(84,719)	(84,719)
0	(23)	(23)	Government Grants (not attributable to specific services)	0	(28)	(28)
1,882	(63,398)	(61,516)	Non-Domestic Rate distribution	2,248	(67,634)	(65,386)
0	(18,484)	(18,484)	Capital grants and contributions	0	(27,337)	(27,337)
1,882	**(161,626)**	**(159,742)**		**2,248**	**(179,718)**	**(177,470)**
588,215	**(563,797)**	**24,418**	**(Surplus) or Deficit On Provision of Services**	**594,996**	**(585,520)**	**9,476**
		(8,693)	(Surplus) / Deficit on revaluation of property, plant and equipment			(10,879)
		0	Impairment Losses on Non-Current assets charged to the Revaluation Reserve			497
		(8,200)	(Surplus) / Deficit from investments in equity instruments designated at fair value through other comprehensive income			(800)
		(29,702)	Actuarial (gains) / losses on pension assets and liabilities			22,754
		16,091	Any other (gains)/ losses for the year			13,122
		(30,504)	**Other Comprehensive Income and Expenditure**			**24,694**
		(6,086)	**Total Comprehensive Income and Expenditure**			**34,170**

*Restated due to directorate reorganisation and reclassification of levies from Non-Service Specific and Operations to Other Operating Expenditure.

BALANCE SHEET AT 31ST MARCH 2019

01/04/2017 £'000 RESTATED	31/3/2018		£'000	31/3/2019 £'000	£'000	Note
		PROPERTY, PLANT & EQUIPMENT				
225,993	233,197	Council Dwellings	236,228			
261,096	240,442	Other Land & Buildings	243,680			
27,110	3,428	Vehicles & Plant	2,542			
4,194	27,754	Infrastructure Assets	31,474			
2,523	2,523	Community Assets	2,983			
35,047	30,613	Surplus Assets	29,914			
1,407	11,040	Assets under construction	6,171	**552,992**		**12**
1,484	1,650	Intangible Assets	2,319	**2,319**		**14**
18,043	16,270	Investment Property	18,762	**18,762**		**15**
24,577	24,577	Heritage Assets	24,592	**24,592**		**13**
601,474	**591,494**	**TOTAL PROPERTY, PLANT & EQUIPMENT**		**598,665**	**598,665**	
		LONG TERM INVESTMENTS				
43,700	51,900	Manchester Airport PLC		52,700	**52,700**	**19**
43,700	**51,900**					
19,992	**19,845**	**LONG TERM DEBTORS**		**30,947**		**22**
		CURRENT ASSETS				
1,464	1,600	Stocks & Work in Progress	1,401			
570	3,044	Assets Held for Sale	3,010			**12**
46,670	44,494	Sundry Debtors & Advance Payments	45,861			**20**
3,002	8,504	Short Term Investments	7,353			
16,410	10,383	Cash And Cash Equivalents	6,827			
68,116	**68,025**			**64,452**		
		LESS : CURRENT LIABILITIES				
(4,603)	(19,913)	Short Term Loans Outstanding	(19,034)			**23**
(177)	(140)	Deposits & Clients' Funds	(177)			
(3,618)	(10,537)	Short Term Provisions	(7,959)			**25**
(40,612)	(34,584)	Sundry Creditors & Advance Receipts	(38,118)			**21**
(98)	(5)	Revenue Grants Receipts in Advance	(5)			
(49,108)	**(65,179)**			**(65,293)**		
19,008	**2,846**	**NET CURRENT ASSETS**			**(841)**	
684,174	**666,085**	**TOTAL ASSETS LESS CURRENT LIABILITIES**			**681,471**	
		LESS: LONG TERM LIABILITIES				
(192,785)	(176,280)	External Loans Outstanding		(185,176)		**23**
(337)	(372)	Capital Grants Receipts in Advance		(1,171)		
(685)	(257)	Finance Lease Liabilities		(71)		**18**
(4,316)	(3,533)	Deferred Liabilities		(2,719)		**24**
(252,910)	(243,707)	Pension Liability		(285,497)		**4**
(30,605)	(33,064)	Long Term Provisions		(32,135)		**25**
(481,388)	**(457,213)**				**(506,769)**	
202,786	**208,872**	**TOTAL NET ASSETS**			**174,702**	

BALANCE SHEET AT 31ST MARCH 2019

01/04/2017 £'000 RESTATED	31/3/2018		31/3/2019 £'000	£'000	£'000	Note
		FINANCED BY :				
		USABLE RESERVES				
(27,206)	(24,695)	Earmarked Reserves inc. schools balances		(18,359)		**30, 31**
(4,205)	(4,918)	Capital Receipts Unapplied		(5,415)		
(14,247)	(11,865)	Capital Grants Unapplied		(10,904)		
(8,393)	(7,549)	General Fund		(7,703)		**29**
(3,569)	(6,538)	Housing Revenue Account		(6,970)		
(209)	(1,158)	Major Repairs Reserve		0		
(2,598)	(2,314)	Section 106 Commuted Sums		(2,541)		**31**
(11,705)	(11,651)	Other Balances / Airport		(11,651)		**31**
(72,132	**(70,688)**				**(63,543)**	
		UNUSABLE RESERVES				
(108,100)	(107,257)	Revaluation Reserve		(114,731)		**32**
(245,815)	(237,995)	Capital Adjustment Account		(234,711)		**34**
221	268	Financial Instruments Adjustment Account		274		
(33,486)	(41,686)	Available for Sale Financial Instruments Reserve		0		
0	0	Financial Instruments Revaluation Reserve		(42,486)		**33**
(3,484)	(1,913)	Collection Fund Adjustment Account		(10,254)		**35**
5,130	4,720	Accumulated Absences		5,251		
252,910	243,707	Pension Reserve		285,497		**4**
1,971	1,971	Workforce Transformation Reserve		0		
(1)	1	Deferred Capital Receipts		1		**36**
(130,654)	**(138,184)**				**(111,159)**	
(202,786)	**(208,872)**	**TOTAL RESERVES AND BALANCES**			**(174,702)**	

MOVEMENT IN RESERVES STATEMENT

2018/19	Earmarked Reserves / General Fund Balances £000's	Housing Revenue Account £000's	Capital Receipts Unapplied £000's	Major Repairs Reserve £000's	Capital Grants Unapplied £000's	Total Usable Reserves £000's	Unusable Reserves £000's	Total Authority Reserves £000's
Balance at 1st April 2018	**46,209**	**6,538**	**4,918**	**1,158**	**11,865**	**70,688**	**138,184**	**208,872**
Movement in reserves during 2018/19								
Total Comprehensive Income and Expenditure	(3,684)	(5,792)	0	0	0	**(9,476)**	(24,694)	**(34,170)**
Adjustments from income & expenditure charged under the accounting basis to the funding basis	(2,271)	6,224	497	(1,158)	(961)	**2,331**	(2,331)	**0**
Increase or (decrease) in 2018/19	(5,955)	432	497	(1,158)	(961)	**(7,145)**	(27,025)	**(34,170)**
Balance at 31 March 2019 carried forward	**40,254**	**6,970**	**5,415**	**0**	**10,904**	**63,543**	**111,159**	**174,702**

2017/18	Earmarked Reserves / General Fund Balances £000's	Housing Revenue Account £000's	Capital Receipts Unapplied £000's	Major Repairs Reserve £000's	Capital Grants Unapplied £000's	Total Usable Reserves £000's	Unusable Reserves £000's	Total Authority Reserves £000's
Balance at 1st April 2017	**49,902**	**3,569**	**4,205**	**209**	**14,247**	**72,132**	**130,654**	**202,786**
Movement in reserves during 2017/18								
Total Comprehensive Income and Expenditure	(38,743)	14,325	0	0	0	**(24,418)**	30,504	**6,086**
Adjustments from income & expenditure charged under the accounting basis to the funding basis	35,050	(11,356)	713	949	(2,382)	**22,974**	(22,974)	**0**
Increase or (decrease) in 2017/18	(3,693)	2,969	713	949	(2,382)	**(1,444)**	7,530	**6,086**
Balance at 31 March 2018 carried forward	**46,209**	**6,538**	**4,918**	**1,158**	**11,865**	**70,688**	**138,184**	**208,872**

CASH FLOW STATEMENT

2017/18 restated £000's		2018/2019 £000's	£000's	£000's
	OPERATING ACTIVITIES			
	Cash Outflows:			
179,394	Cash Paid to and on behalf of Employees	179,164		
230,287	Cash Paid for Goods and Services	224,595		
29,921	Housing Benefit paid out	28,336		
3,582	Interest Paid	6,528		
1,532	Payments to Housing Capital Receipts Pool	1,305		
444,716	**Cash Outflows Generated from Operating Activities**		**439,928**	
	Cash Inflows:			
(29,689)	Rents (after Rebates)	(29,305)		
(80,457)	Council Tax Receipts (excl major preceptors share of receipts)	(85,903)		
(46,204)	NNDR Receipts (excl government and major preceptors)	(46,485)		
(46,027)	DWP Grants for Benefits	(43,958)		
(168,129)	Other Government Grants	(172,453)		
(2,435)	Interest Received	(2,495)		
(4,813)	Airport Dividend Received	(5,641)		
(68,650)	Cash Received for Goods and Services	(74,266)		
(446,404)	**Cash Inflows Generated from Operating Activities**		**(460,506)**	
(1,688)	**NET CASH (INFLOW) / OUTFLOW FROM OPERATING ACTIVITIES**			**(20,578)**
	INVESTING ACTIVITIES			
15,940	Purchase of Property, Plant & Equipment		26,129	
(8,200)	Purchase of Long Term Investments		800	
5,502	Net Increase / (Decrease) in Short Term Deposits		(1,151)	
(5,402)	Proceeds of Sale of Property, Plant & Equipment		(3,558)	
(372)	Capital Grants received		(1,171)	
7,468	**NET CASH FLOWS FROM INVESTING ACTIVITIES**			**21,049**
	FINANCING ACTIVITIES			
	Repayments of amounts borrowed:			
1,120	Long Term loans repaid		59	
2,000	Short Term loans repaid		22,100	
(147)	Net Receipts from Long Term Debtors		11,102	
0	New Long Term Loans		(19,078)	
(2,000)	New Short Term Loans		(11,100)	
75	Billing Authorities – NNDR and Council Tax Adjustments		2	
1,048	**NET CASH FLOWS FROM FINANCING ACTIVITIES**			**3,085**
6,828	**NET (INCREASE) / DECREASE IN CASH AND CASH EQUIVALENTS**			**3,556**
17,211	**Cash and Cash Equivalents at beginning of the reporting period**			**10,383**
10,383	**Cash and cash equivalents at the end of the reporting period**			**6,827**
	Cash and cash equivalents include:			
	Cash held:			
81	Imprest accounts			78
404	Schools cash advances			182
9,898	Short term deposits with banks & building societies			6,567
10,383				**6,827**

M Woodhead, Chief Finance Officer, 17 September, 2019

INDEX FOR THE NOTES TO THE CORE FINANCIAL STATEMENTS

NOTES TO THE CORE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES; GOING CONCERN; CRITICAL JUDGEMENTS; AND ACCOUNTING POLICIES ISSUED BUT NOT YET ADOPTED

GENERAL

The Statement of Accounts summarises the Council's transactions for the 2018/2019 financial year and its position at year end of 31 March 2019. The Accounts have been prepared in accordance with the Accounts and Audit Regulations 2015 and the Local Government and Housing Act 1989. They follow the principles and form recommended by the 2018 Code of Practice on Local Authority Accounting issued by CIPFA.

This Code of Practice is based on International Financial Reporting Standards (IFRS) and has been developed by the CIPFA / LASAAC Code Board under the oversight of the Financial Reporting Advisory Board.

Any divergence from the Code is indicated with an appropriate explanatory note.

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

GOING CONCERN

The Accounting Code, (standard IAS 1) requires management to make an assessment of an entity's ability to continue as a going concern and to disclose any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. The authority discloses that the accounts have been prepared on a going concern basis and that the Council will continue in existence for the foreseeable future.

This assumption is made because local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising at the discretion of central government). If an authority were in financial difficulty, the prospects are that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year.

The Code is clear that transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption of going concern. However, if there are material concerns about the financial health of the authority this would be raised as part of the statutory responsibilities of the Section 151 Officer and by the external auditors as part of the accounts audit process.

The accounts have been prepared on the assumption that the Council will continue and there are no material concerns over its financial position which would impact on this conclusion.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

In applying the accounting policies the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. Additionally the Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The critical judgements made in the Statement of Accounts are:

- There is a degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

- The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the retention of business rates came into effect on 1 April 2013. Billing authorities acting as agents on behalf of the major preceptors, central government and themselves (as principal) are required to make provisions (in accordance with the requirements of the Code and legislation) for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. This will include amounts relating to non-domestic rates charged to businesses in 2012-13 and earlier financial years. The amount recognised as a provision should be the best estimate at the Balance Sheet date of the expenditure required to settle the present obligation. The risks and uncertainties that inevitably surround many events and circumstances should be taken into account in reaching the best estimate of a provision. Future events that may affect the amount required to settle an obligation should be reflected in the amount of a provision where there is sufficient objective evidence that they will occur. To achieve this, billing authorities may need to use estimation techniques to establish a range of possible outcomes for ratepayer appeals and the probable financial effect of these outcomes, in order to determine the amount to settle the appeals. Careful analysis of these possible outcomes, the use of judgement, together with their own expertise in making similar provisions should enable billing authorities to establish provisions based on their best estimate of the most likely outcome. Expert advice may be required for more complex or material appeals. Authorities are required to separately disclose their respective share of these provisions in accordance with the Code of Practice.

- Fair value measurements. When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow model). Where possible, the inputs to these valuation techniques are based on observable data but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainly and risk. However, changes in assumptions could affect the fair value of the authority's assets and liabilities.

- Impairment/reversal of impairment. The Authority has significant investments in property, plant and equipment and intangible assets. Changes in the circumstances or expectations of future performance of an individual asset may be an indicator that the asset is impaired requiring the book value to be written down to its recoverable amount. Impairments are reversed if the conditions for impairment are no longer present. Evaluating whether an asset is impaired or if an impairment should be reversed requires a high degree of judgement and may depend to a large extent on the selection of key assumptions about the future.

- Investment Properties. The investment portfolio valuation is determined using internal valuations of each of the property assets in the portfolio, which currently total 53. An assessment of the yields for each of these properties is undertaken using Valuation Office Property Market Reports, market transaction evidence or external valuations as required; and these are then used to produce multipliers and applied to the rental streams from each of the individual properties to form an overall valuation. A key source of uncertainty however is the current economic downturn, where the risk of tenants going into liquidation, administration or simply defaulting on the rent is higher than before, which has the potential to affect the value of investment properties.

- Determining whether a lease agreement is a finance or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the Authority. This judgement has been based upon the degree to which the lease transfers the risks and rewards of ownership to the Authority in accordance with IAS 17. The Authority has recognised as operating leases a number of arrangements which are recognised, in accordance with IFRIC 4, and further details are disclosed in note 18 on page 80.

- Within the Authority there are a number of long-term provisions. The carrying amount of these provisions is estimated based on assumptions about such items as the risk adjustment to cash flows or discount rates used, future changes in prices and estimates of costs. They represent the Authority's best estimate of the expenditure required to settle the obligation at the balance sheet date.

- The pensions liability is based on assumptions relating to discount rates used, future changes in salaries, changes in retirement ages, mortality rates and expected returns on pension fund assets. We review these assumptions regularly, and for pensions annually. However, a change in estimates could have a material impact on the carrying amount of these provisions. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. See note 4, page 50 for further details.

- Depreciation of plant and other assets is charged so as to write down the value of those assets to their residual value over their respective estimated useful lives. The Authority is required to assess the useful economic lives and residual values of the assets so that depreciation is charged on a systematic basis to the current carrying amount. These are also dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The depreciation lives of our assets are disclosed on page 45.

- Management assesses the recoverability of its trade and other receivables on a periodic basis based on the age and type of each debt. The percentages applied reflect an assessment of the recoverability of each debt.

- Accounting for Schools – Balance Sheet Recognition of Schools:

  The Council recognises the land and buildings used by schools in line with the provisions of the Code of Practice. It states that property used by local authority maintained schools should be recognised in accordance with the asset recognition tests relevant to the arrangements that prevail for the property. The Council recognises the schools land and buildings on its Balance Sheet where it directly owns the assets, the school or school Governing Body own the assets or rights to use the assets have been transferred from another entity.

  Where the land and building assets used by the school are owned by an entity other than the Council, school or school Governing Body then it is not included on the Council's Balance Sheet. The exception is where the entity has transferred the rights of use of the asset to the Council, school or school Governing Body.

  In 2014/15 the Council completed a school by school assessment across the different types of schools it controls within the Borough. Letters of confirmation were received from the Diocese of Manchester, Salford Diocese, Peel Brow Foundation School, Manchester Mesivta and Bury and Whitefield Jewish Primary School that state that the schools occupy the school premises subject to the direction of the Trustees who own the land on which the schools are sited. All decisions relating to land and buildings rest with the Trustees and there has been no assignment of rights to the property. No formal documentation exists, the schools occupy the premises under a "mere" licence which has passed no interest to the school's governing body and which is terminable by the Trustees at any time. There has been no change in circumstances of these schools. As such none of the schools are included on the Council's balance sheet.

  All 35 community schools are owned by the Council and the land and buildings used by the schools are included on the Council's Balance Sheet.

  Academies are not considered to be maintained schools in the Council's control. The existing schools' land and building assets are transferred to academies on conversion date on a long term lease of 125 years. The nominal value shown on the Council's Balance Sheet at year end reflects this arrangement.

  For local authority maintained schools transferring to academy status an academy conversion accounting policy is in place that sets out the critical actions that must be completed in order for the school to transfer to an academy trust. This includes the treatment of transactions and balances of the schools being derecognised from the local authority single entity financial statements and the consideration of non-current assets.

ACCOUNTING STANDARDS ISSUED, BUT NOT YET BEEN ADOPTED

The Code of Practice on Local Council Accounting in the United Kingdom 2019/20 has introduced several changes in accounting policies which will be required from 1 April 2019. If these had been adopted for the financial year 2018/19 there would be no material changes as detailed below:

- IAS 40 Investment Property: Transfers of Investment Property provides further explanation of the instances in which a property can be reclassified as investment property. This amendment to the existing standard will have no impact on the Council as it already complies.
- IFRIC 22 Foreign Currency Transactions and Advance Consideration is a new standard that clarifies the treatment of payments in a foreign currency made in advance of obtaining or delivering services or goods. The Council does not have any material transactions within the scope of the amendment.
- IFRIC 23 Uncertainty over Income Tax Treatments is a new standard that provides additional guidance on income tax treatment where there is uncertainty. This will have no impact on the single entity accounts and minimal impact on the group accounts.
- IFRS 9 Financial instruments: prepayment features with negative compensation amends IFRS9 to make clear that amortised cost should be used where prepayments are substantially lower than the unpaid principal and interest. The Council has no loans to whom this will apply.

It is anticipated that the new standards and amendments to existing standards will not have a material impact on the information provided in the financial statements.

CAPITAL RECEIPTS

Income from the disposal of Property, Plant & Equipment, 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.

CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority’s cash management.

CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Service revenue accounts, support services and trading accounts have been charged with the following to record the real cost of holding Property, Plant & Equipment during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses attributable to the clear consumption of economic benefits on tangible Property, Plant & Equipment 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 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).

EMPLOYEE BENEFITS

Benefits Payable During Employment

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits, and are charged on an accrual's basis to the Non Service Specific Items line in the Comprehensive Income and Expenditure Statement at the earlier or when the Authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

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

Post Employment Benefits

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

- **Teachers:**
  The Council administers a national scheme for the Department for Education (DfE) and although the scheme is unfunded the DfE 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 Council on behalf of the 10 Greater Manchester district councils. This is a contributory, career-average 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 2016/17.

The change in the net pension's liability is analysed into the following components:

- Service cost comprising:
  - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
  - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement as part of Non Service Specific Items;
  - Net interest on the net defined benefit liability (asset) i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and

Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Remeasurements comprising:
    - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
    - Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- Contributions paid to the Greater Manchester Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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 Movement in Reserves Statement this means there are transfers 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. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Details of contribution rates and amounts paid to the schemes in 2018/2019 are shown in Note 4 on page 50.

The purpose of the pension's 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.

FAIR VALUE

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

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

The Authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

- Level 3 – unobservable inputs for the asset or liability.

FINANCIAL INSTRUMENTS

Financial Assets

Financial Assets e.g. investments (excluding those in companies included in the Council's group accounts) and debtors are classified into three types – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL).

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

Financial assets are brought onto the balance sheet at fair value when the Council becomes a party to contractual provisions.

Amortised Cost

These assets relate to financial instruments where the amounts received relating to them are solely principal and interest and they are held to generate cash flows (e.g. investments of surplus cash with the government's debt management office or loans to third parties).

The interest received on these assets is spread evenly over the life of these instruments.
Any gain or loss in the value of these assets is recognised in the net surplus / deficit on the net provision of services at the point of derecognition (disposal) or reclassification.

Fair Value through Other Comprehensive Income (FVOCI)

These assets relate to financial instruments where the amounts received relating to them are solely principal and interest but they are held to collect cash and sell the assets (e.g. money market funds).

The interest received on these assets is spread evenly over the life of these instruments.

Changes in the fair value of these assets are charged to Other Comprehensive Income and Expenditure. Cumulative gains and losses are charged to the surplus / deficit on provision of services when they are disposed of.

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss are reversed to an unusable reserve - the Financial Instruments Revaluation.

Fair Value through Profit and Loss (FVPL)

These assets relate to financial instruments where the amounts received relating to them are not principal and interest (e.g. equity investments).

Dividends received are accounted for at the point they are declared.
Charges in fair value are charged to the surplus / deficit on the net provision of services as they occur.

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss is reversed through the Movement in Reserves Statement and charged to an unusable reserve - the Capital Adjustment Account.
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An equity instrument that has been classed as FVPL can be designated as FVOCI if it is not held for trading (e.g. a strategic investment). Once this designation has been made it cannot be reversed. This designation would mean that any gains and losses would be held in the Financial Instruments Revaluation Reserve.

Credit loss

The Council will recognise a loss allowance for expected credit losses, if applicable, on assets where cash flows are solely principal and interest (i.e. financial instruments measured at amortised cost or FVOCI unless they have been designated as such). This does not apply where the counterparty is central government or another local authority.

At each year end the loss allowance for a financial instrument is calculated as equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If at year end the credit risk has not increased significantly since initial recognition the loss allowance is measured at an amount equal to twelve month expected credit losses.

Where the financial asset was treated as capital expenditure any losses will be reversed via the Movement in Reserves Statement to the Capital Adjustment Account.

The Council has made a number of loans to individuals at less than market rates of interest (these are known as soft loans). When the loans are made the amount of interest forgone over the life of the loan is charged to the Comprehensive Income and Expenditure Statement (debited to the appropriate service line) and the outstanding principal is reduced on the Balance Sheet. This represents the present value of the interest that will be foregone over the life of the loan agreement. Statutory provisions require that the impact of the soft loans on the General Fund balance is the interest receivable in the year, so the amount of foregone interest charged is managed by a transfer from the Financial Instruments Adjustment Account to the Movement in Reserves Statement.

Embedded Derivatives

The Council has given equity mortgages and loans to individuals to assist with the purchase and improvement of properties. The repayments of these are based on a proportion of the value of the property in a number of years. This type of loan is classed as an embedded derivative as the amount of repayment is linked to future property values. When these mortgages and loans are granted, long-term debtors and deferred capital receipts are written onto the balance sheet. At the end of each financial year the long-term debtors and deferred capital receipt are adjusted in line with the change in property values.

Financial Liabilities

Financial liabilities (e.g. borrowings and creditors) are recognised when the other party has met a commitment under the contract that creates an obligation for the Council to transfer economic benefits. For instance, when the Council takes out a loan, the advance of cash from the lender initiates the obligation to repay at some future date, and the loan would be recognised as a liability on the Balance Sheet when the advance is received.

Charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. (The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised).

For many of the borrowings that the Council has, this means that the amount shown in the Balance Sheet is the outstanding principal repayable plus accrued interest, and the amount charged to the Comprehensive Income and Expenditure Statement is the amount payable per the loan agreement.

For Lender Option Borrower Option (LOBO) loans the effective interest rate has been calculated over the life of the loan. This is an average and differs from the amounts actually paid in the year. The difference between the calculated interest charge and interest paid has been adjusted in the carrying amount of the loan on the balance sheet. The amount charged in the Comprehensive Income and Expenditure Statement is the effective interest rate for the life of the loan rather than the amount payable per the loan agreement.

Where the Council is in receipt of loans that are interest free or at less than prevailing market interest rates if material, the effective interest rate is calculated so that the value of the financial assistance to the Council by the lender is separated from the financial cost of the transaction. This gain is calculated by working out the net present value of all future cash payments using the interest rate for a similar loan taken by the Council. This results in a lower figure for the fair value of the loan with the difference from the loan received treated as a government grant. This gain is reversed out in the Movement in Reserves Statement to the Financial Instruments Adjustment Account.

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

Where premiums and discounts (amounts paid or received on the rescheduling of a loan) have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact of premiums on the General Fund balance to be spread over the longer of the outstanding period of the replaced loan or the period of the replacement loan or any other shorter period that the Council wishes to choose. Discounts are required to be credited to revenue over a maximum period equal to the outstanding term of the replaced loan or ten years (if shorter). The difference between the amount charged to the Comprehensive Income and Expenditure Statement and the net charge against the General Fund balance is transferred to or from the Financial Instruments Adjustment Account in the Movement of Reserves Statement.

Following the HRA debt settlement there are no outstanding HRA premiums and discounts.

GOVERNMENT GRANTS AND CONTRIBUTIONS

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

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

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

Where there are no conditions attached to the grant, the grant is recognised immediately as income in the Comprehensive Income and Expenditure Statement. This applies equally to both capital and revenue grants and includes the Local Services Support Grant which is a non-ringfenced general grant.

HERITAGE ASSETS

The CIPFA Code of Practice requires that heritage assets are measured at valuation in the 2018/19 financial statements. Details can be found in Note 13 (page 77).

Other various gifts, bequests and artefacts that are also held in the Museum and Art Gallery are recognised and measured at historical cost in accordance with the Council's accounting policies on property, plant and equipment.

Civic Regalia

The civic regalia collection consists of the Council's civic regalia and assorted items received by the Council as part of its civic role. The items are carried on the Balance Sheet at insurance valuation, which is based on market values. The items are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

The land and building assets identified to date include Radcliffe Tower, the Dungeon and Rodger Worthington's grave. As there is no available valuation for these assets they have been reported at nominal value as recommended by the Council's property valuer.

Art Gallery and Museum collections

The Art Gallery and Museum collections were revalued during 2015/16. The insurance valuation amount for the collection has been used in the Authority's accounts for the collection of pictures and objects. It emphasises the collection's financial importance to the Authority and substitutes an external valuation that in the Authority's view would not produce a figure that truly reflects the contribution to the knowledge, interest and cultural enrichment of the general public in the area.

A small addition of £15,000 was gifted to sculpture gallery in 2018/19 with no affect on the insurance valuation in place. This remains valid for the 2018/19 financial year representing the overall value of Heritage Assets recognised in the accounts for the year.

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. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

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.

INTEREST

Interest for the whole Authority is seen on the face of the Comprehensive Income and Expenditure Statement and is charged to Non Service Specific Items. 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.

INVESTMENT PROPERTY

Investment properties are those that are used solely to earn rentals and / or capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. They are not depreciated but are revalued annually according to market conditions at year-end. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement and result in a gain to the General Fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the

Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

INVESTMENTS

Investments are recorded in the Balance Sheet at amortised cost, apart from Manchester Airport investment which is included at Fair Value through Other Comprehensive Income

LEASING

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases:

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases:

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

The Authority as Lessor

Finance Leases:

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases:

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

LOCAL AUTHORITY SCHOOLS

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

PRIOR YEAR ADJUSTMENTS / EXCEPTIONAL ITEMS

Authorities are required to follow IAS8 Accounting Policies, Changes in Accounting Estimates and Errors when selecting or changing accounting policies, adopting the accounting treatment, changing estimation techniques, and correcting errors.

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.

PROPERTY, PLANT AND EQUIPMENT

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

The Authority does not capitalise borrowing costs incurred in the cost of acquisition, construction and completion of qualifying assets.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure, community assets and assets under construction – depreciated historical cost;
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH);
- council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except for any offices that are situated close to the Council's housing properties, where there is no market for office accommodation, and that are measured at depreciated replacement costs (instant build) as an estimate of current value;
- school buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value;
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective;
- all other assets – current value determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as a proxy for current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value, such as operational other land and buildings, non-operational surplus and held for development assets, are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. where assets are of lower value, any changes to them have minimal impact on the overall value of the Asset Register. Accordingly the Terms of Engagement have been varied to permit a "de minimis" value of less than £50,000 to be adopted. In order to check that there has not been any significant variation in value from one revaluation to the next sample testing of de minimis assets is to be undertaken.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.)

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulate gains)
- where there is a balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Impairment

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

Where impairment losses are identified they are accounted for by:

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment qualifying assets by the systematic allocation of their depreciable amounts over their useful lives. Qualifying assets are all operational assets that are used to or provide support to service delivery.

An exception is made for assets without a determinable finite useful life (i.e. non operational assets that are not held for investment, freehold land and most Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following basis:

	Bases	Estimated Life
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	Straight line	Based on component life

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of item, the components are depreciated separately.

In 2018/19 the Council has applied depreciation to operational assets in accordance with IAS16 'Property, Plant and Equipment'.

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.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Service. Depreciation is not charged on Assets Held for Sale.

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

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

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment (or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

The current system of capital accounting is defined by the 1993 Code of Practice introduced as of 1st April 1994. The Code's original objectives remain applicable for local government even after substantial changes have applied to the accounting standards underlying the system since first implemented.

Expenditure on the acquisition, creation or enhancement of Property, Plant & Equipment is capitalised on an accruals basis and capitalised as a non-current asset, 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.

In applying the concept of materiality a de-minimis level of **£15,000** in respect of vehicles, plant and equipment (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.

PROVISIONS

Provisions are made where an event has taken place that gives the Authority 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 service line in the Comprehensive Income and Expenditure Statement in the year that 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.

RESERVES

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

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

- The Revaluation Reserve (RR) is intended to record accumulated movements on revaluation of Property, Plant & Equipment. 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 Capital Financing Account (CFA) and Fixed Asset Restatement Account (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 Property, Plant & Equipment have been consumed. An overall debit balance indicates that Property, Plant & Equipment have been consumed in advance of their financing.
- Additionally, due to full implementation of IAS19 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 Comprehensive Income and Expenditure Statement 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.

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 a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts so there is no impact on the level of council tax. 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 14 (page 78).

REVENUE FROM CONTRACTS WITH SERVICE USERS

This revised accounting standards considers when income from contracts should be included in the accounts. In order to be classed as a contract an agreement does not have to be a written contract – it has to be approved by all parties, have identifiable rights and payment terms, have commercial substance and be probable that income will be collected.

In order to ascertain when income should be included the performance obligations in a contract have to be identified, the transaction price has to be determined, the transaction price allocated to each performance obligation and the income recognised as each performance obligation is satisfied.

Income can be included over time or at a point in time. Income will be recognised over time when service recipients are receiving and consuming a service e.g. care home provision. Any other income is likely to be recognised at a point in time.

The income for the sale of goods would be recognised immediately but dependant on the contract terms the income relating to maintenance could be recognised over the life of the contract or at the start of the contract.

It is not anticipated that this accounting standard will significantly change the current treatment of income in the Council's accounts.

Activity is accounted for in the year it takes place, not simply when cash payments are made or received. 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 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 2018/2019 will not be material.

Impairment allowance has been made where necessary and uncollectable amounts have been written-off.

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

SUPPORT SERVICES

The costs of support services such as administration and management are charged to services in accordance with the Authority's arrangements for accountability and performance.

VALUE ADDED TAX (VAT)

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

DISCLOSURE NOTES RELATING TO INCOME AND EXPENDITURE STATEMENT:

2. EXPENDITURE AND FUNDING ANALYSIS

2017/2018 Net Expenditure Chargeable to the General Fund & HRA balances	Adjustments between the Funding & Accounting Basis	Net Expenditure In the Comprehensive Income & Expenditure Statement		2018/2019 Net Expenditure Chargeable to the General Fund & HRA balances	Adjustments between the Funding & Accounting Basis	Net Expenditure In the Comprehensive Income & Expenditure Statement
£000's	**£000's**	**£000's**		**£000's**	**£000's**	**£000's**
			Continuing Services			
69,415	12,519	81,934	Communities & Wellbeing	69,460	4,933	74,393
36,445	23,265	59.710	Children, Young People & Culture	36,901	17,176	54,077
7,339	2,423	9,762	Resources & Regulation	5,733	2,514	8,247
1,223	557	1,780	Business Growth & Infrastructure	1,009	1,537	2,546
10,222	2,415	12,637	Operations	11,519	4,354	15,873
559	0	559	Art Gallery & Museum	513	0	513
4,919	0	4,919	Non Service Specific	(1696)	0	(1696)
(29,463)	11,356	(18,107)	Local Authority Housing (HRA)	(5,250)	6,224	974
100,659	**52,535**	**153,194**	**Net Cost Of Services**	**118,189**	**36,738**	**154,927**
(98,336)	**(30,440)**	**(128,776)**	Other Income and Expenditure	**(115,408)**	**(30,043)**	**(145,451)**
2,323	**22,095**	**24,418**	**(Surplus) or Deficit**	**2,781**	**6,695**	**9,476**
		10,100	Opening General Fund and HRA Balance			7,777
		2,323	Less / Plus Surplus or (deficit) on General Fund & HRA Balance in Year			(2,781)
		7,777	**Closing General Fund and HRA Balance at 31 March ***			**4,996**
			** For a split of this balance between the General Fund and HRA – see Movement in Reserves Statement*			

NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure amounts	Adjustments Between Funding & Accounting Basis 2017/2018			
	Adjustments for Capital Purposes	**Net Change for the Pensions Adjustments**	**Other Differences**	**Total Adjustments**
	£000's	**£000's**	**£000's**	**£000's**
Communities & Wellbeing	8,875	3,644		12,519
Children, Young People & Culture	15,494	8,193	(422)	23,265
Resources & Regulation	241	2,170	12	2,423
Business Growth & Infrastructure	557			557
Operations	2,415			2,415
Art Gallery & Museum	0			0
Non Service Specific	0			0
Local Authority Housing (HRA)	11,356			11,356
Net Cost Of Services	**38,938**	**14,007**	**(410)**	**52,535**
Other Income and Expenditure from the Expenditure & Funding Analysis	(33,448)	6,492	(3,484)	(30,440)
Difference between general fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	**5,490**	**20,499**	**(3,894)**	**22,095**

Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure amounts	Adjustments Between Funding & Accounting Basis 2018/2019			
	Adjustments for Capital Purposes	**Net Change for the Pensions Adjustments**	**Other Differences**	**Total Adjustments**
	£000's	**£000's**	**£000's**	**£000's**
Communities & Wellbeing	2,389	2,544		4,933
Children, Young People & Culture	10,294	6,411	471	17,176
Resources & Regulation	333	2,122	59	2,514
Business Growth & Infrastructure	1,002	535		1,537
Operations	3,424	930		4,354
Art Gallery & Museum				
Non Service Specific				
Local Authority Housing (HRA)	6,224			6,224
Net Cost Of Services	**23,666**	**12,542**	**530**	**36,738**
Other Income and Expenditure from the Expenditure & Funding Analysis	(36,537)	6,494		(30,043)
Difference between general fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	**(12,871)**	**19,036**	**530**	**6,695**

3. 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:

2017/18 Deficit/ (Surplus) £000's		2018/19 Gross Expenditure £000's	Income £000's	Deficit/ (Surplus) £000's
507	Civic Halls	1,525	(961)	564
(1,150)	Markets	1,571	(2,644)	(1,073)
(585)	Property & Estates	3,134	(2,774)	360
(404)	Industrial Units	907	(1,389)	(482)
(738)	Highway Network Services	1,443	(2,111)	(668)
(190)	Architectural Practice	2,462	(2,868)	(406)
(70)	Grounds Maintenance	0	0	0
(133)	Catering	6,219	(6,041)	178
10	Cleaning of Buildings	3,455	(3,363)	92
0	Education – Fair Funding	4,842	(4,842)	0
(567)	Emergency & Security Service	894	(1,472)	(578)
(565)	Transport Services	3,832	(3,679)	153
(3,885)	**TOTAL**	**30,284**	**(32,144)**	**(1,860)**

All material trading accounts are shown above. Grounds Maintenance has not been included in 2018/19 as it is no longer deemed to be a trading service. Both 2017/18 and 2018/19 figures include adjustment for IAS19 (formerly FRS17), accumulated absence (accrued holiday pay) and impairment charges. Details of individual trading accounts are contained within the detailed revenue outturn report – copies of which are available from the Head of Financial Management at Bury Town Hall (telephone 0161-253-5034)

4. DEFINED BENEFIT PENSION SCHEMES

Teachers' Pension Scheme

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

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

The scheme has in excess of 4,900 participating employers and consequently the Authority is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total contributions into the Teachers' Pension Scheme during the year ending 31st March 2019, the Authority's own contributions equate to approximately 18.02%.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis as detailed.

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

Participation in Pensions Schemes

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

Defined Benefit Scheme

The Authority participates in the Local Government Pension Scheme, administered by Tameside Metropolitan Borough Council. This is a funded defined benefit career average 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.

Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they may eventually fall due.

The Greater Manchester Pension Scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pension committee of Tameside Council. Policy is determined in accordance with the Pension fund Regulations. The investment managers of the fund are appointed by the committee and consist of the Director of Finance and Resources of Tameside Council.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions Relating to Retirement benefits

We recognise the cost of retirement benefits in the reported 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 post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year: Please note post-employment benefit charged to the surplus or deficit on provision of service was previously reported as £17,957 in error.

Comprehensive Income and Expenditure Statement	**Year to**	**Year to**
Cost of Services:	**31 March 2018 Restated**	**31 March 2019**
	£000’s	£000’s
Current Service Cost	30,852	30,732
Past service costs including (gain) / loss from Settlements	1,689	699

Cost of Services ctd:	31 March 2018 Restated	31 March 2019
Effect Of settlements	0	0
Financing and Investment Income and Expenditure	(17,410)	(18,787)
Net interest expense	23,902	25,281
Other Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**39,033**	**37,925**
Other post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	(12,384)	(34,946)
Actuarial gains and losses arising in changes in demographic assumptions	0	
Actuarial gains and losses arising in changes in financial assumptions	(17,398)	57,202
Other Experience	80	498
	(29,702)	**22,754**
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**9,331**	**60,679**
Movement in Reserves Statement		
Reversal of net changes made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the code	(9,331)	(60,679)
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to scheme	**18,534**	**18,889**

Pensions Assets and Liabilities Recognised in the Balance Sheet

	31 March 2018	31 March 2019
	£000's	£000's
Present value of the defined benefit obligation	(968,702)	(1,060,399)
Fair Value of plan assets	724,995	774,902
Net liability arising from defined benefit obligation	**(243,707)**	**(285,497)**

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	31 March 2018 £000's	31 March 2019 £000's
Opening fair value of scheme assets	698,541	724,995
Interest income	17,410	18,787
The return on plan assets, excluding the amount included in the net interest expense	12,384	34,946
Other (if applicable)		
The effect of changes in foreign exchange rates	0	0
Contribution from employer	15,820	16,213
Contributions from employees in the scheme	4,617	4,777
Contributions in respect of unfunded benefits	2,714	2676
Benefits paid	(26,491)	(27,492)
Fair Value of plan assets	**724,995**	**774,902**

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	Year to 31 March 2018 £000's	Year to 31 March 2019 £000's
Opening balance at 1st April 2018	951,451	968,702
Current Service cost	30,852	30,732
Effects Of Settlement	0	0
Interest cost	23,902	25,281
Contributions from scheme participants	4,617	4,777
Remeasured (gains) and losses:		
Actuarial gains / losses arising from changes in demographic assumptions	0	0
Actuarial gains / losses arising from changes in financial assumptions	(17,398)	57,202

Remeasured (gains) and losses ctd:		
Other experiences	80	498
Past service costs	1,689	699
Losses / (gains) on curtailment	0	0
Liabilities assumed on entity combinations	0	0
Benefits paid	(26,491)	(27,492)
Liabilities extinguished on settlements	0	0
Closing balance 31st March 2019	**968,702**	**1,060,399**

Local Government Pension Scheme assets comprised:

	Fair value of scheme assets **Year to** **31 March 2018** £000's	**Fair value of scheme assets** **Year to** **31 March 2019** £000's
Cash and cash equivalents	**26,518**	**19,355**
Equity instruments:		
By industry type		
Consumer	41,369	42,801
Manufacturing	49,628	44,781
Energy and utilities	39,297	43,546
Financial institutions	59,712	61,327
Health and care	18,530	22,882
Information technology	11,620	13,834
Other	7,091	8,490
Sub-total equity	**227,247**	**237,661**
Bonds:		
By sector		
Corporate	26,874	28,985
UK Government	6,282	5,103
Other	20,175	19,654
Sub-total bonds	**53,331**	**53,742**
Property		
UK Property	24,822	36,805
Overseas Property	0	0
Sub-total property	**24,822**	**36,805**

Private equity:		
All	24,261	36,291
Sub-total private equity	**24,261**	**36,291**
Investment Funds and Unit Trusts		
Equities	196,177	175,174
Bonds	94,004	96,391
Hedge Funds	0	0
Commodities	0	0
Infrastructure	18,771	37,150
Other	59,864	81,940
Sub-total investment funds and unit Trusts	**368,816**	**390,655**
Derivatives:		
Other	0	393
Total assets	**724,995**	**774,902**

Basis for estimating Assets and Liabilities

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

Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Hyman Robertson an independent firm of actuaries, estimates for the Greater Manchester Pension Fund based on the latest full valuation of the scheme as at 31st March 2019.

The significant assumptions used by the actuary have been:

Long term expected rate of return on assets in the scheme:	**31 March 2018**	**31 March 2019**
Actual returns 1st April to 31st December	4.30%	-0.01%
Total returns from 1st April to 31st March	4.30%	7.40%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
- Men	21.5 years	21.5 years
- Women	24.1 years	24.1 years
Longevity at 65 for future pensioners:		
- Men	23.7 years	23.7 years
- Women	26.2 years	26.2 years
Rate of inflation	2.40%	2.50%
Rate of increase in salaries	2.50%	2.60%
Rate of increase in pensions	2.40%	2.50%
Rate for discounting scheme liabilities	2.60%	2.40%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Approximate % increase to Employer Liability	Approximate amount £000's
0.5% decrease in Real Discount Rate	10%	103,891
0.5% increase in the Salary Increase Rate	1%	14,334
0.5% increase in the Pension Increase Rate	8%	87,913

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at a constant rate as possible. The Greater Manchester Pension Scheme has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next three years. Funding levels are monitored on an annual basis. The last valuation was completed on 31st March 2019.

The scheme will need to take account of the national changes to the scheme under the Public Pensions services Act 2013. Under the Act, The Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31st March 2015 (or service after 31st March 2016 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The authority anticipated to pay £15,672,000 expected contributions to the scheme in 2019/20.The weighted average duration of the defined benefit obligation for scheme members is 16.9 years, (16.9 years 2017/18).

Pensions Reserve

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

	Year to 31 March 2018	Year to 31 March 2019
Balance 1st April	**(252,910)**	**(243,707)**
Remeasurements of the net defined benefit liability / (asset)	29,702	(22,754)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(39,033)	(37,925)
Employers pension contributions and direct payments to pensioners payable in the year	18,534	18,889
Closing Balance	**(243,707)**	**(285,497)**

Funding Valuation

The Council’s share of pension fund assets is rolled forward, by the actuary, from the latest formal valuation date. The roll forward amount is then adjusted for investment returns, the effective contributions paid into and estimated benefits paid from the fund by the Council and its employees. As such this estimate may differ from the actual assets held by the Pension Fund at 31 March, 2018.

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.

In addition to the employer’s contributions to the Greater Manchester Pension Scheme, the Authority also makes payments to the Department for Education (DfE) in respect of Teachers' pension costs and for Public Health to NHS. 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:

2017/18 Total Cost £000’s		2018/19 Total Cost £000’s	Proportion of Pensionable pay %
	Teachers		
9,193	Contribution to DfE etc.	8,898	16.14
1,351	Added years and pensions increases	1,324	2.4
0	Lump sum payments	0	
10,544		**10,222**	
	NHS employees		
59	Contribution to Superannuation Fund	49	0.06

	NHS employees ctd.		
0	Added years and pension increases	0	0
0	Lump sum payments	0	
59		**49**	

BURY PENSION GUARANTEES

The Council has pension guarantees in place for two organisations Addiction Dependency Solutions and Persona Care and Support Ltd. The guarantees identified are those which the Council has an agreement in place with GMPF. Valuations have been obtained on both an on-going and cessation basis.

We have determined that these pension guarantees meet the definition of an insurance contract in accordance with IFRS4. IFRS4 defines an insurance contract as:

A contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

The Council is the insurer and through the provision of the pension guarantee is accepting the risk of the admission body being unable to fund the benefits earned by its employees.

We have assessed the nature and extent of potential liabilities in respect of these guarantees and the likelihood of cash outflow is low. If any guarantee was invoked, this would be valued on an ongoing basis as the net surplus/liability would be added to the BMBC sub fund as we are a continuing employer. The overall net surplus/deficit position for guarantees valued on an ongoing basis is a net surplus position – because there is a net surplus and because the likelihood of cash outflow is considered to be remote, no liabilities have been included in the Council's financial statements at 31 March 2019.

5. EMPLOYEES IN HIGHER EARNINGS BANDS

In accordance with the Accounts and Audit Regulations 2015, Authorities are required 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)	Note	Salary (including fees and allowances)	Benefits In Kind	Total Remuneration excluding pension contributions	Employers Pension Contributions	Total Remuneration Including Pension Contributions
		£	£	£	£	£
2018/19						
Chief Executive - G Little	1	121,070	0	**121,070**	24,819	**145,889**
Interim Chief Executive – P Jones-Greenhalgh	2	106,066	0	**106,066**	10,973	**117,039**
2017/18						
Interim Chief Executive – P Jones-Greenhalgh	3	169,759	0	**169,759**	31,807	**201,566**

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 were members of the Council's Strategic Leadership Team.

Postholder Information (Post title and Name)	Note	Salary (including fees and allowances) £	Benefits In Kind £	Total Remuneration excluding pension contributions £	Employers Pension Contributions £	Total Remuneration Including Pension Contributions £
2018/19						
Interim Executive Director – Communities & Wellbeing		111,994	0	**111,994**	22,959	**134,953**
Executive Director – Children & Young People	4	114,816	0	**114,816**	23,537	**138,353**
Interim Executive Director - Resources & Regulation		120,318	0	**120,318**	24,665	**144,983**
Assistant Director – Legal & Democratic Services		80,171	0	**80,170**	16,113	**96,283**
Executive Director – Business, Growth & Infrastructure	5	117,725	0	**117,725**	24,134	**141,859**
Executive Director – Strategy & Transformation	6	9,898	0	**9,898**	2,029	**11,927**
2017/18						
Interim Executive Director – Communities & Wellbeing		110,968	0	**110,968**	22,748	**133,716**
Interim Executive Director – Children, Young People & Culture		107,574	0	**107,574**	22,053	**129,627**
Interim Executive Director - Resources & Regulation		115,541	0	**115,541**	23,686	**139,227**
Assistant Director – Legal & Democratic Services		78,599	0	**78,599**	16,113	**94,712**
Interim Executive Director – Business, Growth & Infrastructure	7	18,782	0	**18,782**	3,850	**22,632**

Note:

1. The postholder was appointed on 16 July, 2018 and has a full year equivalent salary of £171,813;
2. The postholder retired on 31 July, 2018;
3. The salary includes £14,603 returning officer election allowance for the GM Mayoral Election held on 5 May, 2017 and General Election held on 8 June 2017;
4. The postholder was made permanent on 26 November, 2018;
5. The postholder was made permanent on 29 January, 2019;
6. The postholder was appointed on 4 March, 2019 and the salary is for the period to 31 March, 2019;
7. The postholder was appointed on an interim basis on 29 January, 2018 and the salary is for the period to 31 March, 2018.

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 (£)	2018/2019 Teaching Staff	2017/2018 Teaching Staff	2018/2019 Non-Teaching Staff	2017/2018 Non-Teaching Staff
50,000 to 54,999	55	58	11	10
55,000 to 59,999	37	34	13	13
60,000 to 64,999	31	29	6	6
65,000 to 69,999	18	14	2	0
70,000 to 74,999	8	7	3	2
75,000 to 79,999	3	6	0	3
80,000 to 84,999	6	3	4	1
85,000 to 89,999	2	4	1	0
90,000 to 94,999	2	0	0	0
95,000 to 99,999	0	0	1	1
100,000 to 104,999	0	0	0	0
105,000 to 109,999	0	0	0	0
110,000 to 114,999	1	0	0	0
115,000 to 119,999	0	1	0	0
120,000 to 124,999	0	0	0	0
125,000 to 129,999	0	0	0	0
130,000 to 134,999	0	0	0	0
135,000 to 139,999	0	0	0	0
140,000 to 144,999	0	0	0	0
145,000 to 149,999	0	0	0	0
150,000 to 154,999	0	0	0	0
155,000 to 159,999	0	0	0	0
TOTAL	**163**	**156**	**41**	**36**

Analysis of Teaching Staff:

The 2018 Code of Practice recommends that where the authority is not the employer, and the employee is not the employee of the authority, then for schools, typically voluntary aided and foundation schools, employee expenditure is reported separately. As such the following table has been produced to differentiate the different type of school for 2018/19. Peel Brow is the only foundation school and one member of staff is listed in the voluntary aided category.

Salary Range (£)	2018/2019 Voluntary Aided	2018/2019 Voluntary Controlled	2018/2019 Community (Bury Council)	2018/2019 Total
50,000 to 54,999	17	7	31	55
55,000 to 59,999	11	1	25	37
60,000 to 64,999	7	4	20	31
65,000 to 69,999	6	4	8	18
70,000 to 74,999	1	0	7	8
75,000 to 79,999	1	1	1	3
80,000 to 84,999	1	0	5	6
85,000 to 89,999	1	0	1	2
90,000 to 94,999	1	0	1	2
95,000 to 99,999	0	0	0	0
100,000 to 104,999	0	0	0	0
105,000 to 109,999	0	0	0	0
110,000 to 114,999	0	0	1	1
115,000 to 119,999	0	0	0	0
120,000 to 124,999	0	0	0	0
125,000 to 129,999	0	0	0	0
130,000 to 134,999	0	0	0	0
135,000 to 139,999	0	0	0	0
140,000 to 144,999	0	0	0	0
145,000 to 149,999	0	0	0	0
150,000 to 154,999	0	0	0	0
TOTAL	**46**	**17**	**100**	**163**

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

Teaching Staff

Exit package cost band (including special payments)	Number of Compulsory Redundancies		Number of other departures agreed (VER / VES / Compromise Agreements)		Total Number of Exit packages by cost band		Total cost of exit packages in each band	
	2018/ 2019	**2017/ 2018**	**2018/ 2019**	**2017/ 2018**	**2018/ 2019**	**2017/ 2018**	**2018/ 2019 £000**	**2017/ 2018 £000**
£0 - £20,000	3	2	14	13	**17**	**15**	**147**	**110**
£20,001 – £40,000	0	0	5	3	**5**	**3**	**132**	**75**
£40,001 – £60,000	0	0	1	0	**1**	**0**	**43**	**0**
£60,001 – £80,000	0	0	0	0	**0**	**0**	**0**	**0**
£80,001 – £100,000	0	0	0	0	**0**	**0**	**0**	**0**
£100,001 – £150,000	0	0	0	0	**0**	**0**	**0**	**0**
Total	**3**	**2**	**20**	**16**	**23**	**18**	**322**	**185**

Non-Teaching Staff

Exit package cost band (including special payments)	Number of Compulsory Redundancies		Number of other departures agreed (VER / VES / Compromise Agreements)		Total Number of Exit packages by cost band		Total cost of exit packages in each band	
	2018/ 2019	**2017/ 2018**	**2018/ 2019**	**2017/ 2018**	**2018/ 2019**	**2017/ 2018**	**2018/ 2019 £000**	**2017/ 2018 £000**
£0 - £20,000	4	2	65	61	**69**	**63**	**475**	**535**
£20,001 – £40,000	0	0	11	22	**11**	**22**	**337**	**579**
£40,001 – £60,000	0	0	1	0	**1**	**0**	**45**	**0**
£60,001 – £80,000	0	0	1	0	**1**	**0**	**30**	**0**
£80,001 – £100,000	0	0	0	0	**0**	**0**	**0**	**0**
£100,001 – £150,000	0	0	0	0	**0**	**0**	**0**	**0**
Total	**4**	**2**	**78**	**83**	**82**	**85**	**887**	**1,114**

6. TRANSACTIONS WITH RELATED PARTIES

This is a disclosure note required by IAS24 *Related Party Disclosures*, 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 2018/2019 the Council has undertaken the following transactions with related parties:

Member Interest	**Amount Paid to Organisation 2018/19 (£)**	**Amount Paid to Organisation 2017/18 (£)**
Volunteer Admin Worker with a Charity for Women from BME Communities	650	2,100
Inspector with an Independent Regulator of Health and Social Care	18,269	12,014
Director & Company Secretary of a Local Charity for Visually Impaired People	88,587	78,215
Employee of Not-for-Profit Organisation for People with Substance Misuse Related issues	228,022	228,328
Committee Member of a Sports Club	4,510	1,000
Trustee of a charity for organisations working directly with people who become homeless in England.	1,337	4,510
Spouse is employee of Bury Based Teaching Agency	84,586	72,286
Trustee of a Local Charity for Children and Young People	8,858	184
Trustees of a Community Centre that provides a meeting place for various clubs and groups	156,826	179,010
Director of a Clothing Company	253	0

Four Members of the Council are on the board of Six Town Housing, which represents 30.8% of the voting rights of Six Town Housing. The Council entered into transactions with the concern to the net value of £4,243,625.62 during 2018/19 (£3,349,297.41 in 2017/2018). This represents income to the Council of £16,530,360.33 (£16,656,827.41 in 2017/2018) and expenditure of £20,773,985.95 (£20,006,124.82 in 2017/2018), including the management fee paid to Six Town Housing of £13,058,600.04

One Member of the Council is on the board of Persona group, which represents 14.3% of the voting rights of Persona group. The Council entered into transactions with the concern to the net value of £10,447,982.62 during 2018/2019 (£10,815,139.95 in 2017/2018). This represents income to the Council of £829,540.39 in 2018/2019 (£1,380,543.57 in 2017/2018) and expenditure of £11,277,523.01 in 2018/2019 (£11,115,000.87 in 2017/2018), including the management fee paid to Persona Care & Support, of £11,154,892.92.

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.

Details of transactions are recorded in the Register of Member's Interest; further information can be obtained from the Head of Financial Management at Bury Town Hall or by telephoning 0161 253 5034.

7. DISCLOSURE OF DEPLOYMENT OF DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School's Finance and Early Years (England) Regulations 2018. 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 2018/19 are as follows:

	Central Expenditure	**ISB**	**Total**
	£000	£000	£000
Final DSG for 2018-19 before Academy recoupment			(163,221)
Academy figure recouped for 2018/19			18,511
Total DSG after Academy recoupment for 2018/19			**(144,710)**
Central Spend Brought Forward from 2017/18			(11,103)
Less Central Spend Carry-forward to 2019-20 agreed in advance			**11,103 (i)**
Agreed Initial budgeted distribution in 2018/19	**(20,505)**	**(124,205)**	**(144,710)**
In Year Adjustments	(209)	0	(209)
Final Budgeted Distribution for 2018/19	**(20,714)**	**(124,205)**	**(144,919)**
Less Actual Central Expenditure	24,242	0	24,242
Less Actual ISB deployed to Schools	0	124,205	124,205
Plus Local Authority contribution for 2018/19	0	0	0
Carry forward to 2019/20	**3,528 (ii)**	**0**	**14,631 (=i+ii)**

N.B. £14,631m is total of £3.528m in year carry forward plus £11.103m carry forward agreed in advance.

8. BETTER CARE FUND – MEMORANDUM OF ACCOUNT

Better Care Fund – Core

The Better Care Fund (BCF) core contribution was announced as part of the June 2013 spending round. It is a single budget shared between the NHS and local government to help them work more closely to try to shift resources into social care and community settings.

Clinical Commissioning Groups (CCGs) and Local Authorities are required to pool the BCF budget and agree an integrated spending plan for how they will use their BCF allocation.

Local Health and Wellbeing Boards (HWB) have overall accountability for the local BCF core pooled budget. The 2018/19 BCF (revenue) allocation received from Bury CCG is £12.641m.

Better Care Fund – Improved Better Care Fund (IBCF)

The IBCF was first announced in the 2015 Spending Review and a further increase to IBCF was announced in the autumn 2017 budget. IBCF is paid as a direct grant to local government, with a condition that it is pooled into the local BCF plan. The 2018/19 IBCF allocation for Bury council is £5.263m.

Better Care Fund – Disabled Facilities Grant (DFG)

The disabled facilities grant is a Department for Communities and Local Government (DCLG) Grant awarded for the provision of adaptations to disabled people's homes to help them live as independently as possible. The 2018/19 DFG allocation for Bury council is £1.696m.

The 2018/19 total BCF budget hosted by Bury council is £19.601m and is analysed in Table 1 below.

Table 1

2018/19 BCF Funding Allocation	£'000
Bury CCG Contribution – Core BCF (Revenue)	12,641
Bury Council Contribution (Via a DCLG Revenue Grant)– Improved Better Care Fund	5,264
Bury Council Contribution (Via a DCLG Capital Grant)- Disabilities Facilities Grant	1,696
Total	**19,601**

The financial performance of the Better Care Fund in the year to 31st March 2019 is analysed in table 2 below.

Table 2

	Description	Budget £'000	Outturn £'000	Variance £'000
Income	BCF Core (Revenue)	(12,641)	(12,641)	0
	IBCF Grant (Revenue)	(5,264)	(5,264)	0
	DFG (Capital)	(1,696)	(1,696)	0
	Total Income	**(19,601)**	**(19,601)**	**0**
Expenditure	BCF Core (Revenue)	12,641	12,417	(224)
	IBCF Grant (Revenue)	5,264	5,264	0
	DFG (Capital)	1,696	1,696	0
	Total Expenditure	**19,601**	**19,377**	**(224)**
	Variance	**0**	**(224)**	**(224)**

Use of 2018/19 Balances:

BCF Core – (£0.224m)

The £0.224m BCF underspend has been used to offset in year pressures within the councils' Care in the Community budget which is in line with the BCF plan with regards to the protection of Social Care provision.

9. *DISCLOSURE OF AUDIT COSTS*

In 2018/19 the Authority incurred the following costs in relation to the audit of the Statement of Accounts:

	2018/2019 (£000)	2017/2018 (£000)
Fees payable with regard to external audit services carried out by the appointed auditor for the year	90	117
Fees payable in respect of other services provided by appointed auditor during the year relating to 2017/18 grants (2016/17 grants prior year)	0	18
Fees payable to KPMG relating to 2017/18 other services and grants	6	3
Refund of retained earnings from PSAA	0	(15)
TOTAL	**96**	**123**

10. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis provides details of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement. Decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across departments. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

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

The income and expenditure of the Authority's principal departments recorded in the budget reports for the year and detailed on pages 11 & 12 of this document is as follows:

2018-19 Directorate Analysis	Communities & wellbeing	Children, Young People & Culture	Resources & Regulation	Business Growth & Infrastructure	Art Gallery & Museum	Operations	NSS	Housing General Fund	Total Directorate Analysis
Fees, charges & other Internal income	(46,532)	(1,783)	(8,202)	(9,482)	(137)	(5,631)	(3,277)	(1,102)	(76,146)
Internal Income	(1,665)	(6,755)	(25,063)	(5,648)	(1)	(7,665)	(683)	(7)	(47,487)
Interest and investment income	0	0	0	0	0	0	(21,276)	0	(21,276)
Government grants and contributions	(13,370)	(2,098)	(1,623)	(626)	(4)	(281)	(2,322)	(44,986)	(65,310)
Total income	**(61,567)**	**(10,636)**	**(34,888)**	**(15,756)**	**(142)**	**(13,577)**	**(27,558)**	**(46,095)**	**(210,219)**
Employee expenses	26,390	25,814	22,664	4,947	359	9,091	1,319	0	90,584
Other service expenses	104,852	32,350	12,550	9,865	273	18,826	16,832	44,837	240,385
Support service recharges	2,416	3,527	6,298	1,661	25	1,385	585	1,215	17,112
Total operating expenses	**133,658**	**61,691**	**41,512**	**16,473**	**657**	**29,302**	**18,736**	**46,052**	**348,081**
Surplus or deficit on the provision of services	**72,091**	**51,055**	**6,624**	**717**	**515**	**15,725**	**(8,822)**	**(43)**	**137,862**

Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement	2018-19
	£000's
(Directorate) Analysis	**137,862**
Services and Support Services not in Analysis	3,367
Amounts not reported to management for decision making	974
Amounts not included in I & E	39,221
Sub Total - Cost of Services	**181,424**
Less Corporate Amounts	(171,948)
Total	**9,476**

2018-19 Reconciliation to Subjective Analysis	Directorate Analysis	Services and Support Services not in Analysis	Amounts not reported to management for decision making	Amounts Not included in CIES	Operating Costs Of Service	Corporate Amounts	Total
Fees, charges & other Internal income	(76,146)	(7,190)	(30,321)	0	(113,657)	(32,144)	(145,801)
Internal Income	(47,487)	(2,998)	0	0	(50,485)	0	(50,485)
Interest and investment income	(21,276)	0	0	0	(21,276)	(8,135)	(29,411)
Government grants and contributions	(65,310)	(157,079)	(76)	(588)	(223,053)	(177,470)	(400,523)
Total income	**(210,219)**	**(167,267)**	**(30,397)**	**(588)**	**(408,471)**	**(217,749)**	**(626,220)**
Employee expenses	90,584	108,903	8,116	0	207,603	11,315	218,918
Other service expenses	190,222	54,356	7,187	39,809	291,574	15,059	306,633
Support service recharges	17,112	7,375	0	0	24,487	1,301	25,788
Depreciation, amortisation & impairment	23,666	0	16,068	0	39,734	2,608	42,342
Interest payments	0		0	0	0	14,213	14,213
Precepts & Levies	26,497	0	0	0	26,497	0	26,497
Payments to Housing Capital Receipts Poll	0	0	0	0	0	1,305	1,305
Gain or loss on disposal of Property, Plant & Equipment	0	0	0	0	0		0
					0		0
Total operating expenses	**348,081**	**170,634**	**31,371**	**39,809**	**589,895**	**45,801**	**635,696**
Surplus or deficit on the provision of services	**137,862**	**3,367**	**974**	**39,221**	**181,424**	**(171,948)**	**9,476**

2017-18 Directorate Analysis RESTATED	Communities & wellbeing	Children, Young People & Culture	Resources & Regulation	Business Growth & Infrastructure	Art Gallery & Museum	Operations	NSS	Housing General Fund	Total Directorate Analysis
Fees, charges & other Internal income	(42,961)	(1,601)	(23,004)	(9,313)	(140)	(5,496)	(2,836)	(1,787)	(87,138)
Internal Income	(2,366)	(6,579)	(12,219)	(5,547)	(1)	(9,760)	0	(7)	(36,479)
Interest and investment income	0	0	0	0	0	0	(19,957)	0	(19,957)
Government grants and contributions	(10,327)	(2,717)	(2,669)	(449)	(93)	(722)	(593)	(47,627)	(65,197)
Total income	**(55,654)**	**(10,897)**	**(37,892)**	**(15,309)**	**(234)**	**(15,978)**	**(23,386)**	**(49,421)**	**(208,771)**
Employee expenses	26,657	26,777	23,484	4,076	383	7,946	1,515	0	90,838
Other service expenses	108,188	35,235	14,278	8,777	358	18,005	3,636	48,011	236,488
Support service recharges	2,591	3,691	6,342	1,635	26	1,531	545	1,258	17,619
Total operating expenses	**137,436**	**65,703**	**44,104**	**14,488**	**767**	**27,482**	**5,696**	**49,269**	**344,945**
Surplus or deficit on the provision of services	**81,782**	**54,806**	**6,212**	**(821)**	**533**	**11,504**	**(17,690)**	**(152)**	**136,174**

Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement	2017-18
	£000's
(Directorate) Analysis	**136,174**
Services and Support Services not in Analysis	4,448
Amounts not reported to management for decision making	(18,107)
Amounts not included in I & E	57,569
Sub Total - Cost of Services	**180,084**
Less Corporate Amounts	(155,666)
Total	**24,418**

2017-18 Reconciliation to Subjective Analysis	Directorate Analysis	Services and Support Services not in Analysis	Amounts not reported to management for decision making	Amounts Not included in CIES	Operating Costs Of Service	Corporate Amounts	Total
Fees, charges & other Internal income	(87,138)	(12,302)	(31,348)	0	(130,788)	(37,008)	(167,796)
Internal Income	(36,479)	0	0	0	(36,479)	0	(36,479)
Interest and investment income	(19,957)	(1)	0	0	(19,958)	(7,248)	(27,206)
Government grants and contributions	(65,197)	(154,739)	0	(1,226)	(221,162)	(159,742)	(380,904)
Total income	**(208,771)**	**(167,042)**	**(31,348)**	**(1,226)**	**(408,387)**	**(203,998)**	**(612,385)**
Employee expenses	90,838	112,654	36	0	203,528	12,725	216,253
Other service expenses	174,866	54,566	10,166	24,059	263,657	16,624	280,281
Support service recharges	17,619	4,270	251	0	22,140	1,440	23,580
Depreciation, amortisation & impairment	28,663	0	2,788	34,736	66,187	1,706	67,893
Interest payments	6,697	0	0	0	6,697	14,305	21,002
Precepts & Levies	26,890	0	0	0	26,890	0	26,890
Payments to Housing Capital Receipts Poll	0	0	0	0	0	1,532	1,532
Gain or loss on disposal of Property, Plant & Equipment	(628)	0	0	0	(628)	0	(628)
Total operating expenses	**344,945**	**171,490**	**13,241**	**58,795**	**588,471**	**48,332**	**636,803**
Surplus or deficit on the provision of services	**136,174**	**4,448**	**(18,107)**	**57,569**	**180,084**	**(155,666)**	**24,418**

RECONCILIATION OF (DIRECTORATE) INCOME AND EXPENDITURE TO COST OF SERVICES IN THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

	2018/2019 £000's	2017/2018 £000's
Net expenditure in the (Directorate) Analysis	**137,862**	**136,174**
Net expenditure of services and support services not included in the Analysis	3,367	4,448
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	974	(18,107)
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	39,221	57,569
Cost of Services in Comprehensive Income and Expenditure Statement	**181,424**	**180,084**

11. LEVIES

Levies at 31st March: consisted of:-	**2017/18 £000's**	**2018/19 £000's**
GM Waste Disposal Authority	19,712	7,379
GM Passenger Transport Authority	7,081	19,019
Environment Agency	97	99
TOTAL	**26,890**	**26,497**

DISCLOSURE NOTES RELATING TO BALANCE SHEET:

12. TANGIBLE PROPERTY, PLANT & EQUIPMENT

Movements in respect of tangible Property, Plant & Equipment were as follows:-

TANGIBLE PROPERTY, PLANT & EQUIPMENT - OPERATIONAL	**Council Dwellings**	**Other Land & Buildings**	**Infra-structure Assets**	**Vehicles, Plant and Eqpt**	**Community Assets**	**Total**
Certified Valuation or Cost at 1 April 2018	*240,607*	*257,821*	*54,934*	*14,713*	*2,715*	*570,790*
Additions	11,131	5,815	7,033	231	1,920	26,130
Revaluations recognised in the Revaluation Reserve	847	1,370	0	0	0	2,217
Revaluations recognised in the Surplus/Deficit on the provision of Services	2,866	(11,860)	0	0	0	(8,994)
Disposals	(2,404)	(508)	0	0	(1)	(2,913)
Reclassification (to) / from Held for Sale	0	0	0	0	0	0
Other movements - Reclassification	9,379	4,619	0	0	461	14,459
Value of assets at 31 March 2019	**262,426**	**257,257**	**61,967**	**14,944**	**5,095**	**601,689**
Accumulated depreciation and impairment at 1 April 2018	*(7,410)*	*(17,379)*	*(27,180)*	*(11,285)*	*(192)*	*(63,446)*
Depreciation - annual charge	(7,933)	(4,121)	(1,382)	(541)	0	(13,979)
Depreciation - written out to Revaluation Reserve	32	5,086	0	0	0	5,118
Depreciation - written out to the Surplus/Deficit on the Provision of Services	6	6,642	0	1,153	0	7,801
Impairments recognised in the Revaluation Reserve	0	0	0	0	0	0
Impairments recognised in the Surplus/Deficit on the Provision of Services	(11,008)	(3,825)	(1,931)	(1,729)	(1,920)	(20,413)
Disposals	109	20	0	0	0	130
Other movements - Reclassification	6	0	0	0	0	6
At 31 March 2019	**(26,198)**	**(13,577)**	**(30,493)**	**(12,402)**	**(2,112)**	**(84,786)**
Balance Sheet Value of assets at 31 March 2019	**236,228**	**243,680**	**31,474**	**2,542**	**2,983**	**516,907**
Balance Sheet Value of assets at 1 April 2018	**233,197**	**240,442**	**27,754**	**3,428**	**2,523**	**507,344**

TANGIBLE FIXED ASSETS 2017/18 re-stated

TANGIBLE FIXED ASSETS - OPERATIONAL	Council Dwellings	Other Land & Buildings	Infra-structure Assets	Vehicles, Plant and Eqpt	Community Assets	Total
Certified Valuation or Cost at 1 April 2017	233,921	275,203	50,622	14,688	2,523	576,957
Additions	7,371	4,038	4,393	25	192	16,019
Revaluations recognised in the Revaluation Reserve	(44)	(1,091)	0	0	0	(1,135)
Revaluations recognised in the Surplus/Deficit on the provision of Services	1,829	(12,851)	0	0	0	(11,022)
Disposals	(2,470)	(4,683)	0	0	0	(7,153)
Reclassification (to) / from Held for Sale	0	(2,794)	0	0	0	(2,794)
Other movements - Reclassification	0	(1)	(81)	0	0	(82)
Value of assets at 31 March 2018	**240,607**	**257,821**	**54,934**	**14,713**	**2,715**	**570,790**
Accumulated depreciation and impairment at 1 April 2017	(7,928)	(14,107)	(23,512)	(10,494)	0	(56,041)
Depreciation - annual charge	(7,894)	(4,310)	(1,316)	(791)	0	(14,311)
Depreciation - written out to Revaluation Reserve	39	683	0	0	0	722
Depreciation - written out to the Surplus/Deficit on the Provision of Services	15,744	1,241	0	0	0	16,985
Impairments recognised in the Revaluation Reserve	0	493	0	0	0	493
Impairments recognised in the Surplus/Deficit on the Provision of Services	(7,371)	(1,596)	(2,352)	0	(192)	(11,511)
Disposals	0	0	0	0	0	0
Other movements - Reclassification	0	217	0	0	0	217
At 31 March 2018	**(7,410)**	**(17,379)**	**(27,180)**	**(11,285)**	**(192)**	**(63,446)**
Balance Sheet Value of assets at 31 March 2018	**233,197**	**240,442**	**27,754**	**3,428**	**2,523**	**507,344**
Balance Sheet Value of assets at 1 April 2017	**225,993**	**261,096**	**27,110**	**4,194**	**2,523**	**520,916**

TANGIBLE PROPERTY, PLANT & EQUIPMENT - NON-OPERATIONAL	***Surplus Assets***	**Surplus Assets (Restated Note 15)**	**Assets Under Construction**	**Total**
Certified Valuation or Cost at 1 April 2018	*39,858*	30,758	11,165	41,923
Additions	*0*	0	9,581	9,581
Revaluations recognised in the Revaluation Reserve	*434*	434	0	434
Revaluations recognised in the Surplus/Deficit on the provision of Services	*2*	2	11	13
Disposals	*(90)*	(90)	0	(90)
Reclassification (to) / from Held for Sale	*0*	0	0	0
Other movements - Reclassification	*(9,515)*	(415)	(14,460)	(14,875)
Value of assets at 31 March 2019	***30,689***	**30,689**	**6,297**	**36,986**
Accumulated depreciation and impairment at 1 April 2018	*(145)*	(145)	(126)	(271)
Depreciation - annual charge	*0*	0	0	0
Depreciation - written out to Revaluation Reserve	*0*	0	0	0
Depreciation - written out to the Surplus/Deficit on the Provision of Services	*0*	0	0	0
Impairments recognised in the Surplus/Deficit on the Provision of Services	*(630)*	(630)	0	(630)
Disposals	*0*	0	0	0
Other movements - Reclassification	*0*	0	0	0
At 31 March 2019	***(775)***	**(775)**	**(126)**	**(901)**
Balance Sheet Value of assets at 31 March 2019	***29,914***	**29,914**	**6,171**	**36,085**
Balance Sheet Value of assets at 1 April 2018	***39,713***	**30,613**	**11,040**	**41,653**

TANGIBLE PROPERTY, PLANT & EQUIPMENT - NON-OPERATIONAL	***Non Operational Assets***	***Surplus Assets***	**Surplus Assets (Restated)**	**Assets Under Construction**	**Total**
Certified Valuation or Cost at 1 April 2017	*42,682*	*1,035*	35,047	1,407	36,454
Additions	*144*	*0*	144	9,678	9,822
Revaluations recognised in the Revaluation Reserve	*(577)*	*0*	(577)	0	(577)
Revaluations recognised in the Surplus/Deficit on the provision of Services	*(4,283)*		(4,283)	0	(4,283)
Disposals	*(83)*	*0*	(83)	0	(83)
Reclassification (to) / from Held for Sale	*940*	*0*	940	0	940
Other movements - Reclassification	*0*	*0*	(430)	80	(350)
Value of assets at 31 March 2018	***38,823***	***1,035***	**30,758**	**11,165**	**41,923**
Accumulated depreciation and impairment at 1 April 2017	*0*	*0*	**0**	**0**	**0**
Depreciation - annual charge	*0*	*0*	0	0	0
Depreciation - written out to Revaluation Reserve	*0*	*0*	0	0	0
Depreciation - written out to the Surplus/Deficit on the Provision of Services	*0*	*0*	0	0	0
Impairments recognised in the Surplus/Deficit on the Provision of Services	*(145)*	*0*	(145)	(125)	(270)
Disposals	*0*	*0*	0	0	0
Other movements - Reclassification	*0*	*0*	0	0	0
At 31 March 2018	***(145)***	***0***	**(145)**	**(125)**	**(270)**
Balance Sheet Value of assets at 31 March 2018	***38,678***	***1,035***	**30,613**	**11,040**	**41,653**
Balance Sheet Value of assets at 1 April 2017	***42,682***	***1,035***	**35,047**	**1,407**	**36,454**

An impairment review was carried out in the year as required by IAS36. There were no significant resultant adjustments to the value recorded in the Property, Plant & Equipment register for Operational and Non-Operational Investment Properties.

During the year a number of schools converted to Academy status on a 125 year lease from Bury Council to the sponsors:

Shaw Education Trust: Tottington High School

Vision MultiAcademy Trust: Holy Trinity Primary, St John's Primary

Roch Valley Church of England multi academy Trust: St Thomas' Primary

Consequently, these assets are shown as disposals through a transfer of asset in year and the Carrying Amount held in Bury Council’s accounts has been reduced to NIL to reflect de-recognition of service potential of these schools to the Authority. A nominal value for the land lease arrangement is in place.

	Council Housing Assets	***Other Land & Bldgs***	***Vehicle Plant & Eqpt***	***Infrastr-ucture Assets***	***Commu-nity Assets***	***Invest ment Props***	***Assets under constru-ction***	***Surplus Assets***	***Heritage Assets***	***Assets held for Sale***	***Total***
	£000’s	***£000’s***	***£000’s***	***£000’s***	***£000’s***	***£000’s***	***£000’s***	***£000’s***	***£000’s***	***£000’s***	***£000’s***
Valued at											
Historic Cost	-	-	2,542	31,474	2,983	0	6,171	0	660	-	**43,831**
Valued at Current / Fair Value: 2018/19	**236,228**	**129,553**	**-**	**-**	**-**	**16,072**	**-**	**2,423**	**0**	**240**	**384,516**
2017/18	-	16,161	-	-	-	2,690	-	12,995	256	90	**32,192**
2016/17	-	2,455	-	-	-	-	-	7,948	-	1,003	**11,406**
2015/16	-	90,510	-	-	-	-	-	1,950	23,676	-	**116,136**
2014/2015 and prior	-	5,001	-	-	-	-	-	4,598	-	1,676	**11,275**
Total Tangible Property, Plant & Equipment	**236,228**	**243,680**	**2,542**	**31,474**	**2,983**	**18,762**	**6,171**	**29,914**	**24,592**	**3,010**	**599,356**

More information on the basis of asset valuation and the accounting treatment for Property, Plant & Equipment may be found in the statement of accounting policies.

Valuations of Property, Plant & Equipment carried at Current Value

The statement above shows the progress of the Council's rolling programme for the revaluation of Property, Plant & Equipment. The valuations are carried out by the Senior Asset Officer, Mr R Dewsnap (MRICS). The basis for the valuation is set out in the statement of accounting policies.

During 2018/2019 the Authority’s Council Dwelling stock was re-valued to £235.4m. The figure in the table above relates to all Council Housing assets.

In accordance with IAS 16 “Property, Plant and Equipment” with adaptations for the public sector context, the Council has charged depreciation on its assets to the Comprehensive Income and Expenditure Statement regardless of the maintenance regime on the asset.

13. HERITAGE ASSETS

A reconciliation of the Carrying Value of tangible Heritage Assets recognised by the Authority in the year is given in the table below:

	Art Gallery and Museum Artefacts and Gifts £'000	**Art Gallery and Museum Pictures £'000**	**Civic Regalia £'000**	**Total £'000**
Certified Valuation or Cost at 1 April 2018	16	23,932	629	**24,577**
Additions	0	15	0	**15**
Disposals	0	0	0	**0**
Revaluations recognised in the Revaluation Reserve	0	0	0	**0**
Revaluations recognised in the Surplus/Deficit on the provision of Services	0	0	0	**0**
Reclassification	0	0	0	**0**
Value of assets at 31 March 2019	**16**	**23,947**	**629**	**24,592**
Accumulated depreciation and impairment at 1 April 2018	0	0	0	**0**
Depreciation - annual charge	0	0	0	**0**
Disposals	0	0	0	**0**
Impairments recognised in the Revaluation Reserve	0	0	0	**0**
Impairments recognised in the Surplus/Deficit on the Provision of Services	0	0	0	**0**
Other movements, reclassification	0	0	0	**0**
Depreciation and impairment at 31 March 2019	0	0	0	**0**
Balance Sheet Value of assets at 31 March 2019	**16**	**23,947**	**629**	**24,592**
Balance Sheet Value of assets at 1 April 2018	**16**	**23,932**	**629**	**24,577**

Additionally, the Authority has in its care three Historic Buildings that are classed as Heritage Assets – these carried in the accounts at a nominal value only and are named as the Radcliffe Tower in Radcliffe, The Dungeon in Tottington and Rodger Worthington's Grave in Hawkshaw.

HERITAGE ASSETS: SUMMARY OF TRANSACTIONS	**2017/2018 £'000**	**2018/2019 £'000**
Cost of Acquisitions of Heritage Assets		
Art Gallery and Museum - artefacts and gifts	0	0
Art Gallery and Museum - pictures	0	0
Civic Regalia	0	0
Total Cost of Purchases	**0**	**0**

Value of Heritage Assets Acquired by Donation	0	15
Total Donations	**0**	**15**
Impairment of Civic Regalia Assets		
Carrying value	**0**	**0**
Proceeds	**0**	**0**

14. INTANGIBLE ASSETS

Movements in respect of intangible assets were as follows: -

	Software Licences £000's
Original cost	**10,396**
Amortisation to 1st April 2018	(8,746)
Balance at 1st April 2018	**1,650**
Purchases in year	1,074
Amortisation in year	(405)
Balance at 31st March 2019	**2,319**

15. INVESTMENT PROPERTIES

Movements in respect of fair value of investment properties over the year are as follows:

	2017/18 £000's	**2018/19 £000's**
Balance at 1st April	**9,374**	**16,270**
Disposals in year	0	(18)
Reclassification of assets	9,100	415
Net Gain (Loss) from fair value adjustment	(2,204)	2,094
Balance at 31st March	**16,270**	**18,762**

Bury Council's share of land owned at Manchester Airport was re-classified in year from Surplus Properties and included in the accounts under Investment Properties at a value of £9.515m, after an upward revaluation of £0.415m in 2018/19.

The re-classification was deemed appropriate after additional information on the Council's return and specification of the investment in the airport was obtained from the Airport and other shareholders.

Restated 2017/18 balances for Surplus assets and Investment properties are included in the Balance Sheet and applicable notes to the accounts.

The following items of income and expenditure have been accounted for in the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement:

	2017/18 £000's	**2018/19 £000's**
Rental Income from Investment Property	671	674
Direct operating expenses arising from investment property	(179)	(138)
Net gain / (loss)	**492**	**536**

16. CAPITAL EXPENDITURE and FINANCING

	2017/2018 £000's	2018/2019 £000's
Opening Capital Financing Requirement	**245,721**	**247,078**
Capital Investment		
Property, Plant And Equipment Additions In the Year		
Operational Assets	16,227	15,153
Non-operational Assets	9,632	16,288
Intangible Assets	466	1,397
	26,325	**32,838**
Revenue Expenditure Funded from Capital under Statute	1,146	2,510
Revenue Expenditure Funded from Capital under Statute – Equal Pay back Pay	0	0
	27,471	**35,348**
Sources of Finance		
Capital Receipts	(3,035)	(1,749)
Government Grants and other Contributions	(19,303)	(27,082)
Sums set aside from Revenue including Minimum Revenue Provision	(3,776)	(3,566)
	(26,114)	**(32,397)**
Closing Capital Financing Requirement	**247,078**	**250,029**
Explanation of movements in year		
Increase in underlying need to borrow		
- supported by Government financial assistance	0	0
- unsupported by Government financial assistance	5,133	6,517
Minimum Revenue Provision and other repayments in the year	(3,776)	(3,566)
Increase (decrease)in Capital Financing Requirement	**1,357**	**2,951**

Major capital commitments as at 31st March 2019 total £8.990m and include:

- All schools including Secondary Schools Modernisation - £1.335m
    - Corporate ICT and Planning - £0.366m
    - Highways Schemes - £4.771m
    - Housing Public Sector - £1.926m
    - Housing Development Schemes - £0.225m

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.

17. OPERATING LEASES

Authority as Lessee:-

Vehicles, Plant, Furniture and Equipment - the Authority uses vehicles, plant and other equipment financed under the terms of an operating lease. The amount charged under these arrangements in 2018/2019 was £512,553 (2017/2018 £533,654).

Land and Buildings – the Authority leases numerous buildings, which have been accounted for as operating leases. The rentals payable in 2018/2019 were £1,363,187 (2017/2018 £1,354,920).

The Authority is committed to making payments of £221,700 under operating leases in 2019/2020 for Vehicles, Plant and Equipment and £1,363,599 for land and Buildings comprising the following elements:

	Land and Buildings £	Vehicles, Plant and Equipment £
Leases expiring in 2019/2020	0	105,958
Leases expiring between 2020/2021 and 2024/2025	278,209	115,742
Leases expiring after 2024/2025	1,085,390	0
TOTAL	**1,363,599**	**221,700**

Per IAS17, 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.

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 2018/19 were £5,315,881.67 (2017/2018 £4,250,415.65).

The gross value of assets held for use in operating leases was £54,956,920. The assets have been valued at different stages over the last 5 years in accordance with IAS17 and are subject to depreciation ranging between 20-50% at 31 March 2019.

18. FINANCE LEASES

Authority as Lessee:

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2018 £000	31 March 2019 £000
Vehicles, Plant, Furniture and Equipment	499	89
Total	**499**	**89**

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2018 £000	31 March 2019 £000
Finance lease liabilities (net present value of minimum lease payments)	257	71
Finance costs payable in future years	2	0
Minimum lease payments	259	71

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000
Not later than 1 year	188	24	186	22
Later than 1 year not later than 5 years	71	47	71	49
Later than 5 years	0	0	0	0
	259	**71**	**257**	**71**

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000
Not later than 1 year	443	188	428	186
Later than 1 year not later than 5 years	259	71	253	71
Later than 5 years	0	0	4	0
	702	**259**	**685**	**257**

Authority as Lessor:

The Council does not have any finance leases where the Authority is Lessor.

19. INVESTMENTS

Investments at 31st March: consisted of:-	**2017/18 £000's**	**2018/19 £000's**
Manchester Airport Holdings Limited	51,900	52,700
TOTAL	**51,900**	**52,700**

Manchester Airport Holdings Limited – The Council's shareholding in Manchester Airport Holdings Limited remains at 3.22% as at 31 March 2019. The asset is valued using the earning based method resulting in the asset being valued at fair value rather than historic cost, therefore requiring an annual valuation. A firm of financial experts and valuers have provided an independent valuation which includes reviewing the financial performance, stability and business assumptions of the Manchester Airport Holdings Limited. The valuation provided is based on estimations and assumptions and therefore should the Council sell its shareholding the value held in these statements may not be realised. As at 31 March 2019 the valuers advised of an increase of £0.8m in the fair value Council share from £51.9m to £52.7m which has been reflected in the financial statement.

The revaluation has been balanced by an increase in the Financial Instruments Revaluation Reserve of £0.8m – see Note 33, page 99.

20. ANALYSIS OF DEBTORS

	2017/18	2018/19
	£000's	£000's
Central Government Bodies	10,582	10,783
Other Local Authorities	1,853	1,197
Payments in Advance	2,474	2,305
Capital Debtors	1,095	2,298
Collection Fund	12,307	12,436
Bodies External to General Government	16,183	16,842
TOTALS	**44,494**	**45,861**

21. ANALYSIS OF CREDITORS

	2017/18	2018/19
	£000's	£000's
Central Government Bodies	2,141	2,505
Other Local Authorities	6,095	6,318
Income in Advance	8,902	7,870
Capital Creditors	2,542	2,404
Collection Fund	6,093	8,675
Bodies External to General Government	8,811	10,346
TOTALS	**34,584**	**38,118**

22. *LONG TERM DEBTORS*

Long Term Debtors as at 31st March: consisted of:-	**2017/18 £000's**	**2018/19 £000's**
Loan Accounts	12,542	23,656
Bury MBC Townside Fields	7,257	7,257
Debt Managed for Probation Services	14	13
Admin Buildings	23	12
Schools Energy Efficiency Scheme	9	9
TOTAL	**19,845**	**30,947**

23. LOANS OUTSTANDING, LONG & SHORT TERM

		2017/2018 £000's		2018/2019 £000's
Analysis by loan type:				
PWLB loans:				
Bury	132,297		140,143	
Airport	558		11,828	
Market loans	63,335		44,691	
Temporary loans	0		7,545	
Local bonds	3		3	
TOTAL		**196,193**		**204,209**
Analysed by maturity period:-				
Short Term Loans Outstanding				
Within 1 year	19,913	19,913	19,034	19,034
Long Term Loans Outstanding				
1/2 years	10,000		1,000	
2/3 years	1,000		5,000	
3/4 years	5,000		3,000	
4/5 years	3,000		0	
5/6 years	0		0	
6/10 years	550		550	
10/15 years	26,000		26,000	
15+ years	130,730	176,280	149,626	185,176
TOTAL		**196,193**		**204,209**

The Airport PWLB debt at 31st March 2019 includes £0.550 million in respect of Bury's share of the debt transferred from Manchester City Council to each of the other Greater Manchester districts.

24. DEFERRED LIABILITIES

	2017/18 £000's	2018/19 £000's
Debt ex GMC - Tameside	3,031	2,331
Debt ex Probation - Trafford	14	13
Debt ex Inner City Central Station - MCC	39	30
Debt ex Airport GMMDAF	449	345
TOTAL	3,533	2,719

25. PROVISIONS

Short Term Provisions

	31st March 2018 £000's	Income £000's	Transfer to Long Term £000's	Expenditure £000's	31st March 2019 £000's
Children, Young People and Culture	(453)	(40)	199	175	(119)
Business Growth & Infrastructure	157	(163)	0	0	(6)
Operations	(26)	0	0	0	(26)
Business Rates Appeals	(10,215)	0	2,407	0	(7,808)
TOTALS	**(10,537)**	**(203)**	**2,606**	**175**	**(7,959)**

Long Term Provisions

	31st March 2018 £000's	Income £000's	Transfer from Short Term £000's	Expenditure £000's	31st March 2019 £000's
Liability Insurance	(26,044)	(2,317)	0	1,908	(26,453)
Property Insurance	(1,191)	(91)	0	0	(1,282)
Communities & Wellbeing	0	(539)	0	0	(539)
Children, Young People & Culture	(40)	0	(199)	40	(199)
Business Growth & Infrastructure	(256)	(2)	0	0	(258)
Operations	(30)	0	0	0	(30)
Workforce Transformation	(1,602)	0	0	1,602	0
Business Rates Appeals	(2,554)	(129)	(2,407)	3,138	(1,952)
Housing Revenue Account	(647)	(75)	0	0	(722)
Greater Manchester Pension Scheme	(600)	0	0	0	(600)
Other	(100)	0	0	0	(100)
TOTALS	**(33,064)**	**(3,153)**	**(2,606)**	**6,688**	**(32,135)**

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 £2.317m 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 £1.908m represent 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 £91,000 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 Communities & Wellbeing provision relates to premises costs where the amount outstanding has yet to be agreed with the landlord.

The Children, Young People & Culture short term provisions are partly the result of timing differences between the financial and academic years and represent amounts to be used in 2019/20. The long term provisions relate to non-ring fenced grant funding that will be used to fund one-off projects.

The Business Growth & Infrastructure provisions are mainly for the Heywood Link Commuted Sum 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.

The Operations provisions relate to agreements under Sections 38 & 278 of the Highways Act 1980.

Changes to the Business Rates system came into force with effect from 1st April 2013 under the Localism Act whereby Local Authorities retain 50% of rates collected, and also assume responsibility for 50% of any losses due to appeals. From April 2017 Bury, along with the other Greater Manchester authorities, have piloted a 100% retention scheme under which the Council is responsible for 99% of the cost of the appeals. The process for lodging and processing appeals is beyond the control of the Local Authority, and reductions can be backdated. The Business Rates provision is to cover the backdating of appeals lodged, but not yet heard. The Council cannot be certain as to when these appeals will be settled as it is dependent on the timing of their settlement by the VOA. This provision has been determined on the assumption that current outstanding appeals will be settled in line with previous experience.

The Housing Revenue Account provision relates to a Furnished Tenancy Replacement scheme.

The Greater Manchester Pension Fund provision is to cover possible additional costs to the fund.

There are various other provisions which the Council makes from time to time including an Empty Property Purchase provision of £100,000.

26. 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 5 outstanding claims with MMI totalling £150,319 as at 31st March 2019. A "Scheme of Arrangement" has been put in place to facilitate an orderly settlement of the sums due.

On 13 November 2012 the directors of MMI triggered the Scheme of Arrangement which now means that the Authority may be required to repay £2,112,652 in respect of claims previously settled. However, the scheme provides that following the occurrence of a Trigger Event a levy may be imposed on all those creditors that have been paid in respect of established scheme liabilities. On 1 January, 2014 a rate of 15% was set by Ernst & Young, the Scheme's administrators, for which a provision of £300,000 was made in the Council's accounts in that year and an amount of £303,158.90 was paid in 2014/15 in respect of this. A further Levy Notice was issued on 1 April 2016 stating that the levy should now be set at 25%, an increase of 10%. As at 31 March 2019 this equates to £528,163 of the £2m that would have to be paid. In 2015/16 this authority, in line with the other Greater Manchester authorities, increased the provision in its accounts for the increase in the amount of the levy, in Bury's case £200,000.

As such the amended amount that the authority may be required to repay is £1,584,489 (i.e. £2,112,652 less £528,163 levy) in respect of claims previously settled.

Six Town Housing (Arm's 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.

Greater Manchester Housing Investment Fund

The Greater Manchester Devolution Agreement provided for a Housing Investment Fund of £300m over ten years, to be invested in the form of recoverable loans and equity into property investments to deliver the growth ambitions of Greater Manchester (GM).

The Fund was set-up on 1 April 2015 and was administered by Manchester City Council as accountable body and provided the opportunity to invest in locally prioritised schemes and give the flexibility required to stimulate the market, accelerate growth and increase housing supply.

The Housing Investment Fund has now transferred to Greater Manchester Combined Authority and Councils have been released from their obligations under the existing deed of indemnity.

27. TRUST FUNDS

The Council acts as a custodian trustee for 23 trust funds including as one of several trustees for two of those funds. As a custodian trustee the Council holds the property but takes no decisions on its use. In neither case do the funds represent the assets of the Council and therefore have not been included in the Balance Sheet. Total trust fund balance as at 31 March, 2019 is £812,155.60 (£811,506.94 17/18). For further information please contact Andrew Baldwin, Head of Financial Management at Bury Town Hall (telephone 0161 253-5034).

28. FINANCIAL INSTRUMENTS

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”.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FV-OIC).

The authority’s business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

	Non-Current				Current				Total
	Investments		Debtors		Investments		Debtors		
	31st March 2018 £000s	31st March 2019 £000s	31st March 2018 £000s	31st March 2019 £000s	31st March 2018 £000s	31st March 2019 £000s	31st March 2018 £000s	31st March 2019 £000s	31st March 2019 £000s
Amortised Cost									
Principal	0	0	19,845	30,946	8,500	7,351	352	350	38,647
Investment Accrued Interest	0	0	0	0	4	2	0	0	0
Cash & Cash Equivalents (CCE)	0	0	0	0	10,354	6,818	0	0	6,818
CCE Accrued Interest	0	0	0	0	29	9	0	0	9
Amortised Cost Total	**0**	**0**	**19,845**	**30,946**	**18,887**	**14,180**	**352**	**350**	**45,474**
Fair Value through other comprehensive income - designated equity instruments	0	0	0	0	0	0	0	0	0
Fair Value through other comprehensive income - other	51,900	52,700	0	0	0	0	0	0	52,700
Total Financial Assets	0	0	0	0	0	0	0	0	0
Non - Financial Assets	0	0	0	0	0	0	44,142	45,511	0
Total	**51,900**	**52,700**	**19,845**	**30,946**	**18,887**	**14,180**	**44,494**	**45,861**	**98,174**

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment income and expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective rate of interest is the rate the exactly discounts estimated cash payments over the life of the instrument to the amount at which it as originally recognised.

For most of the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

	Non-Current		Current				Total
	Borrowings		Borrowings		Creditors		
	31st March 2018 £000s	31st March 2019 £000s	31st March 2018 £000s	31st March 2019 £000s	31st March 2018 £000s	31st March 2019 £000s	31st March 2019 £000s
Amortised Cost							
Principal	176,006	184,904	18,503	17,680	262	2	202,586
Loans Accrued Interest	0	0	1,410	1,353	0	0	1,353
Market Loans Effective Interest Rate Adjustment	274	272	0	0	0	0	272
PFI, Finance lease and transferred debt	3,790	2,790	0	0	0	0	2,790
Total Financial Assets	180,070	187,966	19,913	19,034	262	2	207,001
Non - Financial Assets	0	0	0	0	34,322	38,110	0
Total	**180,070**	**187,966**	**19,913**	**19,034**	**34,584**	**38,112**	**207,001**

Reclassification of financial assets at 1 April 2018

This note shows the effect of reclassification of financial assets following the adoption of IFRS 9 Financial Instruments by the Code of Practice on Local Authority Accounting.

	Carrying amount brought forward at 1 April 2018 £000s	New Classifications at 1 April 2018		
		Amortised Cost £000s	Fair Value through Other Comprehensive Income £000s	Fair value through Profit and Loss £000s
Previous Classifications				
Loans and receivables	83,197	83,197	0	0
Available for Sale	51,900	0	51,900	0
Reclassified amounts at 1 April 2018	**135,097**	**83,197**	**51,900**	**0**

Effect of Asset Reclassification and Remeasurement on the Balance Sheet

This note shows how the new balances at 1 April 2018 for financial assets are incorporated into the Balance Sheet.

New Classifications at 1 April 2018

	Amortised Cost £000s	Fair Value through Other Comprehensive Income £000s	Fair value through Profit and Loss £000s	Non - financial instrument balances £000s	Total Balance Sheet carrying amount £000s
Remeasured carrying amounts at 1 April 2018	83,197	51,900	0	0	135,097
Reclassified amounts:					
Non - current investments	0	51,900	0	0	51,900
Long term debtors	19,845	0	0	0	19,845
Current investments	18,858	0	0	0	18,858
Current debtors	352	0	0	44,142	44,494
Reclassified amounts at 1 April 2018	**39,055**	**51,900**	**0**	**44,142**	**135,097**

Application of classification requirements at 1 April 2018

The following judgements were made in reclassifying financial instruments at 1 April 2018:-

Designated to Fair Value through other comprehensive income (FVOCI).

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

With the adoption of accounting standard IFRS 9 Financial Instruments, the “Available for Sale Financial Asset” category is no longer available. The new standard requires that investments in equity be classified as fair value through profit and loss unless there is an irrevocable election to designate the asset as fair value through other comprehensive income. The investment in Manchester Airport Holdings Limited is an equity instrument and as such, the default valuation method is any gains and losses on changes in fair value would be recognised through profit and loss.

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

Investments in equity instruments designated at fair value through other comprehensive income

With the introduction of IFRS 9 the authority has designated the following equity at 31 March 2019 as fair value through other comprehensive income:-

Description	Nominal £000s	Fair Value £000s	Change in fair value during 2018/19 £000s	Dividend 2018/19 £000s
Manchester Airport	10,214	52,700	800	5,635

Items of income, expense, gains or losses

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

	2017/2018			2018/2019		
	Surplus or Deficit on the provision of services £000s	**Other Comprehensive Income & Expenditure £000s**	**Total £000s**	**Surplus or Deficit on the provision of services £000s**	**Other Comprehensive Income & Expenditure £000s**	**Total £000s**
Net gains / losses on:						
Financial Assets measured at fair value through other comprehensive income	0	8,200	8,200	0	800	800
Total net gains / (losses)	**0**	**8,200**	8,200	**0**	**800**	800
Interest income:						
Financial Assets measured at amortised cost	7,212	0	7,212	8,136	0	8,136
Other Financial Assets measured at fair value through other comprehensive income	0	0		0	0	0
Total interest income	**7,212**	**0**		**8,136**	**0**	**8,136**
Interest expense	**(7,813)**	**0**	**(7,813)**	**(7,919)**	**0**	**(7,919)**

Fair Value of Financial Assets

Some of the authority’s financial assets are measured in the balance sheet at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Recurring fair value measurements	**Input level in fair value hierarchy**	**Valuation technique used to measure fair value**	**As at 31/3/2018 Fair Value £000s**	**As at 31/3/2019 Fair Value £000s**
Fair Value through other Comprehensive Income				
Manchester Airport	Level 3	Earnings Based	51,900	52,700
Total			**51,900**	**52,700**

The Council owns a 3.22% share in Manchester Airport Holdings Limited. The shares in this company are not traded in an active market and fair value of £52,700,000 has been based on valuation techniques that are observable for the asset on an open market value basis. The valuation has been made using annual audited accounts for 2015/16, 2016/17 and 2017/18 along with interim 6 month reports for the period ending 30 September 2019.

The earnings based method (EBITA) has been used based on data for comparable quoted companies operating in the same sector. These shares are subject to an annual valuation. In 2018/19 this has seen an increase in value of £0.8m.

There were no transfers between input levels during the financial year 2018/18.

There has been no change in valuation technique used during the year for the financial instruments.

The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by loans and receivables and long term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2), using the following assumptions:

- For loans from the PWLB payable, borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- For non-PWLB loans payable, prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;

The fair values are calculated as follows:

	31st March 2018		31st March 2019	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	£000s	**£000s**	**£000s**	**£000s**
PWLB Loans	132,855	173,185	151,971	196,423
LOBO/Market Loans	61,327	85,692	44,691	69,869
Temporary Loans	2,000	2,011	7,545	7,549
Local Bonds	3	3	3	3
Financial liabilities	**196,185**	**260,891**	**204,209**	**273,844**

The fair value of the liabilities is **greater** than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is **higher** than the rates available for similar loans at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2019) arising from a commitment to pay interest to lenders above current market rates.

The fair value of PWLB loans of £196,423m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

	31st March 2018		31st March 2019	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	£000s	**£000s**	**£000s**	**£000s**
Cash & cash equivalents	10,383	11,374	6,827	6,847
Short Term Investments	8,504	8,504	7,353	7,354
Short Term Debtors	352	352	350	350
Long Term Debtors	19,845	19,845	30,946	30,946
Financial assets	**39,084**	**40,075**	**45,476**	**45,497**

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

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

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value

31st March 2019 **Recurring fair value measurements using:**	**Other significant observable inputs (Level 2)** **£000**
Financial liabilities Financial liabilities held at amortised cost:	
PWLB Non- PWLB Short term debt	140,900 44,275 19,034
PFI and finance lease liability	2,790
Total	**206,999**
Financial assets Financial assets held at amortised cost	 14,180
Total	**14,180**

31st March 2018 **Recurring fair value measurements using:**	**Other significant observable inputs (Level 2)** **£000**
Financial liabilities Financial liabilities held at amortised cost:	
PWLB Non- PWLB Short term debt	132,003 44,277 19,913
PFI and finance lease liability	3,790
Total	**199,983**
Financial assets Financial assets held at amortised cost	 18,858
Total	**18,858**

Nature and extent of risks arising from financial instruments

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

- **Credit risk** the possibility that other parties might fail to pay amounts due to the Council;
- **Liquidity risk** the possibility that the Council might not have funds available to meet its commitments to make payments;
- **Re-financing risk** the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- **Market risk** the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates or stock market movements.

Overall procedures for managing risk

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 arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Treasury Management Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution.

This Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies, forming the core element. However it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit watches and credit outlooks from credit rating agencies;
- Credit Default Swap spreads to give early warning of likely changes in credit ratings; and
- Sovereign ratings to select counterparties from only the most creditworthy countries.

The full Investment Strategy for 2018/19 was approved by Council on 21/02/19 and is available on the Council's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with individual credit limits being set in accordance with parameters set by the Council.

The council has a total of £14.760m deposited with a number of financial institutions as 31 March 2019. The Council's maximum exposure to credit risk in relation to this amount cannot be assed general as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2019 that this was likely to crystallise.

Amounts Arising from Expected Credit Losses

We have assessed the Council's investments (all short term) and concluded that the expected credit loss is not material therefore no allowances have been made.

	Amounts at 31 March 2019	**Historical experience of default**	**Historical experience adjusted for market conditions as at 31 March 2019**	**Estimated maximum exposure to default and uncollectability**
	£000s	**%**	**%**	**£000s**
Deposits with banks and other financial institutions	14,530	0.00%	0.00%	0
Bonds and other securities	0	0.00%	0.00%	0
Sundry Debtors	45,861	0.65%	0.65%	300
Total	**60,391**			**300**

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 £45.861m a main risk of losses relates to system debtors of £12.000m. The Council does not generally allow credit for customers, such that **£11.485m** of the **£12.243m** balance on the debtors system is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2019
	£000s
Less than three months	5,297
Three to four months	393
Four months to one year	1,794
More than one year	4,001
Total	**11,485**

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets, excluding sums due from customers, is as follows:

	31st March 2018 £000s	31st March 2019 £000s
Less than 1 year	63,381	60,040
Between 2 and 3 years	0	0
Between 1 and 2 years	0	0
More than 3 years	71,745	83,646
Total	**135,126**	**143,686**

Refinancing and Maturity risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council’s day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows:-

	31st March 2018 £000s	31st March 2019 £000s
Less than 1 year	19,913	19,034
1 -2 years	10,000	1,000
2 - 5 years	9,000	8,000
5 - 10 years	550	550
More than 10 years	156,730	175,626
Total	**196,193**	**204,209**

Of the £39m of Lender Option Borrower Option (LOBO) loans, £1m matures in less than 5 years time, whilst the remaining loans mature in more than 10 years (the average maturity time being 47 years).

The LOBO loans could potentially be called by the lender in the next financial year, however it is not anticipated that any of these will be called and require payment.

Market Risk

Interest Rate Risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

According to this assessment strategy, at 31 March 2019, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£000s
Increase in interest payable on variable rate borrowings	69
Increase in interest receivable on variable rate investments	(178)
Impact on Surplus or Deficit on the Provision of Services	**(109)**
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	**0**
Decrease in fair value of fixed rate borrowing liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	42,071

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note – Fair value of Assets and Liabilities carried at Amortised Cost.

Price Risk

The Council does not generally invest in equity shares but does have shareholdings to the value of £52.7m in local industry. Whilst these holding are generally illiquid, the Council is exposed to losses arising from movements in the price of the shares.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead it only acquires shareholdings in return for "open book" arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

The shares have all been designated as Fair Value through Other Comprehensive Income, meaning that all movements in price will impact on gains and losses recognised in the Financial Instruments Revaluation Reserve. A general shift of 5% in the general price of shares (positive or negative) would thus have resulted in a £2.635m gain or loss being recognised in the Financial Instruments Revaluation Reserve.

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.

DISCLOSURE NOTES RELATING TO MOVEMENT IN RESERVES STATEMENT:

29. GENERAL FUND BALANCE

	General Fund £000's
Balance at 31st March 2018	**(7,549)**
(Surplus)/Deficit for the Year	2,657
Planned Contribution to General Fund	(2,811)
Balance at 31st March 2019	**(7,703)**

30. SCHOOLS BALANCES (included within Earmarked Reserves – see below)

	DSG Schools Budget £000's
Balance at 31st March 2018	**6,310**
(Surplus)/Deficit for the Year	3,367
Balance at 31st March 2019	**9,677**

31. EARMARKED RESERVES

The earmarked 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.

	Balance at 31st March 2018 £000's	Transfers out 2018/19 £000's	Transfers in 2018/19 £000's	Balance at 31st March 2019 £000's
ABG Top Slice	**454**	0	0	**454**
Airport Shares	**949**	0	0	**949**
Arts & Libraries	**0**	(4)	66	**62**
BCCI Reserve	**127**	0	0	**127**
Business Growth & Infrastructure	**650**	(55)	246	**841**
Children, Young People and Culture	**421**	(332)	275	**364**
Communities and Wellbeing	**8,992**	(4,106)	1,191	**6,077**
Education (Schools) Fire	**131**	0	0	**131**
GM Connexions Partnership	**1,408**	0	0	**1,408**
GMWDA Levy Equalisation	**968**	0	6	**974**
Leisure	**236**	(43)	6	**199**
NNDR Appeals	**4,331**	(83)	1,570	**5,818**
Operations	**325**	0	66	**391**
Performance Reward	**3,931**	0	0	**3,931**
Resources and Regulation	**3,808**	(573)	574	**3,809**
School Catering Reserve	**558**	(193)	54	**419**
Transformation Reserve	**1,973**	(1,309)	105	**769**
Workforce Modernisation Reserve	**1,743**	(430)	0	**1,313**
	31,005	**(7,128)**	**4,159**	**28,036**
Schools Balances	**(6,310)**	(3,367)	0	**(9,677)**
	24,695	**(10,495)**	**4,159**	**18,359**
Section 106 Commuted Sums	**2,314**	(235)	462	**2,541**
Other Balances / Airport	**11,651**	0	0	**11,651**
TOTALS	**38,660**	**(10,730)**	**4,621**	**32,551**

The reserves are held for the following purposes:

Area Based Grant Top Slice Reserve
The ABG Top Slice Reserve is a reserve set aside to further the objectives of the Council's priorities. The grant ceased being paid by the Government in 2011/12.

Airport Shares
The Airport Shares Reserve relates to historic dividends in respect of the Council's shareholding in Manchester Airport Group.

Arts & Libraries Reserve
This reserve is used to fund any opportunities to purchase pictures for the art gallery and for maintenance of public access computers in libraries.

BCCI Reserve
This reserve is to fund future expenses arising from the collapse of the Bank of Credit and Commerce International.

Business Growth & Infrastructure
These reserves relate to property and planning and include the Energy Conservation Reserve of £295,000 which 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 payback period

Children, Young People and Culture
This reserve relate to grants received that have not yet been spent.

Communities and Wellbeing
The main Communities and Wellbeing Reserves relate to adult care grants and other external funds received that have not yet been spent. These include Public Health Reserve of £723,000, Supporting People Reserve of £1,321,000 and Troubled Families Reserve of £1,006,000.

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.

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

GMWDA Levy Equalisation
The Greater Manchester Waste Disposal Authority Levy Equalisation reserve is used to offset increased waste levy costs during the early years of the PFI contract for waste disposal.

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

NNDR Appeals Reserve
This reserve is to cover volatility in the Business Rates yield arising from changes to the Business Rates base, and mandatory reliefs.

Operations
These reserves relate to engineering and traffic and include a Flood Defence Reserve of £186,000.

Performance Reward Reserves
These reserves are used to fund performance improvement initiatives throughout the Authority.

Resources and Regulation
These reserves mainly relate to grants received that have not yet been spent.

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

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

Workforce Modernisation Reserve
This reserve is to fund future costs associated with workforce modernisation.

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.

Other Balances / Airport
Other balances used to finance our assets include our 3.22% shareholding in Manchester Airport (£10m).

32. REVALUATION RESERVE

The reserve will be credited with amounts resulting 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 Property, Plant & Equipment.

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

2017/2018 £000's		2018/2019 £000's
108,100	**Balance at 1st April**	**107,257**
8,693	Upward revaluations in year	10,879
(7,952)	Downward revaluations in the year not charged to (Surplus) / deficit on the Provision of Services	(2,238)
741	**(Surplus) or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	**8,641**
(502)	Difference between Fair value depreciation and historical cost depreciation	(576)
(0)	Impairment Losses	(497)
(1,082)	Disposal of Property, Plant & Equipment	(94)
(1,584)	**Amount written off to Capital Adjustment Account**	**(1,167)**
107,257	**Balance at 31st March**	**114,731**

33. FINANCIAL INSTRUMENTS REVALUATION RESERVE

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

- Revalued downwards or impaired and the gains are lost
- Disposed of and the gains are realised.

2017/18 £000s	-	2018/19 £000s
-	**Balance at 1st April**	-
-	Transfer from Available for Sale Financial Instrument Account	41,686
-	Revaluation of Shareholding in Manchester Airport	800
-	**Balance at 31st March**	**42,486**

34. CAPITAL ADJUSTMENT ACCOUNT

The balance will be increased by the future capital resources set-aside and written down with amounts representing the consumption of Property, Plant & Equipment 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.

2017/18 £000's		2018/19 £000's
245,815	**Balance at 1st April**	**237,995**
(27,307)	Depreciation and Impairment Losses	(40,039)
(4,703)	Revaluation losses on Property, Plant and Equipment	(3,350)
(300)	Amortisation of Intangible Assets	(405)
(1,146)	Revenue expenditure funded from capital under statute	(2,511)
0	Housing Revenue expenditure funded from capital under statute	0
(554)	Disposal of Property, Plant & Equipment	(2,830)
104	Restatement of Value	13,455
(1)	Other	(1)
211,908	**Net written out amount of the cost of non-current assets consumed in the year**	**202,314**
3,035	Capital receipts applied to capital investment	1,749
6,945	Movement on MRR	9,091
0	Grants applied to capital investment credited to I&E	0
11,860	Grants applied to capital investment from the Capital Grants Unapplied Account	15,949
3,749	Statutory provision for the financing of capital investment charged against General Fund and HRA balances	3,566
498	Revenue resources applied to capital investment	2,042
26,087		**32,397**
237,995	**Balance at 31st March**	**234,711**

35. COLLECTION FUND ADJUSTMENT ACCOUNT

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

2017/18 £000's		2018/19 £000's
(3,140)	**Balance at 1st April**	**(1,913)**
1,227	Amount by which council tax and non-domestic rate income credited to the Comprehensive Income and Expenditure statement is different from council tax and non-domestic rate income calculated for the year in accordance with statutory regulations.	(8,341)
(1,913)	**TOTAL**	**(10,254)**

36. DEFERRED CAPITAL RECEIPTS

The figures shown in the balance sheet (page 27) 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.

37 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

	Usable Reserves				
	General Fund Balance £000	**Housing Revenue Account £000**	**Capital Receipts Reserve £000**	**Major Repairs Reserve £000**	**Capital Grants Unapplied £000**
Adjustment to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements					
• Pension costs (transferred to (or from) the Pensions Reserve)	(19,036)				
• Financial Instruments (transferred to the Financial Instruments Adjustment Account)	1	(7)			
• Council Tax and NDR (transfers to or from Collection Fund Adjustment Account)	8,341				
• Holiday pay (transferred to the Accumulated Absences Reserve)	(531)				
• Equal pay settlements (transferred to the Unequal Pay / Back Pay Account)	1,971				
• Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	8,513	(14,150)			(17,029)
Total Adjustments to Revenue Resources	**(741)**	**(14,157)**	**0**	**0**	**(17,029)**
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	627		(3,551)		
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)					
Payments to the Government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(1,305)		1,305		
Posting of HRA resources from revenue to the Major Repairs Reserve		7,933		(7,933)	
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	3,566				
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	124				
Total Adjustments between Revenue and Capital Resources	**3,012**	**7,933**	**(2,246)**	**(7,933)**	**0**

Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance capital expenditure			1,749		
Use of the Major Repairs Reserve to finance capital expenditure				9,091	
Application of capital grants to finance capital expenditure					17,990
Cash payments in relation to deferred capital receipts					
Total Adjustments to Capital Resources	**0**	**0**	**1,749**	**9,091**	**17,990**
Total Adjustments	**2,271**	**(6,224)**	**(497)**	**1,158**	**961**

DISCLOSURE NOTES RELATING TO CASH FLOW STATEMENT:

38. RECONCILIATION OF CASHFLOW TO COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2017/18			**2018/19**
£000's		**£000's**	**£000's**
24,418	**(SURPLUS) /DEFICIT FOR THE YEAR ON PROVISION OF SERVICES**		**9,476**
	Non Cash Movements in I & E Statement:		
(24,258)	Provision for Depreciation & Impairment of Property, Plant & Equipment	(30,452)	
(9,628)	Other Provisions	(3,507)	
3,749	Minimum Revenue Provision	3,566	
(3,320)	Contributions from / (to) Revenue Reserves	7,145	
(6,867)	Other General Fund Items	977	
5,632	Other non-cash Movements	(6,987)	
(34,692)			**(29,258)**
	Movements in Current Assets and Liabilities:		
136	Increase / (Decrease) in Stock	(199)	
(2,176)	Increase / (Decrease) in Revenue Debtors	1,366	
93	(Increase) / Decrease in Revenue Grants Received in Advance	0	
6,867	(Increase) / Decrease in Revenue Creditors & Advance Receipts	(3,571)	
4,920			**(2,404)**
	Items shown elsewhere in the Cash Flow Statement:		
(3,582)	Interest Paid	(6,528)	
2,435	Interest Received	2,495	
4,813	Dividend Income	5,641	
3,666			**1,608**
(1,688)	**NET CASH INFLOW FROM REVENUE ACTIVITIES**		**(20,578)**

39. ANALYSIS OF NET DEBT

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

	31st March 2018	Receipts	Payments	Other Movements	31st March 2019
	£000's	£000's	£000's	£000's	£000's
Cash & Cash Equivalents	**10,383**	0	(3,556)	0	**6,827**
Debt Due Beyond One Year	**(176,280)**	(19,078)	4	10,178	**(185,176)**
Debt Due Within One Year	**(19,913)**	(11,100)	22,100	(10,121)	**(19,034)**
Long Term Debtors	**19,845**	0	11,102	0	**30,947**
Current Asset Investments	**8,504**	0	(1,151)	0	**7,353**
TOTALS	**(157,461)**	**(30,178)**	**28,499**	**57**	**(159,083)**

40. RECONCILIATION OF NET DEBT

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

2017/2018 £000's		2018/2019 £000's
(6,828)	**(Increase)/ Decrease in Cash Overdrawn in the Year to 31st March**	(3,556)
1,048	(Increase)/Decrease in Debt	3,085
5,502	Increase/(Decrease) in Investments	(1,151)
(278)	**Change in Net Debt**	**(1,622)**
(164,440)	Net Debt at 1st April	(157,461)
(164,718)	Net Debt at 31st March	(159,083)
(278)	**Movement in Net Debt**	**(1,622)**

41. ANALYSIS OF GOVERNMENT GRANTS

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

2017/2018 £000's		2018/2019 £000's
46,027	Housing Benefits	43,958
1,025	Children's Social Care	874
155,213	Education Grants	157,487
6,879	Adult Care Services	8,932
19	Probation	18
4,993	Other Grants	5,142
214,156	**TOTAL**	**216,411**

42. 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.

	31st March 2018 £000's	31st March 2019 £000's	Movement £000's
Cash and Cash Equivalents	10,383	6,827	3,556
TOTALS	**10,383**	**6,827**	**3,556**

43. RECONCILIATION OF LIABILITES ARISING FROM FINANCING ACTIVITIES

	31st March 2018	Financing Cash Flows	Non Cash Changes		31st March 2019
			Acquisition	Other	
	£000's	£000's	£000's	£000's	£000's
Long Term Borrowings	**(176,280)**	(19,074)	0	10,178	**(185,176)**
Short Term Borrowings	**(19,913)**	(11,100)	0	11,979	**(19,034)**
Lease Liabilities	**(257)**	23	0	163	**(71)**
On balance sheet PFI Liabilities	**0**	0	0	0	**0**
TOTALS	**(196,450)**	**(30,151)**	**0**	**22,320**	**(204,281)**

	31st March 2017	Financing Cash Flows	Non Cash Changes		31st March 2018
			Acquisition	Other	
	£000's	£000's	£000's	£000's	£000's
Long Term Borrowings	**(192,785)**	1,172	0	15,333	**(176,280)**
Short Term Borrowings	**(4,603)**	0	0	(15,310)	**(19,913)**
Lease Liabilities	**(685)**	443	0	(15)	**(257)**
On balance sheet PFI Liabilities	**0**	0	0	0	**0**
TOTALS	**(198,073)**	**1,615**	**0**	**8**	**(196,450)**

44. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Interim Director of Resources and Regulation on 31 May 2019. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There are no non-adjusting events after the Balance Sheet date.

HOUSING REVENUE ACCOUNT

HOUSING REVENUE ACCOUNT

INCOME AND EXPENDITURE STATEMENT

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

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

2017/2018 £000's		2018/2019 £000's	Note
	Income		
(29,491)	Dwelling Rents (gross)	(29,107)	
(198)	Non-Dwelling Rents	(198)	
(993)	Charges for Services and Facilities	(1,016)	
(44)	Contributions towards expenditure	(75)	
(30,726)	**Total Income**	**(30,396)**	
	Expenditure		
6,405	Repairs and Maintenance	6,866	
8,104	Supervision and Management	8,116	
77	Rents, Rates, taxes & other charges	(77)	
15,264	Depreciation and Impairment of Property, Plant & Equipment	18,941	**5,6**
(17,573)	Revaluation (gains) / losses on non-current assets	(2,873)	
38	Debt management costs	39	
304	Increased Provision for Bad & Doubtful Debts	358	**8**
12,619	**Total Expenditure**	**31,370**	
(18,107)	**Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement**	**974**	
0	HRA services share of Corporate and Democratic Core	400	
(18,107)	**Net Cost of HRA Services**	**1,374**	
	HRA Share of Operating Income and Expenditure included in the Comprehensive Income and Expenditure Statement:		
(628)	(Gain) or loss on sale of HRA non-current assets	0	
4,436	Interest payable and other similar charges	4,481	
(26)	Interest and investment income	(63)	
(14,325)	**(Surplus) or Deficit for the year on HRA Services**	**5,792**	

Movement on the HRA Statement

2017/2018 £000's		2018/2019 £000's
(3,569)	**Balance on the HRA at the end of the previous year**	**(6,538)**
(14,325)	(Surplus) or Deficit for the year on the HRA Income and Expenditure Statement	5,792
11,356	Adjustments between accounting basis and funding basis under regulations	(6,224)
(2,969)	**Net (increase) or decrease before transfers to or from reserves**	**(432)**
0	Transfers (to) or from reserves	0
(2,969)	**(Increase) or decrease in year on the HRA**	**(432)**
(6,538)	**Balance on the HRA at the end of the current year**	**(6,970)**

Note to the Movement on the HRA Statement

2017/2018 £000's		2018/2019 £000's	Note
	Adjustments between accounting basis and funding basis under regulations		
	Items Included in the HRA I&E Account but Excluded from the Movement on the HRA Balance		
(11)	Difference between amounts charged to the Income and Expenditure Statement for amortisation of premiums and discounts and the charge for the year determined in accordance with statute	(7)	
628	Gain or loss on sale of HRA Property, Plant & Equipment	0	
(7,414)	Depreciation of non-current HRA assets	(7,933)	
17,573	Revaluation gains /losses on HRA assets	2,873	
(7,371)	Impairment Adjustment	(11,008)	
3,405		**(16,075)**	
	Items Not Included in the HRS I&E Account but Included in the Movement on the HRA Balance		
7,414	Transfer to / (from) Major Repairs Reserve	7,933	
537	Capital Expenditure Funded by the HRA	1,918	
7,951		**9,851**	
11,356	**Net Additional Amount Required by Statute to be Debited / (Credited) to the HRA Balance for the Year**	**(6,224)**	

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 can 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: -

2017/2018		2018/2019
	Flats and Maisonettes	
2,277	1 Bedroom	2,286
800	2 Bedrooms	842
54	3 Bedrooms	54
156	Bedsitters	156
	Houses & Bungalows	
805	1 Bedroom	803
1,767	2 Bedrooms	1,746
2,075	3 Bedrooms or more	2,052
7,934	**TOTAL**	**7,939**

55 Council house sales and 60 additions account for the change in the Housing stock during the financial year.

The total capital receipts realised from the disposal of Council houses during the year was **£2.403m.** This figure represents a decrease in the region of 23% compared to the 2017/18 figure of £3.119m. 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:-

2017/2018 £000's		2018/2019 £000's
	Total Balance Sheet value as at 1st April	
224,480	Dwellings	231,704
1,513	Shops, Offices and Garage Colonies	1,493
225,993	**Total Operational Assets**	**233,197**
7,371	Additions	11,008
0	Reclassification of new assets	9,501
0	Certificated Revaluation – Shops and Offices	(33)
17,568	Housing Stock Revaluations	3,746
(7,894)	Depreciation	(7,780)
(7,371)	Impairments	(11,008)
(2,470)	Sale of Council Houses	(2,403)
0	Sale of other Council Housing assets	0
233,197	**Balance Sheet Value as at 31st March**	**236,228**
231,704	Dwellings	234,737
1,493	Shops, Offices and Garage Colonies	1,491
233,197	**Total Operational Assets**	**236,228**

2. VACANT POSSESSION

(i) The Vacant Possession Value (VPV) of dwellings within the Council's HRA as at 1st April 2018 was £588.4m representing a small increase of approximately 0.5% over the 1st April 2017 figure of £585.4m. 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.

(iii) The current adjustment factor for the North West and Merseyside Region originally set from April 2016 at 40% by DCLG remains, resulting in an adjusted figure for 1st April 2018 of £235.4m.

3. MAJOR REPAIRS RESERVE (MRR)

The Major Repairs Allowance (MRA), that used to be paid in past years as part of the HRA subsidy provided authorities with the resources needed to maintain the value of their housing stock over time. Under the new self-financing model Authorities can use, based on a componentised calculation for depreciation, an element that is transferred during the year into the Major Repairs Reserve and equates to an amount not less than the previous MRA amount.

£000's 2017/2018		**£000's 2018/2019**
209	**Balance as at 1st April**	**1,158**
7,894	Transferred to MRR during the year	7,933
0	Credit in respect of General Fund depreciation	0
0	Transferred from MRR to HRA during the year	0
(6,945)	Debits in respect of capital expenditure within HRA	(9,091)
1,158	**Balance as at 31st March**	**0**

4. CAPITAL EXPENDITURE WITHIN HRA

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

£000'S 2017/2018		**£000's 2018/2019**
7,371	**Total Capital expenditure within the HRA**	**11,008**
	Financed By:	
26	External Contributions	0
400	Revenue Contributions	1,917
0	Capital receipts	0
6,945	Major Repairs Reserve	9,091
7,371	**Total**	**11,008**

5. DEPRECIATION

Authorities are required to charge depreciation on all HRA properties calculated in accordance with proper practices, including non-dwelling properties. In 2018/19, the total charge for depreciation for council houses was £7,890,000 (£7,850,000 in 2017/18) and for other property was £43,379 (£43,602 in 2017/18). The depreciation charge for the year (Major Repair Allowance was previously used as a proxy for depreciation calculation for the council houses stock) corresponds to a straight-line charge based on the component average useful life of the Housing stock.

6. IMPAIRMENT CHARGES

Impairment charges of £11.008m 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.

7. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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

8. RENT ARREARS / BAD DEBT PROVISION

RENT ARREARS

The rent arrears as at 1 April, 2018 totalled £1,440,984.60 and at 31 March, 2019 they totalled £1,656,100.60. 58.62% of the arrears at 31 March 2019 related to current tenants (60.91% at 31st March 2018) and 41.38% related to former tenants (39.09% at 31st March 2018). The figures stated represent gross arrears and are not shown net of advances as in previous years.

BAD DEBT PROVISION

£000's 2017/2018		£000's 2018/2019	£000's 2018/2019
951	**Opening Bad Debt Provision**		**1,135**
304	Charged to HRA	358	
(136)	Written off	(96)	
16	Reinstated previously written off amount	19	
184	**Net increase / (decrease)**		**281**
1,135	**Closing Bad Debt Provision**		**1,416**

COLLECTION FUND

THE COLLECTION FUND

2017/18	2017/18	2017/18	Income & Expenditure Account	2018/19	2018/19	2018/19	Note
Council Tax	NNDR	TOTAL		Council Tax	NNDR	TOTAL	
£000's	£000's	£000's	INCOME	£000's	£000's	£000's	
(92,091)	0	(92,091)	Council Tax	(98,706)	0	(98,706)	
(0)	0	(0)	Council Tax Annexe grant	(0)	0	(0)	
0	0	0	Transitional Relief	0	0	0	
0	(49,565)	(49,565)	Business Rates Receivable	0	(51,114)	(51,114)	
0	1,902	1,902	Business Rates Transitional Protection Payments	0	1,079	1,079	
			Contributions towards previous year's deficit				
0	(1,882)	(1,882)	Bury MBC	0	(2,386)	(2,386)	
0	(1,920)	(1,920)	Central Government	0	426	426	
0	(38)	(38)	Greater Manchester Combined Authority (Fire)	0	(20)	(20)	
(92,091)	**(51,503)**	**(143,594)**	**TOTAL INCOME**	**(98,706)**	**(52,015)**	**(150,721)**	
			EXPENDITURE				
			Precepts and Demands on Collection Fund				
74,450	46,204	120,654	Bury	79,626	46,485	126,111	
8,496	0	8,496	Greater Manchester Combined Authority (Police)	9,212	0	9,212	
3,138	467	3,605	Greater Manchester Combined Authority (Fire)	3,591	469	4,060	
0	0	0	Central Government	0	0	0	
0	238	238	Cost of Collection	0	240	240	
			Bad Debts				
522	196	718	Change in Bad Debt provision	648	248	896	
212	312	524	Write Offs	267	267	534	
0	5,479	5,479	Contribution to appeals provision	0	(3,039)	(3,039)	
			Transfer of Surplus				
337	0	337	Greater Manchester Combined Authority (Police)	344	0	344	
126	0	126	Greater Manchester Combined Authority (Fire)	127	0	127	
2,899	0	2,899	Bury	3,015	0	3,015	
90,180	**52,896**	**143,076**	**TOTAL EXPENDITURE**	**96,830**	**44,670**	**141,500**	
(1,911)	1,393	(518)	Movement in collection fund Balance during year	(1,876)	(7,345)	(9,221)	
(5,731)	3,692	(2,039)	Fund Balance brought forward	(7,642)	5,085	(2,557)	
(7,642)	**5,085**	**(2,557)**	**Closing Cumulative (Surplus) / Deficit Carried Forward**	**(9,518)**	**(2,260)**	**(11,778)**	

NOTES TO THE COLLECTION FUND

1. COUNCIL TAX

Band	Valuation	Total Number of Dwellings	Specified Ratio	Band D Equivalent
A	Less than £40,000	25,467	6/9	16,978
B	£40,000 to £52,000	16,280	7/9	12,662
C	£52,000 to £68,000	15,664	8/9	13,924
D	£68,000 to £88,000	8,380	1	8,380
E	£88,000 to £120,000	5,043	11/9	6,164
F	£120,000 to £160,000	1,719	13/9	2,483
G	£160,000 to £320,000	1,173	15/9	1,955
H	More than £320,000	154	18/9	308
		73,880		**62,853**
	Less allowance for losses on collection			(3,209)
	Impact of Council Tax Support Scheme			(6,795)
	COUNCIL TAX BASE 2018/2019			**52,850**

i) The actual number of properties was 83,959 but after adjusting for single person discounts, empty properties etc, the notional number of dwellings is 74,204.

ii) The Band D Council Tax levied for the year was **£1,748.89** (£1,644.41 in 2017/2018):

	2017/2018	2018/2019
	£000's	**£000's**
Bury Council	1,422.16	1,506.64
Greater Manchester Combined Authority (Police)	162.30	174.30
Greater Manchester Combined Authority (Fire)	59.95	67.95
TOTAL	**1,644.41**	**1,748.89**

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 2018/2019 was **49.3p** in the pound (47.9p in 2017/2018) and at 31st March 2019 the estimated non-domestic rateable value of the Borough was **£130.70m** (£130.11m at 31st March 2018). In addition in 2018/19 the Small Business Rate was set at **48.0p** in the pound (46.6p for 2017/18).

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 Comprehensive Income and Expenditure Statement, Reconciliation of the Single Entity (Surplus) or Deficit on Provision of Services for the year to the Group Surplus, Group Balance Sheet, Group Movement in Reserves Statement and Group 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 three organisations over which it has substantial control and influence.

Six Town Housing and Bury MBC Townside Fields Limited have been included in the Group Accounts and details of the Authority's shareholdings, degree of commitment to the organisations and other financial transaction details are given in the notes to the Group Statements on pages 123 to 125.

Also included in the Group Accounts is Persona Group Limited. The company was incorporated on the 10th August 2015 and is a wholly owned subsidiary of Bury Council.

3. Basis of Consolidation

Six Town Housing, Bury MBC Townside Fields Ltd and Persona Group 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 IFRS 3 – business combinations.

The accounting for business combinations basis for consolidation has been used for the 3 subsidiaries as Bury Council, the parent company, has taken 100% control of the companies.

In order to create Six Town Housing and Persona Group, 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.

Six Town Housing was incorporated on 30 October 2003 and trading began on 1 April 2005. Bury MBC Townside Fields Limited was incorporated on the 14th October 2009. Both are wholly owned subsidiaries of Bury Council.

The financial year of all 3 subsidiaries is the same as that of Bury Council, from 1 April 2018 to 31 March 2019, therefore no adjustments are required regarding the accounting year.

4. Accounts

Six Town Housing's Statement of Accounts 2018/2019 are audited by RSM and will be submitted to their Audit, Standards, Risk and Performance Committee on 5th September 2019, followed by the Board meeting on 12st September 2019.

Copies of Six Town Housing Ltd 2018/19 Statement of Accounts can be obtained from Six Town Housing Finance Department, 6, Knowsley Place, Angouleme Way, Bury BL9 0EL.

For both Bury MBC Townside Fields Limited and Persona Care & Support Limited pre-audit accounts for the year ended 31st March 2019 have been used to prepare the group accounts. Both companies audited are Horsfield and Smith.

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2017/2018 (restated)*				2018/19		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000's	£000's	£000's		£000's	£000's	£000's
			Continuing Services			
148,260	(52,780)	95,480	Communities & Wellbeing	130,277	(56,074)	74,203
231,623	(171,302)	60,321	Children, Young People & Culture	226,757	(172,625)	54,132
40,228	(28,322)	11,906	Resources & Regulation	30,042	(17,877)	12,165
54,394	(51,316)	3,078	Non Service Specific	71,319	(72,271)	(952)
0	0	0	Business, Growth & Infrastructure	8,089	(5,509)	2,580
0	0	0	Art Gallery & Museums	651	(138)	513
0	0	0	Operations	23,473	(7,576)	15,897
13,241	(31,348)	(18,107)	Local Authority Housing (HRA)	5,969	(9,941)	(3,972)
487,746	**(335,068)**	**152,678**	**Cost Of Services**	**496,577**	**(342,011)**	**154,566**
			Other Operating Expenditure			
-	(628)	(628)	(Gain)/Loss on Disposal of Non-Current Assets	0	0	0
32,495	(36,864)	(4,369)	(Surplus)/Deficits on Trading Operations	30,284	(32,289)	(2,005)
1,532	0	1,532	Contribution of Housing Capital Receipts to Government Pool	1,305	0	1,305
26,890	0	26,890	Levies	26,497	0	26,497
60,917	**(37,492)**	**23,425**		**58,086**	**(32,289)**	**25,797**
			Financing and Investment Income and Expenditure			
7,813	0	7,813	Interest Payable & other Similar Charges	7,719	0	7,719
0	(6,824)	(6,824)	Interest and Investment Income	0	(7,732)	(7,732)
24,072	(17,410)	6,662	Pensions Interest Cost and Expected Return on Pensions Assets (IAS19)	25,462	(18,787)	6,675
239	0	239	Taxation of Group Entities	238	0	238
32,124	**(24,234)**	**7,890**		**33,419**	**(26,519)**	**6,900**
			Taxation and Non-Specific Grant Income			
			Demand On Collection Fund:			
0	(79,719)	(79,719)	Council Tax	0	(84,719)	(84,719)
0	(23)	(23)	Government Grants (not attributable to specific services)	0	(28)	(28)
1,882	(63,398)	(61,516)	Non-Domestic Rate distribution	2,248	(67,634)	(65,386)
0	(18,484)	(18,484)	Capital grants and contributions	0	(27,337)	(27,337)
1,882	**(161,624)**	**(159,742)**		**2,248**	**(179,718)**	**(177,470)**
582,669	**(558,418)**	**24,251**	**(Surplus) or Deficit On Provision of Services**	**590,330**	**(580,537)**	**9,793**
		(8,693)	(Surplus) / Deficit on revaluation of property, plant and equipment			(11,884)
		0	Impairment Losses on Non-Current Assets charged to Revaluation Reserve			497
		(8,200)	(Surplus) / Deficit on revaluation of available for sale financial assets			(800)
		(24,872)	Actuarial (gains) / losses			29,008
		16,091	Any other (gains)/ losses for the year			13,122
		(25,674)	**Other Comprehensive Income and Expenditure**			**29,943**
		(1,423)	**Total Comprehensive Income and Expenditure**			**39,736**

- Restated due to reclassification of Levies from Non Service Specific and Communities and Wellbeing (Operations) to Other Operating Income and Expenditure.

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

2017/18 £000's		2018/19 £000's
24,418	(Surplus) / deficit for the year on the Authority Comprehensive Income and Expenditure Statement	9,476
0	Adjustments for transactions with other group entities	0
24,418	Surplus / Deficit on provision of services in the Group Comprehensive Income and Expenditure Statement attributable to the Authority	9,476
	(Surplus) / deficit on provision of services in the Group Comprehensive Income and Expenditure Statement attributable to group entities (adjusted for intra-group transactions):	
(167)	Subsidiaries	317
	Associates	
	Joint Venture	
24,251	(Surplus) / Deficit on provision of services for the year on Group Comprehensive Income and Expenditure Statement	**9,793**

GROUP BALANCE SHEET AT 31ST MARCH 2019

01/04/2017 £'000 RESTATED	31/03/2018 £'000		£'000	31/03/2019 £'000	£'000
		PROPERTY, PLANT & EQUIPMENT			
		Tangible Property, Plant & Equipment			
		Operational Assets:			
234,995	242,105	Council Dwellings	245,951		
261,096	240,442	Other Land & Buildings	243,680		
27,110	27,754	Infrastructure Assets	31,474		
4,266	3,597	Vehicles & Plant	2,813		
2,523	2,523	Community Assets	2,983		
35,048	30,613	Surplus Assets	29,914		
1,407	11,040	Assets under construction	6,171	**562,986**	
2,357	2,361	Intangible Assets		2,861	
25,142	24,110	Investment Property		26,652	
24,577	24,577	Heritage Assets		24,592	
618,521	**609,122**	**TOTAL PROPERTY, PLANT & EQUIPMENT**			**617,091**
		LONG TERM INVESTMENTS			
43,700	51,900	Manchester Airport PLC		52,700	
43,700	**51,900**				**52,700**
9,136	**9,085**	**LONG TERM DEBTORS**		**20,288**	
		CURRENT ASSETS			
1,564	1,709	Stocks & Work in Progress	1,509		
39,849	38,204	Sundry Debtors & Advance Payments	39,616		
570	3,044	Assets Held for Sale	3,010		
4,002	8,504	Short Term Investments	7,353		
22,215	17,602	Cash And Cash Equivalents	15,409		
68,200	**69,063**			**66,897**	
		LESS : CURRENT LIABILITIES			
(4,603)	(19,913)	Short Term Loans Outstanding	(19,034)		
(177)	(140)	Deposits & Clients' Funds	(177)		
(3,618)	(10,537)	Short Term Provisions	(7,959)		
(38,065)	(31,819)	Sundry Creditors & Advance Receipts	(35,821)		
(98)	(5)	Revenue Grant Receipts in Advance	(5)		
(46,561)	**(62,414)**			**(62,996)**	
21,639	**6,649**	**NET CURRENT ASSETS**			**3,901**
692,996	**676,756**	**TOTAL ASSETS LESS CURRENT LIABILITIES**			**693,980**
		LESS: LONG TERM LIABILITIES			
(192,785)	(176,280)	External Loans Outstanding		(185,176)	
(337)	(372)	Capital Grants Receipts in Advance		(1,171)	
(685)	(257)	Finance Lease Liabilities		(71)	
(5,287)	(4,703)	Deferred Liabilities		(3,875)	
(258,911)	(255,812)	Pension Liability		(305,158)	
(30,605)	(33,523)	Long Term Provisions		(32,456)	
(488,610)	**(470,947)**				**(527,907)**
204,386	**205,809**	**TOTAL NET ASSETS**			**166,073**

GROUP BALANCE SHEET AT 31ST MARCH 2019

01/04/2017	31/03/2018		31/03/2019 £'000	31/03/2019 £'000
		FINANCED BY :		
		USABLE RESERVES		
(27,206)	(24,695)	Earmarked Reserves inc. schools balances	(18,359)	
(4,205)	(4,918)	Capital Receipts Unapplied	(5,415)	
(14,247)	(11,865)	Capital Grants Unapplied	(10,904)	
(8,393)	(7,549)	General Fund	(7,703)	
(3,569)	(6,538)	Housing Revenue Account	(6,970)	
(209)	(1,158)	Major Repairs Reserve	0	
(2,598)	(2,314)	Section 106 Commuted Sums	(2,541)	
(11,705)	(11,651)	Other Balances	(11,651)	
(72,132	**(70,688)**			**(63,543)**
		UNUSABLE RESERVES		
(108,100)	(107,257)	Revaluation Reserve	(114,731)	
(245,815)	(237,995)	Capital Adjustment Account	(234,711)	
221	268	Financial Instruments Adjustment Account	274	
(33,486)	(41,686)	Available for Sale Financial Instruments Reserve	0	
0	0	Financial Instruments Revaluation Reserve	(42,486)	
(3,484)	(1,913)	Collection Fund Adjustment Account	(10,254)	
5,130	4,720	Accumulated Absences	5,251	
252,910	243,707	Pension Reserve	285,497	
1,971	1,971	Workforce Transformation Reserve	0	
(1)	1	Deferred Capital Receipts	1	
(130,654)	**(138,184)**			**(111,159)**
(1,600)	**3,063**	**RESERVES OF GROUP ENTITIES**		**8,629**
(204,386)	**(205,809)**	**TOTAL RESERVES AND BALANCES**		**(166,073)**

GROUP MOVEMENT IN RESERVES STATEMENT

2018/19	Earmarked Reserves / General Fund Balances	Housing Revenue Account	Capital Receipts Unapplied	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Reserves of Group Entities	Total Authority Reserves
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 1st April 2018	**46,209**	**6,538**	**4,918**	**1,158**	**11,865**	**70,688**	**138,184**	**(3,063)**	**205,809**
Movement in reserves during 2018/19									
Total Comprehensive Income and Expenditure	(3,684)	(5,792)	0	0	0	**(9,476)**	**(24,694)**	**(5,566)**	**(39,736)**
Adjustments from income & expenditure charged under the accounting basis to the funding basis	(2,271)	6,224	497	(1,158)	(961)	**2,331**	**(2,331)**	**0**	**0**
Increase or (decrease) in 2018/19	(5,955)	432	497	(1,158)	(961)	**(7,145)**	**(27,025)**	**(5.566)**	**(39,736)**
Balance at 31 March 2019 carried forward	**40,254**	**6,970**	**5,415**	**0**	**10,904**	**63,543**	**111,159**	**(8.629)**	**166,073**

2017/18	Earmarked Reserves / General Fund Balances	Housing Revenue Account	Capital Receipts Unapplied	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Reserves of Group Entities	Total Authority Reserves
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 1st April 2017	**49,902**	**3,569**	**4,205**	**209**	**14,247**	**72,132**	**130,654**	**1,600**	**204,386**
Movement in reserves during 2017/18									
Total Comprehensive Income and Expenditure	(38,743)	14,325	0	0	0	**(24,418)**	**30,504**	**(4,663)**	**1,423**
Adjustments from income & expenditure charged under the accounting basis to the funding basis	35,050	(11,356)	713	949	(2,382)	**22,974**	**(22,974)**	**0**	**0**
Increase or (decrease) in 2017/18	(3,693)	2,969	713	949	(2,382)	**(1,444)**	**7,530**	**(4,663)**	**1,423**
Balance at 31 March 2018 carried forward	**46,209**	**6,538**	**4,918**	**1,158**	**11,865**	**70,688**	**138,184**	**(3,063)**	**205,809**

GROUP CASH FLOW STATEMENT

2017/18 £000's		£000's	2018/19 £000's	£000's
	OPERATING ACTIVITIES			
	Cash Outflows:			
196,969	Cash Paid to and on behalf of Employees	197,073		
244,409	Cash Paid for Goods and Services	240,001		
29,921	Housing Benefit paid out	28,336		
960	VAT payments (BMBCTF & Persona)	2,282		
4,018	Interest Paid	6,959		
103	Corporation tax (STH)	202		
1,532	Payments to Housing Capital Receipts Pool	1,305		
477,912	**Cash Outflows Generated from Operating Activities**		**476,158**	
	Cash Inflows:			
(29,689)	Rents (after Rebates)	(29,305)		
(80,457)	Council Tax Receipts (excl major preceptors share of receipts)	(85,903)		
(46,204)	NNDR Receipts (excl government and major preceptors)	(46,485)		
(46,027)	DWP Grants for Benefits	(43,958)		
(168,154)	Other Government Grants	(172,453)		
(2,447)	Interest Received	(2,522)		
(4,813)	Airport Dividend Received	(5,641)		
(104,353)	Cash Received for Goods and Services	(112,029)		
(482,144)	**Cash Inflows Generated from Operating Activities**		**(498,296)**	
(4,232)	**NET CASH (INFLOW) / OUTFLOW FROM OPERATING ACTIVITIES**			**(22,138)**
	INVESTING ACTIVITIES			
16,125	Purchase of Property, Plant & Equipment		26,265	
(8,200)	Purchase / (Sale) of Long Term Investments		800	
5,502	Net Increase / (Decrease) in Short Term Deposits		(1,151)	
(5,402)	Proceeds of Sale of Property, Plant & Equipment		(3,566)	
(372)	Capital Grants received		(1,171)	
7,653	**NET CASH FLOWS FROM INVESTING ACTIVITIES**			**21,177**
	FINANCING ACTIVITIES			
	Repayments of amounts borrowed:			
1,266	Long Term loans repaid		128	
2,000	Short Term loans repaid		22,100	
(147)	Net Receipts from Long Term Debtors		11,102	
0	New Long Term Loans		(19,078)	
(2,000)	New Short Term Loans		(11,100)	
75	Billing Authorities – NNDR and Council Tax Adjustments		2	
1,194	**NET CASH FLOWS FROM FINANCING ACTIVITIES**			**3,154**
4,615	**NET (INCREASE) / DECREASE IN CASH AND CASH EQUIVALENTS**			**2,193**

M Woodhead,
Chief Finance Officer

17 September, 2019

Notes to the Group Statements

1. Subsidiary Income and Expenditure

The operating expenditure and income of Six Town Housing has been included within "Non Service Specific". The operating expenditure and income of Bury MBC Townside Fields Limited has been included within "Resources & Regulation" whilst that of Persona Care & Support Limited has been included within "Communities & Wellbeing".

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

This is the same amount as that disclosed in the Comprehensive Income and Expenditure Statement of Bury Council.

3. Goodwill

No goodwill arose in respect of any subsidiaries.

4. Plant, Property and Equipment

Six Town Housing's Property, Plant & Equipment are included as tangible assets; they are valued at either historical cost or fair value determined by DRC, the same as the equivalent class for Bury Council assets. Bury MBC Townside Fields Limited's Property, Plant & Equipment are also valued at historic cost in line with Bury Council's policy. Persona Care & Support Ltd accounts show no Property, Plant & Equipment.

5. 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 Council. Six Town Housing has no share capital and is wholly owned by the Authority. Bury Council 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	4	30.8
Tenant	4	30.8
Independent	4	30.8
Independent Chair	1	7.6
Advisory Director	1	0
		100

The related party transactions between Council Members on the board of Six Town Housing and Bury Council are detailed in Bury Council Statement of Accounts Note 6 (page 61).

Bury Council's Commitment: Six Town Housing is the wholly owned subsidiary of Bury Council. 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 2017/2018 Six Town Housing made a deficit of £1.115m compared to a deficit of £1.030m in 2017/2018. Bury Council paid management fees of £13.059m in 2018/2019 (£13.059 in 2017/2018) to Six Town Housing for the management of its housing stock.

Bury Council has made a number of loans to Six Town Housing at commercial rates of interest. No new additional loans were during 2018/19:-

Loans by Bury Council to Six Town Housing						
	No of years of loan	2011/12 £m	2013/14 £m	2014/15 £m	2015/16 £m	Total £m
Redbank Housing Project	35.5	1.140	0	0	0	1.140
Mortgage Rescue	18	0	0.410	0.166	0	0.576
AGMA Loans	25	0	0	1.869	0.250	2.119
TOTAL		1.140	0.410	2.035	0.250	3.835

6. 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 made a profit after tax of £0.114m for the year ended 31st March 2019 compared to a profit of £0.378m for the period to 31st March 2018. As at 31st March 2019, Bury Council has £7.1m invested in Bury MBC Townside Fields Ltd.

7. Persona Care & Support Limited – wholly owned subsidiary

Nature of Business: Persona Group was formed to provide social care services to older people and people with disabilities. The company's share capital (Called up Share Capital £3) is wholly owned by Bury Council.

Persona Care & Support Limited made a profit before tax of £0.539m for the year ended 31st March 2019, compared to a profit of £0.482m for the period to 31st March 2018. Bury Council paid management fees of £11.155m in 2018/19(£10.815m in 2017/2018).

8. Reconciliation of the (surplus) / deficit on provision of services in the Comprehensive Income and Expenditure Statement to the net cash (Inflow) / Outflow from Operating Activities

2017/18 £000's	GROUP RECONCILIATION OF REVENUE CASH FLOW	2018/19 £000's	2018/19 £000's
24,418	**(SURPLUS) / DEFICIT FOR THE YEAR ON REVENUE ACCOUNT**		**9,476**
1,030	Six Town Housing (Surplus) / Deficit		**2,794**
(233)	BMBC Townside Fields (Surplus) / Deficit		**(259)**
(481)	Persona (Surplus) / Deficit		**3,031**
	Non Cash Movements in Revenue Account:		
(23,903)	Provision for Depreciation & Impairment	(30,821)	
(9,432)	Other Provisions	(3,369)	
3,749	Minimum Revenue Provision	3,566	
(3,320)	Contributions from / (to) Revenue Reserves	7,145	
(6,867)	I & E Statement Items Shown Elsewhere	977	
2,765	Other non-cash Movements	(13,094)	
(37,008)			**(35,596)**
	Movements in Current Assets and Liabilities:		
145	Increase / (Decrease) in Stock	(200)	
(845)	Increase / (Decrease) in Revenue Debtors	1,527	
93	(Increase) / Decrease in Revenue Grants received in advance	0	
5,407	(Increase) / Decrease in Revenue Creditors & Advance Receipts	(4,115)	
4,800			**(2,788)**
	Items shown elsewhere in the Cash Flow Statement:		
(4,018)	Interest Paid	(6,959)	
2,447	Interest Received	2,522	
4,813	Dividend Income	5,641	
3,242			**1,204**
(4,232)	**NET CASH (INFLOW)/OUTFLOW FROM REVENUE ACTIVITIES**		**(22,138)**

GLOSSARY OF TERMS

GLOSSARY OF TERMS

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.

ACCRUALS BASIS

Accounting for income and expenditure during the financial year in which they are earned or incurred, not when money is received or paid.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension 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.

AMORTISATION

Amortisation is a routine decrease in value of an intangible asset, or the process of paying off a debt over time through regular payments.

ASSETS

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

INTANGIBLE ASSETS

An identifiable non-monetary 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.

CURRENT ASSETS

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

PROPERTY, PLANT AND EQUIPMENT

Tangible assets (i.e. assets with physical substance) that are held for use in the production or supply of goods and services and which yield benefit to the Authority for a period of a year or more (e.g. land and buildings). Property, Plant & Equipment 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, that have no determinable useful

life, and which may in addition have restrictions on their disposal e.g. parks, cemeteries and crematoria and allotments.

Infrastructure Assets
Assets that are required in order to enable other developments to take place and where there is no prospect of sale or alternative use e.g. roads, footways, footpaths, bridges, tunnels and underpasses etc.

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 by the Authority.

Heritage Assets
Assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Heritage assets can include historical buildings, archaeological sites, military and scientific equipment of historical importance, historic motor vehicles, civic regalia, orders and decorations (medals), museum and gallery collections and works of art.

Donated Assets
Assets (including heritage assets) transferred at nil value or acquired at less than fair value that may be received by a local authority from private individuals or entities.

BALANCE SHEET

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

CAPITAL

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

CAPITAL CHARGES

Charges made to services for the use of **Property, Plant & Equipment**.

The charge in 2018/19 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 or intangible assets. Such receipts may be used to finance new capital expenditure or credit arrangement liabilities of a capital nature or set aside to repay debt related to capital expenditure already incurred.

CARBON REDUCTION COMMITMENT ENERGY EFFICIENCY SCHEME

The Carbon Reduction Commitment Energy Efficiency Scheme is a carbon emissions trading scheme aimed at public and private sector organisations across the whole of the UK. It is administered by the Environment Agency on behalf of the Department for Energy & Climate Change (DECC) and its goal is to encourage reductions in energy consumption and carbon emissions. One of the ways it does this is by requiring organisations to buy and surrender CO_2 emissions allowances. The first year councils were required to do this was 2011/12.

CASH AND CASH EQUIVALENTS

Cash comprises cash in hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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 Council is such an Authority.

CREDITORS

Financial liabilities arising from the contractual obligations to pay cash in the future for goods and services or other benefits that have been received or supplied and have been invoiced or formally agreed with the supplier.

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

Financial assets not traded in an active market with fixed or determinable payments that are contractual rights to receive cash or cash equivalents (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 Property, Plant & Equipment 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.

EMPLOYEE BENEFITS

All forms of consideration given by an entity in exchange for service rendered by employees.

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).

EXIT PACKAGES

Payments that the Authority has agreed relating to redundancy costs, pension contributions in respect of added years, ex gratia payments and other departure costs.

FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction (not a forced sale) between market participants (market-based view) at the measurement date (current price).

GROUP ACCOUNTS

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

i. Group – a reporting Authority and its subsidiary entities.
ii. 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.
iii. 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.*
iv. 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 PROPERTY, PLANT & EQUIPMENT

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 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 Property, Plant & Equipment (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 Movement in Reserves Statement.

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 transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. 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 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 directly 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:

i. 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
ii. 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

A person or entity that is related to the entity that is preparing its financial statements.

a) A person or a close member of that person's family is related to a reporting entity if that person:
   i. Has control or joint control over the reporting entity;
   ii. Has significant influence over the reporting entity; or
   iii. Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity
b) An entity is related to a reporting entity if any of the following conditions applies:
   i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   iii. Both entities are joint ventures of the same third party.
   iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
   vi. The entity is controlled or jointly controlled by a person identified in (a).
   vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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 or 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. The amount of Revenue Support Grant that is provided to authorities is established through the local government finance settlement. Each Council’s Settlement Funding Assessment consists of the revenue support grant and the local share of business rates.

SHORT TERM EMPLOYEE BENEFITS

Employee benefits (other than termination benefits) that fall due wholly within 12 months after the end of the period in which the employees render the related service.

VALUE ADDED TAX

VAT is an indirect tax levied on most business transactions and on many goods and some services. Input tax is VAT charged on purchases; output tax is VAT charged on sales.

Audit Completion Report

Bury Council

Year ending 31 March 2019

CONTENTS

MAZARS

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One St. Peter's Square
Manchester
M2 3DE

Members of the Audit Committee
Bury Council
Bury Town Hall
Knowsley Street
Bury
BL9 0SW

12 September 2019

Dear Members

Audit Completion Report – Year ended 31 March 2019

We are pleased to present our Audit Completion Report for the year ended 31 March 2019. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 26 February 2019. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 0161 238 9248

Yours faithfully

Karen Murray
Mazars LLP

1. EXECUTIVE SUMMARY

Purpose of this report and principal conclusions

The Audit Completion Report sets out the findings from our audit of Bury Council ('the Council') for the year ended 31 March 2019, and forms the basis for discussion at the Audit Committee meeting on 17 September 2019.

The detailed scope of our work as your appointed auditor for 2018/19 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards of Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

Sections 2 and 5 of this report outline the detailed findings from our work on the financial statements and our conclusion on the Council's arrangements to achieve economy, efficiency and effectiveness in its use of resources. Section 2 also includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of control
- Valuation of Property, Plant and Equipment
- Valuation of the defined benefit pensions liability
- Revenue recognition (Rebutted)

Enhanced Risk

- Valuation of the share-holding in Manchester Airport

Status of our work

As we outline on the following page, our work is substantially complete. Subject to the satisfactory completion of the outstanding work, at the time of issuing this report we have the following conclusions:

Opinion on the financial statements

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.

Value for Money conclusion

We anticipate concluding that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. Our draft auditor's report, including proposed conclusion, is provided in Appendix B.

Whole of Government Accounts (WGA)

We anticipate completing our work on your WGA submission, in line with the group instructions issued by the NAO, alongside completion of the audit which will be after the deadline of 13 September 2019. We anticipate reporting that the WGA submission is consistent with the audited financial statements.

Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. There are no such matters that we need to report to you.

1. EXECUTIVE SUMMARY

Status of our audit work

We have substantially completed our work on the financial statements and Value for Money conclusion for the year ended 31 March 2019. At the time of preparing this report the following matters remain outstanding:

Audit area	Status	Description of outstanding matters
Schools Cash	● (green)	We are awaiting evidence from the relevant bank for 1 item selected for sample testing.
Group Accounts	● (amber)	We are in the process of finalising our review of the revised Group Accounts and consolidation process.
Amendments	● (amber)	We need to review the final set of amended accounts to confirm all of the amendments required have been correctly reflected in the statements, disclosures and other notes.
Non-significant balances & WGA	● (green)	We are carrying out final tests of non-significant areas of testing and immaterial balances and disclosures, and our checks on the WGA submission.
WGA & Completion Letters	● (green)	We are awaiting the signed and dated Letter of Management Representations, the proposed draft attached at Appendix A.
IT controls testing	● (green)	Colleagues from our Technology Risks Services team are currently finalising testing in respect of the Council's IT general controls.

Status
- ● (red) Likely to result in material adjustment or significant change to disclosures within the financial statements
- ● (amber) Potential to result in material adjustment or significant change to disclosures within the financial statements
- ● (green) Not considered likely to result in material adjustment or change to disclosures within the financial statements

We will provide the Audit Committee with an update in relation to these outstanding matters in a follow-up letter, prior to signing the auditor's report.

Our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in February 2019. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

We set materiality at the planning stage of the audit at £11,764k using a benchmark of 2% of Gross Operating Expenditure. Our final assessment of materiality, based on the final financial statements and qualitative factors is £11,790k, using the same benchmark. We set our trivial threshold (the level under which individual errors are not communicated to the Audit Committee), at £357k based on 3% of overall materiality.

Misstatements and internal control recommendations

Section 3 sets out the internal control recommendations that we make.

Section 4 outlines the misstatements noted as part of our audit as at the time of issuing this report. If any additional misstatements are noted on completion of the outstanding work, these will be reported to the Audit Committee in a follow-up letter.

2. SIGNIFICANT FINDINGS

Set out below are the significant findings from our audit. These findings include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 9 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant risks and key areas of management judgement

As part of our planning procedures we considered the risks of material misstatement in the Council's financial statements that required special audit consideration. Although we report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process and we regularly consider whether new significant risks have arisen and how we intend to respond to these risks.

Significant risk

Management override of controls

Description of the risk

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk through performing audit work over:

- Accounting estimates impacting on amounts included in the financial statements;
- Consideration of identified significant transactions outside the normal course of business; and
- Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

Audit conclusion

We have no issues which we need to bring to your attention in respect of this risk.

2. SIGNIFICANT FINDINGS (CONTINUED)

Significant risk

Valuation of Property, Plant, and Equipment

Description of the risk

The CIPFA Code requires that where assets are subject to revaluation, their year end carrying value should reflect the fair value at that date. The Council has adopted a rolling revaluation model which sees all land and buildings revalued in a five year cycle.

The valuation of Property, Plant & Equipment involves the use of a management expert (the valuer), and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process.

As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to four years are not reported at their materially correct fair value. In addition, as the valuations are undertaken through the year there is a risk that the fair value of the assets is materially different at the year end.

How we addressed this risk

In relation to the valuation of property, plant and equipment we have:

- Critically assessed the valuer's scope of work, qualifications, objectivity and independence to carry out the Council's programme of revaluations;
- Considered whether the overall revaluation methodology used by the Council's valuer was in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies;
- Critically assessed the appropriateness of the underlying data and the assumptions used in the valuer's calculations, based on our expectations by reference to sector and local knowledge;
- Assessed the movement in market indices between the revaluation dates and the year end to determine whether there had been material movements over that time;
- Critically assessed the treatment of the upward and downward revaluations in the Council's financial statements with regards to the requirements of the CIPFA Code of Practice;
- Requested the Council to provide us with its documented assessment of the value of those assets not subject to revaluation in the year. We then critically assessed the approach the Council adopted to ensure that assets not subject to revaluation in 2018/19 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuers;
- Tested a sample of items of capital expenditure in 2018/19 to confirm that the additions were appropriately valued in the financial statements.

Audit conclusion

Testing has provided material assurance in relation to this risk. However, we identified a number of issues which are discussed later in this report.

We recommend improvements in arrangements and we report unadjusted misstatements to you on page 15 of this report.

2. SIGNIFICANT FINDINGS (CONTINUED)

Significant risk

Valuation of Defined Benefit Pensions Liability

Description of the risk

The Council is an admitted body of Greater Manchester Pension Fund, which had its last triennial valuation completed as at 31 March 2016.

The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Council's overall valuation.

There are financial assumptions and demographic assumptions used in the calculation of the Council's valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Council's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.

There is a risk that the assumptions and methodology used in valuing the Council's pension obligation are not reasonable or appropriate to the Council's circumstances. This could have a material impact to the net pension liability in 2018/19.

How we addressed this risk

In relation to the valuation of the Council's defined benefit pension liability we have:

- Critically assessed the competency, objectivity and independence of the Greater Manchester Pension Fund's Actuary, Hymans Robertson;
- Liaised with the auditors of the Greater Manchester Pension Fund and gained assurance that the controls in place at the Pension Fund are operating effectively. This included the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation was complete and accurate;
- Reviewed the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges, utilising information provided by PWC, consulting actuary engaged by the National Audit Office;
- Agreed the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements.

Audit conclusion

We have concluded that the estimate of the Council and Group's primary pensions liability is materially accurate. However, there is an identified issue in relation to previously unaccounted for liabilities which are outlined on page 15 of this report.

Amendments were also required to the Group reserves and the accounting treatment considered later in this report, though the valuation was materially correct.

2. SIGNIFICANT FINDINGS (CONTINUED)

Enhanced risk

Valuation of Manchester Airport Investment

Description of the risk

The Council's shareholding in the Manchester Airport Holdings Group Limited (MAHG Ltd.) has been valued by a firm of financial experts, engaged by management, based on assumptions about financial performance, stability, and key business projections. The figure disclosed in your accounts in relation to MAHG Ltd. is at fair value.

There is a risk that the assumptions and methodology used by your experts are not appropriate and we will need to obtain assurance that accounting entries are not materially misstated.

How we addressed this risk

We have addressed this risk by:

- Assessing the scope of work, qualifications, objectivity and independence of the expert engaged to carry out the valuation assessment of the airport shares; and
- Utilising the services of our internal valuation expert to review the work completed by management's expert and to evaluate the appropriateness of the assumptions applied to arrive at the figure in the financial statements.

Audit conclusion

We have assurance that the valuation of the Council's shareholding is materially correct.

2. SIGNIFICANT FINDINGS (CONTINUED)

Qualitative aspects of the Council's accounting practices

We have reviewed the Council's accounting policies and concluded they comply with the requirements of the Code of Practice on Local Authority Accounting (the Code), appropriately tailored to the Council's circumstances.

The Council is required to prepare its financial statements on a going concern basis by the Code of Practice on Local Authority Accounting (the Code). We have considered the appropriateness of the use of the going concern assumption and have reviewed the Council's accounting policies and disclosures and concluded they comply with the requirements of the Code, appropriately tailored to the Council's circumstances.

Draft accounts were received from the Council on 31 May 2019. Our initial audit review and testing identified significant errors in classification and presentation in the accounts which the finance function needed to address. We provided a detailed list of these issues 19 June 2019 and held a meeting with finance officers 21 June 2019 to discuss the issues and agree next steps for the Council to provide us with a revised draft set of statements. Although we received several updated versions of the accounts subsequent to this meeting, the substantially revised set of accounts was received 26 July 2019.

Significant difficulties during the audit

During the course of the audit we encountered some significant difficulties with the accounts initially presented for audit, most notably in relation to the compliance with the Code, the capital accounting arrangements, and responses to audit. This meant there was extensive and unexpected effort required to obtain sufficient, appropriate audit evidence, including in respect of the following, which is indicative rather than exhaustive.

General compliance with the Code

Our detailed technical review of the accounts, undertaken on receipt, identified:
- several areas of material non-compliance with the Code in relation to disclosure and presentation;
- the use of incorrect or non-compliant terminology throughout leading to uncertainty over treatment and required accounting entries; and
- omitted Notes and supporting analyses.

In addition, and as set out in section 4 of this report, there were material amendments required in relation to the Statements such as the:
- incorrect presentation of amounts relating to levies;
- inappropriate application of statutory override when consolidating the group pension figures; and
- omission of the comparator Note for Property, Plant and Equipment.

There were also significant, but not individually material, classification issues such as those relating to the interest in land at Manchester Airport.

As some of these issues required prior period adjustment, the inclusion of a third balance sheet (the position at 01 April 2017) was also required.

Accounting for Property Plant & Equipment

Accounting for Property Plant & Equipment is one of the more technically difficult areas of the Council's accounts. It is also one of the areas of highest value and therefore is identified by us as an area where there is a significant risk of material error. Our audit work identified a number of issues:

- the fixed asset register did not initially reconcile to the ledger and accounts disclosures;
- the instructions to the Council's valuer were last issued in 2014/15 and were therefore out of date. There was no evidence of review or consideration of the work required in the intervening period;
- there was a lack of clarity on the effective date of revaluations undertaken in year - the extant (though dated) instructions to the valuer and valuation certificates were based on 1 April 2018 but finance applied the valuations as at 31 March 2019;
- the consequence of the confusion above the valuation date gave rise to an error in the depreciation charge for 2018/19, as well as the amounts charged through the capital reserves;

2. SIGNIFICANT FINDINGS (CONTINUED)

- Management had not undertaken a consideration of the value of assets not formally revalued in year to provide assurance that these assets were not materially misstated within the Balance Sheet. This consideration was sought from the valuer at our request. However, the valuers response related only to those assets held at fair value, based on a consideration of the movements in relevant market indices. It did not include a consideration or commentary on those assets held at depreciated replacement cost where factors like the increase in construction costs are also key factors. The potential impact of which this is set out on page 15;
- detailed testing for our sample of specific asset valuations undertaken in the year identified errors in records supporting approximately half of the assets in our sample. Once followed up by Management, this resulted in changes (both increases and decreases) in the asset values included in the accounts for one third of the assets tested. Further information on the potential impact of these errors is set out on page 15; and
- detailed substantive testing identified errors with the classification of assets.

We have identified significant issues with the Council's approach to and controls operating in respect of capital accounting. However, as the errors and uncertainties reflect both increases and decreases to the value of the Property Plant & Equipment portfolio, we are satisfied that the balance sheet is not materially misstated in the 2018/19 Statement of Accounts. However, a considerable amount of work will be required by the Council to improve the arrangements and to correct the underlying records.

Responding to Audit

There is scope for the Council to improve the working papers provided for audit. In many cases, the working papers were voluminous and did not provide clarity over the entries, balances, and other analyses within the financial statements as a whole. This resulted in a higher than usual number of audit queries, created additional work for finance staff and delayed the progress of our audit.

The difficulties we have encountered also demonstrated that there are several areas within the accounts where there is a key person risk relating to some of the most complex entries within the accounts.

Conclusion

Though we have been able to complete our audit, the above issues resulted in a delay to the audit opinion beyond the target date of 31 July 2019 as well as missing the submission date for the WGA return. The delay presents a reputational risk for the Council, particularly if the situation persists, as well as additional work for the finance team and additional audit costs. Management have taken on board the issues raised and we will work with the Council to ensure that the above issues are addressed prior to the next audit cycle.

Significant matters discussed with management

During the course of the audit, two significant matters have arisen in relation to the Local Government Pension Scheme which have been discussed with management and quantified as immaterial but above triviality and valued at approximately £4.989m across the group.

As a result of a recent Supreme Court judgement in respect of the McCloud case from June 2019, as well as the acknowledgement of liabilities relating to Guaranteed Minimum Pension (GMP) equalisation, there are previously unrecorded liabilities that the actuary had not included in their consideration of the IAS19 liabilities as at 31 March 2019.

The amounts relating to the two above pension issues have been calculated using actuarial methodologies confirmed with the relevant LGPS scheme actuary, Hymans Robertson, and assessed as valid by the NAO's consulting actuary (PWC).

We are satisfied that the calculation undertaken to assess the valuation of these additional liabilities has been performed in line with advice from an independent and competent scheme actuary.

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2. SIGNIFICANT FINDINGS (CONTINUED)

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2018/19 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. There are no matters arising from this which we need to report to you.

3. INTERNAL CONTROL RECOMMENDATIONS

The purpose of our audit is to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements. We do this in order to design audit procedures to allow us to express an opinion on the financial statement and not for the purpose of expressing an opinion on the effectiveness of internal control, nor to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation, or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0 (None)
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	1 (One)
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	1 (One)

3. INTERNAL CONTROL RECOMMENDATIONS (CONTINUED)

Other deficiencies in internal control – Level 2

Description of deficiency

There are weaknesses and lack of clarity in the processes and data used to prepare the valuation of the Council's property, plant, and equipment. Enquiry has also identified weaknesses in the underlying data systems and maintenance of underlying standing data.

Potential effects

The valuation of the asset portfolio of the Council could have a significant variance in valuation as a result of the deficiencies in this area, and could lead to inappropriately valued transactions relating to depreciation, impairment losses, valuation gains, and the potential impact on the capital reserves.

Recommendation

New and revised instructions to be provided to the valuation specialist, with an annual review undertaken and documented where full revision not required. A data corroboration exercise to ensure underlying asset data is materially accurate

Management response

Agreed. The CFO will work with the Council's property management team and finance colleagues to arrange for a comprehensive review of the processes, data and systems regarding asset valuations during Q3, taking advice from external auditors. Revised processes will be in place for Q4.

Other recommendations on internal control – Level 3

Description of deficiency

The work of our Technology Risk Services team have identified a number of weaknesses within the IT security architecture.:

- the active directory allows 30 password attempts to access the network;
- the password policy for some access does not include any complexity, length, or attempt parameters;
- there is no regular periodic review to ensure user access rights are appropriate; and
- we identified 2 cases where some ledger access rights were not restricted in line with expectation.

Potential effects

There is a risk that the network or specific systems could be accessed by illegitimate users, which presents a risk of loss of sensitive data, and access to the network presenting wider network integrity risks. The work undertaken by my colleagues in TRS has not identified any instances of these issues being exploited.

Recommendation

That the IT security architecture is reviewed and strengthened, particularly in light of the enhanced data protection requirements the Council is subject to.

Management response

A detailed review of the Council's IT security architecture will take place during Q3 with recommendations to tighten control and minimise risk.

3. INTERNAL CONTROL RECOMMENDATIONS (CONTINUED)

Follow up of previous internal control points

We set out below an update on internal control points raised in the prior year by your previous auditor.

Description of deficiency	Responses / Action Taken
Accounting Policy for the treatment of Academy Schools	The 2018/19 accounts have been amended to ensure there is consistency between the accounting policy as specified, the accounting treatment applied and the other information disclosure. We therefore consider this to have been resolved during the course of the 2018/19 audit.
I-Trent (IT Controls) Annual Review of User Access Rights	The work on IT Controls is yet to be finalised as noted on page 4 of this report.
NNDR Reconciliations to VOA Reports to be timely	This was addressed by Management.
Fixed Asset Register to be Reconciled to Ledger at Year-End	There were similar issues relating to the reconciliation of the Fixed Asset Register to the accounts and ledger at year-end in 2018/19. This was addressed by Management during the audit for the position as at 31 March 2019. However, arrangements need to be put in place to ensure that this reconciliation is undertaken on a regular basis.
Journals Access	The work on IT Controls is yet to be finalised as noted on page 4 of this report.
Housing Benefits, NNDR, and Council Tax system reconciliations to be timely	This was addressed by Management.
Declaration of Interests Monitoring Process to be Formalised	The Council has partially addressed this through an ongoing processes of refining the arrangements. However, we this has not yet been fully addressed.

4. SUMMARY OF MISSTATEMENTS

We set out below the misstatements identified for adjustment during the course of the audit, above the level of trivial threshold of £357k.

The first table outlines the misstatements that were identified during the course of our audit which management has assessed as not being material, either individually or in aggregate, to the financial statements and does not currently plan to adjust.

The second table outlines the misstatements that have been adjusted by management during the course of the audit.

Unadjusted misstatements 2018/19

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1a (Council)	Dr: Pensions Reserve			4,088	
	Cr: Net Pensions Liability				4,088
	Dr: Net Cost of Services (Past Service Cost)	4,088			
	Cr: Re-measurement of Pensions Liability		4,088		
	Adjustments in respect of the McCloud Judgement and GMP Equalisation. The actuary had not included in their calculation an estimate of the value of these additional liabilities in their work on IAS19.				
1b (Group)	Dr: Pensions Reserve			901	
	Cr: Net Pensions Liability				901
	Dr: Net Cost of Services (Past Service Cost)	901			
	Cr: Re-measurement of Pensions Liability		901		
	Adjustments in respect of the McCloud Judgement and GMP Equalisation. The actuary had not included in their calculation an estimate of the value of these additional liabilities in their work on IAS19. This figure is in addition to the difference at 1a, relating to the consolidated group entities liability.				
2	Dr: Comprehensive Income & Expenditure - Cost of Services (Depreciation)	2,264			
	Cr: Property, Plant, and Equipment				2,264
	Dr: Unusable Reserves			2,264	
	Cr: Comprehensive Income & Expenditure – Surplus on revaluation of property plan and equipment		2,264		
	Confusion about the effective date of the valuation provided by the Valuer means depreciation had not been charged correctly for assets revalued in year. This results in a cumulative overstatement of asset values within the Balance Sheet, and an understatement of depreciation charged above the line in to the CIES. This would also impact the entries in the Movement on Reserves Statement (MiRS)				
3	Dr: Property, Plant, and Equipment			4,839	
	Cr: Revaluation Gain		4,839		
	Dr: Comprehensive Income & Expenditure – Surplus on revaluation of property plan and equipment	4,839			
	Cr: Unusable Reserves				4,839
	This is the extrapolated error arising from the valuation records being incorrect together with the valuation increase in respect of assets included on a Depreciated Replacement Cost basis that had not been properly assessed.				

4. SUMMARY OF MISSTATEMENTS (CONTINUED)

Adjusted misstatements 2018/19

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Other Operating Expenditure: Levies Cr: Gross Expenditure: Cost of Services: Non Service Specific	26,497	26,497		
	Expenditure relating to Levies had been incorrectly included within the Cost of Services analysis within the Comprehensive Income & Expenditure Statement. It should have been included 'below the line' within Other Operating Expenditure. A prior period adjustment of £26,890k was also required.				
2	Dr: Investment Property Cr: Non-Operational / Surplus Assets			9,515	9,515
	The Council's holding in the land at Manchester Airport had been classified as non-operational Property, Plant & Equipment (PPE). This classification did not comply with the Code. It was then reclassified as Surplus Assets which again, did not comply with the Code, given the nature of the asset and the Council's reason for holding this asset. It has now been reclassified as an Investment Property to properly comply with Code. A prior period adjustment of £9,100k was also required.				
3	Dr: Surplus Assets Cr: Surplus Assets Held for disposal			945	945
	The PPE balances included a category that was not Code compliant – Surplus Assets Held for Disposal. This has been removed with relevant assets transferred to Surplus Assets. The Balance Sheet line now referred to as Surplus Assets was previously described as Non-Operational Assets which was not a Code compliant class of assets.				
4	Dr: Earmarked Reserves incl. School Balances Cr: School Balances			9,677	9,677
	The balance sheet included a negative useable reserve for Schools Balances. However, by definition, usable reserves cannot be negative. The accounts have been amended so that Schools Balances are not separately shown on the face of the Balance Sheet and Earmarked Reserves have been reduced to more properly reflect the reserves available to use by the Council. Note 31 was also amended for this issue. A prior period adjustment of £6,310k was also made to the corresponding lines in the 2017/18 comparatives.				
5	Dr: Pension Reserve (Group Bal. Sheet) Cr: Reserves of Group Entities (Group Bal. Sheet)			19,661	19,661
	The Pension Reserve as stated in the Group Balance Sheet included the pension figures for the consolidated group entities. However, the Pension Reserve in the Group Balance Sheet should have reflected the same figures as the Council's single entity balance sheet because the statutory override which enables items to be charged to that Reserve is not applicable to the consolidated entities (as non-statutory bodies). As such, these pension entries were amended and those relating to the non-Council bodies form part of the new 'Reserves of Group Entities' line. This and the other reserves related adjustments have had corresponding impact on the Group Movement in Reserves Statement (MIRS).				

4. SUMMARY OF MISSTATEMENTS (CONTINUED)

Adjusted misstatements 2018/19

		Original Figure (£'000)	Revised Figure (£'000)
7	**Cash Flow Statement**		
	Operating Activities: DWP Grants for Benefits	28,792	44,634
	Operating Activities: Cash Received for Goods & Services	89,432	73,590
	The amount of grant received from DWP for Housing Benefit (HB) Rent Rebates had been incorrectly treated in the Cash Flow Statement. A reclassification of £15,842k which needed to reflect this in the correct line. A prior period adjustment of £16,973k was also required for the same issue.		
8	**Cash Flow Statement (Other)**		
	Operating Activities: Cash Paid for Goods & Services	233,768	224,595
	Operating Activities: Housing Benefit Paid Out	29,143	28,336
	Investing Activities: Purchase of Property, Plant & Equivalent	16,549	26,129
	The cash flow statements has been adjusted for a number of items flowing through from other amendments made. The revised positions represent cumulative changes to correct these issues. Prior periods amended as required.		
9	**Movement in Reserves Statement (MIRS)**		
	Unusable Reserves: Total Comprehensive Income & Expenditure (CIES)	(25,742)	(24,694)
	Correction made to update the MIRS for the Other Comprehensive Income and Expenditure to reflect the cumulative impact of all changes made to the CIES.		
10	**Note 17 Operating Leases**		
	Leases expiring 2019/20	19,225	0
	Leases expiring between 2020/21 and 2024/25	249,205	278,209
	Note updated to reflect the substance and timing of the lease arrangements to which the council is party to as lessee.		

Disclosure amendments

Amendments were required to improve the clarity and presentation of the disclosure notes supporting the primary financial statements of the Council. The items adjusted and detailed above as adjusted misstatements, necessitated corresponding adjustments to the related disclosures.

Three notes required by the Code had been omitted from the draft statements. These notes have now been included as follows as Note 11 Levies, Note 22 Long Term Debtors, and Note 33 Financial Instruments Revaluation Reserve. In addition to code compliance, the inclusion of these notes also ensures users of the accounts have all of the necessary detail in relation to the Council's financial position.

A number of changes were made to Note 12 Property, Plant & Equipment. These included, but were not limited to, the classification of assets and the inclusion of the material comparator information for 2017/18 to support the 3rd Balance Sheet (01/04/2017) required due to the nature of the restatements.

5. VALUE FOR MONEY CONCLUSION

Our approach to Value for Money

We are required to form a conclusion as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our conclusion, and sets out the criterion and sub-criteria that we are required to consider.

The overall criterion is that, 'in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.' To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

Commentary against each of the sub-criteria, and an indication of whether arrangements are in place, is provided below.

Sub-criteria	Commentary	Arrangements in place?
Informed decision making	The arrangements in place to manage this risk are appropriate and effective. The Council has strong arrangements for the application of the principles and values of sound governance. The Council is geared towards acting in the public interest, with the decision making process being underpinned by appropriate, timely, and reliable financial information. Overall, the Council maintains an adequate system of internal control although there is scope for improvement in some areas in relation to financial reporting.	Yes
Sustainable resource deployment	The arrangements in place to manage this risk are appropriate and effective. The planned use of the financial resources of the Council support the strategic priorities and maintaining the statutory functions. Assets are managed and utilised in such a way to facilitate meeting these priorities and functions. The workforce is deployed in such as way as to make this possible.	Yes
Working with partners and other third parties	The arrangements in place to manage this risk are appropriate and effective. The Council has put in place management and oversight functions to ensure that the work carried out with third parties helps achieve strategic priorities. This includes the effective commissioning of services where required. The commissioning and procurement functions of the Council support the delivery of strategic priorities.	Yes

5. VALUE FOR MONEY CONCLUSION (CONTINUED)

Significant Value for Money risks

The NAO's guidance requires us to carry out work to identify whether or not a risk to the Value for Money conclusion exists. Risk, in the context of our Value for Money work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Council being inadequate. In our Audit Strategy Memorandum, we reported that we had identified two significant Value for Money risk(s). The work we carried out in relation to significant risks is outlined below.

Risk	Work undertaken	Conclusion
Working with partners and third parties: governance and risk management The Council is working with Bury Clinical Commissioning Group (CCG) and other partners (such as local care providers), to help secure a sustainable health and social care economy. By putting in place arrangements for the Council, care organisations, and the CCG, to work more closely together, it is anticipated that developing new models of care for community health, primary care and social care services will have a significant impact.	We have reviewed the arrangements in place for the Council to work with its partners to deliver the transformation and strategic development of the Borough's health and social care economy, how the governance arrangements have operated, and how the arrangements and risks have been monitored and managed. This has included review of detailed consideration and reporting by internal audit, as well as other sources of information, and direct meetings with senior officers with direct responsibility for the programmes, such as the Executive Director of Children & Young People, the (interim) Executive Director of Communities & Wellbeing, and the Joint Chief Finance Officer for the Council and CCG. The Council has put in place a series of initiatives to provide greater insight, the increased need for key metrics to help identify early intervention measures, and ownership of the financial impact of operational decisions taken. Reports are submitted to the relevant meeting setting out the pertinent issues and decisions are appropriately recorded. There is evidence of appropriate and regular monitoring and reporting, including of financial due diligence around partner and scheme selection criteria.	The arrangements in place to manage this risk are appropriate and effective.

5. VALUE FOR MONEY CONCLUSION (CONTINUED)

Risk	Work undertaken	Conclusion
Sustainable Resource Deployment: financial resilience The Council continues to face significant financial pressures over the coming years both in terms of funding and revenue streams available, and increasing demand on services. The Council has a forecast budget gap over the coming years, and will need to deliver a programme of cost savings and management of service delivery in order to address this. The latest funding settlement has recently been announced by central government, as well as some additional amounts made available within the autumn budget statement for specific purposes.	In line with our planned approach, we have reviewed the Council's outturn against the 2018-19 budgeted position. There was an approximate £2.6m overspend on the revenue budget as was reported to Cabinet, 25 June 2019, and was supported by detailed dashboard analysis. The Council set a balanced budget for 2019/20. This took account of the impact of additional monies provided to the Council by central government and included reasonable assumptions in respect of the 2019/20 Funding Settlement. The total standstill (net) budget requirement for the 2019/20 revenue budget was approximated at £150.5m. However, this includes a savings programme of £11.9m for 2019/20 which is underpinned by approximately £4m of additional resources identified within directorates to assist the cash-flow of the programme of savings and £4.5m programme of savings which are already timetabled to be slipped into 2020/21. There are still significant budget pressures within the Council, and a programme of transformation and right-sizing of services is underway. As reported to Council, Cabinet, and relevant committees, the budget has been carrying ongoing slippage within the targeted savings identified in prior years. This failure to deliver agreed savings has contributed significantly to the Council's on-going financial challenges. The Council had arrangements in place in 2018/19 to monitor the achievement of saving plans during the year. This included regular reporting to management and to members. As a result, the Council was well aware throughout the year of those areas where savings plans were not on track and also where demand pressures continue to present a challenge to the financial position. The Council was able to identify some actions through it's Budget Recovery Group which included actions such as review of key financial metrics, monitoring of related trackers, and review of the setting of action plans for 2019/20 onwards, and also the Review Delivery Team, who provided specific support to departments as they sought to make the necessary changes and savings.	

5. VALUE FOR MONEY CONCLUSION (CONTINUED)

Risk	Work undertaken	Conclusion
Sustainable Resource Deployment: financial resilience The Council continues to face significant financial pressures over the coming years both in terms of funding and revenue streams available, and increasing demand on services. The Council has a forecast budget gap over the coming years, and will need to deliver a programme of cost savings and management of service delivery in order to address this. The latest funding settlement has recently been announced by central government, as well as some additional amounts made available within the autumn budget statement for specific purposes.	These actions, which are not sustainable in a “Business As Usual” approach, were successful in helping the Council to mitigate the impact for 2018/19 and to contain the overspend. However, looking ahead, the Council is no longer in a position to continue to offset the risks to the financial plan through the use of non-recurrent fixes or the use of reserves since these are now reducing. This has been recognised by the Chief Executive and during the latter part of 2018/19, work began to refresh the Council’s corporate plan and priorities, and to change the Council’s structure and the roles and responsibilities of Executive Directors. It remains imperative that the Council delivers it’s Transformation Programme and other savings plans in 2019/20.	

Our overall Value for Money conclusion

Our draft auditor’s report included in Appendix B states that we intend to issue an unqualified Value for Money conclusion for the 2018/19 financial year.

APPENDIX A
DRAFT MANAGEMENT REPRESENTATION LETTER

Bury Council
Town Hall
Knowsley Street
Bury
BL9 0SW

[Date]

Dear Karen

Bury Metropolitan Borough Council - audit for year ended 31 March 2019

This representation letter is provided in connection with your audit of the financial statements of Bury Metropolitan Borough Council, the Council and Group, for the year ended 31 March 2019, for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code) and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council and Group you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Chief Finance Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council and Group's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Council and Group in making accounting estimates, including those measured at current or fair value, are reasonable.

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Contingencies
There are no material contingent losses including pending or potential litigation that should be accrued where:
• information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
• the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council and Group have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

Laws and regulations
I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council and Group has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error
I acknowledge my responsibility as Chief Finance Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:
• all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
• all knowledge of fraud or suspected fraud affecting the Council and Group involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council and Group's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions
I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code and applicable law.

I have disclosed to you the identity of the Council and Group's related parties and all related party relationships and transactions of which I am aware.

Impairment review
To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Future commitments
I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

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DRAFT MANAGEMENT REPRESENTATION LETTER

Service Concession Arrangements
I am not aware of any material contract variations, payment deductions or additional service charges in 2018/19 in relation to the Council and Group's PFI schemes that you have not been made aware of.

Subsequent events
I confirm all events subsequent to the date of the financial statements and for which the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Going concern
To the best of my knowledge there is nothing to indicate that the Council or and Group will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Unadjusted misstatements
I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole.

Yours faithfully

Chief Finance Officer ....

Chair of the Audit Committee ....

APPENDIX B
DRAFT AUDITOR'S REPORT

Independent auditor's report to the members of Bury Metropolitan Borough Council
Report on the financial statements

Opinion
We have audited the financial statements of Bury Metropolitan Borough Council ('the Council') and its subsidiaries and joint ventures ('the Group') for the year ended 31 March 2019, which comprise the Council and Group Comprehensive Income and Expenditure Statements, the Council and Group Movement in Reserves Statements, the Council and Group Balance Sheets, the Council and Group Cash Flow Statements, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion, the financial statements:
- give a true and fair view of the financial position of Bury Metropolitan Borough Council and the Group as at 31st March 2019 and of the Council's and the Group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The Chief Finance Officer is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Chief Finance Officer for the financial statements
As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view. The Chief Finance Officer is also responsible for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

APPENDIX B
DRAFT AUDITOR'S REPORT

The Chief Finance Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution without transfer of services or function to another entity. The Chief Finance Officer is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Matters on which we are required to report by exception under the Code of Audit Practice
We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

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

Conclusion
On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that, in all significant respects, Bury Metropolitan Borough Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Basis for conclusion
We have undertaken our review in accordance with the Code of Audit Practice issued by the Comptroller and Auditor General, having regard to the guidance on the specified criterion issued in November 2017, as to whether the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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

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

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources
We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice requires us to report to you our conclusion relating to proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

APPENDIX B
DRAFT AUDITOR'S REPORT

Use of the audit report

This report is made solely to the members of Bury Metropolitan Borough Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack. We are satisfied that these matters do not have a material effect on the financial statements or on our conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

In addition, we cannot formally conclude the audit and issue an audit certificate until we have completed our work on an objection raised in relation to the Council's financial statements for the year ended 31 March 2019. We are satisfied that these matters do not have a material effect on the financial statements or on our conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

[*Signature*]

Karen Murray
For and on behalf of Mazars LLP

One St Peters Square, Manchester, M2 3DE
[Insert date]

APPENDIX C
INDEPENDENCE

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

CONTACT

Engagement Lead
Karen Murray

Phone: 0161 238 9248
Email: karen.murray@mazars.co.uk

REPORT FOR DECISION

Agenda Item	

MEETING:	**AUDIT COMMITTEE**
DATE:	**17 SEPTEMBER, 2019**
SUBJECT:	**QUARTERLY GOVERNANCE STATEMENT - APRIL to JUNE 2019**
REPORT FROM:	**HEAD OF FINANCIAL MANAGEMENT**
CONTACT OFFICER:	**ANDREW BALDWIN**

TYPE OF DECISION:	**NON-KEY DECISION**
FREEDOM OF INFORMATION/STATUS:	This paper is within the public domain.

SUMMARY: This report presents Members with a quarterly update on the Annual Governance Statement. The 2018/19 Annual Governance Statement was approved by Audit Committee on 30 July 2019.

OPTIONS & RECOMMENDED OPTION

The Committee is asked to note the contents of the report.

Members are requested to consider the revised corporate risks at Appendix A (risk register to follow).

IMPLICATIONS:

Corporate Aims/Policy Framework:	Do the proposals accord with Policy Framework? Yes.
Financial Implications and Risk Considerations:	The Annual Governance Statement is a fundamental document for recording, monitoring and communicating the effectiveness of the internal control framework within the Council.
Statement by Assistant Director of Resources & Regulation (Finance & Efficiency):	Failure to maintain an internal control and governance framework jeopardises the Council’s ability to deliver economy, efficiency and effectiveness in the delivery of its priorities and ambitions.

Equality/Diversity implications:	No
Considered by Monitoring Officer:	Yes - Through the Governance Panel; the Monitoring Officer has raised no issues that require inclusion in the Quarterly Governance Statement.
Are there any legal implications?	No
Staffing/ICT/Property:	No
Wards Affected:	All
Scrutiny Interest:	No

TRACKING/PROCESS **DIRECTOR: MIKE WOODHEAD**

Joint Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners
Scrutiny	Cabinet	Committee	Council
		Audit 17/09/19	

1.0 Purpose of the Annual Governance Statement

1.1 The purpose of the Annual Governance Statement is to provide a continuous review of the effectiveness of an organisation's internal control and risk management system in order to give an assurance as to their effectiveness.

1.2 It is a mandatory requirement to produce a Governance Statement to accompany the Authority's Statement of Accounts – as presented on 30 July 2019.

1.3 It is accepted good practice to continuously review the internal control framework and make interim reports to those charged with governance – the Audit Committee.

1.4 The Council has adopted this practice since 2008 and refers reports to the Audit Committee on a quarterly basis.

2.0 Matters for consideration

2.1 Members are asked to:

- Note the report

3.0 Quarterly Update

3.1 Risk Management

3.1.1 A review has taken place of the risk management process to bring it into line with CCG's. This change has established a single risk management framework and methodology that uses the same risk assessment tools, enabling consistency in reporting of risks across the Council and when working in partnership.

3.1.2 Work has been taking place by the Core Transformation Board to review across core activities what progress has and is being made in meeting their current and future objectives and identifying and being clear about the risks that are significant and may pose a threat to the Council as a result of failing to meet these objectives.

3.1.3 The core functions under review by the Core Transformation Board include IT, HR, Customer Contact, Health & Safety, Information Governance, Financial Management, Legal Services, Risk Management, Business Continuity Management, Procurement and Community Safety.

3.1.4 The review has highlighted a number of significant risks that pose a significant threat if not managed effectively. These risks have been included within the revised Corporate Risk Register and are being overseen by the Joint Executive Team.

3.2 Business Continuity

3.2.1 A full review of the Council's services, heads of service and services managers is currently being carried out to take account of the organisational changes.

3.2.2 The BC Planning Database will be updated to reflect these changes and all Council Services will review, update and upload their respective BC Plans.

3.2.3 Once the database has been updated a review of the Council Critical Services will be carried out to ensure these services are protected or their resilience to disruption is minimised.

3.2.4 The Corporate BC Plan has been updated to reflect changes to the organisation and will form an integral part of the Council's overall response plan to an emergency.

3.2.5 The Council's BC Policy and Strategy Document has been updated to reflect organisational changes.

3.3 Budget Monitoring

3.3.1 Budget monitoring is undertaken on a monthly basis and quarterly reports are produced for Members.

3.3.2 The Q1 statement (i.e. April to June 2019) provides a summary of spend to date and a forecast outturn for the year. This continues to alert Directors to any pressures which they are required to address.

3.3.3 As such, it is critical that forecasts are accurate, evidence based and have been through a rigorous quality assurance process.

3.3.4 The Quarter 1 report went to Cabinet on 24 July 2019 and to Overview & Scrutiny Committee on 12 September 2019 and will be reported in summary elsewhere on this agenda.

3.4 Work of Internal Audit

3.4.1 The Internal Audit Section operates according to a risk based Audit Plan.

3.4.2 During the period April to June 2019, the section has examined the following fundamental financial systems;

- Main Accounting system;
- Council tax;
- Creditors;
- Business Rates;
- Housing Rents;
- Cash and Banking;
- Debtors;
- Housing Benefit;
- Treasury Management;
- Payroll

3.4.3 The Internal Audit section produces reports which rank recommendations according to urgency / priority. The reports completed during the first quarter year have produced a total of 46 recommendations.

3.5 Work of Governance Panel

3.5.1 The next meeting of the Governance Panel has been arranged for 24th September 2019. The remit and the constitution of the Governance Panel is currently under review. An update will be provided to the next Audit Committee in November 2019.

3.6 Sickness Update

3.6.1 The Audit Committee has shown considerable interest in sickness absence, requesting absence data and action plan updates from Executive Directors.

3.6.2 The following table contain the sickness absence figures per full time equivalent for the Council.

Department	2015/16 Full Year	2016/17 Full Year	2017/18 Full Year	2018/19 Full Year	2019/20 Q1	% change 2017/18 to 2018/19 Q1
Communities & Wellbeing	13.5	12.5	11.2	9.02	9.86	**+9.3**
Resources & Regulation	8.0	6.8	9.6	13.78	14.00	**+1.6**
Children, Young People & Culture	8.4	9.9	9.6	6.52	6.28	**-3.7**
Total FTE days lost	**9.3**	**9.9**	**9.9**	**9.67**	**10.33**	**+1.0**

Note – the quarterly figures are calculated on a rolling 12 month basis and do not reflect the quarter in isolation. Therefore, the Q1 period for 2019/20 relates to the full year period of 01/07/18 to 30/06/19.

3.6.3 The sickness levels have continued to remain relatively constant per days lost per FTE over the last three years.

3.6.4 Going forward, sickness absence figures will continue to be reported to the Audit Committee in future quarterly updates.

4.0 Conclusion

4.1 This report provides an assurance, and presents evidence, that the Council reviews its internal control / governance mechanisms on a continuous basis.

4.2 There have been no significant internal control issues during the period covered by this report.

4.3 The control environment will continue to be monitored throughout the year, and Audit Committee will continue to receive updates on a quarterly basis.

Andrew Baldwin
Head of Financial Management

Background documents:

Risk Registers

Internal Audit Reports

Minutes of Governance Panel

For further information on the details of this report, please contact:

Mr A Baldwin, Head of Financial Management
Tel. 0161 253 5034
Email: a.baldwin@bury.gov.uk

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Bury COUNCIL

REPORT FOR DECISION

Agenda Item	

MEETINGS:	**Audit Committee** **Cabinet** **Council**
DATE:	
SUBJECT:	**Risk Management Annual Report 2018/19**
REPORT FROM:	**Councillor Eamonn O'Brien - Cabinet Member for Finance & Housing**
CONTACT OFFICER:	**David Hipkiss, Risk & Governance Manager**

TYPE OF DECISION:	**COUNCIL - KEY DECISION**
FREEDOM OF INFORMATION/STATUS:	This paper is within the public domain

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SUMMARY:	The Risk Management Annual Report provides Members with details of risk management activity that has taken place over the past 12 months. It outlines risk management policies and practices now in place and the key issues that will be addressed during the coming financial year.
OPTIONS & RECOMMENDED OPTION	Members are requested to re-affirm their support for the Council's approach to Risk Management, and note progress made throughout 2018/19 and actions planned for 2019/20.

IMPLICATIONS:

Corporate Aims/Policy Framework:	Do the proposals accord with the Policy Framework? **Yes**
Financial Implications and Risk Considerations:	See Executive Director of Resources & Regulation comment below
Statement by Executive Director of Resources:	There are no direct resource implications arising from this report. Risk management is an integral part of the

Council's approach to Corporate Governance and service and financial planning and it is essential that robust risk management practices are put in place to safeguard the Council's assets and its reputation.

Corporate, departmental and operational risk assessments have been undertaken and key elements of the resultant Management Action Plans are incorporated into Departmental Service Plans.

Equality/Diversity implications: No

Considered by Monitoring Officer: Yes (Governance Panel)

Are there any legal implications? No

Staffing/ICT/Property: There are no direct HR, IT or property implications arising from this report.

Wards Affected: All

Scrutiny Interest: Overview & Scrutiny

TRACKING/PROCESS

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Audit Committee	Partners
		17/09/2019	
Overview & Scrutiny	Councillors	Cabinet	Council
		16/10/2019	27/11/2019

1.0 BACKGROUND AND RISK PRIORITIES DURING 2018/19

1.1 The Cabinet approved the Council's Risk Management Policy and Strategy in March 2006 which is reviewed annually. The Council's Policy and Strategy is under review to ensure a consistent approach to risk management is undertaken across CCG and Bury Council Services.

Risk Priorities 2018/19

1.2 The Council continued to experience reduced funding, and increased demand for services throughout this period.

1.3 An ongoing review of all the Council's Corporate and Service Business Continuity Plans including the Council's organisational structures that support these plans.

1.4 Implementation of the new Data Protection Legislation both the EU GDPR and the UK's DPA18 that came into force May 2018.

1.5 Preparations in advance of Brexit.

1.6 Health & Social Care integration.

2.0 IMPLEMENTING RISK MANAGEMENT

2.1 Risk management forms an integral part of strategic planning in the Council, ensuring early intervention and management of uncertainty in delivering key strategic priorities.

2.2 Early intervention and assessment of risks ensures that departments are able to fully prepare for existing and emerging priorities, and manage their objectives effectively against financial, reputational and performance risks, whilst meeting Team Bury and the Council's Corporate Priorities.

2.3 This approach to risk management ensures a continuous and evolving process that runs throughout the council's core functional activities at all levels.

> ***"Good risk management supports accountability, performance measurement and reward, thus promoting operational efficiency at all levels". A Risk Management Standard – Institute of Risk Management.***

2.4 Risk Assessment Action Plan Registers (RAAP's) are used across departments to record identified risks and opportunities, and actions being taken. RAAP Registers as they are referred to throughout this report are used at all levels throughout the Council to record information and help manage Corporate, Departmental, and Operational risks.

2.5 RAAP's are an effective tool to identify, evaluate and manage areas of uncertainty and exploit opportunities at corporate, departmental and operational levels and to ensure achievement of the Council's aims and objectives.

2.6 The Council's risk management framework is outlined in summary below;

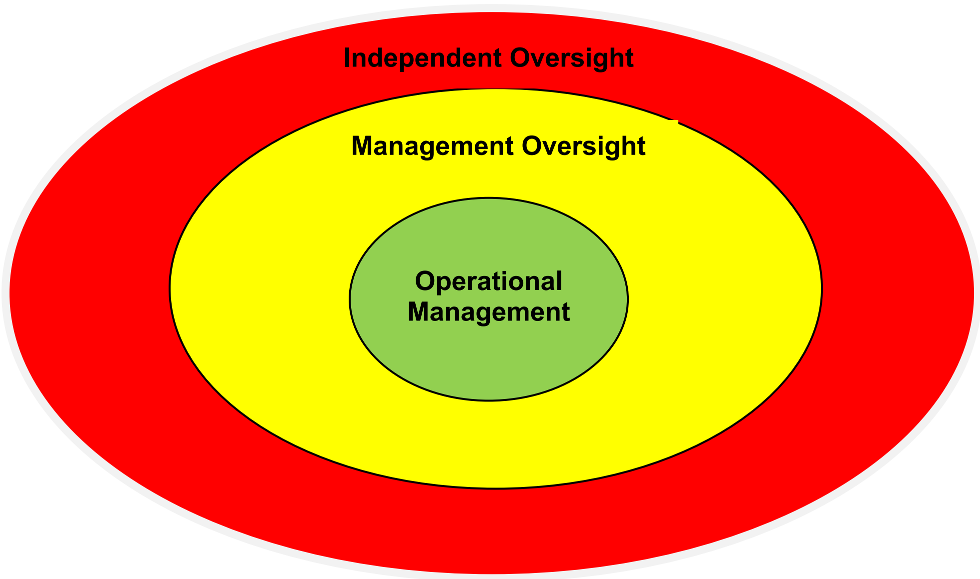
- An approved Corporate Policy & Strategy for Risk Management that can be read online or downloaded
- A Corporate Policy & Strategy that details the Council's approach to managing risk focussing on three key lines of defence that enables direct input, strategic overview and scrutiny at all levels from officers, senior management, governance groups and independent review bodies.

  These three lines of defence ensure:

  Effective Operational Management – Defence Level 1 - Having clear lines of responsibility/ownership, clear and accessible risk reporting and communication lines, up to date policies, procedures, guidance and training material and having in place a consistent approach to assessing and managing risk across the Council.

  A clear management oversight – Defence Level 2 - That is clear about the risk management framework and actively taking place, oversees and manage risk both at strategic and operational levels.

  Independent internal audit and scrutiny – Defence Level 3 – Actively engaged, involved and challenging current working practices at all levels having direct access at operational, senior management and governing team levels.



- Key strategic and corporate governing groups that are actively engaged in the risk management process ensure an objective review of the effectiveness of risk management and internal control both at strategic and operational level.
  - Senior Leadership Team (Senior Officers of the Council)
  - Corporate Risk Management Group (Member Level)
  - Operational Risk Management Group (Officer Level)
  - Governance Panel comprising:
    - Executive Director of Resources & Regulation
    - Assistant Director for Legal & Democratic Services
    - Head of Financial Management

- The Risk Management Framework is supported by up to date guidance and training material, accessible to all staff:
  - Comprehensive Intranet Risk Management Website and Toolkit
  - Corporate Risk / Opportunity Assessment Action Plan Register
  - Departmental Strategic Risk Assessment Action Plan Registers
  - Operational Risk Assessment Action Plan Registers – held by service managers and maintained as part of the day to day management of service provision
  - A Common Risk Register (General good practice guide)
  - Dedicated Risk Management Section – Operating from Strategic Finance alongside but independent from Internal Audit
  - A working in Partnership Risk Assessment Model (PRAM) that provides a platform to manage risk working with other partners/organisations.

2.7 Also in place is an effective communication and risk reporting network, with regular reports to:

- Full Council (annual report)
- Audit Committee
- Strategic Leadership Team
- Corporate Risk Management Group (Members)
- Operational Risk Management Group (Officers)
- Business Continuity Management representatives
- All departments and Service Heads

2.7 The diagram at **Appendix A** has been drawn up to help demonstrate Bury Council's risk management processes, illustrating strategic and operational planning across the authority, also the delivery of service and the movement and reporting of risks associated with these two key risk drivers within each of the departments.

3.0 DEPARTMENTAL PROGRESS 2018/19

3.2 Children, Young People & Culture

2018/19 managed high risks focused upon;

- Demand pressures on available resources
- Budget savings
- Workforce future gaps and employee relations
- Change of role for the LA with schools
- Changing Government Legislation and policy development

Despite some success during 2018/19, the department is still highlighting a number concerns reflected by the final quarters result. Individual Departmental Risk Registers are available on request.

3.3 Communities & Wellbeing

2018/19 managed high risks focused upon;

- High cost packages relating to Children's transition cases
- Inadequate investments in assets and infrastructure

Despite some success during 2018/19 with managing these risks, the department is still highlighting a number of concerns reflected by the final quarters risk review. Individual Departmental Risk Registers are available on request.

3.4 Resources & Regulation/Corporate Risk Register

2018/19 focussed on a number of high risks, these include:

- Delivering cuts approved in the budget
- Resilience and capacity of services
- Ongoing welfare reforms
- School budgets
- Brexit
- Resident expectations
- Growth strategy being impeded
- Population growth and demand exceeds capacity
- Core functions being affected
- Health & Social Care Integration
- Review of Business Continuity Service Plans
    - Annual review conducted to support BC planning across the three departments CY&C, CWB and Resource & Regulation.
- Implementation of GDPR
    - AGMA Implementation Plan highlighted key areas that required changing from DPA98. The changes to the law around lawful processing has placed greater emphasis on how we manage all personal data we hold which requires further work within the Council that has extended through to 2019/20.

Owing to the nature and wider impact of these risks on public service they are also reflected within the Corporate Risk Register.

4.0 CORPORATE RISKS

4.1 The Corporate Risk Assessment Action Plan records all risks posing the most serious threat to the Council, risks that would impact upon a wider range of services and that are not able to be managed effectively within a directorate. These risks are reviewed continually by the Strategic Leadership Team – both through quarterly reviews, and as agenda items in their own right. The Corporate Risk Register takes account of risk management activity taking place across departments allowing for the transfer of high risk and also of known future risk.

4.2 Member input is sought throughout the year via the Corporate Risk Management Group, and quarterly reports to the Audit Committee.

4.3 The table overleaf tracks the status of corporate risks throughout 2018/19.

BURY COUNCIL

Corporate Risk Register 2018/19 – As at 31st March 2019

Risk	Risk Owner	Raw Risk Score			Target Risk Score	Mitigation Measures / Assurance Levels			Risk Conclusion	Residual Risk Score			Direction of Travel
		Likelihood	Impact	Score		Level 1	Level 2	Level 3		Likelihood	Impact	Score	
The Council doesn't agree a balanced budget	Cabinet / SLT	4	4	16	LOW	The Council has a 4 year financial forecast covering 2016/17 to 2019/20 in line with the Government's 4 year funding offer. Budget options have now been approved (Feb 17) covering a 3 year period, recognising the lead in times for the development of options. Budget forecasts will continue to be reviewed on a 12 month rolling forecast; or as new information come to light. 2018/19 saw no reliance upon reserve. 2019/20 from Feb 19 budget setting process will take account of reserve.	Budget options validated by the Councils Strategic Leadership Team, and through regular meetings with Portfolio Holders. Budget proposals were considered by the Overview & Scrutiny Committee prior to approval. Currently no reliance being placed on reserves, however this is the second year an overspend is predicted. Future years equally challenging. Council needs to consider alternative approaches to budget setting.	External Audit Opinion on VFM / Financial Standing. LGA review undertaken.	Manage	2	4	8	No change to risk score

Risk	Risk Owner	Raw Risk Score			Target Risk Score	Mitigation Measures / Assurance Levels			Risk Conclusion	Residual Risk Score			Direction of Travel
		Likelihood	Impact	Score		Level 1	Level 2	Level 3		Likelihood	Impact	Score	
The Council cannot deliver cuts approved in the budget	Cabinet / SLT	4	4	16	LOW	Robust budget monitoring procedures are in place, given early warning of potential pressures. Challenges of delivering continuous budget cuts with reduced organisational capacity. Control measures in place to mitigate overspend pressures where possible. Q1 outturn forecast overspend of £3.2m; Q2 Overspend of £2.6m; Q3 £2.608m; Final outturn is £2.657m overspend.	Budget monitoring reports are considered every month by SLT, and reported quarterly to Cabinet. SLT and the Cabinet meet regularly to discuss progress with the in year budget. Monitoring reports consider a RAG rating for delivery of cuts Finance Portfolio Holder now "calling in" specific business areas to investigate issues. Monitoring reports are also considered quarterly at; • SLT / Cabinet • Overview & Scrutiny • Audit Cttee Increasingly considering "Invest to Save" options.	External Audit Opinion on VFM / Financial Standing. Officer led budget recovery group active with work being carried out to address budget overspends. Themed budget boards established in 2019/20 as well as £1,000 spending limits and restrictions on external advertising of vacant posts. Corporate Budget Control Group set up.	Manage	4	4	16	No change to risk score

Risk	Risk Owner	Raw Risk Score			Target Risk Score	Mitigation Measures / Assurance Levels			Risk Conclusion	Residual Risk Score			Direction of Travel
		Likelihood	Impact	Score		Level 1	Level 2	Level 3		Likelihood	Impact	Score	
Resilience and capacity of services is jeopardised by ongoing funding reductions	SLT	4	4	16	LOW	Budget options consider operational impact, and are subject to separate risk assessments. The Council undertakes workforce planning to ensure the right staff are in place, with the right skills at the time needed. Recruitment & Retention of staff presents a challenge in some service areas. There is a dedicated workstream looking at HR / OD as the Council moves to OCO / LCO operating arrangements with the NHS. Change to senior management structures with CE in place, interim posts being addressed. New Exec Director for Transformation in place – Neutral Cost benefits, Director of Ops and Business Growth in place.	Business continuity plans exist for all services The Council has access to transformation funding under GM Health & Social Care arrangements. Greater use of interim placements to address time limited pressures / work tasks e.g. Growth / Regeneration and Traded Services. New CE in place and addressing longer term strategies/structure of the Council.	External Audit Opinion on VFM / Financial Standing External reviews, e.g. OFSTED / CQC, LGA Resident satisfaction levels	Manage	4	4	16	No change to risk score

Risk	Risk Owner	Raw Risk Score			Target Risk Score	Mitigation Measures / Assurance Levels			Risk Conclusion	Residual Risk Score			Direction of Travel
		Likelihood	Impact	Score		Level 1	Level 2	Level 3		Likelihood	Impact	Score	
Changes to the Business Rates Retention scheme (75%) impact adversely on the Council – e.g. appeals	Cabinet Member for Finance & HR / Interim Executive Director of Resources & Regulation	4	4	16	LOW	The Council makes “in year” provision for the impact of appeals when estimating yield (NNDR1), and also makes provision within the annual revenue budget. In addition, the Council holds a reserve to fund the backdating (i.e. one-off) effect of appeals. Impact of business failure also increases, however mitigated through work of Business Engagement Team.	The Council maintains an active dialogue with the Valuation Office Agency to ensure that appeals are dealt with in a timely manner. The Council participates in the GM Collection Fund Accounting Group. Pilot exercise underway to tackle aged debt. Fair funding with focus on 75% retention. Returns from GM. Appeals risk reduced.	The Council’s External Auditors review the Council’s Collection Fund, and Appeals Provisions as part of the annual audit process. New check, challenge and appeal procedures in place	Manage	3	4	12	No change to risk score

Risk	Risk Owner	Raw Risk Score			Target Risk Score	Mitigation Measures / Assurance Levels			Risk Conclusion	Residual Risk Score			Direction of Travel
		Likelihood	Impact	Score		Level 1	Level 2	Level 3		Likelihood	Impact	Score	
Ongoing Welfare Reforms place additional pressure on both residents and the Council	Cabinet Member for Strategic Housing & Support Services / Interim Executive Director of Resources & Regulation	4	4	16	LOW	Regular monitoring of the impact of reforms is undertaken. Increased risk due to revised CTS scheme, and increased Council Tax (necessary to fund Adult Social Care). Increasing reliance on 3rd Sector, which itself faces funding reductions. Concerns over security of employment and uncertain economic outlook e.g. Brexit. Full universal credit rolled out in July 2018 – delayed.	The impact of reforms is reported through the Welfare Reform Board. The Cabinet has now endorsed an Anti-Poverty Strategy, and additional resources (£200k) have been allocated to address poverty related issues. The Council has endorsed a motion to develop a Young Savers scheme. Community Laptop Scheme being rolled out.	There is close liaison with Partner organisations, e.g. CAB, Six Town Housing to assess and mitigate the impact of reforms. The Council is an active member of the Manchester Credit Union.	Manage	4	4	16	No change to risk score

Risk	Risk Owner	Raw Risk Score			Target Risk Score	Mitigation Measures / Assurance Levels			Risk Conclusion	Residual Risk Score			Direction of Travel
		Likelihood	Impact	Score		Level 1	Level 2	Level 3		Likelihood	Impact	Score	
General pressures from school budgets and impacts upon income levels for traded services	Cabinet Member for Children & Families / Executive Director of Children, Young People & Culture	3	3	9	LOW	Traded services are currently undergoing a comprehensive review to assess the impact of academy conversions. Requires more proactive management as risk of schools not buying-back increases. Risks from increasing academies across schools. Risk heightened by pressures on school budgets.	The Council has a good relationship with schools, and a high level of buy-back. Where possible, and viable, services will continue to be traded to schools that undergo academy conversion. Regular reports to JCC.	The relationship with schools is managed proactively through the Schools Forum. Working group set up to explore further opportunities for providing competitive traded services Additional resources in place, and pricing offers sent to schools. No further cleaning/catering contracts lost for 2018.	Manage	3	3	9	No change to risk score

Risk	Risk Owner	Raw Risk Score			Target Risk Score	Mitigation Measures / Assurance Levels			Risk Conclusion	Residual Risk Score			Direction of Travel
		Likelihood	Impact	Score		Level 1	Level 2	Level 3		Likelihood	Impact	Score	
Unknown implications of the Brexit referendum impact adversely upon the Council	Cabinet / SLT	4	4	16	MEDIUM	The most significant risk is the uncertainty of the implications of Brexit – notably economic conditions. Potential impact on the pound, inflation, and impact upon Bury businesses.	The Council makes use of external brokers (Link) who offer advice on economic conditions and the Council's Treasury Management. GM and Local Brexit Groups in place. £100k available to support Brexit preparations.	Other professional networks are utilised, e.g. GM Treasurers Group Regular "Brexit Monitors" are received from the GMCA SME's and impact to be assessed and where required supported	Accept	4	4	16	No change to risk score

Risk	Risk Owner	Raw Risk Score			Target Risk Score	Mitigation Measures / Assurance Levels			Risk Conclusion	Residual Risk Score			Direction of Travel
		Likelihood	Impact	Score		Level 1	Level 2	Level 3		Likelihood	Impact	Score	
The Council is unable to manage customer / resident demands and expectations in the light of funding reductions	Cabinet / SLT	3	4	12	LOW	The Council has previously written to all residents advising them of the impact of funding reductions. LCO Newsletter. Consultation with residents to be planned.	Public meetings are held each year as part of the budget consultation process. Public engagement necessary to move forward with Neighbourhood working models / contract with residents. Focus of Neighbourhood working model is to facilitate and empower residents and communities, and assist with capacity building.	The role of elected members is critical as they provide an interface between residents and the Council Further work requested to progress Health & Social Care agenda	Manage	4	4	16	No change to risk score

Risk	Risk Owner	Raw Risk Score			Target Risk Score	Mitigation Measures / Assurance Levels			Risk Conclusion	Residual Risk Score			Direction of Travel
		Likelihood	Impact	Score		Level 1	Level 2	Level 3		Likelihood	Impact	Score	
The Council's growth strategy is impeded by external influences, e.g. economic conditions	Leader / Chief Executive	3	4	12	LOW	The Council has a clear Growth Strategy in place GMSF timescales now revised to 2018. Economic uncertainty may stifle growth. Key sites identified and actions underway to develop them.	Growth Strategy has been agreed at both Council and Partner level (Bury Wider Leadership Group). 2 permanent positions recruited to oversee delivery of plan. Budget focus on growth strategy.	The Council actively promotes development opportunities nationally, and engages with GM activity to promote the region. Work is also taking place with employers and students through the Bury Skills Commission	Manage	3	3	9	No Change to risk score

Risk	Risk Owner	Raw Risk Score			Target Risk Score	Mitigation Measures / Assurance Levels			Risk Conclusion	Residual Risk Score			Direction of Travel
		Likelihood	Impact	Score		Level 1	Level 2	Level 3		Likelihood	Impact	Score	
Population growth and age profile lead to service demands exceeding Council capacity / resources.	Cabinet / SLT	3	4	12	LOW	The Council has adopted the Social Care Precept (2018/19) to channel additional resources to pressures in Adult Social Care. Continuing pressures in the NHS will impact upon the Council's services. Complexity and long term nature of conditions an increasing pressure Fragile market of care providers.	A number of initiatives are in place aimed at early intervention, and self-care e.g. re-ablement, wellbeing service. The Bury Locality has secured £19m transformation funding to redesign care models. Social Care demands have been clearly outlined in the Council's Fair Funding submission. Built demand into budget. Reduction in agency rates through over-recruiting being considered.	Close working takes place with partners in the CCG and key providers to mitigate demand pressures. Development of LCO / OCO working model in place by April 2019 live date	Manage	4	4	16	No Change to risk score

Risk	Risk Owner	Raw Risk Score			Target Risk Score	Mitigation Measures / Assurance Levels			Risk Conclusion	Residual Risk Score			Direction of Travel
		Likelihood	Impact	Score		Level 1	Level 2	Level 3		Likelihood	Impact	Score	
Ability to maintain core functions (statutory & non-statutory) e.g. safeguarding is impeded by funding reductions.	Cabinet / SLT	3	4	12	LOW	The budget setting process reflects to a degree the statutory nature of services when allocating cuts targets. Additional resources now available for Adult Social Care. Narrative revised to reflect that both statutory and discretionary functions are now at risk. Cabinet and SLT move forward on plan to prioritise functions.	Directors prioritise spend to ensure statutory obligations are fulfilled – this is done through the Cash ceiling / virement scheme. Council Tax increase to assist in core service provision.	External Audit Opinion on VFM / Financial Standing Corporate Parenting / Health Scrutiny External reviews, e.g. OFSTED / CQC – NB action plan now in place. LGA Review undertaken	Manage	3	4	12	No Change to risk score

Risk	Risk Owner	Raw Risk Score			Target Risk Score	Mitigation Measures / Assurance Levels			Risk Conclusion	Residual Risk Score			Direction of Travel
		Likelihood	Impact	Score		Level 1	Level 2	Level 3		Likelihood	Impact	Score	
Health & Social Care integration does not reform services and deliver required efficiency savings	Cabinet Member for Health & Wellbeing / Executive Director of Communities & Wellbeing	4	4	16	LOW	The Council and CCG work closely together and operate pooled budgets in some areas (Better Care Fund). The Council and CCG management teams meet jointly on a fortnightly basis. Capacity to develop arrangements is a risk, however the Bury Locality has now secured £19m transformation funding to mitigate this. Co-located and shared CE between CCG/Bury Council. Combined financial planning. Joint Executive Team in place.	The Council is working towards development of a single commissioning organisation and Local Care Alliance (LCA) both are operating in shadow form from April 2018 progressing towards going live April 2019. The Health integration project has clearly defined governance arrangements and its own project risk register. Council and CCG Staff co-located for improved service delivery.	Partnership working takes across the broader Public Service footprint. Requires a multi-agency approach to encourage behaviour change. Staff of the Council and CCG are co-locating to aid joint working.	Manage	3	4	12	No Change to risk score

Risk	Risk Owner	Raw Risk Score			Target Risk Score	Mitigation Measures / Assurance Levels			Risk Conclusion	Residual Risk Score			Direction of Travel
		Likelihood	Impact	Score		Level 1	Level 2	Level 3		Likelihood	Impact	Score	
GM approach to devolution does not reform services and deliver required efficiency savings	Leader / Chief Executive	3	4	12	LOW	The Council is an equal partner in AGMA / CA, and engages actively through regular GM meetings at officer level. Need to ensure democratic / governance processes preserve local accountability. Need to look beyond Health & Social Care and examine where joint working can offer wider efficiencies. Operation of GM Business Rates Pool working well. Care Act. Green Paper.	This is supplemented by a comprehensive schedule of meetings at member level. Mature joint working arrangements developed in respect of Health & Social Care Devolution. Clear emerging roles around Transport, congestion and Air Quality.	Elected Mayor now in place, with key positions held by Bury elected members	Manage	2	3	6	Risk Reduced

Risk	Risk Owner	Raw Risk Score			Target Risk Score	Mitigation Measures / Assurance Levels			Risk Conclusion	Residual Risk Score			Direction of Travel
		Likelihood	Impact	Score		Level 1	Level 2	Level 3		Likelihood	Impact	Score	
Review – Six Town Housing	Leader / Chief Executive	3	2	6	LOW	New management agreement – TUPE. Housing Services Reform – Growing of stock.			Manage	2	3	6	Risk Reduced
Inability to ensure compliance with the General Data Protection Regulations (GDPR).	Deputy Chief Executive	3	3	9	LOW	Awareness of GDPR raised by briefings to Departmental Management teams.	Governance Structure in place for GDPR project including work stream meetings.		Manage	2	3	6	Risk Reduced
The ICT infrastructure and capacity is fit for purpose.	Deputy Chief Executive	3	3	9	LOW	Capital funding available in 2019/20 budget for replacement /enhancements to core systems.			Manage	2	3	6	Risk Reduced

Risk Scoring Matrix

Likelihood	1 (low) – 4 (high)
Impact	1 (low) – 4 (high)
Maximum Score	4 x 4 = 16

Low Risk	**1 – 3**
Medium Risk	**4 – 6**
High Risk	**8 - 16**

5.0 **CHALLENGES FOR 2019/20**

5.1 The challenge for the coming year will be to ensure risk management form an integral part of the council's response to continued spending reductions, ensuring threats and opportunities to service provision are managed effectively and service resilience is maintained throughout.

5.2 Business Continuity Management takes account of the new structures of the Council and critical services are identified and form part of the Council's Emergency Response Plan.

5.3 Economic conditions continue to have an adverse impact on income levels in Departments, notably Operations (Property and parking fees). The risk is recognised in the assessment of the minimum level of balances and will continue to be closely monitored throughout 2019/20.

5.4 Budgets in respect of Children's Social Care remain under pressure in the light of the increased emphasis on child protection nationally. Likewise, pressures remain in Adult Care Services in respect of an increasing elderly population and Learning Disability care packages. Controls are in place to ensure appropriate care packages are provided, and improved procurement activity ensures these are obtained at competitive rates. This situation will continue to be closely monitored during 2019/20.

5.5 The Council complies fully with the new data protection legislation ensuring all public enquiries are managed to the highest standards, all processing of personal data is carried out lawfully and all performance standards that support the managing of personal data is achieved.

5.3 The following areas will be our main priority for 2019/20:

- Review of the risk management framework to enable a consistent approach in the assessment of risk and risk management as part of integrating and delivering CCG and Bury Council's services by the end of September 2019.
- Ensuring risk and business continuity management forms an integral part of service planning, performance and the delivery of objectives in light of increased agile working and public service reforms.
- Ensuring the Council is fully compliant with all requirements of the new Data Protection Legislation by the end of November 2019.
- Maintaining the Business Continuity Planning Database to ensure it maintains good quality information relating to service priorities and their continuity arrangements by the end of October 2019.
- Continuing to strengthen risk management arrangements in key strategies such as the Medium Term Financial Strategy (Efficiency Plan), the Workforce Development Strategy, and the Asset Management Strategy.
- Strengthening risk management arrangements at operational level and with partnership arrangements.
- Ensure risk management focus is widened to better understand, manage and take advantage of opportunity risk as well as managing potential risk threats
- Strengthen service resilience against disruption through effective risk and business continuity management.

- Aligning the quarterly reporting of risk, performance and the Council's financial position.
- Proactively responding to the risks, challenges and opportunities presented by the GM devolution agenda, and ensuring Bury interests are safeguarded

6.0 **CONCLUSIONS**

Considerable progress continues to be made in the area of risk management and in embedding the approach to risk management into the authority's processes and culture. However there is no room for complacency and this subject will continue to be given significant attention over the coming twelve months.

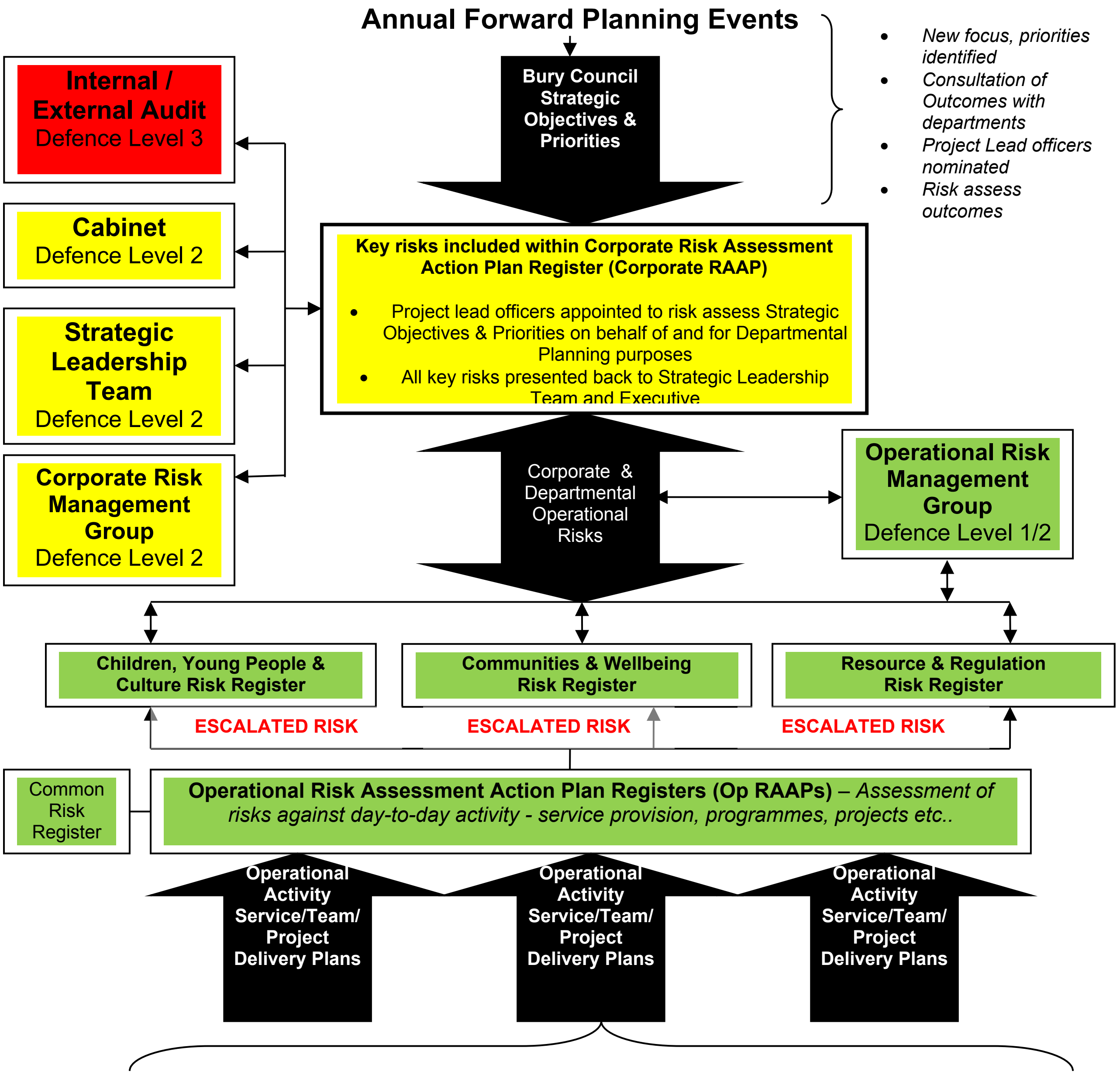
Background documents:

Risk Management Policy, toolkit & risk registers - maintained on Intranet.

For further information on the contents of this report, please contact:

David Hipkiss, Risk and Information Governance Manager
Tel: 0161 253 6677 e-mail: D.Hipkiss@bury.gov.uk

APPENDIX A



Risks Internal & External Environment

External Drivers

Financial	Strategic	Operational	Hazards
Interest Rates	Competition	Regulations	Contractual Events
Credit	Customer Change	Culture	Natural events
	Industry change		Supply Chains
	Customer Demand		Environmental
	Political Change		

Internal Drivers

Liquidity	Research	Accounting	Employees
Cash Flow	Development	Information	Public Access
		Systems	Properties
			Products/Services

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Agenda Item 9

REPORT FOR INFORMATION

COUNCIL

Agenda Item	

MEETING:	**AUDIT COMMITTEE**
DATE:	**17 September, 2019**
SUBJECT:	**FINANCIAL MONITORING REPORT – APRIL 2019 TO JUNE 2019**
REPORT FROM:	**JOINT CHIEF FINANCE OFFICER, BURY COUNCIL AND BURY CCG**
CONTACT OFFICER:	**M Woodhead**

TYPE OF DECISION:	**NON-KEY DECISION**
FREEDOM OF INFORMATION/STATUS:	This paper is within the public domain

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SUMMARY:

To up-date the Committee on the authority's financial position in line with the Committee's Statement of Purpose to '*provide….independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment'.*

The report shows that the authority is projecting an overspending of **£0.996m** for the year based on spending and income information as at 30 June.

OPTIONS & RECOMMENDED OPTION

The Committee is asked to note the contents of the report.

IMPLICATIONS:

Corporate Aims/Policy Framework:

Do the proposals accord with Policy Framework? Yes.

Comments of s151 Officer:

Budget monitoring falls within the appropriate statutory duties and powers and is a requirement of the Council's Financial Regulations to which Financial Regulation B: Financial Planning 4.3. (Budget Monitoring and Control) relates. The report has been

	prepared in accordance with all relevant Codes of Practice. There may be risks arising from any changes to service levels or service patterns that result from any remedial action taken to address the budget position. The successful management of the Council's financial resources is central to the Council's Financial Strategy. Successful budget monitoring provides early warning of potential major overspends or underspendings against budget of which Members need to be aware. This report draws Members attention to the fact that, based on the most prudent of forecasts, several known budget hotspots exist, and remedial action continues to be taken.
Equality/Diversity implications:	No
Considered by Monitoring Officer:	Budget monitoring falls within the appropriate statutory duties and powers and is a requirement of the Council's Financial Regulations to which Financial Regulation B: Financial Planning 4.3. (Budget Monitoring and Control) relates. The report has been prepared in accordance with all relevant Codes of Practice.
Are there any legal implications?	Yes
Staffing/ICT/Property:	There may be staffing implications arising from the need to address budget pressures.
Wards Affected:	All
Scrutiny Interest:	Overview & Scrutiny Committee

TRACKING/PROCESS **DIRECTOR: Mike Woodhead**

Chief Executive/ Senior Leadership Team	Cabinet	Overview & Scrutiny	Council	Ward Members	Partners
	24/7/19	12/09/19			

1.0 INTRODUCTION

1.1 This report is intended to allow the Committee to keep abreast of the authority's financial position and to gauge the effectiveness of corrective action that has been determined by the Cabinet and/or Scrutiny Committee.

1.2 This report summarises the forecast financial position as at the end of June 2019.

2.0 MONITORING PROCESSES

2.1 Reports are presented quarterly to facilitate close monitoring of spend and implementation of action plans during the year.

2.2 Reports are also presented to the Joint Executive Team (JET) on a monthly basis and detailed monitoring information and forecasts are discussed with Cabinet Members on budgets within their portfolios.

Four themed Budget Recovery Boards have also been established to oversee the implementation of savings plans, to develop further pipeline schemes, to monitor additional pressures arising in year, and to identify mitigations. A Council-CCG wide system of tracking progress has been implemented and a savings tracker is updated and shared with senior managers and JET on a fortnightly basis. The four boards are:

- Health and Care
- Corporate Core
- Business Growth and Investment
- Operations and Other Council Services

2.3 Other measures include a £1,000 per transaction procurement limit, a Budget Control Group that considers requests for filling vacant posts, a review of external staff resources such as contractors and consultants.

2.4 It is intended that improvements will continue to be made to the budget monitoring process, building on the significant developments implemented over the past year.

3.0 FINANCIAL POSITION

3.1 The authority's overall financial position based on forecasts made using income and expenditure information as at 30 June 2019 is summarised in the table in paragraph 3.3. As Members will be aware, financial reporting involves an element of judgement, and this particularly applies to the treatment of budget pressures.

3.2 It is appropriate to alert Members to potential pressures so that they can monitor the situation and take ownership of the necessary remedial action and this is the basis on which the report is written.

3.3 In summary the outturn forecast based on the position at 30 June 2019:

Department	Budget £000	Forecast £000	Variance £000
Communities & Wellbeing	70,842	71,402	**+560**
Resources & Regulation	6,957	7,086	**+129**
Children, Young People & Culture	41,433	42,533	**+1,100**
Business, Growth & Infrastructure	(935)	(500)	**+435**
Operations	12,869	12,869	**0**
Art Gallery & Museum	565	653	**+88**
Non Service Specific	7,131	5,815	**(1,316)**
TOTAL	**138,862**	**139,858**	**+996**

3.4 The projected overspend of £0.996m represents approximately 0.7% of the total net budget of £138.862m and compares to the previous year's outturn as follows;

2018/19 Outturn	2019/20 Quarter 1
+£2.657m	+0.996m

3.5 An overview of the reasons for this variance is outlined in the table below;

Month 3 Variance Reason	Children, Young People £'000	Communities & Wellbeing £'000	Resources & Regulation £'000	Business, Growth & Infrastructure £'000	Art Gallery & Museum £'000	Operations	Non Service Specific £'000	TOTAL £'000
Demand Pressures	933	2,517	0	0	0	105	0	**3,555**
Delayed Achievement of Cuts Options	1,173	1,915	400	228	0	0	0	**3,716**
Non-Achievement of Cuts Options	0	0	0	0	0	0	0	**0**
Income Shortfall	0	(4)	8	133	88	0	0	**225**
Planned use of one-off funding	0	(1,920)	0	0	0	0	0	**(1,920)**
Use of Other Funding or Earmarked or Other Reserves	(884)	0	0	(495)	0	0	0	**(1,379)**
Other	(122)	(1,948)	(279)	569	0	(105)	(1,316)	**(3,201)**
TOTAL	**1,100**	**560**	**129**	**435**	**88**	**0**	**(1,316)**	**996**

Commitment Accounting

3.6 Further analysis of the month 3 figures highlights;

Status	£'000	%
Spent @ 30/6/19	39,260	28.1
Committed @ 30/6/19	47,843	34.2
Forecast (1/7/19 – 31/3/20)	52,755	37.7
Total	**139,858**	**100.0**

3.7 Spend and Commitment are clearly factual, however "forecast" is based upon an assessment of a wide range of factors and risks.

Balance Sheet Monitoring

3.8 The following key indicators have been extracted as at Month 3;

Indicator	Position at 31/03/19	Position at 30/06/19
Treasury Performance		
Total Sums Invested	£14.76m	£10.80m
% Return on Investments*	0.66%	0.66%
Total Sums Borrowed	£202.5m	£192.58m
% Cost of Borrowing	3.95%	3.95%
Assets		
Stocks & Work in Progress	£1.401m	£1.235m
Long Term Debtors	£30.947m	£30.955m
Sundry Debtors	£45.861m	£26.789m
Cash	£6.827m	£9.070m
Liabilities		
Sundry Creditors	£38.118m	£9.184m
Short Term Provisions	£7.959m	£7.959m

Note - compares to sector benchmark of 0.57%*

3.9 It should be noted that these figures represent a "snapshot" of the Council's Balance Sheet at a given point in time, and are by no means indicative of the Council's overall financial position.

3.10 From a monitoring perspective however they provide useful information, and trends can be plotted as the exercise is repeated in future quarters.

Procurement Activity

3.11 The table below summarises key performance indicators maintained by the Procurement Section;

Indicator	Performance To Date	*2018/19*
%age of orders placed via automated purchasing system	*94.58%*	*96.20%*
%age of invoices received in electronic format	*45.50%*	*36.58%*
Cashable Procurement savings (Procurement Team)	*£2.274m*	*£0.509m*
%age spend in Bury Area	*N/A*	*30.33%*
Number of Bury **suppliers** invited to bid via the "Chest"	*52*	*145*
Number of **contracts** Bury Suppliers invited to bid for via the "Chest"	*35*	*130*

Minimum Level of Balances

3.12 The actual position on the General Fund balance is shown below:

	£m
General Fund Balance 31 March 2019 per Accounts	**7.703**
Less : Minimum balances to be retained in 2019/20 Less : Forecast overspend at Month 3	-4.250 -0.996
Forecast Available Balances at 31 March 2020	**2.457**

3.13 Based on the information contained in this report, on the risk assessments that have been made, on the forecast outturn position for 2019/20 and using the latest available information on the likely achievement of savings options it is clear that there is no reason to take the minimum balances above the existing level of £4.250m.

M Woodhead
Joint Chief Finance Officer, Bury Council and Bury CCG

Background documents:

Further information available from;

Mr M Woodhead, Joint Chief Finance Officer, Bury Council and Bury CCG, Tel. 0161 253 7659, Email: mike.woodhead@nhs.net

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