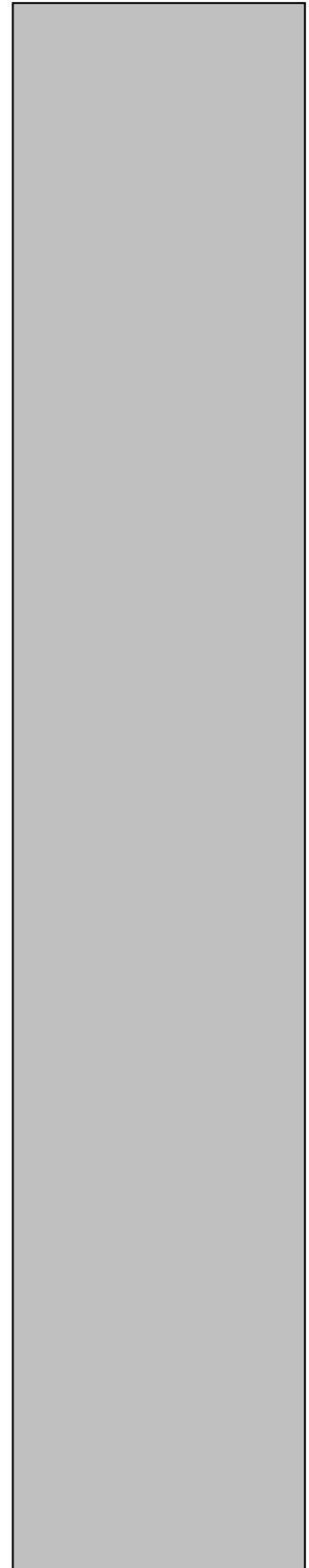


**Statement
of
Accounts
2018/2019**



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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.



A handwritten signature in black ink, which appears to read "E O'Brien". The signature is fluid and cursive.

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 out 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.

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



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.


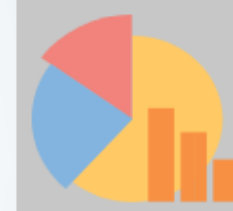
145
affordable housing
units proposed to be
built on sites that
have detailed
planning
permissions in the
year



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



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 | FEEL
Better | Better**

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

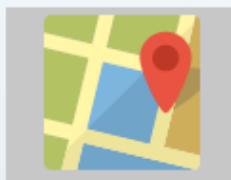
Neighbourhood
Working and the new
Neighbourhood
Engagement
Framework - public,
voluntary and private
sector working
together different



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 Congregancies



Improved
communications
through the Chief
Executive
engagement
sessions



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**.

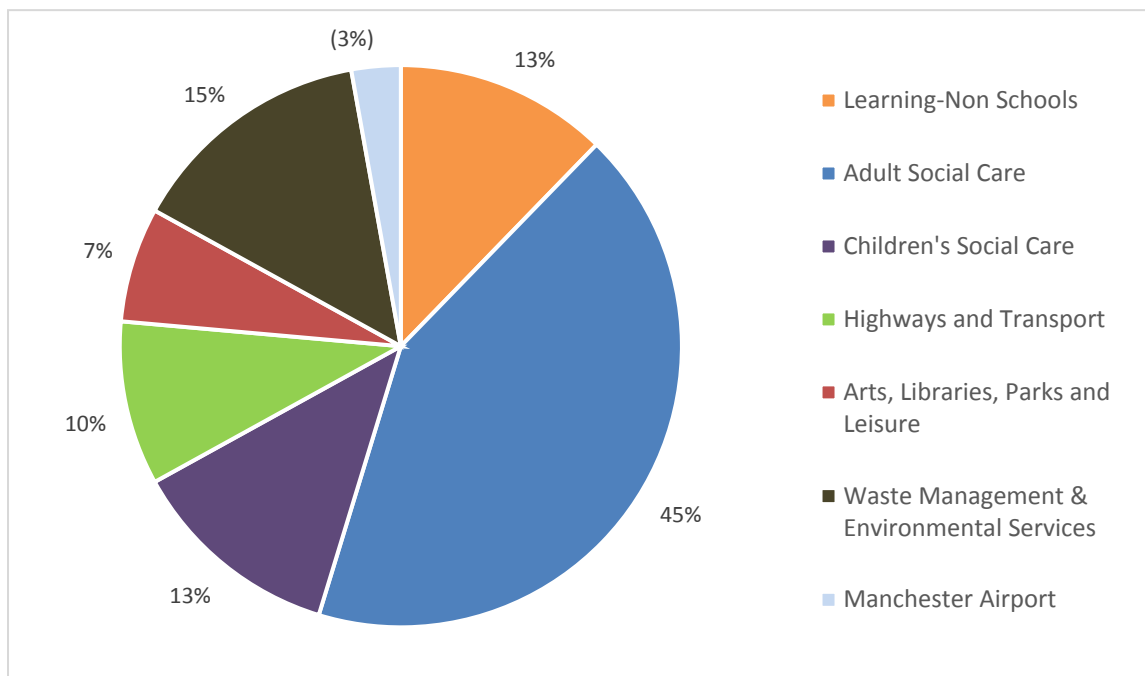
At 31st March 2019 the borough's schools had accumulated a total overspending against their budget of **£9.677m**. Under the terms of the Local Management of Schools scheme of delegation operated by the Authority, this overall overspending will be carried forward, in total, into the 2019/20 financial 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:

<u>Service Area</u>	<u>£000's</u>
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:-

<u>SERVICE</u>	<u>PROJECT</u>	<u>£000's</u>	<u>£000's</u>
<u>COMMUNITIES & WELLBEING</u>			
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	5,654
	Empty Properties	29	
	Housing development - Urban Renewal	4,802	
Economic Development	Neighbourhood Working	130	130
<u>CHILDREN, YOUNG PEOPLE & CULTURE</u>			
Children's Services	Support Services	24	7,853
	Children Centre	1	
	All Schools	158	
	Nursery	54	
	Primary	2,942	
	Secondary	2,887	
	Special	1,787	
<u>RESOURCES & REGULATION</u>			
Highways and Transportation	Street Lighting LED Invest to Save	373	7,165
	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	
Planning Services	Environmental Projects	261	283
	Regeneration	22	
Corporate Services	Corporate IT Developments	1,467	1,467

<u>SERVICE</u>	<u>PROJECT</u>	<u>£000's</u>	<u>£000's</u>
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:

<u>Expenditure:</u>	<u>£000's</u>	<u>£000's</u>
Property, Plant & Equipment	34,042	
Intangible assets	1,075	
Vehicle, Plant and Equipment	231	
Total		35,348
<u>Financed by:</u>	<u>£000's</u>	<u>£000's</u>
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

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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 *			2018/2019			
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						
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

<u>01/04/2017</u>	<u>31/3/2018</u>		<u>31/3/2019</u>		
<u>£'000</u>			<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<u>RESTATED</u>					<u>Note</u>
		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	
		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

<u>01/04/2017</u>	<u>31/3/2018</u>	<u>31/3/2019</u>		
<u>£'000</u>				
<u>RESTATED</u>				
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
				<u>Not e</u>
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	Housing Revenue Account	Capital Receipts Unapplied	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£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	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	Housing Revenue Account	Capital Receipts Unapplied	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£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	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
<u>OPERATING ACTIVITIES</u>				
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)
<u>INVESTING ACTIVITIES</u>				
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
<u>FINANCING ACTIVITIES</u>				
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

M Woodhead, Chief Finance Officer, 17 September, 2019

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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 uncertainty 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.

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 accumulated 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:

	<u>Bases</u>	<u>Estimated Life</u>
Schools and Education Properties	Straight line	8 – 68 Years
Other Operational Properties	Straight line	10 – 99 Years
Infrastructure Assets	Straight line	25 Years
Plant & Equipment	Straight line	5 – 10 Years
Council Dwellings	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

Net Expenditure Chargeable to the General Fund & HRA balances	2017/2018	Net Expenditure In the Comprehensiv e Income & Expenditure Statement		2018/2019	Adjustmen ts between the Funding & Accounting Basis	Net Expenditure In the Comprehensive Income & Expenditure Statement
	Adjustmen ts between the Funding & Accounting Basis			Net Expenditure Chargeable to the General Fund & HRA balances		
£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 Between Funding & Accounting Basis 2017/2018
Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure amounts	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 Between Funding & Accounting Basis 2018/2019
Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure amounts	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	2018/19		
Deficit/ (Surplus)	Gross	Income	Deficit/ (Surplus)
£000's	Expenditure	£000's	£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
	31 March 2018	31 March 2019
Cost of Services:	Restated	
	£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:	<u>31 March 2018</u> <u>Restated</u>	<u>31 March 2019</u>
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

	<u>31 March 2018</u>	<u>31 March 2019</u>
	<u>£000's</u>	<u>£000's</u>
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

	<u>31 March 2018</u>	<u>31 March 2019</u>
	£000's	£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)

	<u>Year to</u>	<u>Year to</u>
	<u>31 March 2018</u>	<u>31 March 2019</u>
	£000's	£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:

	<u>Fair value of scheme assets</u>	<u>Fair value of scheme assets</u>
	<u>Year to</u>	<u>Year to</u>
	<u>31 March 2018</u>	<u>31 March 2019</u>
	£000's	£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:	<u>31 March 2018</u>	<u>31 March 2019</u>
Actual returns 1 st April to 31 st December	4.30%	-0.01%
Total returns from 1 st April to 31 st 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.

	<u>Year to</u> <u>31 March 2018</u>	<u>Year to</u> <u>31 March 2019</u>
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:

<u>2017/18</u>		<u>2018/19</u>	
<u>Total Cost</u>		<u>Total Cost</u>	<u>Proportion of</u>
<u>£000's</u>		<u>£000's</u>	<u>Pensionable pay</u>
	<u>Teachers</u>		<u>%</u>
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	
	<u>NHS employees</u>		
59	Contribution to Superannuation Fund	49	0.06

	<u>NHS employees ctd.</u>		
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:-

<u>Salary Range (£)</u>	<u>2018/2019</u> Teaching Staff	<u>2017/2018</u> Teaching Staff	<u>2018/2019</u> Non-Teaching Staff	<u>2017/2018</u> 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.

<u>Salary Range (£)</u>	<u>2018/2019</u> Voluntary Aided	<u>2018/2019</u> Voluntary Controlled	<u>2018/2019</u> Community (Bury Council)	<u>2018/2019</u> 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
			14,631
Carry forward to 2019/20	3,528 (ii)	0	(=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:

	<u>2018/2019</u>	<u>2017/2018</u>
	(£000)	(£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
	<u>£000's</u>
(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	0	14,213	14,213
Precepts & Levies	26,497	0	0	0	26,497	0	26,497
Payments to Housing Capital Receipts	0	0	0	0	0	1,305	1,305
Poll	0	0	0	0	0		
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
	<u>£000's</u>
(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.

	<u>2018/2019</u> <u>£000's</u>	<u>2017/2018</u> <u>£000's</u>
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:-	<u>2017/18</u> <u>£000's</u>	<u>2018/19</u> <u>£000's</u>
GM Waste Disposal Authority	19,712	7,379
GM Passenger Transport Authority	7,081	19,019
Environment Agency	97	99
TOTAL	<u>26,890</u>	<u>26,497</u>

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.

	<u>Council Housing Assets</u>	<u>Other Land & Bldgs</u>	<u>Vehicle Plant & Eqpt</u>	<u>Infrastr- ucture Assets</u>	<u>Commu- nity Assets</u>	<u>Invest ment Props</u>	<u>Assets under constru- ction</u>	<u>Surplus Assets</u>	<u>Heritage Assets</u>	<u>Assets held for Sale</u>	<u>Total</u>
	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
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	Art Gallery and Museum	Civic Regalia	Total
	Artefacts and Gifts £'000	Pictures £'000	£'000	£'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	2018/2019
	£'000	£'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	2018/19
	£000's	£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	2018/19
	£000's	£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

	<u>2017/2018</u>	<u>2018/2019</u>
	<u>£000's</u>	<u>£000's</u>
Opening Capital Financing Requirement	245,721	247,078
<u>Capital Investment</u>		
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
<u>Sources of Finance</u>		
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
<u>Explanation of movements in year</u>		
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	31 March 2019
	£000	£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:-	<u>2017/18</u> <u>£000's</u>	<u>2018/19</u> <u>£000's</u>
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

	<u>2017/18</u>	<u>2018/19</u>
	<u>£000's</u>	<u>£000's</u>
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

	<u>2017/18</u>	<u>2018/19</u>
	<u>£000's</u>	<u>£000's</u>
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:-	<u>2017/18</u>	<u>2018/19</u>
	<u>£000's</u>	<u>£000's</u>
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

	<u>2017/2018</u>		<u>2018/2019</u>	
	<u>£000's</u>		<u>£000's</u>	
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	<u>196,193</u>		<u>204,209</u>	
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	<u>196,193</u>		<u>204,209</u>	

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

	<u>2017/18</u>	<u>2018/19</u>
	<u>£000's</u>	<u>£000's</u>
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	<u>3,533</u>	<u>2,719</u>

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		
	31 st March 2018 £000s	31 st March 2019 £000s	31 st March 2018 £000s	31 st March 2019 £000s	31 st March 2018 £000s	31 st March 2019 £000s	31 st March 2018 £000s	31 st March 2019 £000s	31 st 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 that exactly discounts estimated cash payments over the life of the instrument to the amount at which it was 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		
	31 st March 2018 £000s	31 st March 2019 £000s	31 st March 2018 £000s	31 st March 2019 £000s	31 st March 2018 £000s	31 st March 2019 £000s	31 st 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 2018/19.

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	140,900
Non- PWLB	44,275
Short term debt	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	132,003
Non- PWLB	44,277
Short term debt	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 assessed in 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	Transfers out 2018/19	Transfers in 2018/19	Balance at 31st March 2019
	£000's	£000's	£000's	£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
	11,651	0	0	11,651
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.

<u>2017/2018</u> <u>£000's</u>		<u>2018/2019</u> <u>£000's</u>
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.

<u>2017/18</u> <u>£000s</u>	<u>2018/19</u> <u>£000s</u>
-	-
-	-
-	41,686
-	800
-	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.

<u>2017/18</u>		<u>2018/19</u>
£000's		£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.

<u>2017/18</u>		<u>2018/19</u>
£000's		£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					
<ul style="list-style-type: none"> Pension costs (transferred to (or from) the Pensions Reserve) 	(19,036)				
<ul style="list-style-type: none"> Financial Instruments (transferred to the Financial Instruments Adjustment Account) 	1	(7)			
<ul style="list-style-type: none"> Council Tax and NDR (transfers to or from Collection Fund Adjustment Account) 	8,341				
<ul style="list-style-type: none"> Holiday pay (transferred to the Accumulated Absences Reserve) 	(531)				
<ul style="list-style-type: none"> Equal pay settlements (transferred to the Unequal Pay / Back Pay Account) 	1,971				
<ul style="list-style-type: none"> 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 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) Posting of HRA resources from revenue to the Major Repairs Reserve Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account) Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)					
	627		(3,551)		
	(1,305)		1,305		
		7,933		(7,933)	
	3,566				
	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
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.

	<u>31st March</u>	<u>Receipts</u>	<u>Payments</u>	<u>Other</u>	<u>31st March</u>
	<u>2018</u>			<u>Movements</u>	<u>2019</u>
	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
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.

<u>2017/2018</u>		<u>2018/2019</u>
<u>£000's</u>		<u>£000's</u>
(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 1 st April	(157,461)
(164,718)	Net Debt at 31 st 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.

<u>2017/2018</u>		<u>2018/2019</u>
<u>£000's</u>		<u>£000's</u>
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.

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

43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	<u>31st March</u> <u>2018</u> <u>£000's</u>	<u>Financing</u> <u>Cash</u> <u>Flows</u> <u>£000's</u>	<u>Non Cash Changes</u>		<u>31st March</u> <u>2019</u> <u>£000's</u>
			<u>Acquisition</u> <u>£000's</u>	<u>Other</u> <u>£000's</u>	
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)

	<u>31st March</u> <u>2017</u> <u>£000's</u>	<u>Financing</u> <u>Cash</u> <u>Flows</u> <u>£000's</u>	<u>Non Cash Changes</u>		<u>31st March</u> <u>2018</u> <u>£000's</u>
			<u>Acquisition</u> <u>£000's</u>	<u>Other</u> <u>£000's</u>	
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.

<u>2017/2018</u> <u>£000's</u>		<u>2018/2019</u> <u>£000's</u>	Note
	<u>Income</u>		
(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)	
<u>(30,726)</u>	Total Income	<u>(30,396)</u>	
	<u>Expenditure</u>		
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
<u>12,619</u>	Total Expenditure	<u>31,370</u>	
<u>(18,107)</u>	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	<u>974</u>	
0	HRA services share of Corporate and Democratic Core	400	
<u>(18,107)</u>	Net Cost of HRA Services	<u>1,374</u>	
	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)	
<u>(14,325)</u>	(Surplus) or Deficit for the year on HRA Services	<u>5,792</u>	

Movement on the HRA Statement

<u>2017/2018</u> <u>£000's</u>		<u>2018/2019</u> <u>£000's</u>
(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

<u>2017/2018</u> <u>£000's</u>		<u>2018/2019</u> <u>£000's</u>	Note
	Adjustments between accounting basis and funding basis under regulations		
	<i>Items Included in the HRA I&E Account but Excluded from the Movement on the HRA Balance</i>		
(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)	
	<i>Items Not Included in the HRS I&E Account but Included in the Movement on the HRA Balance</i>		
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: -

<u>2017/2018</u>		<u>2018/2019</u>
	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:-

<u>2017/2018</u>		<u>2018/2019</u>
<u>£000's</u>		<u>£000's</u>
224,480	Total Balance Sheet value as at 1 st April	231,704
1,513	Dwellings	
	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

<u>£000's</u>		<u>£000's</u>	<u>£000's</u>
<u>2017/2018</u>		<u>2018/2019</u>	<u>2018/2019</u>
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

<u>2017/18</u>	<u>2017/18</u>	<u>2017/18</u>	<u>Income & Expenditure</u> <u>Account</u>	<u>2018/19</u>	<u>2018/19</u>	<u>2018/19</u>	<u>Note</u>
<u>Council</u> <u>Tax</u> <u>£000's</u>	<u>NNDR</u> <u>£000's</u>	<u>TOTAL</u> <u>£000's</u>	<u>INCOME</u>	<u>Council Tax</u> <u>£000's</u>	<u>NNDR</u> <u>£000's</u>	<u>TOTAL</u> <u>£000's</u>	
(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	
0	(1,882)	(1,882)	Contributions towards previous year's deficit	0	(2,386)	(2,386)	
0	(1,920)	(1,920)	Bury MBC	0	426	426	
0	(38)	(38)	Central Government 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	(1,876)	(7,345)	(9,221)	
(5,731)	3,692	(2,039)	Balance during year 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

<u>Band</u>	<u>Valuation</u>	<u>Total Number of Dwellings</u>	<u>Specified Ratio</u>	<u>Band D Equivalent</u>
A	Less than £40,000	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):

	<u>2017/2018</u>	<u>2018/2019</u>
	<u>£000's</u>	<u>£000's</u>
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

<u>2017/2018 (restated)*</u>				<u>2018/19</u>		
<u>Gross Expenditure</u>	<u>Gross Income</u>	<u>Net Expenditure</u>		<u>Gross Expenditure</u>	<u>Gross Income</u>	<u>Net Expenditure</u>
<u>£000's</u>	<u>£000's</u>	<u>£000's</u>		<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
			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	1,305	0	1,305
26,890	0	26,890	Receipts to Government Pool			
60,917	(37,492)	23,425	Levies	26,497	0	26,497
				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

<u>2017/18</u> <u>£000's</u>		<u>2018/19</u> <u>£000's</u>
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

<u>01/04/2017</u>	<u>31/03/2018</u>		<u>31/03/2019</u>	
<u>£'000</u>	<u>£'000</u>		<u>£'000</u>	<u>£'000</u>
<u>RESTATED</u>				
		PROPERTY, PLANT & EQUIPMENT		
		<i>Tangible Property, Plant & Equipment</i>		
		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

<u>01/04/2017</u>	<u>31/03/2018</u>	<u>31/03/2019</u>	
		<u>£'000</u>	<u>£'000</u>
	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

<u>2017/18</u>		<u>2018/19</u>	
<u>£000's</u>		<u>£000's</u>	<u>£000's</u>
<u>OPERATING ACTIVITIES</u>			
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)
<u>INVESTING ACTIVITIES</u>			
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
<u>FINANCING ACTIVITIES</u>			
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

**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	GROUP RECONCILIATION OF REVENUE CASH FLOW	2018/19
£000's		£000's £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 CO₂ 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.