Bolton Council

Statement of Accounts

2017/18

Contents

Foreword by Cllr Linda Thomas, Leader of Bolton Council

Last year we launched our long-term vision for the borough – Bolton2030. At its heart is a simple ambition: we want the Bolton which our children will grow up in to be a vibrant place, built on strong cohesive communities, successful businesses and healthy residents. Our desire is for it to be a welcoming place where people choose to study, work and put down roots.

We recognise the challenges which Bolton, and many places like it face – building skills and ambition amongst our residents so that businesses can grow and thrive; ensuring that our people are connected to economic opportunity; regenerating our town centres and strengthening our communities; the hurdles are many and varied, but we and our partners are up for the task ahead. We don’t underestimate these challenges but we are not daunted because it allows us to be innovative in order to build the Bolton depicted in our Vision. We have an opportunity to build the legacy which today’s children and young people will inherit in 2030, and we want to make the most of it.

Of course, this strategy has been developed in the context of the £155m of funding cuts and demand pressures that the Council has had to deal with since 2011, but we have risen to this challenge and always kept in the forefront of our minds our priorities of protecting the most vulnerable and supporting economic development across the Borough. We give careful consideration to increasing council tax, and have taken the opportunity to direct some of these increases to fund adult social care services and in February 2018 to provide additional resources for our work in protecting the children of the borough.

We have consistently taken a planned approach to the use of our reserves, which are held for many reasons including the funding of our capital schemes and to protect us from key areas of risk. Through the strong financial management of the Council’s finances, we have been able to re-allocate reserves as part of our financial strategy to both support the achievement of savings and to mitigate the impact of changes on our residents. We will continue to take this approach as we start to develop our financial strategy for the forthcoming years over the coming months.

This financial challenge is not yet over, and we know that we face at least £30m of cuts in the forthcoming financial years, but our efforts are focused on mitigating this through our economic strategies generating more income and in developing a strategy that will enable us to achieve our ambition of Bolton2030.

Narrative Report by the Borough Treasurer

Introduction

The Council seeks to make best possible use of resources available with regard to economy, efficiency and effectiveness. This responsibility is shared by Members and officers of the Council, along with the Treasurer's specific role in ensuring the adequacy of resources and proper financial administration.

Since 2011 the Council has had to make cuts of around £155m, due to a combination of increased demands upon its services, cost pressures and funding cuts. Whilst the 100% business rates pilot has given us the opportunity to maximise the benefits of growth in our business rates within the borough, we still suffer from the impact of the already announced cuts in central government funding. In 2011/12 we received £147m of general government funding. In 2017/18 this was £43m and we know that we will have to find at least £30m of cuts in forthcoming financial years.

Clearly this has impacted on the way the Council delivers its services, and on the number of staff that we employ. Since 2011 we have seen a reduction in staffing numbers of around 1,600 posts. Each February the Council votes on the budget and sets council tax for the forthcoming year. For 2017/18 the government permitted councils to raise it's council tax by 3% solely for adult social care which went some way towards alleviating the pressures in that service. An additional 1.8% was levied for other council services.

During 2017/18 the Council's actual spend was £223.7m. A balanced budget is achieved by ensuring any pressures in year are met from reserves. Our capital spend was £42m, and later in this narrative examples of some of our major schemes are given. Our reserves have increased slightly to an overall figure of £177m, predominantly due to our success in securing new funding for school places within the Borough at the end of the financial year. Within this figure are reserves that we hold for capital schemes, to protect against key areas of risk and to fund existing commitments. We also hold £10m of general balances as our overall contingency. Ultimately we have around £40m which is available to be re-allocated during future financial years to support our priorities and financial strategy.

It is the purpose of this Narrative Report to provide information on the authority, its main objectives and strategies and the principal risks that it faces, as well as giving a commentary on how the authority has used its resources to achieve its desired outcomes in 2017/18.
The report is split into the following sections;

- Section One – Leadership and Governance
- Section Two – A summary of the Council's financial performance in 2017/18 including how money is spent and where it comes from
- Section Three - The key developments during the 2017/18 financial year
- Section Four – Future plans

This is all set against a background of continuing savings requirements, in order to produce a balanced budget each year.

Section One – Leadership and Governance

Political Leadership

Councillor Morris stepped down as Leader of the Council in December 2017. Councillor Linda Thomas was elected as Leader in January 2018 with Councillor Ebrahim Adia elected as Deputy Leader.

The Borough is divided into 20 wards each of which elects three Councillors. Each Councillor is elected for up to four years. The makeup of the Council as at 31st March 2018 was;

Labour	35
Conservative	16
Liberal Democrats	1
UK Independence Party (UKIP)	4
Farnworth and Kearsley First	1
Other	1
Vacancy	1

The work of the Council is carried out through 4 directorates which are overseen by the Cabinet and Executive Cabinet Members. The Cabinet is made up of elected members with different areas of responsibility. The Council also works in partnership with a variety of private, public and voluntary sector organisations through the Bolton Strategic Partnership.

Other Councillor responsibilities include the following;

- Political leadership is derived from a Cabinet of 4 Councillors. – The Leader, Deputy Leader, Executive Cabinet Member Environment Services, and Executive Cabinet Member for Regeneration and Resources
- Non-executive Councillors
- 18 Area forums
- 4 Scrutiny Committees
- Planning Committee
- Licensing and Environmental Regulations Committee and its Sub-Committees
- Standards Committee
- Health and Wellbeing Board

See http://www.bolton.gov.uk/website/pages/Cabinetandcommitteemeetings.aspx

Changes to the Constitution were approved at full Council on17th May 2017. The Scheme of Delegation has been amended so that the emergency powers process may now only be used following the Chief Executive having agreed to it and in their absence with the agreement of the Borough Solicitor or Borough Treasurer.

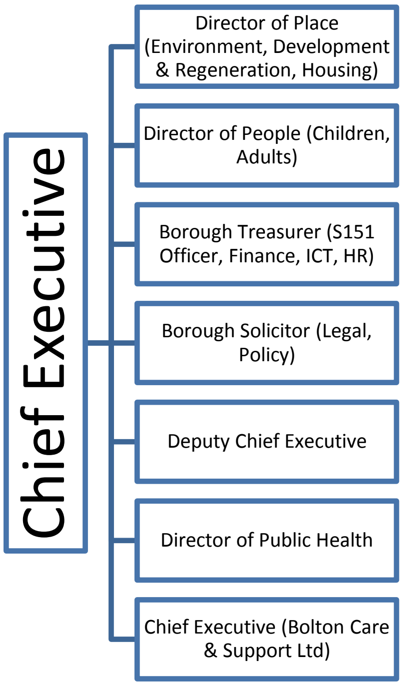
On 10th July 2017 Cabinet approved an updated Financial Strategy process resulting from concerns around the process in 2016/17. See;

http://www.democracy.bolton.gov.uk/cmis5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/13396/Committee/3216/Default.aspx

See also the Annual Governance Statement at the end of the Statement of Accounts

Management Leadership

The last few years has seen significant reductions in the number of senior officer posts. During the year Tony Oakman was appointed as Chief Executive effective from 8th January 2018. John Daly, Director of People, retired in February 2018. Ged Rowney is now the interim Director of People. Stephen Young accepted a position at Lancashire County Council and left in May 2018, with Gerry Brough covering this position on an interim basis. The top level management structure as at March 2018 is shown below;



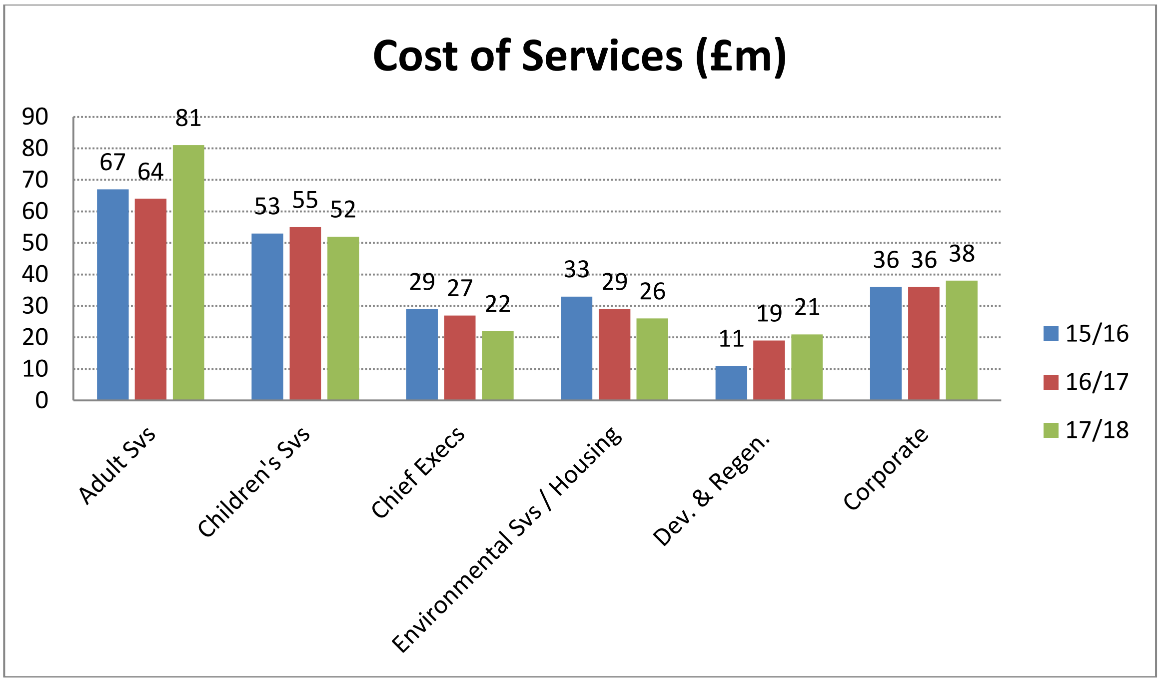
Section Two - Overall Financial Summary

The Council seeks to make best possible use of resources available with regard to economy, efficiency and effectiveness. This responsibility is shared by Members and officers of the Council along with a specific role in ensuring the adequacy of resources and proper financial administration.

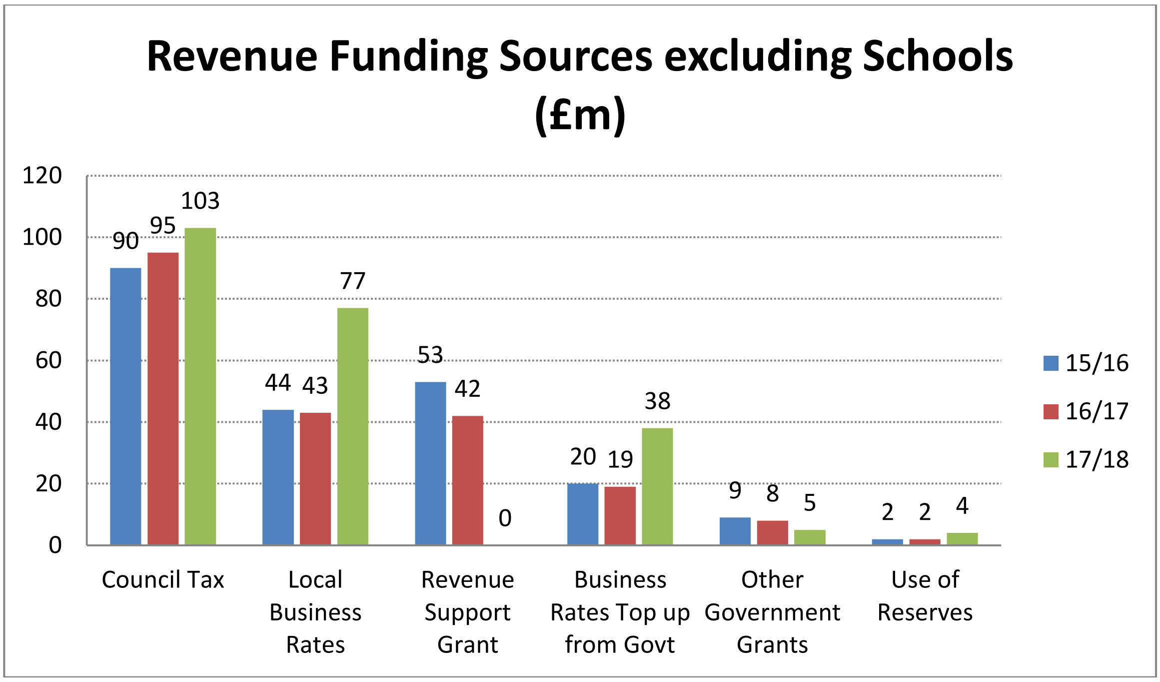
Since 2011 the Council has faced significant reductions in the grants it has received from Central Government, particularly in 2011 when a number of specific grants were lost but the equivalent amount was not transferred into Revenue Support Grant.

- This has resulted in savings having to be made in excess of £150m to the end of 2017/18 (of which £12.5m were required in 2017/18).

With regard to revenue budgets, the Council's directorates balance their budgets by making contributions to or from reserves as appropriate. Since 2016/17 a new analysis identifies what the cost of each service is before reserve transfers and how this balances to the overall funds available. This Expenditure Funding analysis is summarised below;



The money to fund the budget above comes from either local tax payers in the form of Council tax or business rates or from various government grants.



As the Revenue Support Grant has reduced increasingly the council is required to ensure Business rates and Council tax growth.

Capital

The Council spent £42m on capital activities in 2017-18. Major capital schemes included the following;

Scheme	£m	Description
Disabled Facilities Grants	2.5	Helping people stay independent longer through adaptations and modifications to

Scheme	£m	Description
		their homes by reducing care and support needs.
Private Sector Renewal	1.1	Regeneration programme for home repairs helping people stay independent longer, linking decency, vulnerability and the economy.
Egyptology	3.0	Creation of a bespoke gallery space to showcase and interpret the Ancient Egyptian collections including the installation of a facsimile of the tomb of Thutmose III
Central Library	1.0	Refurbishment and extend the life of the roof to the Central Library and Museum building in Le Mans Crescent to be carried out in conjunction with the new Egyptology gallery and associated internal works
Public Realm Schemes & Gateways	1.3	Investment in Newport Street pedestrian area and shop fronts.
Town Centre Strategy	2.9	Largely acquisition and demolition costs
Asset Management Plan - urgent works	1.0	Improvement works to sustain fabric to Council Buildings.
Primary Expansion Programme	3.5	Expansion of primary schools to meet addition pupil places needed.
Special Schools Expansion Programme	3.9	Expansion of special schools to meet addition pupil places needed.
DfT Highways LTP	3.0	Funding for essential maintenance to renew, repair and extend the life of roads
Street Lighting LED Programme	1.7	The replacement of existing street lighting using LED lighting to provide benefits including reduction in energy and maintenance costs, increased life expectancy of the product and a cleaner white light. Contributing to the reduction of carbon emissions as set out in the Council's Carbon Management Plan.
A666 Challenge Fund St Peters Way Improvement	1.4	Major structural maintenance of the highway and parapet strengthening and replacement.
Bolton Salford Quality Bus Network	1.3	Funding for major junction/signal improvements to ease congestion.
Replacement of Fleet Vehicles	2.6	Renewal of Waste Vehicles.

Reserves & Balances

Our reserves have increased slightly to an overall figure of £177m, predominantly due to our success in securing new funding for school places within the Borough at the end of the financial year. Within this figure are reserves that we hold for capital schemes, to protect against key areas of risk and to fund existing commitments. We also hold £10m of general balances as our overall contingency. Ultimately we have around £37m which is available to be re-allocated during future financial years to support our priorities and financial strategy. If this was used to support Adult's and Children's services, it would only cover around 4 months' worth of their annual budget. Reserves are split into 3 types:

- Capital Reserves – Can only be used for capital projects. The Council had £51m (£34m in 16/17) of capital reserves at the end of 2016/17.
- General Fund Balances and Revenue Reserves
    - General Fund Balances - The Council is required to keep a level of general reserves to fund unexpected demands and exceptional cost increases. Council approved that as a minimum Balances should be maintained at £10m, but if possible should be at a higher level. During 2017/18 General Fund balances remained static at £10.66m.
    - Revenue Reserves – Unlike capital reserves, revenue reserves can be used for either capital or revenue projects. Of the total amount held at the end of the financial year, £65m (£72m in 2016/17) related to reserves held by departments and corporately for the following reasons:
        - Legal/statutory requirements
        - To fund existing commitments
        - To cover key areas of future spend
        - To cover key areas of risk
        - Service contingencies
    - All other revenue reserves are held on behalf of clients, schools and to provide insurance cover.

Balance sheet

The Council has £372m of net assets represented by £177m of usable reserves and £195m of unusable reserves (the increase in unusable reserves is a result of changes in valuations for council properties).

The table below summarises the Council's balance sheet as at the end of 2017/18, with 2016/17 equivalents.

	31/3/18 £m	**31/3/17 £m**
Property Plant & Equipment	581	474
Other Long Term Assets	179	174
Current Assets	225	131
Current Liabilities	(54)	(63)
Long Term Liabilities	(560)	(478)
Net Assets	**372**	**238**
Represented by;		
Usable Reserves	177	174
Unusable Reserves	195	64
Total Reserves	**372**	**238**

Section Three – Key developments of 2017/18

Directorate of People

Adult Services

Adult Services continues to experience cost and demand pressures. The demand for services for older adults continues to increase in line with the growing population of over 65 year olds at a rate of 3% per year. Adult Social Care packages vary significantly with relatively small Home Care packages costing £6,865.04 on average to the increasingly more complex placements for Learning Disabilities / Mental Health being £125,843.64 on average.

Wage inflation created by national policy changes including; the National Living Wage increases, increases in stakeholder pension contributions and changes to sleep in rates has seen the costs of services rise overall by 9.6%.

Pressure is also being experienced in younger adult's services as the complexity of need and life expectancy in this group of residents increase. Many adults with learning disabilities are living longer than ever before and younger adults are now transitioning from Children's Services into adulthood with more complex needs requiring higher levels of support.

The Local Authority Trading Company (Bolton Cares Ltd) was established in 2015 to deliver a large range of our Adult Social Care Services and has progressed well in 2017/18 with the transfer of additional Extra Care housing services into the company in April 2017. All services have now been inspected by the Care Quality Commission and received ratings of 'Good'.

The Better Care Fund (BCF) and Health and Social Care Devolution programmes continue at pace and span both the NHS and Local Government. We continue to embed 'wraparound', fully integrated, health and social care resulting in an improved experience and better quality of life.

Over the last year Bolton has continued to make progress with the schemes funded by the BCF and Greater Manchester Transformation Fund. Bolton's priorities have focussed on improving the health and wellbeing of the population. This includes schemes that support hospital admission avoidance, timely discharge and improved support in the community through integrated care, as well as enhanced support to care homes including increased use of telecare and telehealth.

The improved Better Care Funding (iBCF) for Bolton was extra funding provided by the Government in response to the emerging funding crisis in Adult Social Care and has been used to meet some of these pressures. In addition government policy dictated part of this funding was used to support pressures in our hospital and urgent care system.

New schemes have been implemented to support Home First pathways within A&E and enhanced re-ablement to support the Discharge to Assess model of care moving to being home focussed. This has demonstrated improvements in deflecting people from A&E and back home in a timely manner and with an improved recovery.

The Multi-Agency Screening & Safeguarding Service (MASSS) continues to operate as a multi-agency front door for all contacts and referrals about children. It includes the three Referral & Assessment Social Work Teams, the Public Protection Investigation Unit (PPIU) Bolton division of Greater Manchester Police, two health lead practitioners and the Safeguarding in Education Officer. This is the single point of access and a consistent point of contact for referrals about children at risk of harm or in need of assessment.

<u>Children's Services</u>

The complexity of cases being referred to Children's Services has increased and the volume of work remaining in the system has meant that there has been a subsequent increase in Child Protection plans and the numbers of court proceedings issued. In the longer term that has seen the Looked after Children numbers rise from 577 in

December 2016 to 636 by December 2017. The increased complexity has put pressure on the demand for placements and has directly resulted in more out of borough placements and increased costs. Looked after Children placements can range from £19,728 per annum for in-house foster care to £293,825 per annum for out of borough secure accommodation placement.

Public Health

As part of Government action on deficit reduction, Bolton's Public Health Grant, for the last three years, has reduced by £2.419m. With such a significant level of reduction in funding, applying a universal reduction across all commissioned or delivered Public Health and Council services would have been ineffective. Such an approach would have potentially reduced some commissioned / delivered services to such a degree that they became unstable and/or unable to focus resource on those critical priorities which deliver the best return on investment. To ensure that the Public Health Grant delivered maximum population level benefit, the Public Heath team developed an evidence-based framework to prioritise investment. The team identified key criteria; applied these to the current spend to create a re-profiled programme of interventions and used them to inform commissioning intentions.

Closing the inequalities and life expectancy gaps are key priorities across the Bolton Health and Care economy. Both feature heavily in the Health and Wellbeing Strategy, the Locality Plan and the refreshed Economic Strategy. Therefore the differential impact on health inequalities was given the greatest weighting in the methodology. Other criteria used were the extent to which programmes contributed to a reduction in rates of disease and premature mortality, the potential return on investment, the evidence base and whether the service was mandated in the Health and Social Care Act 2012. This approach developed for the 16/17 budget has continued to be applied, with all public health investments for 2017/18 assessed and prioritised against these criteria, ensuring that the reduced budget delivered best outcomes for Bolton's population.

Directorate of Place

A £1 billion blueprint to transform the future of Bolton town centre was approved in September 2017. The masterplan contains proposals to redevelop the town centre by creating: 1,800 new homes, 7,400 new jobs, and £412 million extra economic activity. The council announced initial details of the plan and has approved borrowing of £100m to kick-start the project. The remainder of the plan will be funded by private sector investors.

The £100 million will be used for a range of priorities including site assembly; ensuring sites are ready to be developed; public realm improvements, and infrastructure. Work on the first phase of site clearance started in March 2018. The Town Centre Strategy aims to transform key areas of Bolton town centre with housing and other mixed uses to attract families, young professionals, older people and students. The areas included in the plan are;

- Trinity Quarter
- Cheadle Square
- Crompton Place
- Church Wharf
- Croal Valley/Central Street
- Newport Street

Building on this success, in the Town Centre, a new £48m Interchange development was completed in Autumn 2017 and this further changes the landscape and connectivity of the town centre, seeing the co-location of the main bus station with Bolton train station and the two sites connected by a pedestrian skylink bridge.

The highly successful 2017 events programme was delivered which included the largest Ironkids event in the world followed by Ironman in July 2017 and Bolton's Food and Drink Festival in August 2017 which attracted 267,000 visitors.

As a result of these events and developments, Bolton's tourism industry generated £431.8m for the town in 2016, according to the latest figures (2017 data is not yet available). An additional £11.4m also flowed into the local economy, a 2.7 per cent increase on the previous year's figure of £420.4m.

The total number of visitors to the town increased in 2016, from 6.5m to 6.6m - a 1.3 per cent rise. The growth is also attributed to popular attractions such as Bolton Museum, Aquarium and Archive which was in the top ten most visited attractions in Greater Manchester in 2016. The Octagon Theatre, Bolton's historic halls - Smithills Hall and Hall i'th' Wood, and Moorgarth's £23m transformational refurbishment of the Market Place Shopping Centre have also drawn visitors into the town centre.

Following the opening of the £6.5 million refurbished Albert Halls in 2017, significant investment in sound and lighting in the theatre has taken place during 2017, allowing a wide range of events to be accommodated. Event and room bookings in the Albert Halls are growing rapidly

The registrars have moved offices to allow the venue to be further promoted by staff and wedding bookings continue to grow.

The catering, restaurant and bar provision lots are to be retendered as one lot by the end of March, an interim bar provider is in place to cover all theatre and events that require a bar.

Significant improvements at Heaton Fold in the past year have had a very positive impact on the income, student uptake and increased standards across the site. Income is expected to increase in the coming year.

Over £11 million has been invested in leisure with the new Horwich Leisure Centre completed in November 2017 and new 3G pitch in March 2018 together with a complete refurbishment of the health and fitness offer at Bolton One.

The introduction of slim grey bins in Bolton in 2016/17 has continued to deliver waste disposal savings by increasing the amount of waste recycled and reducing the amount of waste sent for disposal. By continuing to educate residents to recycle more we will continue to drive disposal savings in the future.

The Greater Manchester Waste Disposal Authority is responsible for the disposal of all waste collected in Bolton. During 2017 the GMWDA concluded the Greater Manchester PFI Waste and Recycling contract to make significant savings and entered into interim arrangements until April 2019 when a new contract is expected to be in place. The New contract is currently being procured and will realise further savings to help to minimise waste disposal cost increases for Bolton Council in the future.

Vehicle Fleet Management has recently received £3.7m of Capital investment to replace 96 of its Light & Large commercial fleet. To date, 83 vehicles have been replaced with the remaining 13 to be delivered in the next 2 months. Not only will they improve the image of the Council, but they come with the latest Euro 6 engines and stop/ start technology which will help reduce the Councils Carbon Emissions.

Section 4 – Future Plans & Associated Risks

The Council is facing significant government funding cuts in future years. Combined with unavoidable cost pressures arising from increased demand for services and the economic position, it means that savings of up to £30m are required in 2019/20 (13% of the 2019/20 controllable revenue budget). Over the summer months 2018 Senior Officers and Members will be working closely together to determine the exact amount required and to consider the savings option for the 2019/20 budget and we will undergo an LGA corporate peer review in June.

The medium term financial plan is underpinned by the following key principles:

- Prudent assessment of future resources and unfunded cost pressures
- Maximisation of income generated across all areas of the Council and prompt collection of all amounts owed to the Council / minimisation of bad debts
- Prudent assessment of provisions required to mitigate potential future liabilities
- Risk-assessed level of reserves and balances held corporately to mitigate potential financial liabilities / commitments
- Maximisation of capital receipts from asset disposals to fund capital investment in line with our priorities.
- Maximisation of external grant funding that meets our priorities
- Prudent use of the Council's borrowing powers to undertake capital investment that is not funded by capital receipts, grants or contributions from third parties
- Promotion of 'invest to save' opportunities via detailed assessment of business cases
- Full integration of revenue and capital financial decision-making processes, to ensure the revenue implications of capital projects are accurately reflected in the medium term financial plan and the annual budget
- Production of detailed implementation plans for all savings proposals
- Sign-off of all revenue budgets by the relevant senior manager before the start of the financial year
- Regular monitoring of budgets and robust management action to address any unplanned variances that arise

Bearing the above in mind it is important to put this in the context of the significant funding changes which are currently being reviewed. These includes;

Fair Funding Review (FFR)

As part of the 2016/17 finance settlement it was announced there would be a Fair Funding Review of authorities' funding needs, initially to be implemented in 2019/20. Due to the 2017 general election, in September 2017 it was announced that such a review would now be implemented in 2020. This in many ways ties in better as it will come after the current 4 year settlement period. Per the MHCLG terms of reference the FFR will;

- Set new baseline funding allocations for authorities
- Look at an assessment of needs and resources of authorities

It should be noted however that the Children's Services review will not be completed until October 2019, some 6 weeks before the Autumn 2019 budget, which will be the 2020/21 provisional settlement. It is therefore likely that some form of transitional funding will be required for 2020/21

Business Rates

The government has announced that from 2020 business rates retention will be 75%. Whilst the overriding assumption is that any changes to business rates retention have been fiscally neutral so far, it could mean differing retention levels over the next few years as is shown below;

Year	Business Rates Retention Level
17/18	100% pilot
18/19	100% pilot
19/20	50% (or 100% if the pilot can be extended)
20/21	75%

From 2020 it is likely there will also be a business rates re-set. This may take the form of either a full re-set or partial re-set. What this means is that any business rates growth above what the Council is expected to achieve over and above its baseline may either be fully taken or partially taken off the council. The government's rationale is that the overall business rates growth since the previous re-set in 2013 will be circa £2bn (if it's a full re-set), which it can then re-distribute to Councils. This makes forecasting business rates beyond 2019/20 extremely difficult to do. In addition it is not possible to project what the Council could receive in some form of re-distributed grant from the potential £2bn available.

Due to budget constraints the Council's general capital programme has been severely restricted over the last few years. The Town Centre Strategy has resulted in an additional £100m resources for this programme. That aside, new capital programme initiatives are primarily being funded from capital receipts, for example from the sale of land or departmental capital grants.

Treasury Activity

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The Council currently has £178m of long term debt. Cash investments (which are for a period of less than 1 year) vary from month to month and were £142m at the end of 2017/18

Future Risks

Given the continued reductions in government grant levels, the growing, unavoidable expenditure pressures, and, as a consequence, the scale of reductions required, there is inevitably a large degree of risk when undertaking any future financial planning. These risks include;

Continual need to achieve further savings
Local authorities that can only be discontinued under statutory prescription shall prepare their financial statements on a going concern basis of accounting; that is, the financial statements shall be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. However as noted above the Council has a savings programme to realise the £12.5m savings in 2017/18. The use of reserves to cash flow the budget means that further savings will be required in 2019/20 of circa £30m. As the Council's budget base reduces this makes it more difficult to find extra savings.

Global Economy / "Brexit"
External factors including volatility in the Eurozone and oil prices may impact upon the Chancellor being able to balance his own budget with a potential impact of further cuts on Local government. The decision to leave the European Union in June 2016 and the subsequent triggering of Article 50 could potentially add another level of uncertainty into financial markets, the impact of which on the Council cannot as yet be measured.

Demand Led Budgets
Even with the creation of the LATC the continuing increase in the elderly population will continue to put more pressure on Adult Services' budgets. Looked after Children budgets have also come under increased pressure in the last few years, with 1% of the 2018/19 council tax being directly set aside to fund this service

Legislation / Funding changes
Since 2013 business rates collected by the Council have been distributed 50% to Central Government, 1% to Fire with 49% retained by the Council. As part of the 2017/18 finance settlement Bolton, along with the other GM authorities was given approval to be part of a 100% pilot scheme meaning that Councils retain 100% of their business rates with 1% passed to the Fire Authority.

After the June 2017 general election, no primary legislation was introduced into the Queen's speech to bring the 100% scheme onto the statute books, meaning legally the 100% scheme cannot currently continue beyond 2018/19.

As part of the 2017/18 Settlement councils have been given the option to increase the Adult Social Care Precept by a maximum of 6% over the 3 financial years 2017/18 to 2019/20, with any one year limited to a 3% increase. Any general Council Tax levy must be limited to 2%, meaning that Council Tax can increase by up to 5% without the need for a referendum. The Council increased its Council Tax by 4.8% for 2017/18, of which 3% is the Adult Social Care Precept.

Earlier Closedown
From the 2017/18 financial year end there is a requirement for the Council to have its statement signed off by the Borough Treasurer by the end of May (currently it's the end of June) and signed off by its auditors by the end of July (currently the end of September).

An explanation of which statements follow, their purpose and relationship between them

The remainder of this document is the Council's Statement of Accounts for the year ending 31 March 2017, and has been prepared in accordance with the 2016/17 Code of Practice on Local Authority Accounting (The Code) and International Financial Reporting Standards (IFRS). Changing requirements over the years have led to the increasing complexity and detail required in the accounts.

The Movement in Reserves Statement (MIRS)
This statement shows the movement in the year on the different reserves held by the Council, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The Comprehensive Income and Expenditure Statement (CIES)
This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. From 2016/17 onwards this has been amended to be consistent with the Council’s internally reporting format.

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 Council (assets less liabilities) are matched by the reserves held by the Council.

The Cash Flow Statement
The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

Expenditure and Funding Analysis (EFA)
The Expenditure and Funding Analysis shows how annual expenditure is used and funded from annual resources (government grants, rents, council tax and business rates). The Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council’s directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement

The Code requires that the Council’s accounts are set out with the 4 core financial statements grouped together. For 2017/18 a simplified MIRS and a CIES have been presented in the Council’s reporting format where previously the Net Cost of Services has been reported by SeRCOP classification.

Supplementary statements and Group accounts are also produced where applicable including;

The Collection Fund Revenue Account.
This reports on the collection of local taxes (Council tax and national non domestic rates) and their distribution to the Council, Greater Manchester Police and Greater Manchester Fire and Rescue authorities.

Group Accounts
These have been prepared in respect of the Council’s ownership of Bolton Cares Ltd

Annual Governance Statement.
This statement explains the system of controls operating within the Council to secure sound financial control and good governance. It is not a requirement to include this within the Financial Statement, but it is considered beneficial to include this here.

The accounts are supported by the Statement of Accounting Policies and a glossary of financial terms that are contained within the Statement.

Acknowledgements

Finally I would like to thank all the finance staff across the Council who helped contribute to this Statement and continue to work professionally under ever increasing competing demands.

Sue Johnson
Borough Treasurer
18 July 2018

Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from annual resources (government grants, rents, council tax and business rates). The Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2016/17 Restated				2017/18		
Net expenditure chargeable to the General Fund	Adjustment between the funding & accounting basis	Net expenditure in CIES		Net expenditure chargeable to the General Fund	Adjustment between the funding & accounting basis	Net expenditure in CIES
£000s	£000s	£000s		£000s	£000s	£000s
64,486	4,326	68,813	Adult Services/Public Health	81,301	5,953	87,254
54,510	15,262	69,772	Children's Services	51,493	8,612	60,106
26,746	(8,915)	17,831	Chief Executives	21,834	(7,084)	14,750
19,596	9,570	29,166	Development & Regeneration	21,058	240	21,298
29,449	9,363	38,811	Environment/Housing/Asylum Seekers	26,485	15,853	42,338
36,211	(2,897)	33,314	Financial Services	38,050	(4,950)	33,100
230,998	**26,709**	**257,707**	**Cost of Services**	**240,221**	**18,626**	**258,846**
(198,629)	34,654	(163,975)	Other Income and expenditure	(225,908)	(24,659)	(250,566)
32,369	**61,363**	**93,732**	**Deficit/(surplus) for year**	**14,313**	**(6,033)**	**8,280**

Comprehensive Income and Expenditure Statement

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

31 March 2017 Restated					31 March 2018		
£000s	£000s	£000s			£000s	£000s	£000s
Expenditure	**Income**	**Net**		**Note**	**Expenditure**	**Income**	**Net**
119,568	50,755	68,813	Adult Services and Public Health		124,180	36,926	87,254
308,759	238,988	69,771	Children's Services		284,425	224,319	60,106
139,174	121,343	17,831	Chief Executives		132,216	117,466	14,750
39,982	10,816	29,166	Development & Regeneration		31,632	10,334	21,298
88,079	49,268	38,811	Environment and Housing		87,276	44,938	42,338
43,863	10,549	33,314	Financial Services		41,010	7,909	33,101
739,425	**481,719**	**257,706**	**Cost of Services**		**700,739**	**441,892**	**258,847**
			Other operating expenditure				
		17,017	Loss on disposal of property plant & equipment				5,743
		37,032	Disposal of Academy assets				11
		(1,704)	Right to Buy Receipts				(2,019)
		372	Parish Precepts				391
		52,717	**Total Operating Expenditure**				**4,126**
		7,356	Financing & investment Income	**32**			8,301
		(224,045)	Taxation & non-specific grant income	**33**			(262,993)
		93,734	**Deficit/(surplus) for year**				**8,281**
		(22,672)	Surplus/deficit on revaluation of Property, Plant and Equipment				(84,525)
		(3,974)	Surplus/deficit on available for sale				(8,198)
		(576)	Actuarial gains/losses on pensions	**40**			(49,396)
		(27,222)	**Other comprehensive Income**				**(142,119)**
		66,512	**Total Comprehensive Income and Expenditure**				**(133,838)**

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed between “usable reserves” (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The Statement shows how the movements in year of the Council’s reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments chargeable to council tax for the year. The net increase/decrease line shows the statutory General Fund balance movements in the year following these adjustments.

Summary MIRS	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance 1 April 2016	**10,660**	**161,919**	**11,486**	**19,497**	**203,562**	**100,810**	**304,372**
Total Comprehensive Income and Expenditure	(93,733)	0	0	0	(93,733)	27,222	(66,511)
Adjustments from income & expenditure charge under the accounting basis to the funding basis (Note 8)	61,364	0	796	2,032	64,192	(64,281)	(89)
Increase or (Decrease) in 2016/17	(32,369)	0	796	2,032	(29,541)	(37,059)	(66,600)
Transfers to/from earmarked reserves (Note 7)	32,369	(32,369)	56	0	56	(56)	0
Balance at 31 March 2017 carried forward	**10,660**	**129,550**	**12,338**	**21,529**	**174,077**	**63,695**	**237,772**
Balance 1 April 2017	**10,660**	**129,550**	**12,338**	**21,529**	**174,077**	**63,695**	**237,772**
Total Comprehensive Income and Expenditure	(8,281)	0	0	0	(8,281)	142,119	133,838
Adjustments from income & expenditure charge under the accounting basis to the funding basis (Note 8)	(6,033)	0	996	16,069	11,032	(11,061)	(29)
Increase or (Decrease) in 2017/18	(14,314)	0	996	16,069	2,751	131,058	133,809
Transfers to/from earmarked reserves (Note 7)	14,314	(14,314)	13	0	13	(13)	0
Balance at 31 March 2018 carried forward	**10,660**	**115,236**	**13,347**	**37,598**	**176,841**	**194,741**	**371,583**

Balance Sheet

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

31 March 2017 £000s		Note	31 March 2018 £000s
	Property, Plant & Equipment		
318,284	- Other land and buildings	**9**	421,550
9,523	- Vehicles, plant, furniture & equipment	**9**	13,409
130,351	- Infrastructure	**9**	132,754
10,215	- Community assets	**9**	10,215
5,099	- Assets under construction	**9**	2,655
473,472			**580,583**
1,762	Surplus assets	**9**	1,164
67,765	Heritage assets	**9**	69,131
38,091	Investment property	**10**	35,094
497	Software	**11**	332
44,255	Long Term Investments	**12**	52,452
21,515	Long Term Debtors	**12**	21,307
647,357	**Long Term Assets**		**760,063**
74,476	Short Term Investments		142,463
869	Inventories	**14**	689
32,081	Short Term Debtors	**15**	40,507
6,956	Prepayments		7,606
17,114	Cash and Cash Equivalents	**16**	33,108
0	Assets held for sale (less than 1 year)	**17**	275
131,496	**Current Assets**		**224,648**
(10,689)	Short Term Borrowing	**13**	(1,701)
(46,875)	Short Term Creditors	**18**	(44,757)
(3,136)	Provisions for current liabilities	**19**	(4,057)
(2,328)	Revenue Grants in Advance	**34**	(3,006)
(63,028)	**Current Liabilities**		**(53,521)**

31 March 2017 £000s		Note	31 March 2018 £000s
(7,779)	Provisions for long term liabilities	**19**	(11,822)
(79,891)	Long Term Borrowing	**12**	(178,874)
(13,743)	Other Long Term Liabilities	**12**	(12,474)
(375,638)	Net Pensions Liability	**40**	(356,437)
(1,000)	Capital Grants Receipts in Advance	**3440**	0
(478,051)	**Long Term Liabilities**		**(559,607)**
237,774	**Net Assets**		**371,583**
	Represented by:		
	Usable Reserves		
10,660	- General Fund Balance	**7**	10,660
6,256	- Earmarked Statutory Reserves	**7**	8,165
123,295	- Earmarked Policy Reserves	**7**	107,072
12,339	- Capital Receipts Reserve		13,348
21,528	- Capital Grants Received in Advance		37,597
174,078			**176,842**
	Unusable Reserves	**8**	
151,014	- Revaluation reserve		230,221
34,001	- Available-for-Sale Financial Instruments Reserve		42,199
(375,638)	- Pensions Reserve		(356,437)
10,770	- Deferred capital receipts		10,642
248,868	- Capital Adjustment Account		271,165
(1,520)	- Collection Fund Adjustment Account		914
(3,799)	- Short-term Accumulating Compensated Absences Account		(3,963)
63,696			**194,741**
237,774	**Total Reserves**		**371,583**

Cash Flow Statement

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

31 March 2017 £000s		Note	31 March 2018 £000s
93,732	Net (surplus) or deficit on the provision of services		8,280
(106,230)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	**20**	(47,290)
23,842	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	**21**	40,315
11,344	**Net cash flows from Operating Activities**	**22**	**1,305**
(6,748)	Investing Activities	**23**	69,938
(5,526)	Financing Activities	**24**	(87,238)
(930)	**Net (increase) or decrease in cash and cash equivalents**		**(15,995)**
16,183	Cash and cash equivalents at the beginning of the reporting period		17,114
930	(Decrease) or Increase in cash as above		15,995
17,113	**Cash and cash equivalents at the end of the reporting period**	**16**	**33,109**

Notes to the Core Financial Statements

Contents

1 Accounting Policies

General Principles

The Statement of Accounts summarises the authority’s transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018. The authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2017/18*, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets. The Statement of Accounts has been prepared on a ‘going concern’ basis.

Accruals of Income and Expenditure

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

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
- Employee costs are charged to the accounts of the period within which the employees worked. Accruals have been made for wages earned but unpaid at the year-end.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature within 1 working day of the balance sheet date. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council’s cash management.

Charges to Revenue for Non-Current Assets

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

- depreciation attributable to the assets used by the relevant service

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

The Council is not required to raise Council tax to cover depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by revenue provision in the MIRS, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

Council Tax and Non-domestic Rates

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR). The key features relevant to accounting for Council Tax in the core financial statements are:

- In its capacity as a billing authority the Council acts as agent; it collects and distributes Council Tax and NNDR income on behalf of the major preceptors and itself.

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

- From the year commencing 1 April 2009 the Council Tax income included in the CIES for the year is the accrued income for the year. The difference between the income included in the CIES and the amount required by regulation to be credited to the Collection Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the MIRS.

- Since the collection of Council Tax and NNDR are in substance agency arrangements, cash collected by the billing authority from Council Tax and National Non-Domestic Rates (NNDR) debtors belongs proportionately to the billing authority and the major preceptors and Central Government. There will be therefore a debtor/creditor position between the billing authority and each major preceptor to be recognised since the net cash paid to each major preceptor and Central Government in the year will not be its share of the cash collected from Council Tax and NNDR payers.

Employee Benefits

a) Benefits Payable During Employment

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

b) Termination Benefits
Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service in the CIES when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, 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.

c) Retirement Benefits
Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DFE).
- The National Health Service Pensions Scheme.
- The Greater Manchester Pensions Scheme, administered by Tameside Council.

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council.

However, the arrangements for the teachers' and the NHS schemes mean that liabilities for these benefits cannot be identified to the Council. The schemes are therefore accounted for as if they were defined contributions schemes – no liability for future payments of benefits is recognised in the Balance Sheet and the service revenue account is charged with the employer's contributions payable to the teachers' and NHS pensions in the year. The Children's and Education services line in the CIES is charged with the employer's contributions payable to Teachers' Pensions in the year. The Public Health line in the CIES is charged with the employer's contributions payable to the NHS Pensions scheme in the year.

d) The Local Government Pension Scheme
The Local Government Scheme is accounted for as a defined benefits scheme:

The liabilities of the Greater Manchester pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit credit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a real discount rate of 4.3% per annum, derived from a corporate bond yield curve, recognising the weighted average duration of the projected benefit obligation for Bolton Council.

The assets of the Greater Manchester pension fund attributable to the Council are included in the Balance Sheet at their fair value, which is at bid value, as recommended under IAS19.

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

- current service cost – the increase in liabilities as result of years of service earned this year – allocated in the CIES to the revenue accounts of services for which the employees worked
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non Distributed Costs
- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the CIES
- expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the CIES
- gains/losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non Distributed Costs
- 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
- 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, or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

e) Discretionary Benefits

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

Events After the Reporting Period

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

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

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

Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings 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 a 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

a) Financial Liabilities

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

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

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

b) Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

c) Loans and Receivables

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the CIES.

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

d) Available-for-sale Assets

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

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

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 inputs – unobservable inputs for the asset.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the CIES, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES.
Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

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

Government Grants and Contributions

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

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

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

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the MIRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Heritage Assets

All the Council's Heritage Assets are tangible in nature. There are no intangible Heritage Assets.

Heritage Assets comprise items held by the Library and Museum Service, including Civic regalia, furniture, commemorative items and silver tableware, plus two historic buildings. These assets are intended to be held in trust for future generations because of their cultural, environmental or historical associations. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The Council's collections of Heritage Assets are accounted for as follows:

a) Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, for example, where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

In the event of sales, the proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see elsewhere in Accounting Policies).

With regard to everything else an annual request is made to the Musuems and Galleries officers to ensure there has been no significant changes to the collection which would affect the underlying valuation. If there were so, the collections would be independently valued

b) Historic Buildings

The Council owns two historic buildings, Smithills Hall and Hall i' th' Wood, both of which are open to the general public. Smithills Hall was purchased by the Council in the 1930s and Hall i' th' Wood was presented as a gift in 1902.

These are held on the balance sheet at depreciated replacement cost. These assets are also deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Intangible Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it will bring benefits to the Council for more than one financial year. 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.

Intangible assets are measured initially at cost. Amounts are only re-valued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the CIES.

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

Interests in Companies and Other Entities

The Council has a material interest in an external entity and therefore group accounts have been prepared. Inclusion in the Council's group is dependent upon the extent of the Council's interest and power to influence an entity. The determining factor for assessing the extent of interest or power to influence is either through ownership of an entity, a shareholding in an entity or representation on an entity's board of directors. An assessment of all the Council's interests has been carried out during the year, in accordance with the Code of Practice, to determine the relationships that exist and whether they should be included in the Council's group accounts. In the Council's single-entity accounts the Council's interest in those companies are recorded as financial assets at cost less any impairment. Any gains or losses are recognised in the Comprehensive Income and Expenditure Statement.

Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset from the market participants' perspective. Properties are not depreciated but are re-valued on a maximum 5-yearly cycle with an annual overview. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. 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 and result in a gain for 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 MIRS and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Leases

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

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.

a) The Council as Lessee

i) 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. 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 CIES).

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 Council at the end of the lease period).

The Council 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 MIRS for the difference between the two.

ii) Operating Leases

Rentals paid under operating leases are charged to the CIES as an expense of the services benefitting from use of the leased property, plant or equipment.

b) The Council as Lessor

i) Finance Leases

Where the Council 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 CIES as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the CIES 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 CIES).

The gain credited to the CIES 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 MIRS. 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 MIRS. 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 property, plant and equipment 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 MIRS.

ii) Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CIES.

Library & Museums collections

The collections include Egyptology, Ethnography, industrial history, business archives, archaeology, botany, geology, local history, costume, textiles, decorative art, entomology, zoology and rare books.

These items are reported in the Balance Sheet on valuations held for insurance purposes. The ten most significant items have been valued individually, and a single collections based valuation covers all other items. The insurance valuations are reviewed regularly, and when the policies are being renewed. The valuation of individual items may also be reviewed when loans are made to external organisations. The collections are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

The collection is relatively static. Acquisitions (mainly donations) are made at a rate of around 100 items per year, with a smaller number of disposals. Significant purchases would be recognised at cost, and donations recognised at a valuation determined by an appropriately qualified member of staff, however, recently these items have not been material in value, and have been assessed as being covered by the valuation of the collection as a whole. Significant disposals are recognised as a capital receipt, and written out of the balance sheet at their carrying value. In practice, most disposals have been small in nature and are regarded as not affecting the value of the collection as a whole.

Minimum Revenue Provision

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2003/3146) took effect from 31 March 2008. They require the basis on which the Minimum Revenue Provision (MRP) is calculated for future years to be approved by Council. This is the amount Councils are required to set aside for debt repayment each year.

General Fund Borrowing that was previously supported through the RSG system has been provided for in equal annual instalments over a 50 year period commencing 1 April 2015. For non-Housing schemes financed from unsupported borrowing, from 1 April 2008 MRP will be made for repayment equal to the estimated depreciation charge on those assets calculated on an equal instalment basis, calculated in accordance with normal accounting practice. For Finance Leases and the PFI scheme the capital element of the lease or unitary payment will be taken to be the MRP.

Overheads and Support Services

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

Private Finance Initiative (PFI)

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets. Non-current assets recognised on the Balance Sheet will be re-valued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operator each year is analysed into three elements:

- fair value of the services received during the year – debited to the relevant service in the CIES
- finance cost – an interest charge of 5.1% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the CIES
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)

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

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

Changes in accounting policies are only made when required by proper accounting practices, or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance.

Where a change in accounting policy is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances for the current year and comparative amounts for the prior period as if the new policy had always been applied.

Where material errors are discovered in prior period figures they are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Property, Plant and Equipment

Assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis are classified as Property, Plant and Equipment.

a) Recognition
Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for more than one financial year. Expenditure that maintains but does not add to an assets' potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged to revenue as it is incurred.

b) Measurement
Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement bases:

- assets surplus to requirements – fair value, determined by the measurement of the highest and best use value of the asset
- assets under construction – historical cost
- dwellings, other land and buildings, vehicles, plant and equipment – lower of net current replacement cost or net realisable value in existing use
- infrastructure assets, community assets – depreciated historical cost
- heritage assets – valuation, or cost where value not available.

Net current replacement cost is assessed as:

- non-specialised operational properties – existing use value
- specialised operational properties – depreciated replacement cost

c) Revaluations
Assets included in the Balance Sheet at current value are re-valued where there have been material changes in the value, but as a minimum every five years.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service revenue account.

Where decreases in value are identified, they are accounted as follows:

- 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 CIES.

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.

Valuations for Operational and Investment Properties are provided by Urban Vision. Urban Vision is an organisation under a partnership formed in 2005 between Salford City Council and nationally respected companies, Capita and Galliford Try. In their letter of engagement Urban Vision confirmed their awareness of the RICS regulatory framework under which this valuation work is carried out. The Council’s interest in land held by the 10 district Councils around the Airport is based on a value obtained by Manchester City Council.

d) Impairment

The values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is 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 CIES.

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

e) Depreciation

Depreciation is provided for on all assets with a determinable finite life (except for investment properties), by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use on a straight line basis. Where there is specific information on an asset that data is used to determine its life, up to a maximum of 50 years. Otherwise depreciation is calculated on the following bases;

- Buildings – 40 years
- Vehicles, plant, furniture and equipment – 5 years
- Infrastructure – 25 years
- Intangible Assets – 5 years or life of licence.

Depreciation is calculated on asset values at 1 April, i.e. depreciation is charged on expenditure or revaluations in the year. Only land held on a lease will be subject to depreciation. The length of the lease will determine the period over which depreciation is charged. The same would apply for leasehold buildings.

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

f) 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 CIES. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. 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 (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES 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. Receipts are credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the MIRS.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets 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 MIRS.

g) Componentisation

The Code requires that each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When an item of Property, Plant and Equipment valued at greater than £1,000,000 is either acquired or re-valued and the asset has major components whose cost is greater than £200,000, the components are depreciated separately over the relevant life of the component.

Provisions, Contingent Assets and Contingent Liabilities

a) Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain.

Provisions are charged to the appropriate service revenue account in the year that the Council 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 carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

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

b) Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

c) Contingent Liabilities

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

Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. They are also used as part of the Council's devolved budget management process to carry forward budget over or under-spend to future years. Reserves are created by appropriating amounts in the MIRS. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund Balance in the MIRS 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 Council.

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 CIES 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 MIRS from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council tax.

Schools

Within its boundary, the Council has the following schools:

Type of School	Nursery	Primary	Secondary	Special
Community Schools	3	41	3	5
Controlled Schools	0	4	0	0
Voluntary Aided Schools	0	34	3	0
Total LA Schools	**3**	**79**	**6**	**5**
Academies	0	15	11	1
Free School	0	3	2	0
Total	**3**	**97**	**19**	**6**

a) Community Schools
These schools are owned by the Local Authority and managed by a governing body. The revenue expenditure for these schools is funded from the Dedicated Schools Grant (DSG) and accounted for within the Council's accounts. The buildings, reserves and other assets and liabilities are held on the Council's balance sheet.

b) Controlled Schools
Controlled schools are managed by a governing body on behalf of the Council. As with Community schools the revenue expenditure is funded from the DSG and accounted for within the Council's accounts. The buildings do not belong to the Council, and therefore are not held within the balance sheet. Reserves and other assets and liabilities that are related to the provision of education, remain with the Council and are therefore included in the balance sheet.

c) Voluntary Aided Schools
These schools are owned by either the Roman Catholic or Church of England Diocese. The governing bodies employ the staff but the education is provided on behalf of the Council and funded by the DSG, therefore all the revenue income and expenditure, reserves, current assets and liabilities are within the Council's accounts. The buildings, however, are not held on the balance sheet with the exception of playing fields that are in Council ownership.

d) Academies / Free Schools
These schools are independent from the Council. Income and expenditure, reserves and current assets and liabilities are not within the Council's accounts. The DSG is calculated as part of Bolton's allocation but paid directly to the schools from the Department for Education. Existing buildings are transferred to the academy / Free School and only a nominal land value held on the asset register. Where academies/ Free Schools have had substantial new builds and these have been undertaken by the Council, these are accounted for in the capital account and held on the balance sheet. On completion the buildings are transferred to the academy/ Free School and as with other academies a nominal land value held.

VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid relating to Bolton Council is recoverable from it.

Accounting for the costs of the Carbon Reduction Commitment (CRC) Scheme

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in the Phase 2 which started on 1 April 2014, and this phase ends on the 31 March 2019. The Council is required to purchase and surrender allowances on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost is recognised and reported in the costs of the Council’s services and is apportioned to services on the basis of energy consumption.

2 <u>Critical Judgements in Applying Accounting Policies</u>

In applying the accounting policies set out in note 1, the Council has had to make certain judgments about complex transactions or those involving uncertainty about future events. The critical judgments made in the Statement of Accounts are:

In October 2016 the Council submitted its Medium Term Financial Summary covering 2016 to 2020 and in doing so accepted the option of four year funding first outlined in the December 2015 Settlement which gives some certainty in respect of Revenue Support Grant up to 2019/20. There are a number of other grants for which there is still a high degree of uncertainty about future levels of funding for local government. However the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

There is a degree of uncertainty about the future levels of income from third parties for which the Council provides services.

The Council has evaluated its PFI scheme at Castle Hill, under the requirements of the Code, and concluded that this should be recognised in the balance sheet as an asset. See note 38 for details.

The Code states that the valuation of Heritage Assets may be made by any method that is appropriate and relevant. There is no requirement for valuations to be carried out by professional valuers. The Museums and Libraries collections are held at most recent insurance valuations, and Smithills Hall and Hall i’th’ Wood Museums were revalued in 2017/18 year at depreciated replacement cost by our external valuers Urban Vision.

In accounting for liabilities relating to the Municipal Mutual Insurance (MMI) claw back Scheme of Arrangement, although the scheme of administration has been called, and an initial levy of 25% has been paid, the Council has judged that the there is sufficient risk relating to the remaining 75% that it be classified as a contingent liability, and is included within the Insurance Reserve and Provision. (Notes 7, 19 and 41)

The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries and pensions are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The effects on the net pension's liability of changes in assumptions can be measured (see note 40).

Following the 2017 list revaluation, and the introduction of the Check, Challenge, Appeal process, the estimation of the provision for successful National Non Domestic Rates (NNDR) appeals which would result in a reduction in the Rateable Value (RV) has been based on the percentage of 4.6% built into the 17/18 multiplier. This percentage includes an estimated amount for future appeals.

A judgement has been made about the group boundary relating to PSP Bolton. Under the Code (IFRS11) the arrangement is classed as a Joint Venture (see note 12).

In October 2013 the Council transferred assets (largely low value ground rents) to PSP Bolton. In return for this, as assets are developed by PSP, these will be brought on to the Council's books.

The Council undertakes its activities through a variety of undertakings, either under ultimate control or in partnership with other organisations. Those considered to be material are included in the group accounts. Profit and loss, net worth, and the value of assets and liabilities are considered individually for each organisation against a materiality limit set by the Council. An entity could be material but still not consolidated (if all of its business is with the Council and eliminated on consolidation) – i.e. the consolidation would mean that the group accounts are not materially different to the single entity accounts. The assessment of materiality also considers qualitative factors such as whether the Council depends significantly on these entities for the continued provision of its statutory services or where there is concern about the level to which the Council is exposed to commercial risk.

The Council recognises school assets for Community schools on its balance sheet. The Council has not recognised assets relating to Academies, Voluntary Aided, Voluntary Controlled, Free or Foundation schools as it is of the opinion that these assets are not controlled by the Council. Note however in most instances we do recognise the playing fields as our assets as the Council holds the legal title. School assets are recognised as a disposal from the Council's balance sheet on the date on which a school converts to Academy status. In addition the Council made use of a KPMG decision tree to validate our opinion.

3 Accounting Standards Issued not Adopted

The CIPFA Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. In addition the Code requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. Whilst some of these may not materially be significant for the council, they are presented here for information

- IFRS 9 *Financial Instruments* - This introduces extensive changes to the classification and measurement of financial assets, and a new "expected credit loss" model for impairing financial assets. The impact will be to reclassify assets currently classified as loans and receivables, and available for sale to amortised cost and fair value through other comprehensive income respectively based on the contractual cashflows and business model for holding the assets.

- IFRS 15 Revenue from Contracts with Customers presents new requirements for the recognition of revenue, based on a control-based revenue recognition model.

- amendments to IAS 12 Income Taxes: applies to deferred tax assets related to debt instruments measured at fair value and is unlikely to be materially significant.

- amendments to IAS 7 Statement of Cash Flows: will potentially require some additional analysis of Cash Flows from Financing Activities but again is unlikely to be material

4 Events After the Balance Sheet Date

There are no post balance sheet events in 2017/18.

5 Restatement of Prior Year

The income and expenditure for Property Services was incorrectly included within the Chief Executive service line of both the CIES and EFA in 2016/17 instead of Development and Regeneration. The changes made to correct 2016/17 are detailed in the following tables:

Changes made to the CIES

		31-Mar-17		
		£000s	**£000s**	**£000s**
		Expenditure	**Income**	**Net**
Chief Executives	Original	150,661	130,281	20,380
	Restated	139,174	121,343	17,831
	Change	**(11,487)**	**(8,938)**	**(2,549)**
Development & Regeneration	Original	28,495	1,878	26,617
	Restated	39,982	10,816	29,166
	Change	**11,487**	**8,938**	**2,549**

Changes made to the EFA

		2016/17		
		Net expenditure chargeable to the General Fund	**Adjustment between the funding & accounting basis**	**Net expenditure in CIES**
		£000s	**£000s**	**£000s**
Chief Executives	Original	27,369	(6,989)	20,380
	Restated	26,746	(8,915)	17,831
	Change	**(623)**	**(1,926)**	**(2,549)**
Development & Regeneration	Original	18,972	7,645	26,617
	Restated	19,596	9,570	29,166
	Change	**624**	**1,925**	**2,549**

Changes made to the EFA note

		2016/17			
		Adjustments for Capital Purposes	**Net change for the Pensions Adjustments**	**Other differences**	**Total Adjustments**
		£000s	**£000s**	**£000s**	**£000s**
Net Cost of Services					
Chief Executives	Original	7,097	488	(14,575)	(6,990)
	Restated	5,860	450	(15,225)	(8,915)
	Change	**(1,237)**	**(38)**	**(650)**	**(1,925)**
Development & Regeneration	Original	4,584	164	2,897	7,645
	Restated	5,822	202	3,546	9,570
	Change	**1,238**	**38**	**649**	**1,925**

6 **Note to the Expenditure and Funding Analysis**

2016/17 Restated					2017/18			
Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other differences	Total Adjustments		Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other differences	Total Adjustments
£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s
				Net Cost of Services				
(251)	612	3,965	4,326	Adult Services/Public Health	(365)	2,605	3,713	5,953
5,584	2,455	7,222	15,262	Children's Services	(6,799)	10,943	4,469	8,613
5,860	450	(15,225)	(8,915)	Chief Executives	43	2,021	(9,148)	(7,084)
5,822	202	3,546	9,570	Development & Regeneration	1,117	878	(1,755)	240
5,230	867	3,265	9,363	Environment and Housing	8,676	4,279	2,899	15,854
(6,803)	1,592	2,314	(2,897)	Financial Services	(6,388)	(550)	1,989	(4,950)
15,442	**6,179**	**5,088**	**26,709**	**Net Cost of Services**	**(3,716)**	**20,175**	**2,167**	**18,626**
29,964	12,609	(7,919)	34,654	Other Income and Expenditure from the funding analysis	(30,242)	10,020	(4,437)	(24,659)
45,406	**18,788**	**(2,831)**	**61,363**	**Difference between the General Fund surplus/deficit and the CIES surplus/deficit**	**(33,958)**	**30,195**	**(2,270)**	**(6,033)**

Expenditure and Income analysed by nature

2016/17		2017/18
	Expenditure	
286,521	Employee Benefit Expenses	277,756
413,512	Other services Expenses	410,776
45,100	Support Services Recharges	47,805
39,392	Depreciation, Amortisation, impairment	12,206
18,327	Interest & Investment Payments	16,958
372	Precepts and levies	391
49,805	Loss on disposal of assets	4,019
853,028	**Total Expenditure**	**769,911**
	Income	
(526,818)	Fees charges & other service Income	(489,697)
(8,432)	Interest & investment income	(8,941)
(162,197)	Income from CT, NNDR	(228,732)
(61,848)	Grants & contributions	(34,261)
(759,296)	**Total Income**	**(761,631)**
93,732	**Surplus or deficit on provision of services**	**8,280**

7 **Movements in Earmarked Reserves**

	Note	01-Apr-16	Transfers In	Transfers Out	01-Apr-17	Transfers In	Transfers Out	31-Mar-18
		£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Earmarked Statutory Reserves								
Schools Delegated Budgets	**1**	8,177	390	(3,344)	5,223	1,822	(466)	6,579
Public Health	**2**	1,087	48	(102)	1,033	589	(36)	1,586
Total Earmarked Statutory Reserves		**9,264**	**438**	**(3,446)**	**6,256**	**2,411**	**(502)**	**8,165**
Insurance	**3**	15,364	1,757	(20)	17,101	1,597	(2,000)	16,698
Reserves held for:								
Legal requirements	**5**	15,015	2,479	(8,043)	9,451	3,241	(6,546)	6,146
Existing commitments	**6**	49,264	11,085	(26,151)	34,198	10,501	(13,048)	31,651
To cover future key areas of spend	**7**	46,948	21,840	(22,113)	46,675	16,678	(27,234)	36,119
To cover key areas of risk	**8**	23,563	1,812	(9,947)	15,428	10,578	(10,680)	15,326
Service general contingencies	**9**	2,346	850	(2,776)	420	2,866	(2,257)	1,029
Available for reallocation	**10**	155	2,344	(2,477)	22	1,129	(1,048)	103
Total Earmarked Policy Reserves		**137,291**	**40,410**	**(71,507)**	**106,194**	**44,993**	**(60,813)**	**90,374**
Total Earmarked General Fund Reserves		**152,655**	**42,167**	**(71,527)**	**123,295**	**46,590**	**(62,813)**	**107,072**
General Fund Balance	**4**	10,660	0	0	10,660	0	0	10,660
Total Reserves and Balances		**172,579**	**42,605**	**(74,973)**	**140,211**	**49,001**	**(63,315)**	**125,897**

The Council sets aside specific amounts as earmarked reserves for future policy purposes or to cover known events or contingencies. They are also used as part of the Council's devolved budget management process to carry forward budget under or overspends to future years. Whilst these reserves have been created from revenue funding they can also be used for capital projects too. An explanation of the major reserves is outlined below.

1. **Schools – delegated budgets:** In accordance with section 48 of the School Standards and Framework Act 1998, the Scheme for financing of schools provides for the carry-forward of individual school surpluses and deficits.

2. **Public Health:** The Public Health grant is ring-fenced for public health functions as set out in Section 73B (2) of the National Health Services Act 2006 (as amended by the Health and Social Care Act 2012). We are required to complete a declaration that we've used the grant, or plan to use any of the grant we've set aside in reserves, for public health purposes.

3. **Insurance:** In addition to having an insurance provision, which is linked to past events, but where the timing of the obligation is uncertain, the Council holds monies in a reserve to cover potential future insurance claims.

4. **General Fund Balance:** The Council is required to keep a level of general reserves to fund emergencies, exceptional cost increases and overspends. Council approved that as a minimum Balances should be maintained at £10m, but if possible should be at a higher level.

Earmarked Policy Reserves: An exercise has been undertaken to examine all reserves, and these are now categorised under these main headings.

5. **Reserves we are legally required to maintain of £6.1m** include the following
   - Sinking funds we are legally obliged to maintain, and other legal liabilities from previous initiatives (£4.9m)
   - Funds held on behalf of schools, other agencies and Adult Services clients (£1.2m)

6. **Reserves with an existing commitment of £31.7** include the following
   - Funding held to meet the costs of committed Capital projects and allocations to meet specific investment initiatives agreed by the Council (£13.8m)
   - Capital reserves held on behalf of schools (£6.7m)
   - Funding accumulated to even out the Waste Levy over a number of years to avoid major peaks and troughs (£3.5m)
   - Adult Social Care reserves (£0.8m)
   - Schools' Centrally held and Standards Fund balances of (£2.1m)
   - Schemes for Neighbourhood Management & Community (£0.7m)

7. **Reserves to cover key areas of known future spend of £36.1m** include
   -
   - Funds have been set aside from reserves identified for re-allocation to cover the cash flow consequences of savings during the 2017/19 budget process and balancing the 2017/19 budgets (£22.7m)
   - To cover work on future town centre programme initiatives (£2.2m)
   - IT systems and kit refresh funding set aside to meet the cost of the Council's major systems upgrades, e.g. Oracle, Tax & Benefits, Customer

Services and Telephony, Schools systems, the replacement of hardware. It is anticipated that all of this funding will be required over the next 3 years (£2.5m)
- Adults Social Care – Demographic Pressures (£1.3m)
- No overall contingency is included in the Council's revenue budget, but the costs of energy and fuel can change at short notice during the year, so funding has been set aside to cover any significant in-year increases (£0.6m)
- Earmarked funds held on behalf of schools (£2.0m)
- Funds held on behalf of other agencies (£1.0m)
- Money held for capital projects (£3.5m)

8. **Reserves to cover key areas of risk of £15.3m** include
   - The cost to the Council of Council Tax Benefits and Housing Benefits can vary significantly from year to year and an amount has been set aside to cover possible overspends (£5.4m)
   - Costs may fall on the Council for outstanding liabilities, such as future environmental risks or Equal Pay risks (£4.2m)
   - Funds to cover high cost placements within Adult Services (£0.8m)
   - All departments have identified a number of smaller risk items (£2.1m)

9. **Reserves to cover service general contingencies of £1.0m** are amounts set aside to meet any overspends or exceptional items of spend facing individual services during the financial year. Under Council standing orders, services have to manage within their overall budget allocations each year.

The amounts included in Earmarked Reserves are analysed **by department** below:

	Opening Balance £000s	**Closing Balance £000s**	**Movement £000s**
Insurance	17,101	16,698	(403)
Other central reserves	66,753	57,902	(8,851)
Children's Services	12,797	10,902	(1,895)
Environmental Services	4,938	4,778	(160)
Development & Regeneration	9,334	6,927	(2,407)
Housing GRF	2,176	2,090	(86)
Adult Services	10,128	7,545	(2,583)
Public Health	68	230	162
Total Earmarked General Fund Reserves	**123,295**	**107,072**	**(16,223)**

8 Adjustments to Accounting and Funding Basis

	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movements in Unusable Reserves
2016/17	**£000s**	**£000s**	**£000s**	**£000s**
Adjustments primarily involving the Capital Adjustment Account				
Reversal of items debited or credited to the CIES				
Charges for Depreciation, impairment and amortisation of non-current assets	(20,636)	0	0	20,636
Revaluation/impairment losses on PPE	(18,756)	0	0	18,756
Movement in fair value of investment properties	2,539	0	0	(2,540)
Capital grants & contributions applied	6,978	0	0	(6,978)
Insertion of items not credited or debited to CIES	(56,345)	0	0	56,345
Statutory provision for the financing of capital investment	7,405	0	0	(7,405)
Capital Expenditure charged against the General Fund	19,004	0	0	(19,004)
Adjustments primarily involving the Capital Grants Unapplied Account				
Capital grants & contributions unapplied credited to the CIES	12,863	0	(12,863)	0
Application of grants to capital financing transferred to the CAA	0	0	9,384	(9,384)
Application of grants to capital finance Revenue Expenditure funded from capital under statute	(1,447)	0	1,447	0
Adjustments primarily involving the Capital receipts Reserve				
Transfer of cash sale proceeds credited as part of gain/loss on disposal to the CIES	3,751	(3,751)	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	1,943	0	(1,943)
Use of the Capital Receipts finance new Revenue expenditure Funded from capital under statute	(1,012)	1,012	0	0
Transfer from Deferred capital receipts Reserve upon receipt for cash	250	0	0	(250)
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the CIES	(45,878)	0	0	45,878
Employers’ contributions & direct payments to pensioners’ payable in the year.	27,090	0	0	(27,090)

2016/17	Usable Reserves General Fund Balance £000s	Usable Reserves Capital Receipts Reserve £000s	Usable Reserves Capital Grants Unapplied £000s	Movements in Unusable Reserves £000s
Adjustments primarily involving the Collection Fund Adjustment Account				
Amount by which the CT and NDR income credited to the CIES is different from CT and NDR income calculated for the year in accordance with statutory requirements	5,204	0	0	(5,204)
Adjustments primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charge to the CIES on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	(2,373)	0	0	2,373
Total Adjustments	**(61,363)**	**(796)**	**(2,032)**	**64,190**

2017/18	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movements in Unusable Reserves
	£000s	£000s	£000s	£000s
Adjustments primarily involving the Capital Adjustment Account				
Reversal of items debited or credited to the CIES				
Charges for Depreciation, impairment and amortisation of non-current assets	(24,479)	0	0	24,479
Revaluation/impairment losses on PPE	12,274	0	0	(12,274)
Movement in fair value of investment properties	(284)	0	0	284
Capital grants & contributions applied	11,798	0	0	(11,798)
Amounts of non-current assets written off on disposal or sale as part of gain/loss on disposal to CIES	(9,789)	0	0	9,790
Insertion of items not credited or debited to CIES				
Statutory provision for the financing of capital investment	7,207	0	0	(7,207)
Capital Expenditure charged against the General Fund	10,652	0	0	(10,652)
Adjustments primarily involving the Capital Grants Unapplied Account				
Capital grants & contributions unapplied credited to the CIES	22,463	0	(22,463)	0
Application of grants to capital financing transferred to the CAA	0	0	5,846	(5,846)
Application of grants to capital finance Revenue Expenditure funded from capital under statute	(548)	0	548	0
Adjustments primarily involving the Capital receipts Reserve				
Transfer of cash sale proceeds credited as part of gain/loss on disposal to the CIES	6,053	(6,054)	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure		3,794	0	(3,794)
Use of the Capital Receipts finance new Revenue expenditure Funded from capital under statute	(1,389)	1,389	0	0
Adjustments primarily involving the Deferred Capital Receipts Reserve				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	0	(125)	0	125
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the CIES	(56,476)	0	0	56,476
Employers’ contributions & direct payments to pensioners’ payable in the year.	26,281	0	0	(26,281)

2017/18	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movements in Unusable Reserves
	£000s	£000s	£000s	£000s
Adjustments primarily involving the Collection Fund Adjustment Account				
Amount by which the CT and NDR income credited to the CIES is different from CT and NDR income calculated for the year in accordance with statutory requirements	2,434	0	0	(2,434)
Adjustments primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charge to the CIES on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	(164)	0	0	164
Total Adjustments	**6,033**	**(996)**	**(16,069)**	**11,032**

9 **Property, Plant and Equipment**

Comparative movements in 2016/17

	Other Land & Buildings	Vehicles, Plant Furniture & Equipment	Infrastructure	Community Assets	Assets Under Construction	Surplus Assets	Total Property, Plant & Equipment
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Gross book value brought forward	376,386	28,611	168,282	10,215	0	897	584,391
Accumulated depreciation & impairment brought forward	(23,371)	(19,781)	(46,943)	0	0	0	(90,095)
Net Book Value brought forward as at 31 March 2016	**353,015**	**8,830**	**121,339**	**10,215**	**0**	**897**	**494,296**
Additions	18,555	6,568	16,382	160	5,099	0	46,764
Revaluations recognised in the revaluation reserve	23,856	0	0	0	0	590	24,446
Revaluations recognised in the CI&E	(18,776)	0	0	0	0	0	(18,776)
Disposals	(53,542)	(1,360)	0	(160)	0	0	(55,062)
Transfers	3,874	0	0	0	0	275	4,149
Depreciation	(8,698)	(4,515)	(7,370)	0	0	0	(20,583)
Net Book Value carried forward as at 31 March 2017	**318,284**	**9,523**	**130,351**	**10,215**	**5,099**	**1,762**	**475,234**
Gross book value carried forward	340,107	26,168	184,663	10,215	5,099	1,762	568,014
Accumulated depreciation & impairment carried forward	(21,823)	(16,645)	(54,312)	0	0	0	(92,780)
Net Book Value carried forward as at 31 March 2017	**318,284**	**9,523**	**130,351**	**10,215**	**5,099**	**1,762**	**475,234**

Property, Plant and Equipment – Movement in the year 2017/18

	Other Land & Buildings	Vehicles, Plant Furniture & Equipment	Infrastructure	Community Assets	Assets Under Construction	Surplus Assets	Total Property, Plant & Equipment
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Gross book value brought forward	340,107	26,168	184,663	10,215	5,099	1,762	568,014
Accumulated depreciation & impairment brought forward	(21,823)	(16,645)	(54,312)	0	0	0	(92,780)
Net Book Value brought forward as at 31 March 2017	**318,284**	**9,523**	**130,351**	**10,215**	**5,099**	**1,762**	**475,234**
Additions	23,613	10,963	10,180	0	(2,444)	0	42,312
Revaluations recognised in the revaluation reserve	83,159	0	0	0	0	0	83,159
Revaluations recognised in the CI&E	12,091	0	0	0	0	0	12,091
Disposals	(4,801)	(1,562)	0	0	0	(323)	(6,686)
Transfers	0	0	0	0	0	(275)	(275)
Depreciation	(10,978)	(5,515)	(7,777)	0	0	0	(24,270)
Impairments charged to the CI&E	182	0	0	0	0	0	182
Net Book Value carried forward as at 31 March 2018	**421,550**	**13,409**	**132,754**	**10,215**	**2,655**	**1,164**	**581,747**
Gross book value carried forward	429,272	30,557	194,843	10,215	2,655	1,164	668,706
Accumulated depreciation & impairment carried forward	(7,722)	(17,148)	(62,089)	0	0	0	(86,959)
Net Book Value carried forward as at 31 March 2018	**421,550**	**13,409**	**132,754**	**10,215**	**2,655**	**1,164**	**581,747**

PFI assets included in Property, Plant and Equipment £8.45m

The table below shows the progress of the Council's rolling programme for the revaluation of property, plant and equipment. The basis for the valuation is set out in Note 1 Accounting Policies.

	Operational property £000s	Surplus assets £000s	Vehicles, plant and equipment £000s	Total Property, Plant & Equipment £000s
Valued at Historical Cost	0	0	13,409	13,409
Valued at Current Value in				
2017/18	340,594	0	0	340,594
2016/17	35,289	342	0	35,631
2015/16	32,694	447	0	33,141
2014/15	3,292	375	0	3,667
Pre 14/15	9,683	0	0	9,683
Total Property, Plant & Equipment	**421,552**	**1,164**	**13,409**	**436,125**

Heritage Assets: Summary of Transactions

The Code recommends a summary of acquisitions, donations and disposals by category relating to Heritage assets.

However, due to the number of them and their low value, it is not considered practical to list individual additions and disposals from the museum, archive and local studies collections in this document. All such acquisitions and disposals are formally recorded as a standard part of the procedures of the Library and Museum Service and can be seen as matter of public record (while taking into account certain data protection issues such as name and address of donors).

Traditionally, around 100 objects are acquired for the collections every year. The vast majority of these are donated by individuals or organisations and are social history items with nominal values. Other acquisitions in 2017/18 (made by donation rather than purchase) were the Palais De Danse Sign and a Wax Mummy Bust.

There have been no acquisitions or disposals relating to the historic buildings.

The table below shows the value of the heritage assets during 2017/18

	£000s
Gross book value brought forward	67,765
Accumulated depreciation & impairment brought forward	
Net Book Value brought forward as at 31 March 2017	**67,765**
Additions	436
Revaluations recognised in the revaluation reserve	1366
Disposals	(436)
Net Book Value carried forward as at 31 March 2018	**69,131**

Gross book value carried forward	69,131
Accumulated depreciation & impairment carried forward	0
Net Book Value carried forward as at 31 March 2018	**69,131**

Heritage Assets: Further Information on the Library & Museums' Collections

Bolton is fortunate to have cultural collections of particular breadth and quality, especially for a local authority of its size. Details of these assets and the Council's policies for the acquisition, preservation, management and disposal of Heritage assets can be seen under the Bolton Library & Museums Services section of the Council's website at http://www.boltonmuseums.org.uk/about

The collections are managed by Bolton Library and Museum Services, a service within the Chief Executive's Department. The Head of Service reports to the Director level within the department.

Professional officers (e.g. an archivist, local studies librarian, museum collection access officers) are employed within the service to actively manage the collections in accordance with the policies. Most importantly, they ensure the collections are actively used by answering enquiries, curating displays, delivering services for schools, running events and activities, talks and tours.

The collections are used for public interpretation (i.e. in exhibition and displays) at various venues across the Borough of Bolton. The main galleries are at the Bolton Central Library and Museum in Le Mans Crescent, plus the historic halls of Smithills Hall and Hall i' th' Wood. Smaller permanent displays can be found at various branch libraries.

All three major museum sites have been awarded Museum Accreditation status and the archive is a legally recognised public repository. As is typical with most museums, around 5 to 10% of the collections are on display at any one time; with a far lower percentage for archive and library holdings. However, it should be emphasised that all the collections are publically accessible on request and are a much valued resource used for everything from serious academic study to student art projects.

Individual items from the museum collections are occasionally lent to other local, regional national and international museums. The Service will also take in some items on loan, usually for specific exhibitions. Entry, exit, care and insurance of such materials are strictly managed according to professional standards. Transactions into and out of the collections are particularly tightly managed. All acquisitions are guided by a strict policy which dictates what material can be added to collections and in what circumstances. It also sets priority areas for active or passive collecting.

In addition, clear guidelines are given to circumstances in which disposals from the collections are allowed; for example where an item poses a risk to people or other parts of the collections, where it is deemed to fall outside the collection interest of the Service. The presumption is that material will be kept within the public domain via a transfer to another museum or heritage organisation where possible and appropriate.

All such policies, along with significant collection transactions (i.e. major purchases and all proposed disposals) are subject to formal approval by Elected Members.
The management of the collections is guided by recognised and externally assessed professional museum and archive standards. These ensure that the collections are

managed for the public good in a clear and accountable fashion and cover all aspects of museum and archive functions; including acquisition and disposal of material, public access, care of collections, documentation and record keeping, insurance and object movement.

Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, for example, where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

An annual request is made to the Museums and Galleries officers to ensure there have been no significant changes to the collection which would affect the underlying valuation. If there were so, the collections would be independently valued.

In the event of sales, the proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see elsewhere in Accounting Policies).

Historic Buildings

The Council owns two historic buildings, Smithills Hall and Hall i' th' Wood, both of which are open to the general public. Smithills Hall was purchased by the Council in the 1930s and Hall i' th' Wood was presented as a gift in 1902.

These are held on the balance sheet at depreciated replacement cost. These assets are also deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Art Collection

The Council's Art Collection includes paintings (both oil and watercolour) and sketches which are reported in the Balance Sheet at insurance value.

The assets within the art collection are deemed to have indeterminate lives and high residual value; hence the Council does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation with valuations provided by external valuers and with reference to appropriate commercial markets for the paintings using the most relevant and recent information from sales at auctions.

Capital Commitments

At 31 March 2018, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2017/18 and beyond. The major commitments are:

Approved and Contracted Schemes	**£000s**
Primary Expansion Programme	5,200
Secondary Expansion Programme	2,650
D&R Capital	2,329
Special School Expansion Programme	2,250
Non Highways Capital	1,419
Highways Capital	1,075
Building Maintenance Plan	725
Chief Executive’s Department Capital	235
School Capital Support Fund	70
Childrens Surface Pro Purchase	59
Jubilee WiFi	37
Primary Places	28
Thicketford WiFi	16
Schools Access Initiative	15
New Lane Kitchen & Decoration Refurb	8
Day Care - Jubilee - Original	6
Winifred Kettle	6
Wilfred Geere Refurbishment - Phase 3	4
Day Care - Jubilee (2 bed/bathrooms refurb)	3
Total	**16,135**

Schemes Approved But Not Contracted	**£000s**
Secondary Expansion Programme	16,050
Highways Capital Slippage	5,527
Housing Capital Slippage	5,368
Primary Expansion Programme	4,500
Chief Executive’s Department Capital Slippage	4,367
Special School Expansion Programme	2,000
Building Maintenance Plan	1,275
Devolved Formula Capital	1,161
Youth and Play Centres	625
Leisure and Youth Provision Cabinet	531
Primary Places	500
Childrens Centres	500
Non Highways Capital Slippage	489
Two Year Old Funding	250
D&R Capital Slippage	229
Free Breakfast Clubs	211
Supported Housing Developments	166
School Capital Support Fund	100
Schools Access Initiative	100
Children Social Care	90
Harrowby's	80
Total	**44,119**

10 Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the CIES.

	2017/18 £000s	2016/17 £000s
Rental income from investment property	2,224	2,412
Direct operating expenses arising from investment property	(1,119)	(816)
Net gain/(loss)	**1,105**	**1,596**

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or to repair, maintain or enhance it.

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

	2017/18 £000s	2016/17 £000s
Balance at start of the year	38,091	40,593
Additions: purchases	0	0
Disposals	(2,668)	(852)
Net gains/losses from fair value adjustments	(284)	2,539
Reclassifications	0	(4,149)
Other changes	(45)	(40)
Balance at end of the year	**35,094**	**38,091**

11 Intangible Assets

The Council regards the cost of purchased software as an intangible asset, which is amortised over its expected useful life.

	2017/18 £000s	2016/17 £000s
Balance at start of the year	496	401
Additions: purchases	0	275
Amortisation in year	(163)	(174)
Other changes	0	(6)
Balance at end of the year	**333**	**496**
Comprising:		
Gross carrying amount	821	931
Accumulated amortisation	(488)	(435)
	333	**496**

12 **Financial Instruments**

Categories of Financial Instruments

The following categories of financial instrument are carried in the balance sheet:

	Long-term		Current	
	31 Mar 18 £000s	**31 Mar 17 £000s**	**31 Mar 18 £000s**	**31 Mar 17 £000s**
Investments				
Loans and receivables:				
Banks and other financial institutions (net of impairment)	0	0	142,463	74,476
Available-for-sale financial assets (Manchester Airport)	51,900	43,700	0	0
Available-for-sale financial assets (JP Morgan Trust)	536	538	0	0
Unquoted equity investment at cost (Local Education Partnership)	16	16	0	0
Total Investments	**52,452**	**44,254**	**142,463**	**74,476**
Debtors				
Loans and receivables:				
Advances to Manchester Airport PLC	8,972	8,972	0	0
PSP Bolton	10,525	10,468	0	0
Middlebrook Leisure Trust	10	24	0	0
Former Magistrates Authorities (10 Greater Manchester Districts)	705	733	0	0
Long term leasing	49	52	0	0
Financial assets carried at contract amounts	0	0	40,508	32,081
NW Evergreen Ltd Partnership	131	131	0	0
Bolton at Home Equal Pay	378	378	0	0
Bolton Wise	411	507	0	0
Daubhill Muslim Society	125	250	0	0
Total Debtors	**21,306**	**21,515**	**40,508**	**32,081**
Borrowings				
Financial liabilities at amortised cost –				
Market Loans	78,250	79,250	0	0
PWLB	100,000	0	0	0
Short-term borrowings	0	0	0	10,000
LOBO Interest Rate Equalisation	607	624	17	17
Total Borrowings	**178,857**	**79,874**	**17**	**10,017**
Other Long Term Liabilities				
Private Finance Initiative (PFI)	6,116	6,630	0	0
Finance Leases	1,083	676	0	0
Ex-GMC residual debt	4,111	5,341	1,164	1,096
Total Other Long Term Liabilities	**11,310**	**12,647**	**1,164**	**1,096**
Creditors				
Financial liabilities carried at contract amounts	0	0	44,757	46,875
Total Creditors	**0**	**0**	**44,757**	**46,875**

The Council holds shareholdings in the following companies. In all cases there is no material trading relationship between the company and the Council.

- Bolton Council owns 3.22% of the non-voting shares in Manchester Airport Group (MAG) and will receive 3.22% of the dividends. The shareholding can be valued using the earnings based method and discounted cash flow method. In the year the Council received dividends of £4.813m (of which £1.784m was in advance of the 18/19 financial year). MAG's most recent accounts for the year ending 31 March 2017 indicated the company had net assets of £1,542.0m (£1,588.7m the previous year) and made a profit of £119.2m after taxation (£116.7m in the previous year). Further information and details of the Manchester Airport Group PLC financial statements may be obtained from the Company Secretary, Olympic House, Manchester Airport Group PLC, Manchester M90 1QX. Manchester Airport Holdings Ltd accounts are not yet available.

- J.P. Morgan is an investment held for the benefit of the Maintenance of Graves in Perpetuity account.

- Local Education Partnership investment relates to Bolton's share of local authority investment in the Blackburn with Darwen and Bolton Local Education Partnership to deliver Building Schools for the Future.

- In August 2015 the Council agreed to the creation of a Local Authority Trading Company (LATC) to deliver certain Adult Social Care Services. In September 2015 three companies were registered at Companies House:

  - Bolton Care and Support Limited
  - Bolton Care and Support (A) Limited
  - Bolton Care and Support (B) Limited

  The three companies are guaranteed by shares, each Company has 1 share with a value of £10 and these have been fully paid by the Council.

  In July 2016 Bolton Care and Support Limited and Bolton Care and Support (A) Limited started to trade and Council staff were TUPE'd into Bolton Care and Support (A) Limited.

  Since creation the names of the companies have changed as follows:

  - Bolton Care and Support Limited is now Bolton Cares Limited
  - Bolton Care and Support (A) Limited is now Bolton Cares (A) Limited
  - Bolton Care and Support (B) Limited is now Bolton Cares (B) Limited

  The three companies are collectively known as Bolton Cares.

  Bolton Cares (B) Limited remains dormant.

- PSP Bolton: On 6 December 2011 the Council entered into an agreement with PSP Facilitating Ltd to establish a Limited Liability Partnership, trading as PSP Bolton LLP. This is classed as a Joint Venture. The partnership was established to facilitate property related projects, which could include the identification and disposal of surplus assets, facilitation of regeneration schemes, portfolio management and the investment of private sector funds in projects to mutual benefit.

- The Council initially granted Options to Purchase on a number of assets to PSP Bolton for £1 each. Assets are sold to third parties and the Council is guaranteed a minimum receipt determined by professional valuers and agreed by both parties. Assets can be added to the list as opportunities are identified. There are currently 4 assets on the list comprising three investment properties and one held for sale asset. No assets were sold during the year.

- On 26 July 2013 a fully owned subsidiary of PSP Bolton LLP was established, called PSP Bolton (GR) LLP, in order to create a separate vehicle which would specifically acquire a large number of low value assets from the Council, mainly ground rents, and either dispose of them or manage them. The value of these assets was £14.25 million, and the Council will receive in return either a smaller number of higher value assets, which will generate the same income flow as the assets disposed of, the income flow from any PSP developed assets, or will receive cash. To date, the Council has received 1 asset (Bolton Travelodge) and will receive the rental income from the Interchange Office block. The amount outstanding from PSP Bolton (GR) has been recognised in our accounts as a deferred capital receipt (£10.5m). Until the Council receives rental income equivalent to that foregone when the 2013 transfer occurred, the Council is entitled to a revenue compensation payment from PSP Bolton (GR) LLP. The Council received £174k in compensation payment in 2017/18.

- The amount owed to Bolton Council is £4,467,836 which is retained within PSP Bolton LLP to fund future projects

- For the purposes of consolidated (group) accounting, the partnership represents a Joint Venture entity, in which the Council and PSP Facilitating Ltd have joint control, according to a Members' agreement. As such, the share of the Council's holding should be consolidated into group accounts using the equity accounting method. However, under this method, due to the fact that the net assets are virtually zero, group accounts would give no additional information to that already included in the Council's single entity four core statements

- Both PSP Bolton LLP and PSP Bolton (GR) LLP have an accounting date ended 30th April. This will be realigned to match the Council's year end date from 31st March 2019. The provisional assets and liabilities of both partnerships for the year to 30th April 2018 are summarised below:

- Please note these figures are in pounds, not thousands of pounds.

	PSP Bolton LLP		PSP Bolton (GR) LLP	
	To 30 April 2018 £	To 30 April 2017 £	To 30 April 2018 £	To 30 April 2017 £
Fixed Assets				
Investments	1	1	0	0
Current Assets				
Stock and Receivables	7,647,591	213,518	3,774,162	6,636,760
Debtors (incl amounts due from Members)	8,237,747	4,398,968	10,140,740	129,337
Prepayments	0	0	18,097	
Amounts Recoverable on Long Term Contracts	0	0	0	
Cash	3,608,341	4,912,853	3,733,552	1,137,055
Total Assets	**19,493,680**	**9,525,340**	**17,666,551**	**7,903,152**
Creditors amounts due within 1 year	(1,516,072)	(1,332,385)	(104,239)	(390,526)
Loans & debts due to members	(9,858,664)	(8,192,953)	(7,037,692)	(4,398,967)
Amounts owed to Group	(8,118,942)	0	(10,524,618)	(3,113,657)
Total Liabilities	**(19,493,678)**	**(9,525,338)**	**(17,666,549)**	**(7,903,150)**
Net Assets	**2**	**2**	**2**	**2**
Represented by:				
Members' capital classified as equity	**2**	**2**	**2**	**2**
Total Members' Interest				
Amounts due from Members (included in debtors)	0	0	(8,118,942)	0
Loans and other debts due to Members in creditors	10,812,153	8,067,011	7,037,692	4,398,967
Members' interest	2	2	2	2
	10,812,155	**8,067,013**	**(1,081,248)**	**4,398,969**
Status of accounts	Unaudited	Final	Unaudited	Final

Financial Instruments - Income, Expenses, Gains and Losses

	2017/18					2016/17				
	Financial Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Assets and liabilities at Fair Value through Profit and Loss	Total	Financial Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Assets and liabilities at Fair Value through Profit and Loss	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Interest expense	5,162	0	0	0	**5,162**	4,168	0	0	0	**4,168**
Total expense in Surplus or (Deficit) on the Provision of Services	**5,162**	**0**	**0**	**0**	**5,162**	**4,168**	**0**	**0**	**0**	**4,168**
Interest income and dividends	0	797	21	4,813	**5,631**	0	912	19	4,006	**4,937**
Total income in Surplus or (Deficit) on the Provision of Services	**0**	**797**	**21**	**4,813**	**5,631**	**0**	**912**	**19**	**4,006**	**4,937**
Gains (Loss) on revaluation	0	0	(2)	8,200	8,198	0	0	74	3,900	**3,974**
Surplus/(Deficit) arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	**0**	**0**	**(2)**	**8,200**	**8,198**	**0**	**0**	**74**	**3,900**	**3,974**
Net gain/(loss) for the year	**(5,162)**	**797**	**19**	**13,013**	**8,667**	**(4,168)**	**912**	**93**	**7,906**	**4,743**

Fair value of Assets and Liabilities

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

- For loans the PWLB premature repayment rates from the PWLB at 31 March 2018 have been applied to provide the fair value for all loans using PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment is recognised, impairment has been provided separately within the Bad Debt Provision;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 18		31 March 17	
	Carrying amount £000s	Fair value £000s	Carrying amount £000s	Fair value £000s
Financial Liabilities:				
Market Loans	78,874	127,607	79,891	175,826
PWLB Loan	100,000	105,919	0	0
Trade Creditors	44,757	44,757	46,875	46,875
Bank Overdrawn and Short Term Borrowing	9,851	9,851	13,577	13,577
Total Financial Liabilities	**233,482**	**288,134**	**140,343**	**236,278**

The fair value of liabilities is higher than the carrying amount because the Council's borrowing portfolio includes a number of loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date.

	31 March 18		31 March 17	
	Carrying amount £000s	Fair value £000s	Carrying amount £000s	Fair value £000s
Loans and receivables:				
Loan to Manchester Airport	8,972	8,972	8,972	8,972
Money Market Loans Less than One Year	142,463	142,414	74,476	74,592
Trade Debtors	40,508	40,508	32,081	32,081
Total Loans and Receivables	**191,943**	**191,894**	**115,529**	**115,645**

The differences per the 31 March 2017 financial statements are attributable to fixed interest instruments receivable being held by the Council whose interest rate is

higher than the prevailing rate estimated to be available at 31 March. This increases the fair value of loans and receivables.
Available-for-sale assets and assets and liabilities at fair value through profit or loss are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument.
Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

13 **Nature and Extent of Risks Arising from Financial Instruments**

Key Risks

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 interest rates movements.

The Council's overall treasury management activity is carried out with awareness of the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury function, under policies approved by the Council.

Overall procedures for managing risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;

- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;

- by approving annually in advance prudential and treasury indicators for the following three years limiting:

    - The Council's overall borrowing;
    - Its maximum and minimum exposures to fixed and variable rates;
    - Its maximum and minimum exposures to the maturity structure of its debt;
    - Its maximum annual exposures to investments maturing beyond a year.

- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported on a quarterly basis.

The annual treasury management and investment strategies, which incorporates the prudential indicators was approved by Council on 24 February 2016 (with subsequent revision for the Town Centre Strategy borrowing in August 2017) and are available on the Council website.

These policies are implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies (Treasury Management Practices – TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed periodically.

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 Investment 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 & Poors Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The rating criteria use the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria. This is in compliance with a CIPFA Treasury Management Panel recommendation in March 2009 and the CIPFA Treasury Management Code of Practice.

Credit rating information is supplied by our treasury consultants on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance a negative rating watch applying to counterparties at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

The criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) are:

- **Banks 1** - good credit quality **–** the Council will only use banks which are UK banks and have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

i. Short term – *F1/P1/A1*
ii. Long term – *A-/A3/A-*
iii. Viability / financial strength – *bb+/C*(Fitch/Moody's only)
iv. Support – *3* (Fitch only)

- **Banks 2** – Part nationalised UK banks – Lloyds Banking Group (Lloyds Bank and Bank of Scotland) and Royal Bank of Scotland (Royal Bank of Scotland and National Westminster Bank). These banks can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above.
- **Banks 3** – the Council's own banker (Barclays Bank) if the bank falls below the above criteria.
- **Building societies**. The Council will use all societies which meet the ratings for Banks 1 outlined above.
- **UK Government (the DMADF)**
- **Local Authorities, parish Councils etc.**
- **Money Market Funds – *AAA with a Fixed Net Asset Value (NAV).***

Deposits are not made with banks and financial institutions unless they are rated independently to have a sound credit rating. Based upon past experience the investments held at the 31 March 2018 were of a low risk of default.

Where significant contracts are being entered in to customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

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.

Source of Loan	Interest Rates %	Total Outstanding 31 March 2017/18 £000s	2016/17 £000s
Bonds	3.90 to 12.125	78,250	79,250
PWLB	2.55	100,000	0
Mortgages		0	0
Total Borrowing		**178,250**	**79,250**
Less: Due within 12 Months on demand		250	1,000
		178,000	**78,250**
An Analysis of Loans by Maturity at 31 March :			
Amounts of Principal to be Repaid			
Within 1 year		250	1,000
In 1 to 2 Years		0	250
In 2 to 5 Years		0	0
In 5 to 10 Years		0	0
10 - 20 Years		0	0
After 20 Years		178,000	78,000
		178,250	**79,250**

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 risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. Prudential Indicators limit the proportion of debt maturities in any period. A combination of careful planning when a new loan is taken out and making early repayment (when it is economic to do so) allows maturity patterns to be managed.

Market risk

Interest rate risk

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

- Borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise
- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise
- Investments at fixed rates – are largely short term and thus there would be no balance sheet effect.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the CIES or MIRS. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance £ for £.

The Council has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 50% of its net debt in variable rate loans and investments. None of the Council's borrowings held at the 31 March 2018 were in variable rate loans (accordingly our policy was satisfactorily met). During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates and the Council's cost of borrowing thus providing compensation for a proportion of any higher costs.

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

According to this assessment, if interest rates had been higher with all other variables held constant, the financial effect would be beneficial to General Fund.

The impact of a fall in interest rates would adversely impact on General Fund but in year monitoring will allow the budget strategy to be amended accordingly.

The impact of a 1% increase in interest rates has been assessed as follows:

	£000s
Increase in interest payable on variable rate borrowings	1,783
Increase in interest receivable on variable rate investments	(1,610)
Impact on Income and Expenditure Account	**173**
Decrease in fair value of "available-for-sale" investment assets	173
Impact on MIRS	173
Decrease in fair value of fixed rate investment assets – (no impact on CIES & MIRS)	**0**

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

Price risk

The Council does not generally invest in equity shares or marketable bonds but does have a holding to the value of £0.536m in an investment trust, which will only be realised in favourable circumstances. The Council consequently has minimal exposure to losses arising from movements in the prices of the shares. The unquoted equity investments in Manchester Airport Group and Blackburn with Darwen and Bolton Local Education Partnership are shown at fair value and historic cost respectively.

The holding in the investment trust is classified as 'available for sale', meaning that all movements in price will impact on gains and losses recognised in the MIRS. A general shift of 5% in the general price of shares (positive or negative) would thus have resulted in a £26,800 gain or loss being recognised in the MIRS.

Foreign exchange risk

The Council has no foreign exchange exposure.

14 Inventories

	Consumable Stock	
	2017/18 £000s	**2016/17 £000s**
Balance outstanding at start of year	869	734
Purchases	687	852
Recognised as an expense in the year	(867)	(717)
Balance outstanding at year end	**689**	**869**

15 Debtors

	31 March 2018 £000s	**31 March 2017 £000s**
Central government bodies	7,439	5,056
Other local authorities	1,335	271
NHS bodies	636	703
Public corporations and trading funds	19,656	18,223
Other entities and individuals	34,338	26,626
Sub total	**63,404**	**50,879**
Less: Provision for Bad Debts	(22,896)	(18,799)
Total	**40,508**	**32,080**

16 Cash and Cash Equivalents

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

	31 March 2018 £000s	31 March 2017 £000s
Cash held by the Council		
Bank current accounts	7,950	7,997
Bank Call accounts and Money Market Funds	33,309	12,005
Total Cash held by the Council	41,259	20,002
Bank Overdraft	(8,151)	(2,888)
Total Cash and Cash Equivalents	**33,108**	**17,114**

17 Assets Held for Sale

	Non-Current	
	2017/18 £000s	**2016/17 £000s**
Balance outstanding at start of year	0	0
Assets newly classified as held for sale:	275	0
Assets sold	0	0
Balance outstanding at year-end	**275**	**0**

18 Creditors

	31 March 2018 £000s	31 March 2017 £000s
Central government bodies	5,601	7,732
Other local authorities	3,226	818
NHS bodies	598	812
Public corporations and trading funds	21,730	21,315
Other entities and individuals	7,542	10,276
Teacher’s Pensions Scheme	2,097	2,124
Short term accumulated absences account	3,963	3,799
Total	**44,757**	**46,875**

19 Provisions

	Self-insurance – liability & fire (1) £000s	Carbon Reduction Commitment (2) £000s	Business Rates Appeals (3) £000s	Bolton Care and Support (A) Ltd (4) £000s	Total £000s
Balance at 1 April 2017	6,901	92	3,364	558	**10,915**
Additions in year	3,071	0	8,317	0	**11,388**
Amounts used in year	(1,621)	0	(2,648)	(212)	**(4,481)**
Unused amounts reversed in year	(1,597)	0	0	(346)	**(1,943)**
Balance at 31 March 2018	**6,754**	**92**	**9,033**	**0**	**15,879**
Split as:					
Short term	965	92	3,000	0	4,057
Long term	5,789	0	6,033	0	11,822
Total	**6,754**	**92**	**9,033**	**0**	**15,879**

Notes

1. In accordance with IAS 37 the Insurance Liabilities at 31 March 2018 are estimated to be £6,754,000.

2. The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in Phase 2 which will last until 31 March 2019. The Council is required to purchase and surrender allowances on the basis of emissions i.e. carbon dioxide produced as energy is used. The provision created relates to unused credits.

3. This is Bolton Council's share (99%) of the estimated impact of outstanding Business Rates Appeals at the 31 March 2018. In 2016/17 the Council's share was 49%. The change between years relates to the Council being part of Business Rates Pilot programme from 1 April 2017.

4. In August 2015 the Council agreed to the creation of a Local Authority Trading Company (LATC) to deliver specific Adult Social Care Services. In September 2015 three companies were registered at Companies House:

- Bolton Care and Support Limited
- Bolton Care and Support (A) Limited
- Bolton Care and Support (B) Limited

The three companies are guaranteed by shares which are owned by the Council and it is anticipated that Bolton Care and Support Ltd and Bolton Care and Support (A) Ltd began trading on 1 July 2016. Staff who are currently working in the services that are transferring to Bolton Care and Support (A) Ltd were given 3 options: TUPE, Voluntary Severance/Early Retirement or Settlement payment to transfer to the new Terms and Conditions of the Company. A provision has been created to cover the estimated costs of the staff options.

20 Cash Flow Statement – Adjustment on provision of services for non-cash movements

2016/17 £000s		2017/18 £000s
(20,636)	Depreciation of Non-Current Assets	(24,479)
0	Impairment of Non-Current Assets	182
(18,788)	Pension Fund adjustments	(30,195)
10,193	Contributions to Provisions	(4,964)
(56,345)	Carrying amount of PP&E, investment property and intangible assets sold	(9,789)
(16,218)	Other non-cash movement	11,808
(101,794)		**(57,437)**
	Accruals adjustments:	
135	Increase/(Decrease) in Inventories	(179)
(1,468)	Increase/(Decrease) in Debtors	9,218
(74)	Increase/(Decrease) in Interest Debtors	(13)
(3,025)	(Increase)/Decrease in Creditors	2,118
(3)	(Increase)/Decrease in Interest Creditors	(996)
(4,435)		**10,148**
(106,229)	**Total Adjustment to net Surplus or deficit on the provision of services for non-cash movements**	**(47,289)**

21 Cash Flow Statement – Adjustment on provision of services for investing or financing activities

2016/17 £000s		2017/18 £000s
4,001	Proceeds from the disposal of PPE, investment property and intangible assets	6,054
19,840	Capital Grants credited to Surplus or deficit on the provision of services	34,261
23,841		**40,315**

22 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2016/17 £000s		2017/18 £000s
(1,008)	Interest received	(825)
4,149	Interest paid	4,149
(4,025)	Dividends received	(4,025)

23 Cash Flow Statement - Investing Activities

2016/17 £000s		2017/18 £000s
47,093	Purchase of property, plant and equipment, investment property and intangible assets	42,253
82,900	Purchase of short-term and long-term investments	299,600
(4,001)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(6,054)
(112,900)	Proceeds from short-term and long-term investments	(231,600)
(19,840)	Other investing activities	(34,261)
(6,748)	**Net cash flows from investing activities**	**69,938**

24 Cash Flow Statement - Financing Activities

2016/17 £000s		2017/18 £000s
(25,000)	Cash receipts of short-term and long-term borrowing	(100,000)
377	Finance leases and on balance sheet PFI contracts	601
18,000	Repayments of short-term and long-term borrowing	11,000
1,096	Other payments for financing activities	1,161
(5,527)	**Net cash flows from financing activities**	**(87,238)**

25 Trading Operations

Activity	Note	2017/18 Income £000s	2017/18 Expenditure £000s	2017/18 (Surplus) / Deficit £000s	2016/17 Income £000s	2016/17 Expenditure £000s	2016/17 (Surplus) / Deficit £000s	2015/16 Income £000s	2015/16 Expenditure £000s	2015/16 (Surplus) / Deficit £000s
Markets	1	1,352	1,364	12	1,390	1,325	(65)	4,373	4,292	(81)
Building Control	2	325	325	0	360	360	0	379	380	1
Special Needs Transport	3	5,353	5,342	(11)	5,358	5,325	(33)	4,965	4,934	(31)
Security & Response	4	2,012	1,950	(62)	2,045	1,979	(66)	1,948	1,955	7
Schools & Welfare Catering	5	8,306	8,646	340	8,830	9,257	427	7,940	8,314	374
Fleet Management	6	6,278	6,188	(90)	6,022	6,010	(12)	6,321	6,284	(37)
Building Cleaning	7	2,492	2,869	377	2,375	2,819	444	2,570	2,842	272
Civic Cleaning	8	861	884	23	837	859	22	674	730	56
(Surplus) / Deficit		**26,979**	**27,568**	**589**	**27,217**	**27,934**	**717**	**29,170**	**29,731**	**561**

Trading operations are incorporated into the CIES. Some are an integral part of one of the Council's services to the public (e.g. markets) whilst others are support services to the Council's services to the public (e.g. schools and welfare catering). The expenditure of these operations is allocated or recharged to headings in the Net Operating Expenditure of Continuing Operations**.**

2016/17 £000s		2017/18 £000s
	Net (Surplus) Deficit on Trading Operations:	
(65)	Services to the public included in Expenditure of Continuing Operations	12
782	Support services recharged to Expenditure of Continuing Operations	577
717	**Net (surplus) deficit credited to Other Operating Expenditure**	**589**

Note:

1. **Markets –** this activity hosts retail markets in Bolton, Farnworth & Westhoughton and also delivers local produce markets and special events such as the Food & Drink Festival.

2. **Building Control** - ensures that buildings are constructed and altered so that they comply with Building Regulations, that dangerous structures are made safe, and that demolitions are done in as safe a manner as possible.

3. **Special Needs Transport –** transports vulnerable clients on behalf of Children's Services and Adult Services.

4. **Security & Response** - provide services to internal Council departments including courier, porter services, CCTV and security control room.

5. **Schools and Welfare Catering** – manages the catering service to primary and secondary schools in Bolton, and also provides advice on catering, nutrition and kitchen facilities across the borough.

6. **Fleet Management** – transport & fleet maintenance is utilised by all services across the Council and Bolton at Home. It provides an independent MOT service available to the public and a taxi testing unit.

7. **Building Cleaning** - delivers a comprehensive cleaning service in around 200 buildings across the Council, including 70 Primary and 10 Secondary schools and office accommodation used by Bolton at Home and Council departments. The service is regularly benchmarked with other service providers to ensure value for money.

8. **Civic Cleaning** - provides a comprehensive cleaning service within Civic Buildings.

26 Agency Services

The Council provides accommodation services for refugees on behalf of the North West Consortium (NWC). The North West Consortium (NWC) agrees a fee dependant on type of contract and number of occupants/length of stay.

	2017/18 £000s	**2016/17 £000s**
Expenditure incurred in providing a service on behalf of the Home Office in partnership with NWC, Bury MBC and Refugee Action	580	592
Management fee payable by the North West Consortium	(580)	(592)
Net surplus arising on the agency agreement	**0**	**0**

27 Pooled Budget – Better Care Fund

2015/16 was the first year of operation of the Better Care Fund, a national policy initiative designed to promote integrated working between Health and Social Care. In line with policy requirements, Bolton Clinical Commissioning Group and Bolton Council have entered into a pooled budget arrangement under section 75 of the NHS Act 2016.

The operation of the Better Care Fund is set out in a formal section 75 agreement which confirms the spending plan and risk sharing agreement of the Fund, which is hosted by Bolton Clinical Commissioning Group.

The following table summarises the contributions made by Bolton Clinical Commissioning Group and Bolton Council along with the expenditure summarised by service area.

	2017/18 £000s	2017/18 £000s	2017/18 £000s
Funding provided to the pool:			
Bolton Clinical Commissioning Group			29,068
Bolton Council			13,332
Total funding			**42,400**
Expenditure met from the pooled budget:	**Bolton Council**	**CCG**	**Total**
Integrated Neighbourhood teams	1,176	3,024	4,200
Intermediate Care	9,274	5,130	14,404
Independent Living	4,838	0	4,838
Complex Needs	795	0	795
Staying Well	1,456	0	1,456
Carers	695	0	695
Care Act	754	0	754
Protection of Social Care Services	5,277	0	5,277
Protection of Health Care Services	0	2,000	2,000
Programme and IT Costs	64	131	195
Improved Better Care Fund (iBCF)	7,476	0	7,476
Additional Schemes	0	310	310
Total expenditure	**31,805**	**10,595**	**42,400**
Net surplus arising from the pooled budget during the year			**0**

Whilst the section 75 agreement between the parties does constitute a 'joint operation' under IFRS 11, the substance of the commissioning transactions related to the Fund's spending plan indicates that each party is acting as a single entity. Therefore, each organisation accounts for its own transactions without recognising its interest in its share of total assets, liabilities, revenue and expenditure that relate to the whole Fund.

28 Members' Allowances

The Council paid the following amounts to Members of the Council during the year:

	2017/18 £000s	2016/17 £000s
Allowances	867	887
Expenses	1	1
Total	**868**	**888**

29 Officers' Remuneration

The remuneration paid to the Council's senior employees is as follows – there were no benefits in kind:

	Note	Salary including Fees and Allowances	Expense Allowance	Total Remuneration Excluding Pension Contributions	Pension Contributions	2017-18 Total Remuneration Including Pension Contributions	2016-17 Total Remuneration Including Pension Contributions
		£	£	£	£	£	£
Chief Executive:							
T Oakman	1	37,733	0	37,733	7,848	45,581	0
M Asquith	2	145,287	0	145,287	0	145,287	191,810
Deputy Chief Executive	3	43,432	0	43,432	0	43,432	0
Chief Executive of Bolton Care and Support Ltd		106,828	0	106,828	12,997	119,825	127,136
Director of People	4	120,193	0	120,193	23,340	143,533	141,113
Interim Director Of People	5	20,880	0	20,880	0	20,880	0
Director of Place		117,312	0	117,312	24,401	141,713	135,826
Director of Public Health	6	66,598	0	66,598	9,577	76,175	100,831
Borough Treasurer (s151 Officer)		95,656	0	95,656	19,857	115,513	115,737
Borough Solicitor		102,766	0	102,766	19,450	122,217	120,993
		856,685	**0**	**856,685**	**117,471**	**974,156**	**933,446**

Notes

1 Start date 8/1/18
2 To 7/1/18
3 From 8/1/18 to 31/3/18 (retired)
4 Retired 28/2/18
5 From 5/3/18, employed via Gatenby Sanderson Ltd
6 Shared with Salford (50:50)

The number of Council employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) by band is as follows:

	Teachers		Other Staff	
	2017/18	2016/17	2017/18	2016/17
£50,000 - £54,999	51	57	27	22
£55,000 - £59,999	29	43	11	11
£60,000 - £64,999	28	35	8	7
£65,000 - £69,999	26	27	2	4
£70,000 - £74,999	10	5	5	3
£75,000 - £79,999	1	4	0	1
£80,000 - £84,999	2	6	2	4
£85,000 - £89,999	2	1	2	0
£90,000 - £94,999	1	1	0	0
£95,000 - £99,999	0	1	2	4
£100,000-£104,999	3	2	0	1
£105,000-£109,999	0	0	1	0
£110,000-£114,999	0	1	0	1
£115,000-£119,999	0	0	1	1
£130,000-£134,999	0	0	1	1
£135,000-£139,999	0	1	0	0
£185,000-£189,999	0	0	1	0
£190,000-£195,000	0	0	0	1

The number of exit packages with total cost per band including the cost of ill health retirements and total cost of voluntary redundancies are set out in the table below. There were no compulsory redundancies.

Exit package cost band (including special payments)	Total number of exit packages by cost band		Total cost of exit packages in each band	
	2017/18	2016/17	2017/18 £	2016/17 £
£0-£20,000	101	145	350,922	1,164,003
£20,001-£40,000	20	44	605,630	1,252,581
£40,001-£60,000	18	15	875,868	736,342
£60,001-£80,000	9	9	592,340	635,372
£80,001-£100,000	6	6	569,588	520,719
£100,000-£150,000	2	11	223,204	1,314,233
£150,000-£200,000	1	1	169,917	184,136
£200,000-£250,000	0	0	0	0
£250,000-£300,000	0	1	0	261,203
Total	**157**	**232**	**3,387,469**	**6,068,589**

30 Termination Benefits

Of the £3.39m cost of exit packages, £418,620 was made in respect of voluntary severance and redundancy payments (£2,012,815 in 2016/17) and £2,968,849 (£4,055,773 in 2016/17) was to cover the capitalisation costs of pensions.

31 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 Schools Finance and Early Years (England) Regulations 2017. 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 budget share for each maintained school.

Details of the deployment of DSG receivable for 2017/18 are as follows:

	Schools Budget Funded by Dedicated Schools Grant		
	Central Expenditure £000s	**Individual Schools Budget £000s**	**Total £000s**
Final DSG for 2017-18 before Academy Recoupment			244,745
Academy figure recouped for 2017-18			(71,575)
Total DSG after Academy Recoupment for 2017-18			173,170
Brought Forward from 2016-17			3,668
Carry Forward to 2017-18 agreed in advance			(3,668)
			173,170
Agreed Budget Distribution in 2017-18	27,359	165,209	192,568
In year adjustments	16,697	(36,095)	(19,398)
Final Budget Distribution 2017-18	**44,056**	**129,114**	**173,170**
Actual Central Expenditure	46,779	0	46,779
Actual ISB deployed to Schools	0	129,114	129,114
Carryforward to 2018-19	**(2,722)**	**0**	**(2,722)**
Carryforward from 2016-17			3,668
Carryforward to 2018-19			**946**

32 Financing and Investment Income and Expenditure

	2017/18 £000s	**2016/17 £000s**
Movement on investment property	284	(2,539)
Interest Payable and Investment Expenditure	6,938	5,718
Interest and Investment Income	(8,941)	(8,432)
Pension interest cost and return on assets	10,020	12,609
Total	**8,301**	**7,356**

33 Taxation and Non-Specific Grant Income

The Council raises Council Tax, Non Domestic Rates (NDR) and receives grants from Central Government each year to support revenue expenditure which is not attributable to specific services. The Grants, NDR and Council Tax received for 2017/18 were:

	2017/18 £000s	2016/17 £000s
Council Tax	103,509	94,702
Revenue Support Grant (RSG)	0	42,008
Non Domestic Rates (NDR)Top-Up	38,293	19,332
Local Retained Business Rates	81,950	45,787
Collection Fund Adjustment Account	4,980	2,376
Capital Grants	34,261	19,840
Total	**262,993**	**224,045**

34 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2017/18:

	2017/18 £000s	2016/17 £000s
Credited to Services:		
PFI Special Grant	1,014	1,014
Rent Allowance Subsidy	89,761	93,499
Non-HRA Rent Rebates Subsidy	1,686	1,735
HB and Council Tax Benefit Admin Grant	1,641	1,795
Dedicated Schools Grant	174,357	188,246
Pupil Premium	11,559	13,251
Education Services Grant	949	3,590
Public Health Grant	0	22,599
New Homes Bonus	3,055	4,664
Other Revenue Grants, reimbursements and contributions (Government)	63,930	49,796
Other Revenue Grants, reimbursements and contributions (Non-Government)	6,277	4,541
Total	**354,228**	**384,731**

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the end of 2017/18 are as follows:

	2017/18 £000s	2016/17 £000s
Capital Grants Receipts in Advance		
NHS Shares Business Service	0	1,000
Total	**0**	**1,000**
Revenue Grants Receipts in Advance		
2016/17 NNDR 3 based transactions	547	219
Egyptology Contribution	250	250
Home Office	147	162
DCLG	590	298
Greater Manchester Combined Authority	157	0
Technology Board	135	135
Community Safety Grant	906	762
Other Grants	273	502
Total	**3,005**	**2,328**

35 Related Parties

Related parties are individuals or organisations which have the potential to control or influence the Council or be controlled or influenced by the Council, or are subject to common control.

The UK Central Government exerts significant influence over local authorities by providing the statutory framework within which the Council operates and by the provision of grant funding. Details of transactions with UK Government departments are set out in Note 34 Grant Income whilst total UK Government Debtors and Creditors are disclosed in notes 15 and 18 and the detail is in the table below:

Organisation	Income in year	Expenditure in year	Balance due to Bolton Council at 31.3.18	Balance due from Bolton Council at 31.3.18
UK Government Department				
Academy Schools	3,713,565	6,572,749	0	0
Arts Council	3,773,928	0	0	0
DCLG	14,943,715	0	2,958,316	0
Department for Work and Pensions	90,687,171	413	964,421	0
DFE	2,221,791	29,568	0	41,659
DFT	4,104,267	0	55,563	0
Education Funding Agency	221,439,285	0	1,186,800	0
H.M. Revenue & Customs	0	0	1,768,016	5,463,450
Other Local Authorities	4,739,897	8,410,126	0	0
Bolton Cares	785,858	12,727,985	0	0
GMCA	457,045	15,101,140	0	0
Department of Health Local Reform and Community Voices	1,383,291	0	0	0
Other Government Departments	1,947,186	1,423,768	496,135	89,733
Total UK Government Departments	**350,197,000**	**44,265,750**	**7,429,251**	**5,594,842**

Organisation	Income in year	Expenditure in year	Balance due to Bolton Council at 31.3.18	Balance due from Bolton Council at 31.3.18
NHS				
Bolton CCG	24,404,417	1,889,052	478,739	190,509
Royal Bolton Hospital NHS Foundation Trust	568,857	10,656,380	124,887	108,828
NHS Shared Business Service - Little Lever Integrated Healthcare	1,330,000	0	0	0
Health Authority (incl trusts & PCT)	233,940	4,237,455	32,038	298,872
Total NHS	**26,537,214**	**16,782,887**	**635,664**	**598,209**

Members of the Council determine Council policy. During 2017/18 Members of the Council declared an interest in the following activities:

	Total No. of Members with an Interest	Total Amount paid during 17-18	Total Amount due to 31-3-18	Total No. of Members with an Interest	Total Amount received during 17-18	Total Amount due from at 31-3-18
		£	£		£	£
Arts	2	308,454	0	2	5,496	6,721
Education and Leisure	8	7,524,674	1,135	5	9,260,300	6,682
Other	17	72,400	0	17	37,947	87,272
Other Public Bodies	10	10,025,901	8,906	6	268,591	3,924
Registered Social Landlord	7	254,708	0	1	2,244,443	71,769
Construction	1	210,119	0	3	23,406	0
Health	5	12,502,763	284	3	533,563	136,006
Economic Development	0	0	0	1	205,310	0
Social Care & Community	14	1,554,140	14,738	9	1,726,232	30,154
Grand Total	**64**	**32,453,159**	**25,063**	**47**	**14,305,289**	**342,527**

Chief Officers of the Council are the principal policy advisors and executives.

Bolton Council has representatives on the Board of the Octagon Theatre Trust and the Borough Treasurer represents the Council in an advisory role. The Council has one vote out of a total of twelve on voting matters. A Register of Members Interests is maintained and is available for public inspection by contacting the Members Services Officer. Details of payments to members are available on the Council's website and also by contacting the Members Services Officer.

PSP Bolton LLP and PSP Bolton (GR) LLP

Please see note 12, Financial Instruments

Bolton Cares Ltd, Bolton Cares (A) Ltd and Bolton Cares (B) Ltd

The Council wholly owns the above companies, please see note 12, Financial Instruments

Other material related party transactions

Bolton Community Leisure Trust was established to manage several of the Council's leisure centres. In 2017/18 the Trust received grant funding from the Council of £2.060m (£2.084m in 2016/17) towards running costs of the facilities.

Related party transactions with National Health Service bodies amounted to income to the Council of £15.6m in 2017/18 (£34.7m in 2016/17). This income relates to the Pooled Budget arrangement (see note 27) and various schemes to support Social Care.

The Greater Manchester Combined Authority (GMCA) was formally established on 1 April 2011 following agreement between the 10 Greater Manchester Councils and Central Government. GMCA has been established to co-ordinate key economic development, regeneration and transport functions and will, in the future, have financial implications which will impact on the availability and use of resources by the Council.

The Transport for Greater Manchester Executive is the executive body of GMCA in relation to its transport functions.

The Association of Greater Manchester Authorities (AGMA) is a partnership between the 10 Greater Manchester Councils. They co-operate on a number of issues, both statutory and non-statutory, where there is a possibility of improving service delivery by working together. A number of AGMA units exist which the Council contributes to and the expenditure is contained within the relevant service headings in the CIES.

Other Public Bodies:

Included in the CIES within net cost of services are the following amounts that are charged as levies for services not directly provided by the Council. The balances due to / from the Council are contained within Note 15 Debtors and Note 18 Creditors respectively:

	Paid as Levies by Bolton Council during 2017-18 £	Balance due from Bolton Council at 31-3-18 £	Balance due to Bolton Council at 31-3-18 £
Transport for Greater Manchester	10,613,326	0	10,000
Greater Manchester Waste Disposal Authority	29,000,000	6,000	0
The Environment Agency	138,404	0	0
	39,751,730	**6,000**	**10,000**

Other related parties disclosed elsewhere in the Statement of Accounts:

- Pension funds are disclosed in Notes 39 and 40
- The Council holds long term investments in companies and these are disclosed in Note 12.

36 Capital Expenditure and Capital Financing

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

	Note	2017/18 £000s	2016/17 £000s
Opening Capital Financing Requirement		**200,927**	**198,550**
Capital Investment			
Property, Plant and Equipment	**9**	42,312	46,764
Investment Properties	**10**	0	0
Heritage Assets	**9**	0	55
Intangible Assets	**11**	0	275
Revenue Expenditure Funded from Capital under Statute		4,609	5,777
Sources of Finance			
Capital receipts		(5,182)	(2,955)
Government grants and other contributions		(20,748)	(7,870)
Sums set aside from revenue:			
Direct revenue contributions		(10,828)	(32,262)
MRP/loans fund principal		(5,447)	(5,934)
Reduction in Long Term Liabilities		(1,269)	(1,473)
Closing Capital Financing Requirement		**204,374**	**200,927**
Explanation of movements in year			
Increase/ (Decrease) in underlying need to borrow (unsupported by government financial assistance)		3,447	2,377
Increase/decrease in Capital Financing Requirement		**3,447**	**2,377**

37 **Leases**

Authority as Lessee

Finance Leases

The Council has acquired an administrative building in the Environmental Services Department and its multi-functional office devices under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2018 £000	31 March 2017 £000
Other Land and Buildings	709	869
Vehicles, Plant, Furniture and Equipment	395	0
Total leased assets	**1,104**	**869**

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	31 March 2017
	£000	**£000**
Finance lease liabilities (net present value of minimum lease payments):		
Current	87	0
Non-current	728	322
Finance costs payable in future years	1,990	1,940
Minimum lease payments	**2,805**	**2,262**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
Not later than one year	143	29	87	0
Later than one year and not later than five years	574	116	407	0
Later than five years	2,088	2,117	322	322
Minimum lease payments	**2,805**	**2,262**	**816**	**322**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2017/18 contingent rents payable were £262k (2016/17 £262k). The Authority has sub-let some of a property held under a finance lease. At 31 March 2018 the minimum payments expected to be received under non-cancellable sub-leases was £0k (£95k at 31 March 2017).

Operating Leases

The Authority leases property for administrative purposes, and also leases office equipment in schools. The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2018 £000	31 March 2017 £000
Not later than one year	354	490
Later than one year and not later than five years	373	367
Later than five years	3,598	3,101
	4,325	**3,958**

The expenditure in the year of £649k in relation to these leases was charged to the relevant service lines (2016/17 £746k).

Authority as Lessor

Finance Leases

The Authority has leased out property at Paderborn House and at Newport St, both under finance leases with 0 and 50 years remaining, respectively.

The Authority has a gross investment in the leases, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The residual value is nil. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	31 March 2018	31 March 2017
	£000	**£000**
Finance lease debtors (npv of minimum lease payments):		
Current	0	2
Non-current	49	49
Unearned finance income	176	185
Gross investment in the lease	**225**	**236**

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000s	£000s	£000s	£000s
Not later than one year	5	11	5	11
Later than one year and not later than five years	18	18	18	18
Later than five years	202	207	202	207
	225	**236**	**225**	**236**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2017/18 £101k contingent rents were receivable by the Authority (2016/17 £101k).

Operating Leases

The Authority leases out property under operating leases for commercial and community benefit purposes.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2018	31 March 2017
	£000	£000
Not later than one year	1,429	1,447
Later than one year and not later than five years	4,973	4,866
Later than five years	51,649	54,464
	58,051	**60,777**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

38 **PFI and Similar Contracts**

PFI

In September 2003 a new school, library, training centre and community facility opened at Castle Hill. It was procured through a Public Finance Initiative (PFI). Under the 2009 SORP the asset is now included on the balance sheet although it is not in the Council's ownership. The Council is committed to an annual unitary payment of £1.7m increasing annually by RPI until 2028/29.

Payments

The Council makes an agreed payment each year which is increased each year by RPI and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2018 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Payment for Services £000s	Reimbursement of Capital Expenditure £000s	Interest £000s	Total £000s
Payable in 2017/18	1,018	453	384	1,855
Payable within 2 to 5 years	4,074	2,117	1,230	7,421
Payable within 6 to 10 years	5,092	3,489	696	9,277
Payable within 11 to 15 years	509	411	7	927
Total	**10,693**	**6,470**	**2,317**	**19,480**

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

	2017/18 £000s	2016/17 £000s
Balance outstanding at start of year	6,898	7,299
Payments during the year	(426)	(401)
Balance outstanding at 31 March	**6,472**	**6,898**

Other Contracts

The Council has entered into an agreement with Bolton Community Leisure to lease (at a peppercorn) and manage indoor leisure facilities for a period of 15 years and 3 months from January 2004. The Council will pay grant to the Trust during that period.

39 Pension Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are members of the Teachers’ Pension Scheme, administered by Capita. It provides teachers with defined benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members’ pensionable salary.

	2017-18	2016-17
Percentage contributed (%)	16.48	16.48
Amount contributed (£000s)	10,758	12,572

With regard to the Teachers’ Pension Scheme, there were employers’ contributions of £838,575.50 remaining payable at the year end and the contributions due to be paid in 2018/19 are estimated to be £10,062,900.

The scheme is a multi-employer defined benefit scheme. Although the scheme is unfunded, Capita uses a notional fund as the basis for calculating the employers’ contribution rate paid by local education authorities. It is not possible for the Council to identify its share of the underlying financial position and performance of the scheme. For the purpose of this statement of accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the teachers’ scheme. These benefits are fully accrued in the pensions liability described in note 40.

Public Heath staff employed by the Council are members of the NHS Pension Scheme. It provides defined benefits upon retirement, and the Council contributes towards the costs by making contributions based on a percentage of members’ pensionable salary.

	2017/18	2016/17
Percentage contributed (%)	14.38	14.3
Amount contributed (£000s)	83	124

The scheme is a multi-employer defined benefit scheme. Although the scheme is unfunded, NHS uses a notional fund as the basis for calculating the employers’ contribution rate to be paid. It is not possible to identify a share of the underlying liabilities in the scheme attributable to these employees. For the purpose of this statement of accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the NHS scheme. These benefits are fully accrued in the pensions liability described in note 40, however no such additional benefits have been awarded in the two financial years.

40 Defined Benefit Pension Schemes

Participation in pension schemes

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

The Council participates in three post-employment schemes:

The Teachers Pensions Scheme – see note 39.

The NHS Pension Scheme – see note 39.

The Local Government Pension Scheme administered locally by Tameside Metropolitan Borough Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

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 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 Tameside MBC Pension Fund Management Panel. Policy is determined in accordance with the Pensions Fund Regulations. The panel is made up of Councillors mainly from Tameside and is advised by Tameside's Chief Executive, Director of Pensions, Borough Solicitor, outside investment experts and the Pension Fund Advisory Panel (Councillors from each of the 10 Greater Manchester Authorities and also employees' representatives from the major trades unions).

The principal risks to the Council 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 the amounts required by statute as described in the accounting policies note.

Transactions relating to retirement benefits

The Council recognises 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 the Council is required to make against the Council tax is based on cash payable in the year, so the real cost of post-employment retirement benefits is reversed out of the General Fund via the MIRS. The following transactions have been made in the CIES and the General Fund Balance via the MIRS during the year:

	2017/18 £000s	2016/17 £000s
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current service cost	45,104	29,262
Past service costs	1,352	4,007
Effect of Settlements	0	0
Financing and Investment Income and Expenditure		
Net interest expense	10,020	12,609
Total Post Employment Benefits Charged to the Deficit on the Provision of Services	**56,476**	**45,878**
Other Post-employment Benefit Charged to the CIES		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	(19,851)	(186,518)
Actuarial gains and losses arising on changes in demographic assumptions	0	3,043
Actuarial gains and losses arising on changes in financial assumptions	(29,606)	232,809
Other	61	(49,910)
Total Post-employment Benefits charged to CIES	**(49,396)**	**(576)**
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	56,476	45,878
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to the scheme	26,281	27,090

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	2017/18 £000s	2016/17 £000s
Present value of the defined benefit obligation	1,586,710	1,563,116
Fair Value of Plan Assets	(1,230,273)	(1,187,478)
Net liability arising from defined benefit obligation	**356,437**	**375,638**

Reconciliation of the Movements in the Fair Value of Plan Assets

	2017/18 £000s	2016/17 £000s
Opening fair value of scheme assets	1,187,478	973,895
Interest income	30,752	33,943
Effect of Settlements	0	0
Remeasurement gain/(loss):		
The return on the plan assets, excluding the amount included in the net interest expense	19,851	186,518
Contributions from employer	26,281	27,090
Contributions from employees into the scheme	7,007	7,540
Benefits paid	(41,096)	(41,508)
Closing fair value of scheme assets	**1,230,273**	**1,187,478**

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

	2017/18 £000s	2016/17 £000s
Opening balance at 1 April	1,563,116	1,331,321
Current service costs	45,104	29,262
Effect of Settlements	0	0
Interest cost	40,772	46,552
Contributions by scheme participants	7,007	7,540
Remeasurement (gains)/losses:		
Actuarial gains/losses arising from changes in demographic assumptions	0	3,043
Actuarial gains/losses arising from changes in financial assumptions	(29,606)	232,809
Other	61	(49,910)
Past service cost	1,352	4,007
Benefits paid	(41,096)	(41,508)
Closing balance at 31 March	**1,586,710**	**1,563,116**

Local Government Pension Scheme assets comprised:

	31-Mar-18				31-Mar-17			
	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of total assets	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of total assets
Asset Category	£000s	£000s	£000s	%	£000s	£000s	£000s	%
Equity Securities:								
Consumer	70,201		70,201	6	96,517		96,517	8
Manufacturing	84,216		84,216	7	98,829		98,829	8
Energy & Utilities	66,684		66,684	5	79,049		79,049	7
Financial Institutions	101,327		101,327	8	121,396		121,396	10
Health & Care	31,444		31,444	3	42,605		42,605	4
Information Technology	19,719		19,719	2	30,168		30,168	3
Other	12,034		12,034	1	20,228		20,228	2
Debt Securities:								
Corporate Bonds (investment grade)	45,604		45,604	4	56,334		56,334	5
Corporate Bonds (non-investment grade)	0		0	0	0		0	
UK Government	10,660		10,660	1	15,624		15,624	1
Other	34,236		34,236	3	37,514		37,514	3
Private Equity:			0				0	
All		41,170	41,170	3		33,739	33,739	3
Real Estate:			0				0	
UK Property		42,121	42,121	3		32,564	32,564	3
Overseas Property								
Investment Funds & Unit Trusts:								

	31-Mar-18				31-Mar-17			
	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of total assets	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of total assets
Asset Category	£000s	£000s	£000s	%	£000s	£000s	£000s	%
Equities	332,902		332,902	26	297,298		297,298	24
Bonds	159,519		159,519	13	84,759		84,759	7
Infrastructure	0	31,854	31,854	3	0	27,378	27,378	2
Other	32,398	69,187	101,585	8	21,294	59,186	80,480	7
Derivatives:								
Other	0	0	0	0	0	0	0	0
Cash & Cash Equivalents:								
All	44,999	0	44,999	4	32,995	0	32,995	3
Totals	**1,045,942**	**184,331**	**1,230,273**	**100**	**1,034,610**	**152,867**	**1,187,477**	**100**

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 that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Greater Manchester Pension Scheme has been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31 March 2016.

The principal assumptions used by the actuary have been:

	2017/18	2016/17
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.5	21.5
Women	24.1	24.1
Longevity at 65 for future pensioners:		
Men	23.7	23.7
Women	26.2	26.2
Rate of inflation (CPI)	2.40%	2.40%
Rate of increase in pensions	2.40%	2.40%
Rate of increase in salaries	2.50%	2.50%
Rate for discounting scheme liabilities	2.70%	2.60%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all 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 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.

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in Assumption £000s	Decrease in Assumption £000s
Rate of increase in salaries (increase or decrease by 0.5%)	23,659	
Rate of increase in pensions (increase or decrease by 0.5%)	128,513	
Rate for discounting scheme liabilities (increase or decrease by 0.5%)		154,035

Impact on the Council's Cash Flows

The objectives of the scheme are to keep the employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to maintain the solvency of the fund over the next 3 years. The last valuation was completed on 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. 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.

It is estimated that the employers' contributions to the scheme will be approximately £23,222,000 in 2018/19.

The weighted average duration of the defined benefit obligation for scheme members is 17.3 years based on the 31 March 2016 formal valuation.

41 Contingent Liabilities

Municipal Mutual Insurance Ltd

In January 1994, the Council's then insurer, Municipal Mutual Insurance (MMI), made a Scheme of Arrangement with its creditors. Under this scheme claims were initially paid out in full, but if the eventual winding up of the company resulted in insufficient assets to meet all liabilities, a claw back clause would be triggered, which could relate to claims already paid out, as well as those outstanding. Bolton Council has its own share of this potential liability, but also is liable for a 10.33% share of the claw back (based on population figures) which relates to the former Greater Manchester Council.

The claw back was triggered in November 2012. Ernst & Young, the administrators of the Scheme made an initial levy of 15% on known claims, and this has been paid, both Bolton's share and its share of the GMC levy. On the 1 April 2016 a second Levy Notice was issued stating that the levy should now be set at 25%, an increase of 10% from the Levy Notice issued in January 2014. However due to the latent nature of many claims still being received by MMI, and the fact that many of the trends in reporting continue to be adverse, the projections are subject to substantial uncertainty, and could prove to be very understated. Ernst & Young will continue to regularly review the levy rate.

Therefore in addition to the 25% levy which has been paid, (£1,225k for Bolton, and £165k for the GMC share), the Council has provided for a further 10% (£549k) – giving 35% in total – based on the advice of the Actuary. The remainder of the total potential liability has been included in the Insurance reserve (£3,959k in total).

Repayment of Government Grants

The Council has for many years received government grants towards the cost of acquiring and enhancing assets. When such assets are disposed of within a specified period of time, the Council has been required to repay an element of the grant. The Council still retains liabilities under European Regional Development Fund Programme and the Heritage Lottery Fund for several of its Programmes.

Property Searches

Bolton Council is a defendant in proceedings brought by a group of Property Search Companies for refunds of fees paid to the Council to access land charges data. The group of Property Search Companies have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be against the Council. It is also possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present. A reserve has been created to cover these costs.

Business Rate Appeals

From April 2013, Bolton Council became responsible for the collection and distribution of National Non Domestic Rates (NNDR). NNDR taxpayers are able to appeal against the Rateable Value (RV) of their property. 99% of the impact of any successful appeal would need to be met by the Council. A provision has been established for the impact of known appeals. Further appeals may be made but the Council is unable to quantify this potential liability or where properties are moved from the local list to the national list.

Greater Manchester Housing Investment Fund

The Greater Manchester Devolution Agreement provides 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 is administered by Manchester City Council as accountable body.

The Fund provides the opportunity to invest in locally prioritised schemes and give the flexibility required to stimulate the market, accelerate growth and increase housing supply.

In return for GM receiving this Fund it must guarantee that 80% of the funds drawn down, to a maximum of £240m, will be repaid to Her Majesty's Treasury (HMT) at the end of the Fund life (this is likely to be in 2028 when all loans advanced are repaid). The Department of Communities and Local Government (DCLG) will underwrite the first 20% of any loss to the Fund (up to a maximum of £60m).

Each GM District will indemnify a proportion of the Fund based on its percentage of GM population as at 1 April 2015. For Bolton Council the maximum indemnity will be £24.6m which is 10.26% of the total indemnity.

At 31 March 2018 the amount drawn down was £44.127m.

It is not currently anticipated that there will be any call on this indemnity.

Greater Manchester Loan Funds Guarantee

The Council agreed to enter into an indemnity agreement to support the Greater Manchester Loan Fund. The fund was set up to provide loans to new and growing business in Greater Manchester. This was entered into alongside other Greater Manchester Authorities and given to Manchester City Council in order to underwrite the initial £12m to £14m capital in proportion to its percentage of GM population at the date of the establishment of the fund (June 2013).

For Bolton Council the maximum indemnity will be £1.4m which is 10.32% of the total indemnity.

At 31 March 2018 loans totalling £5.550m have been advanced.

The risk of the indemnity being called upon is considered to be low.

In December 2017 the Greater Manchester Combined Authority approved a proposal which will result in Manchester City Council being reimbursed for the loans advanced during 2018/19.

Bolton Care and Support Limited

The three Bolton Care and Support companies are wholly owned by Bolton Council. The transfer of staff from the Council to Bolton Care and Support (A) Ltd is covered by TUPE regulations. However pension rights are not fully covered. Bolton Council has provided a guarantee to underwrite the company's pension obligations with respect to GMPF pensions

Sleep-in Back Payments

There is an ongoing national legal dispute over payment of the National Living Wage to employees for 'sleep-ins' in certain types of Social Care provision. The legal judgement is expected in 2018/19 and any claims will be for private providers to deal with. While Bolton Council does not believe it has any direct liability the impact upon the Social Care market may have an impact for the Council. Bolton Council has been paying providers the full National Living Wage amount for sleep-ins since April 2016.

Calculating liabilities for each external provider will require detailed salary information of individual staff members within private companies. These would then need to be compared with relevant living wage rates in the period. HMRC have already announced they will not apply penalties to providers for underpayments prior to 26th July 2017.

42 External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors:

	2017/18 £000s	2016/17 £000s
Fees payable with regard to external audit services carried out by the appointed auditor for the year – KPMG	121	151
Fees payable for the certification of grant claims and returns for the year – KPMG	12	10
Fees payable in respect of other services provided during the year – KPMG	10	10
Total	**143**	**171**

The fees for other services in 2017/18 include Markets audit £2,000 (£2,000 in 16/17) £8,341 relating to grants and returns, (£8,341 in 16/17). The higher 16/17 audit fee relates to additional work and advice carried out in respect of the 16/17 value for money conclusion.

43 Trust Funds

The Council is responsible for the administration of individual trust funds. The funds are invested in marketable securities and are not included in the Comprehensive Income and Expenditure Statement or Balance Sheet. The trust funds are shown below:

	Balance at 1 April 2017	Income	Expenditure	Balance at 31 March 2018	Represented by: Cash / Other Balances	External Investments	Total
	£	£	£	£	£	£	£
Environmental Services							
Red Lion Playing Field Trust	2,158	0	0	2,158	1,214	944	2,158
Topps Trust Fund	1,647	0	0	1,647	1,647	0	1,647
Adult Services							
Workshops & Homes for the Elderly	133,715	0	45,000	88,715	88,715	0	88,715
Blair Sick Fund	3,461	0	0	3,461	3,461	0	3,461
Children's Services							
Leigh Bramwell	86,734	2,171	1,400	87,505	10,151	77,354	87,505
Westhoughton Education Trust	37,076	1,051	485	37,642	13,276	24,366	37,642
Total	**264,791**	**3,222**	**46,885**	**221,128**	**118,464**	**102,664**	**221,128**

Group Accounts

The Council has prepared the following Group Accounts due to its ownership of Bolton Cares Ltd.

Comprehensive Income and Expenditure Statement

31 March 2017 Restated					31 March 2018		
£000s	£000s	£000s			£000s	£000s	£000s
Expenditure	**Income**	**Net**		**Note**	**Expenditure**	**Income**	**Net**
118,110	49,445	68,665	Adult Services and Public Health		121,469	34,109	87,360
308,759	238,988	69,771	Children's Services		284,425	224,319	60,106
139,174	121,343	17,831	Chief Executives		132,216	117,466	14,750
39,982	10,816	29,166	Development & Regeneration		31,632	10,334	21,298
88,079	49,268	38,811	Environment and Housing		87,276	44,938	42,338
43,863	10,549	33,314	Financial Services		41,010	7,909	33,101
737,967	**480,409**	**257,558**	**Cost of Services**		**698,028**	**439,075**	**258,953**
			Other operating expenditure				
		17,017	Loss on disposal of property plant & equipment				5,743
		37,032	Disposal of Academy assets				11
		(1,704)	Right to Buy Receipts				(2,019)
		372	Parish Precepts				391
		52,717	**Total Operating Expenditure**				**4,126**
		7,451	Financing & investment Income				8,449
		(224,045)	Taxation & non-specific grant income	**33**			(262,993)
		93,681	**Deficit/(surplus) for year**				**8,535**
		(22,672)	Surplus/deficit on revaluation of Property, Plant and Equipment				(84,525)
		(3,974)	Surplus/deficit on available for sale				(8,198)
		4,541	Actuarial gains/losses on pensions	**40**			(49,935)
		(22,105)	**Other comprehensive Income**				**(142,658)**
		71,576	**Total Comprehensive Income and Expenditure**				**(134,123)**

Movement in Reserves Statement

Summary MIRS	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance 1 April 2016	**10,660**	**161,919**	**11,486**	**19,497**	**203,562**	**100,810**	**304,372**
Total Comprehensive Income and Expenditure	(93,680)	0	0	0	(93,680)	22,105	(71,575)
Adjustments from income & expenditure charge under the accounting basis to the funding basis	61,737	0	796	2,032	64,565	(64,655)	(90)
Increase or (Decrease) in 2015/16	(31,943)	0	796	2,032	(29,115)	(42,550)	(71,665)
Transfers to/from earmarked reserves	31,943	(31,943)	56	0	56	(56)	0
Balance at 31 March 2017 carried forward	**10,660**	**129,976**	**12,338**	**21,529**	**174,503**	**58,204**	**232,707**

Summary MIRS	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance 1 April 2017	**10,660**	**129,976**	**12,338**	**21,529**	**174,503**	**58,204**	**232,707**
Total Comprehensive Income and Expenditure	(8,535)	0	0	0	(8,535)	142,658	134,123
Adjustments from income & expenditure charge under the accounting basis to the funding basis	(5,364)	0	996	16,069	11,701	(11,730)	(29)
Increase or (Decrease) in 2016/17	(13,899)	0	996	16,069	3,166	130,928	134,094
Transfers to/from earmarked reserves	13,899	(13,899)	13	0	13	(13)	0
Balance at 31 March 2018 carried forward	**10,660**	**116,078**	**13,348**	**37,597**	**177,683**	**189,120**	**366,803**

Balance Sheet

31 March 2017 £000s		Note	31 March 2018 £000s
	Property, Plant & Equipment		
318,284	- Other land and buildings	**9**	421,550
9,523	- Vehicles, plant, furniture & equipment	**9**	13,409
130,351	- Infrastructure	**9**	132,754
10,215	- Community assets	**9**	10,215
5,099	- Assets under construction	**7**	2,655
473,472			**580,583**
1,762	Surplus assets	**9**	1,164
67,765	Heritage assets	**9**	69,131
38,091	Investment property	**10**	35,094
497	Software	**11**	332
44,255	Long Term Investments	**12**	52,452
21,515	Long Term Debtors	**12**	21,307
647,357	**Long Term Assets**		**760,063**
74,476	Short Term Investments		142,463
870	Inventories	**14**	690
32,491	Short Term Debtors	**15**	41,487
6,956	Prepayments		7,606
17,116	Cash and Cash Equivalents	**16**	33,110
0	Assets held for sale (less than 1 year)		275
131,909	**Current Assets**		**225,631**
(10,689)	Short Term Borrowing	**12**	(1,701)
(46,909)	Short Term Creditors	**18**	(44,915)
(3,136)	Provisions for current liabilities	**19**	(4,057)
(2,328)	Revenue Grants in Advance	**34**	(3,006)
(63,062)	**Current Liabilities**		**(53,679)**
(7,779)	Provisions for long term liabilities	**19**	(11,822)
(79,891)	Long Term Borrowing	**12**	(178,874)
(13,743)	Other Long Term Liabilities	**12**	(12,474)
(381,082)	Net Pensions Liability	**40**	(362,042)
(1,000)	Capital Grants Receipts in Advance	**34**	0
(483,495)	**Long Term Liabilities**		(565,212)
232,709	**Net Assets**		**366,803**

31 March 2017 £000s		Note	31 March 2018 £000s
	Represented by:		
	Usable Reserves		
10,660	- General Fund Balance	**7**	10,660
6,256	- Earmarked Statutory Reserves	**7**	8,165
123,721	- Earmarked Policy Reserves	**7**	107,913
12,339	- Capital Receipts Reserve		13,348
21,528	- Capital Grants Received in Advance		37,597
174,504			**177,683**
	Unusable Reserves	**8**	
151,014	- Revaluation reserve		230,221
34,001	- Available-for-Sale Financial Instruments Reserve		42,199
(381,082)	- Pensions Reserve		(362,042)
10,770	- Deferred capital receipts		10,642
248,868	- Capital Adjustment Account		271,165
(1,520)	- Collection Fund Adjustment Account		914
(3,846)	- Short-term Accumulating Compensated Absences Account		(3,979)
58,205			**189,120**
232,709	**Total Reserves**		**366,803**

Cash Flow Statement

31 March 2017 £000s		Note	31 March 2018 £000s
93,680	Net (surplus) or deficit on the provision of services		8,534
(106,179)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	**20**	(47,544)
23,842	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	**21**	40,315
11,343	**Net cash flows from Operating Activities**	**22**	**1,305**
(6,748)	Investing Activities	**23**	69,938
(5,526)	Financing Activities	**24**	(87,238)
(931)	**Net (increase) or decrease in cash and cash equivalents**		**(15,995)**
16,183	Cash and cash equivalents at the beginning of the reporting period		17,115
931	(Decrease) or Increase in cash as above		15,995
17,114	**Cash and cash equivalents at the end of the reporting period**	**16**	**33,110**

Group Accounting Policies

The Accounting Policies of Bolton Cares Ltd have been aligned with the Council's Accounting Policies contained in Note 1. Any statutory adjustments between accounting basis and funding basis included in the Council's Accounting Policies do not apply to the company.

Notes within the group accounts have not been provided except for Defined Benefit Pensions as there are no material differences to those provided in Note 40.

Pension Scheme – Group Summary

Transactions Relating to Retirement Benefits

	2017/18 £000s	2016/17 £000s
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current service cost	45,584	29,856
Past service costs	1,681	4,007
Effect of Settlements	0	0
Financing and Investment Income and Expenditure		
Net interest expense	10,168	12,704
Total Post Employment Benefits Charged to the Deficit on the Provision of Services	**57,433**	**46,567**
Other Post-employment Benefit Charged to the CIES		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	(19,928)	(188,724)
Actuarial gains and losses arising on changes in demographic assumptions	0	3,043
Actuarial gains and losses arising on changes in financial assumptions	(30,068)	235,842
Other	61	(49,910)
Total Post-employment Benefits charged to CIES	**(49,935)**	**251**
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	57,433	46,567
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to the scheme	26,533	27,452

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme	
	2017/18 £000s	2016/17 £000s
Present value of the defined benefit obligation	1,610,555	1,585,932
Fair Value of Plan Assets	(1,248,513)	(1,204,850)
Net liability arising from defined benefit obligation	**362,042**	**381,082**

Reconciliation of the Movements in the Fair Value of Plan Assets

	Local Government Pension Scheme	
	2017/18 £000s	2016/17 £000s
Opening fair value of scheme assets	1,204,855	988,267
Interest income	31,208	34,259
Effect of Settlements	0	0
Remeasurement gain/(loss):	0	0
The return on the plan assets, excluding the amount included in the net interest expense	19,928	188,724
Contributions from employer	26,533	27,452
Contributions from employees into the scheme	7,085	7,656
Benefits paid	(41,096)	(41,508)
Closing fair value of scheme assets	**1,248,513**	**1,204,850**

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

	Funded Liabilities: Local Government Pension Scheme	
	2017/18 £000s	2016/17 £000s
Opening balance at 1 April	1,585,932	1,349,983
Current service costs	45,584	29,856
Effect of Settlements	0	0
Interest cost	41,376	46,963
Contributions by scheme participants	7,085	7,656
Remeasurement (gains)/losses:	0	0
Actuarial gains/losses arising from changes in demographic assumptions	0	3,043

	Funded Liabilities: Local Government Pension Scheme	
	2017/18	**2016/17**
	£000s	**£000s**
Actuarial gains/losses arising from changes in financial assumptions	(30,068)	235,842
Other	61	(49,910)
Past service cost	1,681	4,007
Benefits paid	(41,096)	(41,508)
Closing balance at 31 March	1,610,555	1,585,932

Pension Scheme Assets

	31-Mar-18	**31-Mar-17**
Asset Category	**£000s**	**£000s**
Equity Securities:	391,342	495,945
Debt Securities:	91,841	111,074
Private Equity:	41,780	34,233
Real Estate:	42,745	33,041
Investment Funds & Unit Trusts:	635,139	497,085
Derivatives:		
Other		
Cash & Cash Equivalents:	45,666	33,472
Totals	**1,248,513**	**1,204,850**

Basis for estimating assets and liabilities

The principal assumptions used for Bolton Cares Limited by the actuary have been:

	2017/18	2016/17
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.5	21.5
Women	24.1	24.1
Longevity at 65 for future pensioners:		
Men	23.7	23.7
Women	26.2	26.2
Rate of inflation (CPI)	2.40%	2.40%
Rate of increase in pensions	2.40%	3.15%
Rate of increase in salaries	2.50%	2.40%
Rate for discounting scheme liabilities	2.70%	2.60%

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in Assumption £000s	Decrease in Assumption £000s
Rate of increase in salaries (increase or decrease by 0.5%)	24,227	
Rate of increase in pensions (increase or decrease by 0.5%)	130,322	
Rate for discounting scheme liabilities (increase or decrease by 0.5%)		156,459

Collection Fund

This account reflects statutory requirements for billing authorities to maintain a separate collection fund to account for the income from Council tax and business rates. This income finances payment of business rates to the national pool and the net expenditure requirements of the Council and pay precepts to the Police and Fire and Rescue Authorities.

Income and Expenditure Account

Council Tax 2016/17 £000s	NNDR 2016/17 £000s	Total 2016/17 £000s		Council Tax 2017/18 £000s	NNDR 2017/18 £000s	Total 2017/18 £000s
			Income			
114,147	0	114,147	Council Tax	122,345		122,345
0	89,190	89,190	Business Rates		87,931	87,931
114,147	89,190	203,337		122,345	87,931	210,276
			Expenditure			
			Distribution of Previous Year's surplus/(deficit)			
(1)	(5,000)	(5,001)	Bolton Council	2,546	(4,390)	(1,844)
0	0	0	Greater Manchester Police	302	0	302
0	(102)	(102)	Greater Manchester Fire	113	(90)	23
0	(5,102)	(5,102)	Central Government	0	(4,479)	(4,479)
			Precepts and Demands:			
94,703	45,037	139,740	Bolton Council	103,509	76,622	180,131
11,232	0	11,232	Greater Manchester Police	12,087	0	12,087
4,198	919	5,117	Greater Manchester Fire	4,465	774	5,239
0	45,956	45,956	Central Government			
0	219	219	Transitional Relief	0	5,593	5,593
			Business Rates:			
0	401	401	Cost of Collection Allowance	0	393	393
			Appeals:			
0	(984)	(984)	Provision and Write Offs	0	1,755	1,755
			Bad and Doubtful Debts:			
1,256	2,072	3,328	Provision and Write Offs	2,212	2,259	4,471
111,388	83,416	194,804		125,234	78,437	203,671
2,759	5,774	8,533	Surplus/(Deficit) for the Year	(2,889)	9,494	6,605
1,103	(15,658)	(14,555)	Surplus/(Deficit) at Beginning of Year	3,862	(9,884)	(6,022)
3,862	**(9,884)**	**(6,022)**	**Surplus/(Deficit) at End of Year**	**973**	**(390)**	**583**

Notes to the Collection Fund Accounts

1. Council Tax

The total amount to be raised by the tax is determined by the budget requirements of Bolton MBC, the Police and the Fire Authorities and the income received via the Revenue Support Grant and the retained share of the Non Domestic Rates.

The Council Tax to be levied on a Band D property is calculated by dividing the total amount to be raised from the Council Tax (including the Police and Fire requirements) by the tax base. This is done by multiplying the number of properties in the band by the specified fraction of the band D charge payable by each band and is shown for 2017/18 in the following table:

	Range of Values	Total Number of Dwellings After Adjustments*	Specified Fraction	Band D Equivalent	% of Total Band D
Band A (disabled)	Up to £40,000	84	5/9	47	0.1
Band A	Up to £40,000	40,136	2/3	26,757	35.1
Band B	£40,000 to £52,000	17,229	7/9	13,401	17.6
Band C	£52,001 to £68,000	15,718	8/9	13,972	18.4
Band D	£68,001 to £88,000	9,385	1	9,385	12.3
Band E	£88,001 to £120,000	5,024	11/9	6,140	8.1
Band F	£120,001 to £160,000	2,093	13/9	3,023	4
Band G	£160,001 to £320,000	1,712	15/9	2,851	3.8
Band H	More than £320,000	208	18/9	416	0.5
Total		91,589		75,992	100.00%

Estimated collection rate	98%
Council Tax base for tax setting 2017/18	74,472

* for new/demolished property, exemptions, disablement relief, appeals and discounts (including those granted under the Council Tax Support Scheme)

2. Income from Business Ratepayers (National Non-Domestic Rates, NNDR).

From 1 April 2013 National Non-Domestic Rates are organised on a local basis. However the Government specifies the amount (47.9p in 2017/18, compared to 49.7p in 2016/17) and local businesses pay rates calculated by multiplying their rateable values by that amount. The Council is responsible for collecting rates due from ratepayers in its area. Commencing 1 April 2017 Bolton Council formed part of the Greater Manchester 100% Business Rates Pilot, and was allowed to retain 99% of the net rates payable, with 1% payable to the Fire Authority. Under this pilot RSG and Public Health Grant were removed as sources of funding – the underlying principal being that the scheme should be fiscally neutral to the Council. However under the pilot the Council has 100% responsibilitiy for both the rewards of extra growth and the risks of non-collection.

The NNDR rateable value for the Council's area at the 31 March 2018 was £230,189,189 compared to £228,458,550 at the 31 March 2017.

The Gross NNDR debit for the year was £110,260,621 (£104,902,012 after adjustments relating to transitional reliefs and appeals). After adjusting for mandatory and discretionary reliefs the net debit was £87,931,378.

Statement of Responsibilities for the 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 (the Borough Treasurer) has responsibility for the administration of those affairs;

- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and

- Approve the Statement of Accounts.

The Borough Treasurer's responsibilities

The Borough Treasurer 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 ('the Code').

In preparing this Statement of Accounts, the Borough Treasurer has:

- selected suitable accounting policies and then applied them consistently;

- made judgements and estimates that were reasonable and prudent;

- complied with the Code;

- kept proper accounting records which were up to date;

- taken reasonable steps for the prevention and detection of fraud and other irregularities;

- 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; and

- 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,

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Authority at 31 March 2018 and of its income and expenditure for the year then ended.

Sue Johnson
Borough Treasurer
18 July 2018

Annual Governance Statement

1. Introduction

1.1. This statement provides an overview of how the Council's governance arrangements operate, including how they are reviewed annually to ensure they remain effective. A brief summary of significant governance challenges which the Council faces is also given, alongside an explanation of what actions have been taken to bring about required improvements, and what work is still to be done. This provides transparency, and gives assurance that the Council is committed to continuously improve the way in which it functions.

1.2. The Council operates in a complex and constantly evolving financial, policy and legislative environment. The role, responsibilities and funding models of local government are in a period of rapid transition. The Council is undertaking a broad programme of work to deliver the Bolton 2030 Vision strategy, engaging staff, residents and stakeholders across the Borough. The Council is also influenced and impacted by other major developments including the further development of the Greater Manchester Combined Authority and role of the Greater Manchester Mayor and the devolution of the health and social care budgets.

1.3. The changes taking place present both opportunities and challenges. Therefore the Council must ensure it has strong, transparent leadership, governance and decision making arrangements; robust financial planning, management and control; and a strong programme of business planning, development and improvement work so that it can maintain services for residents which are efficient, effective and value for money using available resources. This document explains the governance mechanisms in place to ensure appropriate oversight of this work.

2. Scope of Responsibility

2.1. Bolton Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is also responsible for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

2.2. In discharging these responsibilities, the Council must put in place proper arrangements for the governance of its affairs and effective exercise of its functions, which includes arrangements for the management of risk. The Council's Constitution sets out how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by law, while others are a matter for the Council to choose.

2.3. The Code of Corporate Governance and the Council's Constitution are reviewed annually to ensure they remain consistent with the principles of the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) joint framework for delivering good governance in local government. CIPFA has issued a 2016 update to the Framework, which is applicable for the preparation of the Annual Governance

Statement (AGS) from 2016/17 onwards. The Council has begun revising its Code in response to this latest guidance.

2.4. This AGS explains how the Council has complied with the Code of Corporate Governance. The AGS also meets the requirements of the Accounts and Audit (England) Regulations 2015 regulation 6(1) which requires all relevant bodies to prepare an Annual Governance Statement (AGS).

3. The Purpose of the Governance Framework

3.1. The governance framework comprises the systems and processes, culture and values by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

3.2. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Bolton Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

4. The Governance Framework:

4.1. The governance framework has been in place at Bolton Council for the year ended 31 March 2018 and up to the date of approval of the statement of accounts. Key elements of the framework are:

Planning and Performance	A strategic planning system which identifies priorities and key aims. These are set out in the Borough's Community Strategy: "Bolton: 2030" produced by Bolton's partnership Bolton Vision. In addition to specific aims the plan embraces the underlying concepts of continuous improvement and delivery of priority developments to address big issues. This vision is supported by economic, regeneration and other development plans.
	The delivery of key aims is addressed through the Corporate Business Planning Process
	Assistant Director divisional-level plans and service plans set out how each division will deliver the appropriate strategy outcomes, savings targets, and other divisional priorities.
	Performance management process which identifies targets against agreed priorities, monitors and reports performance and, where necessary implements improvement actions. Performance reports are sent to Executive Cabinet Members each quarter which include the monitoring of performance and risks.
	Strategic budget process, which includes the delivery of the Council's

	savings and efficiency programme. This is shaped by the priorities set out in Bolton 2030.
	Framework of policy plans (some statutory, some local) which are reviewed periodically and assist policy formulation.
	Protocols in place to manage partnership arrangements.
Legal	Legal, policy and procedural requirements are incorporated in the Council's Constitution and supporting documentation. Compliance is enforced by a range of measures including: Executive Cabinet Member reporting, Member scrutiny, external inspection and audit, performance management and benchmarking, management oversight, internal audit and physical and procedural controls.
Risk	Process of Risk Management including review of strategic risks, an assessment of the likelihood and potential impact of risks and registers which record responsibility for managing risk and the action taken.
	The appointment of Senior Information Risk Owner (SIRO), Information Governance Steering Committee and production of wide ranging guidance on information governance, risk and security on a discrete intranet page.
People	Officer and Member Codes of Conduct guide and direct behaviours and standards expected of staff and Councillors
	Staff engagement and development through process of staff feedback surveys, personal development reviews and programme of learning and development activity across services. Engagement includes a comprehensive range of staff briefings, engagement events and senior officer leadership sessions, led personally by the Chief Executive
	Introduction of a training programme for Member development.
Finance	Financial management arrangements comply with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government (2010).
	The financial management of the authority is structured through Financial Regulations and financial Standing Orders, which are subject to regular review and approval, supported by a framework of regular management information, administrative procedures, management supervision and a system of delegation and accountability.
	Value for Money is promoted across the organisation through the Council's corporate planning and budget setting process.
	Internal and External Audit provide independent assessment of the financial management and financial reporting of the Authority

Leadership	Political leadership is derived from a Cabinet of 4 Councillors. – The Leader, Deputy Leader, Executive Cabinet Member Environment Services, and Executive Cabinet Member for Regeneration and Resources.
	Officer Leadership is provided through the Council's Strategic Leadership Team, comprising Chief Officers including the statutory Monitoring Officer and S151 (Finance) Officer
Review and Oversight	Audit Committee has responsibility for providing assurance on the authority's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and other performance.
	Scrutiny Committees challenge policies and budget allocations, challenge decisions made by portfolio holders, monitor and challenge performance and make recommendations to the Cabinet/Executive Cabinet Members
	There is a process for receiving and reviewing complaints and allegations of wrongdoing through whistleblowing and counter fraud policies and procedures
	An Investigations Panel considers key investigations to ensure good practice is shared, sanctions are consistent, and lessons are learned.
	There is a process for local assessment of allegations of failure to comply with the Code of Conduct for Members.

5. Review of Effectiveness

5.1. Bolton Council has responsibility for conducting, at least annually a review of the effectiveness of its governance framework including the system of internal audit. The review of effectiveness is informed by the work of senior officers across the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit and Risk's Management's annual opinion and by comments made by the external auditor and other review agencies and inspectorates.

5.2. The review of governance arrangements is defined in the Council's Assurance Framework as set out below which illustrates the individual elements of assurance.

5.3. Elements of the review are shown below:

Component of Governance	Evidence Source
Performance Management	Executive Cabinet Member reports Scrutiny Committee reports
Internal Audit	Annual Internal Audit report and Head of Internal Audit and Risk Management opinion 2017/18 Review of Internal Audit Service and service assessment of compliance with PSIAS
External Audit	Reports to Those Charged with Governance Annual Accounts Opinion

	Value for Money Opinion Other External Audit Reports
Management	Internal Audits Directorate Business Plans Directorate Performance Reports Directorate and Service Risk Registers
Risk Management	Annual Internal Audit report and Head of Internal Audit and Risk Management opinion 2017/18 Corporate Risk Register and Directorate Risk Registers
Legal and Regulatory Assurance	Monitoring Officer reports
Financial Control	Annual Financial Statements External Audit of the Annual Accounts Compliance with CIPFA Role of the Chief Financial Officer Internal Audits of core financial systems
Members	Review of Constitution Audit Committee workplan and reports Workplans and reports to Scrutiny Committees
Other	On-going assessment against the CIPFA/SOLACE framework; Delivering Good Governance in Local Government Framework. Feedback from external inspectors and agencies.

6. Significant Governance Issues and Development Plan

6.1. The Council has continued to maintain good practice during 2017/18 and the review process has not identified any significant governance issues necessary to highlight in this statement. There are some improvement areas that have not progressed as planned in 2017/18 and which need to addressed in 2018/19 and these are reflected in the table below.

6.2. Whilst there have not been significant governance issues, this does not mean that the Council does not face challenges and must continue to focus on proactively responding to significant change arising from demographic change, new legislation and the requirement to deliver substantial budget savings .

6.3. Progress to date and areas of further focus in developing our governance arrangements during 2018/19 will include:

Areas of Focus 2018/19	Progress and Further Actions
The Council has proactively requested an LGA Peer Review to take place in June 2018 to provide an independent assessment of governance and performance arrangements. The review will test our strengths and review opportunities for further improvement. it will focus on the Council's: • Understanding of the local place and priority setting	Leader and Chief Executive to lead Council engagement with and response to Peer Review, with support from Cabinet Members and Strategic Leadership Team. This will build upon the review of Executive Cabinet Member arrangements which was broadened the

Areas of Focus 2018/19	**Progress and Further Actions**
• Leadership of Place • Financial planning and viability • Organisational leadership and governance • Capacity to deliver • Engagement with community and utilisation of community capacity • Decision making processes • Capacity to deliver public service reform locally The review will be comprehensive and engage a wide range stakeholders from across the Council and the community including representatives of business, faith and voluntary sectors.	involvement and responsibilities of Cabinet members across the breadth of the Council's responsibilities.
Strengthening the rigour and transparency of corporate governance arrangements including the following: Developing a revised Code of Governance in response to CIPFA / SOLACE Delivering Good Governance in Local Government: Framework (2016). Strengthening the rigour and transparency of corporate and strategic risk reporting. This will include the refresh of the corporate risk reporting process and corporate business continuity plan Strengthening the transparency and rigour of decision making, ensuring actions are taken in response to lessons learned from reviews into the award of grant funding in 2017. Maintaining transparency through publication of information in accordance with the Transparency Code, Freedom of Information Act and Data Protection Act. Refreshing the Council's anti-fraud strategy and	*Head of Audit and Risk Management* to lead review and refresh of Code with support of Borough Treasurer, Borough Solicitor and Governance, Risk and Assurance Board. This did not progress as planned and is now a priority for completion by end September 2018. *Head of Audit and Risk Management* has overseen an organisation wide review and refresh of service business continuity plans; and refreshed the Corporate Business Continuity Plan that has been shared with key officers for consultation. This Corporate Plan is to be presented to Corporate Leadership Team with the latest Corporate Risk Register by 30 June 2018. *Borough Treasurer* implemented an updated financial strategy and due diligence process with associated in-depth training for key officers during 2017/18. *Borough Solicitor* and Information Governance Steering Group have led and overseen good information practice and GDPR implementation programme. This work will continue in 2018/19 with clear plans in place to address key elements of GDPR by 25 May and plans for further actions to be implemented in 2018/19. *Head of Audit and Risk Management* to

Areas of Focus 2018/19	Progress and Further Actions
associated training and awareness for staff and stakeholders.	lead revision of strategy, policies, procedures including new Counter Fraud Strategy as approved by Audit Committee. Further work to raise staff awareness and training Is planned for completion by September 2018
Actively exploiting opportunities arising from health devolution and our role in AGMA and the GM Combined Authority	*Leader and Chief Executive* continue to lead Council response in these areas with support from Cabinet Members and Strategic Leadership Team.
Delivering required savings through well governed innovation and collaboration with private and public sector partners, including Bolton at Home and Bolton Cares.	*Borough Treasurer* to continue oversight of savings delivery as part of budget monitoring and reporting processes. *Leader and Chief Executive* to lead Council response in these areas with key roles in innovation and collaboration support from Cabinet Members and Strategic Leadership Team.
Enabling effective service delivery and engagement with residents, service users and customers through the effective use of robust, secure and resilient ICT systems.	*Borough Treasurer* and ICT Client team to continue to work with Corporate Leadership Team to ensure effective and efficient development and delivery of information and technology systems

6.4. The governance processes however are considered to be effective to enable a robust response to these challenges, manage risks and capitalise on opportunities for further governance and organisational improvement.

Signed:
Leader of the Council

Signed:
Chief Executive

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOLTON METROPOLITAN BOROUGH COUNCIL

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Bolton Metropolitan Borough Council ('the Authority') for the year ended 31 March 2018 which comprise the Authority and Group Comprehensive Income and Expenditure Statements, the Authority and Group Balance Sheets, the Authority and Group Movement in Reserves Statements, the Authority and Group Cash Flow Statements, the Collection Fund and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority and the Group as at 31 March 2018 and of the Authority'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 2017/18.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Authority in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information published with the financial statements

The Borough Treasurer is responsible for the other information published with the financial statements, including the Narrative Statement and the Annual Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. In our opinion the other information published with the financial statements for the financial year is consistent with the financial statements.

Borough Treasurer's responsibilities

As explained more fully in the statement set out on page 119, the Borough Treasurer is responsible for: the preparation of the Authority's 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 2017/18; 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; assessing the Authority's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using 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.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

Report on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2017, we are satisfied that, in all significant respects, Bolton Metropolitan Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

The Authority 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.

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether Bolton Metropolitan Borough 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 under the Code of Audit Practice in satisfying ourselves whether Bolton Metropolitan Borough Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Statutory reporting matters

The Code of Audit Practice requires us to report to you if:

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit;
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014;
- an application has been made to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- an advisory notice has been issued under Section 29 of the Local Audit and Accountability Act 2014;
- an application for judicial review has been made under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, 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 Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

CERTIFICATE 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 Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Rashpal Khangura
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

31 July 2018

Glossary of Terms

ACCRUALS
Income and expenditure amounts are recognised as they are earned or incurred, rather than as received or paid.
AGENCY SERVICES
Services performed by or for another Council or public body where the principal (the authority responsible for the service) reimburses the agent (the authority doing the work) the cost of the work carried out.
APPOINTED AUDITORS
These are appointed by the Public Sector Audit Appointments Ltd from major accountancy firms.
APPROPRIATION
The transfer of land and buildings from one service to another.
ASSETS HELD FOR SALE
An asset whose value is likely to be recovered through sale rather than use, that is highly likely to be sold, is available for immediate sale and is being actively marketed.
BALANCE SHEET
A statement of the Council's assets and liabilities at a given date.
CAPITAL EXPENDITURE OR OUTLAY
Expenditure on the acquisition of an item of property, plant and equipment or expenditure which enhances the value of an existing item of property, plant and equipment. It includes loans or grants to 3rd parties that are used for such purposes.
CAPITAL FINANCING CHARGES
The annual charge to the Income and Expenditure Account in respect of interest and principal repayments of borrowed money. They include charges from Finance Leases (see below).
CAPITAL RECEIPTS
Proceeds from the sale of land or other capital assets or the repayment of capital grants or loans. The receipts are available to finance other items of capital spending or to repay debt after any payment to due government has been made.
CI&E(S)
Comprehensive Income & Expenditure (Statement).
CODE
2017/18 Code of Practice on Local Authority Accounting.
COLLECTION FUND
A statutory account maintained by the Council responsible for collecting Council Tax. Income received from taxpayers is held in this account and distributed to precepting authorities.
COMMUNITY ASSETS
Assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.
CONDITIONS
Grant conditions that stipulate the future economic benefit or service potential embodied in the asset acquired using the grant or contribution are required to be consumed as specified, or the future economic benefits or service potential must be returned.
CORPORATE AND DEMOCRATIC CORE
These are the activities which Councils engage in specifically because they are elected, multi-purpose authorities. The costs of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same service. These costs are therefore not allocated to services.
CREDITORS
Amounts owed by the Council for work done, goods received or services rendered for which payment has not been made.
DEBTORS
Sums of money due to the Council
DEFERRED CHARGES
Capital expenditure where no Council asset is created, e.g. improvement grants. These charges are usually written-off in the year in which they are incurred.
DEPRECIATION
This is the measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset.

FAIR VALUE
Fair value is the price at which an asset could be exchanged in an arm's length transaction.
FINANCE LEASE
A lease that transfers substantially all the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer of risks and rewards is presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.
FINANCIAL INSTRUMENTS
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term "financial instrument" covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities, such as trade receivables and trade payables, and the most complex ones such as derivatives and embedded derivatives.
GENERAL FUND
The main revenue account for the Council in to which the Council's precept from the Collection Fund and specific government grants are paid, and from which the cost of providing services is met.
GOVERNMENT GRANTS
Assistance by government, government agencies and similar bodies, in return for past or future compliance with certain conditions relating to the activities of the Council.
HERITAGE ASSETS
Assets which are intended to be preserved in trust for future generations, because of their cultural, environmental or historical associations.
HISTORIC COST
The actual cost of assets, goods or services at the time of their acquisition.
IFRS
International Financial Reporting Standards.
IMPAIRMENT
A reduction in the value of a fixed asset below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a fixed asset's market value and evidence of obsolescence or physical damage to the asset.
INFRASTRUCTURE ASSETS
Items of property, plant and equipment that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.
INTANGIBLE ASSETS
Assets used in a business which do not have a physical presence (e.g. software licences). When purchased these assets should be capitalised at cost and amortised over their anticipated life. Internally developed intangible assets should only be capitalised where there is a readily ascertainable market value.
INVENTORIES
Inventories comprise the following categories:
- goods or other assets purchased for resale;
- consumable stores;
- raw materials and components purchased for incorporation into products for sale;
- products and services in intermediate stages of completion;
- long-term contract balances; and
- finished goods.

INVESTMENTS
A long-term investment is an investment that is intended to be held for more than one year from the balance sheet date. Investments which do not meet the above criteria are classified as current assets.
INVESTMENT PROPERTY
Property that is held solely to earn rental income or to increase in value, or both, rather than for use in the operations of the Council or for sale.
LATC
Local Authority Trading Company created to deliver certain Adult Social Care Services collectively known as Bolton Cares
MIRS
Movement in Reserves Statement.
NATIONAL NON-DOMESTIC RATES (NNDR)

National Non-Domestic Rates are organised on a national basis. The Government specifies an amount and, subject to the effects of transitional and other relief arrangements, local businesses pay rates calculated by multiplying their rateable values by that amount. The Council is responsible for collecting rates due from the ratepayers in its area. Of the net rates payable, less deductions, 1% is paid to the Fire Authority and 99% is retained by the Council.

NON DISTRIBUTED COSTS

These are overheads from which no user now benefits and they are not allocated to services.

OPERATING LEASES

A lease other than a finance lease. The risks and rewards of ownership of the fixed asset remain with the lessor. Such a lease will be for a fixed period which is less than the useful life of the asset. The cost of such leases falls upon service revenue accounts.

OUTTURN

Actual Income and Expenditure in a financial year.

PRECEPT

A levy by one authority which is collected on its behalf by another e.g. Police, Fire, Parish Councils.

PROPERTY, PLANT AND EQUIPMENT

Assets that have physical substance and yield benefits to the local authority and the services it provides for a period of more than one year.

PROVISIONS

Amounts set aside for losses and liabilities incurred in the past but which will be settled at a future date.

RESERVES

Amounts set aside to meet expenditure which may be incurred in future periods. Earmarked reserves are allocated to a specific area of spending. Reserves are classified as either usable or unusable. Usable reserves are those that the Council can use to fund the provision of services or fund capital expenditure. Conversely, unusable reserves are those which the Council cannot use to provide services or fund capital expenditure.

REVENUE EXPENDITURE

Expenditure on day to day expenses such as employee costs, running expenses of buildings, purchase of equipment and capital financing charges.

REVENUE SUPPORT GRANT (RSG)

A general grant paid by the Government not related to individual service provision, with the objective of allowing the provision of similar standards of service throughout the country for a similar Council Tax levy.

SeRCOP

CIPFA Service Reporting Code of Practice 2017/18.

SURPLUS ASSETS

Those assets that are surplus to service needs but that do not meet the criteria to be classified as either investment property or assets held for sale.

TRUST FUNDS

Funds administered by the Council on behalf of minors and others for such purposes as prizes, charities and specific projects.