Bolton Council

Statement of Accounts

2018/19

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Narrative Report by the Director of Corporate Resources

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 Director of Corporate Resources' 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. The Council's two-year budget strategy covering 2017/18 and 2018/19 meant that no savings were required in 2018/19, however £14m of reserves were used to balance the budget. 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 2018/19 this was £32m. Our two-year budget strategy covering 2019/20 and 2020/21 shows a further £24m savings requirement, plus £8m reserves to balance the budget.

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 the council tax for the forthcoming year. For the three-year period 2017/18 to 2019/20 the government has permitted councils to raise its council tax by 6% solely for adult social care, with no more than 3% in any one year. The 2018/19 budget set the Adult Social Care precept at 2% which went some way towards alleviating the pressures in that service. An additional 1.99% was levied for other council services.

A balanced revenue budget is achieved by ensuring any pressures in year are met from reserves. Our capital spend was £71m, and later in this narrative examples of some of our major schemes are given. Our reserves have reduced from £177m to £164m as a result of funding capital schemes and balancing the 2018/19 revenue budget. 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 £25m which is available departmentally to be re-allocated during future financial years to support our priorities and financial strategy and continue to deal with significant demand pressures.

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 2018/19.
The report is split into the following sections;

- Section One – Leadership and Governance
- Section Two – A summary of the Council's financial performance in 2018/19 including how money is spent and where it comes from
- Section Three - The key developments during the 2018/19 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

At the end of March 2019, Councillor Linda Thomas was Leader of the Council with Councillor Ebrahim Adia, 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 2019 was;

Labour	31
Conservative	19
Liberal Democrats	3
UK Independence Party (UKIP)	3
Farnworth and Kearsley First	3
Other	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 (effective as at 31st March 2019) included the following;

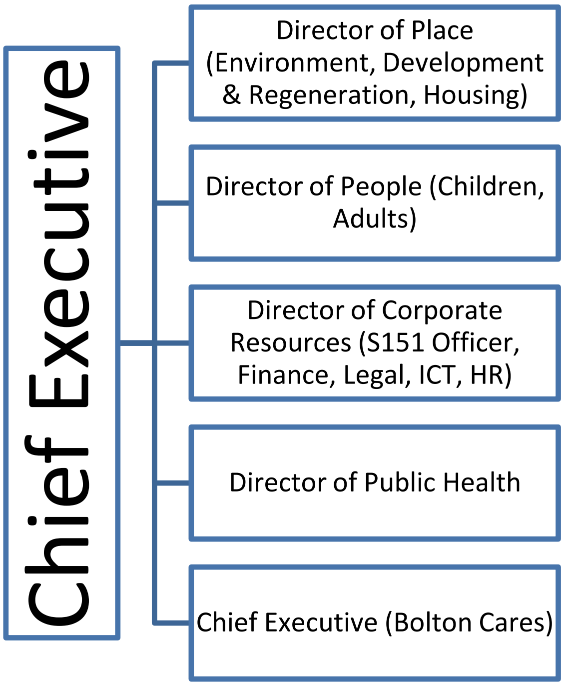
- Political leadership is derived from a Cabinet of 4 Councillors. – The Leader, Deputy Leader, Executive Cabinet Member Environment Services, and Executive Cabinet Member for Regeneration and Resources
- Non-executive Councillors
- 18 Area forums
- 4 Scrutiny Committees
- Planning Committee
- Licensing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

See https://www.bolton.gov.uk/cabinet-committees/cabinet-committee-meetings/1

Management Leadership

The last few years has seen significant reductions in the number of senior officer posts. Stephen Young left his position as Director of Place in May 2018, with Gerry Brough becoming interim director, then permanent Director in October 2018. Ged Rowney left his position as interim Director of People with Bernie Brown becoming the new interim Director in October 2018. Sue Johnson, formerly the Borough Treasurer was appointed as Director of Corporate Resources (with the same statutory financial responsibilities) in July 2018. Helen Lowey was appointed as Director of Public Health from February 2019

The top-level management structure as at March 2019 is shown below;



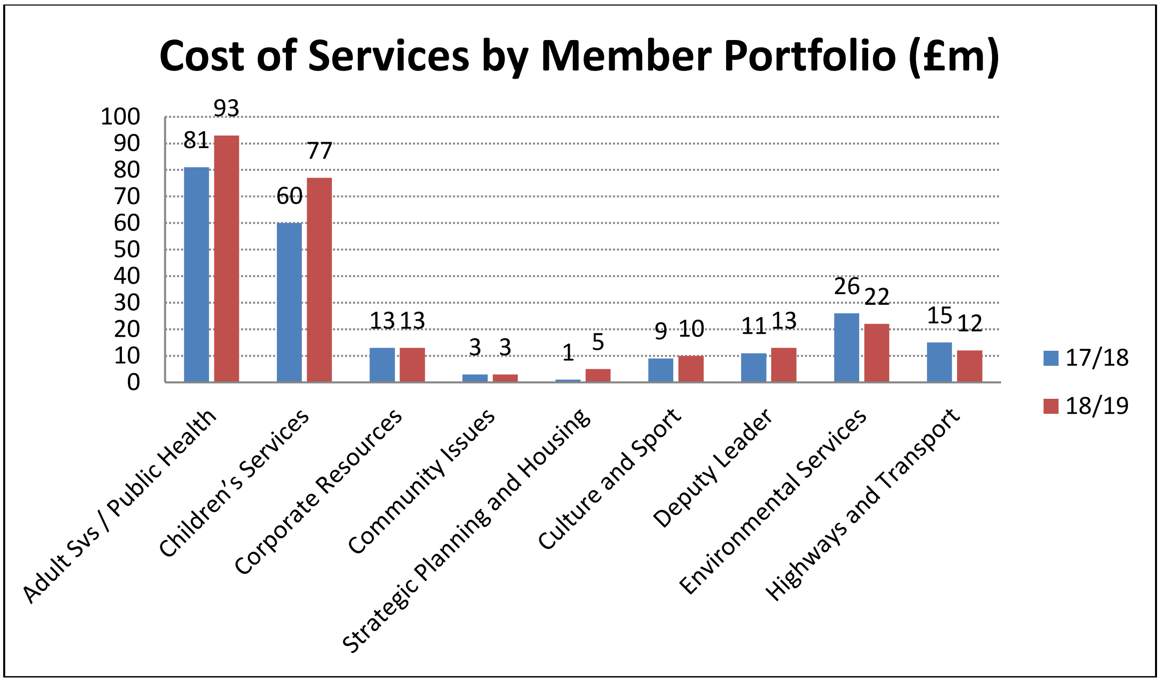
Section Two - Overall Financial Summary

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.

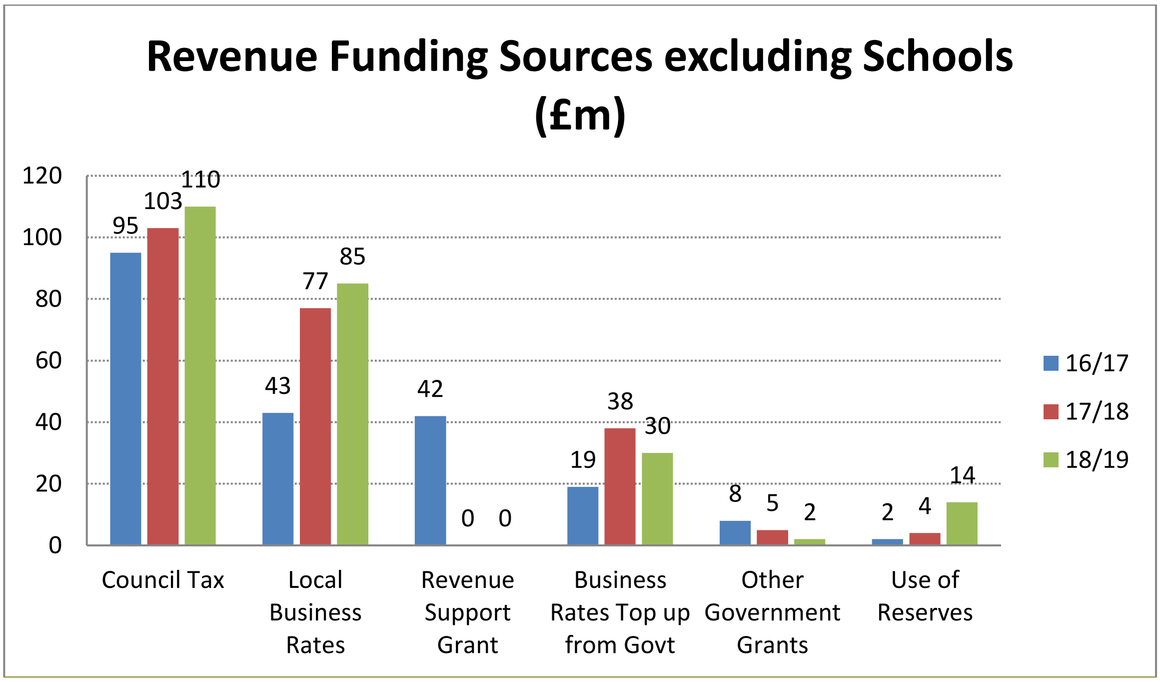
Since 2011 the Council has faced significant reductions in the grants it has received from Central Government, particularly in 2011 when a number of specific grants were lost but the equivalent amount was not transferred into Revenue Support Grant.

- This has resulted in savings having to be made in excess of £150m to the end of 2018/19. The two-year budget strategy adopted in 2017/18 included the use of reserves of £14m to balance the 2018/19 budget.

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, based upon how services (portfolios) report to Executive Members. As this can change year-on-year, only 18/19 and 17/18 (restated to match any changes) are shown in the Expenditure Funding analysis 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. This is shown below from 2016/17 when the Adult Social Care Precept was first introduced. Local business Rates increased in 17/18 as part of the move to 100% retention which was offset by reduction in Revenue Support Grant



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

Capital

The Council spent £71m on capital activities in 2018-19. Major capital schemes included the following;

Scheme	£m	Description
Disabled Facilities Grants	2.6	Helping people stay independent longer through adaptations and modifications to their homes by reducing care and support needs.
Private Sector Renewal	1.6	Regeneration programme for home repairs helping people stay independent longer, linking decency, vulnerability and the economy.
Manchester Airport Investment	11.3	Contribution towards new car parking facilities at Manchester airport
Octagon Theatre redevelopment	2.6	Theatre redevelopment
Egyptology	1.1	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
Town Centre Strategy	19.0	Largely acquisition and demolition costs
Primary Expansion Programme	5.9	Expansion of primary schools to meet addition pupil places needed.
Special Schools Expansion Programme	1.9	Expansion of special schools to meet addition pupil places needed.
Secondary Schools Expansion Programme	4.9	Expansion of secondary schools to meet addition pupil places needed.
DfT Highways LTP	3.2	Funding for essential maintenance to renew, repair and extend the life of roads
Street Lighting LED Programme	1.4	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	1.0	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	1.0	Renewal of Waste Vehicles.

Reserves & Balances

Our reserves have reduced to an overall figure of £164m, as a result of funding capital schemes and balancing the 2018/19 revenue budget. 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 £25m which is available to be re-allocated during future financial years to support our priorities and financial strategy and continue to deal with significant demand pressures. 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 £63m (£51m in 17/18) of capital reserves at the end of 2018/19. We received additional Standards Funds money at year end for school building projects.
- 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 2018/19 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, £53m (£65m in 2017/18) 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
    - Of this £53m, £25m is held departmentally to be re-allocated during future financial years to support our priorities and financial strategy and continue to deal with significant demand pressures.
    - All other revenue reserves are held on behalf of clients, schools and to provide insurance cover.

Group Balance sheet

This reflects the total assets of the Council, Bolton Cares and PSP Facilitating Ltd. Overall there are £240m of net assets represented by £172m of group usable reserves and £68m of group unusable reserves

The table below summarises the Council's balance sheet as at the end of 2018/19, with 2017/18 equivalents.

	31/3/18 £m	**31/3/19 £m**
Property Plant & Equipment	582	587
Other Long Term Assets	183	195
Current Assets	226	192
Current Liabilities	(54)	(66)
Long Term Liabilities	(565)	(668)
Net Assets	**372**	**240**
Represented by;		
Usable Reserves	182	171
Unusable Reserves	190	69
Total Reserves	**372**	**240**

Section Three – Key developments of 2018/19

Directorate of People

Adult Services

Adult Services continues to experience cost and demand pressures. Wage inflation created by national policy changes including; the National Living Wage rises have contributed to financial pressures.

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. Transition is a key priority and new ways of working to ensure improved commissioning have commenced. In addition, several new housing schemes have been developed for adults with learning disabilities, improving independence and quality of life, that are cost effective.

Bolton has benefitted as a local health and care system from the greater Manchester devolution and transformation funds, with a final year of funding in 2018/2019. This has enabled a number of programmes to continue at pace and span both the NHS and Local Government. We continue to embed neighbourhood models of care that are moving to be fully integrated, improving performance, experience and better quality of life. 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.

In July 2018 the Council's Cabinet and the respective Boards of the NHS Bolton Clinical Commissioning Group (CCG) and Bolton NHS Foundation Trust Hospital formally agreed to form an integrated partnership between the three organisations to deliver better health and care services for our residents. Approval was given to move forward the Strategic Commissioning Function (SCF) and Integrated Care Partnership (ICP) as part of this to deliver the transformation required, as set out in Bolton's Locality Plan. Significant and sustained performance has been achieved in intermediate tier services and hospital discharge, including new models of contracting home care winter surge contracts.

An ICP Steering Group was formed to oversee and drive the development of the ICP. The Steering Group is Chaired by the Chief Executive of Bolton NHS Foundation Trust and brings together a collaboration of providers including hospital and community health services, primary care, social care, mental health services and VCSE. As the ICP matures and evolves over time it is likely that the core partners engaged may change as the group moves to a more formal footing as a Board. The steering group has an agreed vision and the development of outcome-based specification for neighbourhoods and intermediate tier.

The Single Commissioning Function was established in shadow form in July 2018 with a view to be fully operational in April 2019. Bolton has appointed a single Accountable Officer for Health and Care and positive steps have been taken with the co-location of Council and CCG commissioning teams. From April 2019, the SCF has agreed to pool a budget of approximately £165m with agreed risk sharing in place and strong political and clinical leadership in joint decision making. The group is also working together to explore opportunities to maximize the Bolton pound by working together to meet local priorities and demand. Opportunities for joint working exist for those services which are inside and outside of the pool and this group identifies forthcoming priority areas for collaboration. The SCF Focus Group is Chaired by the Accountable Officer for Health and Care with strategic leads from the Council, CCG and Bolton CVS.

Children's Services

The new "ILACS" framework for inspection of Local Authority Children's Services commenced operation in January 2018 as anticipated, Bolton received an early full inspection under this framework in April 2018 and was graded as "Good" overall. In their report, the Inspectors said:
'Senior leaders and elected members have a clear focus on prioritising support, including financial resources, for Bolton's most vulnerable children.'

> **"Social work practice is good, with appropriate support and intervention offered, which is helping to protect children."**
> **"Good support for children who become looked after means that their experiences have improved as a result."**

During 2018/19, demand on services has continued to grow. This demand has resulted in an increase in looked after children numbers and the associated financial pressures of high cost placements. The majority of our looked after children are placed in house with Bolton foster carers. There has been an increase in the use of non-LA foster carers and external residential provision due to a national gap in placement sufficiency for children with complex behaviour and health needs. There is a small but growing cohort of such children whose needs are significant who require specialist placements only available in the external independent sector at a high cost of between £6k and £9k per week. There is a national shortage of placements for complex young people (those who have significant mental ill health, self-harm, go missing, are extremely challenging, have violent behaviour or have significant disabilities).

In the same period the review of Early Help has begun and has engaged with over 250 stakeholders. There are numerous elements to the review which includes a commitment to working differently with children, families and partners to divert children from the care system and this is anticipated to deliver an improved picture by 2020. Workshops on the Early Help strategy have been held and initial proposals shared with Children's Policy Development Group in January 2019.

Sector wide commissioning work to tackle the challenge of the local and national shortage of appropriate placements, is being undertaken with the Greater Manchester Commissioning Group. The authority has produced a revised Sufficiency Statement and is taking a more proactive approach to provider engagement. This activity should result in a more targeted approach to the sourcing of placements and the recruitment of foster carers with the skills to meet the emerging and increasing complexity of children in Bolton. The focus on improved permanence planning will deliver clearer long-term plans for children and a commitment to return children to their families where possible, providing better outcomes and reducing longer term placement costs and stronger financial planning.

Within Bolton, there have been continued pressures in meeting the needs of SEND, particularly in terms of demand for Education Care and Health Plans (EHCP). This has created significant pressures on the High Needs block of the Dedicated Schools Grant. Schools following consultation have agreed once again to transfer £2m from the school's block to high needs in recognition of this. Bolton have been proactively tackling the demand pressures and during the year have consulted on a Primary

Social Emotional Mental Health model. Further work is ongoing to address this continued challenge.

Public Health

The Department of Health's Public Health budget continues to decrease as pressures increase locally. After over ten years of sustained increase in life expectancy, the life expectancy at birth for males born in Bolton has stalled and for females born in Bolton, the life expectancy has gone backwards. This means that on average, a female child who is born in Bolton in 2018 will expect to live a shorter life than a female child who was born the year before.

It is important that the public health efforts to reduce the risk of heart disease and stroke by addressing the underlying wider determinants of health and by reducing risk factors such as smoking, high blood pressure and obesity. Addressing the increase in deaths due to accidental poisoning, suicides, other accidents in younger age groups is also important; as is improving emotional health and wellbeing.

Across Bolton, there are large inequalities for people who live in the most affluent areas compared with those living in the most disadvantaged areas. Life expectancy differs by 10.6 years for males and 8.5 years for females. When we consider healthy life expectancy, the difference is even more stark; for males the difference in healthy life expectancy across the Borough is 19.8 years compared with 19.2 years for females.

Closing the inequalities and life expectancy gaps are key priorities across the Bolton Health and Care economy and are fundamental to achieving Bolton's 2030 Vision. Focus has been given to the most recent work that has been undertaken to improve the outcomes for our younger population, and where the best return on investment are observed. After a substantial review and remodelling of the children and young person's public health programmes, where health visitors (0-5 years) and school nursing (5-19 years) have come together and integrated to ensure smooth transition for our next generation and, ensured that a prevention focus is developed further. This has been an innovative and exciting opportunity as we have also worked with our CCG colleagues to enable a greater integration.

Directorate of Place

The Directorate's vision is to;

"maximise life chances for all communities in Bolton, by taking the best approach to service delivery and economic development"

The £1bn Town Centres & Major Development Masterplans continue to be developed and implemented. The Council purchased the Crompton Place in June 2018 and will work with a consortium of partners to regenerate the area for the long-term benefit of the town centre. The regeneration of Church Wharf is underway, where the Council is working with Muse Developments to create a vibrant area of housing and retail opportunities and areas of green, open spaces in an improved river setting. Trinity Quarter is in its early stages of implementation, with the launch of the Council's vision to create an area of mixed commercial and residential developments, including a new 400 space multi-storey carpark. The Council was awarded £12 million government funding to create a new road across the £262 million Rivington Chase development, which will provide the main access for the 1,700 home site with Middlebrook retail park, Horwich Parkway railway station and the M61. The Council has launched a consultation on proposals for Farnworth's Town Centre Masterplan. New proposals to redevelop Farnworth Town Centre for future generations include creating new homes, opening a new community hub in the heart of the town centre, and improving connectivity to Farnworth Park.

The Waste and Recycling and Neighbourhood Services Teams continue to work closely to drive behaviour change in residents & businesses regarding their responsibilities to waste management. The recycling rate for Bolton has continued to increase, as waste collected in the grey bins reduces. Campaigns this year have focused on increasing the recycling of food waste and ensuring people understand what can and cannot be recycled. During 2018 the management and disposal of municipal waste from Greater Manchester became the responsibility of the Greater Manchester Combined Authority. Work has been ongoing during 2018 to procure new waste disposal contracts for Greater Manchester, following the termination of the PFI contract in 2017. The new waste disposal contracts will commence on 1 June 2019 and will release significant savings for Greater Manchester.

Bolton Library and Museum Service re-opened a radically re-designed museum, including the world class Egypt gallery, in September 2018. The museum has received positive feedback from the public and has welcomed over 140,000 visitors in the first six months of opening. Smithills Hall Museum has undergone a £500k redevelopment of its west wing to enhance the visitor experience and Queens Park continues to hold the prestigious Green Flag award. This national accolade is given to the best green spaces in the country and follows a £5.3 million restoration project of the town park.

The Green Umbrella Programme has been a huge success this year, with over 1,000 environmental volunteers collecting over 20,000 bags of litter across the borough. These volunteers provide vital support to the Directorate’s mainstream Neighbourhood Services. Bolton's Money Skills Service provides free information, money guidance and training to give people the money skills, knowledge and confidence to help them take control of their finances and improve their money management skills. The team has helped residents manage over £2m of debt. Heaton Fold Garden Centre continues to be a success with customers and is in the process of enhancing its café, retail & exhibition areas. This facility is open to the public and offers work experience for adults with learning disabilities.

Section Four – 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 £24m are required in 2019/20 (10% of the 2019/20 controllable revenue budget) with a further £8m from reserves required in 2020/21 to balance the budget. There is a full programme of work to manage the savings programme as options initially approved at budget council are further developed before being approved by members.

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. In addition, the continued uncertainty as to when the UK will leave the European Union may put on hold recommendations from the review.

Any financial planning 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

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
18/19	100%
19/20	100%
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 £179m of long term debt. Cash investments (which are for a period of less than 1 year) vary from month to month and were £123m at the end of 2018/19

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 £24m savings in 2019/20 with £8m required from reserves to balance the budget in 2020/21 whilst these savings are realised. 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. In addition, as outlined above the delay in the UK leaving the European Union and the associated additional parliamentary time devoted to the debate has undoubtedly pushed back other policy decisions.

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 2% of the 2018/19 council tax being directly set aside to fund this service. As a 1% Adult Social Care precept was approved for 2019/20, this means the council has taken the full 6% it was permitted to take over the period 2017/18 to 2019/20

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 2018/19 finance settlement Bolton, along with the other GM authorities was given continued 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. 100% business rates retention continues into 2019/20 but will then reduce to 75% from 2020/21

Aside from the 6% limit on the Adult Social Care Precept, for 2018/19 and 2019/20 councils have been able to increase the general levy by up to 3% in any one year without the need for a referendum.

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 2019, and has been prepared in accordance with the 2018/19 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.

The Code requires that the Council’s accounts are set out with the 4 core financial statements grouped together. Supplementary statements and Group accounts are also produced where applicable including;

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 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 and PSP Facilitating 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
Director of Corporate Resources
24 July 2019

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).

2017/18 restated					2018/19		
£000s	£000s	£000s			£000s	£000s	£000s
Expenditure	**Income**	**Net**		**Note**	**Expenditure**	**Income**	**Net**
124,180	36,927	87,253	Adult Services and Public Health		136,499	43,529	92,970
284,425	224,319	60,106	Children's Services		299,051	222,058	76,993
130,946	117,939	13,007	Corporate Resources		127,824	114,519	13,305
2,443	(258)	2,701	Community Issues		2,589	(69)	2,658
2,556	1,192	1,364	Strategic Planning and Housing		13,065	7,869	5,196
8,865	(337)	9,202	Culture and Sport		9,280	(443)	9,723
20,210	9,478	10,732	Deputy Leader		24,531	11,560	12,971
59,117	33,108	26,009	Environmental Services		47,863	25,979	21,884
26,987	11,615	15,372	Highways and Transport		26,378	13,910	12,468
952	7,909	(6,957)	Financial Services		(2,246)	6,576	(8,822)
660,681	**441,892**	**218,789**	**Cost of Services**		**684,834**	**445,488**	**239,346**
			Other operating expenditure				
		5,743	Loss on disposal of property plant & equipment				33,602
		11	Disposal of Academy assets				0
		(2,019)	Right to Buy Receipts				(2,545)
		40,058	Levies				39,800
		391	Parish Precepts				392
		44,184	**Total Operating Expenditure**				**71,249**
		8,301	Financing & investment income and expenditure	**35**			19,546
		(262,993)	Taxation & non-specific grant income	**36**			(255,563)
		8,281	**Deficit/(surplus) for year**				**74,578**

31 March 2018					31 March 2019		
£000s	**£000s**	**£000s**			**£000s**	**£000s**	**£000s**
Expenditure	**Income**	**Net**		**Note**	**Expenditure**	**Income**	**Net**
		(84,525)	(Surplus)/deficit on revaluation of Property, Plant & Equipment				(14,309)
		(8,198)	(Surplus)/deficit on available for sale				0
		0	(Surplus)/deficit on Financial Instruments held at Fair Value through Other Comprehensive Income				(775)
		(49,396)	Remeasurements of the net defined benefit liability	**43**			72,852
		(142,119)	**Other comprehensive Income**				**57,768**
		(133,838)	**Total Comprehensive Income and Expenditure**				**132,346**

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 2017	**10,660**	**129,551**	**12,339**	**21,528**	**174,078**	**63,696**	**237,774**
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 9)	(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 8)	14,314	(14,314)	13	0	13	(13)	0
Balance at 31 March 2018 carried forward	**10,660**	**115,237**	**13,348**	**37,597**	**176,842**	**194,741**	**371,583**
Balance 1 April 2018	**10,660**	**115,237**	**13,348**	**37,597**	**176,842**	**194,741**	**371,583**
Total Comprehensive Income and Expenditure	(74,577)				(74,577)	(57,768)	(132,345)
Adjustments from income & expenditure charge under the accounting basis to the funding basis (Note 9)	57,557	0	593	4,074	62,224	(62,252)	(28)
Increase or (Decrease) in 2018/19	(17,020)	0	593	4,074	(12,353)	(120,020)	(132,373)
Transfers to/from earmarked reserves (Note 8)	17,020	(17,020)	3	0	3	(3)	0
Balance at 31 March 2019 carried forward	**10,660**	**98,217**	**13,944**	**41,671**	**164,492**	**74,718**	**239,210**

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 2018 £000s		Note	31 March 2019 £000s
	Property, Plant & Equipment		
421,550	- Other land and buildings	**10**	426,731
13,409	- Vehicles, plant, furniture & equipment	**10**	10,675
132,754	- Infrastructure	**10**	135,320
10,215	- Community assets	**10**	10,218
2,655	- Assets under construction	**10**	3,267
1,164	- Surplus assets	**10**	1,139
581,747			**587,350**
69,131	Heritage assets	**11**	69,131
35,094	Investment property	**12**	35,473
332	Intangible assets	**13**	194
52,452	Long Term Investments	**14**	53,227
21,307	Long Term Debtors	**14**	29,767
760,063	**Long Term Assets**		**775,142**
142,463	Short Term Investments	**14**	122,608
689	Inventories	**16**	654
40,507	Short Term Debtors	**17**	44,006
7,606	Prepayments		3,325
33,108	Cash and Cash Equivalents	**19**	20,198
275	Assets held for sale (less than 1 year)	**20**	0
224,648	**Current Assets**		**190,791**
(1,701)	Short Term Borrowing	**14**	(11,833)
(44,757)	Short Term Creditors	**21**	(46,390)
(4,057)	Provisions for current liabilities	**22**	(4,384)
(3,006)	Revenue Grants in Advance	**37**	(3,182)
(53,521)	**Current Liabilities**		**(65,789)**

31 March 2018 £000s		Note	31 March 2019 £000s
(11,822)	Provisions for long term liabilities	**22**	(13,770)
(178,874)	Long Term Borrowing	**14**	(178,857)
(12,474)	Other Long Term Liabilities	**14**	(10,656)
(356,437)	Net Pensions Liability	**43**	(457,651)
(559,607)	**Long Term Liabilities**		**(660,934)**
371,583	**Net Assets**		**239,210**
	Represented by:		
	Usable Reserves		
10,660	- General Fund Balance	**8**	10,660
8,165	- Earmarked Statutory Reserves	**8**	7,525
107,072	- Earmarked Policy Reserves	**8**	90,692
13,348	- Capital Receipts Reserve		13,944
37,597	- Capital Grants Received in Advance		41,671
176,842			**164,492**
	Unusable Reserves	**9**	
230,221	- Revaluation reserve		228,685
42,199	- Available-For-Sale Financial Instruments Reserve		0
0	- Financial Instruments Revaluation Reserve		42,974
0	- Financial Instruments Adjustment Account		(12,726)
(356,437)	- Pensions Reserve		(457,651)
10,642	- Deferred capital receipts		10,517
271,165	- Capital Adjustment Account		264,457
914	- Collection Fund Adjustment Account		2,520
(3,963)	- Short-term Accumulating Compensated Absences Account		(4,058)
194,741			**74,718**
371,583	**Total Reserves**		**239,210**

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 2018 £000s		**Note**	**31 March 2019 £000s**
8,280	Net (surplus) or deficit on the provision of services		74,577
(47,290)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	**23**	(85,057)
40,315	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	**24**	30,452
1,305	**Net cash flows from Operating Activities**	**25**	**19,972**
69,938	Investing Activities	**26**	1,120
(87,238)	Financing Activities	**27**	(8,182)
(15,995)	**Net (increase) or decrease in cash and cash equivalents**		**12,910**
17,114	Cash and cash equivalents at the beginning of the reporting period		33,108
15,995	(Decrease) or Increase in cash as above		(12,910)
33,109	**Cash and cash equivalents at the end of the reporting period**	**19**	**20,198**

Notes to the Core Financial Statements

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1 Accounting Policies

General Principles

The Statement of Accounts summarises the authority's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. 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 2018/19*, 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

The Council, as a billing authority act as an agent, collecting Council Tax and national non-domestic rates (NNDR) on behalf of the major preceptors and, as principals, collecting Council Tax and NNDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and NNDR. Under the legislative framework for the Collection Fund, billing authorities and major preceptors share proportionately the risks and rewards that the amount of Council Tax and NNDR collected could be less or more than predicted.

The Council Tax and NNDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of Council Tax and NNDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of Council Tax and NNDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

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 services line in the CIES is charged with the employer's contributions payable to Teachers' Pensions in the year. The Adult Services and 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 discounted rate based on a corporate bond yield curve constructed on the constituents of the iBoxx AA corporate bond index.

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
- interest cost – the expected change 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.

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 based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. In line with the new standards for IFRS9, there are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

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

c) Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost 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 financial assets held by the Council, 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.

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) Financial Assets Measured at Fair Value through Profit and Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

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

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.

An equity instrument that has been classed as FVPL can be designated as FVOCI if it is not held for trading (e.g. a strategic investment). Once this designation has been made it cannot be reversed. This designation would mean that any gains and losses would be held in the Financial Instruments Revaluation Reserve.

e) **Fair Value through Other Comprehensive Income (FVOCI)**

Financial Assets measured at FVOCI relates to financial instruments where the business model is achieved both through collecting contractual cash flows and selling financial assets.

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

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss are reversed to an unusable reserve – the Capital Adjustment Account.

f) Expected Credit Loss Model

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

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The authority has a number of loans to local businesses. It does not have reasonable and supportable information that is available without undue cost or effort to support the measurement of lifetime expected losses on an individual instrument basis. It has therefore assessed losses for the portfolio on a collective basis unless local knowledge indicates that a different loss profile is appropriate.

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 Museums 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 2 external entities 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 are held at current value unless net current replacement cost is deemed to be appropriate as detailed below.
- infrastructure assets, community assets – depreciated historical cost

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 Gerald Eve in accordance with the asset valuation principles issued by the Royal Institution of Chartered Surveyors (RICS). Colliers International provided the valuation for the shopping centre. 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, local taxation, 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	39	3	3
Controlled Schools	0	4	0	0
Voluntary Aided Schools	0	32	3	0
Total LA Schools	**3**	**75**	**6**	**3**
Academies	0	19	11	3
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 funding up to 2019/20. There are a number of 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 41 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.

The Council has undertaken an analysis to classify the leases it holds, both as a lessee and lessor, as either operating or finance leases. The accounting policy for leases has been applied to these arrangements and are recognised where appropriate, as Property, Plant and Equipment in the Council's Balance Sheet.

Property Plant and Equipment are valued on the balance sheet in accordance with the statement of asset valuation principles and guidance notes issued by the Royal Institution of Chartered Surveyors (RICS) which the council judges to be an appropriate basis:
.
Non-current assets, with the exception of those valued at depreciated historical cost, are valued sufficiently regularly to ensure that their carrying amount is not materially different from their value at year end, but as a minimum every five years. Valuations are undertaken during the year by external valuers commissioned by the Council. 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.

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 8, 22 and 44)

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 43).

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 18/19 multiplier. This percentage includes an estimated amount which is judged to be appropriate, 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 14).

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.

Under IFRS9 (Financial Instruments) the default categorisation of the Council's equity holdings would be Fair Value through Profit and Loss. However, it is the Council's view that the majority of its equity instruments are strategic investments (i.e. are not held for trading) and designating these at Fair Value through Other Comprehensive Income results in a reasonable and reliable accounting policy for the investment – see note 14.

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

- Amendments to IAS 40 Investment Property: Transfers of Investment Property
- Annual Improvements to IFRS Standards 2014-2016 Cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation.

4 Events After the Balance Sheet Date

There are no post balance sheet events in 2018/19.

5 Restatement of Prior Year

The Department of Place made further changes to its reporting hierarchy in 2018/19. This has been reflected in the primary schedules to the financial statements. The changes made to amend the 2017/18 comparatives are as per the tables below:

Changes made to the CIES

		Expenditure	Income	Net
		£000s	£000s	£000s
Original	Chief Executives	132,216	117,466	14,750
	Development & Regeneration	31,632	10,334	21,298
	Environment and Housing	87,276	44,937	42,339
		251,124	**172,737**	**78,387**
Restated	Corporate Resources	130,946	117,939	13,007
	Community Issues	2,443	(258)	2,701
	Strategic Planning and Housing	2,556	1,192	1,364
	Culture and Sport	8,865	(337)	9,202
	Deputy Leader	20,210	9,478	10,732
	Environmental Services	59,117	33,108	26,009
	Highways and Transport	26,987	11,615	15,372
		251,124	**172,737**	**78,387**

Changes made to the EFA

		Net expenditure chargeable to the General Fund	Adjustment between the funding & accounting basis	Net expenditure in CIES
		£000s	£000s	£000s
Original	Chief Executives	21,834	(7,084)	14,750
	Development & Regeneration	21,058	240	21,298
	Environment/Housing/Asylum Seekers	26,484	15,854	42,338
		69,376	**9,010**	**78,386**
Restated	Corporate Resources	20,099	(7,092)	13,007
	Community Issues	2,453	248	2,700
	Strategic Planning and Housing	(5,229)	6,593	1,364
	Culture and Sport	6,228	2,974	9,202
	Deputy Leader	14,231	(3,499)	10,732
	Environmental Services	23,710	2,298	26,009
	Highways and Transport	7,884	7,488	15,372
		69,376	**9,010**	**78,386**

6 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.

2017/18 restated				**2018/19**		
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**
81,300	5,953	87,253	Adult Services and Public Health	85,618	7,352	92,970
51,494	8,612	60,106	Children's Services	53,457	23,536	76,993
20,099	(7,092)	13,007	Corporate Resources	20,447	(7,142)	13,305
2,453	248	2,701	Community Issues	2,553	105	2,658
(5,229)	6,593	1,364	Strategic Planning and Housing	3,552	1,644	5,196
6,228	2,974	9,202	Culture and Sport	7,193	2,530	9,723
14,231	(3,499)	10,732	Deputy Leader	11,715	1,256	12,971
23,711	2,298	26,009	Environmental Services	15,107	6,777	21,884
7,884	7,488	15,372	Highways and Transport	7,091	5,377	12,468
(2,007)	(4,950)	(6,957)	Financial Services	(3,087)	(5,735)	(8,822)
200,164	**18,625**	**218,789**	**Cost of Services**	**203,646**	**35,700**	**239,346**
(185,849)	(24,659)	(210,508)	Other Income and expenditure	(186,626)	21,858	(164,768)
14,315	**(6,033)**	**8,280**	**Deficit/(surplus) for year**	**17,020**	**57,558**	**74,578**

7 Note to the Expenditure and Funding Analysis

2017/18					2018/19			
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				
(365)	2,605	3,713	5,953	Adult Services/Public Health	963	2,672	3,717	7,352
(6,799)	10,943	4,469	8,613	Children's Services	8,521	10,609	4,406	23,536
11	2,007	(9,110)	(7,092)	Corporate Resources	6	2,013	(9,161)	(7,142)
31	87	129	248	Community Issues	0	89	16	105
0	218	6,375	6,593	Strategic Planning and Housing	114	499	1,031	1,644
1,233	421	1,320	2,974	Culture and Sport	792	435	1,303	2,530
(116)	239	(3,622)	(3,499)	Deputy Leader	4,949	236	(3,929)	1,256
2,915	3,410	(4,027)	2,298	Environmental Services	1,160	3,107	2,510	6,777
5,760	795	933	7,488	Highways and Transport	4,682	778	(83)	5,377
(6,388)	(550)	1,988	(4,950)	Financial Services	(6,680)	(1,941)	2,886	(5,735)
(3,716)	**20,175**	**2,168**	**18,625**	**Net Cost of Services**	**14,507**	**18,497**	**2,694**	**35,700**
(30,242)	10,020	(4,437)	(24,659)	Other Income and Expenditure from the funding analysis	3,473	9,865	8,520	21,858
(33,958)	**30,195**	**(2,269)**	**(6,034)**	**Difference between the General Fund surplus/deficit and the CIES surplus/deficit**	**17,980**	**28,362**	**11,216**	**57,558**

Expenditure and Income analysed by nature

2017/18		2018/19
	Expenditure	
277,757	Employee Benefit Expenses	269,240
370,718	Other services Expenses	389,197
47,805	Support Services Recharges	38,676
12,206	Depreciation, Amortisation, impairment	26,397
16,958	Interest & Investment Payments	30,882
40,449	Precepts and levies	40,192
4,019	Loss on disposal of assets	30,401
769,912	**Total Expenditure**	**824,985**
	Income	
(489,697)	Fees charges & other service Income	(484,166)
(8,941)	Interest & investment income	(10,679)
(228,732)	Income from CT, NNDR	(228,633)
(34,261)	Grants & contributions	(26,929)
(761,631)	**Total Income**	**(750,407)**
8,281	**Surplus or deficit on provision of services**	**74,578**

8 Movements in Earmarked and Unusable Reserves

Movements in Earmarked Reserves

	Note	01-Apr-17	Transfers In	Transfers Out	01-Apr-18	Transfers In	Transfers Out	31-Mar-19
		£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Earmarked Statutory Reserves								
Schools Delegated Budgets	**1**	5,223	1,822	(466)	6,579	1,178	(781)	6,976
Public Health	**2**	1,033	589	(36)	1,586	393	(1,430)	549
Total Earmarked Statutory Reserves		**6,256**	**2,411**	**(502)**	**8,165**	**1,571**	**(2,211)**	**7,525**
Insurance	**3**	17,101	1,597	(2,000)	16,698	1,808	(2,000)	16,506
Reserves held for:								
Legal requirements	**5**	9,451	3,241	(6,546)	6,146	1,255	(4,942)	2,459
Existing commitments	**6**	34,198	10,501	(13,048)	31,651	29,603	(11,632)	49,622
To cover future key areas of spend	**7**	46,675	16,678	(27,234)	36,119	6,034	(31,213)	10,940
To cover key areas of risk	**8**	15,428	10,578	(10,680)	15,326	2,447	(7,756)	10,017
Service general contingencies	**9**	420	2,866	(2,257)	1,029	6,235	(6,117)	1,147
Available for reallocation	**10**	22	1,129	(1,048)	103	1,298	(1,401)	0
Total Earmarked Policy Reserves		**106,194**	**44,993**	**(60,813)**	**90,374**	**46,872**	**(63,061)**	**74,185**
Total Earmarked General Fund Reserves		**123,295**	**46,590**	**(62,813)**	**107,072**	**48,680**	**(65,061)**	**90,691**
General Fund Balance	**4**	10,660	0	0	10,660	0	0	10,660
Total Reserves and Balances		**140,211**	**49,001**	**(63,315)**	**125,897**	**50,251**	**(67,272)**	**108,876**

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 £2.5m** include the following
   - Sinking funds we are legally obliged to maintain, and other legal liabilities from previous initiatives (£1.7m)
   - Funds held on behalf of schools, other agencies and Adult Services clients (£0.8m)

6. **Reserves with an existing commitment of £49.6m** include the following
   - Funds have been set aside from reserves identified for re-allocation to cover the cash flow consequences of savings during the 2019/21 budget process and balancing the 2019/21 budgets (£15.4m)
   - Funding held to meet the costs of committed Capital projects and allocations to meet specific investment initiatives agreed by the Council (£11.2m)
   - Capital reserves held on behalf of schools (£7.4m)
   - Schools' Centrally held and Standards Fund balances of (£5.9m)
   - Funding accumulated to even out the Waste Levy over a number of years to avoid major peaks and troughs (£1.1m)
   - Schemes for Neighbourhood Management & Community (£0.6m)
   - Adult Social Care reserves (£0.4m)

7. **Reserves to cover key areas of known future spend of £10.9m** include
   - Corporate Revenues Reserve - this supports one-off revenue projects (£4.3m)
   - Earmarked funds held on behalf of schools (£1.9m)

- 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 (£1.8m)
- Adults Social Care – Demographic Pressures (£0.7m)
- 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)
- Money held for capital projects (£0.5m)

8. **Reserves to cover key areas of risk of £10.0m** 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 (£3.4m)
    - Costs may fall on the Council for outstanding liabilities, such as future environmental risks or Equal Pay risks (£2.2m)
    - All departments have identified a number of smaller risk items (£1.6m)

9. **Reserves to cover service general contingencies of £1.1m** 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	16,698	16,506	(192)
Other central reserves	57,902	51,394	(6,508)
Children's Services	10,902	12,430	1,528
Environmental Services	4,778	1,939	(2,839)
Development & Regeneration	6,927	3,876	(3,051)
Housing GRF	2,090	1,565	(525)
Adult Services	7,545	2,979	(4,566)
Public Health	230	2	(228)
Total Earmarked General Fund Reserves	**107,072**	**90,691**	**(16,381)**

Movement in Unusable Reserves

Unusable Reserves	Opening Balance 01 April 2017 £000	Movement in year £000	Balance 31 March 2018 £000	Movement in year £000	Closing balance 31 March 2019 £000
Revaluation Reserve	151,014	79,207	230,221	(1,536)	228,685
Financial Instruments held at Fair Value	0	0	0	42,974	42,974
Available for sale financial instruments	34,001	8,198	42,199	(42,199)	0
Pensions	(375,638)	19,201	(356,437)	(101,214)	(457,651)
Capital Adjustment Account	248,868	22,297	271,165	(6,708)	264,457
Deferred Capital receipts	10,770	(128)	10,642	(125)	10,517
FIIA	0	0	0	(12,726)	(12,726)
Collection Fund	(1,520)	2,434	914	1,606	2,520
Accumulated Absences	(3,799)	(164)	(3,963)	(95)	(4,058)
Total	**63,696**	**131,045**	**194,741**	**(120,023)**	**74,718**

9 Adjustments to Accounting and Funding Basis

	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movements in Unusable Reserves
2017/18	**£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	Usable Reserves: Capital Receipts Reserve	Usable Reserves: 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**

2018/19	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	(25,659)	0	0	25,659
Revaluation/impairment losses on PPE	(739)	0	0	739
Movement in fair value of investment properties	657	0	0	(657)
Capital grants & contributions applied	19,337	0	0	(19,337)
Amounts of non-current assets written off on disposal or sale as part of gain/loss on disposal to CIES	(34,581)	0	0	34,581
Insertion of items not credited or debited to CIES				
Statutory provision for the financing of capital investment	7,498	0	0	(7,498)
Capital Expenditure charged against the General Fund	4,481	0	0	(4,481)
Adjustments primarily involving the Capital Grants Unapplied Account				
Capital grants & contributions unapplied credited to the CIES	7,592	0	(7,592)	0
Application of grants to capital financing transferred to the CAA			3,428	(3,428)
Application of grants to capital finance Revenue Expenditure funded from capital under statute	(90)	0	90	0
Adjustments primarily involving the Capital receipts Reserve				
Transfer of cash sale proceeds credited as part of gain/loss on disposal to the CIES	3,524	(3,524)	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure		3,056	0	(3,056)
Use of the Capital Receipts finance new Revenue expenditure Funded from capital under statute	0	0	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 Financial Instruments adjustment Account				
Amount by which cost charges to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(12,726)	0	0	12,726
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the CIES	(54,099)	0	0	54,099
Employers' contributions & direct payments to pensioners' payable in the year.	25,737	0	0	(25,737)

2018/19	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	1,606	0	0	(1,606)
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	(95)	0	0	95
Total Adjustments	**(57,557)**	**(593)**	**(4,074)**	**62,224**

10 Property, Plant and Equipment

Comparative movements in 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**

Property, Plant and Equipment – Movement in the year 2018/19

	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	429,272	30,557	194,843	10,215	2,655	1,164	668,706
Accumulated depreciation & impairment brought forward	(7,722)	(17,148)	(62,089)	0	0	0	(86,959)
Net Book Value brought forward as at 31 March 2018	**421,550**	**13,409**	**132,754**	**10,215**	**2,655**	**1,164**	**581,747**
Additions	36,357	4,181	11,029	1	(16)	14	51,566
Revaluations recognised in the revaluation reserve	14,305	0	0	4	0	0	14,309
Revaluations recognised in the CI&E	(739)	0	0	0	0	0	(739)
Disposals	(33,097)	(727)	(232)	(1)	0	(39)	(34,096)
Transfers	165	(622)	0	0	622	0	165
Depreciation	(11,811)	(5,567)	(8,231)	0	0	0	(25,609)
Other	0	0	0	0	7	0	7
Net Book Value carried forward as at 31 March 2019	**426,730**	**10,674**	**135,320**	**10,219**	**3,268**	**1,139**	**587,350**
Gross book value carried forward	440,493	31,135	205,641	10,219	3,268	1,139	691,895
Accumulated depreciation & impairment carried forward	(13,763)	(20,461)	(70,321)				(104,545)
Net Book Value carried forward as at 31 March 2019	**426,730**	**10,674**	**135,320**	**10,219**	**3,268**	**1,139**	**587,350**

PFI assets included in Property, Plant and Equipment £7.6m

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	10,675	10,675
Valued at Current Value in				
2018/19	149,104	0	0	149,104
2017/18	222,478	0	0	222,478
2016/17	28,288	317	0	28,605
2015/16	25,332	446	0	25,778
Pre 15/16	1,530	375	0	1,905
Total Property, Plant & Equipment	**426,732**	**1,138**	**10,675**	**438,545**

Capital Commitments

At 31 March 2019, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2018/19 and beyond. The major commitments are:

Approved and Contracted Schemes	**£000s**
D&R Capital	12,401
Chief Execs Dept Capital	9,459
Secondary Expansion Programme	9,369
Highways Capital	5,170
Non-Highways Capital	2,111
Children's Centres	476
Primary Expansion Programme	255
Youth and Play Centres	193
Building Maintenance Plan	103
Leisure and Youth Provision Cabinet	100
Special School Expansion Programme	47
School Capital Support Fund	21
Schools Access Initiative	15
Total	**39,720**

Schemes Approved But Not Contracted	£000s
D&R Capital Slippage	6,937
Secondary Expansion Programme	3,831
Primary Expansion Programme	3,379
Building Maintenance Plan	2,232
Special School Expansion Programme	2,000
Housing Capital Slippage	1,477
Highways Capital Slippage	1,168
Devolved Formula Capital	900
Capital Slippage	545
Youth and Play Centres	401
Children's Centres	299
Children Social Care	280
Leisure and Youth Provision Cabinet	230
Supported Housing Developments	166
Non-Highways Capital Slippage	127
School Capital Support Fund	100
Schools Access Initiative	100
Harrowby's	80
Adults ICT	53
Total	**24,305**

11 Heritage assets

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 2018/19 (made by donation rather than purchase) include objects acquired specifically for the new Egypt galleries and a collection of Bolton Pride material for an important temporary exhibition, Desire, love, identity: exploring LGBTQ histories in Bolton. The only significant purchase in 2018/19 were four textile portraits by the artist Sorrell Kerrison. Depicting the founders of the museum, they were commissioned by the service for the new Egypt galleries and cost a total of £4,000.

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

	£000s
Gross book value brought forward	69,131
Accumulated depreciation & impairment brought forward	0
Net Book Value brought forward as at 31 March 2018	**69,131**
Additions	6
Revaluations recognised in the revaluation reserve	0
Disposals	(6)
Net Book Value carried forward as at 31 March 2019	**69,131**
Gross book value carried forward	69,131
Accumulated depreciation & impairment carried forward	0
Net Book Value carried forward as at 31 March 2019	**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 publicly 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.

12 **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.

	2018/19 £000s	2017/18 £000s
Rental income from investment property	1,910	2,224
Direct operating expenses arising from investment property	(985)	(1,119)
Net gain/(loss)	**925**	**1,105**

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:

	2018/19 £000s	2017/18 £000s
Balance at start of the year	35,094	38,091
Additions: purchases	0	0
Disposals	(205)	(2,668)
Net gains/losses from fair value adjustments	657	(284)
Reclassifications	(165)	0
Other changes	91	(45)
Balance at end of the year	**35,472**	**35,094**

13 **Intangible Assets**

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

	2018/19 £000s	2017/18 £000s
Balance at start of the year	333	496
Additions: purchases	0	0
Amortisation in year	(139)	(163)
Other changes	0	0
Balance at end of the year	**194**	**333**
Comprising:		
Gross carrying amount	694	821
Accumulated amortisation	(500)	(488)
	194	**333**

14 Financial Instruments

Categories of Financial Instruments - The following categories of financial instrument are carried in the balance sheet:

Financial assets

	Non-Current				Current				
	Investments		Debtors		Investments		Debtors		Total
	31 Mar 19 £000	31 Mar 18 £000	31 Mar 19 £000	31 Mar 18 £000	31 Mar 19 £000	31 Mar 18 £000	31 Mar 19 £000	31 Mar 18 £000	31 Mar 19 £000
Amortised Cost	16	16	29,767	21,306	122,608	142,463	20,198	33,108	**172,589**
Available-For-Sale Financial Instruments	0	52,436	0	0	0	0	0	0	**0**
Fair value through other comprehensive income – designated equity instruments	53,211	0	0	0	0	0	0	0	**53,211**
Total financial assets	**53,227**	**52,452**	**29,767**	**21,306**	**122,608**	**142,463**	**20,198**	**33,108**	**225,800**
Non-financial assets	0	0	0	0	0	0	44,006	40,508	**44,006**
Total	**53,227**	**52,452**	**29,767**	**21,306**	**122,608**	**142,463**	**64,204**	**73,616**	**269,806**

Financial liabilities

	Non-Current				Current				
	Borrowings		Creditors		Borrowings		Creditors		Total
	31 Mar 19 £000	31 Mar 18 £000	31 Mar 19 £000	31 Mar 18 £000	31 Mar 19 £000	31 Mar 18 £000	31 Mar 19 £000	31 Mar 18 £000	31 Mar 19 £000
Amortised Cost	178,840	178,857	9,385	11,310	11,833	17	1,271	1,164	**201,329**
Total financial liabilities	**178,840**	**178,857**	**9,385**	**11,310**	**11,833**	**17**	**1,271**	**1,164**	**201,329**
Non-financial liabilities	0	0	0	0	0	0	46,390	44,757	46,390
Total	**178,840**	**178,857**	**9,385**	**11,310**	**11,833**	**17**	**47,661**	**45,921**	**247,719**

Reclassification and remeasurement of financial assets at 1 April 2018

This note shows the effect of reclassification of financial assets following the adoption of IFRS9 and the remeasurements of carrying amounts required.

		New Classifications at 1 April 2018		
	Carrying amount brought forward at 1 April 2018	Amortised cost	Fair value through other comprehensive income	Fair value through profit and loss
	£000	£000	£000	£000
Previous classifications				
Loans and receivables	237,385	237,385	0	0
Available for Sale	52,452	16	0	52,436
Reclassified amounts at 1 April 2018	**289,837**	**237,401**	**0**	**52,436**

Effect of Asset Reclassification and Remeasurement on the Balance Sheet

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

	Amortised Cost	Fair Value through Other Comprehensive Income	Fair value through profit and Loss	Non-financial instrument balances	Total Balance Sheet carrying amount
	£000	£000	£000	£000	£000
Remeasured carrying amounts at 1 April 2018	237,401	52,436	0	0	289,837
Reclassified amounts:					
Non-current investments	16	52,436	0	0	52,452
Long-term debtors	21,306	0	0	0	21,306
Current investments	175,571	0	0	0	175,571
Current debtors	0	0	0	40,508	40,508
Total	**196,893**	**52,436**	**0**	**40,508**	**289,837**

Detailed Financial Instruments Breakdown

	Long-term		Current	
	31 Mar 19 £000s	31 Mar 18 £000s	31 Mar 19 £000s	31 Mar 18 £000s
Investments				
Banks and other financial institutions (net of impairment)	0	0	122,608	142,463
Available-For-Sale Financial Assets (Manchester Airport)	0	51,900		
Fair Value through Other Comprehensive Income (Manchester Airport)	52,700	0	0	0
Available-For-Sale Financial Assets (JP Morgan Trust)	0	536		
Fair Value through Other Comprehensive Income (JP Morgan Trust)	511	0	0	0
Unquoted equity investment at cost (Local Education Partnership)	16	16	0	0
Total Investments	**53,227**	**52,452**	**122,608**	**142,463**
Cash & Cash Equivalents				
Bank current accounts & overdrafts	0	0	1,333	(201)
Bank Call accounts and Money Market Funds	0	0	18,865	33,309
Total Cash & Cash Equivalents	**0**	**0**	**20,198**	**33,108**
Debtors				
Loans and receivables:				
Advances to Manchester Airport PLC	20,250	8,972	0	0
PSP Bolton	10,525	10,525	0	0
Middlebrook Leisure Trust	8	10	0	0
Former Magistrates Authorities (10 Greater Manchester Districts)	677	705	0	0
Long term leasing	49	49	0	0
Financial assets carried at contract amounts	0	0	70,157	63,404
NW Evergreen Ltd Partnership	131	131	0	0
Bolton at Home Equal Pay	378	378	0	0
Bolton Wise	411	411	0	0
Daubhill Muslim Society	0	125	0	0
Sub total	**32,429**	**21,306**	**70,157**	**63,404**
Expected Credit Loss	(2,662)	0	(26,151)	(22,896)
Total Debtors	**29,767**	**21,306**	**44,006**	**40,508**
Borrowings				
Financial liabilities at amortised cost – Market Loans	60,250	78,250	0	0
PWLB	118,000	100,000	0	0
Short-term borrowings	0	0	11,833	1,701
LOBO Interest Rate Equalisation	607	624	0	0
Total Borrowings	**178,857**	**178,874**	**11,833**	**1,701**
Other Long Term Liabilities				
Private Finance Initiative (PFI)	6,017	6,470	0	0
Finance Leases	636	729	0	0
Ex-GMC residual debt	2,732	4,111	1,271	1,164
Total Other Long Term Liabilities	**9,385**	**11,310**	**1,271**	**1,164**

	Long-term		Current	
	31 Mar 19 £000s	31 Mar 18 £000s	31 Mar 19 £000s	31 Mar 18 £000s
Creditors				
Financial liabilities carried at contract amounts	0	0	46,390	44,757
Total Creditors	**0**	**0**	**46,390**	**44,757**

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

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

	Nominal	Fair Value	Change in fair value during 2018/19
Description	**£000**	**£000**	**£000**
Manchester Airport Shares	10,214	52,700	800
J P Morgan Trust	380	511	(25)

Manchester Airport Shares - The authority holds a 3.22% shareholding in Manchester Airport. The shareholding originated through a policy initiative with other Greater Manchester authorities to promote economic generation and tourism. As the asset is not held for trading or income generation, rather a strategic longer term policy initiative the equity has been designated as fair value through comprehensive income.

J P Morgan Trust - The authority holds stock in J P Morgan Trust on behalf of Graves in Perpetuity. The asset is not held for trading purposes, and the Authority has no intention to dispose of the holding. The authority has therefore designated the equity as fair value through comprehensive income.

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 £5.635m (of which £2.065m was in advance of the 19/20 financial year). MAG's most recent accounts for the year ending 31 March 2018 indicated the company had net assets of £1,520.6m (£1,542.0m the previous year) and made a profit of £122.5m after taxation (£117.4m 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 TUPED 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 was dormant at 31 March 2019.

  - 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.

  - 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 receives 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 £155k in compensation payment in 2018/19

- The amount owed to Bolton Council is £6,616,646 which is retained within PSP Bolton LLP to fund future projects

- In year both PSP Bolton LLP and PSP Bolton (GR) LLP re-aligned their financial year end from 30 April to 31 March to match the Council's year end date from 31st March 2019. The provisional assets and liabilities of both partnerships for the period ending 31st March 2019 are summarised below:

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

	PSP Bolton LLP		**PSP Bolton (GR) LLP**	
	To 30 April 2019 £	**To 30 April 2018 £**	**To 30 April 2019 £**	**To 30 April 2018 £**
Fixed Assets				
Investments	1	1	0	0
Current Assets				
Stock and Receivables	7,699,767	7,647,591	100,000	3,774,162
Debtors (incl amounts due from Members)	0	8,237,747	5,941,558	10,140,740
Prepayments	20,995	0	21,990	18,097
Amounts Recoverable on Long Term Contracts	0	0	0	0
Cash	7,031,000	3,608,341	4,527,980	3,733,552
Total Assets	**14,751,763**	**19,493,680**	**10,591,528**	**17,666,551**
Creditors amounts due within 1 year	(204,940)	(1,516,072)	(66,908)	(104,239)
Loans & debts due to members	(8,627,464)	(9,858,664)	0	(7,037,692)
Amounts owed to Group	(5,919,357)	(8,118,942)	(10,524,618)	(10,524,618)
Total Liabilities	**(14,751,761)**	**(19,493,678)**	**(10,591,526)**	**(17,666,549)**
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	(5,919,358)	(8,118,942)
Loans and other debts due to Members in creditors	8,627,464	10,812,153	0	7,037,692
Members' interest	2	2	2	2
	8,627,466	**10,812,155**	**(5,919,356)**	**(1,081,248)**
Status of accounts	Unaudited	Audited	Unaudited	Audited

Financial Instruments - Income, Expenses, Gains and Losses

	2018/19				2017/18				
	Financial Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Financial Assets: designated fair value through other comprehensive income	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
Interest expense & similar charges	19,264	0	0	**19,264**	5,162	0	0	0	**5,162**
Total expense in Surplus or (Deficit) on the Provision of Services	**19,264**	**0**	**0**	**19,264**	**5,162**	**0**	**0**	**0**	**5,162**
Interest income and dividends	0	1,439	5,658	**7,097**	0	797	21	4,813	**5,631**
Interest income accrued on impaired financial assets	0	0	0	0	0	0	0	0	0
Total income in Surplus or (Deficit) on the Provision of Services	**0**	**1,439**	**5,658**	**7,097**	**0**	**797**	**21**	**4,813**	**5,631**
Gains (Loss) on revaluation	0	0	775	775	0	0	(2)	8,200	8,198
Surplus/(Deficit) arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	**0**	**0**	**775**	**775**	**0**	**0**	**(2)**	**8,200**	**8,198**
Net gain/(loss) for the year	**(19,264)**	**1,439**	**6,433**	**(11,392)**	**(5,162)**	**797**	**19**	**13,013**	**8,667**

Note - the 2018/19 interest expenses & similar charges figure of £19,264k includes a premium of £13,018k paid on the early redemption of one of the authorities borrowings. The authority has elected to apply statutory provisions allowing it to spread the impact of the premium over what would have been the remaining term of the loan. Resultingly the authority has transferred an amount of £12,726k from its CIES to the Financial Instruments Adjustment Account.

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 2019 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 Expected Credit Loss 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-Mar-19		31-Mar-18	
	Carrying amount £000s	**Fair value £000s**	**Carrying amount £000s**	**Fair value £000s**
Financial Liabilities:				
Market Loans	60,857	95,026	78,874	127,607
PWLB Loan	118,000	128,502	100,000	105,919
Trade Creditors	46,390	46,390	44,757	44,757
Bank Overdrawn and Short Term Borrowing	17,840	17,840	9,851	9,851
Total Financial Liabilities	**243,087**	**287,758**	**233,482**	**288,134**

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 19		31 March 18	
	Carrying amount £000s	**Fair value £000s**	**Carrying amount £000s**	**Fair value £000s**
Loans and receivables:				
Loan to Manchester Airport	20,250	64,048	8,972	8,972
Money Market Loans Less than One Year	122,608	122,608	142,463	142,414
Trade Debtors	44,006	44,006	40,508	40,508
Total Loans and Receivables	**186,864**	**230,662**	**191,943**	**191,894**

The differences per the 31 March 2018 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 2019. 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.

15 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 were approved by Council on February 2018 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-*

- **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 2019 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.

		Total Outstanding 31 March	
	Interest Rates	2018/19	2017/18
Source of Loan	**%**	**£000s**	**£000s**
Bonds	3.90 to 12.125	60,250	78,250
PWLB	2.55 to 2.64	118,000	100,000
Mortgages		0	0
Total Borrowing		**178,250**	**178,250**
Less: Due within 12 Months on demand		250	250
		178,000	**178,000**
An Analysis of Loans by Maturity at 31 March:			
Amounts of Principal to be Repaid			
Within 1 year		250	250
In 1 to 2 Years		0	0
In 2 to 5 Years		0	0
In 5 to 10 Years		0	0
10 - 20 Years		0	0
After 20 Years		178,000	178,000
		178,250	**178,250**

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.

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 2019 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 fixed rate borrowings	1,783
Increase in interest receivable on fixed rate investments	(1,611)
Impact on Income and Expenditure Account	**172**
Decrease in fair value of "amortised cost" investment assets	172
Impact on MIRS	172
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 £0.511m 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 has been designated as 'fair value through other comprehensive income', meaning that all movements in price will impact on gains and losses recognised in the MIRS. A general shift of 5% in the price of shares (positive or negative) would thus have resulted in a £25,600 gain or loss being recognised in the MIRS.

Foreign exchange risk

The Council has no foreign exchange exposure.

16 Inventories

	Consumable Stock	
	2018/19 £000s	2017/18 £000s
Balance outstanding at start of year	689	869
Purchases	1,941	687
Recognised as an expense in the year	(1,976)	(867)
Balance outstanding at year end	**654**	**689**

17 Debtors

	31 March 2019 £000s	31 March 2018 £000s
Central government bodies	5,847	7,439
Other local authorities	3,602	1,335
NHS bodies	2,777	636
Public corporations and trading funds	23,705	19,656
Other entities and individuals	34,226	34,338
Sub total	**70,157**	**63,404**
Less: Provision for Bad Debts	(26,151)	(22,896)
Total	**44,006**	**40,508**

18 Debtors for Local Taxation

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

	31 March 2019 £000s	31 March 2018 £000s
Less than three months	3,383	2,975
Three to six months	3,383	2,975
Six months to one year	6,767	5,950
More than one year	9,479	9,073
Total	**23,012**	**20,973**

19 Cash and Cash Equivalents

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

	31 March 2019 £000s	31 March 2018 £000s
Cash held by the Council		
Bank current accounts	7,340	7,950
Bank Call accounts and Money Market Funds	18,865	33,309
Total Cash held by the Council	26,205	41,259
Bank Overdraft	(6,007)	(8,151)
Total Cash and Cash Equivalents	**20,198**	**33,108**

20 Assets Held for Sale

	Non-Current	
	2018/19 £000s	2017/18 £000s
Balance outstanding at start of year	275	0
Assets newly classified as held for sale:	0	275
Assets sold	(275)	0
Balance outstanding at year-end	**0**	**275**

21 Creditors

	31 March 2019 £000s	31 March 2018 £000s
Central government bodies	6,097	5,601
Other local authorities	2,412	3,226
NHS bodies	387	598
Public corporations and trading funds	23,163	21,730
Other entities and individuals	8,130	7,542
Teacher’s Pensions Scheme	2,142	2,097
Short term accumulated absences account	4,058	3,963
Total	**46,389**	**44,757**

22 Provisions

	Self-insurance – liability & fire (1) £000s	Carbon Reduction Commitment (2) £000s	Business Rates Appeals (3) £000s	Total £000s
Balance at 1 April 2018	6,754	92	9,033	**15,879**
Additions in year	3,254	0	5,097	**8,351**
Amounts used in year	(1,621)	(92)	(2,555)	**(4,268)**
Unused amounts reversed in year	(1,808)	0	0	**(1,808)**
Balance at 31 March 2019	**6,579**	**0**	**11,575**	**18,154**
Split as:				
Short term	1,880	0	2,504	**4,384**
Long term	4,699	0	9,071	**13,770**
Total	**6,579**	**0**	**11,575**	**18,154**

Notes

1. In accordance with IAS 37 the Insurance Liabilities at 31 March 2019 are estimated to be £6,578,000.
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 2019.

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

2017/18 £000s		2018/19 £000s
(24,479)	Depreciation of Non-Current Assets	(25,658)
182	Impairment of Non-Current Assets	0
(30,195)	Pension Fund adjustments	(28,362)
(4,964)	Contributions to Provisions	(2,275)
(9,789)	Carrying amount of PP&E, investment property and intangible assets sold	(34,581)
11,808	Other non-cash movement	(75)
(57,437)		**(90,951)**
	Accruals adjustments:	
(179)	Increase/(Decrease) in Inventories	(35)
9,218	Increase/(Decrease) in Debtors	7,531
(13)	Increase/(Decrease) in Interest Debtors	145
2,118	(Increase)/Decrease in Creditors	(1,632)
(996)	(Increase)/Decrease in Interest Creditors	(115)
10,148		**5,894**
(47,289)	**Total Adjustment to net Surplus or deficit on the provision of services for non-cash movements**	**(85,057)**

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

2017/18 £000s		2018/19 £000s
6,054	Proceeds from the disposal of PPE, investment property and intangible assets	3,524
34,261	Capital Grants credited to Surplus or deficit on the provision of services	26,929
40,315		**30,453**

25 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2017/18 £000s		2018/19 £000s
(825)	Interest received	(1,306)
4,149	Interest paid	6,103
(4,025)	Dividends received	(4,025)

26 Cash Flow Statement - Investing Activities

2017/18 £000s		2018/19 £000s
42,253	Purchase of property, plant and equipment, investment property and intangible assets	51,572
299,600	Purchase of short-term and long-term investments	127,000
(6,054)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,524)
(231,600)	Proceeds from short-term and long-term investments	(147,000)
(34,261)	Other investing activities	(26,929)
69,938	**Net cash flows from investing activities**	**1,119**

27 Cash Flow Statement - Financing Activities

2017/18 £000s		2018/19 £000s
(100,000)	Cash receipts of short-term and long-term borrowing	(28,000)
601	Finance leases and on balance sheet PFI contracts	546
11,000	Repayments of short-term and long-term borrowing	18,000
1,161	Other payments for financing activities	1,272
(87,238)	**Net cash flows from financing activities**	**(8,182)**

28 Trading Operations

Activity	Note	2018/19 Income £000s	2018/19 Expenditure £000s	2018/19 (Surplus) / Deficit £000s	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
Markets	1	1,245	1,282	37	1,352	1,364	12	1,390	1,325	(65)
Building Control	2	320	320	0	325	325	0	360	360	0
Special Needs Transport	3	5,491	5,506	15	5,353	5,342	(11)	5,358	5,325	(33)
Security & Response	4	1,915	1,826	(89)	2,012	1,950	(62)	2,045	1,979	(66)
Schools & Welfare Catering	5	8,077	8,413	336	8,306	8,646	340	8,830	9,257	427
Fleet Management	6	6,086	5,869	(217)	6,278	6,188	(90)	6,022	6,010	(12)
Building Cleaning	7	2,360	2,754	394	2,492	2,869	377	2,375	2,819	444
Civic Cleaning	8	906	938	32	861	884	23	837	859	22
(Surplus) / Deficit		**26,400**	**26,908**	**508**	**26,979**	**27,568**	**589**	**27,217**	**27,934**	**717**

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 Cost of Services**.**

2017/18 £000s		2018/19 £000s
	Net (Surplus) Deficit on Trading Operations:	
12	Services to the public included in Expenditure of Continuing Operations	37
577	Support services recharged to Expenditure of Continuing Operations	471
589	**Net (surplus) deficit credited to Cost of Services**	**508**

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.

29 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.

	2018/19 £000s	**2017/18 £000s**
Expenditure incurred in providing a service on behalf of the Home Office in partnership with NWC, Bury MBC and Refugee Action	562	580
Management fee payable by the North West Consortium	(562)	(580)
Net surplus arising on the agency agreement	**0**	**0**

30 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.

	2018/19 £000s	2018/19 £000s	2018/19 £000s
Funding provided to the pool:			
Bolton Clinical Commissioning Group			27,948
Bolton Council			17,618
Total funding			45,566
Expenditure met from the pooled budget:	**Bolton Council**	**CCG**	**Total**
Integrated Neighbourhood teams	1,186	2,999	4,185
Intermediate Care	9,560	5,147	14,707
Independent Living	4,994	0	4,994
Complex Needs	804	0	804
Staying Well	1,455	0	1,455
Carers	743	0	743
Care Act	755	0	755
Protection of Social Care Services	5,331	0	5,331
Protection of Health Care Services	0	1,696	1,696
Programme and IT Costs	0	436	436
Improved Better Care Fund (iBCF)	10,343	0	10,343
Additional Schemes	117	0	117
Total expenditure	**35,288**	**10,278**	**45,566**
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.

31 Members' Allowances

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

	2018/19 £000s	2017/18 £000s
Allowances	871	867
Expenses	1	1
Total	**872**	**868**

32 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	2018-19 Total Remuneration Including Pension Contributions	2017-18 Total Remuneration Including Pension Contributions
		£	£	£	£	£	£
Chief Executive:							
T Oakman		168,382	0	168,382	34,407	202,789	45,581
M Asquith	1	0	0	0	0	0	145,287
Deputy Chief Executive	2	0	0	0	0	0	43,432
Chief Executive of Bolton Care and Support Ltd		108,430	0	108,430	6,506	114,936	119,825
Director of People	3	0	0	0	0	0	143,533
Interim Director of People	4	148,770	0	148,770	0	148,770	20,880
Interim Director of People	5	52,179	0	52,179	10,025	62,204	0
Director of Place		0	0	0	0	0	141,713
Interim Director of Place - G Brough	6	112,056	0	112,056	0	112,056	0
Director of Place - G Brough	6	53,032	0	53,032	11,031	64,063	0
Director of Public Health	7	28,560	0	28,560	4,107	32,667	76,175
Director of Public Health	8	42,066	0	42,066	8,750	50,816	0
Director of Public Health	9	20,418	0	20,418	4,247	24,665	0
Director of Corporate Resources (s151 Officer)	10	80,910	0	80,910	16,096	97,006	0
Borough Treasurer (s151 Officer)	10	27,397	0	27,397	6,493	33,890	115,513
Borough Solicitor		97,018	0	97,018	19,868	116,886	122,217
		939,218	**0**	**939,218**	**121,530**	**1,060,748**	**974,156**

Notes:

1 To 7/1/18
2 From 8/1/18 to 31/3/18 (retired)
3 Retired 28/2/18
4 From 5/3/18, employed via Gatenby Sanderson Ltd
5 From 15/10/18
6 From 9/4/18, employed via Gatenby Sanderson Ltd then from 15/10/18 by Bolton Council
7 April to Sept 18 (post shared 50:50 with Salford)
8 Sept to Jan 19
19 From Feb 19
10 From 18/7/18 to 16/7/18 employed as Borough Treasurer then from 17/7/18 as Director of Corporate Resources

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	
	2018/19	2017/18	2018/19	2017/18
£50,000 - £54,999	58	51	31	27
£55,000 - £59,999	27	29	17	11
£60,000 - £64,999	30	28	10	8
£65,000 - £69,999	20	26	4	2
£70,000 - £74,999	11	10	2	5
£75,000 - £79,999	3	1	2	0
£80,000 - £84,999	1	2	2	2
£85,000 - £89,999	0	2	2	2
£90,000 - £94,999	2	1	1	0
£95,000 - £99,999	2	0	2	2
£100,000-£104,999	1	3	1	0
£105,000-£109,999	1	0	1	1
£115,000-£119,999	0	0	0	1
£130,000-£134,999	0	0	0	1
£150,000-£154,999	0	0	1	0
£165,000-£169,999	0	0	1	0
£185,000-£189,999	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	
	2018/19	2017/18	2018/19 £	2017/18 £
£0-£20,000	31	101	203,233	350,922
£20,001-£40,000	9	20	247,871	605,630
£40,001-£60,000	5	18	247,257	875,868
£60,001-£80,000	4	9	274,758	592,340
£80,001-£100,000	3	6	274,481	569,588
£100,000-£150,000	4	2	468,589	223,204
£150,000-£200,000	0	1	0	169,917
£200,000-£250,000	1	0	249,920	0
£450,000-£400,000	1	0	468,235	0
Total	**58**	**157**	**2,434,344**	**3,387,469**

33 <u>Termination Benefits</u>

Of the £2.4m cost of exit packages, £454,389 was made in respect of voluntary severance and redundancy payments (£418,620 in 2017/18) and £1,979,956 (£2,968,849 in 2017/18) was to cover the capitalisation costs of pensions.

34 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 2018. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into budget share for each maintained school.

Details of the deployment of DSG receivable for 2018/19 are as follows:

	Schools Budget Funded by Dedicated Schools Grant		
	Central Expenditure £000s	**Individual Schools Budget £000s**	**Total £000s**
Final DSG for 2018-19 before Academy Recoupment			255,978
Academy figure recouped for 2018-19			(85,932)
Total DSG after Academy Recoupment for 2018-19			170,046
Brought Forward from 2017-18			946
Carry Forward to 2018-19 agreed in advance			(946)
			170,046
Agreed Budget Distribution in 2018-19	29,913	141,758	171,671
In year adjustments	19,894	(21,519)	(1,625)
Final Budget Distribution 2018-19	**49,807**	**120,239**	**170,046**
Actual Central Expenditure	50,698	0	50,698
Actual ISB deployed to Schools	0	120,239	120,239
Carryforward to 2019-20	**(891)**	**0**	**(891)**
Carryforward from 2017-18			946
Carryforward to 2019-20			**55**

35 Financing and Investment Income and Expenditure

	2018/19 £000s	**2017/18 £000s**
Movement on investment property	(657)	284
Interest Payable and Investment Expenditure	21,017	6,938
Interest and Investment Income	(10,679)	(8,941)
Pension interest cost and return on assets	9,865	10,020
Total	**19,546**	**8,301**

36 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 2018/19 were:

	2018/19 £000s	2017/18 £000s
Council Tax	109,165	103,509
Revenue Support Grant (RSG)	0	0
Non Domestic Rates (NDR)Top-Up	29,793	38,293
Local Retained Business Rates	87,202	81,950
Collection Fund Adjustment Account	2,474	4,980
Capital Grants	26,929	34,261
Total	**255,563**	**262,993**

37 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2018/19:

	2018/19 £000s	2017/18 £000s
Credited to Services:		
PFI Special Grant	1,014	1,014
Rent Allowance Subsidy	87,659	89,761
Non-HRA Rent Rebates Subsidy	1,733	1,686
HB and Council Tax Benefit Admin Grant	1,533	1,641
Dedicated Schools Grant	169,751	174,357
Pupil Premium	11,154	11,559
Education Services Grant	0	949
New Homes Bonus	1,506	3,055
Other Revenue Grants, reimbursements and contributions (Government)	69,204	63,930
Other Revenue Grants, reimbursements and contributions (Non-Government)	6,381	6,277
Total	**349,935**	**354,228**

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 2018/19 are as follows:

	2018/19 £000s	2017/18 £000s
Revenue Grants Receipts in Advance		
2016/17 NNDR 3 based transactions	584	547
Egyptology Contribution	250	250
Home Office	26	147
DCLG	1,045	590
Greater Manchester Combined Authority	1,043	157
Technology Board	0	135
Community Safety Grant	143	906
Other Grants	91	273
Total	**3,182**	**3,005**

38 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 37 Grant Income whilst total UK Government Debtors and Creditors are disclosed in notes 17 and 21. The detail is in the table below shows transactions, both directly and indirectly, with UK Government Departments and uses Whole of Government Accounts Counterparty Identifiers as a reference:

Organisation	Income in year	Expenditure in year	Balance due to Bolton Council at 31.3.19	Balance due from Bolton Council at 31.3.19
UK Government Department				
Academy Schools	4,462,644	10,396,197	0	0
Arts Council – Octagon Theatre	5,452,827	0	0	0
MHCLG	18,697,664	0	852,805	0
Department for Education	889,688	22,548	51,810	22,248
Department for Transport	4,943,916	0	62,996	0
Department for Work and Pensions	90,880,372	43,439	1,967,191	42,712
Greater Manchester Combined Authority	1,349,744	28,924,967	0	0
Education Funding Authority	209,807,196	0	0	180,400
Greater Manchester Waste and Recycling Limited	11,971	11,121,000	0	0
Home Office	1,213,263	125,770	230,921	125,241
HM Revenue & Customs	0	0	2,681,086	5,726,214
Other Local Authorities	4,937,859	10,109,494	0	0
Bolton Cares Ltd	657,914	13,422,309	0	0
Other Government Departments	2,046,886	1,399,982	0	0
Total UK Government Departments	**345,351,944**	**75,565,706**	**5,846,809**	**6,096,815**

Organisation	Income in year	Expenditure in year	Balance due to Bolton Council at 31.3.19	Balance due from Bolton Council at 31.3.19
NHS				
Bolton CCG	25,157,086	1,661,050	1,355,004	16,603
Bolton NHS Foundation Trust	492,294	10,508,828	0	123,729
Bridgewater Community NHS Foundation Trust	24,584	3,308,342	0	0
Other Health Authorities	512,154	1,304,449	24,024	246,781
Total NHS	**26,186,118**	**16,782,669**	**1,379,028**	**387,113**

Members of the Council determine Council policy. During 2018/19 Members of the Council declared an interest in the following activities:

	Total No. of Members with an Interest	Total Amount paid during 18-19	Total Amount due to 31-3-19	Total No. of Members with an Interest	Total Amount received during 18-19	Total Amount due from at 31-3-19
		£	£		£	£
Arts	5	184,092	0	2	10,347	15,507
Education and Leisure	6	469,752	4,888	3	124,256	0
Other	8	11,698,893	0	10	24,315	0
Other Public Bodies	9	6,127,768	42,097	6	1,754,453	19,453
Registered Social Landlord	2	55,653	0	1	1,995,192	267,724
Construction	1	5,451,379	314	1	0	3,655
Health	2	11,944,508	38,625	2	413,333	5,693
Economic Development	0	0	0	2	553,157	1,173
Social Care & Community	12	8,891,450	227	6	1,432,291	24,000
Grand Total	**45**	**44,823,495**	**86,151**	**33**	**6,307,344**	**337,205**

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 Director of Corporate Resources 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 14, Financial Instruments.

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

The Council wholly owns the above companies, please see note 14, Financial Instruments

Other material related party transactions

Bolton Community Leisure Trust was established to manage several of the Council's leisure centres. In 2018/19 the Trust received grant funding from the Council of £1.691m (£2.060m in 2017/18) towards running costs of the facilities.

Related party transactions with National Health Service bodies amounted to income to the Council of £16.2m in 2018/19 (£15.6m in 2017/18). This income relates to the Pooled Budget arrangement (see note 30) 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 Other Operating Expenditure 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 17 Debtors and Note 21 Creditors respectively:

	Paid as Levies by Bolton Council during 2018-19 £	Balance due from Bolton Council at 31-3-19 £	Balance due to Bolton Council at 31-3-19 £
Transport for Greater Manchester	28,539,334	0	0
Greater Manchester Waste Disposal Authority	11,121,000	0	0
The Environment Agency	139,673	0	0
	39,800,007	**0**	**0**

Other related parties disclosed elsewhere in the Statement of Accounts:

- Pension funds are disclosed in Notes 42 and 43
- The Council holds long term investments in companies and these are disclosed in Note 14.

39 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	2018/19 £000s	2017/18 £000s
Opening Capital Financing Requirement		**204,374**	**200,927**
Capital Investment			
Property, Plant and Equipment	**10**	51,566	42,312
Investment Properties	**12**	0	0
Heritage Assets	**10**	6	0
Intangible Assets	**13**	0	0
Revenue Expenditure Funded from Capital under Statute		7,684	4,609
Long Term Debtors	**14**	11,278	0
Sources of Finance			
Capital receipts		(3,055)	(5,182)
Government grants and other contributions		(28,199)	(20,748)
Sums set aside from revenue:		0	
Direct revenue contributions		(6,730)	(10,828)
MRP/loans fund principal		(5,680)	(5,447)
Reduction in Long Term Liabilities		(1,725)	(1,269)
Closing Capital Financing Requirement		**229,519**	**204,374**
Explanation of movements in year			
Increase/ (Decrease) in underlying need to borrow (unsupported by government financial assistance)		25,145	2,377
Increase/decrease in Capital Financing Requirement		**25,145**	**2,377**

40 Leases

Authority as Lessee

Finance Leases

The Council has acquired an administrative building in the Directorate of Place 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 2019 £000	31 March 2018 £000
Other Land and Buildings	686	709
Vehicles, Plant, Furniture and Equipment	296	395
Total leased assets	**982**	**1,104**

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 2019	31 March 2018
	£000	**£000**
Finance lease liabilities (net present value of minimum lease payments):		
Current	93	87
Non-current	635	728
Finance costs payable in future years	1,934	1,990
Minimum lease payments	**2,662**	**2,805**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
Not later than one year	143	143	93	87
Later than one year and not later than five years	460	574	314	407
Later than five years	2,059	2,088	322	322
Minimum lease payments	**2,662**	**2,805**	**729**	**816**

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 2018/19 contingent rents payable were £262k (2017/18 £262k). The Authority has sub-let some of a property held under a finance lease. At 31 March 2019 the minimum payments expected to be received under non-cancellable sub-leases was £0k (£0k at 31 March 2018).

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 2019 £000	31 March 2018 £000
Not later than one year	68	354
Later than one year and not later than five years	110	373
Later than five years	3,475	3,598
	3,653	**4,325**

The expenditure in the year of £468k in relation to these leases was charged to the relevant service lines (2017/18 £649k).

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 49 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 2019	31 March 2018
	£000	£000
Finance lease debtors (npv of minimum lease payments):		
Current	0	0
Non-current	49	49
Unearned finance income	172	176
Gross investment in the lease	**221**	**225**

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 2019	31 March 2018	31 March 2019	31 March 2018
	£000s	£000s	£000s	£000s
Not later than one year	5	5	5	5
Later than one year and not later than five years	18	18	18	18
Later than five years	198	202	198	202
	221	**225**	**221**	**225**

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 2018/19 £101k contingent rents were receivable by the Authority (2017/18 £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 2019	31 March 2018
	£000	£000
Not later than one year	1,255	1,429
Later than one year and not later than five years	3,803	4,973
Later than five years	32,342	51,649
	37,400	**58,051**

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.

41 PFI and Similar Contracts

PFI

In September 2003 a new school, library, training centre and community facility opened at Castle Hill which was procured through a Public Finance Initiative (PFI). Since 2009, as a result of the Council having full control of the asset's use, the Code requires it be included on the balance sheet even though it is not in the Council's ownership until the end of the contract. 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 2019 (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 2019/20	1,055	482	355	1,892
Payable within 2 to 5 years	4,221	2,251	1,097	7,569
Payable within 6 to 10 years	4,748	3,285	482	8,515
Payable within 11 to 15 years	0	0	0	0
Total	**10,024**	**6,018**	**1,934**	**17,976**

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:

	2018/19 £000s	2017/18 £000s
Balance outstanding at start of year	6,470	6,898
Payments during the year	(453)	(426)
Balance outstanding at 31 March	**6,017**	**6,472**

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. This agreement has been extended by 2 years. The Council will pay grant to the Trust during that period.

42 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.

	2018-19	2017-18
Percentage contributed (%)	16.48	16.48
Amount contributed (£000s)	9,888	10,758

With regard to the Teachers' Pension Scheme, there were employers' contributions of **£807,599.35** remaining payable at the year end. The contributions due to be paid in 2019/20 are estimated to be **£12,161,073** based on the Teacher Pension employer rate increasing from 16.48% to 23.68% in September 2019.

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 43.

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.

	2018/19	2017/18
Percentage contributed (%)	14.38	14.38
Amount contributed (£000s)	55	83

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 43, however no such additional benefits have been awarded in the two financial years.

43 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 42.

The NHS Pension Scheme – see note 42.

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, Executive Director - Governance, Resources and Pensions, outside investment experts and the Pension Fund Advisory Panel (Councillors from each of the ten local authorities in Greater Manchester, and also employee representatives from the major trade 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:

	2018/19 £000s	2017/18 £000s
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current service cost	43,749	45,104
Past service costs	485	1,352
Effect of Settlements	0	0
Financing and Investment Income and Expenditure		
Net interest expense	9,865	10,020
Total Post-Employment Benefits Charged to the Deficit on the Provision of Services	**54,099**	**56,476**
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)	(57,998)	(19,851)
Actuarial gains and losses arising on changes in demographic assumptions	0	0
Actuarial gains and losses arising on changes in financial assumptions	130,838	(29,606)
Other	12	61
Total remeasurements recognised in Other Comprehensive Income (OCI)	**72,852**	**(49,396)**
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	54,099	56,476
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to the scheme	25,737	26,281

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:

	2018/19 £000s	2017/18 £000s
Present value of the defined benefit obligation	1,769,228	1,586,710
Fair Value of Plan Assets	(1,311,577)	(1,230,273)
Net liability arising from defined benefit obligation	**457,651**	**356,437**

Reconciliation of the Movements in the Fair Value of Plan Assets

	2018/19 £000s	2017/18 £000s
Opening fair value of scheme assets	1,230,273	1,187,478
Interest income	33,064	30,752
Effect of Settlements	0	0
Remeasurement gain/(loss):		
The return on the plan assets, excluding the amount included in the net interest expense	57,998	19,851
Contributions from employer	25,737	26,281
Contributions from employees into the scheme	7,025	7,007
Benefits paid	(42,520)	(41,096)
Closing fair value of scheme assets	**1,311,577**	**1,230,273**

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

	2018/19 £000s	2017/18 £000s
Opening balance at 1 April	1,586,710	1,563,116
Current service costs	43,749	45,104
Effect of Settlements	0	0
Interest cost	42,929	40,772
Contributions by scheme participants	7,025	7,007
Remeasurement (gains)/losses:		
Actuarial gains/losses arising from changes in demographic assumptions	0	0
Actuarial gains/losses arising from changes in financial assumptions	130,838	(29,606)
Other	12	61
Past service cost	485	1,352
Benefits paid	(42,520)	(41,096)
Closing balance at 31 March	**1,769,228**	**1,586,710**

Local Government Pension Scheme assets comprised:

	31-Mar-19				31-Mar-18			
	Scheme assets with quoted prices in active markets	Scheme asset values NOT from quoted active markets	Total	Percentage of total assets	Scheme assets with quoted prices in active markets	Scheme asset values NOT from quoted active markets	Total	Percentage of total assets
Asset Category	**£000s**	**£000s**	**£000s**	**%**	**£000s**	**£000s**	**£000s**	**%**
Equity Securities:								
Consumer	72,443		72,443	6	70,201		70,201	6
Manufacturing	75,795		75,795	6	84,216		84,216	7
Energy & Utilities	73,705		73,705	6	66,684		66,684	5
Financial Institutions	103,799		103,799	8	101,327		101,327	8
Health & Care	38,730		38,730	3	31,444		31,444	3
Information Technology	23,416		23,416	2	19,719		19,719	2
Other	14,371		14,371	1	12,034		12,034	1
Debt Securities:								
Corporate Bonds (investment grade)	49,058		49,058	4	45,604		45,604	4
Corporate Bonds (non-investment grade)	0		0	0	0		0	0
UK Government	8,637		8,637	1	10,660		10,660	1
Other	33,266		33,266	2	34,236		34,236	3
Private Equity:								
All		61,425	61,425	5		41,170	41,170	3

	31-Mar-19				31-Mar-18			
	Scheme assets with quoted prices in active markets	Scheme asset values NOT from quoted active markets	Total	Percentage of total assets	Scheme assets with quoted prices in active markets	Scheme asset values NOT from quoted active markets	Total	Percentage of total assets
Asset Category	**£000s**	**£000s**	**£000s**	**%**	**£000s**	**£000s**	**£000s**	**%**
Real Estate:								
UK Property		62,296	62,296	5		42,121	42,121	3
Overseas Property		0	0	0				
Investment Funds & Unit Trusts:								
Equities	296,494		296,494	22	332,902		332,902	26
Bonds	163,148		163,148	12	159,519		159,519	13
Infrastructure		62,880	62,880	5	0	31,854	31,854	3
Other	25,558	113,132	138,690	10	32,398	69,187	101,585	8
Derivatives:								
Other	664.8		664.8	0	0	0	0	0
Cash & Cash Equivalents:								
All	32,760		32,760	2	44,999	0	44,999	4
Totals	**1,011,845**	**299,733**	**1,311,578**	**100**	**1,045,943**	**184,332**	**1,230,275**	**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:

	2018/19	2017/18
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)	2.50%	2.40%
Rate of increase in pensions	2.50%	2.40%
Rate of increase in salaries	2.60%	2.50%
Rate for discounting scheme liabilities	2.40%	2.70%

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%)	26,236	
Rate of increase in pensions (increase or decrease by 0.5%)	151,499	
Rate for discounting scheme liabilities (increase or decrease by 0.5%)		180,638

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 £23,273,000 in 2019/20.

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

Recent legal decisions impacting on the Pension Scheme

"McCloud / Sargeant" judgement

The above two individuals were in the Judicial Pension Scheme (JPS) and Firefighters Pension Scheme (FFPS) respectively. They argued a case that changes to their schemes which introduced a tapering period was age discriminatory in applying only to people within 10 years of retirement. The case was made that the assumption that 10 years gave someone enough time to make alternative pension provision was flawed, even though borne of a legitimate aim on behalf of the schemes. A recent ruling by the Supreme Court has denied the government the right to appeal. Whilst the JDS and FFPS are their own schemes the judgement is applicable to all schemes.

Guaranteed Minimum Pension (GMP)

GMP represents the minimum pension an occupational pension scheme must provide a scheme member as an alternative to the State Earnings Related Pension Scheme (SERPS). GMPs are inherently unequal due to a number of factors, including the differing retirement ages for men (age 65) and women (age 60) and female GMPs accruing at a higher rate. Courts have ruled that pension schemes must compensate members for differences attributable to GMPs.

Whilst it is difficult to predict with accuracy the cost of these on the council's pension liabilities, some estimates have been provided by the actuary. The estimated impact is that the pensions liability is understated in the council's accounts by circa £7.5m. The accounts themselves have not been amended to reflect this on the basis that this figure is below our materiality threshold.

44 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, (£1,260k for Bolton, and £165k for the GMC share), the Council has provided for a further 10% (£338k) – 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 (£3,308k 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.

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 Court of Appeal ruled in 2018 that back payments were not due and the full hourly rate did not require to be paid for time sleeping. This is now being appealed to the Supreme Court.

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 would 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.

45 **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:

	2018/19 £000s	**2017/18 £000s**
Fees payable with regard to external audit services carried out by the appointed auditor for the year – Mazars	93	0
Fees payable with regard to external audit services carried out by the appointed auditor for the year – KPMG	0	121
Fees payable for the certification of grant claims and returns for the year – KPMG	17	12
Fees payable in respect of other services provided during the year – KPMG	2	10
Total	**112**	**143**

46 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 2018	Income	Expenditure	Balance at 31 March 2019	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	88,715	0	41,539	47,176	47,176	0	47,176
Blair Sick Fund	3,461	0	3,461	0	0	0	0
Children's Services							
Leigh Bramwell	87,505	7,436	1,300	93,641	18,355	75,286	93,641
Westhoughton Education Trust	37,643	1,482	0	39,125	14,759	24,366	39,125
Total	**221,129**	**8,918**	**46,300**	**183,747**	**83,151**	**100,596**	**183,747**

Group Accounts

The Council has prepared the following Group Accounts due to its ownership of Bolton Cares Ltd and its link with PSP Bolton. Details of PSP Bolton are set out in note 14 as the value of the investment has increased and is more significant and PSP has been included in this year's group accounts. 2017-18 has been restated to provide a comparison see below.

Comprehensive Income and Expenditure Statement

31 March 2018 restated					31 March 2019		
£000s	£000s	£000s			£000s	£000s	£000s
Expenditure	**Income**	**Net**		**Note**	**Expenditure**	**Income**	**Net**
121,469	34,110	87,359	Adult Services and Public Health		133,872	41,046	92,826
284,425	224,319	60,106	Children's Services		299,051	222,058	76,993
130,946	117,939	13,007	Corporate Resources		127,824	114,519	13,305
2,443	(258)	2,701	Community Issues		2,589	(69)	2,658
2,556	1,192	1,364	Strategic Planning and Housing		13,065	7,869	5,196
8,865	(337)	9,202	Culture and Sport		9,280	(443)	9,723
20,210	9,478	10,732	Deputy Leader		24,531	11,560	12,971
59,117	33,108	26,009	Environmental Services		47,863	25,979	21,884
26,987	11,615	15,372	Highways and Transport		26,378	13,910	12,468
952	7,909	(6,957)	Financial Services		(2,246)	6,576	(8,822)
657,970	**439,075**	**218,895**	**Cost of Services**		**682,207**	**443,005**	**239,202**
			Other operating expenditure				
		5,743	Loss on disposal of property plant & equipment				33,602
		11	Disposal of Academy assets				0
		(2,019)	Right to Buy Receipts				(2,545)
		40,058	Levies				39,800
		391	Parish Precepts				392
		44,184	**Total Operating Expenditure**				**71,249**

31 March 2018 restated					31 March 2019		
£000s	£000s	£000s			£000s	£000s	£000s
Expenditure	**Income**	**Net**		**Note**	**Expenditure**	**Income**	**Net**
		8,449	Financing & investment Income				19,694
		(262,993)	Taxation & non-specific grant income	**36**			(255,563)
		8,535	**Deficit/(surplus) for year**				**74,582**
		(962)	Share of the surplus/deficit on the provision of services by joint ventures				(1,460)
		7,573	**Group surplus/deficit**				**73,122**
		(84,525)	Surplus/deficit on revaluation of Property, Plant and Equipment				(14,309)
		(8,198)	Surplus/deficit on available for sale				0
		0	Surplus/deficit on Financial Instruments held at Fair Value through Other Comprehensive Income				(775)
		(49,935)	Actuarial gains/losses on pensions	**43**			74,090
		(142,658)	**Other comprehensive Income**				**59,006**
		(135,085)	**Total Comprehensive Income and Expenditure**				**132,128**

Movement in Reserves Statement

Summary MIRS restated	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Council Share of Group Reserves	Total Group reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance 1 April 2017	**10,660**	**129,551**	**12,338**	**21,528**	**174,077**	**58,579**	**4,247**	**236,903**
Total Comprehensive Income and Expenditure	(7,573)	0	0	0	(7,573)	142,658	0	135,085
Adjustments from income & expenditure charge under the accounting basis to the funding basis	(6,033)	0	996	16,069	11,032	(11,061)	0	(29)
Increase or (Decrease) in 2017/18	(13,606)	0	996	16,069	3,459	131,597	0	135,056
Transfers to/from earmarked reserves	13,606	(14,314)	13	0	(695)	(13)	708	0
Balance at 31 March 2018 carried forward	**10,660**	**115,237**	**13,347**	**37,597**	**176,841**	**190,163**	**4,955**	**371,959**

Summary MIRS	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Council Share of Group Reserves	Total Group reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance 1 April 2018	**10,660**	**115,237**	**13,347**	**37,597**	**176,841**	**190,163**	**4,955**	**371,959**
Adjustment to Opening Balance	0	0	0	0	0	217	0	217
Total Comprehensive Income and Expenditure	(73,123)	0	0	0	(73,123)	(59,006)	0	(132,129)
Adjustments from income & expenditure charge under the accounting basis to the funding basis	57,557	0	594	4,074	62,225	(62,252)	0	(27)
Increase or (Decrease) in 2018/19	(15,566)	0	594	4,074	(10,898)	(121,258)	0	(132,156)
Transfers to/from earmarked reserves	15,566	(17,020)	3	0	(1,451)	(3)	1,454	0
Balance at 31 March 2019 carried forward	**10,660**	**98,217**	**13,944**	**41,671**	**164,492**	**69,119**	**6,409**	**240,020**

Balance Sheet

Restated 31 March 2018 £000s		Note	31 March 2019 £000s
	Property, Plant & Equipment		
421,550	- Other land and buildings	**10**	426,731
13,409	- Vehicles, plant, furniture & equipment	**10**	10,675
132,754	- Infrastructure	**10**	135,320
10,215	- Community assets	**10**	10,218
2,655	- Assets under construction	**10**	3,267
1,164	- Surplus assets	**10**	1,139
581,747			**587,350**
69,131	Heritage assets	**11**	69,131
35,094	Investment property	**12**	35,473
332	Intangible assets	**13**	194
5,156	Investments in Joint Venture		6,617
52,452	Long Term Investments	**14**	53,227
21,307	Long Term Debtors	**14**	29,767
765,219	**Long Term Assets**		**781,759**
142,463	Short Term Investments	**14**	122,608
690	Inventories	**16**	654
41,487	Short Term Debtors	**17**	45,492
7,606	Prepayments		3,325
33,110	Cash and Cash Equivalents	**19**	20,200
275	Assets held for sale (less than 1 year)		0
225,631	**Current Assets**		**192,279**
(1,701)	Short Term Borrowing	**14**	(11,833)
(44,915)	Short Term Creditors	**21**	(46,679)
(4,057)	Provisions for current liabilities	**22**	(4,429)
(3,006)	Revenue Grants in Advance	**37**	(3,182)
(53,679)	**Current Liabilities**		**(66,123)**
(11,822)	Provisions for long term liabilities	**22**	(13,770)
(178,874)	Long Term Borrowing	**14**	(178,857)
(12,474)	Other Long Term Liabilities	**14**	(10,656)
(362,042)	Net Pensions Liability	**43**	(464,612)
(565,212)	**Long Term Liabilities**		**(667,895)**
371,959	**Net Assets**		**240,020**

Restated 31 March 2018 £000s		Note	31 March 2019 £000s
	Represented by:		
	Usable Reserves		
10,660	- General Fund Balance	**8**	10,660
8,165	- Earmarked Statutory Reserves	**8**	7,525
4,954	- Group reserves		6,409
107,072	- Earmarked Policy Reserves	**8**	90,692
13,348	- Capital Receipts Reserve		13,944
37,597	- Capital Grants Received in Advance		41,671
181,796			**170,901**
	Unusable Reserves	**9**	
230,221	- Revaluation Reserve		228,685
42,199	- Available-For-Sale Financial Instruments Reserve		0
0	- Financial Instruments Revaluation Reserve		42,974
0	- Financial Instruments Adjustment Account		(12,726)
(356,437)	- Pensions Reserve		(457,651)
(4,578)	- Subsidiary pension reserve		(5,599)
10,642	- Deferred capital receipts		10,517
271,165	- Capital Adjustment Account		264,457
914	- Collection Fund Adjustment Account		2,520
(3,963)	- Short-term Accumulating Compensated Absences Account		(4,058)
190,163			**69,119**
371,959	**Total Reserves**		**240,020**

Cash Flow Statement

Restated 31 March 2018 £000s		Note	31 March 2019 £000s
7,573	Net (surplus) or deficit on the provision of services		73,123
(46,583)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	**23**	(83,602)
40,315	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	**24**	30,452
1,305	**Net cash flows from Operating Activities**	**25**	**19,973**
69,938	Investing Activities	**26**	1,120
(87,238)	Financing Activities	**27**	(8,182)
(15,995)	**Net (increase) or decrease in cash and cash equivalents**		**12,911**
17,115	Cash and cash equivalents at the beginning of the reporting period		33,110
15,995	(Decrease) or Increase in cash as above		(12,911)
33,110	**Cash and cash equivalents at the end of the reporting period**	**19**	**20,199**

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 except for those provided in Note 43.

Restatement of prior year

Following the introduction of PSP Bolton into the Group Accounts, the 17-18 accounts have been restated for comparison, the following tables show the changes:

Changes made to the CIES

	17-18		
	Original	**PSP change**	**Restated**
Share of the surplus/deficit on the provision of services by joint venture	0	(962)	(962)
Group Surplus/deficit	8,535	(962)	7,573
Total Comprehensive I&E	(134,123)	(962)	(135,085)

Changes made to the MIRS

			Restated			Restated
	General Fund Balance	**PSP change**	**General Fund**	**Earmarked General Fund Reserves**	**PSP Change**	**Reserve**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Balance 1 April 2017	**10,660**	**0**	**10,660**	**129,976**	**4,195**	**134,171**
Total Comprehensive Income and Expenditure	(8,535)	962	(7,573)	0	0	0
Adjustments from income & expenditure charge under the accounting basis to the funding basis	(5,364)	0	(5,364)	0	0	0
Increase or (Decrease) in 2017/18	**(13,899)**	**962**	**(12,937)**	**0**	**0**	**0**
Transfers to/from earmarked reserves	13,899	(962)	12,937	(13,899)	962	(12,937)
Balance at 31 March 2018 carried forward	**10,660**	**0**	**10,660**	**116,077**	**5,157**	**121,234**

Changes made to Balance Sheet

	17-18 Original	PSP change	Restated
	£000s	**£000s**	**£000s**
Investment in joint venture	0	5,156	5,156
Earmarked Statutory reserves	8,165		8,165
Earmarked Policy Reserves	107,913	5,156	113,069
	116,078	**5,156**	**121,234**

Changes made to the Cash flow

	17-18 Original	PSP change	Restated
	£000s	**£000s**	**£000s**
Net (surplus) or deficit on the provision of services	8,534	(962)	7,572
Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	(47,544)	962	(46,582)

Pension Scheme – Group Summary

Transactions Relating to Retirement Benefits

	2018/19 £000s	2017/18 £000s
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current service cost	44,153	45,584
Past service costs	485	1,681
Effect of Settlements	0	0
Financing and Investment Income and Expenditure		
Net interest expense	10,013	10,168
Total Post-Employment Benefits Charged to the Deficit on the Provision of Services	**54,651**	**57,433**
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)	(58,878)	(19,928)
Actuarial gains and losses arising on changes in demographic assumptions	0	0
Actuarial gains and losses arising on changes in financial assumptions	132,956	(30,068)
Other	12	61
Total remeasurements recognised in Other Comprehensive Income (OCI)	**74,090**	**(49,935)**
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	54,651	57,433
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to the scheme	25,954	26,533

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	
	2018/19 £000s	2017/18 £000s
Present value of the defined benefit obligation	1,796,311	1,610,555
Fair Value of Plan Assets	(1,331,699)	(1,248,513)
Net liability arising from defined benefit obligation	**464,612**	**362,042**

Reconciliation of the Movements in the Fair Value of Plan Assets

	Local Government Pension Scheme	
	2018/19 £000s	**2017/18 £000s**
Opening fair value of scheme assets	1,248,513	1,204,855
17/18 late actuarial adjustment	217	0
Interest income	33,566	31,208
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	58,878	19,928
Contributions from employer	25,954	26,533
Contributions from employees into the scheme	7,091	7,085
Benefits paid	(42,520)	(41,096)
Closing fair value of scheme assets	**1,331,699**	**1,248,513**

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

	Funded Liabilities: Local Government Pension Scheme	
	2018/19 £000s	**2017/18 £000s**
Opening balance at 1 April	1,610,555	1,585,932
Current service costs	44,153	45,584
Effect of Settlements	0	0
Interest cost	43,579	41,376
Contributions by scheme participants	7,091	7,085
Remeasurement (gains)/losses:	0	0
Actuarial gains/losses arising from changes in demographic assumptions	0	0
Actuarial gains/losses arising from changes in financial assumptions	132,956	(30,068)
Other	12	61
Past service cost	485	1,681
Benefits paid	(42,520)	(41,096)
Closing balance at 31 March	**1,796,311**	**1,610,555**

Pension Scheme Assets

Asset Category	31-Mar-19 £000s	31-Mar-18 £000s
Equity Securities:	408,429	391,342
Debt Securities:	92,357	91,841
Private Equity:	62,367	41,780
Real Estate:	63,252	42,745
Investment Funds & Unit Trusts:	671,356	635,139
Derivatives:		
Other	675	0
Cash & Cash Equivalents:	33,263	45,666
Totals	**1,331,699**	**1,248,513**

Basis for estimating assets and liabilities

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

	2018/19	2017/18
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)	2.50%	2.40%
Rate of increase in pensions	2.50%	2.40%
Rate of increase in salaries	3.30%	2.50%
Rate for discounting scheme liabilities	2.40%	2.70%

	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%)	26,864	0
Rate of increase in pensions (increase or decrease by 0.5%)	153,656	0
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	0	183,540

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 2017/18	NNDR 2017/18	Total 2017/18		Council Tax 2018/19	NNDR 2018/19	Total 2018/19
£000s	£000s	£000s		£000s	£000s	£000s
			Income			
122,345	0	122,345	Council Tax	130,161	0	130,161
0	87,931	87,931	Business Rates	0	88,737	88,737
122,345	**87,931**	**210,276**		**130,161**	**88,737**	**218,898**
			Expenditure			
			Distribution of Previous Year's surplus/(deficit)			
2,546	(4,390)	(1,844)	Bolton Council	656	(1,571)	(915)
302	0	302	Greater Manchester Police	0	0	0
113	(90)	23	Greater Manchester Fire	0	(21)	(21)
0	0	0	Mayoral Police and Crime Commissioner Precept	77	0	77
0	0	0	Mayoral General Precept (including Fire Services)	28	0	28
0	(4,479)	(4,479)	Central Government	0	(463)	(463)
			Precepts and Demands:			
103,509	76,622	180,131	Bolton Council	109,165	78,576	187,741
12,087	0	12,087	Greater Manchester Police	0	0	0
4,465	774	5,239	Greater Manchester Fire	0	0	0
0	0	0	Mayoral Police and Crime Commissioner Precept	13,041	0	13,041
0	0	0	Mayoral General Precept (including Fire Services)	5,084	794	5,878
0	5,593	5,593	Transitional Relief	0	3,452	3,452
0	393	393	Business Rates: Cost of Collection Allowance	0	393	393
0	1,755	1,755	Appeals: Provision and Write Offs	0	2,568	2,568
2,212	2,259	4,471	Bad and Doubtful Debts: Provision and Write Offs	2,274	2,536	4,810
125,234	**78,437**	**203,671**		**130,325**	**86,264**	**216,589**
(2,889)	9,494	6,605	Surplus/(Deficit) for the Year	(164)	2,473	2,309
3,862	(9,884)	(6,022)	Corrected Surplus/(Deficit) at Beginning of Year **	973	(602)	371
973	**(390)**	**583**	**Surplus/(Deficit) at End of Year**	**809**	**1,871**	**2,680**

** An error of £212k was identified in year relating to the NNDR brought forward collection fund balance from the 14/15 financial year into the 15/16 financial year. This movement has been corrected in the 18/19 financial statements.

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 Council, Greater Manchester Combined Authority (GMCA) incorporating the Mayoral Police and Crime Commissioner precept and the Mayoral General (previously Fire) precept, 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 Mayoral 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 2018/19 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	89	5/9	50	0.1
Band A	Up to £40,000	40,350	2/3	26,899	35.2
Band B	£40,000 to £52,000	17,318	7/9	13,470	17.7
Band C	£52,001 to £68,000	15,827	8/9	14,068	18.4
Band D	£68,001 to £88,000	9,421	1	9,421	12.3
Band E	£88,001 to £120,000	5,050	11/9	6,172	8.1
Band F	£120,001 to £160,000	2,084	13/9	3,010	3.9
Band G	£160,001 to £320,000	1,707	15/9	2,845	3.7
Band H	More than £320,000	207	18/9	414	0.6
Total		92,053		76,349	100.00%

Estimated collection rate	98%
Council Tax base for tax setting 2018/19	74,822

* 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 (49.3p in 2018/19, compared to 47.9p in 2017/18) 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 GMCA for the Mayoral precept. 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% responsibility 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 2019 was £230,839,136 compared to £230,189,189 at the 31 March 2018.

The Gross NNDR debit for the year was £112,122,806 (£108,670,945 after adjustments relating to transitional reliefs and appeals). After adjusting for mandatory and discretionary reliefs the net debit was £88,736,811.

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 Director of Corporate Resources) 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 Director of Corporate Resources responsibilities

The Director of Corporate Resources 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 Director of Corporate Resources 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 2019 and of its income and expenditure for the year then ended.

Sue Johnson
Director of Corporate Resources
24 July 2019

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 strategy, Vision and Corporate Plan, 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 issued a 2016 update to the Framework, which is applicable for the preparation of the Annual Governance Statement (AGS). The Council has begun revising its Code in response to this guidance and this work will be completed in 2019 as part of a broader series of actions being taken in response to an LGA Peer Review completed in 2018.

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 2019 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 and Corporate Plan. Directorate Plans for 2019-21 are being developed to strengthen the golden thread from Strategy through directorate and service business planning and team and individual objectives.

	Directorate and service plans set out how each division will deliver the appropriate strategy outcomes, savings targets, and other divisional priorities. These include KPIs overseen by Corporate Leadership Team and Directorate Management Teams.
	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 Group and production of wide ranging guidance on information governance, risk and security updated as part of the intranet update in 2018. Data Protection Officer commenced in post June 2019.
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 10 Councillors.
	Officer Leadership is provided through the Council's Corporate 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 and full Council.
	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 2018/19 * Review of Internal Audit Service and service assessment of compliance with PSIAS * (*Planned for Audit Committee June 2019)
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 2018/19 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 2018/19 and the review process has not identified any significant governance issues necessary to highlight in this statement. There are areas where development and assurance over governance agreements has progressed particularly in 2018/19 into 2019/20 and these include the following:

- Organisational changes to strengthen approach to officer leadership through refreshed Corporate Leadership Team and associated forward planning and reporting arrangements.

- Robust refresh to support development of 2019-21 Corporate Plan and associated Directorate Plans and priorities. Linked to refresh of Bolton 2030 vision and strategy; with related staff and stakeholder communications.

- Bolton 2030 vision included creation of seven Task & Finish Groups chaired by leaders from across the sectors each tasked with a significant and important change programme, only one of which is directed by the council, the rest drawing leadership expertise from Health, Further Education, the Arts and Housing. These groups works will compliment and reflect the Council's priorities and vice versa, the aim being to maximise input and coverage across Bolton.

- Review, refresh and launch of Values and Behaviours Framework clearly setting out organisational expectations of the workforce and supported by refresh of objective setting and performance management frameworks for 2019/20.

- Refresh of intranet and ongoing review of organisational policies to improve accessibility and understanding of key of information across all services.

6.2. In addition the Council welcomed an LGA Peer Review in 2018 which included a core focus on governance. The outcomes and findings of this report were fully accepted and an action plan is in place to deliver the areas for development noted in the review.

In summary the review noted that:

- the Council is seen as a genuine strategic partner to the people and organisations it works work with;
- the Council has managed the pressures of austerity well so far – the Review highlighted OFSTED results, the town centre investment strategy and support for community cohesion as examples;
- there is need to modernise governance to increase the pace of decision making to support members' ambitions;
- a need to more clearly link strategic objectives to financial planning process; and
- opportunity to expand ways of working with partners to make sure that they really own the Vision and embed it in their organisational plans.

6.3. There are some improvement areas that have not progressed as planned in 2018/19 and have been identified through the Peer Review which need to addressed in 2019/20 and these are reflected in the table below.

6.4. 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 .

6.5. Progress to date and areas of further focus in developing our governance arrangements during 2019/20 will include:

Areas of Focus 2019/20	**Progress and Further Actions**
Deliver the actions agreed in response to the LGA Peer Review in 2018.	Leader and Chief Executive to lead Council engagement with and response to Peer Review, with support from Cabinet Members and Corporate Leadership Team.
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 Maintaining transparency through publication of information in accordance with the Transparency Code, Freedom of Information Act, Data Protection Act and General Data Protection Regulations (GDPR).	*Head of Audit and Risk Management* to lead review and refresh of Code with support of Borough Solicitor and Governance, Risk and Assurance Board. This links to the outcome of the Peer Review and is planned for full completion in 2019. *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. Work to embed consistent approach to risk management ongoing with oversight by Director of Corporate Resources and Chief Executive. *Borough Solicitor* and Information Governance Steering Group led and overseen good information practice and GDPR implementation programme. This work will continue to be embedded in 2019/20
Refreshing the Council's anti-fraud strategy and associated training and awareness for staff and stakeholders.	*Head of Audit and Risk Management* to finalise revision of strategy, policies, procedures including new Counter Fraud Strategy as approved by Audit Committee. Some staff awareness and training completed with organisational wide awareness processes planned for completion by end October 2019.
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 Corporate Leadership Team. Also reflected in Corporate Plan and Directors' Business Plans.

Areas of Focus 2019/20	Progress and Further Actions
Delivering required savings through well governed innovation and collaboration with private and public sector partners, including Bolton at Home and Bolton Cares.	*Director of Corporate Resources* 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 Corporate 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.	*Director of Corporate Resources* 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

6.6. 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 financial statements

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

In our opinion, the financial statements:

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

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

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

- the Director of Corporate Resource's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director of Corporate Resource has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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

We have nothing to report in this regard.

Responsibilities of the Director of Corporate Resource for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or

- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

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

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

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

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

Responsibilities of the Council
The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

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

Use of the audit report
This report is made solely to the members of Bolton Metropolitan Borough Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit

Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

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

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

Karen Murray
For and on behalf of Mazars LLP

One St. Peter's Square
Manchester
M2 3DE

31 July 2019

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
2018/19 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 2018/19.

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.