

Statement of Accounts

2007/2008



Statement of Accounts 2007/2008

Contents

	Page No.
Foreword by the Director of Corporate Resources.....	1 – 7
Auditor’s Report to Bolton Metropolitan Borough Council.....	8 – 9
Auditor’s Report on Economy, Efficiency and Effectiveness.....	10
Statement of Accounting Policies.....	11 – 19
Core Single Entity Financial Statement:	
Income and Expenditure Account.....	20
Statement of Movement on the General Fund Balance.....	21 – 22
Statement of Total Recognised Gains and Losses.....	23
Balance Sheet.....	24 – 25
Cash Flow Statement.....	26
Notes to the Core Statements.....	27 – 70
Housing Revenue Account.....	71 – 72
Notes to the Housing Revenue Account.....	73 – 77
Collection Fund.....	78 – 79
Notes to the Collection Fund Accounts.....	80 – 81
Group Accounts.....	82 – 86
Statement of Responsibilities for the Accounts.....	87
Annual Governance Statement.....	88 – 90
Glossary of Terms.....	91 – 93

Approved at the meeting of the
Constitutional Panel
27 June 2008

Councillor Clifford Morris
Leader of Bolton Council
Chairman of the Constitutional Panel

As reported to Constitutional Panel 29th September
2008

Foreword by the Director of Corporate Resources

1 Introduction

This document is the Council's Statement of Accounts for the year ending 31 March 2008, and comprises the following:

The Council's Core Financial Statement. Which includes:

- **The Income & Expenditure Account.** Analysing service Income and Expenditure in accordance with generally accepted accounting practice.
- **A Statement of Movement on the General Fund Balance.** This reconciles the reported outturn from the Income & Expenditure Account to the change in General Fund balances which are determined by Statute.
- **A Statement of Total Recognised Gains and Losses.** This relates the change in total Balance Sheet values to the movements reported in Income and Expenditure Account and Statement of Movement on General Fund Balance.
- **The Balance Sheet.** Setting out the Council's financial position at the 31 March 2008.
- **The Cash Flow Statement.** Showing cash movements in the year.

Each of the above is supported by explanatory notes.

Supplementary Financial Statements are:

- **The HRA Account.** This shows the Council's income and expenditure relating to Council Housing.
- **The Collection Fund Revenue Account.** Records the Authority's transactions in collecting Council Tax on behalf of the General Fund and other precepting Authorities. It details the transactions of the fund.
- **Group Accounts.** Show the effect of incorporating the transactions of Bolton at Home Ltd. which is a wholly owned arms length company set up by the Council to manage its Housing stock and assist with private sector housing functions and regeneration.
- **Governance Statement.** This statement explains the systems of controls operating within the Council to secure sound financial control and good governance.

The accounts are supported by the Statement of Accounting Policies and a glossary of terms.

This foreword identifies the more significant matters included within the accounts and gives an explanation of the Council's overall financial position.

2 Developments in the Year

These accounts have been prepared in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom, 2007 Statement of Recommended Practice and the Accounts and Audit Regulations 2003 (as amended). They have been organised to comply with the Best Value Accounting Code.

The significant developments in the current year are:

- Once again the Council was judged to be delivering "Four star - Excellent" services to local people for the fifth year running as part of the Government's Comprehensive Performance Assessment (CPA) of local authorities. The year saw both a corporate inspection (where the assessment retained the top excellent score) and a joint area assessment where the services to Children and young people were assessed to be "good".
- The Vision for the Future Partnership (Bolton's local strategic partnership) new community strategy (Bolton: Our Vision 2007-2017) reinforced by the Council's corporate plan states: Our main aims are: Economic prosperity: Narrowing the gap; and Transforming services. Major regeneration plans for the Bolton town centre have advanced with the Council acting as facilitator for some aspects and as landlord in other respects.
- The Council has continued to respond to the Government's Gershon efficiency agenda by preparing the Annual Efficiency Statements and achieving the targets which were themselves in excess of the targets set by government.
- Work in reviewing staff pay and grading is underway with a view to establishing a structure which is fully compliant with equal pay requirements by 1 April 2009.
- The Council is seeking to attract resources to enhance schools and student performance through an approach involving Academy status and accelerating allocations via government programmes Building Schools for the Future and the Primary Schools Capital Strategy.
- The Decent Homes standard has been achieved for all of the Council's housing stock 2 years ahead of the Government target and work is progressing to secure the necessary funding to maintain that standard and to establish alternative structures for management of the Council's housing stock.

3 Format of the Accounts

The new requirements of the 2007 Local Authority Accounting Code of Practice again involved significant changes to the presentation of the Statement of Accounts.

- A new Revaluation Reserve has been created to operate on the same basis as revaluation reserves in other sectors. The values of Fixed Assets at 1 April 2007 are to be taken at historic cost. Increases in valuation on an asset by asset basis are taken to the Revaluation Reserve but reductions in value are shown as costs in the Income and Expenditure Account unless there have previously been compensating increases in value of the same asset credited to the revaluation reserve. These costs are subsequently reversed out below "Net Operating Expenditure" to reflect the fact that these losses in value are book costs and have no impact on Council Tax. These changes further increase the volatility of reported Net Operating Expenditure continuing the trend noted last year. The accounts previously reported as the Fixed Asset Restatement Account (holding changes in Asset values) and the Capital Financing Account (recording resources

used in funding fixed assets) have been merged to form the Capital Adjustment Account.

- A complex set of requirements to deal with accounting for Financial Instruments has been introduced. A “Financial Instrument” is an agreement between parties to exchange value at some future time. The new approach is based on International Accounting Standards which require assets and liabilities to be measured at “fair value” (essentially market value where possible). Although the scope of the requirements cover all potential forms of financial agreements the ones in Bolton which are affected are: Debt restructuring where a premium is paid or a discount received; Loans taken out with a provision for changes to known interest rates in future years (known as Stepped LOBOs); and equity share holdings. However it potentially affects any long term loans the Council makes or receives and any guarantees given. In Bolton the cost of our equity investments is considerably below current value. We carry more discounts than premiums on the balance sheet and have equalised interest rates over the life of loans for a number of years now. In addition to altering the way asset values are calculated for the balance sheet, a lengthy set of disclosures are required as regards Financial Instruments and the policies for managing them.
- There are new requirements as regards accounting for Local Area Agreements. They do not alter the presentation of the accounts in Bolton however additional disclosures are required.
- The Statement on Internal Control has been incorporated in the “Governance Statement”.

4 Major Financial Variances

The specific aspects of the Balance Sheet which attract attention are:

- New items have been introduced to reflect the changes in accounting practice described above. The valuation of Manchester Airport Group shares remains at historical cost because of lack of evidence as to their market value. Other long term investments are now shown at market value.
- The reduced Pension Liabilities (£27.7m offset by the reduced reserve) reflect improved returns on investments and evidence of take up of commuted sums rather than future pensions, a choice which is favourable to the Pension Fund.
- A reduction in the value of community assets reflecting a review of the status of assets.
- An increase in creditors which is largely made up of payment in advance. These tend to be from partner organisations (The Greater Manchester Safety Partnership and various Health Bodies) reflecting a change in joint working arrangements rather any greater credit taken from trade suppliers.
- Cash management transactions show changes in short term investments (£8.9m increase), short term borrowing (£26.9m reduction) long term borrowing (£48.4m increase). In total the changes reflect the planned financing of capital expenditure net of debt repayments. The move to longer term borrowing reflects the more favourable interest rates available for those loans.
- In addition to the normal use by services of Reserves in budget management, changes in corporate reserves represent the putting aside of resources to meet future commitments (funding of job evaluation, budget commitments from LAGBI, future capital funding requirements) and the repayment of deficits from the windfall of interest savings in 2007/08.

The Income and Expenditure Account has some large movements:

- Service Expenditure tends to be lower than in the previous year because the notional uprating of employers pension costs required is lower. Nevertheless, the requirement to include some capital costs in the Income and Expenditure account (e.g. capital expenditure which does not create a Council owned asset) will lead to year on year volatility in the figures.
- The £1.942m Exceptional item is the estimated cost of Equal Pay commitments recognised in the year.
- The reduction in Education costs has arisen from a review of depreciation rates for assets on the service and an underspend of budgets allocated for the use of schools. These balances are carried forward for use by schools in future.

5 General Fund Summary Revenue Account

The summary General Fund revenue position is as follows:

	<u>Original</u> <u>Budget</u> <u>£M</u>	<u>Actual</u> <u>Out-turn</u> <u>£M</u>	<u>Variance</u> <u>£M</u>
Service Expenditure excl.Schools	203.7	201.5	-2.2
Schools	165.8	165.8	-
Parish Precepts	0.3	0.3	-
Less			
Revenue Support Grant	(15.6)	(15.6)	-
National Non Domestic Rate	(93.1)	(93.1)	-
Direct Schools Grant	(165.8)	(165.8)	-
Collection Fund	(94.3)	(94.3)	-
Movement in Balances	-1.0	1.2	+2.2

The receipt of Local Government Business Incentive Scheme Grant has been placed in a reserve to support the 2008/09 budget.

6 Movement from Original Budget to Outturn

General Fund Changes to Revenue Budgets for the year 2007/08 before Depreciation and Recharges are as follows in the management accounting format. The Council uses in the year:

Service	Controllable Budget £000s	Outturn £000s	Variance £000s	Comment
Children's Services	35,873	36,452	+579	Largely transfer of Youth Offending Team from Adults
Adult Services	63,931	62,613	-1,318	Transfer of functions largely Environmental Health and Youth Offending Team
Environmental Services	22,270	22,948	+678	Budget transfers: Market Hall to Land and Property and adjustment of Waste Disposal costs.
Housing	3,120	3,532	+412	Mainly transfer of Housing Health Functions from Adults
Development & Regeneration	3,615	4,052	+437	Mainly Pollution Control function transferred from Adults
Central Departments	24,811	24,923	+112	Effect of function transfers offset by funding of accumulated deficits
Financial Arrangements including Precepts	50,108	47,027	-3,081	Largely interest saving and higher Airport dividend
Total	203,728	201,547	-2,181	

7 Service Expenditure

Each service is required to manage net revenue expenditure within its budget as amended for internal transfers within the year. Financial Regulations allow the carry forward of any unspent budget to “reserves” to assist funding future expenditure and require that any withdrawal from balances is either the planned use of previously accumulated balances or is rectified in a subsequent year.

Central Departments earmarked reserves have increased by £2.7m in the year, being £1.9m repayment of business cases where efficiencies and planned contributions are paying back initial investments. There have also been specific contributions in to reserves to provide for specific future commitments.

Development and Regeneration earmarked reserves have decreased by £0.7m in the year. The movement represents the net effect of planned contributions use of the Planning Delivery Grant (£0.3m), a reserve transferred to Children’s Services (£0.2m), and other minor planned uses of reserves that were set aside in previous years.

Housing General Fund earmarked reserves have decreased by £0.4m in the year. The movements represent the net effect of the deficit on the revenue account of £0.1m and planned use of the reserves of £0.3m.

Environmental Services earmarked reserves have decreased by £1.2m in the year. The movements represent the net effect of the £0.6m additional expenditure against the budget offset by the transfer of outstanding debt in relation to the Ashburner Street refurbishment £1.4m and the transfer of outstanding balances in relation to parking services income £0.5m to corporate balances.

Adult Services earmarked reserves have decreased by £1.0m in the year. The movement represents the net effect of the overspend against the Adult Social Care budget.

Children’s Services earmarked reserves have increased by £3.7m. Of this amount schools earmarked balances have increased by £2.4m. The net movement of £1.3m on local authority reserves represents use of previous savings offset by planned restoration of balances and securing funding for future capital commitments.

Housing Revenue Account overall deficit was £2.6m against an original budgeted surplus of £0.6m. This represents a decrease against the original budget of £3.2m. The change was largely caused by planned increases in the revenue contributions to the capital programme of £5.3m which were approved by the Executive Member at the meetings on 28 August 2007 (£2m) and the 19 November 2007 (£3m).

Earmarked reserves have decreased by £2.6m in the year. The movements represent the net effect of the deficit on the Housing Revenue Account which in itself includes some of the effect of alterations to the funding of the capital programme during the year.

8 Capital Expenditure

Capital expenditure for the year was £100.0m made up as follows:-

Service	Outturn £m
Children's Services	21.6
Adult Services	2.5
Environmental Services	14.7
Development & Regeneration	2.1
Central Departments	2.7
Housing General Fund	8.8
HRA	45.6
Special Funding Schemes	0.1
Equal Pay Capitalisation Directive	1.9
Total Expenditure	100.0

and this was financed as follows:-

	£m
Borrowing	44.2
Government Grants and Other Contributions	30.9
Capital receipts (including Earmarked)	7.6
Revenue (largely HRA Major Repairs allowance)	21.1
Reduction in capital creditors	(3.8)
Total Funding	100.0

Under Prudential Controls the Council may set its own limit for Capital Borrowing subject to affordability. This is expressed as a Capital Financing Requirement. In 2007/08 the limit was £481.6m. The figure calculated from the 31st March 2008 Balance Sheet is £480.3m.

In addition to borrowing the Council may also use internal funds and Capital Receipts to finance capital expenditure. At 31st March 2008 a Capital Funding Reserve of £2.9m and Usable Capital Receipts of £10.4m were held.

9 Balances

At 31st March 2008 General Fund Balances stood at £7.742m.

These are available to protect the Council against unexpected demands.

Stephen M. Arnfield
Director of Corporate Resources
27 June 2008

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

Opinion on the statement of accounts

We have audited the Authority and Group statement of accounts and related notes of Bolton Metropolitan Borough Council, for the year ended 31 March 2008 under the Audit Commission Act 1998. The Authority and Group statement of accounts comprises the Explanatory Foreword, Authority and Group Income and Expenditure Account, the Authority Statement of the Movement on the General Fund Balance, the Authority and Group Balance Sheet, the Authority and Group Statement of Total Recognised Gains and Losses, the Authority and Group Cash Flow Statement, the Housing Revenue Account, the Collection Fund and the related notes. The statement of accounts has been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to Bolton Metropolitan Borough Council, as a body, in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to Bolton Metropolitan Borough Council, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Bolton Metropolitan Borough Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and Auditor

The Chief Financial Officer's responsibilities for preparing the statement of accounts in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 are set out in the Statement of Responsibilities for the statement of accounts.

Our responsibility is to audit the statement of accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Authority and Group statement of accounts presents fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007:

- the financial position of the Authority and its income and expenditure for the year; and
- the financial position of the Group and its income and expenditure for the year.

We review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPF A/SOLACE in June 2007. We report if it does not comply with proper practices specified by CIPF A/SOLACE or if the statement is misleading or inconsistent with other information we are aware of from our audit of the statement of accounts. We are not required to consider, nor have we considered, whether the governance statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK

and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Authority and Group statement of accounts and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the Authority and Group statement of accounts and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Authority and Group statement of accounts and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Authority and Group statement of accounts and related notes.

Opinion

In our opinion:

The Authority statement of accounts presents fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Authority as at 31 March 2008 and its income and expenditure for the year then ended; and

The Group statement of accounts presents fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Authority as at 31 March 2008 and its income and expenditure for the year then ended.



KPMG LLP
Chartered Accountants Manchester

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

Authority's Responsibilities

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

Auditor's Responsibilities

We are required by the Audit Commission Act 1998 to satisfy ourselves that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. We report if significant matters have come to our attention which prevent us from concluding that the Authority has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

In 2007 we were required by section 7 of the Local Government Act 1999 to carry out an audit of the authority's best value performance plan and issue a report:

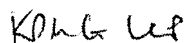
- certifying that we had done so;
- stating whether we believed that the plan had been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and where relevant, making any recommendations under section 7 of the Local Government Act 1999.

Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, We are satisfied that, in all significant respects, Bolton Metropolitan Borough Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2008.

Best Value Performance Plan

We issued our statutory report on the audit of the authority's best value performance plan for the financial year 2007/08 on 12 December 2007. We did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.



KPMG LLP
Chartered Accountants
Manchester
30 September 2008

Statement of Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2007/08 financial year and its position at the year-end of 31 March 2008. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2007 – A Statement of Recommended Practice (the SORP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

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 stocks 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.
- 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.

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 authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up 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.

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 carryforward budget over or underspends to future years. Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. 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 Net Cost of Services in the Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against Council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits and that do not represent usable resources for the Council – these reserves are explained in the relevant policies below.

Government Grants and Contributions (Revenue)

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions of entitlement to the grant/contribution, there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (e.g. Revenue Support Grant) are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.

Retirement Benefits

Employees of the Council are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Children, Schools and Families (DCSF).
- The Greater Manchester Pensions Scheme, administered by Tameside Council.

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

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme – 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 teachers' pensions in the year.

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 method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a real discount rate of 3.2% (based on the indicative rate of return on high quality corporate bond (iboxx Sterling Corporates Index AA over 15 years)).

The assets of the Greater Manchester pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – mid-market value
- unquoted securities – professional estimate
- unitised securities – average of the bid and offer rates
- property – market value.

The change in the net pensions 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 Income and Expenditure Account 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 Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs
- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Income and Expenditure Account
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 Net Operating Expenditure in the Income and Expenditure Account
- 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 to the Net Cost of Services in the Income and Expenditure Account 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 – debited to the Statement of Total Recognised Gains and Losses
- contributions paid to the Greater Manchester pension fund – cash paid as employer's contributions to the pension fund.

Statutory provisions limit the Council to raising Council tax to cover the amounts payable by the Council to the pension fund in the year. In the Statement of Movement on the General Fund Balance 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 any amounts payable to the fund but unpaid at the year-end.

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.

VAT

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

Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2007 (BVACOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

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

Intangible Fixed 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.

Tangible Fixed Assets

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition: expenditure on the acquisition, creation or enhancement of tangible fixed assets 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 secures but does not extend the previously assessed standards of performance of asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

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:

- investment properties and assets surplus to requirements – lower of net current replacement cost or net realisable value
- dwellings, other land and buildings, vehicles, plant and equipment – lower of net current replacement cost or net realisable value in existing use
- infrastructure assets and 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
- investment properties and surplus assets – market value.

Assets included in the Balance Sheet at current value are revalued 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 Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

Impairment: 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 attributable to the clear consumption of economic benefits – the loss is charged to the relevant service revenue account
- otherwise – written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

Where an impairment loss is charged to the Income and Expenditure Account but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

Disposals: when an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account 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 in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Usable 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 Statement of Movement on the General Fund Balance.

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

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. Otherwise depreciation is calculated on the following bases:

- Council dwellings – 45 years
- Other Buildings – 40 years
- vehicles, plant and equipment – 5 years
- infrastructure – 25 years.

Depreciation is calculated on opening asset values for the year i.e. no depreciation is charged on expenditure or revaluations in the year of account. 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.

Grants and contributions: where grants and contributions are received that are identifiable to fixed assets with a finite useful life, the amounts are credited to the Government Grants Deferred Account. The balance is then written down to revenue to offset depreciation charges made for the related assets in the relevant service revenue account, in line with the depreciation policy applied to them.

Charges to Revenue for Fixed Assets

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

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

The Council is not required to raise Council tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to at least 4% of the underlying amount measured by the adjusted Capital Financing Requirement, excluding amounts attributable to HRA activity). Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

Deferred Charges

Deferred charges represent expenditure that may be capitalised under statutory provisions but does not result in the creation of tangible assets. Deferred charges incurred during the year have been written off as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of the deferred charges from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the General Fund Balance so there is no impact on the level of Council tax.

Leases

Finance Leases

The Council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council. Rentals payable, where material, are apportioned between:

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

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

Operating Leases

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

Financial Liabilities

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

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

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

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

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

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

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

Available-for-sale Assets

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

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

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

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

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

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

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

Stocks and Work in Progress

Stocks are included in the Balance Sheet at the lower of cost and net realisable value. Work in progress is subject to an interim valuation at the year-end and recorded in the Balance Sheet at cost.

Private Finance Initiative (PFI)

PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. Payments made by the Council under a contract are generally charged to revenue to reflect the value of services received in each financial year.

Government grants received for PFI schemes, in excess of current levels of expenditure, are carried forward as an earmarked reserve to fund future contract expenditure.

Core Single Entity Financial Statement

Income and Expenditure Account 2007/2008

2006/07 Net Expenditure £000s		Note	Gross Expenditure £000s	2007/08 Gross Income £000s	Net Expenditure £000s
5,080	Central Services to the public		13,627	9,337	4,290
17,179	Culture		22,360	5,892	16,468
30,820	Environmental and Planning Services		43,279	14,527	28,752
20,083	Education Services		249,881	236,458	13,423
27,716	Highways, Roads and Transport		38,964	10,146	28,818
(14,679)	Local Authority Housing (HRA)		42,398	58,242	(15,844)
13,460	Other Housing Services		112,682	105,738	6,944
80,067	Social Services		112,709	32,619	80,090
4,340	Corporate and Democratic Core		5,772	1,103	4,669
19,606	Non-distributed costs		48,932	28,105	20,827
9,560	Exceptional Item*		1,942	0	1,942
213,232	Net Cost of Continuing Services		692,546	502,167	190,379
0	(Profit)/Loss on disposal of fixed assets				362
341	Parish Council Precepts	4			345
1,194	(Surplus)/Deficit on trading undertakings not included in net cost of services	1 & 17			874
19,554	Interest payable and similar charges				20,199
9,356	Contribution of Housing capital receipts to Government Pool				6,662
(4,621)	Interest and Investment Income	5			(5,116)
(1,700)	Pensions interest cost and expected return on pensions assets				(3,100)
237,356	Net Operating Expenditure				210,605
(90,210)	Demand on the Collection Fund				(94,376)
(19,684)	General Government Grants				(17,418)
(88,242)	Non-domestic rates distribution				(93,077)
39,220	Deficit/(Surplus) for the year				5,734

* Equal Pay settlements and provisions

Statement of Movement on the General Fund Balance

2006/07 £000s		2007/08 £000s
39,220	(Surplus)/Deficit for the year on the Income and Expenditure Account	5,734
(38,180)	Net additional amount required by statute and non-statutory proper practices to be debited and credited to the General Fund Balances for the year	(6,916)
1,040	(Increase)/Decrease in General Fund Balance for the year	(1,182)
(8,919)	General Fund Balance brought forward	(7,879)
0	Transfer of Markets Bridging Fund to General Fund	1,319
(7,879)	General Fund Balance carried forward	(7,742)
0	Amount of the General Fund Balance held by schools under Local Management schemes	0
(7,879)	Amount of General Fund Balance generally available for new expenditure	(7,742)

Notes to the Accounts

2006/07 £000s		2007/08	
		£000s	£000s
1.	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the movement on the General Fund Balance for the year.		
0	Amortisation of intangible fixed assets	(268)	
(12,949)	Depreciation and impairment of fixed assets	(17,096)	
2,896	Government Grants Deferred amortisation	1,848	
(14,568)	Write downs of deferred charges to be financed from capital resources	(10,972)	
0	Net loss on sale of fixed assets	(362)	
0	Financial Instruments Adjustment Account	(112)	
0	Financing of Deferred Charges by Grant and Contribution	10,451	
(9,700)	Net charges made for retirement benefits in accordance with FRS17	(8,300)	
(34,321)			(24,811)
2.	Amounts not included in the Income and Expenditure account but required to be included by statute when determining the Movement on the General Fund Balance for the year.		
6,929	Minimum revenue provision for capital financing	7,431	
2,449	Capital expenditure charged in-year to the General Fund Balance	7,275	
(9,356)	Transfer from usable capital receipts to meet payments to the Housing Capital Receipts Pool	(6,662)	
22			8,044
3.	Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year.		
1,880	Housing Revenue Account balance	(2,601)	
830	Voluntary revenue provision for capital financing	798	
(6,591)	Net transfer to or from earmarked reserves	11,654	
(3,881)			9,851
(38,180)	Net additional amount required to be credited to the General Fund Balance for the year		(6,916)

Statement of Total Recognised Gains and Losses

2006/07 £000s		2007/08 £000s
39,220	(Surplus)/Deficit for the year on the Income and Expenditure Account	5,734
(10,354)	(Surplus)/Deficit arising on revaluation of fixed assets	(16,142)
0	(Surplus)/Deficit arising on revaluation of available-for-sale Financial Assets	(358)
(48,300)	Actuarial (gains)/losses on pension fund assets and liabilities	(36,000)
(16,303)	Financing adjustments	(50)
(35,737)	Total recognised (gains)/losses for the year	(46,816)

	£000s
Assets less Liabilities 31 March 2008	667,611
Assets less Liabilities 31 March 2007	620,795
	(46,816)

Balance Sheet

31 March 2007 £000s		Notes	31 March 2008	
			£000s	£000s
1,302	Fixed Assets	18	1,202	
	Intangible Fixed Assets			
	Tangible Fixed Assets			
	Operational Assets			
637,780	Council Dwellings		667,515	
334,425	Other land and buildings		356,973	
13,113	Vehicles, plant, furniture and equipment		19,350	
75,097	Infrastructure Assets		78,958	
11,550	Community Assets		7,693	
	Non-operational Assets:			
84,915	Investment properties		83,769	
226	Assets under construction		70	
1,158,408	Total Fixed Assets			1,215,530
10,237	Long-term investments	19		17,595
11,488	Long-term debtors	20		11,157
712	Deferred premiums on early repayment of debt			0
1,180,845	Total Long Term Assets			1,244,282
	Current Assets			
905	Stocks and work in progress	21		938
43,996	Debtors	22		42,772
5,318	Prepayments			2,769
34,500	Investments			43,400
6,448	Cash and Bank			6,567
1,272,012	Total Assets			1,340,728
	Current Liabilities			
(35,027)	Short-term borrowing			(8,128)
(64,992)	Creditors	23		(79,111)
(7,758)	Bank overdraft			(6,482)
1,164,235	Total Assets Less Current Liabilities			1,247,007
	Long-term Liabilities			
(340,520)	Long-term borrowing	24		(388,736)
(13,725)	Provisions	27		(14,839)
(58,708)	Capital Grants Deferred	29		(75,433)
(2,728)	Capital Grants Unapplied	30		(2,164)
(13,123)	Deferred Liabilities	25		(12,624)
(1,336)	Deferred Discounts on early repayment of debt			0
(113,300)	Liability related to defined benefit pension scheme	8		(85,600)
620,795	Total Assets Less Liabilities			667,611
	Represented by:			
680,231	Capital Adjustment Account**	32		677,860
0	Financial Instruments Adjustment Account	34		(112)
0	Revaluation Reserve	31		12,458
0	Available-for-sale Financial Instruments Reserve	33		358
11,386	Usable Capital Receipts Reserve	30		10,352
106	Deferred Capital Receipts	26		106
(113,300)	Pensions Reserve	8		(85,600)
3,127	Major Repairs Reserve	35		15
39,245	Fund Balances and Reserves	35		52,174
620,795				667,611

** The Balance Sheet figures for 31 March 2007 have been adjusted from those included in the Statement of Accounts for 2006/07 to accommodate the implementation of the Revaluation Reserve (see Statement of Accounting Policy section). The Revaluation Reserve replaces the Fixed Asset Restatement Account (FARA). The credit balance of £475m on the FARA at 31 March 2007 has been written off to the Capital Financing Account (£205m credit balance) to form the new Capital Adjustment Account with a balance of £680m. The Revaluation Reserve has then been included in the Balance Sheet with a zero opening balance. The closing position on the Reserve at 31 March 2008 therefore only shows revaluation gains accumulated since 1 April 2007.

Cash Flow Statement

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

(Note 41)	31 March 2008		31 March 2007	
	£m	£m	£m	£m
Revenue Activities				
Cash Outflows				
Cash paid to and on behalf of employees	294.0		294.8	
Other Operating Expenditure	308.9		296.0	
Housing Benefit Paid Out	32.9		31.3	
National non-domestic rate payments to pool	74.6		71.5	
Precepts Paid from Collection Fund	13.4	723.8	12.7	706.3
Cash Inflows				
Rents (after rebates)	(26.3)		(29.6)	
Council Tax/Community Charge Receipts	(90.9)		(84.5)	
Non-Domestic Rates from pool	(93.1)		(88.2)	
Non-Domestic Rates collected	(73.3)		(72.9)	
Revenue Support Grant	(15.6)		(17.0)	
Grants for Council Tax and Housing Benefits	(83.8)		(81.1)	
Other Grants and Contributions	(286.0)		(281.1)	
Cash Received for Goods, Services Etc	(90.7)	(759.7)	(80.6)	(735.0)
		(35.9)		(28.7)
Returns on Investments & Servicing of Finance				
Cash Outflows				
Expenditure - Interest Paid		19.5		20.0
Cash Inflows				
Income - Interest and Dividends Received		(4.6)		(4.6)
Revenue Cash Outflow / (Inflow)		(21.0)		(13.3)
Capital Activities				
Cash Outflows				
Purchase of Fixed Assets	82.7		84.1	
Deferred Charges	12.2		19.2	
Intangible Assets	0.3		0.6	
Remittance to ODPM	6.6	101.8	9.0	112.9
Cash Inflows				
Capital Receipts	(13.7)		(16.3)	
Capital Grants Received	(31.0)		(29.5)	
Other Capital Cash	(26.5)	(71.2)	(27.0)	(72.8)
Net Cash(inflow) / outflow before financing		9.6		26.8
Management of Liquid Resources				
Net increase /(decrease) in short term deposits		8.9		15.5
Financing				
Cash Outflows				
Repayment of Amounts Borrowed		233.2		299.8
Cash Inflows				
New Loans Raised		(253.1)		(343.1)
INCREASE IN CASH		(1.4)		(1.0)

Notes to the Core Statements

1. Markets (Surplus)/Deficit

The Authority operates off-street markets at Bolton, Westhoughton, Horwich and Farnworth.

The financial results of these operations are as follows:

	2007/08 £000s	2006/07 £000s
Income	(1,677)	(2,615)
Expenditure	1,876	2,997
(Surplus)/Deficit for Year	199	382

2. Section 137 Expenditure

Section 137 of the Local Government Act 1972, as amended, empowers local authorities to make contributions to certain charitable funds, not-for-profit bodies providing a public service in the United Kingdom and mayoral appeals. The Council's expenditure under this power was £5,000 in 2007/08 relating to the British Red Cross National Floods Appeal.

3. Publicity Memorandum Account

Section 5 of the Local Government Act 1986 requires Local Authorities to identify expenditure on publicity:

	2007/08 £000s	2006/07 £000s
Recruitment Advertising	787	938
Other Publicity	226	251
Other Advertising	528	1,480
Total	1,541	2,669

4. Parish Precepts

The following Parish Precept demands were made:

Parish	2007/08 £000s	2006/07 £000s
Blackrod	31	28
Horwich	178	171
Westhoughton	136	142
Total	345	341

5. Interest and Dividend

The following is an analysis of the dividend and interest received:

	2007/08 £000s	2006/07 £000s
Manchester Airport Dividend	1,250	1,250
Interest	3,866	3,371
Total	5,116	4,621

6. Local Authority (Goods and Services) Act 1970

Under the Local Authority (Goods and Services) Act 1970 a local authority may supply goods and services to other local authorities or public bodies. In 2007/08 the major areas of activity under this power were:

	2007/08 £000s	2006/07 £000s
Building Control Partnership	5	7
Payroll / Personnel/ Committee Services	12	12
Disabled Tele-communication Support	49	67
Neighbourhood Dispute Service	51	28
Financial Services	79	88
Environmental Services	782	517
Housing Beacon Events	0	2
Regional Lettings Service Development	38	41
Domestic Violence Training	8	0
Magistrates Court Accommodation	79	0
Total	1,103	762

7. Leasing Information

In 2007/08 the value of leasing arrangements was as follows:

	Finance £000s	Operational £000s
Rental Paid to Lessor in 2007/08	64	160
Estimated Commitment Outstanding at 31st March 2008	134	18

The only leases generated by the Council relate to land and property. In 2007/08 £1.7m rental income was generated from premises with a net book value of £50m.

The Council has acquired, under operating lease arrangements, various capital items. These are applicable to vehicles, plant and equipment. An analysis of these leases is shown below:

Operating Lease Payments due in 2007/08	£000s
Lease expires in 2008/09	18
Lease expires between 2009/10 and 2013/14	0
Lease expires after 2013/14	0
Total	18

Assets held under Finance Leases

The Authority has a finance lease relating to a classroom.

	Gross Book Value £000s	Accumulated Depreciation to 31 March 2007 £000s	Depreciation in the year £000s	Net Book Value £000s
Classroom	159	(1)	(52)	106

Future amounts payable:

	£000s
Obligations payable in 2008/09	63
Obligations payable between 2009/10 and 2013/14	71
Obligations payable after 2013/14	0
Total	134

8. Pensions Contributions

Employees of the Council are admitted to the Greater Manchester Pension Fund ("the Fund") which is administered by Tameside Metropolitan Borough Council under regulations governing the Local Government Pension Scheme, "a defined benefit scheme".

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However the charge the Council is required to make against the Council tax is based on cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in the General Fund Balance. The following transactions have been made during the year:

	2007/08 £000s	2006/07 £000s
Income and Expenditure Account		
Net Cost of Services		
Service Cost	22,600	26,800
Past service costs	2,100	1,200
Curtailments and settlements	5,500	800
Net operating Expenditure		
Interest Cost	40,100	36,000
Expected return on assets in the scheme	(43,200)	(37,700)
Net Charge to the Income and Expenditure Account	27,100	27,100
Statement of Movement in the General Fund Balance		
Reversal of net charges made for retirement benefits in accordance with FRS17	(27,100)	(27,100)
Actual amounts charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to the scheme	18,800	17,400

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

	2007/08	2006/07		2005/06	2004/05
		Apr-Dec	Jan-Mar		
Percentage Contributed (%)	14.1	13.5	14.1	13.5	13.5
Amount Contributed (£'000s)	12,351	8,602	3,051	11,378	10,937

Teachers Pensions:

With regard to the Teachers Pension Scheme, there were contributions of £1,655,308.39 remaining payable at the year end.

The scheme is a defined benefit scheme administered by Capita. Although the scheme is unfunded, Capita uses a notional fund as the basis for calculating the employers' contribution rate paid by local education authorities. However, it is not possible for the Authority to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purpose of this statement of accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the teachers' scheme.

The underlying assets and liabilities for retirement benefits attributable to the Authority at 31st March are as follows:

	31 March 2008 £000s	31 March 2007 £000s
Present Value of Scheme Liabilities	631,700	702,800
Present Value of Unfunded Liabilities	35,800	33,600
Estimated Liabilities in schemes	(667,500)	(736,400)
Estimated Assets in scheme	581,900	623,100
Net Pension Asset/(Liability)	(85,600)	(113,300)

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £85.6m has a substantial impact on the net worth of the Authority as recorded in the balance sheet. However statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy as the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the actuary.

Liabilities have been assessed on an actuarial basis using the projected unit method. This is 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 liabilities have been assessed by Hymans Robertson, an independent firm of actuaries being based on the latest full valuation of the scheme as at 31st March 2008. The main assumptions used in the calculations are:

	2007/08	2006/07
Rate of inflation	3.6%	3.2%
Rate of increase in salaries	5.1%	4.7%
Rate of increase in pensions	3.6%	3.2%
Rate for discounting scheme liabilities	6.9%	5.4%
Take up of option to convert annual pension into retirement grant	50%	

Assets in the Greater Manchester Pension Fund are valued at fair value, principally market value for investments, totalling £582m at March 2008 (£623m March 2007) and consist of the following categories, by proportion of the total assets held in the fund:

	31 March 2008		31 March 2007	
	Long Term Return	Fund Assets	Long Term Return	Fund Assets
	%	%	%	%
Equity investments	7.5	63	7.8	67
Bonds	5.7	19	4.9	16
Other property	5.7	9	5.8	10
Other cash	4.8	9	4.9	7
Total	6.9	100	6.9	100

There is a 1.1% difference between the value of the assets of the main fund of Greater Manchester Pension Scheme, estimated by the actuary for 31 March 2008 value (with respect to the FRS17 report) and the value of the assets of the main fund of Greater Manchester Pension Scheme presented for audit in the draft accounts.

	2007/08		2006/07		2005/06		2004/05		2003/04	
	£000s	%	£000s	%	£000s	%	£000s	%	£000s	%
Differences between the expected and the actual return on assets	(66,300)	11.4	3,800	0.6	73,900	12.8	21,500	4.6	64,700	14.3
Differences between actuarial assumptions about liabilities and actual experience	(17,900)	2.7	(300)	0	(3,000)	0.4	(10,600)	1.8	(200)	0
Changes in the demographic and financial assumptions used to estimate liabilities	120,200	18.0	44,800	6.1	(85,200)	11.7	(99,200)	16.5	0	0
	36,000		48,300		(14,300)		(88,300)		64,500	

Full details of the formal actuarial valuation are available from the Pension Fund Administrators at Tameside Metropolitan Borough.

9. Transactions with 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.

Central Government has effective control over local authorities as Councils are incapable of acting without statutory authority. Details of transactions with government departments are set out in the Cash Flow Statement whilst debtors and creditors are disclosed in the relevant note to the Balance Sheet.

Members of the Council determine Council policy.

A member has a private interest with regards Social Care provision. The Council places individual contracts as required and made payments to this organisation amounting to £262,730 in 2007/08 to meet the Council's obligations with regards supported residents

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

Bolton at Home Ltd is the Council's wholly owned arms length housing management and regeneration company. Full details of transactions with that company are explained in the Group Accounts Statement.

A Register of Members Interests is maintained and is available for public inspection by contacting the Members Services Officer (01204 331035). Details of payments to members are also available by contacting the Members Services Officer.

Contributions, Grants & Other Receipts		2007/08	2006/07
Related Party	Description of Transaction	£000s	£000s
Other Local Authorities	Educational Services	1,052	942
	Social Services	1,734	2,091
	Environmental Services	87	168
	Magistrates share of debt charges	223	300
	Children's Social Care	102	141
Health Authority	Joint Working Arrangements	10,491	9,206
	Children's Social Care	188	164
Levies from Authorities	Coroner	911	771
Sub Total re: Income Rec'd from 3rd Parties		14,788	13,783

Payments Made		2007/08	2006/07
Related Party	Description of Transaction	£000s	£000s
Other Local Authorities	Educational Services	861	328
	Environmental Services	1,779	70
Members	Magistrates share of debt charges	90	174
	Children's Social Care	269	79
	Allowances	794	805
Precepting Authorities	Police, Fire & Civil Defence	14,530	12,670
	Parishes	345	344
Primary Care Trust	Speech Therapy	94	98
Levies from Authorities	Transport Board Levy	15,845	15,244
	Waste Disposal Authority	9,841	12,039
	Land Drainage Precept	121	117
	S48	368	360
	Urban Traffic Control	0	470
	NW Regional Chamber	9	9
	AGMA Secretariat	178	101
Total re: Payments Made		45,124	42,888

10. Remuneration of Employees

In 2007/08 the numbers of employees earning more than £50,000 were as follows:

	Teachers		Other Staff	
	2007/08	2006/07	2007/08	2006/07
£50,000 - £59,999	64	45	29	17
£60,000 - £69,999	15	13	14	12
£70,000 - £79,999	4	5	12	18
£80,000 - £89,999	2	2	5	1
£90,000 - £99,999	1	0	4	4
£100,000-£109,999	0	0	2	1
£110,000-£119,999	0	1	0	0
£120,000-£129,999	0	0	2	1
£130,000-£139,999	0	0	0	0
£140,000-£149,999	0	0	0	0
£150,000-£159,999	0	0	1	1

11. Building Control Trading Account

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the Building Control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement shows the total cost of operating the Building Control Unit divided between the chargeable and non-chargeable activities.

Building Control Trading Account						
	Chargeable £000s		Non Chargeable £000s		Total Building Control £000s	
	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07
Expenditure:						
Employee Expenses	476	437	266	342	742	779
Premises	24	1	22	1	46	2
Transport	20	15	6	12	26	27
Supplies & Services	42	122	(93)	(245)	(51)	(123)
Central & Support Service Charges	81	79	73	78	154	157
Total Expenditure	643	654	274	188	917	842
Income:						
Building Regulation Charges	709	832	0	0	709	832
Miscellaneous Income	0	0	30	8	30	8
Total Income	709	832	30	8	739	840
(Surplus) / Deficit for Year	(66)	(178)	244	180	178	2

12. Amounts Charged for External Loan Finance

The following summarises the movements in the year in respect of the Loans Fund:

	2007/08 £000s	2006/07 £000s
Balance at Beginning of Year	419,441	363,969
Advances in Year	44,170	62,610
Repayments in Year:		
General Fund	7,327	6,684
HRA	0	0
Capital	284	313
Repayments by 3rd parties	136	141
Balance at End of Year	455,864	419,441

13. Audit Fees

The following summarises the audit fees payable:

	2007/08 £000s	2006/07 £000s
Fees payable with regard to external audit services carried out by the appointed auditor under the Audit Commission Code of Practice in accordance with Section 5 of the Audit Commission Act 1998: To KPMG	268	243
Fees payable to the Audit Commission in respect of statutory inspection under Section 10 of the Local Government Act 1989	126	19
Fees payable with regard for the certification of grant claims and returns, by the appointed auditor under Section 28 of the Audit Commission Act 1998: To KPMG	100	126
Fees payable in respect of any other services provided by the appointed auditor: KPMG	1	28

The fees paid to KPMG for other services include a special investigation, Whole Government Accounts and grants not included elsewhere.

14. Pooled Budgets

Adult and Community Services have two formal pooled budget arrangements. Formal arrangements are in place using section 75 of the Health Act (2006):

- **Learning Disabilities Development Fund (LDDF)** – the funds are to be used to support the implementation of “valuing people”.
- **Lead Commissioning and Pooled Budget Arrangements for an Integrated Equipment Service** – this is an equipment store that is provided by Adult and Community Services on behalf of the PCT and Children’s Services. It is a borough-wide service.

Details are shown below:

Assisting Adults with Learning Disabilities as per the White Paper, Valuing People		
	2007/08 £000s	2006/07 £000s
Bolton Primary Care Trust Funding	(242)	(233)
Expenditure:		
Support for Carers	26	24
Valuing People Implementation Officer	40	39
PCP Development Worker	37	33
Advocacy	29	31
Inclusion & Participation/Ethnicity Development Worker	71	68
Liaison Nurse	31	11
Housing Research Payment	0	8
Sharing the Knowledge	0	3
Partnership Board	1	1
Service User Reference Group	0	1
Greater Manchester Joint Project	6	1
IT Equipment	0	9
Bolton Care 4 LD	1	4
Net (Underspend)/Overspend	0	0

Integrated Community Equipment Store to support vulnerable people		
	2007/08	2006/07
	£000s	£000s
Income:		
Bolton Primary Care Trust Funding	(407)	(213)
Bolton MBC	(851)	(786)
Expenditure:		
Employees	260	208
Premises	134	130
IT	6	0
Transport	42	34
Equipment	816	628
Net (Underspend)/Overspend	0	1

15. Local Area Agreements

The Council is a participant in a Local Area Agreement, a Partnership covering joint action to achieve agreed outcomes and objectives across a number of public services during the two years from 1 April 2006 to 31 March 2008. The intended third year of operation of the LAA has been overtaken by the establishment of a new LAA in agreement with the Dept. for Communities and Local Govt. effective from 1 April 2008.

Purpose of the Local Area Agreement

The purpose of the Bolton Local Area Agreement is to achieve a number of priority outcomes agreed by the Local Strategic Partnership and DCLG. These are:

- Improved quality of life for people in the Borough with a focus on the most disadvantaged neighbourhoods and vulnerable groups.
- Reduced inequalities in health between deprived areas and the Borough as a whole and between socially excluded groups and the Borough as a whole.
- Service providers seen as more responsive and improving their service delivery in order to meet these main outcomes.
- Increased life expectancy in the Borough and improved safety, health, achievement and enjoyment for children and young people.
- Improved local business performance and increased business competitiveness.

- Reduced worklessness and increased employment. Reduced number of young people engaging in anti-social, dis-order and criminal behaviour.
- Safer local communities (and increased confidence of local communities in our ability to tackle issues affecting their quality of life).
- A sustained reduction in the harm caused by drugs and alcohol.
- Cleaner, greener and safer public places.
- Empowered local people having a greater voice, being included and actively participating in their community whilst having influence over local decision making and the shaping and delivery of services; service providers and residents to have a recognised collective responsibility for communities.
- Bolton seen as a place where people enjoy living, learn, do business, want their children to grow up and positively want to stay.

The Partnership

The LAA is managed through the local strategic partnership (Bolton Vision Partnership) and includes the following organisations:

Bolton Council
University of Bolton
Bolton Community College
Learning and Skills Council
Greater Manchester Police
Greater Manchester Probation Service
Dept. for Work and Pensions – Job Centre Plus
Community and Voluntary Service (CVS)
Bolton Primary Care Trust
Bolton Community Housing Ltd
Faith Sector.

Accountability

Under the terms of the Local Area Agreement, Bolton Metropolitan Borough Council is designated Accountable Body. The Authority is therefore directly responsible for the correct use of all of the grant received. For the year 2007-08 grant receipts amounted to £24,505,507 plus £81,842.58 unused resources brought forward from previous years. All grant income is received by the Authority and all expenditure including payment of grant towards projects managed by other Partners is recorded in the Authority's Income and Expenditure Account.

Subject to audit, resources allocated during the year totalled £24,220,100 leaving a balance of £367,250. It is intended that this will be carried forward to the new LAA subject to agreement with DCLG.

Under the rules operating from 1 April 2007, the Bolton Partnership is required to meet a 95% minimum expenditure target on £8,144,473 of the grant resources, any underspends below the target being subject to clawback. The recorded spend, subject to audit, was £8,033,325 (98.6%).

16. Business Improvement District

These accounts represent the transactions of the Business Improvement District (BID) and are made under the Business Improvement Districts (England) Regulations 2004 schedule 3. This is a scheme under the Local Government Act 2003 whereby non-domestic ratepayers in the area concerned elect via a ballot to pay a supplementary rate to be used for the purpose of making various improvements in the area. This is administered by the Industrial Estate Partnership Business Improvement District Limited (IEP Bid Ltd, a partnership between Bolton MBC and the businesses in the BID area) to whom the Council make payments based on estimates of the amounts to be collected from the supplementary rate. The costs of administering collection are shown in a separate account for the purposes of clarity. The accounts have been prepared on the accruals basis.

BID Income and Expenditure Account

	2007/08 £000s	2006/07 £000s
Income		
BID levy	374	368
Expenditure		
Payments to IEP BID Ltd	357	337
Provision for bad debt	5	5
Write Offs		2
	362	344
Surplus/(Deficit) for the Year	12	24
Surplus at Beginning of Year	24	0
Surplus at End of Year	36	24

BID cost of collection Income and Expenditure Account

	2007/08 £000s	2006/07 £000s
Income		
BID Admin costs invoiced to IEP BID Ltd	10	24
Recovery costs raised	8	8
	18	32
Expenditure		
Staffing	14	13
BID Software/Maintenance	2	16
Provision for bad debt	2	3
	18	32

17. Trading Account Statements**Summary Revenue Account**

Under the Best Value Accounting Code of Practice the Council operates a number of Trading Accounts: -

Activity	2007/08			2006/07
	Income £000s	Expenditure £000s	(Surplus) / Deficit £000s	(Surplus) / Deficit £000s
Security & Response	2,007	1,894	(113)	10
Schools and Welfare Catering	6,233	6,424	191	500
Fleet Management	11,474	11,893	419	(231)
Building Cleaning	3,641	3,719	78	235
Legal	1,708	1,808	100	(50)
Images	0	0	0	131
(Surplus) Deficit	25,063	25,738	675	595

18. Fixed Assets

18.1 Bases of Valuation

- **Council Dwellings**

Council Dwellings have been valued using the Existing Use Value – Social Housing (EUV-SH) in accordance with the government's guidance.

Housing Revenue Account properties were valued by the North West District Valuer.

- **Operational Property**

Is valued by qualified valuers employed by the Authority.

- **Non-Operational Property**

Is included at market value as assessed by qualified valuers.

Valuations for Operational and Non-Operational Property other than Housing Revenue Account were provided by the Authority's in-house valuers led by P.Marsh M.R.I.C.S. – Assistant Director of Corporate Resources (Corporate Property).

Revaluations of these assets are undertaken within a five-year rolling programme, although material changes to asset valuations will be adjusted in the interim period as they occur.

- **Leased Assets**

The value of assets acquired under finance leases is included in the balance sheet under Vehicles, Plant & Equipment.

- **Vehicles, Plant & Equipment**

Are shown on a depreciated historic cost basis except for finance leased assets which are valued on the basis of outstanding rentals due.

For fixed assets carried at current value capital expenditure incurred in the year of account is capitalised, thus adding to the asset's valuation until the next professional valuation.

18.2 Movements in Fixed Assets

The following table summarises movements in fixed asset values during the year:

Fixed Assets	Net Book Value 1 April 2007 £000s	Additions 2007/08 £000s	Disposals 2007/08 £000s	Revaluations 2007/08 £000s	Impairments 2007/08 £000s	Depreciation 2007/08 £000s	Other 2007/08 £000s	Total 31 March 2007/08 £000s
Intangible	1,302	316	0	0	0	(268)	(148)	1,202
Council Dwellings	637,780	44,997	(9,280)	8,513	0	(14,495)	0	667,515
Operational Property	334,425	23,142	(3,199)	6,856	(2,619)	(5,101)	3,469	356,973
Community Assets	11,550	785	0	0	0	0	(4,642)	7,693
Infrastructure	75,097	10,431	0	0	0	(3,040)	(3,530)	78,958
Vehicles, Plant etc	13,113	5,910	(3)	0	0	(5,235)	5,565	19,350
Work in progress	226	70	0	0	0	0	(226)	70
Investment Properties	84,915	1,178	(1,151)	773	(1,080)	0	(866)	83,769
Total	1,158,408	86,829	(13,633)	16,142	(3,699)	(28,139)	(378)	1,215,530

Analysis of Opening Balance	Gross Book Value 1 April 2007 £000s	Cumulative Depreciation £000s	Net Book Value 1 April 2007 £000s
Intangible Assets	1,324	(22)	1,302
Council Dwellings	652,014	(14,234)	637,780
Operational Property	367,848	(33,423)	334,425
Community Assets	11,550	0	11,550
Infrastructure	75,250	(153)	75,097
Vehicles, Plant etc	24,303	(11,190)	13,113
Work in Progress	226	0	226
Investment Properties	84,921	(6)	84,915
Total	1,217,436	(59,028)	1,158,408

18.3 Impairment

Where assets have been subject to "impairment" i.e. a one-off loss of value not reflected in depreciation (e.g. fire damage), that loss of value should be charged to revenue in the year in which the loss occurred following similar entries to those for depreciation.

18.4 Sources of Finance for Capital Expenditure on Fixed Assets

The sources of finance for capital expenditure on fixed assets during the year are shown below:

Source of Finance	Fixed Assets		Other Capital Expenditure		Intangible Assets		Total	
	2007/08 £000s	2006/07 £000s	2007/08 £000s	2006/07 £000s	2007/08 £000s	2006/07 £000s	2007/08 £000s	2006/07 £000s
Loans	42,041	57,261	2,129	5,338	0	0	44,170	62,599
Capital Receipts	6,984	2,452	492	569	147	521	7,623	3,542
Grants	19,779	16,319	10,387	11,688	215	14	30,381	28,021
Revenue (includes Major Repairs Allowance)	20,717	14,335	15	55	0	0	20,732	14,390
Reserves	285	0	41	378	0	0	326	378
External Financing	505	258	64	10	0	0	569	268
Changes in creditors and under financing	(3,798)	(982)	49	1,170	(46)	49	(3,795)	237
Total Capital Expenditure	86,513	89,643	13,177	19,208	316	584	100,006	109,435

18.5 Profile of Fixed Assets Held

An analysis of major fixed assets as at 31 March 2008 is given below:

Land and Buildings

Children's Services

173	Schools Buildings
16	Pupil Referral Units

Adult Services

4	Museums
12	Leisure Centres
13	Libraries
13	Social Care residential homes & day centres
1	Workshops
4	Offices
8	Community Centres

Environmental Services

180	Operational land
427	Non-operational land
45	Community Assets
1	Market Hall & Car Park
3	Outdistrict Markets
13	Public Conveniences
5	Depots
2	Supported employment sites
35	Cemeteries/ Crematoria
90	Parks/Open spaces

Corporate Resources

369	Non-operational sites
12	Admin Buildings
14	Farms
58	Commercial
20	Land/Buildings awaiting disposal
5	Other Buildings
113	Garage Sites
394	Residential Ground Rents
290	Commercial Ground Rents
211	Industrial Ground Rents
19	Garden Ground Rents
10	Investment Estate
5	Offices
1	Community Centre
1	Quarry
6	Residential

Council Dwellings

H.R.A.	
12,216	Houses/bungalows
6,080	Flats (including maisonettes)

Infrastructure

Environmental Services	
101km	Principal Roads
95km	Classified Non-principal roads
766km	Unclassified roads

Vehicles/Plant/Furniture & Equipment

Various Items

19. Long Term Investments

The following table identifies the long-term investments held as at 31 March 2008: -

Investment – Shares	31 March 2008 £000s	31 March 2007 £000s
Manchester Airport Group PLC	10,214	10,214
J.P. Morgan	381	23
Banks and other financial institutions	7,000	0
Total	17,595	10,237

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

- 10,214,000 fully paid £1 ordinary shares in Manchester Airport Group PLC. This represents 5% of the issued share capital. The company owns and develops the International Airport. In the year the Council received dividends of £1,250,000. The company's most recent accounts for the year ending 31 March 2007 indicated the company had net assets of £861.1m (£793.1m the previous year) and made a profit of £67.7m after taxation (£60.7m the previous year). The company's accounts have received an unqualified audit certificate.

Further information and details of the Manchester Airport Group PLC financial statements may be obtained from the Company Secretary, Manchester Airport Group PLC, Manchester M90 1QX

- J.P. Morgan are investments held for the benefit of the Maintenance of Graves in Perpetuity account which was previously a Trust Fund.
- In the course of Treasury Management activities, the Authority can make investments up to a maximum term of 3 years.

20. Long Term Debtors

	31 March 2008 £000s	31 March 2007 £000s
Advances to Manchester Airport PLC	8,476	8,761
Mortgages	42	53
Turton School Governors	5	5
Tennis Arena Trust	653	607
Industrial Loans	100	100
Former Magistrates Authorities (10 Greater Manchester Districts)	1,881	1,962
Total	11,157	11,488

21. Stocks

	31 March 2008 £000s	31 March 2007 £000s
Stocks	938	905
	938	905

22. Debtors

The debtors can be analysed as follows:

	31 March 2008 £000s	31 March 2007 £000s
Council Tax etc	8,113	10,013
Business Rates	3,711	1,936
Council House Rents	2,062	2,507
Central Government and Other Non-Departmental Government Bodies	4,303	3,127
H.M. Customs & Excise / Inland Revenue	5,659	6,266
Mortgages	16	22
Other Local Authorities	779	647
Car Purchase Schemes	123	131
Sundry Debtors	24,507	23,830
Capital Debtors	2,372	6,293
Sub Total	51,645	54,772
Less: Provision for Bad Debts	(8,873)	(10,776)
Total	42,772	43,996

23. Creditors

The outstanding creditors on 31 March in the respective years are:

	31 March 2008 £000s	31 March 2007 £000s
Tax and National Insurance	6,652	6,444
Superannuation	4,166	4,020
Other Local Authorities	231	376
Central Government Department	9,132	5,402
Capital Creditors	15,694	11,846
Treasury Management creditors	1,693	7,289
Developers Deposit accounts	427	298
Sundry Creditors	41,116	29,317
Total	79,111	64,992

24. Long Term Borrowing

Source of Loan	Interest Rates %	Total Outstanding 31 March	
		2007/08 £000s	2006/07 £000s
Public Works Loans Board	2.5 to 13.75	296,980	278,110
Bonds	3.85 to 12.125	90,250	62,250
Mortgages	3.333	1	1
Total Borrowing		387,231	340,361
Less: Due Within 12 Months on Demand		(618)	(1,131)
		386,613	339,230
An Analysis of Loans by Maturity at 31 March :-			
Amounts of Principal to be Repaid			
Within 1 year		618	1,131
In 1 to 2 Years		628	618
In 2 to 5 Years		3,618	3,706
In 5 to 10 Years		13,937	7,785
After 10 Years		368,430	327,121
		387,231	340,361

Summary of Long Term Debt	2007/08 £000s	2006/07 £000
Long Term Loans	387,231	340,361
Schools Leasing	106	158
Interest Rate Equalisation	628	0
Premiums on debt redemption	(1,142)	0
Discounts on debt redemption	1,913	0
	388,736	340,519

Bolton MBC External Loan Debt matures (fully repaid) as follows:

	2007/08 £000s	2006/07 £000s
Within 1 Year	30	547
1 - 2 Years	94	62
2 - 5 Years	2,614	2,696
5 - 10 Years	23,839	5,550
After 10 Years	360,654	331,506
Total Borrowing	387,231	340,361

25. Deferred Liabilities

	Total Outstanding at 31 March	
	2007/08 £000s	2006/07 £000s
Former G.M.C. Debt (i)	12,224	12,723
Former L.C.C. Debt (ii)	384	384
Other (iii)	16	16
Total	12,624	13,123

- (i) The Greater Manchester County Council (G.M.C.) ceased to exist on 31 March 1986. The debt associated with the fixed assets of G.M.C. passed to the successor Authorities with debt administration being managed by Tameside M.B.C. on behalf of those Authorities.
- (ii) The debt outstanding on those assets transferred from Lancashire County Council (L.C.C.) at the 1974 reorganisation continues to be administered by L.C.C. The debt charges paid to L.C.C. are treated as part of the service expenditure to which the assets relate.
- (iii) Other deferred liabilities arise solely from finance leases entered into by the Council.

26. Deferred Capital Credits

Deferred capital credits are amounts derived from the sale of assets or other credits which will be received in instalments over agreed periods of time. At 31 March 2008 the Authority held £106,000 (£106,000 at 31 March 2007).

27. Provisions

	1 April 2007 £000s	Receipts In Year £000s	Payments In Year £000s	31 March 2008 £000s
Self Insurance – Liability and Fire (1)	13,103	6,347	6,576	12,874
Industrial Estates Dilapidation (2)	85	464	77	472
Other	127	7	57	77
Equal Pay (3)	410	1,006	0	1,416
Total	13,725	7,824	6,710	14,839

Notes

- (1) In accordance with FRS 12 the Insurance Liabilities at 31 March 2008 are estimated to be £12,874,000. An Insurance Reserve has been set up to hold any surplus or deficit on the Insurance Provision.
- (2) Leases on former Greater Manchester Council Industrial Estates are coming to an end and dilapidations payments are becoming due to landlords. Bolton acts as lead District for all such estates. These costs will ultimately be borne by the 10 districts in proportion to their population.
- (3) Under the Equal Pay Act 1970 as modified by the Equal Pay Act (Amendment) Regulations 2003 employees may lodge claims for compensation from their employer for failing to give equal pay for work of equal value. During 2007/08 offers were made and accepted by 206 employees. This provision has been made to cover the potential future costs of known Equal Pay claims.

28. Capital Grants Unapplied

These are capital grants that have not yet been used to finance capital expenditure.

	Capital Grants	
	£000s	
	2007/08	2006/07
Balance at Beginning of Year	2,728	796
add:-		
Receipts in Year	31,028	29,219
less:-		
Applied During the Year:-		
Capital Financing	(12,914)	(14,357)
Transfer to Deferred Grants A/c	(18,159)	(12,930)
Other Application	(519)	0
Balance at End of Year	2,164	2,728

29. Capital Grants Deferred

The balance on the account is written off to revenue over the life of the asset that the grant has been used to fund.

	Capital Grants Deferred	
	£000s	
	2007/08	2006/07
Balance at Beginning of Year	58,707	46,535
Grants Received in Year	18,159	13,192
Depreciation Offset	(1,848)	0
Transfers to Other Accounts	415	(1,020)
Balance at End of Year	75,433	58,707

30. Usable Capital Receipts Reserve

These are capital receipts that have not been used to finance capital expenditure or to repay debt.

	Total 2007/08 £000s	Total 2006/07 £000s
Balance of usable receipts at 1 April 2007	(11,386)	(7,361)
Receipts in year	(13,634)	(16,322)
Capital Receipts applied in year	7,623	3,085
Pooling of Housing Capital Receipts	6,662	9,016
Capital Receipts used to repay external loans	0	196
Other Transfers	383	0
Balance of usable receipts at 31 March 2008	(10,352)	(11,386)

31. Revaluation Reserve

The Revaluation Reserve records the net gain from fixed asset revaluations made after 1 April 2007.

	Total 2007/08 £000s
Balance at 1 April 2007	0
Revaluation of Fixed Assets	(16,142)
Disposal of Fixed Assets in Year	3,684
Balance at 31 March 2008	(12,458)

32. Capital Adjustment Account

The Capital Adjustment Account reflects the difference between the cost of fixed assets consumed and the financing set aside to pay for them. The account is not available to supplement spending programmes of the Council.

	Total 2007/08 £000s
Balance at 1 April 2007	(680,231)
Non reserve transfers	2,421
Transactions with other reserves	(50)
Balance at 31 March 2008	(677,860)

33. Available-for-sale Financial Instruments Reserve

This reserve has been created to accommodate movements in market values of “available-for-sale” financial assets so that unrealised gains or losses do not affect the Income and Expenditure account or resources available to the Council

	31 March 2008 £000s	31 March 2007 £000s
Opening Balance	0	0
Movement in the year	358	0
Closing Balance	358	0

34. Financial Instruments Adjustment Account

34.1 Financial Instruments Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long Term		Current	
	31 March 2008 £000s	31 March 2007 £000s	31 March 2008 £000s	31 March 2007 £000s
Financial liabilities at amortised cost				
Public Works Loans Board	297,133	276,979	618	1,131
Market Loans	90,878	62,250	0	0
Total borrowings	388,011	339,229	618	1,131
Loans and receivables	7,000	0	43,400	34,500
Available-for-sale financial assets (JP Morgan Trust)	381	23	0	0
Unquoted equity investments (Manchester Airport Group)	10,214	10,214	0	0
Total income	17,595	10,237	43,400	34,500

The Investment Trust holding is classified as “available for sale” and is valued at the price the Council could have realised for the holding at 31st March 2008 (i.e. fair value).

The shareholding in Manchester Airport Group is shown at historic cost because, although it is an equity investment, there is no established market for its shares.

34.2 Financial Instruments Gains/Losses

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

	Financial Liabilities	Financial Assets			
	Liabilities measured at amortised cost £000s	Loans and receivables £000s	Available-for-sale assets £000s	Equity investments £000s	Total £000s
Interest expense	19,073	0	0	0	19,073
Interest income	0	3,277	14	1,250	4,541
Gain on revaluation			358		358
Gain on derecognition (premium)	445				445
Loss on derecognition (discount)	(333)				(333)

34.3 Fair Value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables 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 from the PWLB premature repayment rates from the PWLB at 31 March 2008 have been applied to provide the fair value under PWLB debt redemption procedures and discount rates ranging from 3.94% to 4.47% for other loans payable

No early repayment or impairment is recognised

Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value

The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2008		31 March 2007	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000s	£000s	£000s	£000s
PWLB – Long Term	297,133	331,267	276,979	288,945
PWLB – Short Term	618	618	1,131	1,131
Bonds	90,878	98,280	62,250	64,008
Trade Creditors	41,116	41,116	29,317	29,317
Other Debt	15,041	15,041	42,785	42,785
Total Financial Liabilities	444,786	486,322	412,462	426,186
Money Market Loans Less than One Year	43,400	43,400	34,500	34,500
Money Market Loans More than One Year	7,000	7,000	0	0
Trade Debtors	24,242	24,242	26,438	26,438
Total Loans and Receivables	74,642	74,642	60,938	60,938

The fair value of liabilities is higher than the carrying amount because the Authority'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.

The fair value of money market loans does not vary significantly from the carrying value because the Authority's current investment rates are comparable with rates for similar investments at the balance sheet date.

34.4 Disclosure of nature and extent of risks arising from financial instruments

The authority's activities expose it to a variety of financial risks:

Credit risk – the possibility that other parties might fail to pay amounts due to the authority

Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments

Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority'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.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they are rated independently to have a sound credit rating. The Authority has a policy of not lending more than £6m of its surplus balances to one institution.

The Council has not experienced any default on money market transactions since its inception in 1974.

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

As the Authority has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The strategy is to ensure that not more than 15% of loans are due to mature within any rolling three-year period through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments.

The maturity analysis of financial liabilities is tabulated in note 24

All trade and other payables are due to be paid in less than one year.

Market risk

Interest rate risk

The Authority 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 Authority. 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 for this small element of the Council's debt

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. This would more than offset the increased cost of borrowing.

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 Income and Expenditure Account or STRGL. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance £ for £.

The Authority has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 55% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it

favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates and the Authority's cost of borrowing thus providing compensation for a proportion of any higher costs.

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

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

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

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

	£000s
Increase in interest payable on variable rate borrowings	304
Increase in interest receivable on variable rate investments	0
Increase in government grant receivable for financing costs	0
Impact on Income and Expenditure Account	304
Share of overall impact credited to the HRA	168
Decrease in fair value of "available-for-sale" investment assets – Impact on STRGL	4
Decrease in fair value of fixed rate investment assets – (no impact on I&E or STRGL)	504

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

Price risk

The Authority does not generally invest in equity shares but does have a holding to the value of £0.4m in an investment trust, which will only be realised in favourable circumstances. The Authority consequently has minimal exposure to losses arising from movements in the prices of the shares.

The holding in the investment trust is classified as 'available for sale', meaning that all movements in price will impact on gains and losses recognised in the STRGL.

Foreign exchange risk

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

35. Reserves and Revenue Balances

Under the Council's Financial Regulations committees are permitted to retain managed budget savings for future use. The Council also has General Fund Balances as reserves, which are held to provide working capital, and as a safeguard against unexpected demands.

	1 April 2007 £000s	Receipts £000s	Payments £000s	31 March 2008 £000s
Earmarked Statutory Reserves				
Schools - Delegated Budgets	3,590	2,449	0	6,039
Trading Accounts	69	0	(111)	(42)
Major Repairs Reserve	3,127	10,659	(13,770)	16
Other Housing Revenue Account	12,887	3	(2,647)	10,243
Collection Fund	1,009	1,191	(1,000)	1,200
Total Earmarked Statutory Reserves	20,682	14,302	(17,528)	17,456
Earmarked Policy Reserves				
Insurance	1,416	4,868	0	6,284
Other Central Reserves	8,232	22,475	(14,327)	16,380
Children's Services	4,008	3,497	(2,213)	5,292
Environmental Services	(2,460)	278	(60)	(2,242)
Development and Regeneration	973	901	(1,613)	261
Housing G.R.F.	1,634	982	(1,830)	786
Adult Services	1,540	316	(1,302)	554
Markets - Bridging Fund	(1,319)	1,319	0	0
- other funds	(271)	0	(65)	(336)
Challenge Funded Schemes	58	0	(58)	0
Business Improvement District	0	12	0	12
Total Earmarked Policy Reserves	13,811	34,648	(21,468)	26,991
General Fund Balance	7,879	1,182	(1,319)	7,742
Total Reserves & Balances	42,372	50,132	(40,315)	52,189

36. Long Term Obligations

The Council has procured a new school, library, training centre and community facility at Castle Hill through a Public Finance Initiative (PFI). The asset will not belong to the Council and as such will not appear on the balance sheet however the Council is committed to an annual unitary payment for 25 years from September 2003.

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

The Council has also entered into an agreement for the management of its Council Houses with Bolton at Home Ltd. from December 2002. The details of that arrangement are set out in the Group Accounts section of this Financial Statement.

37. Significant Commitments under Capital Contracts

The Authority is committed to undertake the following expenditure:

Approved And Contracted Schemes	£000s
Development & Regeneration	
BEC Improvements (phased re-roofing and associated works)	210
Public Realm Implementation Framework – architectural lighting Bolton T.C.	185
Total	395

Schemes Approved But Not Contracted	£000s
Central Services	
Health & Safety surveys	50
Asset Management Plan – Urgent work and improvements	2,000
Children's Services	
Building Maintenance Programme	2,000
AMP Priorities	1,000
Total	5,050

38. Contingent Liabilities

- **Municipal Mutual Insurance Ltd**

In March 1993 the Council's insurers, Municipal Mutual Insurance (MMI) ceased accepting new business. The Council had a number of outstanding claims with MMI and arrangements are in place to ensure an orderly settlement of the sums due.

MMI were taken over by Zurich Insurance in March 1993 to form Zurich Municipal Limited. Claims arising as from April 1993 are now secured by Zurich's financial backing and are therefore deemed secure.

With regard to claims prior to April 1993 these are still funded by MMI under a scheme of arrangement with its creditors, whereby claims are initially paid out in full, but in the event that the eventual winding up of the company results in insufficient assets to meet all liabilities, a claw back clause will be triggered which would affect claims already paid. At the present time it is not known whether the claw back clause will be invoked and therefore, no provision for the potential liability has been made in the balance sheet

- **Independent Insurance**

A provisional liquidator was appointed to Independent Insurance Company Ltd on the 18 June 2001. The company provided the Council with stop loss public and employer's liability cover for the year 1993. It is not known at this stage if the company will be able to meet all the claims costs in excess of the Council's stop loss.

- **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 is required to repay an element of the grant. There is no known liability at this time.

As part of the Challenge Funded regeneration programmes the Authority has acquired property for redevelopment. These properties have been transferred to partner developers and arrangements for reimbursement of costs to an agreed maximum have been made. If a challenge-funded asset is sold the resulting receipts are ringfenced to meet proportionate grant clawback. Property valuations and clawback calculations will be subject to negotiation with the Government Office for the North West.

- **Modesole Ltd**

As a result of the Council receiving a distribution of proceeds from the sale of its entire shareholding in Modesole Ltd, a liability may arise, the extent of which can not yet be determined. An indemnity was given to the buyer against any future liabilities arising in Modesole prior to the date of the sale. This indemnity is limited to the value of the sale proceeds received and will last for a period of 10 years from the date of sale, which was completed on 9 August 2005.

- **Equal pay compensation**

Under the Equal Pay Act 1970 as modified by the Equal Pay Act (Amendment) Regulations 2003 employees may lodge claims for compensation from their employer for failing to give equal pay for work of equal value. During 2007/08 offers were made and accepted by 206 employees and the cost of these payments and the associated Tax and National Insurance liabilities (£526,332.32) has been charged to the 2007/08 accounts. A provision has been made in the balance sheet to cover the potential future costs of known Equal Pay claims. Other claims may be made but the Council believes it has no further liability.

- **Metrolink**

The Association of Greater Manchester Authorities (AGMA), the Greater Manchester Passenger Transport Authority and Executive (PTA/E) and the Department for Transport (DFT) for Metrolink phase 3a have entered into a partnership funding approach.

Within the agreement the DFT contribution is capped at £244m in cash and that the PTA/E and the AGMA authorities are jointly and severally responsible for meeting all costs over and above that sum on the strict understanding that the scope of the scheme granted full approval is delivered. The scheme is fully funded at present and the above arrangement will only be operative if it is exceeded. Strict Monitoring arrangements will be put in place by all parties to minimise the risk of that happening.

- **Local Pay and Grading Review**

The National Single Status Agreement of 1997 made provision for the implementation of single status, harmonising conditions of service for all local authority workers who fall within the National Joint Council, to be followed by local pay reviewing, which would be assumed to be based on job evaluation.

This was followed in October 2003 by a report by the Local Government Pay Commission which recommended each local authority should undertake a pay audit (pay and grading review) and develop an action plan for implementing a pay structure embodying the equal value principles required by the Single Status Agreement.

Harmonisation of working hours on the basis of a 37 hour week has already been achieved by the Council and work is underway with a pay and grading review. A recognition of the cost of this has been made in both the Council's Budget and Medium Term Financial Strategy.

39. Analysis of Net Assets Employed

The Authority's overall net assets position is detailed below. This note is intended to provide additional information on the sources of net assets.

	2007/08 £m	2006/07 £m
General Fund	126	118
HRA	532	490
Trading Organisations	10	9
Total	668	617

40. Dedicated Schools Grant

The Council's expenditure is funded by grant monies provided by the Department for Children, Schools and Families, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget. The Schools' Budget included elements for a restricted grant for services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each school. Over and underspends are required to be accounted for separately.

Details of the deployment of DSG receivable for 2007/08 are as follows:

	Schools Budget Funded by Dedicated Schools Grant		
	Central expenditure £000s	Individual Schools Budget £000s	Total £000s
Original grant allocation to Schools Budget for the current year in the Authority's budget	17,463	149,259	166,722
Adjustments to finalised grant allocation	(660)	(197)	(857)
DSG receivable for the year	16,803	149,062	165,865
Actual expenditure for the year	15,908	146,947	162,855
(Over)/Underspend for the year	895	2,115	3,010
Planned top-up funding of ISB from Council resources	0	0	0
Use of schools balances brought forward	0	3,590	3,590
Write out of closed schools balances	54	(54)	0
Interest on School balances c/fwd to 2007/2008		191	191
(Over)/Underspend from prior year	(120)	197	77
(Over)/Underspend carried forward to 2008/2009	829	6,039	6,868

The carry forward can be further analysed as follows:

	Schools Budget Funded by Dedicated Schools Grant		
	Central Expenditure £000s	Individual Schools Budget £000	Total £000s
DSG Creditor	829	0	829
Schools Balances	0	6,039	6,039
	829	6,039	6,868

41. Notes to the Cash Flow Statement

1 Cash Flow Reconciliation

The cash flow statement can be reconciled to the Statement of Movement on the General Fund Balance as follows:

	2007/08 £m	2006/07 £m
Surplus as per the Statement of Movement on the General Fund Balance	(1.2)	1.0
Adjustments for Non-Cash Movements in Revenue Account		
:		
Collection Fund Deficit/(Surplus)	(0.2)	(0.1)
HRA Surplus	5.8	(9.0)
Other Reserves	(14.2)	(1.7)
Change in Provisions	(1.2)	(1.2)
Change in Debtors and Prepayments	0.2	8.9
Change in Stocks	0.1	(0.1)
Change in Creditors	(10.3)	1.1
Net Revenue Cash Outflow / (Inflow)	(21.0)	(13.3)

2 Movements in Cash

Movements in Cash	31 March 2008 £m	31 March 2007 £m	(Increase) / Decrease in Cash £m
Bank Overdrawn	6.5	7.8	(1.3)
Cash and Bank	(6.5)	(6.4)	(0.1)
TOTAL Overdrawn	0	1.4	(1.4)

3 Movement in Liquid Resources

Movements in Short Term Investments	31 March 2008 £m	31 March 2007 £m	Increase / (Decrease) £m
Opening Balance	34.5	19.0	15.5
Invested in the year	174.4	149.3	25.1
Redeemed in the year	(165.5)	(133.8)	(31.7)
Closing Balance	43.4	34.5	8.9

4 Reconciliation of Movement in Cash to the Movement in Net Debt

	Balance 1 April 2007 £m	Movement in the year £m	Non – Cash £m	Balance 31 March 2008 £m
Cash overdrawn	(7.8)	1.3	0	(6.5)
Cash in hand	6.4	0.1	0	6.5
Long-term borrowing	(340.4)	(48.8)	0.5	(388.7)
Short-term borrowing	(35.0)	27.4	(0.5)	(8.1)
Short-term investments	34.5	8.9	0	43.4
Net Debt	(342.3)	(11.1)	0	(353.4)

5 Government Grants & Contributions

The major income items for the Other Grants shown in the Cash Flow statement, can be analysed as follows:

	31 March 2008	31 March 2007
	£m	£m
Dedicated Schools Grant	165.9	156.4
Housing Subsidy	10.8	9.7
Standards Fund / Grant / Threshold	41.5	37.8
Learning and Skills Council	12.3	9.0
District Health Contributions	10.7	9.2
SRB / ERDF	6.8	5.9
Neighbourhood Renewal Fund	5.1	5.4
Supporting People	9.3	9.3
Sure Start	6.8	3.1
Department of Health Social Care	9.6	1.9
Government Connect	0	3.6
Children's Centres	5.2	2.5
Children's Fund	0	1.1
Other Grants	2.0	26.2
Total	286.0	281.1

42. 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 Summary Revenue Account or Balance Sheet. The trust funds are shown below: -

	Balance at 1 April 2007	Income	Expenditure	Balance at 31 March 2008	Represented by		
					Cash / Other Balances	External Investment	Total
	£	£	£	£	£	£	£
Environmental Services							
Red Lion Playing Field Trust	1,952.08	115.75	115.75	1,952.08	1,952.08	0	1,952.08
F. Greenhalgh Prize	76.75	4.55	4.55	76.75	76.75	0	76.75
Topps Trust Fund	13,454.17	59.27	11,792.05	1,721.39	1,721.39	0	1,721.39
War Graves	445.15	0	445.15	0	0	0	0
Adult Services							
Social Services Bequests	59,968.91	2,000.03	35,612.50	26,356.44	26,356.44	0	26,356.44
General Assistance	50,297.75	2,386.04	0	52,683.79	52,683.79	0	52,683.79
Workshops & Homes for the Elderly	62,248.51	2,952.96	0	65,201.47	65,201.47	0	65,201.47
Blair Sick Fund	9,832.43	502.28	0	10,334.71	8,717.43	1,617.28	10,334.71
Helen Hartley	1,327.29	62.96	0	1,390.25	1,390.25	0	1,390.25
Children's Services							
C. Westhead	713.96	46.09	0	760.05	644.89	115.16	760.05
Leigh Bramwell	44,617.16	4,270.27	1,360.00	47,527.43	32,077.43	15,450.00	47,527.43
Sister Alice Ingham	744.81	20.75	0	765.56	370.66	394.90	765.56
J. Goodenday	53,152.25	5,494.41	0	58,646.66	57,170.22	1,476.44	58,646.66
McAvoy	1,788.67	114.14	0	1,902.81	1,672.31	230.50	1,902.81
Westhoughton Education Trust	25,641.22	719.55	521.97	25,838.80	3,783.40	22,055.40	25,838.80
Eagley Bridge	9,224.86	470.58	525.75	9,169.69	4,914.69	4,255.00	9,169.69
Highways							
Section 278 Agreement: Highways Works	307,685.72	0	0	307,685.72	307,685.72	0	307,685.72
Total	643,171.69	19,219.63	50,377.72	612,013.60	566,418.92	45,594.68	612,013.60

43. Post Balance Sheet Events

Housing Revenue Account HRA

Income and Expenditure Account

	Note	2007/08 £000s	2006/07 £000s
Income			
Dwellings	1	46,279	44,685
Non-Dwelling		170	176
Charges for services and facilities		430	361
Contribution towards expenditure (from General Fund)	5	560	544
NRF & other grants		3	27
HRA Subsidy Receivable	4	10,797	9,643
Sums directed by Secretary of state that are income in accordance with UK GAAP		0	0
Total Income		58,239	55,436
Expenditure			
Repairs and Maintenance	2	14,126	13,128
Supervision and Management		17,111	16,720
Rents, rates taxes and other charges		99	91
Increase in Bad Debt Provision	3	377	198
Housing Benefit Payments		0	0
Depreciation	11	15,216	14,829
Debt Management Costs		92	92
Total Expenditure		47,021	45,058
Net Cost of HRA Services per Authorities income & expenditure account			
		(11,218)	(10,378)
HRA Share of Corporate and Democratic Core		0	0
HRA Share of other amounts included in whole authority		0	0
Net Cost of HRA services		(11,218)	(10,378)
Fixed Asset Impairment		379	0
Interest Payable		12,548	11,016
Amortisation of premiums and discounts		78	(74)
Interest and Investment Income		(498)	(312)
Pensions Interest Cost and expected return on pensions assets		0	0
(Surplus) or deficit for the year on HRA services		1,289	252

Statement of Movement on the HRA Balance

	2007/08 £000s	2006/07 £000s
(Surplus) or Deficit for the year on the HRA Income and Expenditure Account	1,289	252
Net additional amount required by statute to be debited to the HRA balance	1,312	(2,132)
Increase or decrease in the Housing Revenue Account Balance	2,601	(1,880)
Housing Revenue Account surplus b/f	(12,619)	(10,739)
Housing Revenue Account Balance c/f	(10,018)	(12,619)

Note to the Statement of Movement on the HRA Balance

	2007/08 £000s	2006/07 £000s
Difference between amounts charged to income & expenditure for amortisation of premiums & discounts and the charge for year	(52)	0
Gain or loss on sale of HRA fixed assets	(379)	0
Net charges made for retirement benefits	0	0
	-	-
Items not included in the HRA income and Expenditure account but included in the movement on HRA balance for the year		
Transfer to/from major repairs reserve	(4,557)	(4,132)
Transfer to/from Housing Repairs account	0	0
Employers contribution payable to the Pension fund	0	0
Voluntary set aside for debt repayment	0	0
Capital expenditure funded by HRA	6,300	2,000
	1,312	(2,132)
Net additional amount required by statute to be debited or credited to the HRA	1,312	(2,132)

Notes to the Housing Revenue Account

1 Housing Revenue Account Stock

The Council owned 18,296 dwellings at 31 March 2008 which are analysed below:

	At 31 March 2008	At 31 March 2007
Houses and Bungalows	12,216	12,317
Low Rise Flats and Maisonettes	4,724	4,757
Medium Rise Flats and Maisonettes	1,075	1,094
High Rise Flats and Maisonettes	281	282
Shared Ownership	0	0
	18,296	18,450

2 Housing Repairs Account

The transactions incurred in relation to the Repairs Account were as follows:

	2007/08 £000s	2006/07 £000s
Balance at Beginning of Year	0	0
Add		
Revenue Contribution	12,418	11,865
	12,418	11,865
Less: Expenditure in the Year		
Responsive Repairs	12,418	11,865
	12,418	11,865
Balance at End of Year	0	0

In 2006/2007 other maintenance work totalling £442k had been undertaken in the year but not funded through the repairs account, along with the client costs of managing the programme giving overall R&M costs of £13,128k. In 2007/2008 other maintenance work totalling £609k had been undertaken. The client cost of managing the R&M programme (£1,099k) has now also been reflected under Repairs and Maintenance Costs. This gives overall R&M costs of £14,126k.

3 Rent Arrears

	At 31 March 2008 £000s	At 31 March 2007 £000s
Current Tenants	1,060	1,259
Former Tenants	995	1,248
Other arrears	7	0
Total Arrears at 31 March	2,062	2,507

The total provision for uncollectable debts at 31 March 2008 was £1,345,609. The provision at 31 March 2007 was £1,724,334.

4 Housing Revenue Account Subsidy

The subsidy due for the year is detailed below:

	At 31 March 2008 £000s	At 31 March 2007 £000s
Management and Maintenance & Rent Allowance	(19,483)	(18,641)
Charges for Capital	6,973	6,984
Major Repairs Allowance (see also note 10)	10,658	10,696
ALMO revenue subsidy	12,605	10,602
	10,753	9,641
Prior Year Adjustment	44	2
Total Subsidy Due for the Year	10,797	9,643

5 Contribution from General Fund

This represents the contribution towards the cost of Grounds Maintenance undertaken on Council Estates which is for the benefit of the whole community.

6 Value of Capital Assets

	At 31 March 2008 £000s	At 31 March 2007 £000s
Operational Assets		
Dwellings	667,515	637,760
Buildings	5,328	5,327
	672,843	643,087
Non Operational		
Equipment	1,011	1,509
Land	285	286
Total	674,139	644,882

Council Dwellings have been valued using the Existing Use Value - Social Housing (EUV-SH) in accordance with the government's guidance.

The open market value of council dwellings at 31 March 2007 is £1,344.2m, compared to £1,265.0m as at 31 March 2006. Vacant possession value when compared with existing use value is a measure of the economic cost of government guidelines on rent and legal requirements on the discounts on sale of properties to tenants.

7 Capital Expenditure 2007/08

Capital expenditure for the year totalled £45,569k and has been financed as follows:

	2007/08 £000s	2006/07 £000s
Loans	25,097	39,845
Major Repairs Allowance (See also note 9)	13,770	12,000
Capital Receipts	4,194	562
Grants	100	523
Revenue	6,300	2,000
Change in Capital Creditors	(3,892)	(943)
Total Capital Expenditure	45,569	53,987

Capital Expenditure was incurred over the following assets

	2007/08 £000s	2006/07 £000s
Council Housing	44,997	53,051
Non operational Assets	542	671
Equipment	30	265
Total Capital Expenditure	45,569	53,987

8 Capital Receipts 2007/08

The following capital receipts were received in the year:

	2007/08 £000s	2006/07 £000s
Sale of Dwellings	9,281	13,158
Sale of Land	0	407
Other property	0	61
Total Capital Receipts	9,281	13,626

9 Major Repairs Account

The transactions incurred in relation to the Major Repairs Account were as follows:

	2007/08 £000s	2006/07 £000s
Balance at Beginning of Year	3,128	4,431
Add: depreciation charged to HRA (see Note 10)	15,216	14,829
Add: Difference between Major Repairs allowance and depreciation charged to revenue	(4,558)	(4,132)
	13,786	15,128
Less: Expenditure in the Year	13,770	12,000
Contribution to capital programme		
Balance at End of Year	16	3,128

At year end, the depreciation charge was higher than the Major Repairs Allowance. Government rules require that the difference between the depreciation charges (£15.216m) and the Major Repairs Allowance (£10.658m) is transferred to the Major Repairs Reserve in order to ensure it is used to fund capital works. Therefore the higher depreciation charge has a neutral effect on the Housing Revenue Account

10 Depreciation Charges

The charges relate to depreciation for the land, houses & property within the HRA.

	2007/08 £000s	2006/07 £000s
Operational Assets : dwellings	14,495	14,235
Operational Assets : other land & buildings	162	88
	14,657	14,323
Equipment	559	506
Total Depreciation Charged	15,216	14,829

The depreciation policy remains the same as that used in 2006/07.

- Dwellings & other buildings are depreciated based over a useful life of 45 years or the District Valuers estimated life where different.
- Equipment is depreciated based over a useful life of 5 years

Collection Fund

These accounts represent the transactions of the Collection Fund, which is a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax, non-domestic rates and residual Community Charge on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised. The costs of administering collection are accounted for in the General Fund. In accordance with the Code of Practice on Local Authority Accounting in Great Britain, only an income and expenditure account is shown, the balance sheet being consolidated into the Authority's Consolidated Balance Sheet. The accounts have been prepared on the accruals basis.

Income and Expenditure Account

	Notes	2007/08 £000s	2006/07 £000s
Income			
Council Tax	1	88,901	85,251
Transfers from General Fund:			
Council Tax Benefit		19,421	18,754
Residual Community Charge		236	0
Business Rates	2	75,091	72,035
		183,649	176,040
Expenditure			
Precepts and Demands	3	106,889	102,004
Business Rates:			
Payment to National Pool		74,569	71,541
Cost of Collection Allowance		396	398
Interest on Refunds		126	96
Council Tax Bad and Doubtful Debts / Appeals:			
Provisions		(499)	527
Write Offs		1,101	597
Contribution towards Previous Years' Estimated Collection Fund Surplus		876	877
		183,458	176,040
Surplus/(Deficit) for the Year		191	0
Surplus at Beginning of Year		1,009	1,009
Surplus at End of Year		1,200	1,009

Notes to the Collection Fund Accounts

1. Council Tax

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

The Council Tax to be levied on a Band D property is calculated by dividing the total amount to be raised from the Council Tax (including the Police and Fire requirements) by the taxbase. 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 2007/08 in the following table:

	Range of Values	Total Number of Dwellings After Adjustments *	Specified Fraction	Band D Equivalent	% of Total Band D
Band A	Up to £40,000	51,537	6/9	34,358	41.6%
Band B	£40,000 to £52,000	17,031	7/9	13,246	16.1%
Band C	£52,001 to £68,000	15,894	8/9	14,128	17.1%
Band D	£68,001 to £88,000	9,134	1	9,134	11.1%
Band E	£88,001 to £120,000	4,705	11/9	5,750	7.0%
Band F	£120,001 to £160,000	1,902	13/9	2,748	3.3%
Band G	£160,001 to £320,000	1,619	15/9	2,699	3.3%
Band H	More than £320,000	190	18/9	380	0.5%
Total		102,012		82,443	100.0%

Estimated collection rate 98%

Council Tax base for tax setting 2007/08 80,794

* After adjustment for new / demolished property, exemptions, disablement relief, appeals and discounts

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

Non-Domestic Rates are organised on a national basis. The Government specifies an amount (44.1p in 2007/08, compared to 42.6p in 2006/07) and 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. The net rates payable, less deductions, are paid to a central pool (the NNDR Pool) administered by Central Government. Under these arrangements, the amounts included in these accounts can be analysed as follows:

	£000s	£000s
Gross Rates		86,946
Less: Transitional and Other Relief Arrangements		(10,919)
		76,027
Less: Bad Debts / Provision for Bad Debts		(936)
		75,091
Cost of Collection Allowance	(396)	
Interest on Refunds	(126)	(522)
Net Contribution to N.N.D.R. Pool		74,569

The NNDR rateable value for the Council's area at the 31 March 2008 was £203,344,031 compared to £202,603,856 at the 31 March 2007.

The Government pays back to authorities their share of the NNDR pool based on a standard amount per head of the local population. For Bolton, this amounted to £93,076,943 in 2007/08 (approximately £349.58 per head of a population of 266,257). This was paid into the General Fund.

3. Precepts and Demands on the Fund

The following authorities made a precept or demand on the fund in 2007/08, with the figures for 2006/07 for comparison:

	2007/08 £000s	2006/07 £000s
Bolton M.B.C. Demand	93,500	89,334
Greater Manchester Police Authority Precept	9,474	8,928
Greater Manchester Fire and Civil Defence Authority Precept	3,915	3,742
Total Demands and Precepts	106,889	102,004

Group Accounts

1 Bolton at Home Ltd

On December 1 2002 Bolton MBC placed its Housing Management (and some regeneration activity and community support services) into an Arms Length Management Organisation, Bolton at Home Ltd. The company is a local authority controlled company limited by guarantee. The other sections of the Statement of Accounts are prepared on the basis that Bolton at Home Ltd is a separate company with whom the Council contracts. The following statement provides information on the combined activity of the Council and Bolton at Home Ltd using the acquisition method and eliminates transactions between them.

Group Revenue Account

The accounts for Bolton at Home Ltd covering the twelve months to 31 March 2008, subject to audit, show a net profit of £53,000 for the year on turnover of £47m and net book value of £172,000 (before FRS17 Pensions adjustment). In the previous 12 month period to 31 March 2007 the company had a turnover of £46.2m and made a profit of £66,000.

Although the consolidation of Bolton at Home transactions into the Bolton MBC accounts makes no material difference to the cost of services in itself, the difference in convention on which the two sets of accounts are prepared necessitates the introduction of FRS17 adjustment for Bolton at Home Ltd restatement.

Copies of the Bolton at Home Ltd Annual Report and Financial Statement are available from:

S.J. Taylor (Company Secretary)
1-3 The Court Yard
St Peters Business Park
Calvin Street, Bolton BL1 8PB

Income and Expenditure Account

2006/07 Net Exp		2007/08		
		Gross Exp £ms	Gross Income £ms	Net Exp £ms
	Continuing Services			
197.6	General Fund	645.1	461.8	183.3
(12.6)	Housing Revenue Account	43.5	58.2	(14.7)
20.0	Non Distributed Costs	51.5	28.1	23.4
203.6	Net Cost of Services	740.1	548.1	192.0
0	Loss on Disposal of Fixed Assets			0.4
0.3	Parish Precepts			0.3
1.2	Trading Account Gross (Surplus) / Deficit			0.9
9.4	Capital Receipts Pooling			6.7
(2.0)	Pension Interest Cost and expected return on Pension assets			(3.7)
(4.6)	Interest & Dividends received			(5.1)
19.9	Interest Paid			20.2
228.0	Net Operating Expenditure			211.7
(19.7)	General Government Grant			(17.4)
(88.2)	National Non Domestic Rates			(93.1)
(90.2)	Council Tax			(94.4)
29.9	Deficit for year			6.8
(28.9)	Net additional amount required by statute and non-statutory proper practices to be debited and credited to General Fund balances in the year			(8.0)
1.0	(Increase) / Reduction in General Fund balance in the year			(1.2)
(9.0)	Fund Balance brought forward (net of markets reserve)			(6.7)
(8.0)	Fund Balance carried forward			(7.9)

Statement of Recognised Gains or Losses

2006/07 £m		2007/08 £m
29.9	Deficit for the year on the Income and Expenditure Account	6.8
(10.4)	Surplus arising on the revaluation of Fixed Assets	(16.1)
(55.8)	Actuarial (gains) / losses on pension fund assets and liabilities	(47.4)
0	Available for Sale	(0.4)
(4.8)	Financing Adjustments	(0.1)
(41.1)	Total Recognised Gains for the year	(57.2)

Balance Sheet

The Group Balance Sheet is as follows:

	31 March 2008 £m	31 March 2007 £m
Long Term Assets	1,244.3	1,180.8
Current Assets		
Investments	43.4	34.5
Stock & WIP	1.1	1.2
Debtors and Prepayments	45.7	48.4
Cash in hand	6.6	6.5
Current Liabilities		
Temporary Borrowing	(8.1)	(35.0)
Creditors	(79.3)	(64.3)
Cash Overdrawn	(6.5)	(7.8)
Long Term Liabilities	(493.8)	(430.1)
Pension Liabilities	(86.3)	(124.3)
Total Assets less Total Liabilities	667.1	609.9
Fund Balances and Reserves	667.1	609.9

Cash Flow

The Group Cash Flow Statement is set out below:

	31 March 2008		31 March 2007	
	£m	£m	£m	£m
Revenue Activities				
Cash Outflows				
Cash paid to and on behalf of employees	324.5		323.6	
Other Operating Expenditure	276.9		261.2	
Housing Benefit Paid Out	32.9		31.3	
National non-domestic rate payments to pool	74.6		71.5	
Precepts Paid from Collection Fund	13.4	722.3	12.7	700.3
Cash Inflows				
Rents (after rebates)	(26.4)		(29.6)	
Council Tax/Community Charge Receipts	(90.9)		(84.5)	
Non-Domestic Rates from pool	(93.1)		(88.2)	
Non-Domestic Rates collected	(73.3)		(72.9)	
Revenue Support Grant	(15.6)		(17.0)	
Grants for Council Tax and Housing Benefits	(83.8)		(81.1)	
Other Grants and Contributions	(286.1)		(281.3)	
Cash Received for Goods, Services Etc	(89.0)	(758.2)	(74.4)	(729.0)
		(35.9)		(28.7)
Returns on Investments & Servicing of Finance				
Cash Outflows				
Expenditure - Interest Paid		19.5		20.0
Cash Inflows				
Income - Interest and Dividends Received		(4.6)		(4.6)
Revenue Cash Outflow / (Inflow)		(21.0)		(13.3)
Capital Activities				
Cash Outflows				
Purchase of Fixed Assets	82.7		84.1	
Deferred Charges	12.2		19.2	
Intangible Assets	0.3		0.6	
Remittance to ODPM	6.6	101.8	9.0	112.9
Cash Inflows				
Capital Receipts	(13.7)		(16.3)	
Capital Grants Received	(31.0)		(29.5)	
Other Capital Cash	(25.5)	(71.2)	(27.0)	(72.8)
Net Cash(inflow) / outflow before financing		9.6		26.8
Management of Liquid Resources				
Net increase /(decrease) in short term deposits		8.9		15.5
Financing				
Cash Outflows				
Repayment of Amounts Borrowed		233.2		299.8
Cash Inflows				
New Loans Raised		(253.1)		(343.1)
INCREASE IN CASH		(1.4)		(1.0)

2 Other Interests in Companies

The Authority has an involvement with a number of other companies. They are not controlled by Bolton MBC and do not require inclusion in the group accounts above. The companies and the Council have shared aims. The Council may give or receive financial support and purchase from or sell to the companies.

Batra Bolton Ltd
Bolton Accommodation and Support for Employment Ltd
Bolton Bond Board Ltd.
Bolton Business Centre Ltd.
Bolton Business Ventures Ltd.
Bolton Community Homes Ltd.
Bolton Community Leisure Limited
Bolton Enterprise Centre Ltd
Bolton Literacy Trust
Bolton Middlebrook Leisure Trust Ltd
Bolton Wise Ltd
Chamber Business Connections Ltd.
Integrated Transport Smart Card Organisation Ltd.
Merehall (Bolton) Ltd
North West Tourist Board
Octagon Theatre Company Ltd
Yorkshire Purchasing Organisation

The Council has a minority shareholding in Manchester Airport Group more details are given in the long term investments note to the Balance Sheet.

3 Charities & Trusts

Details of Charities and Trusts where the Council maintains the records within its ledger system are identified in note 42 to the accounts. However the Director of Corporate Resources also acts as Treasurer for a number of Charities with independent accounting systems. These are:

Rishton & Seddons Charity
Provincial Insurance Trust
Clarke Convalescent Fund
British Cotton Growing Subscription Local Fund
Turton Chapeltown Old school
Turton District Relief Fund
Abigail Cheetham
Humphrey Cheetham & GB Ashworth
David Walsh Charity

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 has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Corporate Resources.
- to manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets.
- to approve the Statement of Accounts.

The Director of Corporate Resource's Responsibilities

The Director of Corporate Resources is responsible for the preparation of the Authority's Statement of Accounts 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 of Practice").

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 of Practice.

The Director of Corporate Resources has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- The Statement of Accounts presents fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2008.

Stephen M Arnfield
Director of Corporate Resources
27 June 2008

Annual Governance Statement

Scope of responsibility:

Bolton Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Bolton 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, having regard to a combination of economy, efficiency and effectiveness.

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

Bolton Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on our website at www.bolton.gov.uk/Council&Democracy or can be obtained from The Director of Legal and Democratic Services. This statement explains how Bolton Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT: FRAMEWORK

The purpose of the governance framework

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Bolton Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Bolton Council for the year ended 31 March 2008 and up to the date of approval of the statement of accounts.

- A strategic planning system which identifies priorities and key aims. These are set out in the Bolton Plan (the Council's Corporate Plan) informed by Borough's Community Strategy "Clear Vision Bright Future" produced by Bolton's Local Strategic Partnership. In addition to specific aims the plan embraces the underlying concepts of continuous improvement and delivery of priority developments to address big issues.
- The delivery of Key Aims is addressed through the Corporate Business Planning Process (CBPP) which is integrated with Service Improvement Action Plans. Both elements incorporate performance monitoring and review as core elements.

- A framework of policy plans (some statutory, some local) which are reviewed annually and assist policy formulation.
- 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 reporting, Member scrutiny, external inspection and audit, performance management and benchmarking, management oversight, internal audit and physical and procedural controls.
- The Council has a robust process for member development which identifies individual needs and action plans for development.
- The Council has a well developed performance management process which identifies clear targets against agreed priorities, monitors and reports performance and, where necessary implements improvement actions.
- The Council has a well established process of Risk Management including an annual review of strategic risks, an assessment of the likelihood and potential impact of risks and a register which records the responsibility for managing risk and the action taken.
- Best Value is promoted across the organisation through the Council's Corporate Planning Business Process. Specific areas are selected each year for more detailed reviews of economy, efficiency and effectiveness either through formal value for money reviews or studies arising through other means e.g. scrutiny, customer feed back, benchmarking, inter-authority initiatives.
- Protocols are in place to manage the many partnership arrangements that the Council has.
- The financial management of the authority is structured through Financial Regulations and financial Standing Orders, which are subject to regular review and approval A framework of regular management information, administrative procedures (including division of duties), management supervision and a system of delegation and accountability support these. Such procedures seek to ensure that transactions are authorised and that material errors or irregularities are either prevented or would be detected within a timely period.
- The Council has established an Audit Committee which 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

DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT: FRAMEWORK

Review of effectiveness

Bolton Council has responsibility for conducting, at least annually a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit and Risk's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The review of governance arrangements is defined in the Council's Assurance Framework which illustrates the individual elements of assurance. Elements of the review are shown below:

- Ongoing assessment against the CIPFA/SOLACE framework; *Delivering Good Governance in Local Government Framework*.
- Annual and interim reports of Head of Internal Audit & Risk.
- External Audit Reviews
- Annual statements of individual directors.
- Risk management and performance management systems.
- Audit Committee work plan and annual report to Council.
- Feedback from external inspectors and agencies.
- Customer feedback.
- Review of Internal Audit

The review process is managed by the AGS Management Group which comprises; the Chief Executive, Director of Corporate Resources, and the Monitoring Officer. Progress is reported to; the Executive, The Standards Committee, and Audit Committee as necessary. The Annual Governance Statement is reported to Audit Committee for review with formal approval by The Constitutional Panel.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by Audit Committee and Constitutional Panel and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Significant governance issues:

The review process has not identified any significant governance issues for the relevant period. The Council has continued to develop good practice during 2007/08 and this will continue. During 2008/09 the Council will continue to develop and embed the following governance issues:

- Further development of the role of Audit Committee
- Further development of good governance and risk management within partnerships.

We propose over the coming year to take steps to continue to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

.....
Leader of the Council
on behalf of Bolton Council

.....
Chief Executive

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 authority 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

External auditors of local authorities appointed by the Audit Commission. They may be the Commission's own staff or from major accountancy firms.

APPROPRIATION

The transfer of land and buildings from one service to another.

BALANCE SHEET

A statement of the Council's assets and liabilities at a given date.

CAPITAL EXPENDITURE OR OUTLAY

Expenditure on the acquisition of a fixed asset or expenditure which enhances the value of an existing fixed asset. It includes loans or grants to 3rd parties that are used for such purposes.

CAPITAL FINANCING CHARGES

The annual charge to the Corporate Income and Expenditure Account in respect of interest and principal repayments of borrowed money. They include charges from Finance Leases (see below).

CAPITAL GRANTS

Grants received towards capital expenditure on a particular service or project.

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.

CHALLENGE FUNDING

A process introduced by Government whereby authorities submit bids for schemes which are judged against others in the allocation of resources.

COLLECTION FUND

A statutory account maintained by the Authority 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 has no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

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.

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.

FIXED ASSETS

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

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 Authority.

HISTORIC COST

The actual cost of assets, goods, or services at the time of their acquisition.

HOUSING REVENUE ACCOUNT (HRA)

The Housing Revenue Account deals with the provision of Council houses and flats. There is a statutory requirement to keep this account separate from those for other housing activities.

INFRASTRUCTURE ASSETS

Fixed assets 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 FIXED 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 depreciated over their anticipated life. Internally developed intangible assets should only be capitalised where there is a readily ascertainable market value.

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.

NATIONAL NON-DOMESTIC RATES (NNDR)

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. The net rates payable, less deductions, are paid to a central pool administered by Central Government.

NON DISTRIBUTED COSTS

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

NON-OPERATIONAL ASSETS

Fixed assets held by a local authority but not, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

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 fall upon service revenue accounts.

OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

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.

PROVISIONS

Amounts set aside for specific future losses and liabilities that are uncertain in amount and 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. Unallocated reserves arise as unplanned surpluses of income over 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.

STOCKS

Stocks 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.

TRUST FUNDS

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

