

Statement of Accounts

2015/16



Contents

Narrative Report by the Borough Treasurer.....	1
Movement in Reserves Statement.....	13
Comprehensive Income and Expenditure Statement.....	17
Balance Sheet.....	19
Cash Flow Statement.....	21
Notes to the Core Financial Statements	22
Collection Fund	108
Notes to the Collection Fund Accounts.....	109
Statement of Responsibilities for the Accounts.....	110
Annual Governance Statement	111
Independent auditor's report to the members of Bolton Metropolitan Borough Council	115
Glossary of Terms.....	118

Narrative Report by the Borough Treasurer

Introduction

This narrative statement is a change to the 2015/16 accounts, replacing what was previously the Explanatory Foreword. The narrative gives the reader an overall impression of

- The current Council structure (both politically and managerially)
- A summary of the Council's financial performance in 2015/16 including how money is spent and where it comes from
- The key developments during the 2015/16 financial year
- What significant issues impact on the accounts and are likely to impact in the future

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

Overview of 2015/16

Better Care Fund – (BCF)

The Better Care Fund (BCF) is a programme spanning both the NHS and local government. It has been created to improve the lives of some of the most vulnerable people in our society, placing them at the centre of their care and support, and providing them with 'wraparound' fully integrated health and social care, resulting in an improved experience and better quality of life. BCF represents a unique collaboration between NHS England, Department for Communities and Local Government, Department of Health and the Local Government Association. The four partners work closely together to help local areas to plan and implement seamless health and social care services across England in line with the vision outlined in the NHS Five Year Forward View.

Over the last year, Bolton has been making good progress with the schemes funded by the BCF. Intermediate Tier services have been expanded and are delivering fully integrated re-ablement home support across Bolton. The Admissions avoidance element of this service has exceeded the targets set locally for the service and work is in progress to embed schemes such as falls deflection pathways. The Integrated Neighbourhood Teams are in place across the borough and there is evidence locally of good outcomes for users of this service. The Staying Well service is also demonstrating good outcomes for patients and work continues to roll this service out to people over 65 years of age across the borough. There have been delays in the implementation of the complex lives service but work is in place to ensure this service is aligned with other services delivering support to this group of patients to reduce the potential for duplication and overlap. All the BCF schemes are subject to a process of continuous evaluation and improvement. Bolton has an action plan in place to address issues around delayed transfers of care and there is further work to do around permanent admissions to residential care and maintaining people at home for longer.

Multi-Agency Screening & Safeguarding Service (MASSS)

In November 2015 Staying Safe division undertook a major change in structure and delivery at the front door for Children's Services referrals. The three district based Referral & Assessment teams moved to become one service at Castle Hill Centre. Also the Public Protection Investigation Unit (PPIU) Bolton division of Greater Manchester Police also co-located to Castle Hill. This has created the Multi-Agency Screening & Safeguarding Service (MASSS) which is the gateway for all contacts and referrals for children. This now offers a single point of access and a consistent point of contact for referrals about children at risk of harm or in need of assessment. Plans are in place to introduce health, education and other Early Help colleagues to the MASSS.

Bolton Care and Support Ltd

In August 2015 the Council agreed to the creation of a Local Authority Trading Company (LATC) to deliver the following Adult Social Care Services:

- Adult Placement
- Disability Day Care
- Older Adults Day Care
- Extra Care
- Supported Living

In September three companies were registered at Companies House:

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

The three companies are guaranteed by shares which are owned by the Council and it is anticipated that Bolton Care and Support Ltd and Bolton Care and Support (A) Ltd will begin trading on 1 July 2016.

Town Centre Strategy

The Town Centre Strategy outlines interventions to stimulate and support the Bolton Vision ambition to 'sustain existing and further develop key employment sites (primarily Bolton town centre and district centres)'. Its action plan encompasses a wide-ranging host of activity grouped under six interventions, including, Public Realm Improvement Programme, Town Centre Parking Initiative, Town Centre Interchange, Farnworth Town Centre Regeneration Programme, Creating a stronger town centre office market, Further improvements to the town centre leisure and cultural offer, Developing the Town Centre Campaign.

LED street-lighting programme

Progress continued to be made with the LED street-lighting programme. Across Bolton, approximately 26,000 street lamps on residential streets and main roads are being replaced with lower carbon LED lanterns over the next three years. Work is on target to finish in 2018. The street lighting programme should save the Council £14m over 20 years and reduce energy use by around 50%. The service to date has installed just over 12,000 units which is in line with the expected delivery programme.

Waste & Recycling

The cost of waste disposal in Bolton is expected to rise significantly over the next few years. The introduction of managed weekly waste collections in 2013 was part of a strategic waste diversion programme where the primary aim was to divert waste away from the residual waste stream in addition to increasing recycling rates. Further diversion was required to avoid increasing waste disposal costs and in July 2015 a

proposal was approved to exchange grey 240 litre wheeled bins for 140 litre wheeled bins, with the continuation of the same frequency of collections. This was supported by a behaviour change strategy which included communication, door to door engagement, Slim Your Bin, food waste and recycling campaigns and reducing contamination. The recycling rate in 2015/16 increased from 38.9% to 39.11%.

Cleaner Bolton and Behaviour Change

The Council and Partners took the decision in 2010 to fundamentally shift away from just cleaning up after communities to introducing a behaviour change approach aimed at tackling the root cause of environmental issues.

Cleanliness across the borough is measured by Local Environmental Quality surveys (LEQs), completed three times a year over different geographical areas of Bolton. The annual borough results for the LEQ surveys, 2015/16 returned a 94% pass rate for litter. This exceeds the target of maintaining a 90% pass rate.

Flooding

The impact of the flooding has affected residents and businesses with approximately 91 properties affected and 37 still remain out of their homes. In addition there were approximately 70 properties indirectly affected through loss of utilities and access issues. 14 businesses reporting flood affected damage.

A multi-agency response was deployed to protect and support residents and properties.

The Council has been collating damage to its infrastructure as a result of the floods. It is estimated that the cost of the damage is in the region of £1.5m

Affected residents have received a number of elements of Financial support which included a Council Tax/Business Rates exemption whilst residents/businesses are out of their homes/premises, a welfare support scheme allocated on a needs basis and a Property Level Resilience grant Scheme.

PSP

In 2011 the Council formed a limited liability partnership with a private sector partner. This partnership is called Bolton PSP. The key development for the partnership during 2015/16 has been the development of a commercial opportunity at the Interchange transport site. Once complete the development will provide the Town centre with 29,000 sq. ft. of grade A office accommodation. This development will bring new jobs in to the Town Centre, support other businesses and add further life and vibrancy into the Town Centre.

Political Structure 2015/16

The Borough is divided into 20 wards each of which elects three Councillors. Each Councillor is elected for up to four years. The makeup of the Council after the May 2015 elections was

Labour	39
Conservative	15
Liberal Democrats	3
UK Independence Party (UKIP)	3

The work of the Council is carried out through 4 departments which are overseen by the Cabinet and Executive Cabinet Members. The Cabinet is made up of elected

members with different areas of responsibility. The Council also works in partnership with a variety of private, public and voluntary sector organisations through the Bolton Strategic Partnership.

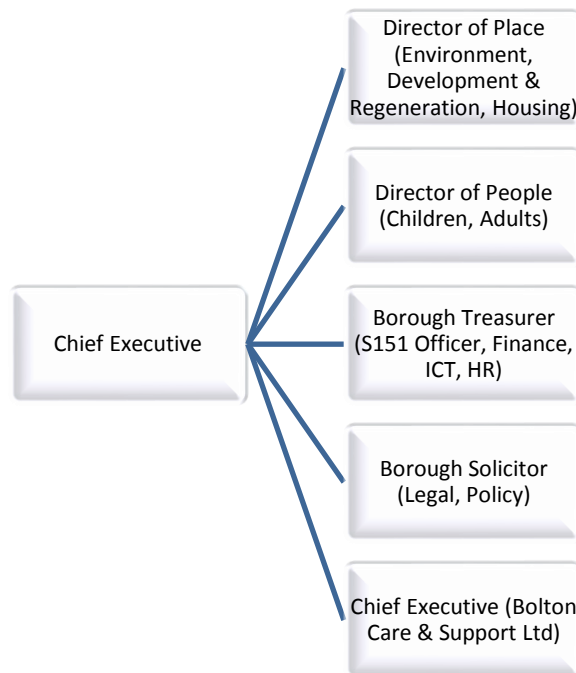
Other Councillor responsibilities include the following;

- 9 Cabinet Members who are responsible for specific areas such as Adult Social Care, Education
- Non-executive Councillors
- 18 Area forums
- 4 Scrutiny Committees
- Planning Committee
- Licensing and Environmental Regulations Committee and its Sub-Committees
- Standards Committee
- Health and Wellbeing Board

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

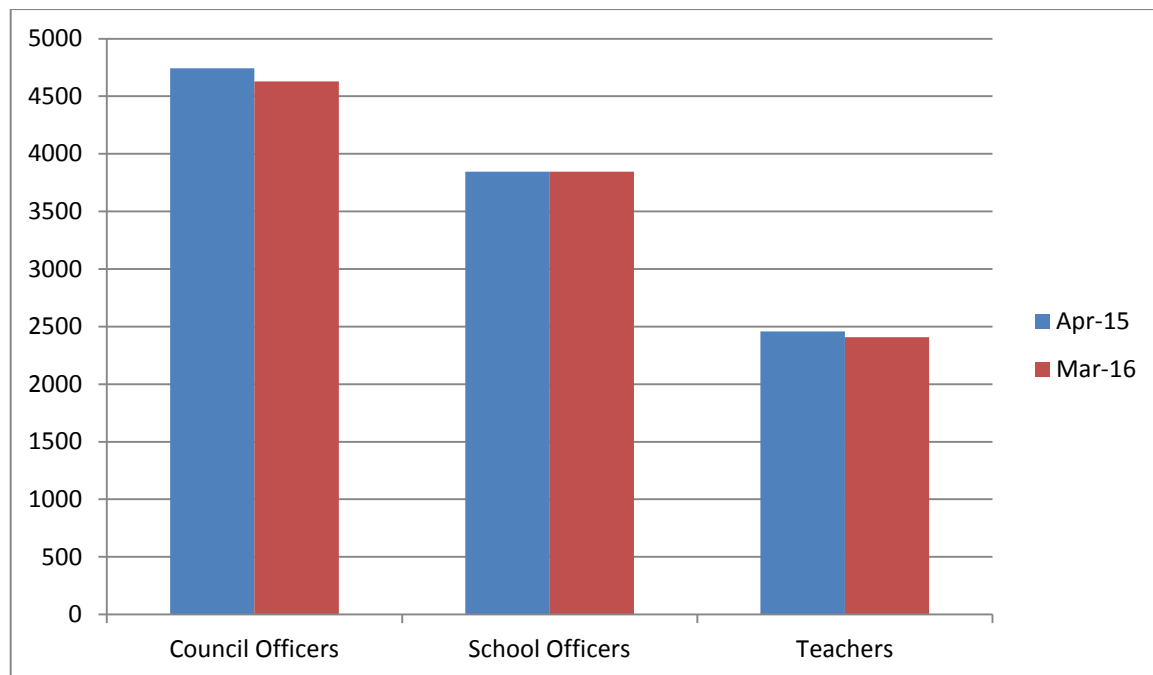
Management Structure

The last few years has seen significant reductions in the number of senior officer posts. In December 2015 the Council appointed a Director of Place (primarily responsible for Environmental Services, Development and Regeneration) and in February 2016 an Acting Director of People (primarily responsible for Adult Services and Children’s Services), both reporting to the Chief Executive. The top level management structure is shown below



Staffing

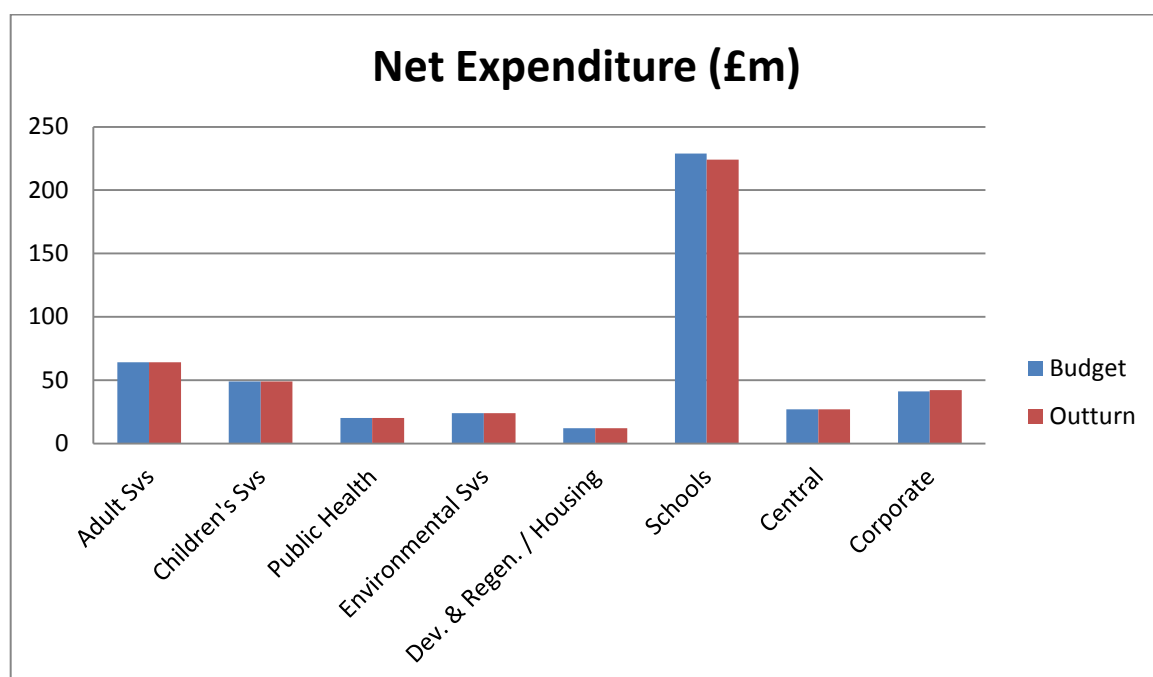
Staff numbers at the start and end of the year are show graphically below;



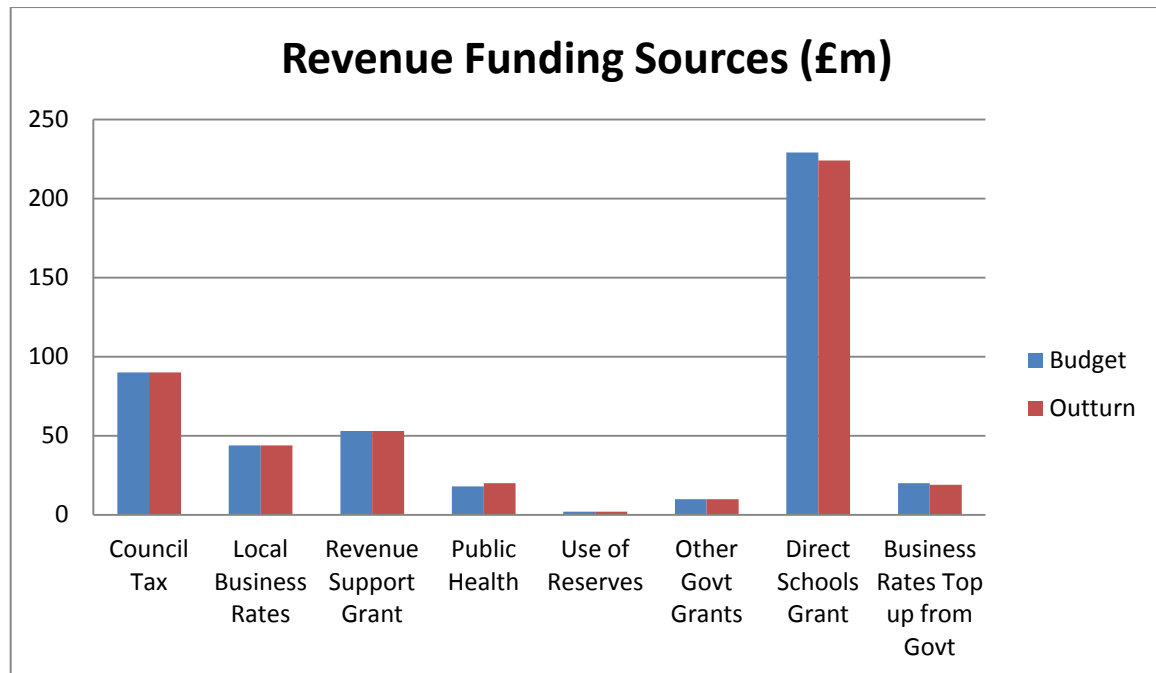
Overall Financial Summary

Since 2011 the Council has faced significant reductions in the grants it has received from Central Government. This has resulted in savings having to be made of around £120m to the end of 2015/16. When the 2015/16 budget was set in February 2015 this was done on the assumption that further cuts of almost £24m were required in 2015/16 with an additional £18m in 2016/17. There is currently no indication that the situation will improve, until at least the end of the current parliament, and further savings will be required

The Council's budget requirement is shown in the chart below. All committees balance their respective budgets through reserve transfers. Of the £466m net budget almost 50% is direct schools expenditure



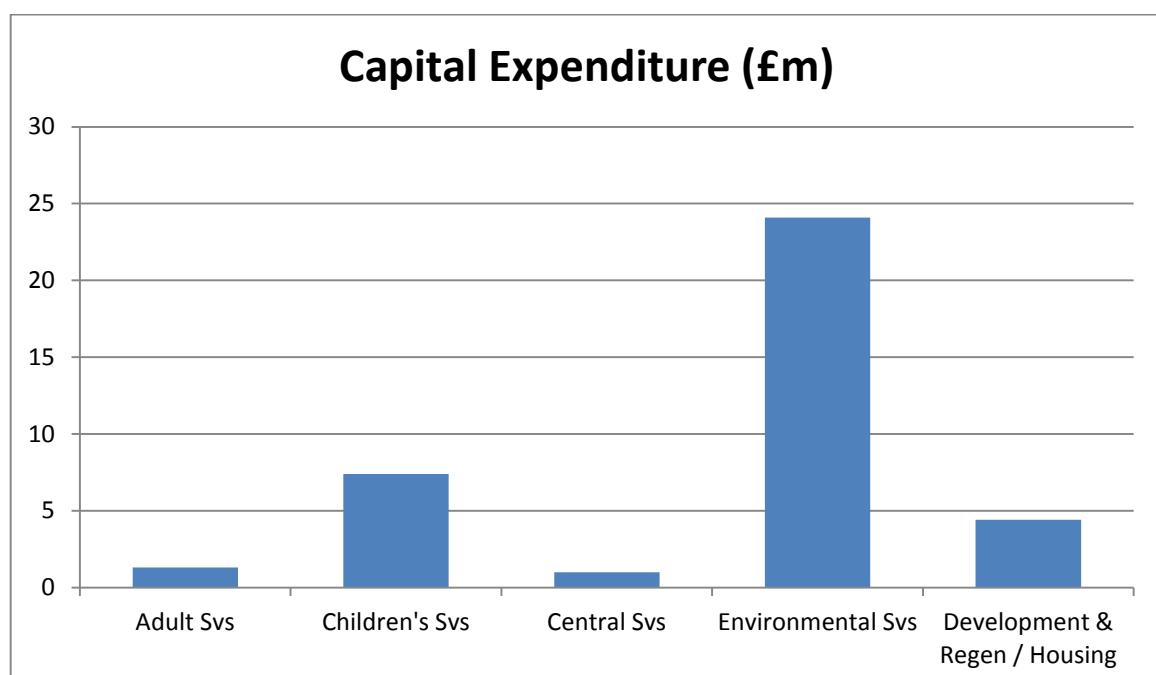
The money to fund the budget above comes from either local tax payers in the form of Council tax or business rates or from various government grants. Some of these grants such as the Direct Schools Grant must be passed directly on to schools.



The Council chose to freeze its Council Tax for 2015/16 in return for a government grant of £1.1m. Should the Council have chosen to raise its Council Tax by 1.99% this would have generated an additional £1.8m in revenue. The loss of funding received was found by additional savings

Capital

The Council spent £38.2m on capital activities in 2015-16. Capital expenditure by department was as follows

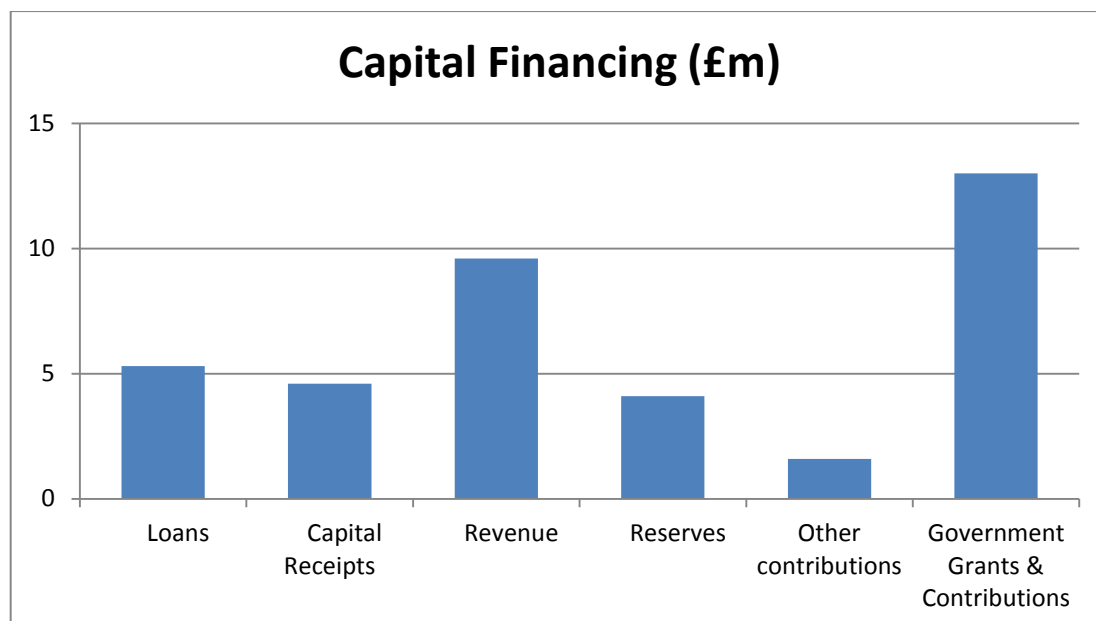


Statement of Accounts 2015/16

In excess of £20m was spent in 9 areas as follows;

Scheme	Spend (£'000s)	Description
Disabled Facilities Grants	1,959	Helping people stay independent longer through adaptations and modifications to their homes by reducing care and support needs.
New Build Affordable Homes	1,500	Supporting the delivery of a local affordable housing programme jointly with Bolton at Home to meet housing needs and provide a boost to the local economy through the creation of jobs, sustainable communities and mobility.
Building Maintenance Plan	1,754	Schools significant capital improvement schemes excluding extensions or new build. Often co-funded by EFA Capital grants and school contributions.
Primary Expansion Programme	2,527	Expansion of primary schools to meet addition pupil places needed.
School Schemes	1,450	Schemes directed and funded by schools from their own resources largely around capital improvement to existing buildings.
DfT Highways LTP	3,452	Funding for essential maintenance to renew, repair and extend the life of roads.
Street Lighting LED Programme	2,838	The replacement of existing street lighting using LED lighting to provide benefits including reduction in energy and maintenance costs, increased life expectancy of the product and a cleaner white light. Contributing to the reduction of carbon emissions as set out in the Council's Carbon Management Plan.
Highways Strategic Investment	2,013	Investment in Highway Schemes including residential roads and pavements.
Albert Halls Refurbishment	2,580	To preserve the historical fabric and architectural significance of the building whilst providing greater opportunity for improved commercial operation in support of the Council's strategy for the town centre.

Capital expenditure was financed as follows;



Reserves & Balances

The Council has £203m of usable reserves & balances. These are split into 3 types

- Capital Reserves – Can only be used for capital projects. The Council had £31m of capital reserves at the end of 2015/16.
- General Fund Balances and Revenue Reserves
 - General Fund Balances - The Council is required to keep a level of general reserves to fund unexpected demands and exceptional cost increases. Council approved that as a minimum Balances should be maintained at £10m, but if possible should be at a higher level. During 2015/16 General Fund balances remained static at £10.66m.
 - Revenue Reserves – Unlike capital reserves, revenue reserves can be used for either capital or revenue projects. Of the total amount held at the end of the financial year, £72m related to reserves held by departments and corporately for the following reasons:
 - Legal/statutory requirements
 - To fund existing commitments
 - To cover key areas of future spend
 - To cover key areas of risk
 - Service contingencies
 - All other revenue reserves are held on behalf of clients, schools and to provide insurance cover. Also included are the general balances that the Council is required to hold.

Balance sheet

The Council has £304m of net assets represented by £203m of usable reserves and £101m of unusable reserves. In 2015/16 the increase in unusable reserves can be attributable to a change in the financial assumptions used by the pension fund

Actuary (Hymans-Robertson). The actuarial valuation of the Council's pension scheme liabilities and pension reserve shown on the Balance Sheet has reduced by £91.043m during the year. This change relates to the increase in the discount rate used by the Actuary to discount the future cash flows of the fund. These assumptions are determined by the Actuary and represent the market conditions at the reporting date. The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation. Further details are given in Notes 38 and 39.

The table below summarises the Council's balance sheet as at the end of 2015/16

	31/3/15	31/3/16
	£m	£m
Property Plant & Equipment	505	493
Other Long Term Assets	46	174
Current Assets	167	161
Current Liabilities	65	(62)
Long Term Liabilities	(555)	(462)
Net Assets	228	304
Represented by;		
Usable Reserves	212	203
Unusable Reserves	16	101
Total Reserves	228	304

Significant change in accounting policies

The Council has changed its policy for repayment of its historic debt. Previously the Council repaid 4% of the outstanding balance each year; it has now changed to spreading the debt payment over 50 years. In present value terms the new method is around £6m lower in total than the old method. However the revenue cost of the new method is higher than the old method between 2032/33 and 2064/65 but it does provide significant medium term revenue budget savings up until 2032/33 which will provide valuable support to help balance the budget.

Change in functions

Infrastructure Assets – From 2016/17 the Council is required to measure Highways Network Assets on a Depreciated Replacement Cost (DRC) basis as opposed to the current Depreciated Historic Cost (DHC). The change will require the establishment of a separate asset, the Highways Network Asset with a number of components including carriageways and street furniture and based upon current estimates the gross cost of infrastructure assets on the balance sheet is likely to increase from £168m currently to in excess of £3.0bn in 2016/17

Future plans

On 8th February 2016 the Government announced its Settlement for Local Government for 2016/17. As a result of this the Council's savings target was increased to £19.4m (from a previously predicted £18.4m).

Councils will be able to raise their Council tax by an additional 2% without requiring a referendum provided it is used solely for Adult Social Care. This is on top of any proposed increase to the general Council tax, meaning the Council tax referendum limit for 2016/17 is 4%.

The settlement also provided the option for Councils to set a 4 year budget up to and including 2019/20. Provisional Revenue Support Grant allocations have been provided as part of the settlement and Authorities have until 14th October 2016 to apply.

Due to budget constraints the Council's capital programme has been severely restricted over the last few years. New capital programme initiatives are primarily being funded from capital receipts, for example from the sale of land. A summary of the current programme is as follows

	2016/17 £m	2017/18 £m	2018/19 £m
Housing	8	1	1
Dev. & Regen.	13	0	0
Children's Svs	16	4	0
Adult Svs	4	0	0
Environment	32	4	0
Chief Executive's	6	1	0
	<u>79</u>	<u>10</u>	<u>1</u>

Over the summer months 2016 Senior Officers and Members will be working closely together to develop the Medium Term Financial Strategy 2017-2020. For revenue this will be based upon current predictions of future government grants and business rates. For capital this will be based on anticipated capital receipts with the option to borrow also being considered.

Treasury Activity

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return. The Council along with other GM Authorities jointly tendered for its banking services and as a result changed its bank from the Co-operative Bank to Barclays Bank at 1st April 2015.

The Council currently has £79m in long term debt, down from £83m at the start of the year. Cash investments (which are for a period of less than 1 year) vary from month to month and were £112m at the end of 2015/16

Key Financial Risks

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

Continual need to achieve further savings

The Council is on track to deliver its savings target for 2016/17. As has been reported above in excess of £120m savings have been achieved to date with a further £19m in 2016/17. The financial plan for 2017-20 is currently being developed

on the assumption of further severe reductions. As the Council's budget base reduces this makes it more difficult to find extra savings

Global Economy

External factors including volatility in the Eurozone and oil prices may impact upon the Chancellor being able to balance his own budget with a potential impact of further cuts on Local government

Demand Led Budgets

Even with the creation of the LATC the continued rising in the elderly population will continue to put more pressure on Adult Services' budgets

Legislation / Funding changes

The Government has announced that Councils will be able to retain the whole of the money it collects from business rates (at the moment it keeps 49%), with 50% going to Central Government and 1% for Fire Authorities. The government has stated that the change to full business rates retention will be fiscally neutral meaning other services will be brought under the Council's remit. Councils will continue to be permitted to raise an additional 2% from Council tax to fund Adult Social Care.

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

The remainder of this document is the Council's Statement of Accounts for the year ending 31 March 2016, and has been prepared in accordance with the 2015/16 Code of Practice on Local Authority Accounting (The Code) and International Financial Reporting Standards (IFRS). Changing requirements over the years have led to the increasing complexity and detail required in the accounts.

The Code requires that the Council's accounts are set out with the 4 core financial statements grouped together comprising;

The Movement in Reserves Statement (MIRS)

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

The Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

The Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

The Cash Flow Statement

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

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

The Collection Fund Revenue Account.

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

Annual Governance Statement.

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

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

Acknowledgements

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

Sue Johnson
Borough Treasurer
14 September 2016

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed between “usable reserves” (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Council’s services, more details of which are shown in the CIES. These are different from the statutory amounts required to be charged to the General Fund Balance for Council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2014	(10,660)	(173,825)	(4,756)	(14,076)	(203,317)	(144,295)	(347,612)
Movement in reserves during 2014/15:							
(Surplus)/deficit on provision of services	14,035	0	0	0	14,035	0	14,035
Other Comprehensive Income and Expenditure:							
Revaluation Gains	0	0	0	0	0	(8,654)	(8,654)
Revaluation losses (chargeable to revaluation reserve)	0	0	0	0	0	4,420	4,420
Impairment losses (chargeable to revaluation reserve)	0	0	0	0	0	13	13
General Movement in available-for-sale	0	0	0	0	0	(4,309)	(4,309)
Movement in pensions reserve	0	0	0	0	0	113,828	113,828
Total Comprehensive Income and Expenditure (CI&E)	14,035	0	0	0	14,035	105,298	119,333
Adjustments between accounting basis & funding basis under regulations:							
Reversal of items debited or credited to the CIES							
Depreciation/amortisation	(23,324)	0	0	0	(23,324)	23,324	0
Impairment/revaluation losses (charged to CI&E)	(12,363)	0	0	0	(12,363)	12,363	0
Movement in market value of investment property	1,120	0	0	0	1,120	(1,120)	0
Capital grants and contributions	16,468	0	0	(8,485)	7,983	(7,983)	0
Revenue expenditure funded by capital under statute	(4,421)	0	0	4,075	(346)	346	0

Statement of Accounts 2015/16

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000
Profit/loss on sale of non-current assets	(10,076)	0	(2,075)	0	(12,151)	12,151	0
Non-property related capital receipts transferred to the usable capital receipts reserve	1,501	0	(1,501)	0	0	0	0
Net retirement benefits per IAS 19	(42,964)	0	0	0	(42,964)	42,964	0
Amount by which Council tax income included in the CIES is different to Council tax calculated in accordance with regulations	(1,742)	0	0	0	(1,742)	1,742	0
Insertion of items not debited or credited to the CIES							
Statutory Provision for the repayment of debt	10,406	0	0	0	10,406	(10,406)	0
Statutory Repayment of Debt (Finance Lease Liabilities)	450	0	0	0	450	(450)	0
Statutory Repayment of Debt (PFI)	334	0	0	0	334	(334)	0
Employers contributions to pensions schemes	25,861	0	0	0	25,861	(25,861)	0
Revenue contributions to finance capital spend	15,218	0	0	0	15,218	(15,218)	0
Other adjustments include:							
Use of capital receipts reserve to finance capital expenditure	0	0	2,245	0	2,245	(2,245)	0
Use of capital grants reserve to finance capital expenditure	0	0	0	5,663	5,663	(5,663)	0
Transferred debt repayment	0	0	0	0	0	59	59
Total adjustments	(23,532)	0	(1,331)	1,253	(23,610)	23,669	59
Net Increase/Decrease before Transfers to Earmarked Reserves	(9,497)	0	(1,331)	1,253	(9,575)	128,967	119,392
Transfers to/from Earmarked Reserves (Note 5):							
All other movements in reserves	8,789	(8,790)	(77)	0	(78)	78	0
Compensated absences	708	0	0	0	708	(708)	0
Total earmarked reserve movements	9,497	(8,790)	(77)	0	630	(630)	0
Increase/Decrease movement in the year	0	(8,790)	(1,408)	1,253	(8,945)	128,337	119,392
Balance at 31 March 2015 carried forward	(10,660)	(182,615)	(6,164)	(12,823)	(212,262)	(15,958)	(228,220)

Statement of Accounts 2015/16

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2015 brought forward	(10,660)	(182,615)	(6,164)	(12,823)	(212,262)	(15,958)	(228,220)
Movement in reserves during 2015/16:							
(Surplus)/deficit on provision of services	51,802	0	0	0	51,802	0	51,802
Other Comprehensive Income and Expenditure:							
Revaluation Gains	0	0	0	0	0	(16,729)	(16,729)
Revaluation losses (chargeable to revaluation reserve)	0	0	0	0	0	1,246	1,246
Impairment losses (chargeable to revaluation reserve)	0	0	0	0	0	0	0
General Movement in available-for-sale	0	0	0	0	0	1,230	1,230
Movement in pensions reserve	0	0	0	0	0	(113,758)	(113,758)
Total Comprehensive Income and Expenditure (CI&E)	51,802	0	0	0	51,802	(128,011)	(76,209)
Adjustments between accounting basis & funding basis under regulations:							
Reversal of items debited or credited to the CIES							
Depreciation/amortisation	(22,399)	0	0	0	(22,399)	22,399	0
Impairment/revaluation losses (charged to CI&E)	(3,773)	0	0	0	(3,773)	3,773	0
Movement in market value of investment property	1,982	0	0	0	1,982	(1,982)	0
Capital grants and contributions	19,372	0	0	(11,435)	7,937	(7,937)	0
Revenue expenditure funded by capital under statute	(3,488)	0	0	2,516	(972)	972	0
Profit/loss on sale of non-current assets	(23,699)	0	(7,868)	0	(31,567)	31,567	0
Non-property related capital receipts transferred to the usable capital receipts reserve	1,926	0	(1,925)	0	1	(1)	0
Net retirement benefits per IAS 19	(50,829)	0	0	0	(50,829)	50,829	0
Amount by which Council tax income included in the CIES is different to Council tax calculated in accordance with regulations	90	0	0	0	90	(90)	0

Statement of Accounts 2015/16

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000
Insertion of items not debited or credited to the CIES							
Statutory Provision for the repayment of debt	6,498	0	0	0	6,498	(6,498)	0
Statutory Repayment of Debt (Finance Lease Liabilities)	26	0	0	0	26	(26)	0
Statutory Repayment of Debt (PFI)	335	0	0	0	335	(335)	0
Employers contributions to pensions schemes	28,114	0	0	0	28,114	(28,114)	0
Revenue contributions to finance capital spend	12,029	0	0	0	12,029	(12,029)	0
Other adjustments include:							
Use of capital receipts reserve to finance capital expenditure	0	0	4,527	0	4,527	(4,527)	0
Use of capital grants reserve to finance capital expenditure	0	0	0	2,245	2,245	(2,245)	0
Transferred debt repayment	0	0	0	0	0	57	57
Total adjustments	(33,816)	0	(5,266)	(6,674)	(45,756)	45,813	57
Net Increase/Decrease before Transfers to Earmarked Reserves	17,986	0	(5,266)	(6,674)	6,046	(82,198)	(76,152)
Transfers to/from Earmarked Reserves (Note 5):							
All other movements in reserves	(20,696)	20,696	(56)	0	(56)	56	0
Compensated absences	2,710	0	0	0	2,710	(2,710)	0
Total earmarked reserve movements	(17,986)	20,696	(56)	0	2,654	(2,654)	0
Increase/Decrease movement in the year	0	20,696	(5,322)	(6,674)	8,700	(84,852)	(76,152)
Balance at 31 March 2016 carried forward	(10,660)	(161,919)	(11,486)	(19,497)	(203,562)	(100,810)	(304,372)

Comprehensive Income and Expenditure Statement

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

31 March 2015				Note	31 March 2016		
£000s	£000s	£000s			£000s	£000s	£000s
Expenditure	Income	Net			Expenditure	Income	Net
9,403	5,575	3,828	Central Services to the Public		10,280	5,342	4,938
16,714	2,173	14,541	Cultural Services		14,599	116	14,483
41,412	4,982	36,430	Environmental and Regulatory Services		44,711	3,880	40,831
7,725	770	6,955	Planning Services		6,119	816	5,303
284,218	255,770	28,448	Education and Children's Services		286,872	255,325	31,547
29,716	147	29,569	Children's Social Care		33,856	1,725	32,131
50,838	10,606	40,232	Highways, Roads and Transport		41,449	7,872	33,577
11,529	12,702	(1,173)	Public Health		13,756	13,647	109
119,359	113,077	6,282	Other Housing Services		119,397	110,017	9,380
93,054	24,883	68,171	Adult Social Care		108,049	34,685	73,364
4,416	546	3,870	Corporate and Democratic Core		4,956	409	4,547
29,185	36,402	(7,217)	Non Distributed Costs		28,077	36,585	(8,508)
697,569	467,633	229,936	Cost of Services	23	712,121	470,419	241,702
			Other Operating Expenditure				
		9,119	(Gain)/Loss on disposal of property, plant and equipment				23,699
		(1,501)	Right to Buy Receipts				(1,926)
		365	Parish Precepts				370
		7,983	Total Operating Expenditure				22,143

31 March 2015				Note	31 March 2016		
£000s	£000s	£000s			£000s	£000s	£000s
Expenditure	Income	Net			Expenditure	Income	Net
		13,361	Financing and Investment Income and Expenditure	31			15,532
		(237,245)	Taxation and Non-specific grant income	32			(227,575)
		14,035	(Surplus) or Deficit for the year				51,802
		(4,221)	Surplus or deficit on revaluation of property, plant and equipment				(15,483)
		(4,309)	Surplus or deficit on available for sale				1,230
		113,828	Actuarial gains/losses on pension assets/liabilities	39			(113,758)
		105,298	Other Comprehensive Income				(128,011)
		119,333	Total Comprehensive Income and Expenditure				(76,209)

Balance Sheet

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

31 March 2015 £000s		Note	31 March 2016 £000s
	Property, Plant & Equipment		
369,465	- Other land and buildings	7	353,015
10,628	- Vehicles, plant, furniture & equipment	7	8,830
114,733	- Infrastructure	7	121,339
10,110	- Community assets	7	10,215
504,936			493,399
2,145	Surplus assets	7	897
65,339	Heritage assets	7	69,323
41,232	Investment property	8	40,593
293	Software	9	401
46,510	Long Term Investments	11	40,280
20,996	Long Term Debtors	11	21,574
681,451	Long Term Assets		666,467
114,479	Short Term Investments		104,550
944	Inventories	13	734
30,511	Short Term Debtors	14	33,359
6,195	Prepayments		6,050
14,864	Cash and Cash Equivalents	15	16,183
300	Assets held for sale (less than 1 year)		405
167,293	Current Assets		161,281
(725)	Short Term Borrowing	11	(3,667)
(53,727)	Short Term Creditors	16	(43,850)
(6,223)	Provisions for current liabilities	17	(11,386)
(4,682)	Revenue Grants in Advance	33	(2,200)
(65,357)	Current Liabilities		(61,103)

31 March 2015 £000s		Note	31 March 2016 £000s
(6,021)	Provisions for long term liabilities	17	(9,722)
(83,926)	Long Term Borrowing	11	(79,909)
(16,617)	Other Long Term Liabilities	11	(15,216)
(448,469)	Net Pensions Liability	39	(357,426)
(134)	Capital Grants Receipts in Advance	33	0
(555,167)	Long Term Liabilities		(462,273)
228,220	Net Assets		304,372
	Represented by:		
	Usable Reserves		
10,660	- General Fund Balance	5	10,660
9,804	- Earmarked Statutory Reserves	5	9,264
172,811	- Earmarked Policy Reserves	5	152,655
6,164	- Capital Receipts Reserve		11,486
12,823	- Capital Grants Received in Advance		19,497
212,262			203,562
	Unusable Reserves	6	
135,485	- Revaluation reserve		143,466
	- Available-for-Sale Financial Instruments Reserve		30,027
(448,469)	- Pensions Reserve		(357,426)
10,587	- Deferred capital receipts		10,585
298,048	- Capital Adjustment Account		282,308
(6,815)	- Collection Fund Adjustment Account		(6,725)
(4,135)	- Short-term Accumulating Compensated Absences Account		(1,425)
15,958			100,810
228,220	Total Reserves		304,372

Cash Flow Statement

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

31 March 2015 £000s		Note	31 March 2016 £000s
14,035	Net (surplus) or deficit on the provision of services		51,802
(72,050)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	18	(71,569)
20,047	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	19	29,165
(37,968)	Net cash flows from Operating Activities	20	9,398
26,769	Investing Activities	21	(13,118)
8,756	Financing Activities	22	2,401
(2,443)	Net (increase) or decrease in cash and cash equivalents		(1,319)
12,421	Cash and cash equivalents at the beginning of the reporting period		14,864
2,443	(Decrease) or Increase in cash as above		1,319
14,864	Cash and cash equivalents at the end of the reporting period	15	16,183

Notes to the Core Financial Statements

Contents

1	Accounting Policies	24
2	Accounting Standards Issued, Not Adopted	40
3	Critical Judgements in Applying Accounting Policies.....	41
4	Events After the Balance Sheet Date	42
5	Transfers to/from Earmarked Reserves.....	44
6	Unusable Reserves	48
7	Property, Plant and Equipment.....	52
8	Investment Properties.....	57
9	Intangible Assets	57
10	Impairment Losses	57
11	Financial Instruments	58
12	Nature and Extent of Risks Arising from Financial Instruments..	64
13	Inventories.....	69
14	Debtors.....	69
15	Cash and Cash Equivalents	70
16	Creditors.....	70
17	Provisions.....	71
18	Cash Flow Statement – Adjustment on provision of services for non-cash movements	72
19	Cash Flow Statement – Adjustment on provision of services for investing or financing activities	73
20	Cash Flow Statement - Operating Activities	73
21	Cash Flow Statement - Investing Activities	73
22	Cash Flow Statement - Financing Activities	73
23	Amounts Reported for Resource Allocation Decisions	74
24	Trading Operations.....	79
25	Agency Services.....	80
26	Pooled Budget – Better Care Fund	81
27	Members’ Allowances	82
28	Officers’ Remuneration.....	83
29	Termination Benefits	86
30	Dedicated Schools Grant	86
31	Financing and Investment Income and Expenditure.....	87
32	Taxation and Non-Specific Grant Income.....	87

33	Grant Income	87
34	Related Parties.....	89
35	Capital Expenditure and Capital Financing	92
36	Leases.....	93
37	PFI and Similar Contracts	95
38	Pension Schemes Accounted for as Defined Contribution Schemes	96
39	Defined Benefit Pension Schemes	97
40	Contingent Liabilities	103
41	Contingent Assets	105
42	External Audit Costs.....	106
43	Trust Funds	107

1 Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. It has been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code) and the CIPFA Service Reporting Code of Practice 2015/16 (*SeRCOP*), supported by International Financial Reporting Standards (IFRS). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets.

Accruals of Income and Expenditure

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

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

Cash and Cash Equivalents

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

Charges to Revenue for Non-Current Assets

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

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

- amortisation of intangible assets attributable to the service.

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

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.

Employee Benefits

a) Benefits Payable During Employment

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

b) Termination Benefits

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

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

c) Retirement Benefits

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

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

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

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

d) The Local Government Pension Scheme

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

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

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

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

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

- current service cost – the increase in liabilities as result of years of service earned this year – allocated in the CIES to the revenue accounts of services for which the employees worked
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non Distributed Costs
- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the CIES
- expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return

- credited to the Financing and Investment Income and Expenditure line in the CIES
- gains/losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non Distributed Costs
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve
- contributions paid to the Greater Manchester pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the Pension Fund, or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Financial Instruments

a) Financial Liabilities

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

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

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

b) Financial Assets

Financial assets are classified into two types:

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

c) Loans and Receivables

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

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

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

d) Available-for-sale Assets

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

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

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

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES.

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

along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

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

Government Grants and Contributions

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

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

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

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

Heritage Assets

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

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

Heritage Assets – General

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

In the event of sales, the proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are accounted for in accordance with statutory

accounting requirements relating to capital expenditure and capital receipts (see elsewhere in Accounting Policies).

Historic Buildings

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

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

Intangible Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the MIRS and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Inventories

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

Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset from the market participants' perspective. Properties are not depreciated but are re-valued on a 5-yearly cycle with an annual overview. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory

arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the MIRS and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Leases

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

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

a) The Council as Lessee

i) Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are apportioned between:

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

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

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

ii) Operating Leases

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

b) The Council as Lessor

i) Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

The written-off value of disposals is not a charge against Council tax, as the cost of property, plant and equipment is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the MIRS.

ii) Operating Leases

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

Library & Museums collections

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

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

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

Minimum Revenue Provision

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

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

Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2015/16 (SeRCOP). 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 impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the CIES, as part of Net Expenditure on Continuing Services.

Private Finance Initiative (PFI)

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

The original recognition of these assets was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets. Non-current assets

recognised on the Balance Sheet will be re-valued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

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

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

Prior Period Adjustments

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

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

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

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

Property, Plant and Equipment

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

a) Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for more than one financial year.

Expenditure that maintains but does not add to an assets' potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged to revenue as it is incurred.

b) Measurement

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

- assets surplus to requirements – fair value, determined by the measurement of the highest and best use value of the asset

- assets under construction – historical cost
- dwellings, other land and buildings, vehicles, plant and equipment – lower of net current replacement cost or net realisable value in existing use
- infrastructure assets, community assets – depreciated historical cost
- heritage assets – valuation, or cost where value not available.

Net current replacement cost is assessed as:

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

c) Revaluations

Assets included in the Balance Sheet at current value are re-valued where there have been material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service revenue account.

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

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

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

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

d) Impairment

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

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

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

e) Depreciation

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

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

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

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

f) Disposals and Non-current Assets Held for Sale

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

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

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

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Receipts are credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the MIRS.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the MIRS.

g) Componentisation

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

Provisions, Contingent Assets and Contingent Liabilities

a) Provisions

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

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

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

b) Contingent Assets

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

c) Contingent Liabilities

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

Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. They are also used as part of the Council’s devolved budget management process to carry forward budget over or under-spend to future years. Reserves are created by appropriating amounts in the MIRS. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund Balance in the MIRS so that there is no net charge against Council tax for the expenditure.

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

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the MIRS from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council tax.

Accounting for Schools

Within its boundary, the Council has the following schools:

Type of School	Nursery	Primary	Secondary	Special
Community Schools	4	43	5	5
Controlled Schools	0	5	1	0
Trust Schools	0	0	0	1
Voluntary Aided Schools	0	36	6	0
Total LA Schools	4	84	12	6
Academies	0	10	5	0
Free School	0	2	2	0
Total	4	96	19	6

a) Community Schools

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

b) Controlled Schools

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

c) Trust Schools

Trust schools are state-funded foundation schools which receive extra support (usually non-monetary) from a charitable trust made up of partners working together for the benefit of the school. The ownership of the buildings lie with the Trust and, therefore, are not held on the Council's balance sheet. Revenue expenditure is funded by the DSG. All revenue income and expenditure, reserves, current assets and liabilities are held within the Council's accounts.

d) Voluntary Aided Schools

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

e) Academies

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

f) Free Schools

Free schools are independent from the Council. Income and expenditure, reserves and current assets and liabilities are not within the Council's accounts. The DSG is paid directly to the schools from the Department for Education and is not part of Bolton's allocation.

VAT

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

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

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

Collection Fund

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

- In its capacity as a billing authority the Council acts as agent; it collects and distributes Council Tax and National Non Domestic Rates (NNDR) income on behalf of the major preceptors and itself.
- While the Council Tax and National Non Domestic Rates (NNDR) income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the General Fund of the billing authority or paid out of the Collection Fund to major preceptors.
- From the year commencing 1 April 2009 the Council Tax income included in the CIES for the year is the accrued income for the year. The difference between the income included in the CIES and the amount required by regulation to be credited to the Collection Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the MIRS.
- Since the collection of Council Tax and National Non-Domestic Rates (NNDR) are in substance agency arrangements, cash collected by the billing authority from Council Tax and National Non-Domestic Rates (NNDR) debtors belongs proportionately to the billing authority and the major preceptors and Central Government. There will be therefore a debtor/creditor position between the billing authority and each major preceptor to be recognised since the net cash paid to each major preceptor and Central Government in the year will not be its share of the cash collected from Council Tax and National Non-Domestic Rates (NNDR) payers.

2 Accounting Standards Issued, Not Adopted

The Code has introduced a number of changes in accounting policies which will be required from 1 April 2016 and there is therefore no impact on the 2015/16 Statement of Accounts.

CIPFA Code of Practice on Transport Infrastructure Assets

The 2016/17 Code includes the requirements to measure Highways Network Assets on a Depreciated Replacement Cost (DRC) basis as opposed to the current Depreciated Historic Cost (DHC). The 2016/17 Code includes an adaptation to IAS 1 for the transition so that there is no requirement to restate the preceding year information or for an opening balance as at 1 April 2016. The change shall therefore be accounted for as an adjustment to opening balances as at 1 April 2016 and has no impact on the 2015/16 Statement of Accounts. The change will require the establishment of a separate asset, the Highways Network Asset with a number of components including carriageways and street furniture. As a result of changing from DHC to DRC, based upon current estimates the gross cost of infrastructure assets is likely to increase from £168m currently to in excess of £3.0bn in 2016/17

Telling the Story

The 2016/17 Code includes changes to the format of the CIES, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis note as a result of the Telling the Story review of the presentation of the Council's financial statements. The comparator for 2015/16 CIES and the Movement in Reserves Statement will also be updated to reflect the new formats and reporting requirements.

3 Critical Judgements in Applying Accounting Policies

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

The financial Settlement in December 2015 offered Councils the option of four year funding, principally to cover the amount of Revenue Support Grant the Council would receive over this period. There are a number of other grants for which there is still a high degree of uncertainty about future levels of funding for local government. However the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

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

The Council has evaluated its PFI scheme at Castle Hill, under the requirements of the Code, and concluded that this should be recognised in the balance sheet as an asset. See note 37 for details.

In 2009 the Council entered into a managed service agreement for the operation of Deane Road Multi Storey Car Park. The agreement lasts for 35 years with an option to extend by a further 15 years. If the Council were to dispose of Deane Road Multi Storey Car Park it would expose itself to breach of contract and hence financial risk. As a result the car park has been valued to reflect the future reversionary interest in the building and takes into account the restriction on the sale of the car park whilst the NCP agreement is in place.

In accounting for liabilities relating to unequal pay, the Council has had to judge which of the possible future liabilities it faces are sufficiently certain to be accounted for as a provision and which should be treated as a contingent liability. The Council has taken the view that where it has received claims from individuals covering circumstances which it has accepted may give rise to a valid claim, a provision for the estimated settlement value should be raised. If the Council were aware that there is a potential for future claims but none had yet been received, it would judge these possible liabilities to be sufficiently uncertain and unquantifiable to be classified as contingent liabilities. However, the Council believes it has no further liability.

The Code states that the valuation of Heritage Assets may be made by any method that is appropriate and relevant. There is no requirement for valuations to be carried out by professional valuers. The Museums and Libraries collections are held at most recent insurance valuations, and Smithills Hall and Hall i'th' Wood Museums were revalued in 2012/13 year at depreciated replacement cost by in-house Chartered Surveyors.

In accounting for liabilities relating to the Municipal Mutual Insurance (MMI) claw back Scheme of Arrangement, although the scheme of administration has been called, and an initial levy of 25% has been paid, the Council has judged that there is sufficient risk relating to the remaining 75% that it be classified as a contingent liability, and is included within the Insurance Reserve and Provision. (Notes 5, 17 and 40)

The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries and pensions are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The effects on the net pension's liability of changes in assumptions can be measured (see note 39).

The estimation of the provision for successful National Non Domestic Rates (NNDR) appeals which would result in a reduction in the Rateable Value (RV) is based on the past experience of the percentage that have been successful and the reduction of successful appeals. No estimate has been made for possible future appeals.

A judgement has been made about the group boundary relating to PSP Bolton. Under the Code (IFRS11) the arrangement is classed as a Joint Venture (see note 11).

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

4 Events After the Balance Sheet Date

Two issues have been identified as adjusting items after the balance sheet date:

The Chadwick's Recycling Centre (a waste collection site) went into liquidation in late 2015/16. The Council had concern from a public health perspective that the collection of waste would become a health hazard if it was not properly dealt with. It is anticipated the cost will be in excess of £2m (including the landfill tax surcharge from central government which the Council is asking it to waive). The Council set aside £3m in reserves to cover the costs. In early June 2016 the land transferred into Council ownership and work subsequently started on the removal and safe disposal of the waste. The Council has created a provision for £3m to cover this.

Impact of the United Kingdom leaving the European Union – “Brexit”

The referendum vote to leave the European Union on 23rd June 2016 has generated considerable uncertainty around the impact on Local Government which it is not possible to quantify at this stage. The Chancellor has announced that he will abandon his target of a budget surplus by the end of the parliament. For 2 years there have been predictions that interest rates will start to rise but now there is the possibility they will be lowered to stimulate the economy should it show signs of slowing down in addition to potentially more quantitative easing. However, the

announcement of a new Prime Minister in July, as opposed to the Autumn, should ensure that the Government's strategy and policies to achieve Brexit will start to become apparent earlier than originally anticipated.

5 Transfers to/from Earmarked Reserves

	Note	1 April 2014	Transfers between Categories	Transfers between Committees	Receipts	Payments	1 April 2015	Transfers between Categories	Transfers between Committees	Receipts	Payments	31 March 2016
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Earmarked Statutory Reserves												
Schools Delegated Budgets	1	6,697	0	0	1,632	0	8,329	0	0	19	(171)	8,177
Trading Accounts	2	388	0	0	5	0	393	(393)	0	0	0	0
Public Health	3	850	0	0	232	0	1,082	103	0	0	(98)	1,087
Total Earmarked Statutory Reserves		7,935	0	0	1,869	0	9,804	(290)	0	19	(269)	9,264
Insurance	4	15,535	0	0	536	0	16,071	0	0	0	(707)	15,364
Reserves held for:												
Legal requirements	6	12,529	1,129	0	5,407	(1,614)	17,451	2,099	0	2,906	(7,441)	15,015
Existing commitments	7	68,767	(6,601)	(522)	12,900	(18,505)	56,039	(6,379)	200	16,616	(17,212)	49,264
To cover future key areas of spend	8	45,812	5,643	3,807	9,703	(5,315)	59,650	3,455	(15)	6,145	(22,287)	46,948
To cover key areas of risk	9	20,143	(440)	(1,967)	3,898	(176)	21,458	904	15	7,633	(6,447)	23,563
Service general contingencies	10	2,472	269	(706)	1,648	(1,853)	1,830	311	(200)	1,566	(1,161)	2,346
Available for reallocation	11	632	0	(612)	428	(136)	312	(100)	0	54	(111)	155
Total Earmarked Policy Reserves		150,355	0	0	33,984	(27,599)	156,740	290	0	34,920	(54,659)	137,291
Total Earmarked General Fund Reserves		165,890	0	0	34,520	(27,599)	172,811	290	0	34,920	(55,366)	152,655
General Fund Balance	5	10,660	0	0	0	0	10,660	0	0	0	0	10,660
Total Reserves and Balances		184,485	0	0	36,389	(27,599)	193,275	0	0	34,939	(55,635)	172,579

The Council sets aside specific amounts as earmarked reserves for future policy purposes or to cover known events or contingencies. They are also used as part of the Council's devolved budget management process to carry forward budget under or overspends to future years. Whilst these reserves have been created from revenue funding they can also be used for capital projects too. Of the £173m reported above approximately £64m are for capital projects. An explanation of the major reserves is outlined below.

1. **Schools – delegated budgets:** In accordance with section 48 of the School Standards and Framework Act 1998, the Scheme for financing of schools provides for the carry-forward of individual school surpluses and deficits.
2. **Trading accounts:** This represented the in-year surplus or deficit carried forward from the Council's trading accounts. In this instance, it related only to the Legal Services trading account which ceased to operate as a trading account from 1 April 2015.
3. **Public Health:** The Public Health grant is ring-fenced for public health functions as set out in Section 73B (2) of the National Health Services Act 2006 (as amended by the Health and Social Care Act 2012). We are required to complete a declaration that we've used the grant, or plan to use any of the grant we've set aside in reserves, for public health purposes.
4. **Insurance:** In addition to having an insurance provision, which is linked to past events, but where the timing of the obligation is uncertain, the Council holds monies in a reserve to cover potential future insurance claims.
5. **General Fund Balance:** The Council is required to keep a level of general reserves to fund emergencies, exceptional cost increases and overspends. Council approved that as a minimum Balances should be maintained at £10m, but if possible should be at a higher level.

Earmarked Policy Reserves: An exercise has been undertaken to examine all reserves, and these are now categorised under 6 main headings.

6. **Reserves we are legally required to maintain of £15.0m** include
 - Sinking funds we are legally obliged to maintain, and other legal liabilities from previous initiatives £6.8m
 - Funds which are held on behalf of schools, and funding for school improvement requirements £2.3m
 - Funding received in advance from Government for initiatives, such as supported housing and other housing initiatives £0.3m
 - All departments have identified smaller obligations where we hold funds on behalf of others £5.6m
7. **Reserves with an existing commitment of £49.3m** include
 - Funding held to meet the costs of committed Capital projects and allocations to meet specific investment initiatives agreed by the Council £36.0
 - Funding accumulated to even out the Waste Levy over a number of years to avoid major peaks and troughs £5.0m
 - Monies set aside to support the budget for 2016/17 £2.0m
 - Schemes for Neighbourhood Management, Sport and the Town Centre £0.6m

- Money set aside to meet the various phases of the Apprentice scheme £0.5m
- Schools' Centrally held and Standards Fund balances of £3.5m
- All departments have identified a number of smaller commitments £1.7m

8. Reserves to cover key areas of known future spend of £46.9m include

- Funds have been set aside from reserves identified for re-allocation since March 2013 to cover the cash flow consequences of savings during 2015/17 and the one-off costs of implementing these savings options £19.6m
- Funds have been set aside to cover the costs of paying for the one – off employment costs to enable staffing efficiencies to be made to meet budget reduction targets, and to cover the costs of redeployment £4.5m
- IT systems and kit refresh funding set aside to meet the cost of the Council's major systems upgrades, e.g. Oracle, Tax & Benefits, Customer Services and Telephony, Schools systems, the replacement of hardware. It is anticipated that all of this funding will be required over the next 3 years £4.8m
- Adults Social Care – Demographic Pressures £1.7m
- No overall contingency is included in the Council's revenue budget, but the costs of energy and fuel can change at short notice during the year, so funding has been set aside to cover any significant in-year increases £1.3m
- The Council is required to fund certain pension liabilities following decisions by schools in relation to teaching staff, so funds have been set aside to meet these costs £0.8m
- Future capital spend commitments £7.2m
- The remainder of this category is made up of a number of reserves covering such things as Voluntary Sector grants agreed but not paid, Community Safety projects, Mere Hall requirements, energy initiatives, and Area Forum initiatives £7.0m

9. Reserves to cover key areas of risk of £23.6m include

- The cost to the Council of Council Tax Benefits and Housing Benefits can vary significantly from year to year and an amount has been set aside to cover possible overspends £6.5m
- Costs may fall on the Council for outstanding liabilities following the housing stock transfer, such as future environmental risks or Equal Pay risks £5.1m
- The Council has already settled significant numbers of Equal Pay claims but more are received each year and a sum is set aside to enable any claims to be paid without impacting on the revenue budget £3.0m
- The Airport dividend has been set aside to allow the Council 12 months to adjust for lower dividends £1.2m
- Adult Services have assessed there may be a risk of high cost placements £1.0m
- All departments have identified a number of smaller risk items £6.8m

10. Reserves to cover service general contingencies of £2.3m these are amounts set aside to meet any overspends or exceptional items of spend facing individual services during the financial year. Under Council standing orders, services have to manage within their overall budget allocations each year.

- Adult Services £0.3m
- Children's £1.4m
- Central £0.6m

11. Reserves available for reallocation: A review of reserves has been undertaken and £0.2m has been identified as being available for reallocation.

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

	Opening Balance £000s	Closing Balance £000s	Movement £000s
Insurance	16,071	15,364	(707)
Other central reserves	101,895	83,283	(18,612)
Children's Services	22,863	18,686	(4,177)
Environmental Services	10,781	9,092	(1,689)
Development & Regeneration	9,296	10,250	954
Housing GRF	2,299	2,288	(11)
Adult Services	8,503	13,639	5,136
Public Health	1,103	53	(1,050)
Total Earmarked General Fund Reserves	172,811	152,655	(20,156)

6 Unusable Reserves

Movement in Unusable Reserves: Table for year ending 31 March 2015

	Revaluation Reserve	Available for Sale Reserve	Pensions Reserve	Capital Adjustment Account	Deferred Capital Receipts	Collection Fund Adjustment Account	Accumulated Absences Account	Total Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2014 carried forward	(136,753)	(26,948)	317,538	(297,458)	(10,590)	5,073	4,843	(144,295)
Surplus/(deficit) on provision of services:								
Revaluation Gains	(8,654)	0	0	0	0	0	0	(8,654)
Revaluation Losses (chargeable to revaluation reserve)	4,420	0	0	0	0	0	0	4,420
Impairment losses (chargeable to revaluation reserve)	13	0	0	0	0	0	0	13
General movement in available-for-sale	0	(4,309)	0	0	0	0	0	(4,309)
Movement in pensions reserve	0	0	113,828	0	0	0	0	113,828
Total Comprehensive Income and Expenditure (CI&E)	(4,221)	(4,309)	113,828	0	0	0	0	105,298
Adjustments between accounting basis & funding basis under regulations:								
Reversal of items debited or credited to the CI&E Statement								
Depreciation/amortisation	0	0	0	23,324	0	0	0	23,324
Impairment/revaluation losses (charged to CI&E)	0	0	0	12,363	0	0	0	12,363
Movement in market value of investment property	0	0	0	(1,120)	0	0	0	(1,120)
Capital grants and contributions	0	0	0	(7,983)	0	0	0	(7,983)
Revenue expenditure funded by capital under statute	0	0	0	346	0	0	0	346
Profit/loss on sale of non-current assets	0	0	0	12,151	0	0	0	12,151
Net retirement benefits per IAS 19	0	0	42,964	0	0	0	0	42,964
Amount by which Council tax income included in the CIES is different to Council tax calculated in accordance with regulations	0	0	0	0	0	1,742	0	1,742

Statement of Accounts 2015/16

	Revaluation Reserve	Available for Sale Reserve	Pensions Reserve	Capital Adjustment Account	Deferred Capital Receipts	Collection Fund Adjustment Account	Accumulated Absences Account	Total Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Insertion of items not debited or credited to the CIES								
Statutory Provision for the repayment of debt	0	0	0	(10,406)	0	0	0	(10,406)
Statutory Repayment of Debt (Finance Lease Liabilities)	0	0	0	(453)	3	0	0	(450)
Statutory Repayment of Debt (PFI)	0	0	0	(334)	0	0	0	(334)
Employers contributions to pensions schemes	0	0	(25,861)	0	0	0	0	(25,861)
Revenue contributions to finance capital spend	0	0	0	(15,218)	0	0	0	(15,218)
Other adjustments include:								
Use of capital receipts reserve to finance capital expenditure	0	0	0	(2,245)	0	0	0	(2,245)
Use of capital grants reserve to finance capital expenditure	0	0	0	(5,663)	0	0	0	(5,663)
Transferred debt repayment	0	0	0	59	0	0	0	59
Adjustment between CAA and Revaluation Reserve for depreciation related to revaluation balance rather than historic cost	1,731	0	0	(1,731)	0	0	0	0
Total adjustments	1,731	0	17,103	3,090	3	1,742	0	23,669
Net Increase/Decrease before Transfers to Earmarked Reserves	(2,490)	(4,309)	130,931	3,090	3	1,742	0	128,967
Transfers to/from Earmarked Reserves:								
All other movements in reserves	3,758	0	0	(3,680)	0	0	0	78
Compensated absences	0	0	0	0	0	0	(708)	(708)
Total earmarked reserve movements	3,758	0	0	(3,680)	0	0	(708)	(630)
Increase/Decrease movement in the year	1,268	(4,309)	130,931	(590)	3	1,742	(708)	128,337
Balance at 31 March 2015 carried forward	(135,485)	(31,257)	448,469	(298,048)	(10,587)	6,815	4,135	(15,958)

Movement in Unusable Reserves: Table for year ending 31 March 2016

	Revaluation Reserve	Available for Sale Reserve	Pensions Reserve	Capital Adjustment Account	Deferred Capital Receipts	Collection Fund Adjustment Account	Accumulated Absences Account	Total Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2015 brought forward	(135,485)	(31,257)	448,469	(298,048)	(10,587)	6,815	4,135	(15,958)
Surplus/(deficit) on provision of services:								
Revaluation Gains	(16,729)	0	0	0	0	0	0	(16,729)
Revaluation Losses (chargeable to revaluation reserve)	1,246	0	0	0	0	0	0	1,246
Impairment losses (chargeable to revaluation reserve)	0	0	0	0	0	0	0	0
General movement in available-for-sale	0	1,230	0	0	0	0	0	1,230
Movement in pensions reserve	0	0	(113,758)	0	0	0	0	(113,758)
Total Comprehensive Income and Expenditure (CI&E)	(15,483)	1,230	(113,758)	0	0	0	0	(128,011)
Adjustments between accounting basis & funding basis under regulations:								
Reversal of items debited or credited to the CI&E Statement								
Depreciation/amortisation	0	0	0	22,399	0	0	0	22,399
Impairment/revaluation losses (charged to CI&E)	0	0	0	3,773	0	0	0	3,773
Movement in market value of investment property	0	0	0	(1,982)	0	0	0	(1,982)
Capital grants and contributions	0	0	0	(7,937)	0	0	0	(7,937)
Revenue expenditure funded by capital under statute	0	0	0	972	0	0	0	972
Profit/loss on sale of non-current assets	0	0	0	31,567	0	0	0	31,567
Non-property related capital receipts transferred to the usable capital receipts reserve	0	0	0	(1)	0	0	0	(1)
Net retirement benefits per IAS 19	0	0	50,829	0	0	0	0	50,829
Amount by which Council tax income included in the CIES is different to Council tax calculated in accordance with regulations	0	0	0	0	0	(90)	0	(90)

	Revaluation Reserve	Available for Sale Reserve	Pensions Reserve	Capital Adjustment Account	Deferred Capital Receipts	Collection Fund Adjustment Account	Accumulated Absences Account	Total Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Insertion of items not debited or credited to the CIES								
Statutory Provision for the repayment of debt	0	0	0	(6,498)	0	0	0	(6,498)
Statutory Repayment of Debt (Finance Lease Liabilities)	0	0	0	(28)	2	0	0	(26)
Statutory Repayment of Debt (PFI)	0	0	0	(335)	0	0	0	(335)
Employers contributions to pensions schemes	0	0	(28,114)	0	0	0	0	(28,114)
Revenue contributions to finance capital spend	0	0	0	(12,029)	0	0	0	(12,029)
Other adjustments include:								
Use of capital receipts reserve to finance capital expenditure	0	0	0	(4,527)	0	0	0	(4,527)
Use of capital grants reserve to finance capital expenditure	0	0	0	(2,245)	0	0	0	(2,245)
Transferred debt repayment	0	0	0	57	0	0	0	57
Adjustment between CAA and Revaluation Reserve for depreciation related to revaluation balance rather than historic cost	1,911	0	0	(1,911)	0	0	0	0
Total adjustments	1,911	0	22,715	21,275	2	(90)	0	45,813
Net Increase/Decrease before Transfers to Earmarked Reserves	(13,572)	1,230	(91,043)	21,275	2	(90)	0	(82,198)
Transfers to/from Earmarked Reserves:								
All other movements in reserves	5,591	0	0	(5,535)	0	0	0	56
Compensated absences	0	0	0	0	0	0	(2,710)	(2,710)
Total earmarked reserve movements	5,591	0	0	(5,535)	0	0	(2,710)	(2,654)
Increase/Decrease movement in the year	(7,981)	1,230	(91,043)	15,740	2	(90)	(2,710)	(84,852)
Balance at 31 March 2016 carried forward	(143,466)	(30,027)	357,426	(282,308)	(10,585)	6,725	1,425	(100,810)

7 Property, Plant and Equipment

Comparative movements in 2014/15

	Other Land & Buildings	Vehicles, Plant Furniture & Equipment	Infrastructure	Community Assets	Assets Under Construction	Surplus Assets	Total Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Gross book value brought forward	396,754	39,576	142,323	10,115	5,093	1,425	595,286
Accumulated depreciation & impairment brought forward	(19,188)	(27,805)	(34,046)	0	0	0	(81,039)
Net Book Value brought forward as at 31 March 2014	377,566	11,771	108,277	10,115	5,093	1,425	514,247
Additions	15,939	4,952	12,638	125	0	0	33,654
Revaluations recognised in the revaluation reserve	3,854	0	0	0	0	380	4,234
Revaluations recognised in the CI&E	(11,500)	0	0	0	0	0	(11,500)
Disposals	(9,076)	(200)	0	(114)	0	(430)	(9,820)
Transfers	4,321	0	0	(4)	(5,093)	770	(6)
Depreciation	(10,774)	(5,895)	(6,182)	0	0	0	(22,851)
Impairments charged to the CI&E	(852)	0	0	(12)	0	0	(864)
Impairments charged to the revaluation reserve	(13)	0	0	0	0	0	(13)
Net Book Value carried forward as at 31 March 2015	369,465	10,628	114,733	10,110	0	2,145	507,081
Gross book value carried forward	391,247	35,098	154,961	10,122	0	2,145	593,573
Accumulated depreciation & impairment carried forward	(21,782)	(24,470)	(40,228)	(12)	0	0	(86,492)
Net Book Value carried forward as at 31 March 2015	369,465	10,628	114,733	10,110	0	2,145	507,081

PFI assets included in Property, Plant and Equipment £4.363m

Property, Plant and Equipment – Movement in the year 2015/16

	Other Land & Buildings	Vehicles, Plant Furniture & Equipment	Infrastructure	Community Assets	Surplus Assets	Total Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s
Gross book value brought forward	391,247	35,098	154,961	10,122	2,145	593,573
Accumulated depreciation & impairment brought forward	(21,782)	(24,470)	(40,228)	(12)	0	(86,492)
Net Book Value brought forward as at 31 March 2015	369,465	10,628	114,733	10,110	2,145	507,081
Additions	10,117	4,943	13,321	557	0	28,938
Revaluations recognised in the revaluation reserve	11,390	0	0	0	109	11,499
Revaluations recognised in the CI&E	(3,658)	0	0	0	67	(3,591)
Disposals	(25,690)	(888)	0	(452)	(1,019)	(28,049)
Transfers	1,114	(24)	0	0	(405)	685
Depreciation	(9,541)	(5,829)	(6,715)	0	0	(22,085)
Impairments charged to the CI&E	(182)	0	0	0	0	(182)
Net Book Value carried forward as at 31 March 2016	353,015	8,830	121,339	10,215	897	494,296
Gross book value carried forward	376,386	28,611	168,282	10,215	897	584,391
Accumulated depreciation & impairment carried forward	(23,371)	(19,781)	(46,943)	0	0	(90,095)
Net Book Value carried forward as at 31 March 2016	353,015	8,830	121,339	10,215	897	494,296

PFI assets included in Property, Plant and Equipment £7.915m

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

	Operational property £000s	Surplus assets £000s	Vehicles, plant and equipment £000s	Total Property, Plant & Equipment £000s
Valued at historical cost	4	0	8,830	8,834
Valued at current value in:				
2015/16	52,486	522	0	53,008
2014/15	62,678	375	0	63,053
2013/14	187,037	0	0	187,037
2012/13	21,079	0	0	21,079
Pre 12/13	29,731	0	0	29,731
Total Property, Plant & Equipment	353,015	897	8,830	362,742

Heritage Assets: Summary of Transactions

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

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

Traditionally, around 100 objects are acquired for the collections every year (in 2015/16 this number was 47). The vast majority of these are donated by individuals or organisations and are social history items with nominal values. In 2015/16 the one purchase made in this financial period, was a sketch in oil by James Naughton at a cost of £1,200. Other acquisitions in 2015/16 (made by donation rather than purchase) were a drawing of James Vickers.

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

The value of the heritage assets has increased during 2015/16 due to new valuations being completed.

	£000s
Gross book value brought forward	65,340
Accumulated depreciation & impairment brought forward	0
Net Book Value brought forward as at 31 March 2015	65,340
Additions:	
Revaluations recognised in the revaluation reserve	3,983
Net Book Value carried forward as at 31 March 2016	69,323

Gross book value carried forward	69,323
Accumulated depreciation & impairment carried forward	0
Net Book Value carried forward as at 31 March 2016	69,323

There have been 594 disposals, most of which is archaeology transferred to Bury Museum and bottles for The Market Place Vaults to put on display. It is considered that the overall value of these heritage assets during 2015/16 has not been significantly altered by the disposals mentioned.

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

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

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

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

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

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

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

In addition, clear guidelines are given to circumstances in which disposals from the collections are allowed; for example where an item poses a risk to people or other parts of the collections, where it is deemed to fall outside the collection interest of the

Service. The presumption is that material will be kept within the public domain via a transfer to another museum or heritage organisation where possible and appropriate.

All such policies, along with significant collection transactions (i.e. major purchases and all proposed disposals) are subject to formal approval by Elected Members. The management of the collections is guided by recognised and externally assessed professional museum and archive standards. These ensure that the collections are managed for the public good in a clear and accountable fashion and cover all aspects of museum and archive functions; including acquisition and disposal of material, public access, care of collections, documentation and record keeping, insurance and object movement.

Capital Commitments

At 31 March 2016, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2015/16 and beyond. The major commitments are:

Approved and Contracted Schemes	£000s
Development & Regeneration Capital	2,488
Highways Capital Programme	2,056
Environmental Services Capital	6,219
Children's Services Building Maintenance Plan	1,899
School Capital Support Fund	608
Primary Schools Expansion Programme	1,098
Wilfred Geere Refurbishment	176
Capital Investment on ICT Modernisation	219
Day Care - Brazley	905
Winifred Kettle	232
Youth and Play Centres	454
Children's Services Other Minor Schemes	34
Carbon Reduction	64
Public Health Capital Grant	7
Total	16,459

Schemes Approved But Not Contracted	£000s
Adult Services Major Repairs	49
Supported Housing Developments	347
Day Care - Jubilee	2,000
Day Care - Harrowbys	500
Primary Schools Expansion Programme	6,000
Children's Services Building Maintenance Plan	2,000
Leisure & Youth Provision	1,000
Schools DFC	1,416
Children's Services Other Minor Schemes	715
Housing GRF Capital Slippage	3,636
D&R Capital Slippage	6,021
Highways Capital Slippage	5,057
Environmental Services Capital Slippage	1,402
Total	30,143

8 Investment Properties

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

	2015/16	2014/15
	£000s	£000s
Rental income from investment property	2,473	2,513
Direct operating expenses arising from investment property	(716)	(757)
Net gain/(loss)	1,757	1,756

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

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

	2015/16	2014/15
	£000s	£000s
Balance at start of the year	41,232	42,414
Additions: purchases	1,691	21
Disposals	(3,218)	(2,329)
Net gains/losses from fair value adjustments	1,982	1,126
Reclassifications	(1,090)	0
Other changes	(4)	0
Balance at end of the year	40,593	41,232

9 Intangible Assets

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

	2015/16	2014/15
	£000s	£000s
Balance at start of the year	293	639
Additions: purchases	418	127
Amortisation in year	(310)	(473)
Balance at end of the year	401	293
Comprising:		
Gross carrying amount	1,143	1,739
Accumulated amortisation	(742)	(1,446)
	401	293

10 Impairment Losses

There was one impairment during the year relating to Rumworth School totalling £182k.

11 Financial Instruments**Categories of Financial Instruments**

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

	Long-term		Current	
	31 March 2016 £000s	31 March 2015 £000s	31 March 2016 £000s	31 March 2015 £000s
Investments				
Loans and receivables:				
Banks and other financial institutions (net of impairment)	0	5,000	104,550	114,479
Available-for-sale financial assets (Manchester Airport)	39,800	41,000	0	0
Available-for-sale financial assets (JP Morgan Trust)	464	494	0	0
Unquoted equity investment at cost (Local Education Partnership)	16	16	0	0
Total Investments	40,280	46,510	104,550	114,479
Debtors				
Loans and receivables:				
Advances to Manchester Airport PLC	8,972	8,972	0	0
PSP Bolton	10,468	10,468	0	0
Mortgages	0	0	0	2
Middlebrook Leisure Trust	79	135	0	0
Former Magistrates Authorities (10 Greater Manchester Districts)	761	818	0	0
Long term leasing	117	119	0	0
Financial assets carried at contract amounts	0	0	33,359	34,239
Disabled Adaptations	0	25	0	0
NW Evergreen Ltd Partnership	131	81	0	0
Bolton at Home Equal Pay	378	378	0	0
Bolton Wise	668	0	0	0
Total Debtors	21,574	20,996	33,359	34,241
Borrowings				
Financial liabilities at amortised cost – Market Loans	79,250	83,250	0	0
Short-term borrowings	0	0	3,000	725
LOBO Interest Rate Equalisation	642	659	17	17
Total Borrowings	79,892	83,909	3,017	742
Other Long Term Liabilities				
Private Finance Initiative (PFI)	7,007	7,342	0	0
Finance Leases	676	705	0	0
Ex-GMC residual debt	6,462	7,570	1,071	1,000
Total Other Long Term Liabilities	14,145	15,617	1,071	1,000
Creditors				
Financial liabilities carried at contract amounts	0	0	43,850	53,727
Total Creditors	0	0	43,850	53,727

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

- Bolton Council owns 3.22% of the non-voting shares in Manchester Airport Group (MAG) and will receive 3.22% of the dividends. The shareholding can be valued using the earnings based method and discounted cash flow method. In the year the Council received dividends of £3.267m (of which £1.245m was in advance of the 16/17 financial year). MAG's most recent accounts for the year ending 31 March 2015 indicated the company had net assets of £1,554.6m (£1,588.1m the previous year) and made a profit of £68.6m after taxation (£108.9m in the previous year). Further information and details of the Manchester Airport Group PLC financial statements may be obtained from the Company Secretary, Olympic House, Manchester Airport Group PLC, Manchester M90 1QX. Manchester Airport Holdings Ltd accounts are not yet available.
- J.P. Morgan is an investment held for the benefit of the Maintenance of Graves in Perpetuity account.
- Local Education Partnership investment relates to Bolton's share of local authority investment in the Blackburn with Darwen and Bolton Local Education Partnership to deliver Building Schools for the Future.
- In August 2015 the Council agreed to the creation of a Local Authority Trading Company (LATC) to deliver certain Adult Social Care Services. In September three companies were registered at Companies House:
 - Bolton Care and Support Limited
 - Bolton Care and Support (A) Limited
 - Bolton Care and Support (B) Limited

The three companies are guaranteed by shares which are owned by the Council and it is anticipated that Bolton Care and Support Ltd and Bolton Care and Support (A) Ltd will begin trading on 1 July 2016. There has been no financial activity against these companies in 2015/16 but in future years will be considered to be part of the Council's group accounts

- PSP Bolton: On 6 December 2011 the Council entered into an agreement with PSP Facilitating Ltd to establish a Limited Liability Partnership, trading as PSP Bolton LLP. This is classed as a Joint Venture. The partnership was established to facilitate property related projects, which could include the identification and disposal of surplus assets, facilitation of regeneration schemes, portfolio management and the investment of private sector funds in projects to mutual benefit.
- The Council initially granted Options to Purchase on a number of assets to PSP Bolton for £1 each. Assets are sold to third parties and the Council is guaranteed a minimum receipt determined by professional valuers and agreed by both parties. Assets can be added to the list as opportunities are identified. During the year 2 assets were sold, generating £780k in receipts. There are currently 5 assets on the list comprising four investment properties and one held for sale asset
- On 26 July 2013 a fully owned subsidiary of PSP Bolton LLP was established, called PSP Bolton (GR) LLP, in order to create a separate vehicle which would specifically acquire a large number of low value assets from the Council, mainly

ground rents, and either dispose of them or manage them. The value of these assets was £14.25 million, and the Council will receive in return either a smaller number of higher value assets, which will generate the same income flow as the assets disposed of, or will receive cash. To date, the Council has received one asset (Bolton Travelodge, value £3.8m), and the amount outstanding from PSP Bolton (GR), has been recognised in our accounts as a deferred capital receipt (£10.5m). Until the transfer of replacement assets is complete, the Council is entitled to a revenue compensation payment from PSP Bolton (GR) LLP, which matches revenue income received by the Council from the replacement assets to the value of the assets it disposed of. The Council received £547k in compensation payment in 2015/16

- The amount owed to Bolton Council is £2,918,384 which is retained within PSP Bolton LLP to fund future projects
- For the purposes of consolidated (group) accounting, the partnership represents a Joint Venture entity, in which the Council and PSP Facilitating Ltd have joint control, according to a Members' agreement. As such, the share of the Council's holding should be consolidated into group accounts using the equity accounting method. However, under this method, due to the fact that the net assets are virtually zero, group accounts would give no additional information to that already included in the Council's single entity four core statements

Statement of Accounts 2015/16

- Both PSP Bolton LLP and PSP Bolton (GR) LLP have an accounting date as at 30 April. The provisional assets and liabilities of both partnerships as at 30 April 2016 are summarised below:
- Please note these figures are in pounds, not thousands of pounds.

	PSP Bolton LLP		PSP Bolton (GR) LLP	
	To 30 April 2015 £	To 30 April 2016 £	To 30 April 2015 £	To 30 April 2016 £
Fixed Assets				
Investments	2	1	0	0
Current Assets				
Stock	172,821	192,529	7,656,587	7,626,352
Debtors (incl amounts due from Members)	3,526,570	3,322,404	5,847,940	5,752,770
Prepayments	0	2,595	0	0
Amounts Recoverable on Long Term Contracts	0	2,667,708	0	0
Cash	162,830	5,802,284	198,489	563,289
Total Assets	3,862,223	11,987,521	13,703,016	13,942,411
Creditors amounts due within 1 year	(96,765)	(707,491)	(22,067)	(95,387)
Loans & debts due to members	(3,765,456)	(5,674,577)	(3,156,329)	(3,322,404)
Amounts owed to Group	0	(5,605,451)	(10,524,618)	(10,524,618)
Total Liabilities	(3,862,221)	(11,987,519)	(13,703,014)	(13,942,409)
Net Assets	2	2	2	2
Represented by:				
Members' capital classified as equity	2	2	2	2
Total Members' Interest				
Amounts due from Members (included in debtors)	0	0	(5,590,579)	(5,605,451)
Loans and other debts due to Members in creditors	3,765,456	5,674,577	3,156,329	3,322,404
Members' interest	2	2	2	2
	3,765,458	5,674,579	(2,434,248)	(2,283,045)
Status of accounts	Final	Unaudited	Final	Unaudited

Financial Instruments - Income, Expenses, Gains and Losses

	2015/16					2014/15				
	Financial Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Assets and liabilities at Fair Value through Profit and Loss	Total	Financial Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Assets and liabilities at Fair Value through Profit and Loss	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Interest expense	4,041	0	0	0	4,041	4,538	0	0	0	4,538
Total expense in Surplus or (Deficit) on the Provision of Services	4,041	0	0	0	4,041	4,538	0	0	0	4,538
Interest income and dividends	0	1,258	19	3,267	4,544	0	1,022	17	2,484	3,523
Interest income accrued on impaired financial assets	0	0		0	0	0	0	0	0	0
Total income in Surplus or (Deficit) on the Provision of Services	0	1,258	19	3,267	4,544	0	1,022	17	2,484	3,523
Gains (Loss) on revaluation	0	0	(30)	(1,200)	(1,230)	0	0	9	4,300	4,309
Surplus/(Deficit) arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	0	0	(30)	(1,200)	(1,230)	0	0	9	4,300	4,309
Net gain/(loss) for the year	(4,041)	1,258	(11)	2,067	(727)	(4,538)	1,022	26	6,784	3,294

Fair value of Assets and Liabilities

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

- For loans the PWLB premature repayment rates from the PWLB at 31 March 2016 have been applied to provide the fair value for all loans using PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment is recognised, impairment has been provided separately within the Bad Debt Provision;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2016		31 March 2015	
	Carrying amount £000s	Fair value £000s	Carrying amount £000s	Fair value £000s
Financial Liabilities:				
Market Loans	79,909	120,342	83,926	118,417
Trade Creditors	43,850	43,850	53,727	53,727
Bank Overdrawn and Short Term Borrowing	5,084	5,084	725	725
Total Financial Liabilities	128,843	169,276	138,378	172,869

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

	31 March 2016		31 March 2015	
	Carrying amount £000s	Fair value £000s	Carrying amount £000s	Fair value £000s
Loans and receivables:				
Loan to Manchester Airport	8,972	8,972	8,972	8,972
Money Market Loans Less than One Year	104,550	104,746	114,479	114,479
Money Market Loans More than One Year	0	0	5,000	5,043
Trade Debtors	33,359	33,359	30,511	30,511
Total Loans and Receivables	146,881	147,077	158,962	159,005

The differences per the 31 March 2015 financial statements are attributable to fixed interest instruments receivable being held by the Council whose interest rate is higher than the prevailing rate estimated to be available at 31 March. This increases the fair value of loans and receivables.

Available-for-sale assets and assets and liabilities at fair value through profit or loss are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument. Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

12 Nature and Extent of Risks Arising from Financial Instruments

Key Risks

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

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

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

Overall procedures for managing risk

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

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures to the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

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

The annual treasury management and investment strategies, which incorporates the prudential indicators was approved by Council on 25 February 2015 and is available on the Council website.

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

Credit risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

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

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

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

- **Banks 1** - good credit quality – the Council will only use banks which: are UK banks; and have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):
 - i. Short term – *F1/P1/A1*
 - ii. Long term – *A-/A3/A-*
 - iii. Viability / financial strength – *bb+/C*(Fitch/Moody's only)

iv. Support – 3 (Fitch only)

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

Deposits are not made with banks and financial institutions unless they are rated independently to have a sound credit rating. Based upon past experience the investments held at the 31 March 2016 were of a low risk of default.

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

Liquidity risk

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

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

Source of Loan	Interest Rates %	Total Outstanding 31 March		
		2015/16 £000s	2014/15 £000s	
Bonds	3.90 to 12.125	79,250	83,250	
Mortgages		0	0	
Total Borrowing		79,250	83,250	
Less: Due within 12 Months on demand		0	0	
		79,250	83,250	
An Analysis of Loans by Maturity at 31 March : Amounts of Principal to be Repaid				
Within 1 year			0	0
In 1 to 2 Years			0	0
In 2 to 5 Years			1,250	3,250
In 5 to 10 Years			0	0
10 - 20 Years		0	2,000	
After 20 Years		78,000	78,000	
		79,250	83,250	

Refinancing and Maturity risk

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

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

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

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

Market risk**Interest rate risk**

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

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

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

The Council has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of £64m of its net debt in variable rate loans and investments. None of the Council's borrowings held at the 31 March 2016 were in variable rate loans (accordingly our policy was satisfactorily met). During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates and the Council's cost of borrowing thus providing compensation for a proportion of any higher costs.

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

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

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

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

	£000s
Increase in interest payable on variable rate borrowings	793
Increase in interest receivable on variable rate investments	(87)
Impact on Income and Expenditure Account	706
Decrease in fair value of "available-for-sale" investment assets	403
Impact on MIRS	403
Decrease in fair value of fixed rate investment assets – (no impact on CIES & MIRS)	0

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

Price risk

The Council does not generally invest in equity shares or marketable bonds but does have a holding to the value of £0.464m in an investment trust, which will only be realised in favourable circumstances. The Council consequently has minimal exposure to losses arising from movements in the prices of the shares. The unquoted equity investments in Manchester Airport Group and Blackburn with Darwen and Bolton Local Education Partnership are shown at fair value and historic cost respectively.

The holding in the investment trust is classified as 'available for sale', meaning that all movements in price will impact on gains and losses recognised in the MIRS. A general shift of 5% in the general price of shares (positive or negative) would thus have resulted in a £23,200 gain or loss being recognised in the MIRS.

Foreign exchange risk

The Council has no foreign exchange exposure.

13 Inventories

	Consumable Stock	
	2015/16 £000s	2014/15 £000s
Balance outstanding at start of year	944	825
Purchases	720	918
Recognised as an expense in the year	(929)	(796)
Written off balances	(1)	(3)
Balance outstanding at year end	734	944

14 Debtors

	31 March 2016 £000s	31 March 2015 £000s
Central government bodies	6,874	6,713
Other local authorities	384	292
NHS bodies	2,550	98
Public corporations and trading funds	15,610	17,208
Other entities and individuals	26,872	23,566
Sub total	52,290	47,877
Less: Provision for Bad Debts	(18,931)	(17,366)
Total	33,359	30,511

15 Cash and Cash Equivalents

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

	31 March 2016 £000s	31 March 2015 £000s
Cash held by the Council		
Bank current accounts	8,892	7,857
Bank Call accounts and Money Market Funds	8,708	7,007
Total Cash held by the Council	17,600	14,864
Bank Overdraft	(1,417)	0
Total Cash and Cash Equivalents	16,183	14,864

16 Creditors

	31 March 2016 £000s	31 March 2015 £000s
Central government bodies	7,767	8,735
Other local authorities	1,324	1,861
NHS bodies	1,133	185
Public corporations and trading funds	22,971	24,697
Other entities and individuals	7,058	12,191
Teacher's Pensions Scheme	2,172	1,923
Short term accumulated absences account	1,425	4,135
Total	43,850	53,727

17 Provisions

	Self- insurance – liability & fire (1) £000s	Equal Pay (2) £000s	Carbon Reduction Commitment (3) £000s	Business Rates Appeals (4) £000s	Chadwicks Site (5) £000s	Bolton Care and Support (A) Ltd (6) £000s	Total £000s
Balance at 1 April 2015	7,024	8	92	5,120	0	0	12,244
Additions in year	3,778	0	0	1,700	3,000	6,418	14,896
Amounts used in year	(3,050)	(8)	0	(2,974)	0	0	(6,032)
Unused amounts reversed in year	0	0	0	0	0	0	0
Balance at 31 March 2016	7,752	0	92	3,846	3,000	6,418	21,108
Split as:							
Short term	1,107	0	92	769	3,000	6,418	11,386
Long term	6,645	0	0	3,077	0	0	9,722
Total	7,752	0	92	3,846	3,000	6,418	21,108

Notes

1. In accordance with IAS 37 the Insurance Liabilities at 31 March 2016 are estimated to be £7,752,000.
2. 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. This provision has been made to cover the potential future costs of known Equal Pay claims.

3. The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in Phase 2 which will last until 31 March 2019. The Council is required to purchase and surrender allowances on the basis of emissions i.e. carbon dioxide produced as energy is used. The provision created relates to unused credits.
4. This is Bolton Council's share (49%) of the estimated impact of outstanding Business Rates Appeals at the 31 March 2016.
5. The Chadwick's Recycling Centre (a waste collection site) went into liquidation in late 2015/16. The Council had concern from a public health perspective that the collection of waste would become a health hazard if it was not properly dealt with. In early June 2016 the land transferred into Council ownership and work subsequently started on the removal and safe disposal of the waste. The Council has created a provision to cover this.
6. In August 2015 the Council agreed to the creation of a Local Authority Trading Company (LATC) to deliver specific Adult Social Care Services. In September 2015 three companies were registered at Companies House:
 - Bolton Care and Support Limited
 - Bolton Care and Support (A) Limited
 - Bolton Care and Support (B) Limited

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

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

2014/15 £000s		2015/16 £000s
(23,324)	Depreciation of Non-Current Assets	(22,399)
(864)	Impairment of Non-Current Assets	(182)
(17,103)	Pension Fund adjustments	(22,715)
0	Impairment losses on loans & advances debited to the CI&E in year	0
(777)	Contributions to Provisions	(8,864)
(12,151)	Carrying amount of PP&E, investment property and intangible assets sold	(31,567)
(10,380)	Other non-cash movement	(1,609)
(64,599)		(87,336)
	Accruals adjustments:	
119	Increase/(Decrease) in Inventories	(210)
(1,147)	Increase/(Decrease) in Debtors	5,953
164	Increase/(Decrease) in Interest Debtors	72
(6,674)	(Increase)/Decrease in Creditors	9,877
87	(Increase)/Decrease in Interest Creditors	75
(7,451)		15,767
(72,050)	Total Adjustment to net Surplus or deficit on the provision of service for non-cash movements	(71,569)

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

2014/15 £000s		2015/16 £000s
3,576	Proceeds from the disposal of PPE, investment property and intangible assets	9,793
16,471	Capital Grants credited to Surplus or deficit on the provision of services	19,372
20,047		29,165

20 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2014/15 £000s		2015/16 £000s
(869)	Interest received	(1,204)
4,626	Interest paid	4,099
(2,501)	Dividends received	(3,286)

21 Cash Flow Statement - Investing Activities

2014/15 £000s		2015/16 £000s
33,804	Purchase of property, plant and equipment, investment property and intangible assets	31,047
273,317	Purchase of short-term and long-term investments	132,000
(3,576)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(9,793)
(260,305)	Proceeds from short-term and long-term investments	(147,000)
(16,471)	Other investing activities	(19,372)
26,769	Net cash flows from investing activities	(13,118)

22 Cash Flow Statement - Financing Activities

2014/15 £000s		2015/16 £000s
(5,700)	Cash receipts of short-term and long-term borrowing	(3,000)
787	Finance leases and on balance sheet PFI contracts	364
12,700	Repayments of short-term and long-term borrowing	4,000
969	Other payments for financing activities	1,037
8,756	Net cash flows from financing activities	2,401

23 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the SeRCOP. However, decisions about resource allocation are taken by the Council's Executive on the basis of budget reports analysed across departments. A reconciliation between the CIES basis of analysis and the Council's management accounts is as follows:

The income and expenditure of the Council's Service Departments recorded in the Outturn reports for 2015/16 is as follows:

	Adults £000s	Asylum Seekers & Other £000s	Central Departments £000s	Children's Services £000s	Development & Regeneration £000s	Environmental Services £000s	Financial Services £000s	Public Health £000s	Housing GRF £000s	Directorate Analysis Total £000s
Fees, charges & other service income	(17,110)	(870)	(30,109)	(21,578)	(6,252)	(41,055)	(8,576)	(82)	(6,072)	(131,704)
Government grants & contributions	(24,689)	0	(103,209)	(239,010)	(2)	(140)	(8,982)	(20,598)	(103)	(396,733)
Total income	(41,799)	(870)	(133,318)	(260,588)	(6,254)	(41,195)	(17,558)	(20,680)	(6,175)	(528,437)
Employee expenses	36,731	293	19,675	210,686	6,255	31,250	1,814	1,754	2,303	310,761
Other service expenses	64,932	572	130,347	97,326	8,790	33,218	47,298	11,893	5,579	399,955
Support service recharges	4,476	5	10,351	1,566	1,511	495	0	7,033	28	25,465
Total net expenditure	106,139	870	160,373	309,578	16,556	64,963	49,112	20,680	7,910	736,181
Net Expenditure	64,340	0	27,055	48,990	10,302	23,768	31,554	0	1,735	207,744

The income and expenditure of the Council's Service Departments recorded in the Outturn reports for 2014/15 is as follows:

	Adults £000s	Asylum Seekers & Other £000s	Central Departments £000s	Children's Services £000s	Development & Regeneration £000s	Environmental Services £000s	Financial Services £000s	Public Health £000s	Housing GRF £000s	Directorate Analysis Total £000s
Fees, charges & other service income	(16,493)	(990)	(30,367)	(20,561)	(5,685)	(46,673)	(8,150)	(63)	(6,043)	(135,025)
Government grants & contributions	(15,229)	0	(107,022)	(238,505)	(66)	(175)	(9,045)	(19,174)	(109)	(389,325)
Total income	(31,722)	(990)	(137,389)	(259,066)	(5,751)	(46,848)	(17,195)	(19,237)	(6,152)	(524,350)
Employee expenses	28,950	296	20,300	205,646	6,049	31,204	1,344	2,040	2,303	298,132
Other service expenses	63,873	692	132,831	100,240	9,073	40,019	61,260	10,712	5,944	424,644
Support service recharges	4,246	2	9,963	1,437	1,031	485	0	6,535	26	23,725
Total net expenditure	97,069	990	163,094	307,323	16,153	71,708	62,604	19,287	8,273	746,501
Net Expenditure	65,347	0	25,705	48,257	10,402	24,860	45,409	50	2,121	222,151

Reconciliation of Service Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement.

This reconciliation shows how the figures in the analysis of service income and expenditure relate to the amounts included in the CIES.

2015/16

	£000s
Directorate analysis	207,744
Amounts in the Comprehensive Income and Expenditure Statement not reported to Management in the analysis	26,458
Amounts in the analysis not included in the Comprehensive Income and Expenditure Statement	7,500
Net Cost of Services in the Comprehensive Income and Expenditure Statement	241,702

2014/15

	£000s
Directorate analysis	222,151
Amounts in the Comprehensive Income and Expenditure Statement not reported to Management in the analysis	35,958
Amounts in the analysis not included in the Comprehensive Income and Expenditure Statement	(28,173)
Net Cost of Services in the Comprehensive Income and Expenditure Statement	229,936

Reconciliation to Subjective Analysis

2015/16

	Directorate Analysis	Amounts not reported to management but in cost of services	Amounts reported to management but not in CI&E	Allocation of recharges	Cost of services	Corporate amounts	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Fees, charges and other service income	(123,599)	0	24,564	25,349	(73,686)	0	(73,686)
Interest and investment income	(8,105)	0	8,105	0	0	(8,105)	(8,105)
Income from Council tax	0	0	0	0	0	(90,904)	(90,904)
Government grants and contributions	(396,733)	0	0	0	(396,733)	(136,671)	(533,404)
Total Income	(528,437)	0	32,669	25,349	(470,419)	(235,680)	(706,099)
Employee expenses	310,761	4,848	(12,948)		302,661	14,478	317,139
Other service expenses	392,743	3	(4,897)		387,849		387,849
Support service recharges	25,465		(116)	(25,349)	0		0
Depreciation, amortisation & impairment		21,607			21,607		21,607
Interest payments & other investments	7,212		(7,208)		4	9,159	9,163
Precepts & levies					0	370	370
Right to Buy Receipts					0	(1,926)	(1,926)
(Gain)/loss on disposal of non-current assets					0	23,699	23,699
Total Expenditure	736,181	26,458	(25,169)	(25,349)	712,121	45,780	757,901
(Surplus)/deficit on provision of services	207,744	26,458	7,500	0	241,702	(189,900)	51,802

2014/15

	Directorate Analysis	Amounts not reported to management but in cost of services	Amounts reported to management but not in CI&E	Allocation of recharges	Cost of services	Corporate amounts	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Fees, charges and other service income	(127,897)	0	26,109	23,481	(78,307)	0	(78,307)
Interest and investment income	(7,127)	0	7,127	0	0	(7,127)	(7,127)
Income from Council tax	0	0	0	0	0	(89,062)	(89,062)
Government grants and contributions	(389,326)	0	0	0	(389,326)	(148,183)	(537,509)
Total Income	(524,350)	0	33,236	23,481	(467,633)	(244,372)	(712,005)
Employee expenses	298,132	2,330	(13,640)	0	286,822	13,717	300,539
Other service expenses	417,976	5	(40,869)	0	377,112	0	377,112
Support service recharges	23,725	0	(244)	(23,481)	0	0	0
Depreciation, amortisation & impairment	0	33,623	0	0	33,623	0	33,623
Interest payments & other investments	6,668	0	(6,656)	0	12	6,771	6,783
Precepts & levies	0	0	0	0	0	365	365
Right to Buy Receipts	0	0	0	0	0	(1,501)	(1,501)
(Gain)/loss on disposal of non-current assets	0	0	0	0	0	9,119	9,119
Total Expenditure	746,501	35,958	(61,409)	(23,481)	697,569	28,471	726,040
(Surplus)/deficit on provision of services	222,151	35,958	(28,173)	0	229,936	(215,901)	14,035

24 Trading Operations

Activity	Note	2015/16			2014/15			2013/14		
		Income £000s	Expenditure £000s	(Surplus) / Deficit £000s	Income £000s	Expenditure £000s	(Surplus) / Deficit £000s	Income £000s	Expenditure £000s	(Surplus) / Deficit £000s
Markets	1	4,373	4,292	(81)	1,462	1,474	12	1,714	1,704	(10)
Building Control	2	379	380	1	409	409	0	403	403	0
Special Needs										
Transport	3	4,965	4,934	(31)	4,904	4,873	(31)	4,769	4,742	(27)
Security & Response	4	1,948	1,955	7	2,297	2,427	130	1,685	1,935	250
Schools & Welfare Catering	5	7,940	8,314	374	7,302	8,348	1,046	6,453	7,410	957
Fleet Management	6	6,321	6,284	(37)	6,826	6,529	(297)	8,825	8,565	(260)
Building Cleaning	7	2,570	2,842	272	2,692	2,953	261	2,723	2,869	146
Legal *	8	0	0	0	1,627	1,627	0	1,856	1,856	0
Civic Cleaning	9	674	730	56	793	726	(67)	792	618	(174)
(Surplus) / Deficit		29,170	29,731	561	28,312	29,366	1,054	29,220	30,102	882

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

2014/15 £000s		2015/16 £000s
	Net (Surplus) Deficit on Trading Operations:	
12	Services to the public included in Expenditure of Continuing Operations	(81)
1,042	Support services recharged to Expenditure of Continuing Operations	642
1,054	Net (surplus) deficit credited to Other Operating Expenditure	561

Note:

- 1. Markets** – this activity hosts retail markets in Bolton, Farnworth & Westhoughton and also delivers local produce markets and special events such as the Food & Drink Festival.
- 2. Building Control** - ensures that buildings are constructed and altered so that they comply with Building Regulations, that dangerous structures are made safe, and that demolitions are done in as safe a manner as possible.
- 3. Special Needs Transport** – transports vulnerable clients on behalf of Children's Services and Adult Services.

4. **Security & Response** - provide services to internal Council departments including courier, porter services, CCTV and security control room.
5. **Schools and Welfare Catering** – manages the catering service to primary and secondary schools in Bolton, and also provides advice on catering, nutrition and kitchen facilities across the borough.
6. **Fleet Management** – transport & fleet maintenance is utilised by all services across the Council and Bolton at Home. It provides an independent MOT service available to the public and a taxi testing unit.
7. **Building Cleaning** - delivers a comprehensive cleaning service in around 200 buildings across the Council, including 70 Primary and 10 Secondary schools and office accommodation used by Bolton at Home and Council departments. The service is regularly benchmarked with other service providers to ensure value for money.
8. **Legal *** - Legal Services ceased being a trading operation in 2015/16 and became part of the General Fund. As part of the changes made, they no longer charge at an hourly rate but allocate costs as a recharge. They are now two teams led by Principal Lawyers; Corporate & Environment and the Social Care team.
9. **Civic Cleaning** - provides a comprehensive cleaning service within Civic Buildings.

25 Agency Services

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

	2015/16 £000s	2014/15 £000s
Expenditure incurred in providing a service on behalf of the Home Office in partnership with NWC, Bury MBC and Refugee Action	598	680
Management fee payable by the North West Consortium	(598)	(680)
Net surplus arising on the agency agreement	0	0

26 Pooled Budget – Better Care Fund

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

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

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

	2015/16 £000s	2015/16 £000s	2015/16 £000s
Funding provided to the pool:			
Bolton Clinical Commissioning Group			25,884
Bolton Council			4,911
Total funding			30,795
	Bolton Council	CCG	Total
Expenditure met from the pooled budget:			
Integrated Neighbourhood teams	628	2,201	2,829
Intermediate Care	9,337	4,784	14,121
Independent Living	3,292	146	3,438
Complex Needs	781	0	781
Staying Well	1,167	0	1,167
Carers	651	0	651
Care Act	1,519	0	1,519
Protection of Social Care Services	4,227	0	4,227
Programme and IT Costs	378	279	657
Total expenditure	21,980	7,410	29,390
Net surplus arising from the pooled budget during the year			1,405
Share of the net surplus			
Bolton Clinical Commissioning Group 50%			703
Bolton Council 50%			702
Net surplus arising from the pooled budget during the year			1,405

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

Note: Prior to 2015/16 a Pooled Budget was held for the Integrated Equipment Store. This has now been incorporated within the above. Details for 2014/15 are shown below:

	2014/15	
	£000s	£000s
Funding provided to the pooled budget:		
- The Council	(160)	
- NHS Bodies	(1,666)	
		(1,826)
Expenditure met from the pooled budget:		
- The Council	1,716	
- NHS Bodies	110	
		1,826
Net surplus arising on the pooled budget during the year		0
Council share of the net surplus arising on the pooled budget		n/a

27 Members' Allowances

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

	2015/16 £000s	2014/15 £000s
Allowances	873	865
Expenses	1	1
Total	874	866

28 Officers' Remuneration

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

	Note	Salary including Fees and Allowances	Expense Allowance	Compensation for Loss of Office	Total Remuneration Excluding Pension Contributions	Pension Contributions	2015-16 Total Remuneration Including Pension Contributions	2014-15 Total Remuneration Including Pension Contributions
		£	£	£	£	£	£	£
Chief Executive: Sean Harriss	1	0	0	0	0	0	0	208,531
P Najsarek - salary	2	76,259	17	0	76,276	14,286	90,562	0
P Najsarek - Negotiated Severance		0	0	55,192	55,192	0	55,192	0
P Najsarek - Payment in lieu of notice		0	0	34,808	34,808	0	34,808	0
M Asquith	3	26,667	0	0	26,667	5,200	31,867	0
M Asquith	4	56,640	0	0	56,640	11,045	67,685	0
Deputy Chief Executive	5	80,000	0	0	80,000	15,600	95,600	0
Director of Children's and Adults Services		0	0	0	0	0	0	168,172
Acting Director of Children's and Adults	6	84,375	0	0	84,375	16,453	100,828	0

	Note	Salary including Fees and Allowances	Expense Allowance	Compensation for Loss of Office	Total Remuneration Excluding Pension Contributions	Pension Contributions	Total Remuneration Including Pension Contributions	Total Remuneration Including Pension Contributions
		£	£	£	£	£	£	£
Chief Executive of Bolton Care and Support Ltd	7	17,083	0	0	17,083	3,522	20,605	0
Acting Director of People	8	18,383	0	0	18,383	3,585	21,968	0
Director of Development and Regeneration		130,290	288	0	130,578	25,350	155,928	154,333
Director of Environmental Services		116,667	0	0	116,667	22,750	139,417	130,589
Director of Place	9	27,500	0	0	27,500	5,363	32,863	0
Borough Treasurer (s151 Officer)		86,700	90	0	86,790	16,906	103,696	101,429
Borough Solicitor		83,625	0	0	83,625	14,192	97,817	91,657
		804,189	395	90,000	894,584	154,252	1,048,836	854,711

Notes

- 1 left 22/3/15
- 2 Chief Executive from 27/5/15 to 5/11/15
- 3 Acting Chief Executive from 1/4/15 to 26/5/15, 6/11/15 to 1/12/15
- 4 Chief Executive from 2/12/15
- 5 from 27/5/15 to 1/12/15
- 6 from 1/4/15 to 31/1/16
- 7 from 1/2/16
- 8 from 1/2/16
- 9 from 1/1/16

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

	Teachers		Other Staff	
	2015/16	2014/15	2015/16	2014/15
£50,000 - £54,999	38	55	19	19
£55,000 - £59,999	52	50	17	13
£60,000 - £64,999	43	43	9	3
£65,000 - £69,999	16	12	3	5
£70,000 - £74,999	6	8	0	4
£75,000 - £79,999	5	5	6	5
£80,000 - £84,999	6	5	2	5
£85,000 - £89,999	0	2	2	0
£90,000 - £94,999	1	1	1	1
£95,000 - £99,999	3	1	1	0
£100,000-£104,999	0	1	1	0
£105,000-£109,999	1	1	0	1
£110,000-£114,999	0	1	1	0
£115,000-£119,999	0	0	1	0
£120,000-£124,999	1	1	0	0
£125,000-£129,999	1	0	1	1
£130,000-£134,999	0	0	1	1
£140,000-£144,999	0	0	0	1
£160,000-£164,999	0	0	1	0
£165,000-£169,999	0	0	0	1

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

Exit package cost band (including special payments)	Total number of exit packages by cost band		Total cost of exit packages in each band	
	2015/16	2014/15	2015/16 £	2014/15 £
£0-£20,000	59	65	644,883	438,167
£20,001-£40,000	17	9	465,066	257,120
£40,001-£60,000	7	4	349,956	188,301
£60,001-£80,000	4	2	268,697	142,384
£80,001-£100,000	4	0	349,165	0
£100,000-£150,000	1	4	108,075	471,837
£150,000-£200,000	2	2	365,752	361,003
£200,000-£250,000	3	0	713,441	0
£250,000-£300,000	2	2	537,894	552,353
Total	99	88	3,802,929	2,411,165

29 Termination Benefits

Of the £3.8m cost of exit packages, £1,000,930 was made in respect of voluntary severance and redundancy payments (£475,620 in 2014/15) and £2,801,999 (£1,935,544 in 2014/15) was to cover the capitalisation costs of pensions.

30 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the Council's area. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2011. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget which is divided into budget share for each maintained school.

Details of the deployment of DSG receivable for 2015/16 are as follows:

	Schools Budget Funded by Dedicated Schools Grant		
	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s
Final DSG for 2015-16 before Academy Recoupment			235,632
Academy figure recouped for 2015-16			(33,106)
Total DSG after Academy Recoupment for 2015-16			202,526
Brought Forward from 2014-15			10,171
Carry Forward to 2015-16 agreed in advance			(10,171)
			202,526
Agreed Budget Distribution in 2015-16	26,193	180,240	206,433
In year adjustments	13,213	(17,120)	(3,907)
Final Budget Distribution 2015-16	39,406	163,120	202,526
Actual Central Expenditure	42,657	0	42,657
Actual ISB deployed to Schools	0	163,120	163,120
Carryforward to 2016-17	(3,251)	0	(3,251)
Carryforward from 2014-15			10,171
Carryforward to 2016-17			6,920

31 Financing and Investment Income and Expenditure

	2015/16	2014/15
	£000s	£000s
Movement on investment property	(1,988)	(163)
Trading Account (Surplus)/Deficit	3,935	266
Interest Payable	7,212	6,668
Interest and Investment Income	(8,105)	(7,127)
Pension interest cost and return on assets	14,478	13,717
Total	15,532	13,361

32 Taxation and Non-Specific Grant Income

The Council raises Council Tax, Non Domestic Rates (NDR) and receives grants from Central Government each year to support revenue expenditure which is not attributable to specific services. The Grants, NDR and Council Tax received for 2015/16 were:

	2015/16	2014/15
	£000s	£000s
Council Tax	(89,954)	(88,662)
Revenue Support Grant (RSG)	(53,219)	(73,420)
Non Domestic Rates (NDR)Top-Up	(19,172)	(18,813)
Local Retained Business Rates	(43,806)	(39,479)
Council Tax Freeze Grant	(1,102)	0
Collection Fund Adjustment Account	(950)	(400)
Capital Grants	(19,372)	(16,471)
Total	(227,575)	(237,245)

33 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015/16:

	2015/16	2014/15
	£000s	£000s
Credited to Services:		
PFI Special Grant	1,014	1,014
Rent Allowance Subsidy	97,057	99,252
HRA Rent Rebates Subsidy	0	0
Non-HRA Rent Rebates Subsidy	1,973	1,796
HB and Council Tax Benefit Admin Grant	1,854	1,806
Dedicated Schools Grant	203,240	204,838
Pupil Premium	14,510	14,467
Education Services Grant	4,249	5,433
Public Health Grant	20,287	18,906
New Homes Bonus	4,235	3,573
Other Revenue Grants, reimbursements and contributions (Government)	48,315	38,241
Other Revenue Grants, reimbursements and contributions (Non-Government)	1,956	2,293
Total	398,690	391,619

Statement of Accounts 2015/16

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the end of 2015/16 are as follows:

	2015/16 £000s	2014/15 £000s
Capital Grants Receipts in Advance		
Learning Disability and Development Grant	0	83
Other Grants	0	51
Total	0	134
Revenue Grants Receipts in Advance		
Business Rates – Transitional Relief	0	2,977
Business Rates – s31 Grant	416	416
Egyptology Contribution	250	250
Home Office	631	411
DCLG	187	145
Technology Board	135	135
Other Grants	581	348
Total	2,200	4,682

34 Related Parties

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

The UK Central Government exerts significant influence over local authorities by providing the statutory framework within which the Council operates and by the provision of grant funding. Details of transactions with UK Government departments are set out in Note 323 Grant Income whilst total UK Government Debtors and Creditors are disclosed in notes 14 and 16 and the detail is in the table below:

Organisation	Income in year	Expenditure in year	Balance due to Bolton Council at 31.3.16	Balance due from Bolton Council at 31.3.16
UK Government Department				
Academy Schools	881,151	3,107,872	162	0
Arts Council	3,489,688	3,500	3,800	0
DCLG	6,573,736	0	4,529,015	84,815
Department for Work and Pensions	100,296,585	865	8,526	1,961,616
DFE	5,041,920	19,586	0	19,586
Department of Health	2,523,227	0	0	0
DFT	6,555,210	0	0	0
Education Funding Agency	223,742,548	0	440,000	0
H.M. Revenue & Customs	10	195	1,595,016	5,612,231
Other Local Authorities	3,148,204	26,786,861	0	0
Public Health England	20,286,646	800	0	0
Other Government Departments	2,649,559	217,232	297,084	88,787
Total UK Government Departments	375,188,483	30,136,912	6,873,603	7,767,035
NHS				
Bolton CCG	23,241,775	1,214,892	2,523,323	240,477
Bridgewater Community Healthcare NHS Foundation Trust	0	1,086,620	0	543,310
Royal Bolton Hospital NHS Foundation Trust	517,050	11,092,461	7,739	106,907
Health Auth (incl trusts & PCT)	197,467	604,311	19,399	242,658
Total NHS	23,956,292	13,998,284	2,550,461	1,133,352

Members of the Council determine Council policy. During 2015/16 Members of the Council declared an interest in the following activities:

	Total No. of Members with an Interest	Total Amount paid during 15-16	Total Amount due to 31-3-16	Total Amount received during 15-16	Total Amount due from at 31-3-16
		£	£	£	£
Performing Arts	2	180,780	0	0	0
Primary & Secondary Education	2	982,755	0	5,092,050	46,128
Residential Care	2	49,056	0	2,325	225
Sports Facilities	1	2,689,167	0	67,988	0
Construction	1	236,207	0	0	0
Registered Social Landlord	4	8,013,147	2,864	5,031,666	983,697
Grand Total	12	12,151,113	2,864	10,194,029	1,030,050

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

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

PSP Bolton LLP and PSP Bolton (GR) LLP

Please see note 11, Financial Instruments

Other material related party transactions

Bolton Community Leisure Trust was established to manage several of the Council's leisure centres. In 2015/16 the Trust received grant funding from the Council of £2.492m (£2.457m in 2014/15) towards running costs of the facilities.

Related party transactions with National Health Service bodies amounted to income to the Council of £6.1m in 2015/16 (£8.9m in 2014/15). This income relates to various schemes to support Social Care.

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

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

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

Other Public Bodies:

Included in the CIES within net cost of services are the following amounts that are charged as levies for services not directly provided by the Council. The balances due to / from the Council are contained within Note 14 Debtors and Note 16 Creditors respectively:

	Paid as Levies by Bolton Council during 2015-16	Balance due from Bolton Council at 31-3-16	Balance due to Bolton Council at 31-3-16
	£	£	£
Transport for Greater Manchester	20,128,000	0	28,141
Greater Manchester Waste Disposal Authority	19,440,000	495,149	0
The Environment Agency	130,559	0	0
	39,698,559	495,149	28,141

Other related parties disclosed elsewhere in the Statement of Accounts:

- Pooled Budget arrangements with local NHS Bodies are disclosed in Note 26
- Pension funds are disclosed in Notes 38 and 39

- The Council holds long term investments in companies and these are disclosed in Note 11.

35 Capital Expenditure and Capital Financing

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

	Note	2015/16 £000s	2014/15 £000s
Opening Capital Financing Requirement		200,074	208,154
Capital Investment			
Property, Plant and Equipment	7	28,938	33,656
Investment Properties	8	1,691	21
Heritage Assets	7	0	0
Intangible Assets	9	418	127
Revenue Expenditure Funded from Capital under Statute		7,164	7,199
Sources of Finance			
Capital receipts		(4,527)	(2,245)
Government grants and other contributions		(9,320)	(9,355)
Sums set aside from revenue:			
Direct revenue contributions		(19,081)	(26,363)
MRP/loans fund principal		(5,405)	(9,364)
Reduction in Long Term Liabilities		(1,402)	(1,756)
Closing Capital Financing Requirement		198,550	200,074
Explanation of movements in year			
Increase/ (Decrease) in underlying need to borrow (unsupported by government financial assistance)		(1,524)	(8,080)
Increase/decrease in Capital Financing Requirement		(1,524)	(8,080)

36 Leases**Authority as Lessee****Finance Leases**

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

	31 March 2016 £000s	31 March 2015 £000s
Other Land and Buildings	893	917
Vehicles, Plant, Furniture and Equipment	0	158
Total leased assets	893	1075

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

	31 March 2016 £000s	31 March 2015 £000s
Finance lease liabilities (net present value of minimum lease payments):		
Current	29	29
Non-current	322	322
Finance costs payable in future years	1,969	1,998
Minimum lease payments	2,320	2,349

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2016 £000s	31 March 2015 £000s	31 March 2016 £000s	31 March 2015 £000s
Not later than one year	58	58	29	29
Later than one year and not later than five years	116	116	0	0
Later than five years	2,146	2,175	322	322
Minimum lease payments	2,320	2,349	351	351

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2015/16 contingent rents payable were £262k (2014/15 £262k). The Authority has sub-let some of a property held under a finance lease. At 31 March 2016 the minimum payments expected to be received under non-cancellable sub-leases was £127k (£127k at 31 March 2015).

Operating Leases

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

	31 March 2016 £000s	31 March 2015 £000s
Not later than one year	679	753
Later than one year and not later than five years	787	1,227
Later than five years	2,302	2,860
	3,768	4,840

The expenditure in the year of £935k in relation to these leases was charged to the relevant service lines (2014/15 £963k).

Authority as Lessor

Finance Leases

The Authority has leased out property at Paderborn House and at Newport St, both under finance leases with 13 and 52 years remaining, respectively.

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

	31 March 2016 £000s	31 March 2015 £000s
Finance lease debtors (npv of minimum lease payments):		
Current	3	3
Non-current	111	114
Unearned finance income	234	245
Gross investment in the lease	348	362

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

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	£000s	£000s	£000s	£000s
Not later than one year	14	14	14	14
Later than one year and not later than five years	54	54	54	54
Later than five years	280	294	283	293
	348	362	351	361

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2015/16 £218k contingent rents were receivable by the Authority (2014/15 £221k). There are no accumulated allowances for uncollectible minimum lease payments (bad debts provision).

Operating Leases

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

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

	31 March 2016	31 March 2015
	£000s	£000s
Not later than one year	1,361	1,665
Later than one year and not later than five years	4,888	5,941
Later than five years	51,515	53,405
	57,764	61,011

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

37 PFI and Similar Contracts

PFI

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

Payments

The Council makes an agreed payment each year which is increased each year by RPI and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2016 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Payment for Services £000s	Reimbursement of Capital Expenditure £000s	Interest £000s	Total £000s
Payable in 2015/16	921	401	436	1,758
Payable within 2 to 5 years	3,683	1,874	1,474	7,031
Payable within 6 to 10 years	4,604	3,088	1,097	8,789
Payable within 11 to 15 years	2,302	1,935	157	4,394
Total	11,510	7,298	3,164	21,972

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

	2015/16 £000s	2014/15 £000s
Balance outstanding at start of year	7,676	8,031
Payments during the year	(377)	(355)
Balance outstanding at 31 March 2016	7,299	7,676

Other Contracts

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

38 Pension Schemes Accounted for as Defined Contribution Schemes

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

	Sep 15 – March 16	April 15 – Aug 15	2014/15
Percentage contributed (%)	16.48	14.10	14.10
Amount contributed (£000s)	8,011	4,878	11,835

With regard to the Teachers' Pension Scheme, there were employers' contributions of £1,126,094.51 remaining payable at the year end and the contributions due to be paid in 2016/17 are estimated to be £13,230,000.

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

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the teachers' scheme. These benefits are fully accrued in the pensions liability described in note 35.

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

	2015/16	2014/15
Percentage contributed (%)	14.3	14
Amount contributed (£000s)	212	224

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

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the NHS scheme. These benefits are fully accrued in the pensions liability described in note 39, however no such additional benefits have been awarded in the two financial years.

39 Defined Benefit Pension Schemes

Participation in pension schemes

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

The Council participates in three post-employment schemes:

The Teachers Pensions Scheme – see note 38.

The NHS Pension Scheme – see note 38.

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

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

The Greater Manchester Pension Scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Thameside MBC Pension Fund Management Panel. Policy is determined in accordance with the Pensions Fund Regulations. The panel is made up of Councillors mainly from Thameside and is advised by Thameside's Chief Executive, Director of Pensions, Borough Solicitor, outside investment experts and the Pension Fund Advisory Panel (Councillors from each of the 10 Greater Manchester Authorities and also employees' representatives from the major trades unions).

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

Transactions relating to retirement benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However the charge the Council is required to make against the Council tax is based on cash payable in the year, so the real cost of post-employment retirement benefits is reversed out of the General Fund via the MIRS. The following transactions have been made in the CIES and the General Fund Balance via the MIRS during the year:

	2015/16 £000s	2014/15 £000s
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current service cost	36,476	28,574
Past service costs	509	673
Effect of Settlements	(634)	0
Financing and Investment Income and Expenditure		
Net interest expense	14,478	13,717
Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services	50,829	42,964
Other Post-employment Benefit Charged to the CIES		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	37,145	(64,464)
Actuarial gains and losses arising on changes in demographic assumptions	0	0
Actuarial gains and losses arising on changes in financial assumptions	(132,050)	187,786
Other	(18,853)	(9,494)
Total Post-employment Benefits charged to CIES	(113,758)	113,828
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	50,829	42,964
Actual amount charged against the General Fund		
Balance for pensions in the year:		
Employers' contributions payable to the scheme	28,114	25,861

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme	
	2015/16 £000s	2014/15 £000s
Present value of the defined benefit obligation	1,331,321	1,431,796
Fair value of plan assets	(973,895)	(983,327)
Net liability arising from defined benefit obligation	357,426	448,469

Reconciliation of the Movements in the Fair Value of Plan Assets

	Local Government Pension Scheme	
	2015/16 £000s	2014/15 £000s
Opening fair value of scheme assets	983,327	885,741
Interest income	31,404	37,957
Effect of Settlements	(511)	0
Remeasurement gain/(loss):		
The return on the plan assets, excluding the amount included in the net interest expense	(37,145)	64,464
Contributions from employer	28,114	25,861
Contributions from employees into the scheme	8,007	7,846
Benefits paid	(39,301)	(38,542)
Closing fair value of scheme assets	973,895	983,327

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

	Funded Liabilities: Local Government Pension Scheme	
	2015/16 £000s	2014/15 £000s
Opening balance at 1 April	1,431,796	1,203,279
Current service costs	36,476	28,574
Effect of Settlements	(1,145)	0
Interest cost	45,882	51,674
Contributions by scheme participants	8,007	7,846
Remeasurement (gains)/losses:		
Actuarial gains/losses arising from changes in demographic assumptions	0	0
Actuarial gains/losses arising from changes in financial assumptions	(132,050)	187,786
Other	(18,853)	(9,494)
Past service cost	509	673
Benefits paid	(39,301)	(38,542)
Closing balance at 31 March	1,331,321	1,431,796

Local Government Pension Scheme assets comprised:

Asset Category	31 March 2016				31 March 2015			
	Quoted prices in active markets £000s	Quoted prices not in active markets £000s	Total £000s	Percentage of total assets %	Quoted prices in active markets £000s	Quoted prices not in active markets £000s	Total £000s	Percentage of total assets %
Equity Securities:								
Consumer	85,761	0	85,761	9	98,849	0	98,849	10
Manufacturing	70,580	0	70,580	7	91,995	0	91,995	9
Energy & Utilities	52,280	0	52,280	5	82,260	0	82,260	8
Financial Institutions	94,473	0	94,473	10	116,498	0	116,498	12
Health & Care	40,725	0	40,725	4	46,467	0	46,467	5
Information Technology	21,880	0	21,880	2	19,793	0	19,793	2
Other	12,835	0	12,835	1	12,367	0	12,367	1
Debt Securities:								
Corporate Bonds (investment grade)	48,520	0	48,520	5	57,944	0	57,944	6
UK Government	7,721	0	7,721	1	9,150	0	9,150	1
Other	30,407	0	30,407	3	48,626	0	48,626	5
Private Equity:								
All	0	24,333	24,333	3	0	27,322	27,322	3
Real Estate:								
UK Property	0	30,666	30,666	3	0	27,224	27,224	3
Investment Funds & Unit Trusts:								
Equities	271,382	0	271,382	28	181,561	0	181,561	18
Bonds	75,662	0	75,662	8	54,533	0	54,533	6
Infrastructure	0	13,052	13,052	1	0	10,791	10,791	1
Other	19,136	47,366	66,502	7	12,735	48,598	61,333	6

Asset Category	31 March 2016				31 March 2015			
	Quoted prices in active markets £000s	Quoted prices not in active markets £000s	Total £000s	Percentage of total assets %	Quoted prices in active markets £000s	Quoted prices not in active markets £000s	Total £000s	Percentage of total assets %
Derivatives:								
Other	2,563	0	2,563	0	10,973	0	10,973	1
Cash & Cash Equivalents:								
All	24,553	0	24,553	3	25,641	0	25,641	3
Totals	858,478	115,417	973,895	100	869,392	113,935	983,327	100

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Greater Manchester Pension Scheme has been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31 March 2013.

The principal assumptions used by the actuary have been:

	2015/16	2014/15
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.4	21.4
Women	24.0	24.0
Longevity at 65 for future pensioners:		
Men	24.0	24.0
Women	26.6	26.6
Rate of inflation (CPI)	2.2%	2.4%
Rate of increase in salaries	3.5%	3.6%
Rate of increase in pensions	2.2%	2.4%
Rate for discounting scheme liabilities	3.5%	3.2%

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

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in Assumption £000s	Decrease in Assumption £000s
Longevity (increase or decrease in 1 year)	39,940	
Rate of increase in salaries (increase or decrease by 0.5%)	40,645	
Rate of increase in pensions (increase or decrease by 0.5%)	97,525	
Rate for discounting scheme liabilities (increase or decrease by 0.5%)		140,028

Impact on the Council's Cash Flows

The objectives of the scheme are to keep the employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to maintain the solvency of the fund over the next 3 years. The last valuation was completed on 31 March 2013.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

It is estimated that the employers' contributions to the scheme will be approximately £25,637,000 in 2015/16.

The weighted average duration of the defined benefit obligation for scheme members is 18.4 years based on the 31 March 2013 formal valuation.

40 Contingent Liabilities

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 1997. 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. At present, Bolton Council is self-funding claims over and above the stop that has already been reached. Bolton Council's details have been given to the liquidator, but it remains uncertain as to how much recovery will be available.

Municipal Mutual Insurance Ltd

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

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

Therefore in addition to the 15% levy which has been paid, (£733k for Bolton, and £165k for the GMC share) a further payment is now required of £492k for Bolton for the 10% increase. The Council has provided for a further 10% (£748k) – giving 35% in total – based on the advice of the Actuary. The remainder of the

total potential liability has been included in the Insurance reserve (£5,198k in total).

Repayment of Government Grants

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

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 cannot 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.

Unequal 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. A provision has been made in the balance sheet to cover the potential future costs of known claims – see Note 17. Other claims may be made but the Council believes it has no further liability.

Property Searches

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

Business Rate Appeals

From April 2013, Bolton Council became responsible for the collection and distribution of National Non Domestic Rates (NNDR). NNDR taxpayers are able to appeal against the Rateable Value (RV) of their property. 49% of the impact of any successful appeal would need to be met by the Council. A provision has been established for the impact of known appeals. Further appeals may be made but the Council is unable to quantify this potential liability or where properties are moved from the local list to the national list.

Greater Manchester Housing Investment Fund

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

The Fund was set-up on 1 April 2015 and is administered by Manchester City Council as accountable body.

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

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

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

At 31 March 2016 the amount drawn down was £11.063m

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

Greater Manchester Loan Funds Guarantee

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

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

At 31 March 2016 loans totalling £4.050m have been advanced.

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

ISG Ltd

The Council has a contractual dispute with ISG Ltd over the refurbishment works for the Town Hall office accommodation. ISG has referred one of the issues which could result in additional costs. However this has been put on hold as the Council has agreed to go to mediation to resolve this. The mediation will take place in late July 2016. If both parties agree on the outcome of mediation the matter will be resolved. However should this not happen, then the case will be referred back to the Adjudicator.

41 Contingent Assets

Adult Social Care

Additional income of up to £1.429m will be generated from Adult Social Care clients when assets are sold under the provisions of Section 55 of the Health and Social Care Act 2001.

GM & Cheshire East Business Rates Growth Pilot

The Council, along with other Greater Manchester Local Authorities and Cheshire East Council, entered into a pilot scheme for the full retention of Business Rates Growth beyond inflation (as measured by RPI) plus a stretch target of 0.5%. The commencement date for the growth pilot is 1 April 2015. The baseline for calculating growth will be based on the 2015/16 original estimate for business rates revenue (as per Councils' NDR 1 forms) together with a further adjustment for appeals.

Specific and detailed arrangements for calculating the baseline and measuring growth have yet to be agreed with the Government. Furthermore, discussions are currently ongoing regarding the methodology for calculating growth shares across Greater Manchester Districts, Cheshire East Council and the Greater Manchester Combined Authority (GMCA). The mechanism for releasing retained monies to member authorities is also yet to be agreed.

Current calculations suggest that the Council may benefit from additional funds resulting from the Business Rates growth pilot in the financial year 2015/16. However until the calculation for growth, the sharing mechanism and the process for releasing the funds has been approved by Central Government, member authorities and the GMCA, it is considered prudent not to recognise any potential receipts.

42 External Audit Costs

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

	2015/16 £000s	2014/15 £000s
Fees payable with regard to external audit services carried out by the appointed auditor for the year - KPMG	121	160
Fees payable for the certification of grant claims and returns for the year - KPMG	12	21
Refunds from the Audit Commission in respect fees	0	(16)
Fees payable in respect of other services provided during the year - KPMG	12	20
Total	145	185

The fees for other services in 2015/16 include Markets audit £2,000 (£2,000 in 14/15) and £10,000 relating to grants and returns. 2014/15 also included £8,937 in relation to electors' challenge issues relating to accounts pre 2014/15, £8,590 for reviewing new working arrangements/systems.

43 Trust Funds

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

	Balance at 1	Income	Expenditure	Balance at 31	Represented by:		Total
	April 2015			March 2016	Cash / Other Balances	External Investments	
	£	£	£	£	£	£	£
Environmental Services							
Red Lion Playing Field Trust	2,158	0	0	2,158	1,214	944	2,158
Topps Trust Fund	1,647	0	0	1,647	1,647	0	1,647
Adult Services							
Workshops & Homes for the Elderly	153,715	0	0	153,715	153,715	0	153,715
Blair Sick Fund	1,857	1,604	0	3,461	1,604	1,857	3,461
Children's Services							
Leigh Bramwell	77,473	3,811	2,018	79,266	8,302	70,964	79,266
Westhoughton Education Trust	33,678	1,174	0	34,852	10,486	24,366	34,852
Total	270,528	6,589	2,018	275,099	176,968	98,131	275,099

Collection Fund

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

Income and Expenditure Account

Council Tax 2014/15 £000s	NNDR 2014/15 £000s	Total 2014/15 £000s		Council Tax 2015/16 £000s	NNDR 2015/16 £000s	Total 2015/16 £000s
105,891		105,891	Income			
	81,366	81,366	Council Tax	107,750		107,750
			Business Rates		82,564	82,564
105,891	81,366	187,257		107,750	82,564	190,314
			Expenditure			
			Distribution of Previous Year's surplus/(deficit)			
399	(3,804)	(3,405)	Bolton Council	402	(2,412)	(2,010)
47		47	Greater Manchester Police	48		48
18	(78)	(60)	Greater Manchester Fire	18	(49)	(31)
	(3,882)	(3,882)	Central Government		(2,461)	(2,461)
			Precepts and Demands:			
88,662	41,826	130,488	Bolton Council	89,954	42,798	132,752
10,533		10,533	Greater Manchester Police	10,688		10,688
3,986	854	4,840	Greater Manchester Fire	4,045	873	4,918
	42,680	42,680	Central Government		43,671	43,671
	2,527	2,527	Transitional Relief		85	85
			Business Rates:			
	401	401	Cost of Collection Allowance		403	403
			Appeals:			
	2,612	2,612	Provision		(2,599)	(2,599)
			Bad and Doubtful Debts:			
1,298	125	1,423	Provision	1,362	786	2,148
948	1,660	2,608	Write Offs	596	2,405	3,001
105,891	84,921	190,812		107,113	83,500	190,613
0	(3,555)	(3,555)	Surplus/(Deficit) for the Year	637	(936)	(299)
466	(11,168)	(10,702)	Surplus/(Deficit) at Beginning of Year	466	(14,723)	(14,257)
466	(14,723)	(14,257)	Surplus/(Deficit) at End of Year	1,103	(15,659)	(14,556)

Note:

Presentational changes to the Council Tax figures for 2014/15 have been made after a current year review.

Notes to the Collection Fund Accounts

1. Council Tax

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

The Council Tax to be levied on a Band D property is calculated by dividing the total amount to be raised from the Council Tax (including the Police and Fire requirements) by the tax base. This is done by multiplying the number of properties in the band by the specified fraction of the band D charge payable by each band and is shown for 2015/16 in the following table:

	Range of Values	Total Number of Dwellings After Adjustments*	Specified Fraction	Band D Equivalent	% of Total Band D
Band A (disabled)	Up to £40,000	83	5/9	46	0.0
Band A	Up to £40,000	36,026	6/9	24,019	33.5
Band B	£40,000 to £52,000	16,344	7/9	12,712	17.8
Band C	£52,001 to £68,000	15,250	8/9	13,555	18.9
Band D	£68,001 to £88,000	9,204	9/9	9,204	12.9
Band E	£88,001 to £120,000	4,876	11/9	5,960	8.3
Band F	£120,001 to £160,000	2,048	13/9	2,958	4.1
Band G	£160,001 to £320,000	1,655	15/9	2,758	3.9
Band H	More than £320,000	199	18/9	396	0.6
Total		85,685		71,608	100.0%

Estimated collection rate 98%

Council Tax base for tax setting 2015/16 70,176

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

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

From 1 April 2013 National Non-Domestic Rates are organised on a local basis. However the Government specifies the amount (49.3p in 2015/16, compared to 48.2p in 2014/15) and local businesses pay rates calculated by multiplying their rateable values by that amount. The Council is responsible for collecting rates due from ratepayers in its area. 50% of the net rates payable (less certain deductions) are paid to Central Government, and 1% to the Fire Authority.

The NNDR rateable value for the Council's area at the 31 March 2016 was £225,378,758 compared to £225,806,977 at the 31 March 2015.

The Gross NNDR debit for the year was £108,181,804 (£102,016,664 after adjustments relating to appeals). After adjusting for mandatory and discretionary reliefs the net debit was £82,564,014.

Statement of Responsibilities for the Accounts

The Council's Responsibilities

The Council 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 Council, that officer is the Borough Treasurer.
- to manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets.
- to approve the Statement of Accounts.

The Borough Treasurer's Responsibilities

The Borough Treasurer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code).

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Borough Treasurer 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 gives a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2016.

Sue Johnson
Borough Treasurer
14 September 2016

Annual Governance Statement

1. 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.

To meet our overall responsibility, Bolton Council is responsible for putting in place proper arrangements for what we do (this is what we mean by governance) these arrangements are intended to ensure that we do things right, in an open and honest way. 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 authority's code is on our website at <http://www.bolton.gov.uk/website/pages/Councilconstitution.aspx> or can be obtained from The Borough Solicitor. The statement explains how Bolton Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015 regulation 6(1b), which requires all relevant bodies to prepare an annual governance statement.

2. The purpose of the governance framework:

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

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

3. The governance framework:

The governance framework has been in place at Bolton Council for the year ended 31 March 2016 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 Borough's Community Strategy: "Bolton: Our Vision 2007-2017" produced by Bolton's partnership Bolton Vision. In addition to specific aims the plan embraces the underlying concepts of continuous improvement and delivery of priority developments to address big issues. This vision is supported by economic, regeneration and other development plans.
- The delivery of Key Aims is addressed through the Corporate Business Planning Process (CBPP).

- Strategic budget process, which includes the delivery of the Council's savings and efficiency programme. This is shaped by the priorities set out in the Community Strategy.
- Assistant Director divisional level service plans set out how each division will deliver the appropriate community strategy outcomes, savings targets, and other divisional priorities.
- 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 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. Performance reports are sent to Executive Members each quarter which include the monitoring of performance and risks.
- The Council has an established process of Risk Management including review of strategic risks, an assessment of the likelihood and potential impact of risks and registers which record responsibility for managing risk and the action taken.
- The Council's financial management arrangements comply with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government (2010).
- Value for Money is promoted across the organisation through the Council's Corporate Planning Business Process and budget setting process. The Council undertakes efficiency reviews or studies in order to respond to significant reduction in resources in the future.
- 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 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
- The Council has in place an Investigations Panel which reviews and coordinates all investigations undertaken to ensure good practice is shared, any sanctions are consistent, and the organisation learns from the experience.
- Standards Committee has set up a process for local assessment of allegations of failure to comply with the Code of Conduct for Members.
- The appointment of Senior Information Risk Owner (SIRO) and production of wide ranging guidance on information security on a discrete intranet page.
- Political leadership is derived from a Cabinet of 13 Councillors. The Cabinet is made up of four 'Executive Cabinet Members' – The Leader, Deputy Leader, Executive Cabinet Member Environment Services, and Executive Cabinet Member for Regeneration and Resources, and 9 Cabinet Members.

4. 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 audit. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit and Risk's Management's annual opinion and by comments made by the external 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:

- On-going assessment against the CIPFA/SOLACE framework; Delivering Good Governance in Local Government Framework.
- Annual review of internal audit.
- Annual and interim reports of Head of Internal Audit & Risk Management.
- External Audit Reviews.
- Risk management and performance management systems.
- Audit Committee work programme and review of reports.
- Feedback from external inspectors and agencies.
- Internal audit review of the Annual Governance Statement process.
- Review against CIPFA statement on the Role of the Chief Financial Officer in Local Government (2010). CIPFA statement on the Role of the Head of Internal Audit and the Public Sector Internal Audit Standards.

5. Significant governance issues and improvement plan

The Council has continued to maintain good practice during 2015/16 and the review process has not identified any significant issues necessary to highlight in this statement.

This does not mean that the Council does not face challenges and must continue to focus on responding to significant change arising from demographic change, new legislation and the requirement to deliver substantial budget savings during 2016/17 and beyond. Areas of continued focus in developing our governance arrangements during 2016/17 will include:

- Strengthening the rigour and transparency of corporate and strategic risk reporting.
- Maintaining transparency through publication of information in accordance with the Transparency Code, response to requests for information under the Freedom of Information Act and Data Protection Act and preparation to respond to the impact of the EU Data Protection Regulations
- Implementation of changes arising from legislation such as the Care Act and the Insurance Act.
- Actively exploiting opportunities arising from health devolution and our role in AGMA and the GM Combined Authority.
- Driving economic development and public service reform activity with our partners to reduce dependency and further improve outcomes for the people of Bolton.
- Delivering required savings through well governed innovation and collaboration with private and public sector partners, including Bolton Care and Support.
- Enabling effective service delivery and engagement with residents, service users and customers through the effective use of robust, secure and resilient ICT systems.

Statement of Accounts 2015/16

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

Signed:

Leader of the Council

Signed:

Chief Executive

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

We have audited the financial statements of Bolton Metropolitan Borough Council for the year ended 31 March 2016 on pages 13 to 110. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Borough Treasurer and auditor

As explained more fully in the Statement of the Borough Treasurer's Responsibilities, the Borough Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that the financial statements give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Borough Treasurer and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Narrative Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2016 and of the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Matters on which we are required to report by exception

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

- the Annual Governance Statement which accompanies the financial statements does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- the information given in the Narrative Report for the financial year for which the financial statements are prepared is not consistent with the financial statements; or

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or
- any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

Conclusion on Bolton Metropolitan Borough Council's 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 to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Comptroller and Auditor General (C&AG) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by C&AG in November 2015, as to whether Bolton Metropolitan Borough Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Bolton Metropolitan Borough Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

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

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, we are satisfied that, in all significant respects, Bolton Metropolitan Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Statement of Accounts 2015/16

Delay in certification of completion of the audit

Due to work on the WGA Return not being completed by the 21 September 2016

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.



Timothy Cutler

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP
One St Peter's Square
Manchester
M2 3AE

21 September 2016

Glossary of Terms

ACCRUALS

Income and expenditure amounts are recognised as they are earned or incurred, rather than as received or paid.

AGENCY SERVICES

Services performed by or for another Council or public body where the principal (the authority responsible for the service) reimburses the agent (the authority doing the work) the cost of the work carried out.

APPOINTED AUDITORS

External auditors of local authorities appointed by the Audit Commission from major accountancy firms.

APPROPRIATION

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

ASSETS HELD FOR SALE

An asset whose value is likely to be recovered through sale rather than use, that is highly likely to be sold, is available for immediate sale and is being actively marketed.

BALANCE SHEET

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

CAPITAL EXPENDITURE OR OUTLAY

Expenditure on the acquisition of an item of property, plant and equipment or expenditure which enhances the value of an existing item of property, plant and equipment. It includes loans or grants to 3rd parties that are used for such purposes.

CAPITAL FINANCING CHARGES

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

CAPITAL RECEIPTS

Proceeds from the sale of land or other capital assets or the repayment of capital grants or loans. The receipts are available to finance other items of capital spending or to repay debt after any payment to due government has been made.

CI&E

Comprehensive Income & Expenditure.

CIES

Comprehensive Income & Expenditure Statement.

CODE

2015/16 Code of Practice on Local Authority Accounting.

COLLECTION FUND

A statutory account maintained by the Council responsible for collecting Council Tax. Income received from taxpayers is held in this account and distributed to precepting authorities.

COMMUNITY ASSETS

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

CONDITIONS

Grant conditions that stipulate the future economic benefit or service potential embodied in the asset acquired using the grant or contribution are required to be consumed as specified, or the future economic benefits or service potential must be returned.

CORPORATE AND DEMOCRATIC CORE

These are the activities which Councils engage in specifically because they are elected, multi-purpose authorities. The costs of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same service. These costs are therefore not allocated to services.

CREDITORS

Amounts owed by the Council for work done, goods received or services rendered for which payment has not been made.

DEBTORS

Sums of money due to the Council

DEFERRED CHARGES

Capital expenditure where no Council asset is created, e.g. improvement grants. These charges are usually written-off in the year in which they are incurred.

DEPRECIATION

This is the measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset.

FAIR VALUE

Fair value is the price at which an asset could be exchanged in an arm's length transaction.

FINANCE LEASE

A lease that transfers substantially all the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer of risks and rewards is presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term "financial instrument" covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities, such as trade receivables and trade payables, and the most complex ones such as derivatives and embedded derivatives.

GENERAL FUND

The main revenue account for the Council in to which the Council's precept from the Collection Fund and specific government grants are paid, and from which the cost of providing services is met.

GOVERNMENT GRANTS

Assistance by government, government agencies and similar bodies, in return for past or future compliance with certain conditions relating to the activities of the Council.

HERITAGE ASSETS

Assets which are intended to be preserved in trust for future generations, because of their cultural, environmental or historical associations.

HISTORIC COST

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

IFRS

International Financial Reporting Standards.

IMPAIRMENT

A reduction in the value of a fixed asset below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a

significant decline in a fixed asset's market value and evidence of obsolescence or physical damage to the asset.

INFRASTRUCTURE ASSETS

Items of property, plant and equipment that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

INTANGIBLE ASSETS

Assets used in a business which do not have a physical presence (e.g. software licences). When purchased these assets should be capitalised at cost and depreciated over their anticipated life. Internally developed intangible assets should only be capitalised where there is a readily ascertainable market value.

INVENTORIES

Inventories comprise the following categories:

- goods or other assets purchased for resale;
- consumable stores;
- raw materials and components purchased for incorporation into products for sale;
- products and services in intermediate stages of completion;
- long-term contract balances; and
- finished goods.

INVESTMENTS

A long-term investment is an investment that is intended to be held for more than one year from the balance sheet date. Investments which do not meet the above criteria are classified as current assets.

INVESTMENT PROPERTY

Property that is held solely to earn rental income or to increase in value, or both, rather than for use in the operations of the Council or for sale.

MIRS

Movement in Reserves Statement.

NATIONAL NON-DOMESTIC RATES (NNDR)

National Non-Domestic Rates are organised on a national basis. The Government specifies an amount and, subject to the effects of transitional and other relief arrangements, local businesses pay rates calculated by multiplying their rateable values by that

amount. The Council is responsible for collecting rates due from the ratepayers in its area. 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.

OPERATING LEASES

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

OUTTURN

Actual Income and Expenditure in a financial year.

PRECEPT

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

PROPERTY, PLANT AND EQUIPMENT

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

PROVISIONS

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

RESERVES

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

REVENUE EXPENDITURE

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

REVENUE SUPPORT GRANT (RSG)

A general grant paid by the Government not related to individual service provision, with the objective of allowing the provision

of similar standards of service throughout the country for a similar Council Tax levy.

SeRCOP

CIPFA Service Reporting Code of Practice 2015/16.

SURPLUS ASSETS

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

TRUST FUNDS

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