Oldham Borough Council

Council Meeting
Wednesday 9 September 2015

OLDHAM BOROUGH COUNCIL

To: ALL MEMBERS OF OLDHAM BOROUGH COUNCIL,
CIVIC CENTRE, OLDHAM

Tuesday, 1 September 2015

You are hereby summoned to attend a meeting of the Council which will be held on Wednesday 9 September 2015 at 6.05 pm in the Council Chamber, Civic Centre, for the following purposes:

16 2014/15 Statement of Accounts (Pages 1 - 194)

A hard copy of the appendices to the report will be available to view at Access Oldham, Civic Centre Oldham, the Civic Entrance, Civic Centre Oldham and the Groups rooms.

PROCEDURE FOR NOTICE OF MOTIONS
NO AMENDMENT

MOTION – Mover of the Motion to MOVE

↓

MOTION – Seconder of the Motion to SECOND – May reserve right to speak

↓

DEBATE ON THE MOTION: Include Timings

↓

MOVER of Motion – Right of Reply

↓

VOTE – For/Against/Abstain

↓

Declare outcome of the VOTE

RULE ON TIMINGS

(a) No Member shall speak longer than four minutes on any **Motion or Amendment**, or by way of question, observation or reply, unless by consent of the Members of the Council present, he/she is allowed an extension, in which case only one extension of 30 seconds shall be allowed.

(b) A Member replying to more than question will have up to six minutes to reply to each question with an extension of 30 seconds

WITH AMENDMENT

MOTION – Mover of the Motion to MOVE

MOTION – Seconder of the Motion to SECOND – May reserve right to speak

AMENDMENT – Mover of the Amendment to MOVE

AMENDMENT – Seconder of the Amendment to SECOND

DEBATE on the Amendment
For Timings - (See Overleaf)

AMENDMENT – Mover of Original Motion – Right of Reply

AMENDMENT – Mover of Amendment – Right of Reply

VOTE ON AMENDMENT ONLY – For/Against/Abstain – CARRIED/LOST

IF LOST –Declare Lost

Call for any debate on Original Motion and then Call upon Mover of Original Motion – Right of Reply

VOTE – On Original Motion – For/Against/Abstain

Declare outcome of the Vote

IF CARRIED – Declare Carried

Call for any debate on Substantive Motion as Amended and then Call upon Mover of Original Motion – Right of Reply

VOTE – ON SUBSTANTIVE MOTION as amended - For/Against/Abstain

Declare Substantive Motion as amended Carried/Lost

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Report to Council

2014/15 Statement of Accounts

Portfolio Holder: Councillor Abdul Jabbar – Cabinet Member for Finance and Human Resources

Officer Contact: Executive Director Corporate and Commercial Services, Emma Alexander

Report Author: Anne Ryans Director of Finance
Ext. 4902

9th September 2015

Reason for Decision

To advise the Council of the approved 2014/15 Final Accounts and the External Audit (Grant Thornton) Audit Findings report.

The report was considered by Cabinet at its meeting held on 20th July 2015 and commended to Council.

Executive Summary

The Council's 2014/15 Final Accounts were audited, approved and published on 19th May 2015. This was the quickest year end closedown that the Council has ever achieved.

The Audit Findings report is very positive with an unqualified opinion and an unqualified Value for Money (VFM) opinion. The VFM opinion concludes that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. For the first time the Council has a full suite of "green" VFM indicators.

There are no material errors for the 6th year in succession and the report comments on the high quality of the accounts despite the challenging timetable. This has been achieved through the effective closedown processes and procedures adopted. There were no changes to the Council's outturn or the balances position as a result of the audit.

Recommendations

That Council notes the final accounts, the auditor's reports and the comments in the report.

Council **9th September 2015**

2014/15 Statement of Accounts

1 **Background**

1.1 The Council submitted for audit its draft 2014/15 Statement of Accounts to the external Auditors, Grant Thornton on 14th April 2015 five days earlier than planned. Throughout the audit process officers responded promptly to audit queries in line with agreed protocols. The Auditor was able to comment that this positively contributed to the completion of the audit.

1.2 The draft 2014/15 Statement of Accounts was presented to the Audit Committee at the meeting on 23rd April. The agenda papers including the draft Statement of Accounts were issued on 15th April and this early submission of the draft financial statements allowed members of the Committee to review the Council's financial statements in detail in advance of the meeting and thus enabled them to ask challenging and pertinent questions before being asked to approve the audited 2014/15 Statement of Accounts.

1.3 In allowing time for the detailed review, it evidenced the open and transparent process the Council has followed throughout the accounts closedown in line with best practice.

1.4 The Audit Committee approved the audited 2014/15 Statement of Accounts on 19th May 2015. These are shown in Appendix 1.

1.5 Changes made to the accounts during the audit process are shown in Appendix 2 and as can be seen these changes are minor in nature and quantum.

1.6 The External Audit (Grant Thornton) reports are shown in Appendix 3.

2 **Current Position**

2.1 **Audit Reports and Opinions**

2.1.1 Grant Thornton is required to provide the Council with an annual Audit Findings and VFM Opinion. Both are shown in the Audit Findings Report at Appendix 3.

2.1.2 The Audit Opinion is very positive and gives an unqualified opinion. There are no material errors for the 6th year in succession and the report comments on the high quality of the accounts despite the challenging timetable. This has been achieved through the effective closedown processes and procedures adopted by the Council.

2.1.3 The changes identified during the audit are restricted to a change as a result of additional pension information being made available after the draft accounts had been submitted to the Auditor, a reclassification of expenditure and a small number of presentational changes which were included to aid the readers understanding of the accounts.

2.1.4 There are five audit judgements of which four are green and one is amber (the latter being an accounting requirement clarification regarding assets valuations). This has been referred to by the Auditor as a "technical amber" as it expected that the Chartered Institute of Public Finance and Accountancy (CIPFA) requirements will be changed to align to the practice applied in Oldham, when CIPFA issues its 2015/16 Code of Practice on Local Authority Accounting.

2.1.4 There were no changes to the Council’s outturn or the balances position as a result of the audit.

2.1.5 The auditor was only able to make one recommendation as to how the Council could improve its financial statements. This was simply that the Council should continue to declutter the accounts to aid the readers understanding. Officers will continue this process and build on the substantial improvements already made when taking forward the 2015/16 accounts closedown process.

2.1.6 The auditors VFM opinion is also extremely positive concluding that overall the Council’s arrangements for securing financial resilience remain effective. The report states the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

2.1.7 The six overall VFM audit judgments are rated Green. The audit judgement relating to the Council’s level of borrowing has improved from the Amber rating given in 2013/14. The Council therefore has for the first time, a full suite of Green ratings.

2.2 Revenue Outturn

2.2.1 A comparison of revenue budget and outturn is set out in Table 1 with the actual expenditure as reported against the budget for each Directorate for 2014/15.

2.2.2 The final net revenue expenditure budget for 2014/15 was reported at Month 9 as £222.755m. After adjusting for recognised capital grants and contributions of £12.665m, PFI grant income of £9.958m, other minor revenue grant adjustments of £0.165m and the Collection Fund adjustment of £ 0.078m, in accordance with the International Financial Reporting Standards (IFRS), the budget increased to £245.621m, the financing of which is set out in Table 1.

2.2.3 The Comprehensive Income and Expenditure Statement sets out the cost of services that the Council provides in accordance with the requirements of published accounts. This does not completely align to the way in which financial information is managed in-year. Therefore, set out below is the 2014/15 financial position in accordance with the Directorate structure, under which the Council operated for the majority of 2014/15, and the in-year financial monitoring information that was presented to officers and Members. This shows a comparison of budget to actual outturn spending.

Table 1 - Revenue Outturn Compared to Budget

	Budget £'000	Actual £'000	Variance £'000
NET REVENUE EXPENDITURE			
Deputy Chief Executive	5,047	4,414	(633)
Neighbourhoods	69,613	69,511	(101)
Commissioning	108,797	108,798	1
Commercial Services	34,570	34,577	7
Development & Infrastructure	13,278	13,338	61
Corporate Management	2,158	2,066	(92)
Parish Precepts	290	290	-
Corporate and Democratic Core	3,891	3,891	-
Capital and Treasury Management	7,977	8,318	341
TOTAL NET EXPENDITURE	**245,621**	**245,203**	**(418)**
FINANCED BY:			
Council Tax Payers	(72,556)	(72,556)	-
Revenue Support Grant	(69,534)	(69,534)	-
PFI Credits	(9,958)	(9,958)	-
Capital Grants	(16,829)	(16,829)	-
Council Tax Freeze Grant	(866)	(866)	-
Other Non Ringfenced Government Grants	(8,116)	(8,116)	-
Housing and Council Tax Benefit Administration Grant	(1,855)	(1,855)	-
New Homes Bonus	(1,622)	(1,622)	-
Council Tax New Burdens Grant	(157)	(157)	-
Central Services Education Grant	(3,970)	(3,970)	-
Collection Fund Surplus	(832)	(832)	-
Multiplier Cap Grant	(613)	(613)	-
Empty Property Relief Grant	(2)	(2)	-
Long Term Empty Property Relief Grant	(20)	(20)	-
Retail Relief Grant	(509)	(509)	-
Small Business Rate Relief Grant	(1,328)	(1,328)	-
Retained Business Rates	(27,429)	(27,429)	-
Business Rates Top Up Grant	(29,425)	(29,425)	-
TOTAL FINANCING	**(245,621)**	**(245,621)**	**-**
Net Underspend		**(418)**	**(418)**

2.2.4 In overall terms, the Council achieved a surplus of £0.418m at the end of the financial year, which is close to the final position included in the last 2014/15 financial monitoring report (month 9) presented to Cabinet (23rd February 2015). This projected a £0.472m under spend at the year-end.

2.2.5 The surplus of £0.418m has been added to the General Fund Balance to address future years risk requirements. The General Fund Balance now stands at £18.122m which is in alignment with the sum recommended in the 2015/16 Revenue Budget report approved at Council on 25th February 2015.

2.3 Capital

2.3.1 The Council incurs expenditure on capital projects in accordance with the definition of capital expenditure as in the Local Authorities (Capital Finance and Accounting) Regulations 2003. This relates essentially to spending on assets that have a life of more than one year.

2.3.2 The Council spent £66.851m on its capital programme in 2014/15. This is presented in Table 2 by Portfolio area. The financing of the capital programme is also presented and shows that the major funding sources was Prudential Borrowing followed by Government grants and contributions and also revenue contributions.

2.3.3 As can be seen, there was a £26.592m variation between the forecast capital programme expenditure level and the final outturn. The majority of the expenditure will, however, reprofile into 2015/16 together with the financing and does not therefore present any financial issues for the Council to address.

Table 2 – Capital Outturn Compared to the Forecast Outturn

Portfolio and Funding	2014/15 Capital Programme £000	2014/15 Outturn £000	Variance £000
Expenditure			
Commercial Services	27,011	16,426	(10,585)
Commissioning	1,354	1,306	(48)
Deputy Chief Executive	100	100	-
Neighbourhoods	23,737	17,159	(6,578)
Development and Infrastructure	38,131	31,859	(6,272)
Funds Yet to be Allocated	3,109	-	(3,109)
Total Expenditure	**93,442**	**66,851**	**(26,592)**
Resources			
Grants & Other Contributions	(29,587)	(18,650)	10,938
Prudential Borrowing	(35,600)	(26,614)	8,986
Revenue	(19,284)	(18,295)	989
Capital Receipts	(8,971)	(3,292)	5,679
Total Resources	**(93,442)**	**(66,851)**	**26,592**

2.4 Timetable for Closure

2.4.1 Members of the Council will be aware that since 2009/10, the Finance Team has been both accelerating the timeline for the closure of the accounts and improving the quality of the accounts. Set out below is the track record since the initiative began:

- The 2009/10 the accounts were prepared by 27th May and an audit opinion obtained, and the accounts published, on 31st August (placing the Authority 6th in the list of all Councils and the 1st Metropolitan Authority to close its accounts for that year).

- The 2010/11 the accounts were prepared and submitted for audit by 19th May 2011 and an audit opinion received and the accounts published on 29th July 2011. This made the Council the joint first of any Council to close its accounts for the year.

- The 2011/12 the accounts were prepared and made ready for audit by 3rd May 2012. The accounts were published on 25th June 2012, making the Council the first Council and Local Government Body to close and publish its accounts and the first to do so in June since the Audit Commission began reporting on this.

- The 2012/13 the accounts were handed over for audit on 26th April and published on 31st May 2013. This was a further step change on previous years achieved through refined processes and the hard work and dedication of finance staff. This confirmed the Council as the first local government body to publish its accounts for 2012/13 and the first to do so in May.

- The 2013/14 accounts were handed over for audit on 17th April and published on 28th May 2014. Again the Council was the first local government body to publish its accounts.

2.4.2 The 2014/15 closedown process with a hand over to Audit on 14th April and approval and publication on 19th May 2015 has clearly improved on the speed of earlier years. The much improved quality of the accounts makes the overall performance for 2014/15, the best yet. This therefore sets a very high standard for other Local Authorities to follow.

2.5 **The Performance of the Finance Service**

2.5.1 The preparation of the Council's accounts represents one outcome from work that is continuing in order to enhance and develop the performance of the Oldham Finance Team. The work of the Finance Team underpins the work of the Council as well as ensuring compliance with statutory requirements, budget management and excellent financial practice.

2.5.2 The improvements in financial management which have led to the accounts being produced include the 4 key approaches of:

- project management;
- challenging timelines and quality;
- improving technical expertise;
- refining quality assurance techniques.

2.5.3 Using project management disciplines the Council has prepared a highly detailed final accounts action plan, set defined roles and responsibilities for individuals and teams, prepared a communication and stakeholder management plan, as well as embedded risk management techniques and progress reporting

2.5.4 The approach that has been taken which has been refined and improved year on year is to work so that there is:

- Early planning – with a timetable review as soon as previous year's accounts have closed, early and continuous identification of risks and mitigating actions, identifying technical requirements

- Ongoing programmes of technical activity through technical task groups

- Earlier assurance with month 6 and month 9 closedowns routines
- Early completion of work where possible e.g. recharges
- Close and regular liaison at a strategic and operational level with the external auditors Grant Thornton
- The inclusion of financial statements within the financial monitoring reports prepared for Cabinet covering the full suite of statements
- Proactive work by internal audit, supporting the assurance process with two stage fundamental financial systems audits all completed by 31st March
- Technical expertise development – identification of key individuals with support where necessary
- Refined quality assurance processes

2.5.5 The early closure of accounts is a significant driver of efficiency, allowing work to be undertaken more effectively. This means that members of the Finance Team are able to work on other tasks and projects once the short closure exercise is complete.

2.5.6 The accelerated and improved timescale and quality has been achieved by the hard work, commitment and dedication of the Finance Team who can all take pride in the early closure of the accounts and also in the other significant improvements in financial management that have been made. This represents a real team effort.

3 Options/Alternatives

3.1 As the Accounts have already been approved by the Audit Committee, the Council can note the final accounts, the audit report and the items outlined in the report.

4 Preferred Option

4.1 The preferred option is that the Council notes the final accounts, the audit reports and the items outlined in the report.

5 Consultation

5.1 Consultation has taken place with the Councils external auditors, Grant Thornton, the Councils Audit Committee and Cabinet.

6 Financial Implications

6.1 Dealt with in the body of the report.

7 Legal Services Comments

7.1 There are no Legal implications.

8. Co-operative Agenda

8.1 Improving the quality and timeliness of the financial information available to citizens of Oldham supports the cooperative ethos of the Council.

9 **Human Resources Comments**

9.1 There are no Human Resource implications.

10 **Risk Assessments**

10.1 There are no risk implications attached as a result of this report.

11 **IT Implications**

11.1 There are no IT implications attached as a result of this report

12 **Property Implications**

12.1 There are no Property implications.

13 **Procurement Implications**

13.1 There are no Procurement implications.

14 **Environmental and Health & Safety Implications**

14.1 There are no Environmental and Health & Safety implications as a result of this report.

15 **Equality, community cohesion and crime implications**

15.1 There are no Equality, community cohesion or crime implications.

16 **Equality Impact Assessment Completed?**

16.1 Not Applicable

17 **Key Decision**

17.1 Yes

18 **Key Decision Reference**

18.1 CFHR-12-15

19 **Background Papers**

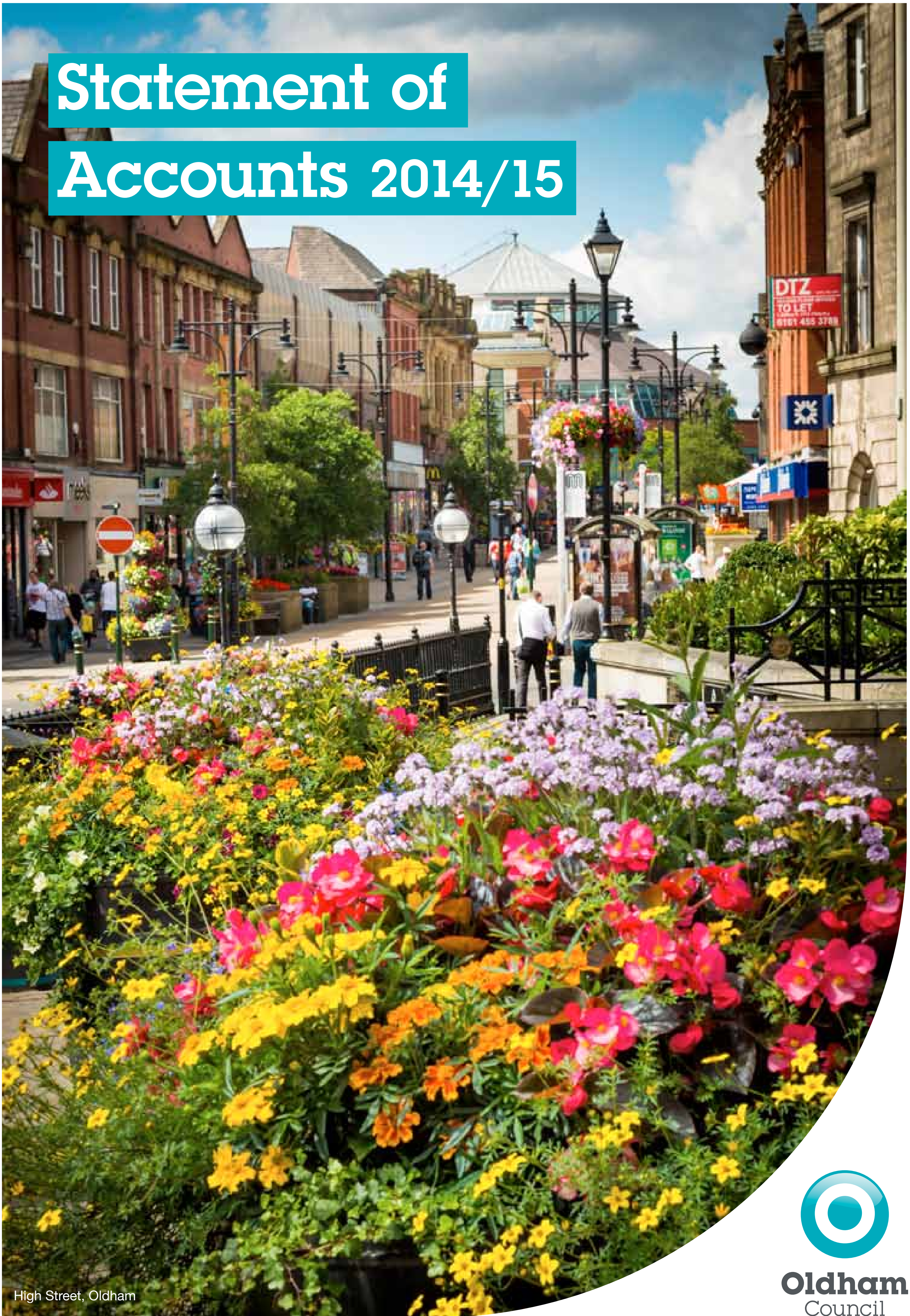
19.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref: Background Papers are provided in Appendix 1, 2 and 3
Officer Name: Jonathan Davies
Contact No : 0161 770 8456

20 **Appendices**

20.1 Appendix 1 – 2014/15 Statement of Accounts
20.2 Appendix 2 – Changes to the Draft Statement of Accounts
20.3 Appendix 3 – Audit Findings Report

Statement of Accounts 2014/15



High Street, Oldham

Oldham Council

War Memorial and St Mary's Church

1.0 Preface

1.1 Introduction to the 2014/15 Statement of Accounts by Councillor Abdul Jabbar, Cabinet Member for Finance and Human Resources

I am very pleased to welcome you to Oldham Council's Statement of Accounts for 2014/15. Whilst continuing its improvement agenda, Oldham Council has faced a range of challenges during 2014/15 and there have also been changes, including a corporate restructure. The continuation in the cuts in funding from Central Government has clearly influenced the financial environment and framed the budget process together with the shape of services provided by the Council.

However, as a Co-operative Council we continue to work closely with our District Partnerships, residents, partners and staff to look at options for the prioritisation of resources and to identify opportunities for changing the way that we deliver services. Support for the regeneration of the borough continues. The Capital Strategy and Capital Programme Report 2014/18 included approved capital investment of £185m by 2017/18. This capital investment includes:

- the building of a new hotel in the centre of Oldham (the Hotel Futures project);
- significant investment in Leisure facilities across the borough;
- bringing the Old Town Hall back into use as a centre for entertainment with a cinema and a range of restaurant facilities;
- improvements to the Highways infrastructure
- the refurbishment and extension of existing schools as well as the building of new schools

The revenue budget setting process for 2014/15 delivered a budget saving of £23.004m. The initial target for the year, set in December 2012 was £12.978m. This was then increased to £20.504m and then finally £23.004m. This change was largely due to the level of Government funding reductions exceeding the figures that had initially been estimated. This savings requirement brought the total budget savings that the Council had had to find since 2009/10 to a total of £141m.

The Council continues to face significant financial challenges due to on-going reductions in Government funding. As a result, savings of an additional £35.2m have been required to balance the budget for 2015/16 with a further £29.5m savings target for 2016/17. In rising to this challenge, the Council is changing the way it does business. The Cooperative agenda is creating the operational framework to facilitate the change so that we are working smarter to deliver services differently, including moving from being a provider of services to being a commissioner of services. Increased working with partners, in both the public and private sector is a key element in taking this work forward. This new operating model will ensure that we will not only become more efficient and cost effective, but also change the way we are viewed by our customers and the residents of our borough.

Income generation is a priority area. The Council will continue to maximise its current sources of income, and we will identify new income streams and actively pursue all opportunities to increase the resources available to the Council. Increasing the level of Council Tax and Business Rates is a key aim and working to encourage new house building and business set up fits well with the regeneration ambitions of the Council.

We continue our success in closing the accounts early, being the fastest public body to publish their Statement of Accounts in 2013/14. This was the third year in a row Oldham Council has published its accounts first of all Local Government Bodies, making it on par within the top 55% of FTSE 100 companies in terms of year end to external sign off. There has been further improvement in the reducing the timescales for producing the Council's accounts this year. Passing over the accounts for audit by our External Auditors on 14 April 2015 is once again a fantastic achievement. By having our accounts approved by the Audit Committee on 19 May we have once again shortened our accounts closure timeline.

I would like to take this opportunity to thank all of our finance and audit staff who have worked to make our ambition a reality in closing the accounts quickly and to a very high standard.

I should also acknowledge the good work that was done to balance the 2014/15 budget, to monitor and manage the resources throughout the year so that the outturn accurately reflected the in-year projections. This careful management of our finances enables us to make fully informed decisions about the appropriate use of Council resources and deliver the quality of services that residents have come to expect.

1.2 Explanatory Foreword

Message from the Interim Director of Finance – Anne Ryans

I am very pleased to be able to advise you that although there have been some changes in personnel, the Oldham Council Finance Service has continued to undertake the excellent work for which it has built a deservedly good reputation, including a swift close down of the accounts for which it has established a national profile.

The accounts have once again been prepared to a high standard, being handed over to the External Auditor on 14 April 2015. Our accounts were approved by the Audit Committee at its meeting on 19 May 2015. Once again this sets the standard for the Local Government sector, being so far in advance (over 4 months) of the current statutory deadline.

It is interesting to note that there will be a phased shortening of the statutory deadline for the production of the accounts up to 2018. These revised deadlines are still some way behind the timescales that Oldham Council has achieved.

The preparation of the accounts in a timely manner provides the Council with the opportunity to report its financial position and then move on to address the challenges arising from the continued reduction in Government funding and in 2015/16 the opportunities provided by the Greater Manchester devolution initiative. It is important that the Council is able to maximise the financial and other benefits that this ground-breaking proposal will provide and it will give the Finance Team the opportunity to work at the forefront of this exciting new initiative.

As the financial statements demonstrate, the financial standing of the Council is robust. We have established good financial management disciplines and processes and operate in an environment of continuous improvement. We will continue our drive for excellence.

Working to such deadlines and standards is only possible because of the hard work and dedication of the staff in the Finance Service. This is reflected in all aspects of the work that the Service undertakes. During 2014/15 we have begun developing the next stage in our transformation agenda for the Service with the Finance Self Service initiative which will see a change in the functions undertaken by staff as we move to a Business Partnering approach, concentrating on added value tasks and moving away from the more traditional service historically provided by a Finance Team. This new working model will support the changes in the Council as a whole and contribute to achieving efficiencies in the provision of the financial management function.

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It therefore aims to provide information so that members of the public, including electors and residents of Oldham, Council Members, partners, stakeholders and other interested parties can:

- Understand the overarching financial position of the Council
- Have confidence that the public money with which the Council has been entrusted and has used has been accounted for in an appropriate manner
- Be assured that the financial position of the Council is sound and secure

The style and format of the accounts, complies with CIPFA standard and is similar to that of previous years. Once again the content has been reviewed in line with our "removing the clutter" drive.

The Explanatory Foreword provides some information about Oldham and Oldham Council as well as key issues affecting the Council and the accounts. It also provides a summary of the financial positon at the 31 March 2015.

I have therefore prepared the Explanatory Foreword so that it is structured as follows:

1. An Introduction to Oldham
2. Key Facts about Oldham
3. Key Facts about Oldham Council
4. A Summary of the 2014/15 Financial Performance of the Council
5. Explanation of the Financial Statements
6. Receipt of Further Information
7. Acknowledgements

An introduction to Oldham

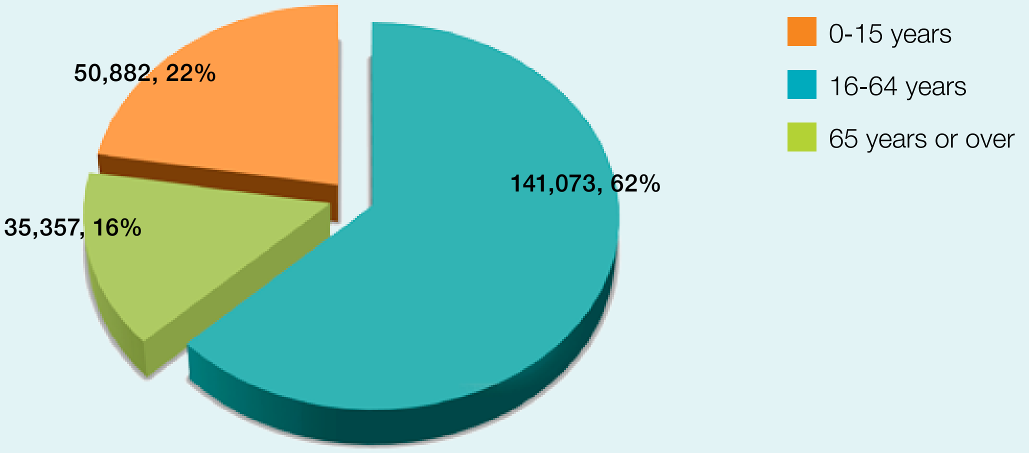
Oldham Council is one of the 10 Local Authorities in the Greater Manchester region. The Metropolitan Borough of Oldham occupies a key position between Greater Manchester and the Leeds City Region and provides a gateway to the North West and to Yorkshire and Humberside. It lies in the North East of Greater Manchester and covers an area of approximately 55 square miles (142.365km sq). It is located within the foothills of the Pennines and stretches from the Northern edge of the Peak District National Park (indeed almost a quarter of the borough is within the National Park) to the outskirts of the City of Manchester. It shares its borders with the City of Manchester, the Metropolitan Boroughs of Tameside and Rochdale and to the east, Kirklees and Calderdale. No residential location in the borough is more than two miles away from open countryside.

Oldham has a proud industrial heritage but, along with many towns and cities, the industries on which the wealth of the area was built have now declined. Regeneration, both in terms of employment opportunities and physical redevelopment, is recognised as being very important to the future prosperity of the borough and is a key aim of the Administration. The Council has to provide services such that it meets the needs of its citizens, serving both an urban and rural environment and this is influenced by the makeup of the population, education, the economy, health and housing issues.

Key facts about Oldham

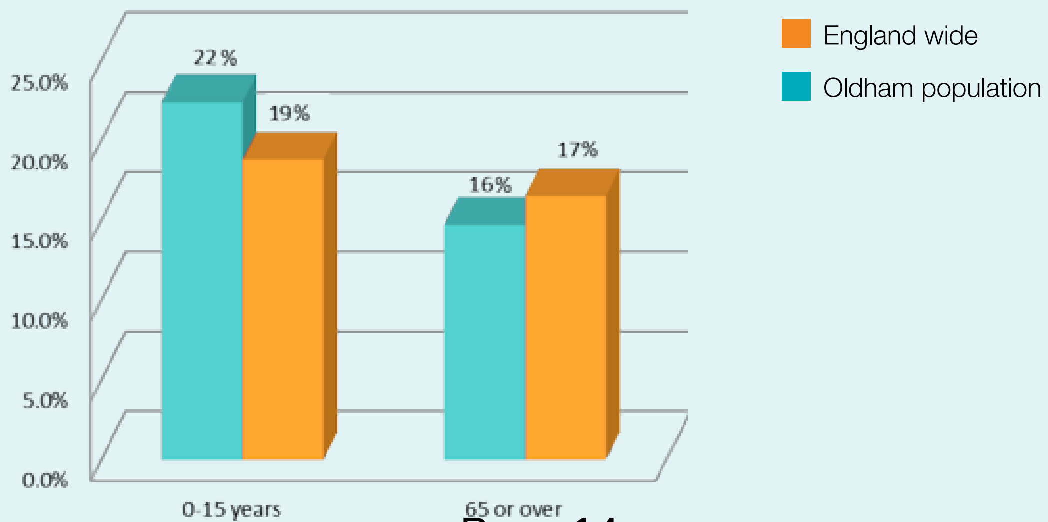
Population

Office for National Statistics Mid-Year Estimates for 2013 show that Oldham had a total estimated population of 227,312, the make-up of which is shown in the table below.



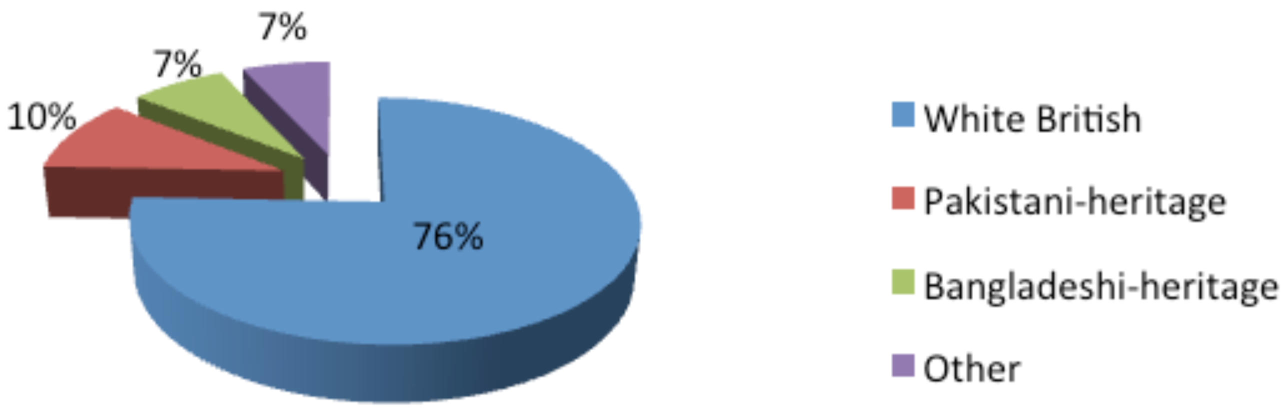
Oldham has a relatively youthful age structure, with proportionally more people aged 0-15 years compared to people aged 65 or over. This trend goes against the national averages as demonstrated below.

Comparison of Oldham's population to England wide.



According to the 2011 Census Population Estimates by Ethnic Group, Oldham has a higher proportion of non-white Black and Minority Ethnic (BME) residents (22.4%) than the North West (9.8%) or England (14.6%). Oldham's population is more ethnically diverse within younger age bands.

Census population estimates of Oldham residents 2011



Economy

Economic data tells us:

- The median household income in Oldham is £25,116, which is less than the national average of £28,360
- The unemployment rate in Oldham as at November 2014 stands at 3.1%, the joint highest rate across Greater Manchester and is significantly higher than the national average (2.0%). Unemployment has continued to fall sharply over the 12 months to November 2014. This large decrease is likely to be a result of more local job opportunities, tougher sanctions imposed on claimants, the introduction of Universal Credit and the impact of the Get Oldham Working campaign
- According to the 2010 Indices of Deprivation more than one in five Oldham residents (21.4%) live in income-deprived households
- Around three in ten Oldham children aged 0-15 (30.1%) live in income deprived households (Income Deprivation Affecting Children Index)
- More than one in five Oldham residents aged over 60 (23.4%) live in income-deprived households (Income Deprivation Affecting Older People Index)
- Five of Oldham's twenty wards are among the 5% most income deprived wards in England (Coldhurst, St. Mary's, Alexandra, Werneth and Hollinwood)

Key facts about Oldham Council

Oldham Council is a multifunctional and complex organisation. Its policies are directed by the Political Leadership and implemented by the Executive Management Team and officers of the Council. In the following section, I present the political and management structures of the Council, the political ethos driving the policy and the agenda of the Council and the means by which these are implemented and managed.

The Political Structure of the Council in the 2014/15 Municipal Year

Oldham has 20 wards and the Council consists of 60 elected Members and following the local election on 22 May 2014 the political make-up of the Council is:

Labour Party	45 Councillors
Liberal Democrat Party	10 Councillors
Conservative Party	2 Councillors
UK Independence Party	2 Councillors
Independent	1 Councillors

As a result of the local election, the membership of the Council changed. In addition to Labour, Liberal Democrat and Conservative party representatives, UKIP and an Independent councillor gained seats. The Labour Party remained in control with a slightly increased majority of 30 seats, continuing with the driving ethos of a Co-operative Council. The Council has adopted the Leader and Cabinet model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The requirements of the Act are such that the Leader of the Council has responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of Executive Functions.

Following the local election on 7 May 2015 the membership of the Council remains unchanged.

The Management Structure of the Council

Supporting the work of elected Members is the organisational structure of the Council headed by the Executive Management Team (EMT), led by the Chief Executive Carolyn Wilkins who was appointed to the role of Chief Executive in June 2014. Carolyn had been undertaking the role in an interim capacity since the departure of Charlie Parker in January 2014.

The accounts and tables below are prepared using the portfolio structure that was in place for the majority of the financial year which consisted of the following directorates and the main divisions therein;

- Commissioning
  - » Adult Services
  - » Children's Services
  - » Joint Commissioning
  - » Public Health
- Neighbourhoods
  - » Neighbourhoods; Failsworth and Chadderton.
    Environmental Services; Waste Management; Streetscene and Parks; Operational Highways and Streetlighting and Public Protection
  - » Neighbourhoods; Oldham.
    Stronger Communities Service; Community Safety Services; Heritage, Libraries and Arts; Youth and Sport Development; Oldham's Lifelong Learning Service.
  - » Neighbourhoods; Royton, Shaw and Crompton and Saddleworth and Lees
    Strategic Planning and Transportation Service; Development Management; Housing Strategy Team; Housing Needs Team; Housing Implementation Team; Civil Resilience and First Response
  - » Development and Infrastructure
- Commercial Services
  - » Borough Solicitor
  - » Borough Treasurer
  - » Commercial Services
  - » Corporate Property
- Deputy Chief Executive's/Corporate
  - » Communications and Marketing
  - » Business Intelligence
  - » People Services
  - » Public Service Reform

Following a restructure at the end of 2014, EMT is now comprised of the Chief Executive and four Executive Directors. The Director for Policy and Governance also has a direct reporting line into the Chief Executive and is part of EMT. I attend meetings of the Management Team in my role as Interim Director of Finance (the Section 151 Officer) together with the Borough Solicitor as the Monitoring Officer and other Directors as required. This ensures that the key Statutory Officers are represented at the most senior level of the Council.

Each Executive Director is responsible for leading on the main partnership arrangements throughout the borough including key neighbourhood based activity. EMT manages the delivery of Council services as well as directing the overall improvements and future plans for Oldham.

It provides managerial leadership and supports the elected Members of the Council in:

- Developing strategies
- Identifying and planning resources
- Delivering plans
- Reviewing the authority's effectiveness with the overall objective of providing excellent services to the public

The Chief Executive and Executive Directors lead four directorates through which services are delivered. The four directorates and the main divisions within the directorates are listed below:

- Health and Wellbeing
    - » Adult Social care
    - » Safeguarding
    - » Public Health
- Co-operatives and Neighbourhoods
    - » Environmental Services (inc: Waste Services; Street Scene, Parks and Open Spaces; Operational Highways and Street Lighting, Housing Strategy Team)
    - » Community Services (inc: district working and arrangements; Stronger Communities and Community Safety Services; Heritage, Libraries and Arts)
- Corporate and Commercial Services
    - » Legal Services
    - » Finance Service
    - » Commercial Services
    - » People Services
- Economy and Skills
    - » Economic Development (inc: Regeneration, corporate assets; development and infrastructure)
    - » Enterprise and Skills
    - » Education and Early Years

The Director of Policy and Governance is responsible for portfolio services including Corporate Policy, Communications and Marketing, and Business Intelligence.

A Co-operative Borough

Following a period of recovery in 2009, through two years of intensive improvement the Council has made a great deal of changes. The Council now faces further significant reductions in its funding and, after having to make savings of over £141 million over the period 2009/10 to 2014/15, with a further £64 million anticipated across 2015/17.

In spite of these financial challenges, Oldham is committed to developing a co-operative future; one where citizens, partners and staff work together to improve the borough and create a confident and ambitious place. We want all members of the community to be able to play an active part in building our co-operative borough.

Working with communities at a neighbourhood level, we are enabling residents to take greater control over their own lives and over the services and amenities that matter most to them. We're devolving power and responsibility and we're supporting people to do more to help themselves and each other, helping to build greater resilience and self-reliance that enables individuals and communities to make positive choices to change their neighbourhoods for the better – whether that means small choices that make a big difference, like putting litter in the bin instead of dropping it on the street, or making a big change, like taking control of local services.

Alongside our positive aspiration for a co-operative future for our borough, we – like many other parts of the public sector – have experienced continued growth in demand for services as well as unprecedented budget pressures. A co-operative approach is our response to these significant challenges; far from simply managing decline, we're ambitious to build a positive future for our borough in partnership with local people.

In moving towards a Co-operative Borough, it is critical that as a Co-operative Council we are clear of our place leadership role and priorities. The Oldham Plan was refreshed in January 2015 and sets out clearly how organisations will work together to tackle the challenges that Oldham faces and improve outcomes for residents. Our co-operative approach creates the foundation to build on. Put simply we want to create a borough where everyone does their bit and everyone benefits. It also builds on the positive role we play in Greater Manchester and the city region which will become of growing importance as we move on a path to greater devolution over the next few years.

The Corporate Plan

One of the key strategic documents that frame the actions of the Council is the Council's Corporate Plan. This is a working document that exists to help elected Members, staff and partners work together to deliver the vision for Oldham. Its primary purpose is to set out our story of place and our priorities for Oldham - what we are doing and why we are doing it.

Our ambition is to deliver a co-operative future where everyone does their bit to create a confident and ambitious borough.

There are three corporate objectives that underpin the delivery of the ambition. They are:

1. A productive place to invest where business and enterprise thrive.
2. Confident communities where everyone does their bit.
3. A co-operative council creating responsive and high quality services.

The current Corporate lan timeframe is coming to an end in 2015. Work is currently underway to develop the Corporate Plan 2015 to 2020 including a review of the corporate ambition and objectives, and development of an Outcomes Framework for the organisation. The new Corporate Plan is due to be approved at Annual Full Council on 20th May 2015.

In 2014 we launched our co-operative behaviours, which sit alongside our values. Our values are: Fairness, Openness, Responsibility, Working together, Accountability, Respect and Democracy.

Our behaviours articulate what makes us Oldham and should guide the way we operate. They are: Work with a resident focus, Support Local Leaders, Committed to the Borough, Take ownership and drive change, and Drive high performance.

Neighbourhood Working and Devolution

A key aspect the Co-operative Council agenda has delivered a programme of devolution towards a neighbourhood delivery model.

The Council is committed to changing its relationship with citizens, partners and staff. This means being recognised as a receptive council that listens, responds and engages as locally as possible and has strong civic and community leadership through a strengthened role for local leaders. The District Executives in partnership with others will consider key priorities that are local to their area and review service delivery were appropriate to enable these priorities to be delivered.

Key Issues that Influenced the Council and its Financial Position in 2014/15

I have taken a view of key issues that have influenced the Council in 2014/15 under the PESTLE (Political, Economic, Social, Technological, Legal, and Environmental) analysis technique. The key items are listed below and a more detailed analysis follows;

- Local Government Finance Act
- Health and Social Care Act
- Academies Act 2010 and Education Act 2011
- Economic downturn and continuing reduction in the national deficit

Political

- Localism and Decentralisation – the last few years have seen changes to the roles and responsibilities of local government including the Public Health transfer, which is included in these accounts.
- Central Government has changed the way local government is funded allowing local authorities to retain a proportion of business rates generated in their area
- The Welfare Reform Act has been introduced aiming to reduce the welfare by £5.5bn, further changes to welfare include the withdrawal of Local Welfare Provision monies from 2015/16
- The local elections held in May left the political landscape largely unchanged this financial year, the impending General and local elections may have a future impact
- The Chancellor of the Exchequer and leaders of the Greater Manchester Combined Authority signed a devolution agreement on 3 November 2014. The agreement will result in devolving new powers and responsibilities to Greater Manchester, and Greater Manchester adopting a directly elected Mayor for the city-region

Economical

- The Government's austerity measures aimed at getting the public sector deficit in order have continued to influence the resources available to the Council, with the Council having to make considerable savings. This is expected to continue into the future
- Greater Manchester (GM) analysis has demonstrated that overall the public sector spend in GM is similar now to what it was in 2008, although spend on agencies delivering services has reduced considerably, spend from the Department of Work and Pensions benefits has increased to match the reduction.
- Oldham is ranked 26th worst affected out of 379 local authorities in Great Britain as a result of the Welfare Reform changes, with the overall annual impact estimated at £91m
- The small business rate relief scheme which operated throughout 2014/15 will be further extended for one more year from April 2015 and business rates increases will again be capped at 2% from April 2015. Every retail business in England in premises with a rateable value of up to £50,000 will now get a business rates discount worth £1,500 (£1,000 in 2014/15)

Social

- The 2011 Census population estimate for Oldham is an increase of 3.5% since the 2001 Census. This is less than half the percentage increase for England. The numbers of older people have increased impacting on the demand for Council services
- Oldham has a relatively youthful age structure, with the proportion of the population aged under 20 being considerably higher than elsewhere in England
- There is an increase in demand for certain services and a greater requirement for personalisation of services.
- The rising cost of living set against the economic challenges we currently face means that the number of people in debt or in danger of falling into debt is rising
- The prevention and intervention agenda, primarily concerned with savings 'upstream' mostly realised in the longer term

Technological

- The huge increase in the use of the intranet, social media and social networking has made these channels one of the main ways of informing and communicating with others. Oldham was the first Council to accept public questions via social media at the Council meeting and other use has been made of the web through live streaming of Council meetings. This does have a flip side by increasing the potential for reputational risk in terms of the viral nature of social networking
- The latest digital inclusion figures for Oldham show that 23.6% have never used the internet (20% national). The majority of those tend to be older people. Given the channel shift of services to online there is a need to consider greater inclusion levels

Legal

- Local Audit and Accountability Act – this Act included measures to close down the Audit Commission effective from 31st March 2015 and replace it with a new local audit framework; extensions to the council tax referendum provisions allowing local council taxpayers to veto rises in council tax caused by bodies such as Waste Disposal Authorities
- The Care Bill was given Royal Assent in May 2014 with the main provisions of the Act coming into force in April 2015 followed by the funding provisions in April 2016. The Act will have a major impact on Adult Social Care Services in terms of how these are delivered and funded, including a cap on the costs that people will have to pay for care during their lifetime
- The Health and Social Care Act introduces substantial changes to the way the NHS in England is organised and run, with responsibility for public health transferring to Local Authorities including the Better Care Fund
- Academies Act 2010 and Education Act 2011, at the end of 2014/15 a total of 18 schools had converted to academy status with a resultant loss in grant funding
- There are a number of bills which are making their way through Parliament which will potentially impact on the Council in the coming years which have influenced the thinking for 2014/15 and the future. Examples include; Small Business, Enterprise and Employment Bill and the Infrastructure Bill

Environmental

- Carbon Reduction Commitment (CRC) – this is a mandatory scheme aimed at improving energy efficiency and cutting emissions in large public and private sector organisations
- ISO14001 – Environmental Management System - The UK is required to adopt a range of measures in order to meet stringent carbon budgets and greenhouse gas (GHG) emission reduction targets, (34% reduction in GHG emissions by 2020, and at least 80% by 2050). These include the use of renewables, carbon capture and storage and the deployment of low carbon energy
- Adverse weather conditions may require extra investment in preventative measures, as well as costs to the local economy if the infrastructure is out of action for an extended period

The Medium Term Financial Strategy

The 2014/15 revenue budget process was influenced and framed by the continued need to make radical reductions in expenditure, whilst still aiming to address priority issues for the Council.

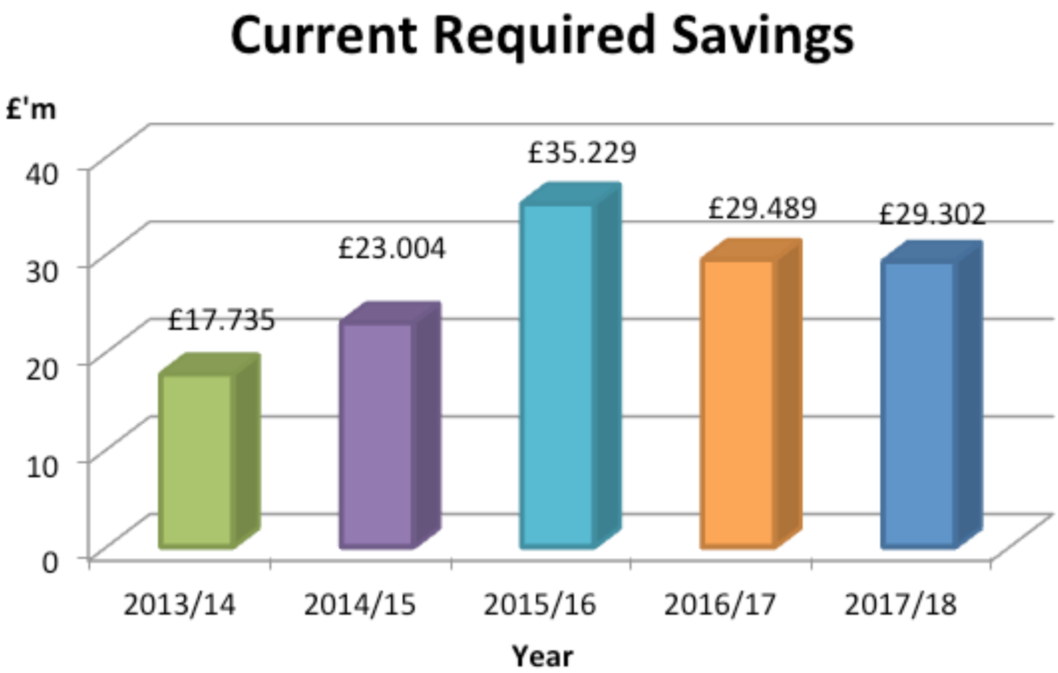
Medium Term Financial Strategy for 2014/15 to 2017/18 including the Projected Level of Balances

The aim was to align the Medium Term Financial Strategy (MTFS) for 2014/15 to 2017/18 to the objectives set out in the Corporate Plan. The MTFS was approved at the Council meeting on 5th March 2014 and it set the framework to enable the Council to determine an appropriate course of action to address significant financial challenges not only for 2014/15 but for future financial years. The MTFS projected savings target have been calculated up to 2023/24. However due to uncertainty over future levels of Government funding, only the forecasts up to 2017/18 have been presented.

The revenue spending reductions included in the MTFS highlighted that the Council would have to continue the programme to significantly reconfigure its future business and organisational arrangements in order to continue to provide value for public money services. The savings targets below reflect the future years updated targets following the Comprehensive Spending Reviews in 2012 and 2013. These were further refined in the 2015/16 budget round which increased the saving requirement for 2016/17 from £25.096m to £29.489m

The major influences on the budget going forward into 2016/17 and 2017/18 are the continued anticipated reduction in central government support and expenditure pressures relating to: pay award and NI costs; inflationary pressures; capital financing in relation to the Investment Fund; demand and business pressures.

One important issue that was significant, both in relation to the MTFS and also the 2014/15 budget, was the assumption about the level of balances that the Council would require to address any unexpected spending pressures. These balances need to reflect spending experience and risks to which the Council might be exposed. A report was prepared for consideration at the 5th March 2014 Council meeting, recommending balances for 2014/15 of £17.403m, 2015/16 of £18.789mm, rising to £18.926m in 2016/17. The Council approved this recommended approach. On the 25th February 2015 these estimates were revised for 2015/16 at £17.704m, 2016/17 for £18.075m and for 2017/18 rising to £18.458m.



Capital Strategy and Capital Programme 2014/15 to 2017/18

The Capital Strategy and Capital Programme reports were prepared for approval at the Council meeting of 5th March 2014. The Capital Strategy provides the framework, within which the Council's capital investments plans are to be delivered. The reduced level of Government grants available in recent years was stemmed in 2014/15 this, together with the on-going investment programme influenced the shape and size of the proposed 2014/18 Capital Programme.

The Capital Programme for 2014/15 to 2017/18 was prepared over a four year timeframe which saw resources available to the Council matched planned expenditure.

The table below sets out the overall expected level of available resources by category for the period 2014/18. This shows that, in total, funding for the Capital Programme in 2014/15 was £112.578m with the largest source of financing being prudential borrowing, mainly in support of the Council's investment programme. In addition, £19.485m relates to grants and other contributions, the main constituent being Targeted Basic Need Grant totalling £6.871m with the balance of funding coming from revenue contributions and capital receipts. It also shows that it was difficult to project any resources beyond 2016/17.

As the year progressed, the estimates were revised to incorporate slippage from the previous year, new assumptions, approvals and scheme updates, as information became available.

Investment in the regeneration of the borough continued to be a high priority with significant activity to upgrade the Leisure estate; which comprises a flagship sports facility in Oldham Town Centre and a fresh and modern leisure facility in Royton and the Old Town Hall which is to be developed in to a seven-screen cinema complex plus six restaurants and a branded café franchise, together with continued investment in ICT systems; Highways and Schools. Other major projects which are in a more developmental phase include the Hotel Future training academy and the Coliseum/ Heritage centre and for this reason expenditure is planned for later years

Total Resources Available for the Capital Programme

The table below summarises the approved resources available for the 2014/15 Capital Programme and the indicative programme for 2015/18. This level of resources ensures that overall planned spending and funding are in balance.

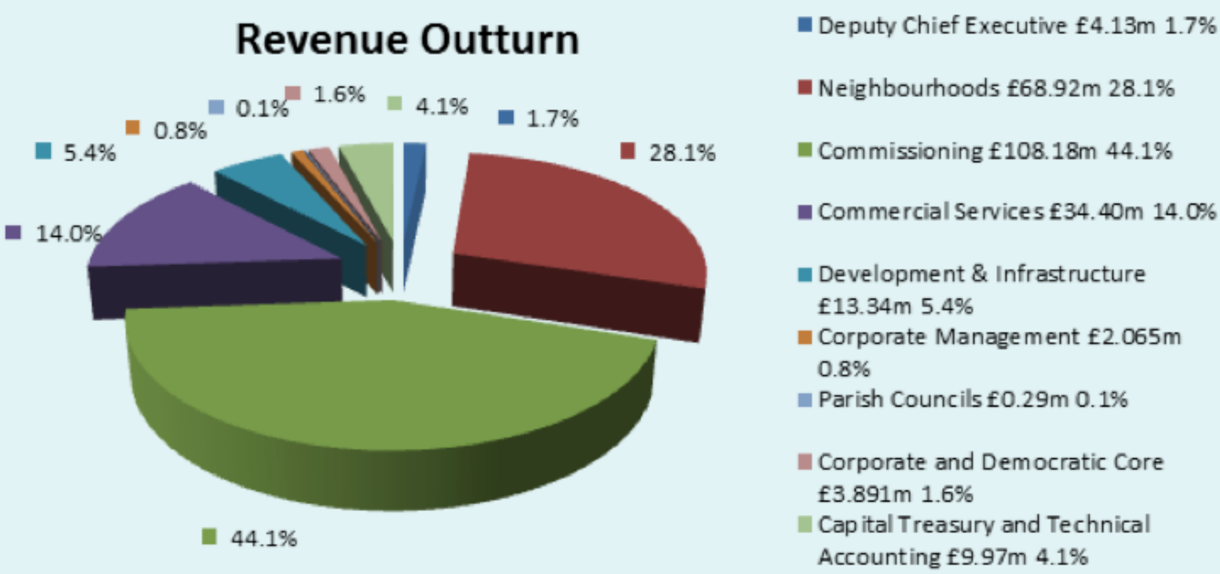
Funding	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
No Revenue Consequences				
Capital Receipts	10,624	3,810	-	180
Other Grant/Contributions	19,485	7,188	5,503	-
Total No Revenue Consequences	**30,109**	**10,998**	**5,503**	**180**
With Revenue Consequences				
Prudential Borrowing	80,114	38,534	17,594	-
Revenue Contribution - HRA	2,353	-	-	-
Other Revenue Contribution	2	-	-	-
Total With Revenue Consequences	**82,469**	**38,534**	**17,594**	**-**
Total	**112,578**	**49,531**	**23,097**	**180**

A summary of the 2014/15 financial performance of the council

Revenue Outturn Position

The Council's summary revenue outturn position is shown below, the original budget set at Council on 5th March 2014 was £215.532m, as the year progressed various amendments to the councils allocations have been announced, this resulted in a revised 2014/15 budget being agreed at Council on the 25th February 2015 of £222.755m.

During the final closedown process a number of amendments were made to ensure the Council complied with the current accounting regime, as well as some further funding changes being notified to us by Central Government. These totalled £22.866m, giving a revenue budget of £245.621m.



In overall terms, the Council achieved a surplus of £418k at the end of the financial year. This has been allocated to the General Fund balance to address future years risk requirements, particularly with the greater potential to further cuts in funding and the transformation programme the Council is embarking on.

Schools

Schools may carry forward any surplus/deficit in net expenditure for the year from one financial year to the next. At the end of 2015/16 there were 83 schools (5 secondary, 75 primary, and 3 special) for which the year end balances were included within the Balance Sheet of the Council. Only one of the Council's schools finished the year with a deficit.

School balances for 2014/15 reduced from 2013/14 figure by £1.065m to £6.738m

The Oldham scheme for financing schools allows 'excess balances' to be carried forward. An excess balance is any balance that represents more than a given percentage of the schools budget share for the following year:

- For secondary schools the relevant percentage is 5%
- For primary and special schools the relevant percentage is 8%

Schools may only request excess balances to be carried forward when there is an appropriate plan in place to utilise the funds. At the end of 2014/15 there were 21 schools with excess balances totalling £0.539m (2 secondary, and 19 primary).During 2014/15, 4 schools converted to academies.

Capital Outturn

The Council spent £66.851m on its capital programme in 2014/15 which is shown in the table below by Directorate area. The financing of the capital programme also presented below shows the major funding sources were Prudential Borrowing, Government grants and contributions and Revenue contributions.

Portfolio and Funding	2014/15Capital Programme £000	2014/15 Outturn £000	Variance £000
Expenditure			
Commercial Services	27,011	16,426	(10,585)
Commissioning	1,354	1,306	(48)
Deputy Chief Executive	100	100	-
Neighbourhoods	23,737	17,159	(6,578)
Development and Infrastructure	38,131	31,859	(6,272)
Funds Yet to be Allocated	3,109	-	(3,109)
Total Expenditure	**93,442**	**66,851**	**(26,592)**
Resources			
Grants & Other Contributions	(29,587)	(18,650)	10,938
Prudential Borrowing	(35,600)	(26,614)	8,986
Revenue	(19,284)	(18,295)	989
Capital Receipts	(8,971)	(3,292)	5,679
Total Resources	**(93,442)**	**(66,851)**	**26,592**

As can be seen from above there was a variation between forecast capital programme and the final outturn. The majority of the expenditure will, however be reprofiled into 2015/16 together with the financing and does not therefore present any financial issues for the Council to address.

Explanation of the financial statements

The Accounts and Audit Regulations (England) 2011 require the Council to produce a Statement of Accounts for each financial year. These statements contain a number of different elements which are explained below.

Statements to the Accounts

Statement of Responsibilities for the Statement of Accounts sets out the respective responsibilities of the Authority and the Chief Finance Officer (Interim Director of Finance).

Auditor's Report gives the auditor's opinion of the financial statements and of the authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.

Core Financial Statements

Prior period adjustments have been made to the Council's 2013/14 published financial statements as a result of new accounting standards relating to the accounting treatment for schools. The Council has completed an assessment of schools in the Borough to determine the ownership of schools buildings. This has resulted in an adjustment to the Council's Property, Plant and Equipment balances of £85m relating to the inclusion of school buildings that the Council has ownership off and exclusion of school building which are deemed to be owned by third parties. Full details of the prior period adjustments can be found in Note 39.

During the year there have been a number of significant transactions. An impairment of £29m has been made to the Council's housing stock. This related to the final capital expenditure on the PFI 4 Housing scheme for refurbishments made to properties and new houses constructed during the year. The Council is required to impair this expenditure by the social housing discount factor to reflect the fair value of the housing stock on the Balance Sheet. Further details are given in Note 6 and the notes to the Housing Revenue Account. The actuarial valuation of the Council's pension scheme liabilities and pension reserve shown on the Balance Sheet, have increased by £106m during the year as a result of changes to the financial assumptions. The main change relates to the reduction in the discount rate used by the Actuary to discount the future cash flows of the pension fund. 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 Note 28.

Movement in Reserves Statement 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. This includes Capital Grants Unapplied Account which are grants received but not yet utilised; Useable Capital Receipts Reserve which holds the balance of receipts from disposals of assets; Major Repairs Reserve holds the balance of funding to support capital spending in the Housing Revenue Account. The 'Surplus or (Deficit) on the provision of services' line shows the true economic cost of providing the Council's services, which is shown in more detail in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The 'Net Increase / Decrease before Transfers to Earmarked Reserves' line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Comprehensive Income and Expenditure Statement shows the cost of providing services in the year in accordance with International Financial Reporting Standards, rather than the amount funded from Council Tax, and other Government grants. The amount funded from Council Tax and Government grants differ from this by a series of adjustments made in accordance with regulations. These adjustments are made in the Movement in Reserves Statement.

The Balance Sheet shows the value of the Council's asset and liabilities at the Balance Sheet date. These are matched by reserves which are split into two categories usable and unusable reserves. Unusable reserves are not available to use to support services and are in the main used to hold unrealised gains and losses, where the actual gain or loss will only become available once another event has occurred. For example Revaluation Reserve for Non-Current Assets will only become available if the asset is sold and the full value of the asset realised.

Cash Flow Statement shows the changes in the Council's cash and cash equivalents 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.

Supplementary Statements

Housing Revenue Account shows the in-year economic cost of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and its distribution to precepting bodies For Oldham, the Council Tax precepting bodies are the Police and Crime Commissioner for Greater Manchester (PCCGM) and the Greater Manchester Fire and Rescue Authority (GMFRA).

The financial year 2014/15 marked the second year of the revision to the local government finance regime with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in their areas. It does, however, also increase the financial risk due to non-collection and the volatility of the NNDR tax base.

The scheme allows the Council to retain a proportion of the total NDR received. The Oldham share is 49% with the remainder paid to precepting bodies. For Oldham the NDR precepting bodies are Central Government (50% share) and GMFRA (1% share).

Receipt of further information

If you would like to receive further information about these accounts, please do not hesitate to contact me at the Finance Department, Corporate and Commercial Services, Oldham Council, West Street, Oldham.

Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptionally hard work and dedication of staff across the Council. I would like to express my gratitude to all colleagues, from the Finance team and other services, who have assisted in the preparation of this document. I would also like to thank them for all their support during the financial year.

A.T. Ryans

A T Ryans

Interim Director of Finance BA (Hons) CPFA

2.0 Statements to the Accounts

Oldham Civic Centre

Statement of Accounts

2.1 Statement of Responsibilities for the Statement of Accounts

2.1.1 The Authority's Responsibilities

The Authority is required to:

i. 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 Oldham Council, that officer is the Interim Director of Finance;

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

iii. Approve the Statement of Accounts.

2.1.2 The Interim Director of Finance's Responsibilities

The Interim Director of Finance is responsible for the preparation of Oldham Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy/Local Authority (Scotland) Accounts Advisory Committee 2014/15 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, Interim Director of Finance has:

i. Selected suitable accounting policies and then applied them consistently;

ii. Made judgements and estimates that were reasonable and prudent;

iii. Complied with the Code of Practice on Local Authority Accounting;

iv. Kept proper accounting records which were up to date; and

v. Taken reasonable steps for the prevention and detection of fraud and other irregularities.

2.1.3 Certification of Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of Oldham Council at 31 March 2015 and its income and expenditure for the year then ended.

Anne Ryans
Interim Director of Finance, Section 151 Officer
19 May 2015

Approval of Accounts

In accordance with the Accounts and Audit Regulations 2011, I certify that the Statement of Accounts was approved by the Audit Committee on 19 May 2015.

Alec Cross
Chair of Audit Committee
19 May 2015

2.2 Auditor's Report

Independent Auditor's Report To The Members Of Oldham Metropolitan Borough Council

We have audited the financial statements of Oldham Metropolitan Borough Council for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Account, the Statement of Movement in the Housing Revenue Account, the Collection Fund and the related notes. 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 2014/15.

This report is made solely to the members of Oldham Metropolitan Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Interim Director of Finance and auditor

As explained more fully in the Statement of the Interim Director of Finance's Responsibilities, the Interim Director of Finance 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 they 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 Interim Director of Finance; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword 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 Oldham Metropolitan Borough Council as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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

We are required under Section 5 of the Audit Commission Act 1998 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 Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

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 audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority 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 on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, Oldham 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 2015.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the 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.

Graham Nunns

Director for and on behalf of Grant Thornton UK LLP, Appointed Auditor

4 Hardman Square, Spinningfields
Manchester, M3 3EB

19 May 2015

3.0 Core Financial Statements

Crompton Moor

3.0 Core Financial Statements and Explanatory Notes

3.1 Movement in Reserves Statement

2014/15	Note	Usable Reserves General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Usable Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserve	Unusable Reserves	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Restated Balance at 31/3/14 Brought Forward	39	**(19,683)**	**(72,184)**	**(20,727)**	**(3,562)**	**(303)**	**(13,435)**	**(129,895)**	**81,185**	**(48,710)**
Movement in reserves during 2014/15										
Deficit on provision of services		16,182	-	26,470	-	-	-	**42,652**	-	**42,652**
Other Comprehensive Income & Expenditure		-	-	-	-	-	-	**-**	31,754	**31,754**
Total Comprehensive Income & Expenditure		**16,182**	**-**	**26,470**	**-**	**-**	**-**	**42,652**	**31,754**	**74,406**
Adjustments between accounting basis and funding basis under regulations	1	(41,133)	-	(22,117)	(523)	(146)	1,821	**(62,098)**	62,098	**-**
Net (increase)/ decrease before Transfers to Earmarked Reserves		**(24,951)**	**-**	**4,353**	**(523)**	**(146)**	**1,821**	**(19,446)**	**93,852**	**74,406**
Transfers to/ from Earmarked Reserves	23	26,512	(26,512)	-	-	-	-	**-**	-	**-**
(Increase)/ Decrease in Year		**1,561**	**(26,512)**	**4,353**	**(523)**	**(146)**	**1,821**	**(19,446)**	**93,852**	**74,406**
Balance at 31/03/15 carried forward		**(18,122)**	**(98,696)**	**(16,374)**	**(4,085)**	**(449)**	**(11,614)**	**(149,341)**	**175,037**	**25,697**

		Usable Reserves								
		General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Usable Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserve	Unusable Reserves	Total Reserves
Restated 2013/14*	Note	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31/3/13 Brought Forward		(15,804)	(55,419)	(19,262)	(5,331)	(153)	(13,842)	**(109,812)**	156,240	46,428
Restatement Adjustment	39	-	-	-	-	-	-	**-**	(82,344)	(82,344)
Restated Balance at 31/3/13 Brought Forward		**(15,804)**	**(55,419)**	**(19,262)**	**(5,331)**	**(153)**	**(13,842)**	**(109,812)**	**73,896**	**(35,916)**
Movement in reserves during 2013/14										
Surplus or (deficit) on provision of services		22,244	-	4,785	-	-	-	**27,029**	-	27,029
Other Comprehensive Income & Expenditure		-	-	-	-	-	-	**-**	(39,823)	(39,823)
Total Comprehensive Income & Expenditure		22,244	-	4,785	-	-	-	**27,029**	(39,823)	(12,794)
Adjustments between accounting basis and funding basis under regulations	1	(42,888)	-	(6,250)	1,769	(150)	407	**(47,112)**	47,112	-
Net (increase)/ decrease before Transfers to Earmarked Reserves		**(20,644)**	**0**	**(1,465)**	**1,769**	**(150)**	**407**	**(20,083)**	**7,289**	**(12,794)**
Transfers to/ from Earmarked Reserves	23	16,765	(16,765)	-	-	-	-	**-**	-	-
(Increase)/ Decrease in Year		**(3,879)**	**(16,765)**	**(1,465)**	**1,769**	**(150)**	**407**	**(20,083)**	**7,289**	**(12,794)**
Balance at 31/03/14 carried forward		**(19,683)**	**(72,184)**	**(20,727)**	**(3,562)**	**(303)**	**(13,435)**	**(129,895)**	**81,185**	**(48,710)**

* Details of the prior period restatement are shown in Note 39

3.2 Comprehensive Income and Expenditure Statement

Restated 2013/14* Gross Expend £000	Restated 2013/14* Gross Income £000	Restated 2013/14* Net Expend £000		Note	2014/15 Gross Expend £000	2014/15 Gross Income £000	2014/15 Net Expend £000
83,073	(26,254)	56,819	Adult & Social Care		72,455	(22,351)	50,104
23,987	(14,946)	9,041	Central Services		31,484	(16,379)	15,104
4,291	(101)	4,191	Corporate and Democratic Core		5,642	(483)	5,159
272,136	(205,716)	66,420	Childrens and Education Services		245,407	(200,237)	45,170
13,441	(1,827)	11,614	Culture and Related Services		12,055	(1,564)	10,490
18,925	(5,098)	13,827	Environment and Regulatory Services		17,987	(5,611)	12,377
17,279	(3,821)	13,459	Planning Services		18,043	(4,071)	13,972
19,282	(4,512)	14,769	Highways, Roads and Transport Services		22,214	(4,347)	17,867
23,388	(27,212)	(3,824)	Local Authority Housing (HRA)		42,350	(27,747)	14,602
85,485	(82,475)	3,010	Other Housing Services		90,454	(84,991)	5,463
13,067	(13,670)	(603)	Public Health		14,566	(14,920)	(354)
437	-	437	Non Distributed Costs		380	-	380
574,791	(385,631)	189,160	**Cost of Services**	11	573,037	(382,703)	190,334
		43,107	**Other Operating Expenditure**	2			34,332
		48,621	**Financing & Investment Income & Expenditure**	3			63,608
		(253,859)	**Taxation and Non-Specific Grant Income**	4			(245,622)
		27,029	**Deficit on Provision of Services**	11			42,652
			Other Comprehensive Income and Expenditure				
		(15,596)	**Revaluation (gains)/losses on non current assets**	15			(61,957)
		811	**Impairment losses on non current assets**	15			5,364
		(7,400)	**Surplus or deficit on revaluation of available for sale financial assets subject to being reclassified to surplus/defict upon sale of investment**	24b			(4,300)
		(17,638)	**Remeasurement of net defined benefit liability**	28			92,647
		(39,823)	**Total Other Comprehensive Income & Expenditure**				31,754
		(12,794)	**Total Comprehensive Income & Expenditure**				74,406

* Details of the prior period restatement are shown in Note 39

3.3 Balance Sheet

Restated 1 April 2013* £000	Restated 31 March 2014* £000		Note	31 March 2015 £000
627,167	618,820	Property Plant & Equipment	15	673,004
19,405	19,405	Heritage Assets	16	19,728
16,025	15,043	Investment Property		15,256
1,668	2,659	Intangible Assets		3,307
31,624	38,967	Long Term Investments	18	43,367
9,791	10,764	Long Term Debtors	18	10,756
705,680	**705,659**	**Long Term Assets**		**765,419**
25,112	12,519	Short Term Investments	18	38,085
482	547	Inventories		528
25,898	33,662	Short Term Debtors	18, 19	35,064
39,327	72,216	Cash & Cash Equivalents	20	55,753
388	838	Assets Held For Sale (<1yr)		762
91,207	**119,781**	**Current Assets**		**130,192**
(2,005)	(1,694)	Short Term Borrowing	18	(1,689)
(52,658)	(58,087)	Short Term Creditors	18, 21	(66,220)
(8,378)	(12,482)	Short Term Provisions	22	(8,264)
(8,766)	(8,736)	Short Term Liabilities	18, 17	(9,485)
(71,807)	**(80,999)**	**Current Liabilities**		**(85,658)**
(17,025)	(15,890)	Long Term Provisions	22	(15,267)
(148,658)	(148,653)	Long Term Borrowing	18	(148,646)
(521,565)	(526,557)	Other Long Term Liabilities	17, 18	(662,239)
(1,916)	(4,631)	Capital Grants Receipts In Advance	5	(9,496)
(689,164)	**(695,731)**	**Long Term Liabilities**		**(835,649)**
35,916	**48,710**	**Net Assets/Liabilities**		**(25,696)**
(109,812)	**(129,895)**	**Usable Reserves**	**MiRS**	**(149,341)**
73,896	**81,185**	**Unusable Reserves**	**24**	**175,037**
(35,916)	**(48,710)**	**Total Reserves**		**25,696**

* Details of the prior period restatement are shown in Note 39

A.T. Ryans

A T Ryans

Interim Director of Finance BA (Hons) CPFA

3.4 Cash Flow Statement

Restated 2013/14* £000		Note	2014/15 £000
(27,029)	Net deficit on the provision of services		(42,652)
87,724	Adjustment to surplus or deficit on the provision of services for non-cash movements	31a	111,225
(9,753)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	31b	(10,993)
50,942	**Net Cash flows from Operating Activities**		**57,580**
(16,926)	Net Cash flows from Investing Activities	32	(56,728)
(1,126)	Net Cash flows from Financing Activities	33	(17,315)
32,890	**Net increase or (decrease) in cash and cash equivalents**		**(16,463)**
39,326	**Cash and cash equivalents at the beginning of the reporting period**		**72,216**
72,216	**Cash and cash equivalents at the end of the reporting period**	20	**55,753**

* Details of the prior period restatement are shown in Note 39

3.5. Index of Explanatory Notes to the Core Financial Statements

3.6. Explanatory Notes to the Core Financial Statements

Introduction

The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014 (the Code) and the accounting policies set out at Note 34. The notes that follow (1 to 39) set out supplementary information to assist readers of the accounts.

1 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Council in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

	Usable Reserves					
2014/2015	General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation of non-current assets	(22,336)	(3,321)	-	-	-	25,657
Charges for impairment of non-current assets	(2,597)	(29,860)	-	-	-	32,457
Revaluation losses on Property, Plant and Equipment	(10,196)	1,110	-	-	-	9,086
Movements in the fair value of Investment Properties	1,701	(1)	(994)	-	-	(706)
Amortisation of intangible assets	(602)	-	-	-	-	602
Capital grants and contributions applied	12,092	-	-	-	-	(12,092)
Revenue expenditure funded from capital under statute	(8,158)	-	-	-	-	8,158
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(3,258)	-	-	-	-	3,258
Amounts written off on disposal of Academy Schools to the Comprehensive Income and Expenditure Statement	(28,763)	-	-	-	-	28,763
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						

2014/2015	Usable Reserves General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Statutory provision for the financing of capital investment	5,247	0				(5,247)
Voluntary provision for the financing of capital investment	9,104	3,993				(13,097)
Capital expenditure charged against the General Fund and HRA balances	12,505	5,791	-	-	-	(18,295)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	4,738	-	-	-	(4,738)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	6,557	(6,557)
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,590	25	(1,616)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	3,292	-	-	(3,292)
Contribution from the Capital Receipts Reserve to finance the payments towards administrative costs of non-current asset disposals	-	-	-	-	-	-
Transfer from Deferred Capital Receipts reserve upon receipt of cash	-	-	(1,205)	-	-	1,205
Adjustments primarily involving the Deferred Capital Receipts Reserve:	**-**	**-**	**-**	**-**	**-**	**-**
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	962	-	-	-	-	(962)
Adjustments primarily involving the Major Repairs Reserve:						
Transfer of Excess of Depreciation over Notional MRA to MRR	-	(3,175)	-	3,175	-	-
Credit MRR with a sum equal to HRA Depreciation	-	3,321	-	(3,321)	-	-
Adjustments primarily involving the Financial Instruments Adjustment Account:						

2014/2015	Usable Reserves General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	212					(212)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 28)	(30,333)					30,333
Employer's pension contributions and direct payments to pensioners payable in the year	16,909					(16,909)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which Council Tax income and NDR income credited to the Comprehensive income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	79					(79)
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from the remuneration chargeable in the year in accordance with statutory requirements	(29)					29
Total Adjustments	**(41,133)**	**(22,117)**	**(523)**	**(146)**	**1,821**	**62,098**

2013/14 - Restated	Usable Reserves General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation of non-current assets	(22,270)	(2,633)	-	-	-	24,903
Charges for impairment of non-current assets	(408)	(10,539)	-	-	-	10,947
Revaluation losses on Property, Plant and Equipment	(7,097)	(989)	-	-	-	8,086
Movements in the fair value of Investment Properties	(695)	12	(322)	-	-	1,005
Amortisation of intangible assets	(551)	-	-	-	-	551
Capital grants and contributions applied	9,454	-	-	-	-	(9,454)
Revenue expenditure funded from capital under statute	(9,548)	(560)	-	-	-	10,108
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(13,404)	-	-	-	-	13,404
Amounts written off on disposal of Academy Schools to the Comprehensive Income and Expenditure Statement	(13,363)	-	-	-	-	13,363
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	6,606	-	-	-	-	(6,606)
Voluntary provision for the financing of capital investment	8,113	4,931	-	-	-	(13,044)
Capital expenditure charged against the General Fund and HRA balances	4,493	3,349	-	-	-	(7,842)
Adjustments primarily involving the Capital Grants Unapplied Account:						

2013/14 - Restated	Usable Reserves General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	6,010	-	-	-	(6,010)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	6,418	(6,418)
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sales proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	1,244	28	(1,272)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	4,096	-	-	(4,096)
Contribution from the Capital Receipts Reserve to finance the payments towards administrative costs of non-current asset disposals	-	-	-	-	-	-
Transfer from Deferred Capital Receipts reserve upon receipt of cash	-	-	(734)	-	-	734
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,855	-	-	-	-	(1,855)
Adjustments primarily involving the Major Repairs Reserve:						
Transfer of Excess of Depreciation over Notional MRA to MRR	-	(2,483)	-	2,483	-	-
Credit MRR with a sum equal to HRA Depreciation	-	2,633	-	(2,633)	-	-
Adjustments primarily involving the Financial Instruments Adjustment Account:						

2013/14 - Restated	Usable Reserves General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	270	-	-	-	-	(270)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 28)	(33,145)	-	-	-	-	33,145
Employer's pension contributions and direct payments to pensioners payable in the year	17,818	-	-	-	-	(17,818)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which Council Tax income and NDR income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1,162	-	-	-	-	(1,162)
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from the remuneration chargeable in the year in accordance with statutory requirements	568	-	-	-	-	(568)
Total Adjustments	**(42,888)**	**(6,251)**	**1,768**	**(150)**	**407**	**47,112**

2 Other Operating Expenditure

Restated 2013/14 £000		2014/15 £000
229	Parish Council precepts	231
32,602	Levies	33,421
10,276	(Gains)/losses on the disposal of non-current assets	680
43,107	**Total**	**34,332**

3 Financing and Investment Income and Expenditure

Restated 2013/14 £000		2014/15 £000
26,737	Interest payable and similar charges	29,886
13,068	Net interest on the net defined benefit liability	12,363
(1,603)	Interest receivable and similar income	(1,566)
(615)	Income and expenditure in relation to investment properties and changes in their fair value	(3,304)
(2,328)	Other investment income	(2,533)
13,362	Loss on disposal of Academies	28,763
48,621	**Total**	**63,609**

4 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 2014/15 were:

2013/14 £000		2014/15 £000
(71,429)	Council Tax Income	(75,361)
(85,080)	Total Formula Grant/Revenue Support Grant	(69,534)
(7,792)	Other Non Ringfenced Government Grants	(8,297)
(9,904)	Private Finance Initiative (PFI)	(9,958)
(15,465)	Other Capital Grants and Contributions	(16,828)
(4,318)	Central Services Education Grant	(3,970)
(27,739)	Retained Business Rates	(25,456)
(28,943)	Business Rates Top Up	(29,425)
-	Council Tax Freeze Grant	(866)
(1,188)	New Homes Bonus	(1,622)
(2,001)	Housing and Council Tax Benefit Administration Grant	(1,855)
-	Multiplier Cap	(613)
-	Retail Relief Grant	(509)
-	Small Business Rate Relief Grant	(1,328)
(253,859)	**Total**	**(245,622)**

5 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2014/15:

2013/14 £000		2014/15 £000
11	Council Tax Benefit Grant	-
(170,587)	Dedicated Schools Grant (DSG)	(164,706)
2,279	Dedicated Schools Grant (DSG) - Schools Contribution to Capital	2,079
(384)	Department for Education - Early Years	-
(47)	European Regional Development Fund (ERDF) Grant	-
(77,262)	Housing Benefit Grant	(78,940)
(4,274)	Housing Benefit Subsidy	(4,542)
(1,150)	Skills Funding Agency (SFA) - 6th Form	(463)
(3,346)	Skills Funding Agency (SFA) - ACL Income	(3,659)
(9,317)	Pupil Premium	(11,548)
(22,164)	PFI Credit	(22,110)
(5,763)	Other Government Grants	(7,147)
(3,334)	Other Grants	(1,677)
(13,559)	Public Health Grant	(14,915)
(308,898)	**Total**	**(307,628)**

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 year-end are as follows:

Current Liabilities

31 March 2014 £000		31 March 2015 £000
	Grants Receipts in Advance (Revenue Grants)	
-	ERDF	(12)
(514)	Severe Weather Recovery	-
(284)	Other Grants	(388)
(798)	**Total**	**(400)**

Long Term Liabilities

31 March 2014 £000		31 March 2015 £000
	Grants Receipts in Advance (Capital Grants)	
(2,606)	Other grants	(6,871)
(2,025)	Other contributions	(2,625)
(4,631)	**Total**	**(9,496)**

6 Material Items of Income and Expense

This note identifies material items of income and expense. For the purposes of this note the Council considers material items to be those greater than £6m, these material items are detailed below:

	2014/15 £000
Material Items of Expenditure	
Derecognition of North Chadderton School	22,165
Impairment of PFI 4 Housing Scheme	29,781
Total	**51,946**

North Chadderton School was derecognised on the Council's Balance Sheet following its transfer to Academy Status in 2014/15. The value of the disposal was £22,165k.

There was a £29,781k impairment loss on the PFI 4 Housing new builds. This relates to expenditure for refurbishments undertaken to properties during the year that was subsequently impaired by the EUV-SH discount.

7 Members' Allowances

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

2013/14 £000		2014/15 £000
931	Allowances	939
2	Expenses	2
933	**Total**	941

8 Officers' Remuneration

The remuneration of senior employees, also shown in the table of all employees earning over £50,000, is detailed below.

		Salary, Fees and Allowances	Expenses Allowances	Compensation for Loss of Office	Pension Contribution	Total	Note
		£000	£000	£000	£000	£000	
C Parker, Chief Executive, Head of Paid Service and Clerk to the GMWDA	2014/15	-				**-**	
	2013/14	136	2		7	**145**	**A**
C Wilkins, Chief Executive, Head of Paid Service and Clerk to the GMWDA	2014/15	163,408		-	27,957	**191,365**	**B**
	2013/14	33		-	6	**39**	
Executive Director: Economy and Skills (formerly Executive Director: Neighbourhoods)	2014/15	137,213		-	24,288	**161,500**	**C**
	2013/14	137		-	23	**160**	
Executive Director: Corporate and Commercial Services (formerly Executive Director: Commercial Services)	2014/15	139,282		-	24,640	**163,922**	**D**
	2013/14	131		-	22	**153**	
Deputy Chief Executive	2014/15	-		-		**-**	
	2013/14	101		-	17	**118**	**B**
Executive Director:Commissioning and Chief Education Officer	2014/15	-		-		**-**	
	2013/14	114		-	20	**134**	**E**
Chief Education Officer	2014/15	-				**-**	**E**
	2013/14	-		-		**-**	
Executive Director: Health and Wellbeing (Director of Adults' Social Services & Director of Children's Social Care)	2014/15	30,239			5,280	**35,518**	**F**
	2013/14	-				**-**	
Executive Director: Cooperatives and Neighbourhoods	2014/15	17,143			1,760	**18,903**	**G**
	2013/14	-				**-**	
Borough Treasurer and Chief Financial Officer (Section 151 Officer)	2014/15	26,950		-	4,684	**31,634**	**H**
	2013/14	99	1		17	**117**	
Interim Director of Finance and Chief Financial Officer (Section 151 Officer)	2014/15	62,716			12,208	**74,924**	**H**
	2013/14	-				**-**	
Director of Policy and Governance (formerly Chief of Staff)	2014/15	84,013		-	14,854	**98,868**	**I**
	2013/14	83	1	-	14	**98**	
Director of Legal Services and Monitoring Officer (formerly Borough Solicitor and Monitoring Officer)	2014/15	93,334	744	-	16,094	**110,171**	**J**
	2013/14	90		-	15	**105**	
Assistant Executive Director: Commissioning (Director of Adults' Social Services & Director of Children's Social Care)	2014/15	75,096	862	-	13,200	**89,158**	**K**
	2013/14	99	1	-	17	**117**	
Director of Public Health	2014/15	86,813	1,308	-	11,971	**100,091**	
	2013/14	84		-	12	**96**	

Senior Officers served for the whole of 2014/15 and 2013/14 unless stated below

Notes:

A The Chief Executive left on the 12th January 2014

B The Deputy Chief Executive assumed the role of Chief Executive (Interim) on the 13th January 2014 and was permanently appointed on the 12th June 2014. The Deputy Chief Executive post has remained vacant in 2014/15

C The Executive Director: Economy and Skills assumed their new position on the 1st August 2014

D The Executive Director: Corporate & Commercial Services assumed their new position on the 1st August 2014. The Executive Director provides services for Unity Partnership Limited the costs are split 50:50, this arrangement was effective from the 1st October 2013

E The Executive Director: Commissioning left on the 16th March 2014. The Chief Education Officer has been appointed to on an interim basis for 2014/15

F The Executive Director: Health and Wellbeing was appointed on the 1st January 2015. The Executive Director assumed the statutory roles of Director of Children's Social Care and Director of Adults' Social Services on the 1st January 2015

G The Executive Director Cooperatives and Neighbourhoods was appointed to on the 9th February 2015

H The Borough Treasurer and Chief Financial Officer (Section 151 officer) left on the 6th July 2014. The post has been filled on an interim basis from the 7th July 2014. This post has been redesignated to Director of Finance with effect from the 1st January 2015

I The Director of Policy and Governance assumed their new position on the 1st January 2015

J The Director of Legal Services and Monitoring Officer assumed their new position on the 1st January 2015

K The statutory roles of Director of Children's Social Care and Director of Adults' Social Services transferred to the Executive Director: Health and Wellbeing on the 1st January 2015

The Chief Executive provides services for both the Council and the Greater Manchester Waste Disposal Authority (GMWDA), for which an allowance of £11,401 (2013/14 £11,959) was paid. This allowance is included in the figures above.

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

2013/14 Number of Employees Excluding Severance or Other Related Payments	2013/14 Number of Employees Including Severance or Other Related Payments	Remuneration Band			2014/15 Number of Employees Excluding Severance or Other Related Payments	2014/15 Number of Employees Including Severance or Other Related Payments
62	75	£50,001	-	£55,000	65	69
54	51	£55,001	-	£60,000	56	55
22	23	£60,001	-	£65,000	26	26
17	18	£65,001	-	£70,000	21	21
11	14	£70,001	-	£75,000	11	11
6	7	£75,001	-	£80,000	4	4
12	13	£80,001	-	£85,000	10	10
3	3	£85,001	-	£90,000	5	5
2	2	£90,001	-	£95,000	4	6
2	2	£95,001	-	£100,000	2	2
1	2	£100,001	-	£105,000	-	-
1	1	£105,001	-	£110,000	1	1
2	2	£110,001	-	£115,000	-	-
1	1	£115,001	-	£120,000	1	1
-	-	£120,001	-	£125,000	-	-
-	-	£125,001	-	£130,000	-	-
2	2	£130,001	-	£135,000	-	1
1	1	£135,001	-	£140,000	2	2
1	1	£140,001	-	£145,000	-	-
-	-	£145,001	-	£150,000	-	-
-	-	£150,001	-	£155,000	-	-
-	-	£155,001	-	£160,000	1	1
-	-	£160,001	-	£165,000	-	-
-	-	£165,001	-	£170,000	-	-
-	-	£170,001	-	£175,000	-	-
200	**218**	**TOTAL**			**209**	**215**
128	**130**	**Teachers Included Above**			**136**	**139**

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below

(a) Exit package cost band (including special payments)			(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band [(b)+(c)]		(e) Total cost of exit packages in each band	
			2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14 £	2014/15 £
£0	-	£20,000	37	67	44	57	81	124	576,241	696,597
£20,001	-	£40,000	7	5	22	7	29	12	798,285	315,844
£40,001	-	£60,000	-	-	4	3	4	3	184,918	161,207
£60,001	-	£80,000	3	2	-	-	3	2	204,340	139,452
£80,001	-	£100,000	-	-	1	-	1	-	80,611	-
£100,001	-	£150,000	-	-	-	1	-	1	-	128,404
Total			**47**	**74**	**71**	**68**	**118**	**142**	**1,844,394**	**1,441,505**

9 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:

2013/14 £000		2014/15 £000
192	Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	180
7	Fees payable to Grant Thornton in respect of grant claims and returns for the year	22
2	Fees payable to the Audit Commission in respect of other services provided during the year	4
-	Other Services	13
201	**Total**	**219**

10 Dedicated Schools' Grant (DSG)

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget, as defined in the School Finance (England) Regulations 2013. The Schools' Budget includes elements for a range of educational services provided on an authority wide basis and for the Individual Schools' Budget (ISB) which is divided into a budget share for each maintained school.

Details of the deployment of the DSG receivable for 2014/15 are as follows:

	Central Expenditure £000	ISB £000	Total £000
Final DSG for 2014/15 before Academy recoupment			217,484
Academy figure recouped for 2014/15			(52,778)
Total DSG after Academy recoupment for 2014/15			**164,706**
Brought forward from 2013/14			1,922
Carry forward to 2015/16 agreed in advance			(718)
Agreed initial budgeted distribution in 2014/15	**20,886**	**145,024**	**165,910**
In year adjustments	723	(723)	0
Final budget distribution for 2014/15	**21,609**	**144,301**	**165,910**
Actual central expenditure	(21,609)		
Actual ISB deployed to schools		(143,152)	
Local authority contribution for 2014/15			
Carry forward to 2015/16	**0**	**1,149**	**1,867**

11 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 Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across Directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- the cost of retirement benefits is based on cash flows rather than current service cost of benefits accrued in the year; and
- expenditure on some support services are budgeted for centrally and not recharged to Directorates.

The income and expenditure of the Council's principal Directorates recorded in the month 9 budget reports for the year is as follows:

2014/15 Forecast Outturn Income and Expenditure Reported at Month 9	Deputy Chief Executive	Neighbourhoods	Commissioning	Commercial Services	Development and Infrastructure	Capital, Treasury and Technical Accounting	General Fund Total	Housing Revenue Account (HRA)	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(8,484)	(23,115)	(35,730)	(61,440)	(2,907)	(33,918)	**(165,594)**	(12,689)	**(178,283)**
Government grants	(10,956)	(5,431)	(180,706)	(86,841)	(5,372)	-	**(289,306)**	(18,786)	**(308,092)**
Total Income	**(19,440)**	**(28,546)**	**(216,436)**	**(148,280)**	**(8,279)**	**(33,918)**	**(454,900)**	**(31,475)**	**(486,375)**
Employee expenses	8,020	25,989	139,484	19,979	1,435	2,752	**197,659**	54	**197,713**
Other operating expenses	13,560	54,602	154,970	129,072	9,502	20,108	**381,814**	26,147	**407,961**
Support service recharges	1,712	9,434	15,751	17,067	1,031	4,203	**49,198**	-	**49,198**
Capital charges	244	3,749	6,962	10,042	3,679	24,187	**48,863**	6,483	**55,346**
Total Expenditure	**23,535**	**93,774**	**317,167**	**176,160**	**15,647**	**51,250**	**677,533**	**32,685**	**710,218**
Net Expenditure	**4,097**	**65,228**	**100,731**	**27,880**	**7,368**	**17,332**	**222,633**	**1,209**	**223,843**

2013/14 Forecast Outturn Income and Expenditure Reported at Month 9	Deputy Chief Executive	Neighbourhoods	Commissioning	Commercial Services	Development and Infrastructure	Capital, Treasury and Technical Accounting	General Fund Total	Housing Revenue Account (HRA)	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(8,442)	(11,994)	(14,484)	(51,742)	(2,750)	(30,198)	**(119,608)**	(8,736)	**(128,344)**
Government grants	(10,188)	(8,552)	(214,685)	(94,791)	(5,350)	(90)	**(333,656)**	(18,786)	**(352,442)**
Total Income	**(18,629)**	**(20,546)**	**(229,168)**	**(146,533)**	**(8,100)**	**(30,288)**	**(453,264)**	**(27,522)**	**(480,786)**
Employee expenses	8,575	25,409	161,346	20,243	1,355	2,606	**219,534**	429	**219,963**
Other operating expenses	12,720	51,435	150,785	127,695	13,172	16,829	**372,634**	28,748	**401,382**
Support service recharges	2,590	9,809	18,010	13,261	1,073	4,540	**49,282**	101	**49,383**
Capital charges	283	2,973	7,917	8,445	297	19,196	**39,111**	63	**39,174**
Total Expenditure	**24,167**	**89,626**	**338,056**	**169,643**	**15,897**	**43,171**	**680,561**	**29,341**	**709,902**
Net Expenditure	**5,538**	**69,081**	**108,887**	**23,110**	**7,797**	**12,883**	**227,297**	**1,819**	**229,116**

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

This reconciliation shows how the figures in the analysis of Directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

Restated 2013/14 £000		2014/15 £000
229,116	Cost of Services in Service Analysis	223,843
-	Add services not included in main analysis	-
(8,421)	Add amounts not reported in service management accounts	(1,167)
(31,535)	Remove amounts reported to management but not included in net cost of services	(32,342)
189,160	**Net Cost of Services in Comprehensive Income and Expenditure Statement**	**190,334**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of Directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2014/15	Directorate Analysis	Amounts not reported to management for decision making	Amounts not included in I and E	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, charges and other service income	(177,203)	30,062	-	67,490	(79,651)	-	(79,561)
Interest and investment income	(1,079)	-	1,079	-	-	(7,404)	(7,404)
Income from Council Tax and non domestic rates	-	-	-	-	-	(100,817)	(72,556)
Government grants and contributions	(308,090)	5,039	-	-	(303,051)	(144,805)	(476,118)
Total Income	**(486,371)**	**35,101**	**1,079**	**67,490**	**(382,703)**	**(253,027)**	**(635,728)**
Employee expenses	197,713	3,150	-	-	200,863	-	200,863
Other service expenses	374,538	(70,341)	-	-	304,197	-	304,197
Support Service recharges	49,196	18,294	-	(67,490)	-	-	-
Depreciation, amortisation and impairment	55,346	12,457	-	-	67,803	-	67,803
Interest Payments	-	174	-	-	174	42,249	42,421
Precepts and Levies	33,421	-	(33,421)	-	-	33,652	33,652
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	-
Gain or Loss on Disposal of Non-Current Assets	-	-	-	-	-	680	680
Gain or Loss on Disposal of Academy Schools	-	-	-	-	-	28,763	28,763
Total operating expenses	**710,214**	**(36,266)**	**(33,421)**	**(67,490)**	**573,037**	**105,343**	**678,378**
Surplus or deficit on the provision of services	**223,843**	**(1,165)**	**(32,342)**	**-**	**190,336**	**(147,683)**	**42,654**

2013/14 Restated	Directorate Analysis	Amounts not reported to management for decision making	Amounts not included in I and E	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, charges and other service income	(127,278)	(10,069)	-	44,455	(92,892)	-	(92,892)
Interest and investment income	(1,066)	-	1,066	-	-	(4,546)	(4,547)
Income from Council Tax and non domestic rates	-	-	-	-	-	(71,429)	(71,429)
Government grants and contributions	(352,442)	50,311	-	-	(302,131)	(182,430)	(484,561)
Total Income	**(480,786)**	**40,242**	**1,066**	**44,455**	**(395,023)**	**(258,404)**	**(653,428)**
Employee expenses	219,967	(3,226)	-	-	216,740	-	216,740
Other service expenses	368,779	(41,789)	-	-	326,990	-	326,990
Support Service recharges	49,382	(4,928)	-	(44,455)	-	-	-
Depreciation, amortisation and impairment	39,172	1,277	-	-	40,449	-	40,449
Interest Payments	-	3	-	-	3	39,805	39,808
Precepts and Levies	32,602	-	(32,602)	-	-	32,831	32,831
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	-
Gain or Loss on Disposal of Non-Current Assets	-	-	-	-	-	10,276	10,278
Gain or Loss on Disposal of Academy Schools	-	-	-	-	-	13,362	13,363
Total operating expenses	**709,902**	**(48,663)**	**(32,602)**	**(44,455)**	**584,182**	**96,273**	**680,459**
Surplus or deficit on the provision of services	**229,116**	**(8,421)**	**(31,535)**	**-**	**189,160**	**(162,131)**	**27,029**

12 Trading Operations

The Council has established various trading units where the service manager is required to operate in a commercial environment by generating income from other parts of the Authority, other organisations or the public in order to either match expenditure incurred or, in certain instances, operate within an approved level of subsidy.

The income generation aspects of most of these services are included within the Council's annual fees and charges policy that are approved by Cabinet.

The key aim of the policy is to ensure that fees and charges are set within a framework of value for public money, whereby financial, performance, access and equality are considered fully and appropriately, and decisions taken represent a transparent and balanced approach.

In setting the annual prices, due consideration was given to the current financial climate, ensuring that prices are on market, that services are not being inappropriately subsidised, that the Council is maximizing income where it chooses to do so and that income is reviewed within a developed and developing framework.

In line with the latest Code of Practice on Local Authority Accounting, only those services that are carried out on a commercial basis are included in this note.

Details of those units operating within a commercial environment are listed below:

2012/13		2013/14			2014/15	
£000	£000	£000	£000		£000	£000
				Highways Maintenance		
(708)		(672)		Turnover	(1,045)	
615		609		Expenditure	1,045	
	(93)		(63)	(Surplus) / Deficit		-
				Catering		
(6,139)		(6,560)		Turnover	(7,127)	
6,094		6,428		Expenditure	7,066	
	(45)		(132)	(Surplus) / Deficit		(62)
				Cleaning		
(1,896)		(1,626)		Turnover	(1,547)	
2,132		1,814		Expenditure	1,765	
	236		188	(Surplus) / Deficit		218
				Fleet Management		
(1,369)		(850)		Turnover	(414)	
1,366		928		Expenditure	447	
	(3)		78	(Surplus) / Deficit		32
				Trade Waste		
(1,080)		(1,065)		Turnover	(1,123)	
1,255		1,101		Expenditure	1,111	
	175		36	(Surplus) / Deficit		(12)

2012/13		2013/14				2014/15	
£000	£000	£000	£000			£000	£000
				Markets			
(1,743)		(1,663)			Turnover	(1,658)	
1,517		1,579			Expenditure	973	
	(226)		(84)		(Surplus) / Deficit		(685)
				Parking			
(1,802)		(1,460)			Turnover	(1,720)	
1,777		1,748			Expenditure	3,549	
	(25)		288		(Surplus) / Deficit		1,829
				Non-Operational Property			
(2,771)		(2,496)			Turnover	(2,705)	
4,234		6,416			Expenditure	4,682	
	1,463		3,921		(Surplus) / Deficit		1,977
				Public Halls			
(511)		(623)			Turnover	(391)	
1,777		1,595			Expenditure	1,269	
	1,266		972		(Surplus) / Deficit		878
				Building Control			
(501)		(498)			Turnover	(525)	
493		575			Expenditure	514	
	(9)		77		(Surplus) / Deficit		(11)
				Cemeteries & Crematoria			
(1,574)		(1,464)			Turnover	(1,622)	
1,821		1,563			Expenditure	1,374	
	247		99		(Surplus) / Deficit		(248)
				Security Services			
(2,011)		(1,906)			Turnover	(1,879)	
1,658		1,553			Expenditure	1,302	
	(353)		(353)		(Surplus) / Deficit		(576)
	2,634		**5,026**	**TOTAL**			**3,341**

Details of Trading Undertakings

General

The overall deficit position for 2014/15 is very similar to the previous year after adjusting for the reductions in revaluation movements to Non-operational property and an increase in the Central Support Service (CSS) recharges resulting in a net reduction in expenditure of approximately £1.5 million. There has also been a slight increase in income from the previous year and this is mainly in the Non-operational area which has seen a slight increase in the number of occupied rents. Whilst there are some specific reasons for the movements relating to the individual services, the major factor for the net deficit is the ongoing adverse economic situation in 2014/15.

It is expected that the economic situation in 2015/16 will continue to be challenging and will impact on the overall performance levels for quite a number of the service areas. Many services have undertaken fundamental reviews of their service delivery model in order to mitigate the overall adverse impact to the Council.

Performance should improve as the economic position becomes more favourable.

Highways

Highways Maintenance carries out various functions including highway maintenance and structures, land drainage and new street works. It also provides professional highways and engineering services. The competitive service element included in this note relates to all services for clients where they have choice of contractor. These clients include schools, private organisations and individuals.

Catering

The catering service employs over 380 staff, mainly part-time. The service provides over 12,300 school meals per day, 38 weeks per year. The meals include both lunches and breakfasts (for breakfast clubs). As at the year end the service provided meals to 87 Primary schools and 4 Special schools. There has also been an increase in both income and expenditure due to the additional meals produced under the universal free school meal initiative.

Cleaning

The cleaning service employs approximately 280 staff, mainly part-time. It has responsibility for the provision of building cleaning to over 130 Public and Educational establishments across the Borough. The number of buildings cleaned has reduced over the last 2 years due to closures and loss of contracts. The reduction in cleaning hours has meant a fall in the income generated.

Fleet Management

This service looks after the Council's vehicles that operate in a variety of services including Waste Services, Highway Operations and Environmental Services. There are approximately 14 full-time equivalent staff employed in the service and it operates one workshop incorporating a Ministry of Transport (MOT) bay that is also used to test vehicles belonging to the public. All the borough's taxis and private hire vehicles are MOT tested at this facility. The MOT testing element of the Fleet Management service and all the day to day repairs that are carried out to the Council's vehicle fleet on behalf of its lease provider, are included in the figures above. The figures also include income and expenditure for sale of fuel and vehicle hires to external customers, where they operate in a competitive environment. The service has also seen a continual reduction in income and associated expenditure in 2014/15 due to operating in a competitive environment and a move from leasing to buying vehicles, resulting in less repair and maintenance work undertaken.

Trade Waste

The current economic climate has continued to contribute to a year on year reduction in the overall income obtained. Local businesses are still operating in very difficult trading conditions.

As part of the budget setting process for 2012/13 with GMWDA the Council was able to negotiate a reduction in the processing costs for residual waste associated with Trade Waste which has now been extended into 2015-16. There has also been a significant decrease in the recharges from the Fleet Management service for the use of vehicles, the main difference being in the fuel recharge resulting in a net surplus position for 2014-15.

Markets

The market service operates outdoor and indoor markets in the town centre, including shop units and brick market units, alongside three outdoor markets in District Centres locations throughout the borough. In the town centre, an outdoor market runs every day except Tuesday and Thursday, (including a car boot sale on Sundays). The indoor market and brick units are home to 110 businesses and are open 6 days per week, Monday- Saturday.

The service has seen expenditure reduce significantly from prior years due to a capital adjustment for a revaluation of market assets (namely Tommyfield Market Hall) resulting in a £480k reduction. Otherwise, expenditure is broadly similar to previous years albeit with a slight reduction in staffing costs. The income achieved by the Markets service is almost identical to that generated in 2013-14 despite a reduction in shop units occupancy and income. To offset this, as the outdoor markets are seasonally affected, the warmer weather in 2014/15 resulted a significant increase in outdoor market income at all locations except Shaw.

Parking

Parking services are managed on behalf of Oldham Council by NSL, under a contractual arrangement until 2019. However there is a residual in-house client function.

There are two elements to the service delivered to the public: on-street parking and off street car parks. The latter incorporates 9 designated car parks of various types and is the element included in this note as on-street car parking is not subject to competitive forces.

A 3 hours free parking scheme was applied on weekends during 2013/14 in order to increase shopper's footfall in the town centre, this incentive continued during 2014/15.

As part of the Councils overall regeneration of the town centre a number (4) of car parks have been closed to facilitate building works. This accompanied by the temporary closure of Hobson Street multi-storey car park has contributed to the overall lower levels of income obtained for the year.

Non-Operational Property

Oldham Council currently manages directly, or via the Unity Partnership, 744 non-operational assets across the Borough, including a variety of industrial, retail, and commercial properties in addition to garages gardens and reversionary interests. These assets are subject to a range of occupational agreements, being leased or licensed to various organisations and individuals. Many occupations are subject to service charges for general maintenance and management of the assets although the nature of the contractual arrangement varies, as appropriate, depending on the nature of the asset, its use and market forces. National and regional economic conditions have adversely affected the performance of this property portfolio.

Public Halls

The Public Halls include Chadderton Town Hall, the Queen Elizabeth (QE) Hall and Failsworth Town Hall. The financial year 2014/15 saw a decrease in income from the Halls mainly due to the reapportionment of recharges and a decrease in room hire of the QE Hall as a result of the anticipated, but now delayed closure. Chadderton Town Hall continues to bring in a consistent income as a wedding venue.

Building Control

Building Control revenue has been adversely affected by the economic downturn in the last three years. The 2014/15 position continues to show signs of improvement with income generation up by £26k to that achieved in 2013/14. A reduction in central recharges has subsequently decreased operating costs and resulted in a surplus trading position for 2014/15.

Cemeteries and Crematoria

This service manages and maintains seven cemeteries and one crematorium. On average it deals with approximately 500 burials and 1,500 cremations a year and maintains a land area of approximately 126 acres. The service currently employs 17 FTE staff.

Security Services

Oldham Council operates an in-house security service to monitor and protect properties including schools and council buildings. The Council also holds external contracts with organisations such as First Choice Homes and Positive Steps Oldham. Security Services has a fully committed workforce of 34 FTE that deliver various packages including alarm monitoring, mobile patrols, static guarding, key holding and CCTV monitoring. The non-fee earning (statutory duties) expenditure is separate and not included within this note.

Separation of the statutory function has resulted in the traded service delivering a surplus position for the financial year.

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

2013/14 £000		2014/15 £000
	Net (surplus) / deficit on trading operations:	
5,323	Services to the public included in Expenditure of Continuing Operations	3,761
(297)	Support services recharged to Expenditure of Continuing Operations	(420)
5,026	**Net deficit**	**3,341**

13 Pooled Budgets

In 2006, a Joint Loan Equipment Service was formed with Oldham Primary Care Trust (Oldham PCT) and Oldham Council under section 31 of the Health Act 1999 (superseded by section 75 of the National Health Service Act 2006). The partnership was established for the purposes of a pooled budget arrangement. Following the abolition of Primary Care Trusts as part of the Health and Social Care Act 2012, Oldham Clinical Commissioning Group (Oldham CCG) became the NHS partner within the Pooled Budget arrangement.

The Joint Loan Equipment Service is available to all residents of Oldham who meet the criteria for service provision, making available loan equipment that will enhance the life of service users, providing an efficient and caring service to its users that are responsive to their changing needs.

The Service:

- loans community equipment to service users to support as normal and independent a lifestyle as possible;
- enables disabled people to live at home rather than in institutional care;
- facilitates discharge from hospital, intermediate care or other institutional care; and
- includes the community equipment needs of people meeting the Greater Manchester criteria (as applied in Oldham) for NHS funded continuing healthcare.

Oldham Council's financial contribution to the partnership is included in Adult Services net cost of services in the Comprehensive Income and Expenditure Statement. The gross financial contribution to the partnership in 2014/15 was £1.208m (£0.605m net). In 2013/14 the contribution was £1.416m (£0.708m net).

2013/14			2014/15	
£000	£000		£000	£000
		Funding provided to the pooled budget:		
708		Council	605	
708		Oldham CCG	603	
	1,416			1,208
		Expenditure met from the pooled budget:		
708		Council	605	
708		Oldham CCG	603	
	1,416			1,208
	-	Net surplus arising on the pooled budget during the year		-

14 Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. In this context, related parties include:

- Central Government
- Elected Members of the Council
- Officers of the Council
- Other Public Bodies
- Entities controlled or significantly influenced by the Council

Central Government

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax billing, housing benefits). Grants received from Government Departments are set out in note 4 and 5.

Elected Members of the Council

Members of the Council have a direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2014/15 is shown in Note 7.

Members have not disclosed any material transactions with related parties.

The Register of Members' Interest is open to public inspection at the Civic Centre during office hours, on application, and is also available on the Council's website. The Council is compliant with the Localism Act 2012.

Officers

Senior Officers have not disclosed any material transactions with related parties.

Other Public Bodies (subject to common control by Central Government)

The Council has pooled budget arrangements with NHS Oldham in relation to Joint Loan Equipment Stores. Transactions are detailed in Note 13.

The Council also pays levies towards the services provided by the Greater Manchester Waste Disposal Authority (GMWDA), the Greater Manchester Combined Authority (GMCA, previously the Greater Manchester Integrated Transport Authority (GMITA) and the Environment Agency (EA):

31 March 2014 £000		31 March 2015 £000
15,895	Greater Manchester Waste Disposal Authority (GMWDA)	16,766
16,612	Greater Manchester Combined Authority (GMCA)	16,558
95	Environment Agency (EA)	97
32,602	**Total**	**33,421**

Entities Controlled or Significantly Influenced by the Council

The Council has a number of subsidiaries over which it has control and associate companies and two joint ventures over which it exerts significant influence.

The Council's subsidiary companies are as follows:

Oldham Economic Development Association Limited (OEDA)

OEDA is a company without share capital which is 100% owned by the Council, and which was set up to aid economic development and regeneration across the Borough. The company has remained inactive in the past year because of the restrictions which apply to companies wholly owned by a Local Authority.

Southlink Developments Limited

The principal activity of the company is that of a property developer. However the development land now owned by the company is reduced to a few acres located on the Southlink Business Park. The continued inactivity of the company is the result of the restrictions which apply to companies wholly owned by a Local Authority.

Oldham Care Services Limited

Oldham Care Services Limited (OCSL) was incorporated on 28 October 2014 and is wholly owned by the Council. On 25 March 2015 the Council sold its 100% interest in Oldham Care and Support Ltd (OCS) and Oldham Care and Support at Home Ltd (OCSH) to OCSL.

The year end for OCS and OCSH is the 31st December 2014 and OCSL will produce its first accounts for the period ending 31 December 2015.

Trading figures for OCS, based on its audited accounts to 31 December 2014, were as follows:

2014 £000		2015 £000
3,924	Total turnover	15,058
5	Third party turnover	19
23	Profit after tax before application of pensions' reporting standard	61
41	Loss after tax	344
23	Shareholder's Funds before application of pensions' reporting standard	84
3,823	Shareholder's deficit	7,313

Trading figures for OCSH, based on its audited accounts to 31 December 2014, were as follows:

2014 £000		2015 £000
8	Total turnover	709
8	Third party turnover	365
4	Loss after tax	59
4	Shareholder's deficit	63

Creditor and debtor balances between the three companies and the Council are disclosed in this note.

The Council's associate companies are as follows:

Unity Partnership Limited (Unity)

Unity came into being on 1 April 2007. It was made up of the Council, Mouchel and HBS (with both companies later merging). The Mouchel Group plc was sold to MRBC on 25 August 2012 and is a private company limited by shares. The Council owns one third of the voting rights of Unity.

Unity was formed to deliver services in the following areas:

- customer services;
- exchequer services;
- information and communication technology;
- highways services; and
- property services.

There have been further transfers of services from the Council to the Unity Partnership involving:

- accounts payable;
- accounts receivable;
- HR and payroll; and
- additional highways management services.

Meridian Development Company Ltd (MDCL)

The Council had provided loans and grants to fund the development of the Meridian Business Centre which was developed by Interurban Limited in the 1970s. MDCL was established during 1995/96 as a company involving the Council and a partner for the purchase and development of Lumb Mill, Delph, Saddleworth. As part of these arrangements Interurban Limited then became a 100% subsidiary of MDCL with Interurban Limited retaining its ownership of the Meridian Business Centre.

MDCL sold the two Business Centres it operated at Saddleworth and Hollinwood to Biz Space Ltd in January 2008 and MEDCL sold the Hollinwood Business Centre Phase 2 development to Biz Space Ltd.

The Council's shareholding in MDCL is 27.2% of the voting shares and 59.1% of the non voting shares.

The Council has two Joint Ventures detailed below:

Oldham Property LLP

This new joint venture has been formed for the acquisition of a strategic development site and has also allowed the Council to restructure its interest in Oldham Property Partnerships.

FO Development LLP

This new joint venture has been formed to deliver the development of the Foxdenton Employment Area in order to create a premium business location and new jobs.

Net Value of Transactions and Balances held at Year End

The net value of transactions with entities controlled or significantly influenced by the Council during the year are as follows:

2013/14 £000		2014/15 £000
19,045	Unity	14,576
7,850	OCS	11,677
-	OCSL	1,231
-	OCSH	263
-	FO Development LLP	25
(150)	Oldham Property Partnerships Ltd	-
23	Oldham Education Enterprises Ltd	-
26,768	**Total**	**27,771**

The following amounts were due from related parties at 31 March and are included in Debtors (see Note 19):

31 March 2014 £000		31 March 2015 £000
333	Unity	1,243
780	Oldham Property Partnerships Ltd	780
-	OCSL	489
20	OCS	297
1,133	**Total**	**2,809**

The following amounts were due to related parties at 31 March and are included in Creditors (see Note 21):

31 March 2014 £000		31 March 2015 £000
(1,054)	Unity	(1,977)
(1,341)	OCS	(7)
(3)	OCSH	-
(2,398)	**Total**	**(1,984)**

15 Property, Plant and Equipment

Movements on Balances

	Property, Plant & Equipment							
	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	PP&E Under Construction	Total PP&E
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
At 1 April 2014 Restated	**59,010**	**468,328**	**29,597**	**208,016**	**3,592**	**759**	**1,910**	**771,213**
Additions	38,093	27,848	2,279	15,891	13	-	12,424	**96,547**
Revaluation Increases/(decreases) to Revaluation Reserve	(9,475)	12,032	1	-	(39)	-	-	**2,520**
Revaluation Increases/(decreases) recognised in the Surplus/Deficit on the Provisions of Services	501	(11,670)	-	-	(1)	-	-	**(11,171)**
Derecognition - disposals	-	(34,821)	(2,972)	-	-	(300)	-	**(38,093)**
Assets Reclassified to/from Held for Sale	-	(300)	-	-	-	-	-	**(300)**
Other Reclassifications	777	(255)	113	-	(2)	-	(113)	**520**
At 31 March 2015	**88,905**	**461,162**	**29,018**	**223,906**	**3,563**	**459**	**14,221**	**821,234**
Accumulated Depreciation and Impairment								
At 1 April 2014 Restated	**13,196**	**44,806**	**21,684**	**68,870**	**3,537**	**299**	**-**	**152,392**
Depreciation Charge	3,175	13,857	1,818	6,806	1	-	-	**25,657**
Depreciation written out to the Revaluation Reserve	(1,923)	(34,458)	1	-	-	-	-	**(36,380)**
Depreciation written out to the Surplus/ Deficit on the Provision of Services	(610)	(1,476)	-	-	-	-	-	**(2,086)**
Impairment losses/(reversals) recognised in the Revaluation Reserve	(10,538)	(6,794)	-	-	(39)	-	-	**(17,371)**
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	29,781	2,664	-	-	13	-	-	**32,457**
Derecognition-Disposals	-	(3,179)	(2,972)	-	-	(299)	-	**(6,449)**
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	**-**
Other Reclassifications	150	(167)	-	-	29	-	-	**11**
At 31 March 2015	**33,231**	**15,252**	**20,531**	**75,677**	**3,542**	**-**	**-**	**148,232**
Net Book Value								
At 31 March 2015	**55,675**	**445,909**	**8,487**	**148,230**	**21**	**459**	**14,221**	**673,002**
At 31 March 2014 Restated	**45,814**	**423,522**	**7,913**	**139,145**	**55**	**461**	**1,910**	**618,820**

Comparative Movements on Balances 2013/14 (Restated)

	Property, Plant & Equipment							
	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	PP&E Under Construction	Total PP&E
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
At 1 April 2013 Restated	**74,296**	**497,070**	**28,398**	**196,466**	**3,640**	**314**	**497**	**800,682**
Additions	12,624	19,869	2,539	11,550	59	-	1,310	**47,951**
Revaluation Increases/(decreases) to Revaluation Reserve	(27,173)	(9,139)	163	-	370	-	-	**(35,778)**
Revaluation Increases/(decreases) recognised in the Surplus/Deficit on the Provisions of Services	(1,019)	(9,045)	-	-	(32)	-	-	**(10,096)**
Derecognition - disposals	(245)	(29,322)	(1,390)	-	-	-	-	**(30,957)**
Assets Reclassified to/from Held for Sale	-	(584)	-	-	-	-	-	**(584)**
Other Reclassifications	525	(521)	(113)	-	(445)	445	103	**(7)**
At 31 March 2014 Restated	**59,008**	**468,328**	**29,597**	**208,016**	**3,592**	**759**	**1,910**	**771,211**
Accumulated Depreciation and Impairment								
At 1 April 2013 Restated	**28,000**	**58,277**	**21,033**	**62,353**	**3,554**	**299**	**-**	**173,515**
Depreciation Charge	2,497	14,044	1,840	6,518	4	-	-	**24,903**
Depreciation written out to the Revaluation Reserve	(1,833)	(9,637)	163	-	(19)	-	-	**(11,325)**
Depreciation written out to the Surplus/Deficit on the Provision of Services	(836)	(1,153)	-	-	-	-	-	**(1,989)**
Impairment losses/(reversals) recognised in the Revaluation Reserve	(25,142)	(14,069)	-	-	(28)	-	-	**(39,239)**
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	10,538	318	-	-	27	-	-	**10,883**
Derecognition-Disposals	(28)	(2,939)	(1,352)	-	-	-	-	**(4,320)**
Eliminated on reclassification to Held for Sale	-	(34)	-	-	-	-	-	**(34)**
At 31 March 2014 Restated	**13,196**	**44,806**	**21,684**	**68,870**	**3,537**	**299**	**-**	**152,392**
Net Book Value								
At 31 March 2014 Restated	**45,812**	**423,522**	**7,913**	**139,145**	**55**	**461**	**1,910**	**618,818**
At 31 March 2013 Restated	**46,296**	**438,794**	**7,365**	**134,113**	**86**	**16**	**497**	**627,167**

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

Council Dwellings	Up to 50 years
Other Land and Buildings	Up to 50 years
Vehicles, Plant, Furniture and Equipment	3 -10 years
Infrastructure	Up to 40 years

Capital Commitments

At 31 March 2015 the Council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment with outstanding contractual commitments of £43.96m (similar commitments were £12.6m at 31 March 2014). The major commitments are:

	Commitment £000
Leisure Estate	15,786
Old Town Hall	21,521
School Building programme	6,271
Fleet Replacement Programme	382
Total	**43,960**

Effects of Changes in Estimates

In 2014/15 the Council made no material changes to its accounting estimates for Property, Plant and Equipment.

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out by the Unity Partnership. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second hand market or latest list prices adjusted for the condition of the asset.

The effective date of valuation for each valued asset is the date that the valuation was undertaken. The table below shows the effective date of valuation for assets within each category of Property Plant and Equipment.

The significant assumptions applied in estimating the fair values are:

- that good title can be shown and all valid planning permissions and statutory approvals are in place;
- that the property is connected and has a right to use mains services and that sewers, main services and roads giving access to it have been adopted;
- that an inspection of those parts not inspected would not reveal defects that would affect the valuation;
- that the testing of electrical or other services would not reveal defects that would cause the valuation to alter; and
- that there are no deleterious or hazardous materials or existing or potential environmental factors that would affect the valuation.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	73	-	29,018	223,906	-	3,563	14,221	270,780
Valued at fair value as at:								
31 March 2015	88,672	383,306	-	-	445	-	-	472,423
31 March 2014	-	19,751	-	-	-	-	-	19,751
Sunday, 31 March 13	-	8,321	-	-	14	-	-	8,335
31 March 2012	-	10,711	-	-	-	-	-	10,711
31 March 2011	165	39,073	-	-	-	-	-	39,238
Total Cost or Valuation	**88,910**	**461,162**	**29,018**	**223,906**	**459**	**3,563**	**14,221**	**821,239**

In addition the Council has also instructed its valuers to undertake a review of all assets held in the other land and buildings category to ensure that the carrying value of assets last values in previous years is not materially different from their fair value. All other asset classes are unaffected.

In order to perform this exercise the other land and building category was split into the sub-categories detailed in the table below:

Asset Class	Restated Net Book Value as at 31 March 2014 £000	Net Book Value as at 31 March 2015 £000
Development Scheme	21,267	18,997
Retail	13,586	12,245
Office	14,404	14,694
Schools	209,767	233,238
Sports	24,414	32,034
Cultural Building	35,491	39,352
Other Assets	104,594	95,349
Total	**423,523**	**445,909**

The review concluded that for the fair value for assets valued at Depreciated Replacement Cost (DRC) there had been a significant change in values due to increases in building costs. As a result of this review desktop valuations was conducted for all assets valued on a DRC basis. The valuation changes as a result of this review are included within the net book values in the table above.

16 Heritage Assets

	Art Collection £000	Civic Regalia £000	Total Assets £000
Cost or Valuation			
1 April 2013	18,711	694	19,405
Additions		17	17
Revaluation Gains/(Losses Recognised in the Revaluation Reserve			-
Impairment Losses/(reversals) recognised in the Revaluation Reserve		(17)	(17)
31 March 2014	**18,711**	**694**	**19,405**
Cost or Valuation			
1 April 2014	18,711	694	19,405
Additions			-
Revaluation Gains/(Losses Recognised in the Revaluation Reserve		323	323
Impairment Losses/(reversals) recognised in the Revaluation Reserve			-
31 March 2015	**18,711**	**1,017**	**19,728**

Civic Regalia (including Civic Crests and War Memorials)

The Council's Civic Regalia is reported in the Balance Sheet at insurance valuation and the insured sum for 2014/15 is £1.000m, an increase of £0.323m, this excludes the Civic Crests. The Council's Civic Regalia is held at the Civic Centre.

Museum and Art Collection

The Council has had the art collection valued by external valuers Bonhams Auctioneers and Valuers. The valuation was on an insurance basis assessed at £18.711m undertaken by Bonhams as at January 2004.

Details of the paintings held by Gallery Oldham can be found on the website below:
www.bbc.co.uk/arts/yourpaintings/galleries/collections/gallery-oldham-1002

During the year, the Council's Gallery Team use their expert knowledge and understanding to determine if a change in insurance valuation is needed. This is based on the valuation of the top 10 items and their knowledge of sales and acquisitions within the market.

17 Other Long Term and Current Liabilities

	Long Term £000	Current £000	Total £000
2014/15			
Pension Liability	(393,162)	-	**(393,162)**
PFI	(262,402)	(8,333)	**(270,735)**
Finance Leases	(381)	(288)	**(669)**
Transferred Debt	(6,274)	(864)	**(7,138)**
Deferred Credits	(20)	-	**(20)**
Total	**(662,239)**	**(9,485)**	**(671,724)**
2013/14 (Restated)			
Pension Liability	(287,091)	-	**(287,091)**
PFI	(231,897)	(7,493)	**(239,390)**
Finance Leases	(406)	(436)	**(842)**
Transferred Debt	(7,138)	(807)	**(7,945)**
Deferred Credits	(25)	-	**(25)**
Total	**(526,557)**	**(8,736)**	**(535,293)**

18 Financial Instruments (including nature and extent of risks)

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

Restated Long Term 31 March 2014 £000	Restated Current 31 March 2014 £000		Long Term 31 March 2015 £000	Current 31 March 2015 £000
		Investments		
-	12,500	Loans and Receivables - (Principal)	-	38,000
-	19	Loans and Receivables - Accrued Interest	-	85
-	72,190	Loans and Receivables - Cash	-	55,726
-	25	Loans and Receivables - Cash Accrued Interest	-	27
38,967	-	Available for sale financial assets	43,367	-
38,967	**84,734**	**Total Investments**	**43,367**	**93,838**
		Debtors		
10,764	17,158	Loans and receivables	10,756	19,086
10,764	**17,158**	**Total included in Debtors**	**10,756**	**19,086**
	16,504	Debtors that are not financial Instruments	-	15,978
10,764	**33,662**	**Total Debtors**	**10,756**	**35,064**
		Borrowings		
147,825	292	Financial liabilities at amortised cost - Loans (Principal)	147,824	293
-	1,402	Financial liabilities at amortised cost - Loans Accrued Interest	-	1,396
828	-	Financial liabilities at amortised cost - Market Loans EIR Adjustment	821	-
148,653	**1,694**	**Total included in Borrowings**	**148,646**	**1,689**
		Other Long Term Liabilities (OLTL)		
239,441	8,736	PFI, finance lease & transferred debt (includes transfer debt)	269,058	9,485
239,441	**8,736**	**Total included in Other Long Term Liabilities**	**269,058**	**9,485**
287,116		OLTL that are not financial instruments	393,181	-
526,557	**8,736**	**Total Other Long Term Liabilities**	**662,239**	**9,485**
		Creditors		
-	42,543	Financial liabilities at amortised cost	-	52,356
-	42,543	Total included in Creditors	-	52,356
-	15,544	Creditors that are not financial instruments	-	13,864
-	**58,087**	**Total Creditors**	**-**	**66,220**

The following shows an analysis of borrowing by type of debt:

Long Term 31 March 2014 £000	Current 31 March 2014 £000		Long Term 31 March 2015 £000	Current 31 March 2015 £000
		Borrowings		
15,723	97	PWLB	15,723	98
126,328	1,305	LOBO's	126,321	1,298
6,601	292	Other market debt	6,601	293
148,653	**1,694**	**Total**	**148,646**	**1,689**

Income, Expense, Gains and Losses

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

2013/14					2014/15			
Financial Liabilities measured at amortised cost	Financial Assets: Loans and Receivables	Financial Assets: Available for Sale	Total		Financial Liabilities measured at amortised cost	Financial Assets: Loans and Receivables	Financial Assets: Available for Sale	Total
£000	£000	£000	£000		£000	£000	£000	£000
(26,737)	-	-	**(26,737)**	Interest expense	(29,886)	-	-	**(29,886)**
-	1,603	2,328	**3,931**	Interest and Dividend income	-	1,566	2,533	**4,099**
(26,737)	**1,603**	**2,328**	**(22,806)**	**Net gain/(loss) for the year**	**(29,886)**	**1,566**	**2,533**	**(25,787)**

Fair Value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost (in long term assets/liabilities with accrued interest in current assets/liabilities). Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- for loans receivable prevailing benchmark market rates have been used to provide the fair value;
- no early repayment or impairment is recognised;
- where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount; and
- 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 2014			31 March 2015	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
		Financial liabilities		
15,723	14,851	- PWLB	15,723	17,185
133,222	133,576	- Market Loans	132,395	164,750
-	-	Long-term creditors	-	-
42,543	42,543	Short-term creditors	52,356	52,356
239,389	399,970	PFI Contracts (A)	270,736	429,651
430,876	**590,940**	**Total (B)**	**471,210**	**663,942**

(A) The loans which make up the PFI contract liabilities are held by and under the control of the PFI providers. The fair value represents the value of the liability if the Council was able to refinance the debt at a lower interest rate.

(B) The fair value is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

31 March 2014			31 March 2015	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
		Loans and receivables		
12,500	12,512	- Investments	38,000	38,113
68,725	68,742	- Cash & Cash Equivalents	55,727	55,753
10,764	10,764	Long-term debtors	10,756	10,756
17,158	17,158	Short-term debtors	19,086	19,086
109,147	**109,175**		**123,569**	**123,707**

The differences 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 2015. This increases the fair value of financial liabilities and raises the value of loans and receivables.

The fair values for loans and receivables have been determined by reference to similar practices, as above, which provide a reasonable approximation for the fair value of a financial instrument and include accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice, rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures and the difference is likely to be immaterial.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

The Council has the following financial instruments that are classed as available for sale.

31 March 2014 £000		31 March 2015 £000
	Manchester Airport Holdings Limited	
36,700	3.22% Shareholding	41,000
	Municipal Bonds Agency	
-	£1 shares	100
	Meridian Development Company Limited	
	27.15% Shareholding	
	199 £1 "B" ordinary shares	
1,311	1,311,021 £1 "B" voting shares	1,311
	Oldham Property Partnership Limited	
	18.9% Shareholding	
757	757,380 £1 preference shares	757
	Community 1st Oldham (Chadderton) Limited	
199	20% Shareholding	199
	Oldham Care & Support Ltd	
-	100% Shareholding	-
	Oldham Care & Support @ Home Ltd	
-	100% Shareholding	-
	Oldham Care Services Ltd	
-	100% Shareholding	-
38,967	**Total**	**43,367**

During 2012/13, Manchester Airport Group acquired Stansted Airport, resulting in a change of structure. The Council's shareholding in Manchester Airport Holdings reduced from a 5% holding to 3.22% of the airports capital as a result of the restructure. This change in structure has enabled the shareholding to be subject to a valuation using, the earnings based method and discounted cash flow method. These shares are now subject to an annual valuation. In 2014/15 this has seen a further increase in value of £4.3m. The figure above in relation to Manchester Airport is now carried at fair value.

All other long term investments are carried at historic cost, as a fair value cannot be established. In accordance with the Code of Practice on Local Authority Accounting in the UK, this would prompt the Council to value the shares as the original cost without impairment.

Nature and Extent of Risks Arising from Financial Instruments

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

- credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments; and
- market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

Overall procedures for managing risk

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. The procedures for risk management are set out through a legal framework based on 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 by:

- formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/ standing orders/constitution;
- 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; and
- approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These are required to be reported and approved 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 after each year, as is a mid-year update.

The annual Treasury Management Strategy for 2014/15 which incorporates the prudential indicators was approved by Council on 5 March 2014 and is available on the Council website. Amendments to the prudential indicators were approved by Council on 4 February 2015. The key issues within the strategy were:

- the Authorised Limit for 2014/15 was initially set at £640m but decreased to £605m due to a change in the capital financing requirement. This is the maximum limit of external borrowings or other long term liabilities;
- the Operational Boundary was initially set at £610m but decreased to £575m also due to a of the change in the capital financing requirement. This is the expected level of debt and other long term liabilities during the year; and
- the maximum amounts of fixed and variable interest rate exposure were set at 100% and 40% based on the Council's net debt.

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.

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 and 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 unless they meet the minimum requirements of the investment criteria outlined above, and detailed below.

Oldham Council uses the creditworthiness service provided by Treasury Management Consultants. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies;
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings; and
- sovereign ratings to select counterparties from only the most creditworthy countries

Institutions are split into colour bandings. In 2014/15 the Council was able to deposit the following:

- yellow: Highest rated – Local Authorities & Public Bodies – Investments of up to £10m for up to 3 years;

- purple: Money Market Funds – Investment of up to £20m for up to 2 years;
- blue: Nationalised or semi nationalised UK banks – Investment of up to £20m for up to 1 year;
- orange and The Council's banking provider – Investment up to £15m for up to 1 year;
- red £10m for up to 6 months;
- green £5m for up to 100 days; and
- no colour - not to be used.

The full Investment Strategy for 2014/15 was approved by Council on 5 March 2014, with amendments made to prudential indicators on 4 February 2015 and is available on the Council's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council had a total of £100.070m deposited with a number of banks and financial institutions at 31 March 2015. The full amount is potentially exposed to credit risk. There is a specific risk attached to amounts deposited with the individual institutions based on their ability to make interest payments and repay the principal outstanding, it is however more difficult to assess the risk in general terms. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2015 that this was likely to crystallise.

The following analysis summarises the Council's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability over the last three financial years.

Credit limits were not exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Council does not generally allow extended credit for customers, but some of the current balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

31 March 2014 £000		31 March 2015 £000
4,760	Less than 3 months	3,501
518	3 - 6 months	237
1,200	6 - 12 months	1,174
2,979	more than 12 months	3,620
9,458	**Toal**	**8,532**

Liquidity Risk

The Council has a comprehensive cash flow management system that ensures that cash is available as needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the Public Works Loan Board and money markets for access to longer term funds. There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Council sets limits on the proportion of its fixed rate borrowing during specified periods. The strategy is to ensure that not more than 50% of loans are due to mature within 12 months, this is in line with the Treasury Management Strategy, through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments.

The maturity analysis of financial liabilities is as follows:

31 March 2014 £000		31 March 2015 £000
44,237	Less than 1 year	54,045
-	1 - 2 years	241
241	2 - 5 years	-
6,841	5 - 10 years	6,841
140,742	More than 10 years	140,742
192,061	**Total**	**201,869**

The above analysis within more than ten years category includes principal of £59m of LOBOs - Lender Option Borrower Option loans that could potentially be called by the lender in the next financial year.

The average maturity of LOBOs held within more than ten years is 53 years, these loans all have option dates within the next five years, however it is not anticipated that any of these will be called and require repayment.

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

Market Risk

The Council is exposed to market risk in terms of its exposure that the value of an instrument will fluctuate because of changes in:

- interest rate risk;
- price risk; and
- foreign exchange rate risk.

Interest Rate Risk

The Council is exposed to 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 Surplus or Deficit on the Provision of Services 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 Surplus or Deficit on the Provision of Services will rise; and
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus of Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. The usual Council policy is to aim to keep a maximum of 40% of its borrowings in variable rate loans, but this may be varied in specific circumstances.

The central Treasury Team monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would have been:

	2014/15 £000
Increase in government grant receivable for financing costs	32
Impact on Surplus or Deficit on the Provision of Services	32
Share of overall impact debited to the HRA	-
Decrease in fair value of fixed rate investment assets	1,031
Impact on Other Comprehensive Income and Expenditure	1,031
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	1,481

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 but does have shareholdings to the value of £43.367m in a number of joint ventures and in local companies. Whilst these holdings are generally illiquid, the Council is consequently exposed to losses arising from movements in the prices of the shares.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead it only acquires shareholdings in return for 'open book' arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

The £43.367m shares are all classified as 'available for sale', meaning that all movements in price will impact on gains and losses recognised in Other Comprehensive Income and Expenditure. It is usually anticipated that a general shift of 5% in the general price of shares (positive or negative) may occur, which would have resulted in a £1.948m gain or loss based on prior years valuation being recognised in the Other Comprehensive Income and Expenditure for 2014/15. In 2014/15 the Council's holding in Manchester Airport, was re-valued resulting in a gain of £4.3m that was recognised in the Other Comprehensive Income and Expenditure.

Foreign Exchange Risk

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

19 Debtors

The Council's debtors (net of the provision for bad and doubtful debts) are as follows:

31 March 2014 £000		31 March 2015 £000
5,357	Central Government Bodies	3,695
433	Other Local Authorities	67
999	NHS Bodies	5,981
2,518	Capital Debtors	3,179
21,507	Other entities and individuals	19,949
2,848	Payments in Advance	2,193
33,662	**Total**	**35,064**

20 Cash and Cash Equivalents

31 March 2014 £000		31 March 2015 £000
129	Cash held by the Authority	128
81,740	Bank Current Accounts	66,567
(9,654)	Bank Overdraft	(10,942)
72,216	**Total**	**55,753**

21 Creditors

The Council's creditors are as follows:

31 March 2014 £000		31 March 2015 £000
(6,426)	Central Government Bodies	(3,235)
(1,068)	Other Local Authorities	(552)
(590)	NHS Bodies	(514)
(6,227)	Capital Creditors	(13,682)
(33,775)	Other entities and individuals	(37,269)
(5,482)	Accumulated Absences	(5,512)
(4,519)	Receipts in Advance	(5,456)
(58,087)	**Total**	**(66,220)**

22 Provisions

	Short Term			
	Insurance Provision £000	Pay and Reward Provision £000	Other Provisions £000	Total £000
Balance at 1 April 2014	(4,200)	(190)	(8,094)	(12,484)
Additional provisions made in 2014/15	-	-	(1,537)	(1,537)
Amounts used in 2014/15	385	2	5,370	5,757
Balance at 31 March 2015	**(3,815)**	**(188)**	**(4,261)**	**(8,264)**

	Long Term			
	Insurance Provision £000	Pay and Reward Provision £000	Other Provisions £000	Total £000
Balance at 1 April 2014	(11,794)	(2,702)	(1,394)	(15,890)
Additional provisions made in 2014/15	-	-	(1,351)	(1,351)
Amounts used in 2014/15	1,974	-	-	1,974
Balance at 31 March 2015	**(9,820)**	**(2,702)**	**(2,745)**	**(15,267)**

The Insurance Provision covers all historic legal liability claims including personal accident risks to employees whilst carrying out their duties, public and all other liability claims, the losses arising from the inability of contractors to fulfil obligations, the fire fund (historic property claims under £100k) and all other past claims under the policy excess, which is £50k and not yet settled.

The Pay and Reward Provision has been set up to provide for the future increase in payroll costs resulting from the implementation of the new pay and grading structure from January 2011. This provides for any claims that have been lodged.

The other Provisions represent amounts set aside to meet potential future liabilities; this includes a provision for Business Rates Appeals.

23 Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2014/15.

	Balance 31 March 2013 £000	Transfers Out 2013/14 £000	Transfers In 2013/14 £000	Balance 31 March 2014 £000	Transfers Out 2014/15 £000	Transfers In 2014/15 £000	Balance 31 March 2015 £000
General Fund							
Schools Reserve	(8,861)	8,940	(7,882)	(7,802)	8,036	(6,972)	(6,738)
Area Based Grant Reserve	(415)	415	-	-	-	-	-
PFI BSF (Sinking Fund)	(1,682)	-	(679)	(2,361)	32	(880)	(3,209)
Budget Reserve	(4,141)	1,771	(1,381)	(3,751)	2,120	(1,930)	(3,560)
Business Unit Reserve	(171)	83	(241)	(330)	36	(462)	(756)
Childrens' Reserve	(650)	-	(650)	(1,300)	-	(700)	(2,000)
District Partnerships Reserve	(788)	285	(440)	(942)	501	(442)	(882)
Efficiency Reserve	(2,029)	235	-	(1,794)	-	(4,206)	(6,000)
Fiscal Mitigation Reserve	(3,555)	235	(10,592)	(13,912)	18,468	(6,517)	(1,962)
Future Liabilities Reserve	(8,383)	2,907	(152)	(5,628)	2,811	(1,028)	(3,844)
Insurance Reserve	(7,199)	-	(2,303)	(9,502)	-	(3,466)	(12,968)
Partnership Reserve	(254)	200	-	(54)	54	-	-
PFI Reserve	(5,104)	-	(879)	(5,983)	-	(787)	(6,770)
Revenue Grants Reserve	(2,285)	1,300	(4,316)	(5,301)	3,239	(4,851)	(6,913)
Special Projects Reserve	(6,354)	1,569	(991)	(5,775)	2,545	(2,223)	(5,453)
Levy Reserve	(2,800)	973	(598)	(2,425)	-	(218)	(2,643)
Adverse Weather Reserve	(750)	-	(332)	(1,082)	-	(561)	(1,643)
Taxation	**-**	**61**	**(500)**	**(439)**	**-**	**(164)**	**(603)**
Directorate Reserve	-	-	(3,805)	(3,805)	1,092	(3,625)	(6,338)
Corporate Strategy	-	-	-	-	11,975	(38,390)	(26,415)
Total	**(55,420)**	**18,975**	**(35,740)**	**(72,186)**	**50,911**	**(77,422)**	**(98,697)**

The **Schools Reserve** includes the balances held by Schools under the scheme of delegation.

The **PFI BSF (Sinking Fund) Reserve** has been provided to dampen the unitary charges due to future RPI Increases.

The **Budget Reserve** has been provided to fund specific revenue expenditure items in 2015/16 as part of the financial strategy of the Council.

The **Business Unit Reserve** is the agreed carry forward of underspends relating to those Council services which operate as Business Units.

The **Children's Reserve** represents sums set aside to provide for the increasing number of looked-after children and to ensure adequate funding is available.

The **District Partnership Reserve** represents sums set aside to future finance projects agreed by the six District Partnerships.

The **Efficiency Reserve** has been established to provide for any exceptional costs of implementing the Council's budget requirements in 2015/16.

The **Fiscal Mitigation Reserve** has been established to fund future costs expected to arise due to changes in the Council Tax and Business Rates systems.

The **Future Liabilities Reserve** has been established to fund a number of liabilities which may arise due to any further changes in Central Government funding and legislation.

The **Insurance Reserve** has been established in order to finance costs (e.g. claims and premium payments) associated with insurable risk. In addition to maintaining an Insurance Fund the Authority has established an Insurance Reserve to meet expenditure relating to various types of future claims which are not covered by the Insurance Fund.

The **PFI Reserve** has been established to provide for any additional unitary charges due to RPI increases which would affect the PFI schemes such as Street lighting.

The **Revenue Grants Reserve** represents income from Government Grants received which have no conditions attached or where the conditions have been met but no expenditure has yet been incurred.

The **Special Projects Reserve** represents sums set aside to fund new invest to save and performance improvement initiatives.

The **Levy Reserve** represents sums set aside to cover any increased levy costs in future years that will be notified by the Greater Manchester Waste Disposal Authority and the Greater Manchester Combined Authority.

The **Adverse Weather Reserve** represents sums set aside to cover the cost of winter maintenance of Oldham's roads due to unforeseen adverse weather conditions.

The **Taxation Reserve** is to provide for any future taxation liabilities e.g. from HMRC.

The **Directorate Reserve** is to provide for any future liability within services and will be allocated by the Council's Executive Management Team when a need arises.

The **Corporate Strategy Reserve** has been established to provide for any future costs arising from central or local decisions made i.e. Greater Manchester Devolution or the Council's regeneration programme.

24 Unusable Reserves

Restated 31 March 2013 £000	Restated 31 March 2014 £000		31 March 2015 £000
(97,704)	(106,172)	Revaluation Reserve	(156,868)
(19,086)	(26,486)	Available for Sale Financial Instruments Account	(30,786)
(113,971)	(85,382)	Capital Adjustment Account	(42,585)
10,113	9,843	Financial Instruments Adjustment Account	9,630
289,400	287,091	Pensions Reserve	393,162
(734)	(1,855)	Deferred Capital Receipts Reserve	(1,613)
(173)	(1,335)	Collection Fund Adjustment Account	(1,414)
6,050	5,482	Short Term Compensated Absences Account	5,512
73,896	**81,185**	**Total Unusable Reserves**	**175,038**

(a) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation or;
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Restated 2013/14 £000		2014/15 £000
(97,704)	Balance as 1 April	(106,172)
(35,454)	Upward revaluation of assets	(87,210)
20,669	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	30,617
2,526	Difference between fair value depreciation and historic cost depreciation	2,980
2,517	Accumulated gains on non-current assets sold or decommissioned (excluding Academies)	168
1,273	Accumulated gains on Academy assets sold or decommissioned	2,749
(106,172)	**Balance at 31 March**	**(156,868)**

(b) Available for sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Authority arising from the increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Disposed of and the gains are realised

In 2014/15 the council revalued its shareholding in Manchester Airport which resulted in an increase in value from £36.700m to £41.000m (previous revaluations: £10.214m to £29.300m in 2012/13; and £29.300m to £36.700m in 2013/14). The increase of £4.300m is shown in the Available for Sale Financial Instruments reserve, the original investment of £10.214m forms part of the Capital Adjustment Account balance.

2013/14 £000		2014/15 £000
(19,086)	Balance as 1 April	(26,486)
(7,400)	Revaluation of Shareholding in Manchester Airport	(4,300)
(26,486)	**Balance at 31 March**	**(30,786)**

(c) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement element of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 1 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Restated 2013/14 £000		2014/15 £000
(113,971)	Balance at 1 April	(85,382)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
24,903	Charges for depreciation of non-current assets	25,657
10,946	Charges for impairment of non-current assets	32,457
8,086	Revaluation losses on Property, Plant and Equipment	9,086
551	Amortisation of intangible assets	602
10,109	Revenue expenditure funded from capital under statute	8,158
14,677	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement (excluding Academies)	3,258
12,090	Amounts written off on disposal or sale as part of the gain/loss on disposal of Academies to the Comprehensive Income and Expenditure Statement	28,763
(6,317)	Adjusting amounts written out of the Revaluation Reserve	(5,898)
	Capital financing applied in the year:	
(4,098)	Use of the Capital Receipts reserve to finance new capital expenditure	(3,292)
(9,454)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(12,092)
(6,418)	Application of grants to capital financing from the Capital Grants Unapplied Account	(6,558)
(6,606)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(5,247)
(13,045)	Voluntary MRP	(13,097)
(7,842)	Capital expenditure charged against the General Fund and HRA balances	(18,295)
1,005	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(706)
2	Other adjustments	
(85,382)	**Balance at 31 March**	**(42,585)**

(d) Financial Instrument Adjustment Account

The Financial Instrument Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Council uses the Account to manage premiums paid and discounts received on the early redemption of loans. Premiums are debited and discounts are credited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the net expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case this period is the unexpired term that was outstanding on the loans when they were redeemed on the replacement loan. As a result, the balance on the Account at 31 March 2015 will be charged to the General Fund over the next 65 years.

2013/14 £000		2014/15 £000
10,113	Balance as 1 April	9,843
(414)	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(356)
144	Proportion of discounts received in previous financial years to be transferred to the General Fund Balance in accordance with statutory requirements	144
9,843	**Balance at 31 March**	**9,630**

(e) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pension for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2013/14 £000		2014/15 £000
289,400	Balance as 1 April	287,091
(17,636)	Remeasurement of the net defined benefit liability	92,647
33,145	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	30,333
(17,818)	Employer's pension contributions and direct payments to pensioners payable in the year	(16,909)
287,091	**Balance at 31 March**	**393,162**

(f) Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2013/14 £000		2014/15 £000
(734)	Balance as 1 April	(1,855)
(1,855)	Transfer of deferred sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(962)
734	Transfer to the Capital Receipts Reserve upon receipt of cash	1,205
(1,855)	**Balance at 31 March**	**(1,613)**

(g) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and NDR payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2013/14 £000		2014/15 £000
(173)	Balance as 1 April	(1,335)
(1,162)	Amount by which Council Tax income and NDR income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(79)
(1,335)	**Balance at 31 March**	**(1,414)**

(h) Short Term Compensated Absences Account

The Short Term Compensated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2013/14 £000		2014/15 £000
6,050	Balance as 1 April	5,482
(6,050)	Settlement or cancellation of the accrual made at the end of the previous year	(5,482)
5,482	Amounts accrued at the end of the current year	5,512
5,482	**Balance at 31 March**	**5,512**

25 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/PP 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 a decrease in the Capital Financing requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

Restated 2013/14 £000		2014/15 £000
466,698	**Opening capital financing requirement**	**479,872**
	Capital Investment	
47,953	Property Plant and Equipment	96,550
16	Investment Assets	15
10,109	REFCUS	8,158
-	Long Term Investments	100
1,543	Intangible Assets	1,250
17	Heritage Assets	-
1,000	Long Term Debtor	-
	Sources of Finance	
(4,098)	Capital Receipts	(3,292)
(15,872)	Government Grants And Other Contributions	(18,650)
(27,494)	Sums Set aside from Revenue	(36,639)
479,872	**Closing capital financing requirement**	**527,364**
	Explanation of movements in year	
(6,606)	Increase in Need to Borrow Supported by Government Financial Assistance	(5,247)
22	Increase in Need to Borrow Unsupported by Government Financial Assistance	13,517
532	Assets Acquired Under Finance Leases	382
19,226	Assets Acquired Under PFI/ PPP Contracts	38,840
13,174	**Increase / (decrease) in Capital Financing Requirement**	**47,492**

26 PFI and Similar Contracts

Oldham Library and Lifelong Learning Centre

2014/15 was the tenth year of a 25 year PFI contract for the construction, maintenance and operation of Information Technology (IT) and Facilities Management (FM) services of the Library and Lifelong Learning Centre in the town centre. The Council has rights under the contract to specify the opening times of the facility. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if the facilities are unavailable or performance is below the minimum standards.

The contractor was obliged to construct the centres and to maintain them to a minimum acceptable condition, and to procure and maintain the plant and equipment needed to operate the facility. The building, and any plant and equipment installed, will transfer to the Council at the end of the contract for nil consideration. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred including the repayment of any of the contactor's outstanding debt attributable to the contract. There have been no changes to the arrangement over the year.

Housing PFI Schemes

Sheltered Housing

2014/15 was the ninth year of a 30 year PFI contract for the demolition and new build (or refurbishment of), and the provision of management and maintenance services to sheltered and warden supported properties in the Housing Revenue Account.

The dwellings will transfer to Oldham Council at the end of the contract for nil consideration.

Gateways to Oldham Housing

2014/15 was the fourth year of a 25 year PFI contract for the management of 633 HRA dwellings with Inspiral Oldham Limited (Inspiral). Inspiral is responsible for demolition, new build and refurbishment of the dwellings together with their management and maintenance. The contract also includes minor works to external fabric of 145 leaseholder/owner occupied properties, for which the majority of associated costs will be met by the leaseholders/owner occupiers. The management of the dwellings within the HRA will transfer back to the Council at the end of the contract for nil consideration, unless a separate contract is entered into either with Inspiral or an alternative contractor.

The Council has rights under each contract to specify arrangements around the demolition, new build and refurbishment of the dwelling together with the tenancy management services to be supplied. The contracts specify minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards. The contractors were obliged to demolish and rebuild/refurbish the dwellings and to maintain them to a minimum acceptable condition over the life of the contract.

The Council has rights to terminate the contracts in the event of non-performance but would be required to compensate the contractors, potentially including the repayment of any of the contactors' outstanding debt attributable to the contracts. There have been no changes to the arrangements over the year.

Chadderton Wellbeing Centre

2014/15 was the sixth year of a 30 year LIFT Lease Plus Agreement to build and maintain the Chadderton Wellbeing centre. The Centre incorporates a library, sports centre, and café and community rooms. The Council has rights under the contract to specify the opening times of the facility. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if the facilities are unavailable or performance is below the minimum standards.

The contractor was obliged to construct the centre and to maintain it to a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the facility. The Council has the option to purchase the Wellbeing Centre for less than the asset's market value. The Council has judged itself reasonably certain to exercise the option, and the cost of the eventual purchase has been factored into the Minimum Lease Payments. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred including the repayment of any of the contactor's outstanding debt attributable to the contract. There have been no changes to the arrangement over the year.

Street Lighting PFI Scheme

2014/15 was the fourth year of a 25 year PFI contract, joint with Rochdale Council, for the replacement of approximately 23,000 street lights in Oldham in the first five years and the ongoing management and maintenance of the street lights over the life of the contract. The Council has rights under the contract to detail the specification of the street lights. The contract specifies minimum standards for the services to be supplied by the contractor, with deductions from the fee being payable if performance is below the minimum standards. The contractor was obliged to replace and maintain the street lights over the life of the contract. The street lights will transfer to the Council at the end of the contract for nil consideration. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred, including the repayment of any of the contractor's outstanding debt attributable to the contract.

Education Services PFI Schemes

Schools (Radclyffe & Failsworth)

2014/15 was the seventh year of a 25 year PFI contact for the construction and maintenance of two secondary schools, Radclyffe and Failsworth, along with the provision of Facilities Management (FM) and IT services over the life of the contract. The schools and any plant and equipment installed in them will transfer to the Council at the end of the contract for nil consideration.

Building Schools for the Future

2014/15 was the third year of a 25 year PFI contract for the construction and maintenance of a secondary school, The Blessed John Henry Newman RC Secondary School; along with provision of Facilities Management services over the life of the contract.

The Council has rights under each contract to specify the opening times of the schools. The contracts specify minimum standards for the services to be provided by the contractors, with deductions from the fee payable being made if the facilities are unavailable or performance is below the minimum standards. The contractors were obliged to construct the schools and to maintain them to a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the facility. The Council only has rights to terminate the contracts if it compensates the contractors in full for costs incurred including the repayment of any of the contactors' outstanding debt attributable to the contract. There have been no changes to the arrangements over the year.

Analysis of Payments due to be made under PFI and similar Contracts

The following table shows payments due to be made under PFI and similar Contracts. All the payments under PFI and similar Contracts are linked in full or in part to Retail Price Index inflation and can be reduced if the contractor fails to meet availability and performance standards in any year, but are otherwise fixed. Lifecycle replacement costs have been included in the Service charges element.

		Library and Lifelong Learning Centre	Schools	Sheltered Housing	Chadderton Wellbeing Centre	Street Lighting	Gateways to Oldham Housing	Building Schools for the Future	Total
		£000	£000	£000	£000	£000	£000	£000	£000
2015/16	Repayment of Liability	444	1,769	2,872	57	541	1,826	824	8,334
	Interest	1,202	3,634	7,460	723	2,076	4,785	3,090	22,969
	Service Charges	1,415	2,746	4,235	284	1,430	1,833	1,150	13,093
	Total	**3,060**	**8,149**	**14,567**	**1,065**	**4,046**	**8,444**	**5,064**	**44,396**
2016/17 to 2019/20	Repayment of Liability	2,011	6,136	9,820	409	3,312	8,503	3,435	33,625
	Interest	4,359	13,333	28,606	3,104	7,866	18,103	11,678	87,049
	Service Charges	6,235	13,947	21,697	1,020	5,945	8,033	5,605	62,482
	Total	**12,605**	**33,416**	**60,123**	**4,532**	**17,122**	**34,639**	**20,719**	**183,156**
2020/21 to 2024/25	Repayment of Liability	3,487	12,030	16,349	444	3,526	9,592	5,353	50,781
	Interest	4,266	13,147	32,734	4,083	7,640	18,728	12,700	93,297
	Service Charges	8,892	18,596	30,419	1,806	11,469	17,088	8,974	97,243
	Total	**16,645**	**43,773**	**79,502**	**6,333**	**22,635**	**45,407**	**27,026**	**241,321**
2025/26 to 2029/30	Repayment of Liability	5,749	14,351	16,637	499	3,073	12,585	8,139	61,033
	Interest	2,425	7,983	28,033	4,530	5,430	15,297	10,114	73,812
	Service Charges	9,580	23,938	39,954	2,136	15,582	20,154	10,179	121,523
	Total	**17,754**	**46,272**	**84,625**	**7,165**	**24,085**	**48,036**	**28,433**	**256,369**
2030/31 to 2034/35	Repayment of Liability	1,194	10,778	29,744	1,046	8,803	21,696	10,134	83,396
	Interest	459	1,584	22,450	5,284	5,235	12,091	5,655	52,758
	Service Charges	1,420	15,082	37,883	1,776	11,590	17,224	14,235	99,209
	Total	**3,073**	**27,444**	**90,077**	**8,106**	**25,629**	**51,011**	**30,024**	**235,364**
2035/36 to 2039/40	Repayment of Liability	-	-	11,887	6,119	3,095	9,531	6,673	37,304
	Interest	-	-	4,903	5,114	829	2,869	1,046	14,761
	Service Charges	-	-	11,378	2,016	2,788	5,347	7,439	28,967
	Total	**-**	**-**	**28,168**	**13,249**	**6,712**	**17,746**	**15,158**	**81,033**
	Repayment of Liability- Total	**12,886**	**45,064**	**87,310**	**8,574**	**22,350**	**63,733**	**34,558**	**274,474**
	Interest- Total	**12,711**	**39,680**	**124,186**	**22,838**	**29,075**	**71,873**	**44,283**	**344,647**
	Service Charges- Total	**27,541**	**74,309**	**145,566**	**9,038**	**48,804**	**69,678**	**47,583**	**422,517**
	Grand total	**53,138**	**159,053**	**357,062**	**40,450**	**100,229**	**205,284**	**126,423**	**1,041,638**

Analysis of Liabilities as a result of PFI and Similar Contracts

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

	Liability 31 March 2013	Additions	Repayments	Other Movements	Liability 31 March 2014	Additions	Repayments	Liability 31 March 2015
Scheme	£000	£000	£000	£000	£000	£000	£000	£000
Library and Lifelong Learning Centre	13,796	-	(464)	-	13,332	-	(445)	12,887
Schools	48,318	-	(1,584)	-	46,734	-	(1,670)	45,064
Sheltered Housing	93,041	-	(2,720)	-	90,321	-	(3,011)	87,310
Chadderton Wellbeing Centre	8,781	-	(104)	-	8,678	-	(104)	8,574
Street Lighting	6,672	6,599	(610)	-	12,662	6,446	(496)	18,612
Gateways to Oldham	24,548	12,626	(4,925)	36	32,285	37,933	(6,487)	63,732
Building Schools for the Future	35,820	-	(442)	-	35,379	-	(820)	34,558
Total	230,975	19,225	(10,847)	36	239,389	44,380	(13,034)	270,736

	Library and Lifelong Learning Centre	Schools	Sheltered Housing	Chadderton Wellbeing Centre	Street Lighting	Gateways to Oldham Housing	Building Schools for the Future	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost Or Valuation								
As at 31 March 2013	17,015	39,750	35,141	9,065	7,673	33,309	20,745	**162,697**
Additions	-		-	-	6,599	12,626	-	**19,226**
Revaluations recognised in Revaluation Reserve	-	-	(1,761)	-	-	(25,193)	-	**(26,954)**
Revaluations recognised in Surplus/Deficit on Provision of Services	-	-	(450)	-	-	(570)	-	**(1,019)**
Derecognition-disposals	-	-	-	-	-	-	-	**-**
Transfers	-	-				-	-	**-**
As at 31 March 2014	**17,015**	**39,750**	**32,930**	**9,065**	**14,272**	**20,172**	**20,745**	**153,949**
Accumulated Depreciation & Impairment								
As at 31 March 2013	2,973	-	2,297	873	39	25,462	-	**31,644**
Depreciation Charge	639	1,537	2,038	291	197	455	716	**5,872**
Depreciation Written out to Revaluation Reserve	-	-	(1,706)	-	-	(127)	-	**(1,833)**
Depreciation written out to the surplus/Defecit on the provision of services	-	-	(591)	-	-	(245)	-	**(836)**
Impairment Losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	(25,090)	-	**(25,090)**
Impairment Losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	10,538	-	**10,538**
Derecognition -disposals	-	-	-	-	-		-	**-**
As at 31 March 2014	**3,612**	**1,537**	**2,038**	**1,165**	**236**	**10,993**	**716**	**20,296**
Net Book Value at 31 March 2013 Restated	**14,043**	**39,750**	**32,844**	**8,192**	**7,634**	**7,847**	**20,745**	**131,053**
Net Book Value at 31 March 2014 Restated	**13,404**	**38,213**	**30,893**	**7,901**	**14,036**	**9,179**	**20,029**	**133,654**

	Library and Lifelong Learning Centre	Schools	Sheltered Housing	Chadderton Wellbeing Centre	Street Lighting	Gateways to Oldham Housing	Building Schools for the Future	Total
	£000	£000	£000	£000	£000	£000	£000	£000
As at 31 March 2014	17,015	39,750	32,930	9,065	14,272	20,172	20,745	**153,949**
Additions	-	-	37	-	6,446	38,059	-	**44,542**
Revaluations recognised in Revaluation Reserve	(5,305)	4,333	812	(249)	-	(10,439)	2,518	**(8,330)**
Revaluations recognised in Surplus/Deficit on Provision of Services	(393)	-	744	(444)	-	79	-	**(13)**
Derecognition-disposals	-	-	-	-	-	-	-	**-**
Transfers	**-**	**-**	**-**	**-**	**-**	**205**	**-**	**205**
As at 31 March 2015	**11,318**	**44,083**	**34,523**	**8,373**	**20,719**	**48,076**	**23,263**	**190,354**
Accumulated Depreciation & Impairment								
As at 31 March 2014	3,612	1,537	2,038	1,165	236	10,993	716	**20,296**
Depreciation Charge	639	1,537	2,299	291	362	876	716	**6,720**
Depreciation Written out to Revaluation Reserve	(4,250)	(3,074)	(1,649)	(1,456)	-	(274)	(1,431)	**(12,135)**
Depreciation written out to the surplus/Defecit on the provision of services	-	-	(389)	-		(221)	-	**(610)**
Impairment Losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	(10,538)	-	**(10,538)**
Impairment Losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	29,781	-	**29,781**
Derecognition - disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transfers	**-**	**-**	**-**	**-**	**-**	**53**	**-**	
As at 31 March 2015	**-**	**-**	**2,299**	**-**	**598**	**30,670**	**-**	**33,513**
Net Book Value at 31 March 2014 Restated	**13,404**	**38,213**	**30,893**	**7,901**	**14,036**	**9,179**	**20,029**	**133,654**
Net Book Value at 31 March 2015	**11,318**	**44,083**	**32,225**	**8,373**	**20,121**	**17,406**	**23,263**	**156,788**

27 Pension Schemes Accounted for as Defined Contribution Schemes

Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by Department for Education. The Scheme provides teachers with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the scheme is unfunded. The Department for Education uses a notional fund as the basis for calculating the employer's contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2014/15, the Council paid £8.115m (2013/14 £8.642m) to the Teachers Pensions Agency in respect of teachers' retirement benefits, representing 13.55% (2013/14 13.61%) of pensionable pay.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the Teachers' Scheme. These costs are accounted for on a defined benefits basis and detailed in Note 28.

NHS Staff Pension Scheme

During 2014/15, NHS Staff have continued to work within the Council, and have maintained their membership in the NHS Pension Scheme. The Scheme provides these staff with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is an unfunded defined benefit scheme. However, the Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2014/15, the Council paid £0.095m (2013/14 £0.099m) to the NHS Pension Scheme in respect of former NHS staff retirement benefits, representing 12.33% (2013/14 14.04%) of pensionable pay. There were no contributions remaining payable at the year end.

28 Defined Benefit Pension Schemes

Participation in Pension Schemes

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

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

Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by the employees rather than when they are eventually paid as pensions. However, the charge made against Council Tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund through the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance through the Movement in Reserves Statement during the year:

2013/14 £000		2014/15 £000
	Service Cost	
(19,583)	Current service cost	(17,590)
(494)	Past service cost (including curtailments)	(380)
(20,077)	**Total Service Cost**	**(17,970)**
	Financing and Investment Income and Expenditure	
30,400	Interest income on scheme assets	31,373
(43,468)	Interest cost on defined benefit obligation	(43,736)
(13,068)	**Total net interest**	**(12,363)**
(33,145)	**Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services**	**(30,333)**
	Remeasurements of the Net Defined Liability Comprising:	
33,560	Return on plan assets excluding amounts included in net interest	53,288
(1,796)	Actuarial losses arising from changes in demographic assumptions	0
(10,497)	Actuarial losses arising from changes in financial assumptions	(155,467)
(3,631)	Other	9,532
17,636	**Total remeasurements recognised in other comprehensive income**	**(92,647)**
(15,509)	**Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement**	**(122,980)**
	Movement in Reserves Statement	
15,327	Reversal of net charges made to the surplus or deficit on the provision of services	13,424
(17,818)	**Employers' Contributions Payable to the Scheme**	**(16,909)**

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

2013/14 £000		2014/15 £000
735,501	Fair value of employer assets	809,172
(974,512)	Present value of funded liabilities	(1,153,124)
(48,080)	Present value of unfunded liabilities	(49,210)
(287,091)	**Net Liability Arising From Defined Benefit Obligation**	**(393,162)**

Reconciliation of the Movements in Fair Value of Scheme Assets

2013/14 £000		2014/15 £000
680,200	Opening fair value of scheme assets	735,501
30,400	Interest income	31,373
	Remeasurement loss	
33,560	Return on plan assets excluding amounts included in net interest	53,288
17,818	Contributions from employer	16,909
5,512	Contributions from employees into the scheme	5,086
(31,989)	Benefits paid	(32,985)
735,501	**Closing Fair Value of Scheme Assets**	**809,172**

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

2013/14 £000		2014/15 £000
969,600	Opening fair value of scheme liabilities	1,022,592
19,583	Current service cost	17,590
43,468	Interest cost	43,736
5,512	Contributions from scheme participants	5,086
	Remeasurement loss	
1,796	Actuarial losses ariasing from changes in demographic assumptions	0
10,497	Actuarial losses arising from changes in financial assumptions	155,467
3,631	Other	(9,532)
494	Past service cost	380
(31,989)	Benefits paid	(32,985)
1,022,592	**Closing Fair Value of Scheme Liabilities**	**1,202,334**

Pension Scheme Assets Comprised:

Asset Category	Period Ended 31 March 2015				Period Ended 31 March 2014			
	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage Total of Asset	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage Total of Asset
	£000	£000	£000		£000	£000	£000	
Equity Securities								
Consumer	81,342		81,342	10%	77,498	0	77,498	11%
Manufacturing	75,702		75,702	9%	71,095	0	71,095	10%
Energy and Utilities	67,691		67,691	8%	64,991	0	64,991	9%
Financial Institutions	95,865		95,865	12%	89,827	0	89,827	12%
Health and Care	38,237		38,237	5%	31,466	0	31,466	4%
Information Technology	16,288		16,288	2%	14,309	0	14,309	2%
Other	10,177		10,177	1%	11,204	0	11,204	2%
Debt Securities								
Corporate Bonds (investment grade)	47,682		47,682	6%	43,726	0	43,726	6%
Corporate Bonds (non-investment grade)	0		0	0%	0	0	0	0%
UK Government	7,530		7,530	1%	12,263	0	12,263	2%
Other	40,014		40,014	5%	25,499	0	25,499	3%
Private Equity								
All	0	22,483	22,483	3%	0	18,162	18,162	2%
Real Estate								
UK Property	0	22,403	22,403	3%	0	21,668	21,668	3%
Overseas Property	0	0	0	0%	0	0	0	0%
Investment Funds and Unit Trusts								
Equities	149,405	0	149,405	18%	141,073	0	141,073	19%
Bonds	44,875	0	44,875	6%	38,917	0	38,917	5%
Hedge Funds	0	0	0	0%	0	0	0	0%
Commodities	0	0	0	0%	0	0	0	0%
Infrastructure	0	8,880	8,880	1%	0	5,197	5,197	1%
Other	10,479	39,991	50,470	6%	0	29,640	29,640	4%
Derivatives								
Inflation	0	0	0	0%	0	0	0	0%
Interest Rate	0	0	0	0%	0	0	0	0%
Foreign Exchange	0	0	0	0%	0	0	0	0%
Other	9,029	0	9,029	1%	10,051	0	10,051	1%
Cash and Cash Equivalents								
All	21,100	0	21,100	3%	29,014	0	29,015	4%
Totals	**715,416**	**93,756**	**809,172**	**100%**	**660,933**	**74,667**	**735,601**	**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. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2013.

The significant assumptions used by the actuary have been:

2013/14		2014/15
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
21.4	men	21.4
24.0	women	24.0
	Longevity at 65 for future pensioners:	
24.0	men	24.0
26.6	women	26.6
2.80%	**Rate of inflation**	2.40%
3.90%	**Rate of increase in salaries**	3.60%
2.80%	**Rate of increase in pensions**	2.40%
4.30%	**Rate for discounting scheme liabilities**	3.20%

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

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit cost method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2013/14.

Change in Assumptions at 31 March 2015	Approximate % Increase to Employe Liability	Approximate Monetary Amount £000
0.5% decrease in real discount rate	10%	123,726
1 year increase in member life expectancy	3%	36,070
0.5% increase in the salary increase rate	3%	34,366
0.5% increase in the pension increase rate	7%	87,261

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 90.5% over the next 3 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The Council anticipates paying £15.078m contributions to the scheme in 2015/16. The weighted average duration of the defined benefit obligation for scheme members is 18.8 years.

29 Contingent Liabilities

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Council has identified the following contingent liabilities as at 31 March 2015.

1) Manchester Airport Group (MAG)

In 2009/10 there was a restructure of various loans used to finance capital expenditure that the Airport had agreed to reimburse the Council. As a consequence, the loans to the Airport that were previously secured became unsecured but a higher coupon rate became receivable. The loan agreement expires in 2055. Full provision has not been made in the balance sheet to cover the total potential losses to the Council from this agreement.

2) Pension Guarantees

The Council has entered into a number of long-term contracts for services that have been outsourced to service providers. These often involve the transfer of Council employees to the new service provider. Employee's rights are protected under the provision in Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). However, pension rights are not fully covered within TUPE regulations.

For contracts with non-public bodies the responsibility for pension obligations remains with the sponsoring body. This guarantee means that if an admitted body fails to pay its pension obligations to GMPF then the Council will be responsible for taking on those obligations.

3) Abandoned Prosecution

In 2009/10, the Council was unsuccessful in its prosecution of a trader. This led to a possibility that the trader and other individuals could submit a claim against the Council for financial losses incurred as a result of the Council's action. It is uncertain whether any claims will be made or the extent of any claim.

4) Stock Transfer Warranties

The Council agreed to a number of warranties under the stock transfer agreements with First Choice Homes (FCHO). This arrangement gives rise to a possible obligation of the Council, which will be confirmed upon the occurrence or non-occurrence of the invocation of the warranties. The key warranties are:

a) Asbestos Indemnity

The Council will indemnify FCHO for all costs, claims and lawsuits against FCHO which arise from any person being exposed to asbestos unless there is negligence on the part of FCHO. The indemnity also covers the cost of removal, treatment or encapsulation of asbestos within properties to be paid by the Council provided that FCHO have first spent the £7.782m (inclusive of fees) net cost identified within the Stock Condition Survey and the additional £6m made available by the VAT Sharing agreement.

b) Contracts let by FCHO

The Council will indemnify FCHO, for six years post the transfer date, against all claims, demands, costs, losses and liabilities incurred in connection with any material breach by FCHO of any contract entered into before the date of transfer, provided that FCHO meet the first £250k of any contract liabilities..

5) Greater Manchester Loan Fund

On 13 May 2013, 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. The risk of the indemnity being called upon is considered to be low.

6) Saddleworth School Site Indemnity

As part of the funding agreement with the Education Funding Agency to fund a new site for Saddleworth School, the Council has undertaken to enter into an indemnity agreement with the Secretary of State (SoS) for Education. This allows the SoS to advance and develop the Priority Schools Building Programme at the site prior to the land transfer being completed. As at 31 March 2015 the land transfer has not been completed. As a result there is a possible obligation on the Council which will be confirmed on invocation of the indemnity.

7) Deprivation of Liberty Safeguards

On 19 March 2014, the Supreme Court handed down its judgment in the case of “P v Cheshire West and Chester Council and another” and “P and Q v Surrey County Council” . This judgement held that a deprivation of liberty can occur in domestic settings where the State is responsible for imposing such arrangements. Anything that the courts regard as a deprivation of liberty that has occurred without authorisation pursuant to legal process will attract common law damages. At this stage it is unclear whether there are any such cases to be brought within Oldham.

8) Local Land Charges

A number of Property Research Companies are seeking to claim refunds of fees paid to local authorities to access land charges data. They have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour.

Proceedings have not yet been issued and it is therefore not clear what the value of any such claims would be against the Council.

9) Equal Pay Claims

Under the Equal Pay Act 1970 as modified by the Equal Pay Act (Amendment) Regulations 2003 employees have a right to claim compensation from their employer for failing to give equal pay for work of equal value.

The majority of potential claims have been settled and provision has been made for the assessed cost of known remaining claims. There remains the potential for some further claims but the scale of any liabilities cannot be assessed.

10) Limeside Housing Area

As part of the transfer of the Council’s housing stock at Limeside the Council gave warranties to Portico Housing relating to the environmental conditions of the site. If the whole site were to become uninhabitable due to environmental conditions inherent in the area but not disclosed this could amount to a total liability of approximately £6m. It is not considered that there is a significant likelihood that this warranty will be called upon and as such no provision has been made in the accounts. There is no time limit on the warranty.

11) Fitton Hill Housing Area

As part of the transfer of the Council’s housing stock at Fitton Hill the Council gave warranties to Village Housing Association relating to the environmental conditions of the site. The maximum liability is £20m. It is not considered that there is any significant likelihood that this warranty will be called upon and no provision has been made in the accounts. There is no time limit on the warranty.

30 Contingent Assets

A contingent asset is an asset that may be received but only if a future event occurs that is not under the control of the Council. The Council has identified the following contingent assets as at 31 March 2015.

1) Housing Market Renewal (HMR) - Equity Share Scheme

Under the HMR initiative which ended on 31 March 2011, the Council was able to underwrite improvements to properties in defined neighbourhoods. A major part of this work was to provide sufficient equity release funding (either to renovate existing homes or to enable households to move to newly purchased accommodation). At 31 March 2015, there remains £3.054m of loans outstanding.

In addition to the HMR funded equity share scheme, the Council has utilised part of the Regional Housing Capital Pot (RHCP) supported by its own capital resources to renovate existing owner occupied homes on the same equity basis. As at 31 March 2015, there remains £2.322m of loans outstanding.

As funding will eventually be repaid to the Council on resale of the properties from both initiatives and as the grants are now un-ringfenced, the receipt will be available to support the Council's capital programme.

2) Stock Transfer

The Stock Transfer has resulted in a number of contingent assets to the Council.

a) Right to Buy Sharing Agreement

As with other agreed stock transfers, the Council has entered into an agreement with FCHO and Housing PFI's relating to the future sales under the Prescribed Right to Buy (PRTB) regulations. This relates to any future sales of the transferred stock to existing tenants.

The Council will receive capital receipts at the end of each financial year for any properties sold within the year. The value of the receipt is calculated using a formula that takes the net income forgone by FCHO/Housing PFI from the total proceeds from the sale of dwellings for that year.

b) VAT Shelter Arrangements

In normal circumstances, FCHO is not able to reclaim VAT on improvement works to dwellings. The VAT Shelter is an arrangement, used in every transfer since 2002, with HMRC's agreement, whereby FCHO can reclaim VAT on future improvement works to the transferred housing stock. Of the £229.792m of improvement works to be undertaken, an estimated £45.958m of VAT would be recoverable by FCHO over the 15 years post transfer.

The Council has agreed a 50/50 share of the VAT with FCHO, after FCHO has retained its first tranche of recoverable VAT; this is a sum of £14.9m. This first tranche of VAT will be utilised by FCHO within its Business Plan and this is estimated to be within the first 4 years post transfer. FCHO will also retain a second tranche of VAT shelter savings, totalling £6.0m. This second tranche will be used solely for asbestos works that exceed the amount estimated within the Stock Condition Survey of £7.2m, (net of inflation, fees and VAT). This arrangement was agreed to mitigate the Council's overall risk of a contingent liability through the asbestos warranty. If the total amount of the second tranche is not needed, the remaining balance will be shared under the 50/50 sharing agreement.

The estimated value of VAT shelter savings for the Council is £12.529m. Currently the spend profile is an even split across the 15 years post transfer. The Council will not expect to receive any VAT savings until 2016/17. The savings that are received by the Council will be treated as a capital receipt to support the Council's capital programme.

c) Disposals Clawback Agreement

As part of the stock transfer agreement with FCHO, the Council negotiated a clawback agreement with FCHO for any future sales of land that had previously transferred. There were some exceptions to this arrangement which include land that is sold for community benefit, highways and to provide utility supplies. The Council will treat any proceeds as capital receipts and use them to support the capital programme.

31 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

a) Adjust net surplus or deficit on the provision of services for non cash movements

Restated 2013/14 £000		2014/15 £000
24,902	Depreciation charged to I and E	25,657
10,947	Impairment charged to I and E	32,457
551	Amortisation of Intangible Assets	602
1,019	Impairment Debtors	2,395
3,268	Increase/(Decrease) in Creditors	677
(7,032)	(Increase)/Decrease in Debtors	(3,863)
(65)	(Increase)/Decrease in Inventories	19
15,327	Pensions Liability	13,424
2,969	Contributions to/(from) Provisions	(4,841)
8,086	Revaluation Losses	9,086
13,404	Carrying value on disposal of Property, Plant and Equipment, Investment Property and Intangible Assets	3,258
13,363	Loss on transfer to Academies	28,763
-	Available for sale reserve	4,300
1,005	Investment Properties Losses (Gains)	(707)
(20)	Other non-cash adjustments	-
87,724		**111,225**

b) Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities

Restated 2013/14 £000		2014/15 £000
(15,465)	Capital Grants credited to the surplus or deficit on the provisions of services	(16,830)
(2,329)	Proceeds from the sale of non-current assets	(2,610)
8,041	Billing Authorities - Council Tax and NDR adjustments	8,447
(9,753)		**(10,993)**

c) Interest received, interest paid and dividends received

Restated 2013/14 £000		2014/15 £000
1,603	Interest received	1,566
(26,737)	Interest paid	(29,886)
2,328	Dividends received	2,533
(22,806)		**(25,787)**

32 Cash Flow Statement – Investing Activities

Restated 2013/14 £000		2014/15 £000
(47,305)	Purchase of property, plant and equipment, investment property and intangible assets	(51,134)
(21,500)	Purchase of short-term and long-term investments	(64,400)
1,211	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,609
34,112	Proceeds from short-term and long-term investments	34,500
16,556	Capital grants received	21,697
(16,926)	**Net cash flows from investing activities**	**(56,728)**

33 Cash Flow Statement – Financing Activities

Restated 2013/14 £000		2014/15 £000
21,117	Cash receipts of short-term and long-term borrowing	1,397
(11,713)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(8,854)
(2,489)	Repayments of short-term and long-term borrowing	(1,411)
(8,041)	Billing Authorities - Council Tax and NDR Adjustments	(8,447)
(1,126)	**Net cash flows from financing activities**	**(17,315)**

34 Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year end of 31 March 2015. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Chartered Institute of Public Finance and Accountancy/Local Authority (Scotland) Accounts Advisory Committee 2014/15 Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and the Service Reporting Code of Practice for Local Authorities 2014/15 (SeRCOP), supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.2 Qualitative Characteristics of Financial Statements

Relevance

The accounts have been prepared with the objective of providing information about the Council's financial performance and position that is useful for assessing the stewardship of public funds and for making financial decisions.

Materiality

The concept of materiality has been utilised in preparing the accounts so that insignificant items and fluctuations under an acceptable level of tolerance are permitted provided that in aggregate they would not affect the interpretation of the accounts.

Faithful Representation

The financial information in the accounts is a faithful representation of the economic performance of the Council as they have been prepared to reflect the reality or substance of the transaction, are free from deliberate or systematic bias, are free from material error and contain all the information necessary to aid understanding.

Comparability

In addition to complying with the Code the accounts also comply with the Service Reporting Code of Practice (SeRCOP). This code establishes proper practice in relation to consistent financial reporting below statement of accounts level and aids comparability with other local authorities.

Verifiability

Different knowledgeable and independent observers will be able to reach the same conclusion from the information presented in the accounts.

Timeliness

The information provided in the accounts is available to decision makers in time to be capable of influencing their decisions.

Understandability

These accounts are based on accounting concepts and terminology which require reasonable knowledge of accounting and local government. Every effort has been made to use plain language and where technical terms are unavoidable they have been explained in the glossary contained within the accounts.

1.3 Underlying Assumptions

Accruals Basis

The financial statements, other than the cash flow, are prepared on an accruals basis. Income and expenditure is recognised in the accounts in the period in which it is earned or incurred not as the cash is received or paid.

Going Concern

The accounts have been prepared on the assumption that the Council will continue in existence for the foreseeable future.

Primacy of Legislation Requirements

In accordance with the Code, where an accounting treatment is prescribed by law then it has been applied, even if it contradicts accounting standards. The following are examples of legislative accounting requirements have been applied when compiling these accounts:

- Capital receipts from the disposal of property, plant and equipment are treated in accordance with the provisions of the Local Government Act 2003
- The Local Government Act 2003 requires the Council to set aside a minimum revenue provision
- The Housing Revenue Account is compiled following proper practice as defined by the Local Government and Housing Act 1989 and section 21 of the 2003 Act

1.4. Property, plant and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. The Council has a £10,000 de minimis limit for the recognition of Capital Expenditure.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost;
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH);
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

For non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end, 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 Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for 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 Comprehensive Income and Expenditure Statement.

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

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for 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 Comprehensive Income and Expenditure Statement.

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Deprecation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset as estimated by a suitably qualified officer
- infrastructure – straight-line allocation up to 40 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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.

Components have been recognised in the financial year 2014/15 where:

- there has been a revaluation of assets;
- there has been an acquisition of assets within the financial year;
- enhancement expenditure has been incurred within the financial year.

Components have also been depreciated over different lives than the host (main) asset and recognised where they have a significant value when compared to the value of the host assets.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale.

Assets held for Sale Assets are assets where the:

- asset is immediately available for sale
- sale is highly probable
- asset is actively marketed
- sale is expected to be completed within 12 months.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous 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 Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of Property, Plant and Equipment is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1.5 Heritage Assets

Tangible and Intangible Heritage assets

The Council's Heritage Assets are assets that are held by the Council principally for their contribution to knowledge and/or culture. They are recognised and measured including treatment of revaluation gains and losses in accordance with the Councils accounting policies on Property Plant and Equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

The heritage assets held by the Council are the collections of assets and artefacts either exhibited or stored in the Council's Gallery Oldham. The three principal collections of heritage assets held in the Gallery include:

Natural History

This collection is substantially of local origin and some items date back to the early 19th century. There is an extensive vertebrate and invertebrate collection as well as:

- Biological Records – with 40,000 records of species occurrence throughout the borough dating back to the mid-19th century and some current material
- Geology – with a collection of over 2,000 specimens including British fossils, a representative collection of world minerals and a small collection of local rocks

Social History

This collection consists of around 24,500 items of mainly domestic and household items and is of value as evidence of the social history of Oldham and its people. The specific collections are:

- Industrial History – with artefacts from the local textile industry as well as traditional crafts
- Archaeology – with local Mesolithic and Neolithic flint tools and items from the Roman period
- Costume/Fabric – with a large range of costume and work wear, and everyday domestic fabrics
- Ephemera – with over 6,000 collected to represent everyday life in the borough
- Fine and Decorative Art
- Fine Art – this collection consists of over 450 oil paintings, watercolours, prints and photographic prints
- Decorative Arts – this collection consists of glass, studio pottery, miscellaneous ceramics including commemorative pottery, domestic wares and figures, some oriental pottery and art metalwork

Civic Regalia

The Council also has a collection of Civic Regalia which is either stored or displayed at the Civic Centre.

The Council has recognised its art collection and civic regalia on the Balance Sheet using as its base the detailed insurance valuations (which are based on market values) held by the Council in respect of the collection. The Council is unlikely to be able to recognise the majority of the ceramics, porcelain work, figurines, pottery, machinery, ephemera, photography, biological and geological records and specimens, books and manuscripts in future financial statements as it is of the view that obtaining valuations for the vast majority of these collections would involve a disproportionate cost of obtaining the information in comparison to the benefits to the users of the Council's financial statements.

The Council also holds information on the value of the art collection assets (for insurance purposes) supplied by an internal valuer (the Council holds two paintings by William Orpen and one by each of J W Waterhouse, Stanhope Forbes and A J Munnings which have values above £1 million).

The Council estimated that the value of the art collection, from its insurance records was £18.7 million as at 1 April 2010. The Civic Regalia is currently insured for a value of £1 million. There has been no subsequent revaluation of these Assets.

There is no depreciation charged on the heritage assets because it has been estimated that the assets have a useful life of such length that any depreciation charge on the asset will be negligible and can be ignored on the basis of materiality. The Council considers that the heritage assets held by the Council will have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation for the assets. There will therefore be no change to the depreciation charged in the financial statements in relation to the Council's heritage assets.

1.6 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 amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated and an annual valuation programme ensures that they are held at market value at the Balance Sheet date. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. 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 Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.7 Schools

In line with accounting standards and the Code on group accounts and consolidation, all maintained schools in the Borough are now considered to be entities controlled by the Council. Rather than produce group accounts the income, expenditure, assets, liabilities, reserves and cash flows of each school are recognised in the Council's single entity accounts. The Council has the following types of maintained schools under its control:

- Community
- Voluntary Aided
- Voluntary Controlled
- Foundation Trust
- Foundation

Schools Non-Current (fixed) Assets are recognised on the Balance Sheet where the Council directly owns the assets, where the Council holds the balance of control of the assets or where the school or the school Governing Body own the assets or have had rights to use the assets transferred to them.

Community schools are owned by the Council and are, therefore, recognised on the Balance Sheet.

PFI schools are recognised on the Council's Balance Sheet as it is considered that the Council controls the assets through the PFI agreements in place. There are three PFI Schemes, one relating to a Voluntary Aided school and two Foundation Trust schools. Whilst the ownership of these schools will revert to the respective Diocese and Trusts at the end of the PFI agreements, the contractual arrangements in place mean the Council holds the balance of control for these schools.

Of the Council's Voluntary Aided and Controlled schools, the majority are owned by the respective Diocese with no formal rights to use the assets through a licence arangements passed to the School or Governing Bodies. As a result these schools are not recognised on the Balance Sheet. There is, currently, one Voluntary Controlled school under the Council's ownership which is recognised on the Balance Sheet.

Where the ownership of a Foundation Trust School or a Foundation School lies with a Charitable Trust, the school is not recognised on the Council's Balance Sheet. Where the ownership lies with the school or the schools Governing Body the school is recognised on the Council's Balance Sheet.

1.8 Private Finance Initiative (PFI) and Similar Contracts

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 at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For the Schools PFI (Radclyffe and Failsworth), the liability was written down by an initial capital contribution of £2m. The social housing PFI scheme ('PFI4') has an initial capital contribution which is linked to the progress of the contract over the build phase.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.

Finance cost – an interest charge is raised on the outstanding Balance Sheet liability and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The interest rate is calculated for each scheme so that the Balance Sheet liability is zero at the end of each contract. The interest rates applicable to the Council's PFI schemes range from 6.5% to 9.3%.

Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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).

Lifecycle replacement costs – are split between revenue and capital costs. Revenue Lifecycle costs are debited to the relevant service in the Comprehensive Income and Expenditure Statement. Capital lifecycle costs are debited to Property Plant and Equipment to reflect the enhancement of the PFI Asset.

1.9 Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

1.10 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the 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 the losses can be written off;
- amortisation of intangible assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue 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 the contribution in the General Fund Balance (Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.11 Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective rate of interest is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest), and interest charged to the Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, 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. When a premium or discount has been incurred and paid in full by a grant from an external body it is accounted for in full in the year that the grant is received. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement 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 Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement 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 (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and 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 Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement, 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 Comprehensive

Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, 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).

Instruments Entered Into Before 1 April 2006

The Council entered into a number of financial guarantees that are not required to be accounted for as financial instruments. It is unlikely that these guarantees will be called upon thus they are not reflected in the Council's Statement of Accounts.

1.12 Employee Benefits

Benefits Payable during Employment

Benefits payable during employment can be separated into two categories:

- short term
- other long-term

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, bonuses and non-monetary benefits 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 Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. The values are often not significant within local authorities. Other long-term employee benefits, if they are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, include:

a) long-term paid absences such as long service or sabbatical leave

b) jubilee or other long-service benefits

c) long-term disability benefits

d) bonuses

e) deferred remuneration

Long-term employee benefits are accounted for on similar principles to post-retirement benefits.

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 relevant services lines in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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

Post-Employment Benefits

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 NHS Pension Scheme, administered by EA Finance NHS Pensions
- The Greater Manchester Local Government Pensions Scheme, administered by Tameside Metropolitan Borough Council

These 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 NHS schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. These schemes are therefore accounted for as if they are a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pension Scheme in the year. The Public Health Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the NHS Pension Scheme in the year.

The Greater Manchester Local Government Pension Scheme

The Greater Manchester Local Government Pension Scheme is accounted for as a defined benefits scheme.

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

Liabilities are discounted to their value at current prices, using a discount rate of 4.3% (based on the indicative rate of return on a basket of high quality corporate bonds, Government gilts and other factors).

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

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.

The change in the net pensions liability is analysed into following components:

Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years will be debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- net interest on the net defined benefit liability i.e. net interest expense for the Council - the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments;

Remeasurement comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the Greater Manchester pension fund:

- cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, 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 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.

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.

1.13 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:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- 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.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure 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 revenue 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 debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.14 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 highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

1.15 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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 less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made) the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim) it is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

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.

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.

1.16 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 Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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 Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. 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.

1.17 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement 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 – these reserves are explained in the relevant policies.

1.18 Revenue Recognition

Revenue is a sub-set of income and is defined as the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net worth.

Revenue is measured at the fair value of the consideration received or receivable. In most cases, the consideration receivable is in the form of cash and cash equivalents and the amount of revenue is the amount of cash and cash equivalents receivable. Where the Council is acting as an agent of another organisation the amounts collected for that organisation are excluded from revenue.

Revenue relating to the sale of goods is recognised when the amount of revenue can be measured reliably, it is probable the revenue will be received by the Council and the risks and rewards of ownership have passed to the purchaser. Revenue relating to the provision of services is recognised when the amount of revenue can be measured reliably, it is probable the revenue will be received by the Council and the stage of completion of the service can be measured.

1.19 Tax Income (Council Tax, Non Domestic Rates (NDR) and Rates)

Non Domestic Rates (NDR)

Retained Business Rate and Top-up income included in the Comprehensive Income and Expenditure Statement for the year will be treated as accrued income.

Council Tax

Council Tax income included in the Comprehensive Income and Expenditure Statement for the year will be treated as accrued income.

NDR, Top-up and Council Tax income will be recognised in the Comprehensive Income and Expenditure Statement within the Taxation and Non-Specific Grant Income line. As a billing Authority, the difference between the NDR and Council Tax included in the Comprehensive Income and Expenditure Statement and the amount required by regulation credited to the General Fund is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement. Each major preceptors share of the accrued NDR and Council Tax income is available from the information that is required to be produced in order to prepare the Collection Fund Statement.

NDR and Council Tax income is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council, and the amount of revenue can be measured reliably.

Revenue relating to Council Tax and general rates, is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

1.20 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 2014/15 (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 – changes in past service costs and impairment losses chargeable on Assets Held for Sale

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

1.21 VAT

Value Added Tax payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

1.22 Interests in Companies and Other Entities

An assessment of the Council's interests has been carried out during the year in accordance with the Code of Practice to determine the group relationships that exist. Inclusion in the group is dependent upon the extent of the Council's control over the entity demonstrated through ownership, such as a shareholding in an entity or representation on an entity's board of directors. The Council does have a number of interests in companies and other entities, the majority of which are not material and thus the production of group accounts are not required for these interests.

The main Council interest relates to Oldham Care and Support Limited (OCS). Whilst this interest is considered to be material, the management fee payable by the Council to OCS represents virtually all the company's turnover. As a result, the majority of transactions and balances within OCS's accounts would be eliminated on consolidation. The Council therefore considers that it would be more meaningful for the reader of the accounts to highlight details of the trading results and key balances for OCS within the Council's Related Parties disclosure rather than producing group accounts.

In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses, or at valuation as appropriate.

1.23 Joint Arrangements

Joint Arrangements are arrangements by which two or more parties have joint control bound by contract. A Joint Arrangemet can be classed as

- A Joint Venture
- A Joint Operation

Joint Venture

A Joint Venture is an arrangement under which two or parties have contractually agreed to share control, such that decisions about the activites of the arrangement are given unanimous consent from all parties. The Council has two joint ventures which are not material and thus group accounts have not been produced.

Joint Operation

A Joint Operation is an arrangement by which the parties that have joint control of the arrangement have the rights to the assets and obligations for the liabilities relating to the arrangement. All parties have joint control with decisions of the activities of the arrangement requiring unanimous consent from all parties. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and 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 is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

1.25 Events after the Balance Sheet Date

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

- Adjusting Events

Those events that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events

- Non-adjusting Events

Those events that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but, where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and either their estimated financial effect or a statement that such an estimate cannot be made reliably.

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

35 Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2015/16 Code:

IFRS 13 Fair Value Measurement. This standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions).The adoption of this standard will require surplus assets (assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale) to be revalued to market value rather than value in existing use as at present. Operational property, plant and equipment assets are outside the scope of IFRS 13. Overall this standard is not expected to have a material impact on the Statement of Accounts, due to the low value of surplus assets held by the Council.

IFRIC 21 Levies. This standard provides guidance on levies imposed by government in the financial statements of entities paying the levy. The IFRIC specifies the obligating event as the activity that triggers the timing of the payment of the levy. The amount payable may be based on information relating to a period before the obligation to pay arises or the levy is payable only if a threshold is reached, or both. This standard will not have a material impact on the Statement of Accounts.

Annual Improvements to IFRSs (2011 – 2013 Cycle). These improvements are minor, principally proving clarification and will not have a material impact on the Statement of Accounts.

The Code requires implementation from 1 April 2015 and there is therefore no impact on the 2014/15 Statement of Accounts.

36 Critical Judgements in Applying Accounting Policies

The following are significant management judgements in applying the accounting policies of the Council that have the most significant effect on the financial statements. Critical estimation uncertainties are described in Note 37.

Accounting for Schools – Consolidation

In line with accounting standards and the Code on group accounts and consolidation, all maintained schools in the Borough are now considered to be entities controlled by the Council. Rather than produce group accounts the income, expenditure, assets, liabilities, reserves and cash flows of each school are recognised in the Council's single entity accounts.

Accounting for Schools – Balance Sheet Recognition of Schools

The Council recognises the land and buildings used by schools in line with the provisions of the Code of Practice. It states that property used by local authority maintained schools should be recognised in accordance with the asset recognition tests relevant to the arrangements that prevail for the property. The Council recognises the schools land and buildings on its Balance Sheet where it directly owns the assets, the school or school Governing Body own the assets or rights to use the assets have been transferred from another entity.

Where the land and building assets used by the school are owned by an entity other than the Council, school or school Governing Body then it is not included on the Council's Balance Sheet. The exception is where the entity has transferred the rights of use of the asset to the Council, school or school Governing Body.

The Council has completed a school by school assessment across the different types of schools it controls within the Borough. Judgements have been made to determine the arrangements in place and the accounting treatment of the land and building assets. The types of schools that have been assessed are shown below:

Type Of School	No of Primary Schools	No of Secondary Schools	No of Special Schools	Total
Community	38	1	3	42
Voluntary Controlled (VC)	6	-	-	6
Voluntary Aided (VA)	30	1	-	31
Foundation	-	1	-	1
Foundation Trust	1	2	-	3
Maintained Schools	**75**	**5**	**3**	**83**
Academies	10	7	1	18
Total	**85**	**12**	**4**	**101**

All Community schools are owned by the Council and the land and buildings used by the schools are included on the Council's Balance Sheet.

The Council has entered into Private Finance Initiative (PFI) agreements to build 3 schools in the Borough. One is a VA school and the others are Foundation Trust schools, all of which are now built. Whilst the land which the buildings are built on have been transferred to the respective Diocese and Trusts, the ownership of the buildings is determined by who holds the balance of control in line with accounting standards. The Council considers the buildings associated with these schools should be included on its Balance Sheet because:

- The reversion clause within the PFI agreement results in the Council having a residual interest in the buildings at the end of the agreement
- The services provided and the use of the building is controlled by the Council through the PFI agreement
- The PFI agreement is between the PFI contractor and the Council

Legal ownership of VC school land and buildings usually rests with a charity, normally a religious body. Five VC schools are owned by the Diocese who has granted a licence to the school to use the land and buildings. Under this licence arrangement, the rights of use of the land and buildings have not transferred to the school and thus are not included on the Council's Balance Sheet. The remaining VC school land and building are owned by the Council and included on the Balance Sheet.

For the remaining VA schools, legal ownership of the VA school land and buildings rests with the relevant Dioceses. The Diocese has granted a licence to the school to use the land and buildings. Under this licence arrangement, the rights of use of the land and buildings have not transferred to the school and thus are not included on the Council's Balance Sheet.

Foundation and Foundation Trust schools were created to give greater freedom to the Governing Body responsible for school staff appointments and who also set the admission criteria. For a Foundation school, the school Governing Body has legal ownership of the land and buildings and thus are included on the Council's Balance Sheet. For the remaining Foundation Trust school, a separate Trust owns the land and buildings so these assets are not included on the Council's Balance Sheet.

Academies are not considered to be maintained schools in the Council's control. Thus the land and building assets are not owned by the Council and not included on the Council's Balance Sheet.

Accounting for Schools - Transfers to Academy status

When a school held on the Council's Balance Sheet transfers to Academy status the Council treats this as an asset disposal for nil consideration. The disposal is completed on the date that the school converts to Academy status. This is instead of treating as an asset impairment on the date that approval to transfer to Academy status is announced.

Arrangements that Contain a Lease - Implied Leasing

In applying the classification of implied leasing the authority has assessed three of its outsourced contracts:

The IT services contract with the partner Unity has been considered to be an operating lease as it provides IT services and desktop IT equipment which is not included in the Council's Balance Sheet.

The Council also has a service contract for printing services with Unity. This covers the multifunction devices used for copying and printing. Due to the economic life of these assets and their value, these assets have been considered to be an implied lease.

The Council also has a contract for a number of high value fleet vehicles which it considers to be an implied lease. This is a contract hire agreement for 5 years in which the vehicles are used solely by Oldham Council and the Oldham Council logo is displayed on the vehicles.

Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

Group Boundaries

The Council's group boundaries have been assessed using the criteria outlined in the Code of Practice. The Council has assessed nine entities within its group boundary and identified one that is material. Whilst this interest is considered to be material, virtually all of the company's turnover relates to transactions with the Council and thus would be eliminated on consolidation. However, the Council considers that the reader of the accounts is better served by expanding the related party disclosure note in respect of this company rather than completing separate group account financial statements.

Investment Properties

Investment properties have been assessed using the identifiable criteria under the international accounting standards of being held for rental income or for capital appreciation. Properties have been assessed using these criteria, which is subject to interpretation to determine if there is an operational reason for holding the property such as regeneration.

Leases

The Council has examined its leases, and classified them as either operational or finance leases. In some cases the lease transaction is not always conclusive and the Council uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership. In reassessing the lease the Council has estimated the implied interest rate within the lease to calculate interest and principal payments.

37 Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

Business Rates

Since the introduction of the Business Rates Retention Scheme effective from 1st April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2014-15 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31st March 2015. The estimate has been calculated using the latest Valuation Office (VAO) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31st March 2015. The Council's share of the balance of business rate appeals provisions held at this date amounted to £1.5m this has decreased by £329k from the previous year.

Debt Impairment

At 31st March 2015 the Council had a balance of debtors of £58.1m. A review of significant balances suggested that an impairment of doubtful debts of £23m was appropriate. However, in the current climate it is not certain that such an allowance would be sufficient. If collection rates were to deteriorate an increase in the amount of the impairment of the doubtful debts would be required.

Long Term Assets – Manchester Airport Group

The Councils shareholding in Manchester Airport Group remains at 3.22% as at 31st March 2015. The asset is valued using the earnings based method resulting in the asset being valued at fair value rather than historic cost, therefore requiring an annual valuation. A firm of financial experts and valuers have been engaged by the Council to provide an independent valuation which includes reviewing the financial performance, stability and business assumptions of the Manchester Airport Group. The valuation provided is based on estimations and assumptions and therefore should the Council sell its shareholding the value held in these statements may not be realised. As at 31st March 2015 the Council's valuers advised of an increase of £4.3m in the fair value Council share from £36.7m to £41m which has been reflected in the financial statements.

Pensions

The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discounts used, the rate at which salaries 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.

During 2014/15 the Council's actuaries advised that the net pension liability had increased by £106.1m.
This is made up of:

- £92.6m actuarial loss
- £13.4m loss arising from employer contributions of £16.9m being less than the pension obligations of £30.2m

The effect of changes in the individual assumptions can be measured. For instance a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £118.2m, a one year increase in member life expectancy would result in a £34.7m increase in the pension liability. A 0.5% increase in the assumed salary increase rate would result in a £32.7m increase in the pension liability and an increase of 0.5% in the assumed pension rate would increase the pension liability by £83.8m.

PFI and Similar Arrangements

PFI and similar arrangements have been considered to have an implied finance lease within the agreement. In reassessing the leases the Council has estimated the implied interest rate within the leases to calculate interest and principal payments. In addition the future RPI increase within the contracts has been estimated as remaining constant throughout the remaining period of the contract.

Property, Plant and Equipment – (Funding Implications)

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase in these circumstances.

If funding streams were reduced, in so far that it results in the reduction of service delivery or closure of facilities, this could result in the impairment of assets due to obsolescence. However, the Authority has determined that the level of uncertainty at this time is not sufficient to indicate this course of action.

Provisions

The Council has estimated its short term insurance provisions based on the value of claims settled in previous years. As at 31st March 2015 the balance of insurance provisions held amounted to £3.8m this has decreased by £385k from the previous year.

Other short term provisions represent amounts calculated and expected to be paid within the next 12 months.

For future years, where it is difficult to provide a reliable estimate, contingent liabilities have been disclosed in addition to long term provisions.

38 Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Director of Finance on 14th April 2015. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There is one non-adjusting event after the balance sheet date as detailed below:

The Greater Manchester Devolution Agreement provides for a Housing Investment Fund of £300m over a 10 year lifetime, 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 1st April 2015 and will be administered by Manchester City Council as accountable body. The Fund will provide 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% (£240m) of the Fund will be repaid to Her Majesty's Treasury (HMT) at the end of the Fund life. The Department of Communities and Local Government (DCLG) will underwrite the first £60m of the Fund.

Each GM District will indemnify a proportion of the Fund based on its percentage of GM population. For Oldham Council the maximum indemnity will be £20.094m which is 8.37% of the total indemnity. This will be disclosed as a contingent liability in the Council's 2015/16 Financial Statements.

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

Prior period adjustments have been made to the Council's 2013/14 published financial statements in relation to the following:

Accounting for Schools

Following the introduction of new accounting standards on group accounts and consolidation, the Code of Practice requirements in relation to accounting for schools have changed. All maintained schools in the Borough are now considered to be entities controlled by the Council. As a result, all income, expenditure, assets and liabilities relating to each school is consolidated in to the Council's accounts.

As a result, the recognition of land and building single entity assets used by each school has been reviewed to determine whether they should be accounted for on the Council's Balance Sheet. The Council has completed a school by school assessment across all maintained schools in the Borough to identify what arrangements in respect of ownership of these assets are in place and thus the required accounting treatment. The following arrangements were identified:

- The Council directly own the assets
- The Council controls the assets through contracts such as PFI agreements
- The school or the school Governing Body own the assets
- A third party such as a religious body or Charitable Trust own the assets
- The Council, schools or school Governing Body have the rights to use the assets granted to them under licence

As a result of this assessment, three PFI schools have been brought on to the Council's Balance Sheet as the Council is considered to hold the balance of control in line with accounting standards. The land and building assets of five Voluntary Controlled schools have been taken off the Council's Balance Sheet as they are owned by the Diocese. The Diocese has granted a licence to these schools to use the land and building assets but this does not result in a transfer of rights. The land and building assets used by two Foundation schools have been brought on to the Council's Balance Sheet as the Governing Body for each school own the assets. The Council's Core Statements and relevant notes have been restated to reflect these changes.

Accounting for Schools Transferring to Academy Status

The new accounting standards on group accounts and consolidation mean all types of school are now considered to be entities controlled by the Council. When a school transfers to academy status this control is transferred to a third party usually a Charitable Trust. As a result the school as an entity needs to be derecognised in the Council's accounts by writing off the net assets of the school to the Comprehensive Income and Expenditure Statement (CIES). LAAP Bulletin 103 issued by CIPFA clarifies that the resulting gain or loss on transfer is recognised within the Financing and Investment Income and Expenditure line on the CIES. This gain or loss on disposal has previously been recognised in the Other Operating Expenditure line on the CIES. The Council's Core Statements and relevant notes have been restated to reflect this change.

Cash Flow Reclassification

The Cash Flow Statement and two related notes have been restated in respect of a misstatement of amounts owed to other bodies in respect of Council Tax and NNDR receipts collected.

Comprehensive Income and Expenditure Statement (CIES)

	2013/14 Net Expenditure £000	Schools Accounting Restatement £000	Restated 2013/14 Net Expenditure £000
Adult Social Care	56,819	-	56,819
Central Services	9,041	-	9,041
Corporate and Democratic Core	4,190	-	4,190
Children's and Education Services	66,562	(142)	66,420
Cultural and Related Services	11,614	-	11,614
Environmental and Regulatory Services	13,827	-	13,827
Planning Services	13,458	-	13,458
Highways, Roads and Transport Services	14,770	-	14,770
Local Authority Housing (HRA)	(3,824)	-	(3,824)
Other Housing Services	3,010	-	3,010
Public Health	(603)	-	(603)
Non Distributed Costs	437	-	437
Cost Of Services	**189,301**	**(142)**	**189,159**
Other Operating Expenditure	58,484	(15,376)	43,108
Financing and Investment Income and Expenditure	35,258	13,363	48,621
Taxation and Non-Specific Grant Income	(253,859)	-	(253,859)
Deficit/(Surplus) on Provision of Services	**29,184**	**(2,155)**	**27,029**
Other Comprehensive Income and Expenditure			
Revaluation (gains) on non current assets	(15,540)	(56)	(15,596)
Impairment losses on non current assets	1,180	(369)	811
(Surplus) on revaluation of Available for sale financial assets	(7,400)	-	(7,400)
Remeasurement of net defined liability	(17,638)	-	(17,638)
Total Other Comprehensive Income and Expenditure	**(39,398)**	**(425)**	**(39,823)**
Total Comprehensive Income and Expenditure	**(10,214)**	**(2,579)**	**(12,794)**

Movement in Reserves Statement (MiRS)

	Usable Reserves								
	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Usable Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
Original 2013/14	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2013	**(15,804)**	**(55,419)**	**(19,262)**	**(5,331)**	**(153)**	**(13,842)**	**(109,812)**	**156,240**	**46,428**
Restated Balance at 31 March 2013	**(15,804)**	**(55,419)**	**(19,262)**	**(5,331)**	**(153)**	**(13,842)**	**(109,812)**	**156,240**	**46,428**
Movement in Reserves During 2013/14									
Surplus on Provision of Services	24,399	-	4,785	-	-	-	**29,184**	-	**29,184**
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	**-**	(39,398)	**(39,398)**
Total Comprehensive Income and Expenditure	**24,399**	**-**	**4,785**	**-**	**-**	**-**	29,184	**(39,398)**	**(10,214)**
Adjustments between accounting basis & funding basis under regulations (Note 1)	(45,042)	-	(6,250)	1,769	(150)	407	**(49,266)**	49,266	**-**
Net (Increase)/ Decrease before Transfers to Earmarked Reserves	**(20,643)**	**-**	**(1,465)**	**1,769**	**(150)**	**407**	**(20,082)**	**9,868**	**(10,214)**
Transfers to/from Earmarked Reserves	16,765	(16,765)	-	-	-	-	**-**	-	**-**
(Increase)/Decrease in Year	**(3,879)**	**(16,765)**	**(1,465)**	**1,769**	**(150)**	**407**	**(20,082)**	**9,868**	**(10,214)**
Balance at 31 March 2014 carried forward	**(19,683)**	**(72,184)**	**(20,727)**	**(3,562)**	**(303)**	**(13,435)**	**(129,894)**	**166,108**	**36,214**

Accounting for Schools Restatement	Usable Reserves								
	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Usable Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Opening Balance Adjustment	-	-	-	-	-	-	-	(82,344)	(82,344)
Surplus or (Deficit) on Provision of Services	(2,155)	-	-	-	-	-	(2,155)	-	(2,155)
Other Comprehensive Income and Expenditure	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(425)**	**(425)**
Adjustments between accounting basis & funding basis under regulation	2,155	-	-	-	-	-	2,155	(2,155)	-

	Usable Reserves								
	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Usable Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
Restated 2013/14	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2013	**(15,804)**	**(55,419)**	**(19,262)**	**(5,331)**	**(153)**	**(13,842)**	**(109,812)**	**156,240**	**46,428**
Restatement								(82,344)	**(82,344)**
Restated Balance at 31 March 2013	**(15,804)**	**(55,419)**	**(19,262)**	**(5,331)**	**(153)**	**(13,842)**	**(109,812)**	**73,896**	**(35,916)**
Movement in Reserves During 2013/14									
Surplus on Provision of Services	22,244	-	4,785	-	-	-	**27,029**	-	**27,029**
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	**-**	(39,823)	**(39,823)**
Total Comprehensive Income and Expenditure	**22,244**	**-**	**4,785**	**-**	**-**	**-**	**27,029**	**(39,823)**	**(12,794)**
Adjustments between accounting basis & funding basis under regulations (Note 1)	(42,887)	-	(6,250)	1,769	(150)	407	**(47,111)**	47,111	**-**
Net (Increase)/ Decrease before Transfers to Earmarked Reserves	**(20,643)**	**-**	**(1,465)**	**1,769**	**(150)**	**407**	**(20,082)**	**7,288**	**(12,794)**
Transfers to/from Earmarked Reserves	16,765	(16,765)	-	-	-	-	**-**	-	**-**
(Increase)/Decrease in Year	**(3,878)**	**(16,765)**	**(1,465)**	**1,769**	**(150)**	**407**	**(20,082)**	**7,288**	**(12,794)**
Restated Balance at 31 March 2014	**(19,682)**	**(72,184)**	**(20,727)**	**(3,562)**	**(303)**	**(13,435)**	**(129,894)**	**81,184**	**(48,710)**

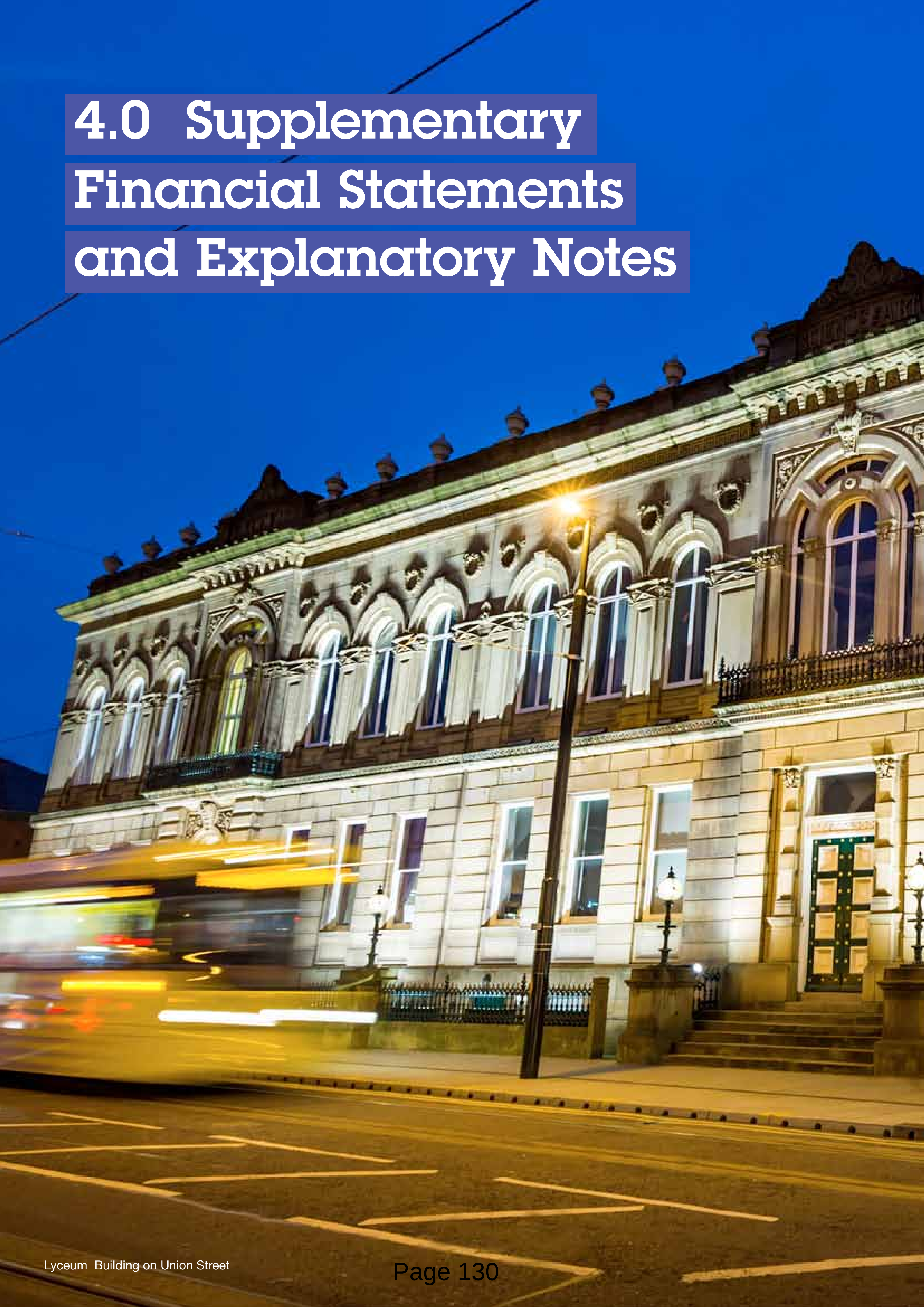
Balance Sheet

	31 March 2014 £000	Schools Accounting Restatement 2012/13 £000	Schools Accounting Restatement 2013/14 £000	Restated 31 March 2014 £000
Property, Plant & Equipment	533,722	82,641	2,457	618,820
Heritage Assets	19,405	-	-	19,405
Investment Property	15,043	-	-	15,043
Intangible Assets	2,659	-	-	2,659
Long Term Investments	38,967	-	-	38,967
Long Term Debtors	10,764	-	-	10,764
Long Term Assets	**620,560**	**82,641**	**2,457**	**705,658**
Short Term Investments	12,519	-	-	12,519
Inventories	547	-	-	547
Short Term Debtors	33,662	-	-	33,662
Cash and Cash Equivalents	72,216	-	-	72,216
Assets held for sale (<1yr)	838	-	-	838
Current Assets	**119,781**	**-**	**-**	**119,782**
Short Term Borrowing	(1,694)	-	-	(1,694)
Short Term Creditors	(58,088)	-	-	(58,088)
Short Term Provisions	(12,482)	-	-	(12,482)
Short Term Liabilities	(8,653)	(153)	69	(8,737)
Current Liabilities	**(80,917)**	**(153)**	**69**	**(81,001)**
Long Term Provisions	(15,890)	-	-	(15,890)
Long Term Borrowing	(148,653)	-	-	(148,653)
Other Long Term Liabilities	(526,466)	(144)	53	(526,555)
Capital Grants Receipts in Advance	(4,631)	-	-	(4,631)
Long Term Liabilities	**(695,640)**	**(144)**	**53**	**(695,729)**
Net Assets/(Liabilities)	**(36,214)**	**82,344**	**2,580**	**48,710**
Usable reserves	(129,894)	-	-	(129,894)
Unusable Reserves	166,108	(82,344)	(2,580)	81,184
Total Reserves	**36,214**	**(82,344)**	**(2,580)**	**(48,710)**

Cash Flow Statement

	2013/14 £000	Schools Accounting Restatement £000	Council Tax and NDR Reclassification £000	Restated 2013/14 £000
Net Surplus/(Deficit) on the Provision of Services	**(29,184)**	**2,155**	**-**	**(27,029)**
Adjustment to Surplus/(Deficit) on the Provision of Services for noncash movements	85,842	1,882	-	87,724
Adjust for items included in the Surplus/(Deficit) on the Provision of Services that are investing and financing activities	30,970	-	(40,723)	(9,753)
Net Cash Flows from Operating Activities	**87,628**	**4,037**	**(40,723)**	**50,942**
Net Cash Flows from Investing Activities	(13,056)	(3,870)	-	(16,926)
Net Cash Flows from Financing Activities	(41,682)	(167)	40,723	(1,126)
Net Increase in Cash and Cash Equivalents	**32,890**	**-**	**-**	**32,890**
Cash and Cash Equivalents at the beginning of the reporting period	39,326	-	-	39,326
Cash and Cash Equivalents at the end of the reporting period	**72,216**	**-**	**-**	**72,216**

4.0 Supplementary Financial Statements and Explanatory Notes



Lyceum Building on Union Street

4.0 Supplementary Financial Statements and Explanatory Notes

4.1 Housing Revenue Account (HRA)

4.1.1 Housing Revenue Account Income and Expenditure Account

2013/14 £000	HRA Income and Expenditure Statement	2014/15 £000
	Expenditure	
1,560	Repairs and Maintenance	2,249
2,440	Supervision and Management	2,936
5,083	Rent, rates, taxes and other charges	4,949
14,161	Depreciation and impairment of non-current assets	32,071
145	Debt management costs	145
23,389	**Total Expenditure**	**42,350**
	Income	
(5,919)	Dwellings rents	(7,097)
(204)	Non-dwelling rents	(39)
(1,426)	Charges for services and facilities	(840)
(864)	Contributions towards expenditure	(971)
(18,799)	PFI Credits receivable	(18,799)
(27,212)	**Total Income**	**(27,747)**
(3,823)	**Net (Surplus) /Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement**	**14,602**
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:	
(28)	Gain on sale of HRA non-current assets	(25)
8,828	Interest payable and similar charges	12,027
(190)	HRA Interest and investment income	(134)
4,787	**(Surplus) / Deficit for the year on HRA Services**	**26,470**

4.1.2 Statement of Movement in the Housing Revenue Account

2013/2014 £000	Movement on the HRA Statement	2014/2015 £000
(19,261)	Balance on the HRA at the end of the previous year	(20,727)
4,787	(Surplus) / Deficit for the year on the HRA I & E Account	26,470
(6,252)	Adjustments between accounting basis and funding basis under statute	(22,116)
(1,465)	(Increase) / Decrease in the HRA Balance	4,353
(20,726)	**Balance on the HRA at the end of the current year**	**(16,373)**

2013/2014 £000	Note to Movement on the HRA Statement	2014/2015 £000
	Items included in HRA I & E account but excluded from the movement on HRA balance for the year	
-	Amortisation of premiums and discounts	-
(14,711)	Difference ~ any other in accordance with the Code	(32,071)
4,931	Voluntary MRP	3,993
28	Gain or loss on sale of HRA property, plant and equipment	25
	Transfer to Useable Receipts Reserve- Self Financing	
3,349	Capital Expenditure funded by the HRA	5,791
150	Transfer to Major Repairs Reserve	146
(6,252)	**Net Adjustment**	**(22,116)**

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

4.1.3 Index of Explanatory Notes to the Housing Revenue Account

4.1.4 Explanatory Notes to the Housing Revenue Account

H1. Housing Stock – Numbers

At 31 March 2015, the Council had a total housing stock of 2,065 dwellings. The tables below set out the changes to the stock since 1 April 2014.

The round 4 housing PFI reached contract close on 30th November 2011, at which point 316 properties transferred from FCHO to Great Places. By 31st March 2014 the number of PFI 4 properties had increased to 428 with a further 206 new builds and conversions in 2014/15 increasing the overall round 4 housing stock to 634 properties.

Oldham Retirement Housing partnership (ORHP) manages a total of 1,431 dwellings within the Sheltered Housing PFI scheme this includes 4 properties used as communal and management facilities and therefore not let.

Total housing stock owned by the Council:

	Houses and Bungalows	Flats and Maisonettes	Total
Stock at 1 April 2014	1,031	828	1,859
Conversions	199	7	206
Stock as at 31 March 2015	**1,230**	**835**	**2,065**

Properties managed by ORHP:

	Houses and Bungalows	Flats and Maisonettes	Total
Stock at 1 April 2014	818	613	1,431
Stock as at 31 March 2015	**818**	**613**	**1,431**

Properties managed by Great Places:

	Houses and Bungalows	Flats and Maisonettes	Total
Stock at 1 April 2014	213	215	428
Conversions	199	7	206
Stock as at 31 March 2015	**412**	**222**	**634**

H2. Housing Revenue Account – Fixed Asset Valuations

The balance sheet value of HRA assets was as follows:

31 March 2015 £000		31 March 2015 £000
45,816	Dwellings	55,680
2,470	Other Operational Property	1,691
100	Non-operational Assets	-
48,386	**Total**	**57,370**

Other operational property consists of offices and other operational bases. Non-operational assets consist of land held as Investment Assets.

H3. Value of Housing Revenue Account Vacant Possession Dwellings

The Vacant Possession Dwellings valuation is £164.4m as at 1 April 2014. The difference between the vacant possession value and the balance sheet value of dwellings within the HRA shows the cost of providing council housing at less than open market rents.

H4. Major Repairs Reserve

The Major Repairs Reserve is an earmarked fund to which the Council transfers an amount annually to support capital spending on council dwellings.

2013/14 £000		2014/15 £000
153	Balance at 1 April	303
150	Amount transferred to Major Repairs Reserve in year	146
303	**Balance at 31 March**	**449**

H5. Type and Source of Capital Expenditure

Capital Expenditure	2014/15 £000	Financing	2014/15 £000
Capital Expenditure in year on Dwellings	5,791	Government Grants	(5,791)
Total	**5,791**	**Total**	**(5,791)**

H6. Depreciation and Impairment of Property, Plant and Equipment

	2014/15	
Depreciation	Operational Assets £000	Total £000
Balance 1 April 2014	2,797	2,797
Depreciation written off during the year	(2,596)	(2,596)
Depreciation during the year	3,321	3,321
Balance 31 March 2015	**3,522**	**3,522**

Impairment	2014/15 Operational Assets £000	2014/15 Total £000
Balance 1 April 2014	13,610	13,610
Impairment written off during the year	(2,262)	(2,262)
Impairment Reclassified as Revaluation Loss	(10,563)	(10,563)
Impairment during the year	31,199	31,199
Balance 31 March 2015	31,984	31,984

H7. Revenue Expenditure Funded from Capital Under Statute

2013/14 £000		2014/15 £000
560	Development Contribution	-
560	**Total**	**-**

H8. Rent Arrears

Arrears totalled £0.227m at 31 March 2015 (£0.16m at 31 March 2014) and are analysed below:

31 March 2014 £000		31 March 2015 £000
98	Due from Former Tenants	123
62	Due From Current Tenants	104
160	**Total Arrears**	**227**

Rent arrears as a percentage of total rent payable during the year were 2.63% (2013/14 2.68%)

The provision in respect of bad debts at 31 March 2015 was £0.156m (£0.156m at 31 March 2014).

4.2 Collection Fund

4.2.1 Collection Fund

2013/14 £000 Total		2014/15 £000 Council Tax	2014/15 £000 NDR	2014/15 £000 Total	Note
	INCOME				
(87,237)	Council Tax Payers	(87,994)		(87,994)	C2
	Transfers from General Fund:				
(56,657)	Income from Business Ratepayers		(57,845)	(57,845)	C3
(143,894)		**(87,994)**	**(57,845)**	**(145,839)**	
	Expenditure				
	Precepts:				
70,267	- Oldham Council	72,477		72,477	
7,508	- Police and Crime Commissioner Greater Manchester	7,899		7,899	
2,898	- Greater Manchester Fire & Rescue Authority	2,989		2,989	
	Business Rates:				
28,662	- Payments to Government		29,210	29,210	C3
566	- Payments to Fire		571	571	C3
27,739	- Payments to Oldham Council		28,000	28,000	C3
309	- Costs of Collection		311	311	
	Bad and Doubtful Debts:				
1,380	- Provisions	1,529	590	2,119	C5
1,558	- Write Offs	764	1,149	1,913	
3,732	- Provision for appeals		307	307	C5
	Transfer of Collection Fund Surplus/Deficit	3,214	(4,026)	(812)	C4
144,619		**88,872**	**56,112**	**144,984**	
725	**Deficit / (Surplus) for the year**	**878**	**(1,733)**	**(855)**	
	Collection Fund Balance				
(198)	**Balance brought forward at 1 April**	**(4,181)**	**4,708**	**527**	
725	Deficit / (Surplus) for the year (as above)	878	(1,733)	(855)	
527	**Balance carried forward at 31 March**	**(3,303)**	**2,975**	**(328)**	
	Allocated to:				
(1,335)	- Oldham	**(2,872)**	**1,458**	**(1,414)**	
(389)	- Police and Crime Commissioner Greater Manchester	**(313)**	**-**	**(313)**	
(103)	- Greater Manchester Fire and Rescue Authority	**(118)**	**30**	**(89)**	
2,354	- Government		**1,488**	**1,488**	
527		**(3,303)**	**2,975**	**(328)**	

4.2.2 Index of Explanatory Notes to the Collection Fund

4.2.3 Explanatory Notes to the Collection Fund

C1. General

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and its distribution to local government bodies and the Government.

The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and Non-Domestic Business Rates. The administrative costs associated with the collection process are charged to the General Fund.

Collection fund surpluses declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year. For Oldham, the Council Tax precepting bodies are the Police and Crime Commissioner for Greater Manchester (PCCGM) and the Greater Manchester Fire and Rescue Authority (GMFRA).

In 2013/14, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the Borough. It does, however, also increase the financial risk due to non-collection and the volatility of the NDR tax base.

The scheme allows the Council to retain a proportion of the total NDR received. The Oldham share is 49% with the remainder paid to precepting bodies. For Oldham the NDR precepting bodies are Central Government (50% share) and GMFRA (1% share).

NDR surpluses declared by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure account is included in the Council's accounts. The Collection Fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet.

C2. Council Tax

Council Tax derives from charges raised according to the value of residential properties, which have been classified into 9 valuation bands (A-H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent numbers of Band D dwellings).

The Council Tax base for 2014/15 was 51,865 (50,280 in 2013/14). The increase between financial years is as a result of a combination of new builds and a reduction in the level of Council Tax Discounts and Exemptions. The tax base for 2014/15 was approved at the Cabinet meeting on 27 January 2014 and was calculated as follows:

Band	Chargeable Dwellings	Proportion of Band D Tax	Equivalent Band D Dwellings
A Reduced	104	5/9	58
A	41,174	6/9	27,450
B	14,516	7/9	11,290
C	13,932	8/9	12,385
D	6,013	1	6,013
E	2,968	11/9	3,627
F	1,380	13/9	1,993
G	781	15/9	1,301
H	45	18/9	90
Net effect of premiums and discounts			(10,659)
Tax Base before adjustment for collection rate			53,546
Estimated collection rate			96.86%
Tax Base for the Calculation of Council Tax			**51,865**

Dwellings for residents entitled to 'disabled relief reduction' are reduced to the next lowest band for the calculation of Council Tax. As band 'A' is the lowest band, 'A reduced' has been introduced to give effect to this reduction for those who reside in Band A properties. Income received from Council Tax payers in 2014/15 was £88.0m (£87.2m 2013/14).

C3. Income from Business Ratepayers

In 2013/14, the administration of NDR changed following the introduction of a business rates retention scheme which aims to give Councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NDR to the central pool, local authorities retain a proportion of the total collectable rates due. In the case of Oldham the local share is 49%. The remainder is distributed to preceptors and in the case of Oldham these are Central Government (50%) and 1% to the Greater Manchester Fire & Rescue Authority (GMFRA).

The business rates shares payable for 2014/15 were estimated before the start of the financial year as £28.570m to Central Government, £0.571m to GMFRA and £28.000m to Oldham Council. These sums have been paid in 2014/15 and charged to the collection fund in year.

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to Central Government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect Oldham receives an estimated top up grant to the General Fund in 2014/15 to the value of £29.425m.

The total income from business rate payers collected in 2014/15 was £57.845m (£56.7m in 2013/14). This sum includes £0.638m of transitional protection payments from ratepayers, which under Government regulation should have a neutral impact on the business rate retention scheme. This sum has to be repaid to Central Government and therefore increases payments to Central Government to £29.210m.

In addition to the top up, a 'safety net' figure is calculated at 92.5% of baseline amount which ensures that authorities are protected to this level of Business Rates income. For Oldham the value of safety net figure is £53.376m. The comparison of business rate income to the safety net uses the total income collected from business rate payers and adjusts for losses in collection, losses on appeal, transitional protection payments, the cost of collection and the revision to Small Business Rate Relief (announced in the Autumn Statement 2013) not allowed for when the safety net was set. The Council does not qualify for a safety net payment for 2014/15.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and hence business rates outstanding as at 31 March 2015. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision charged to the collection fund for 2014/15 has been calculated at £0.3m.

For 2014/15, the total non-domestic rateable value at the year-end is £156.3m (£158.3m in 2013/14). The national multipliers for 2014/15 were 47.1p for qualifying Small Businesses, and the standard multiplier being 48.2p for all other businesses (46.2p and 47.1p respectively in 2013/14).

C4. Contributions to Collection Fund Surpluses and Deficits

The Council has a statutory requirement to prepare an estimate each January of the surplus or deficit expected to arise at the end of the financial year. In January 2014 it was estimated that the Collection Fund would have a Council Tax surplus of £3.214m and a Business Rates deficit of £4.026m, a combined Collection Fund deficit of £0.812m (£nil surplus in January 2013) and so the following amounts were due to the preceptors in 2014/15.

2013/14 £000		2014/15 £000
-	Oldham Council	(832)
-	Greater Manchester Police Authority	(300)
-	Greater Manchester Fire & Rescue Authority	(69)
-	Central Government	2,013
-	**Total**	**812**

C5. Council Tax/NDR Provisions – Bad Debt and Valuation Appeals

The Collection Fund account provides for bad debts on Council Tax arrears as shown below:

2013/14 £000		2014/15 £000
8,565	Balance at 1 April 2014	9,740
(1,406)	Write-offs during year for previous years	(764)
2,581	Contributions to provisions during year	2,293
1,175	Net Increase/(Decrease) in Provision	1,529
9,740	**Balance at 31 March 2015**	**11,269**

The Council's proportion of these write offs and increase in provision are shown below:

2013/14 £000		2014/15 £000
7,474	Balance at 1 April 2014	8,483
(1,225)	Write-offs during year for previous years	(664)
2,233	Contributions to provisions during year	1,977
1,009	Net Increase/(Decrease) in Provision	1,313
8,483	**Balance at 31 March 2015**	**9,795**

The Collection Fund account also provides for bad debts on NDR arrears as shown below:

2013/14 £000		2014/15 £000
3,459	Balance at 1 April 2014	3,664
(152)	Write-offs during year for previous years	(1,149)
357	Contributions to provisions during year	1,739
205	Net Increase/(Decrease) in Provision	590
3,664	**Balance at 31 March 2015**	**4,254**

The Council's proportion of these write offs and increase in provision are shown below:

2013/14 £000		2014/15 £000
1,695	Balance at 1 April 2014	1,795
(75)	Write-offs during year for previous years	(563)
175	Contributions to provisions during year	852
100	Net Increase/(Decrease) in Provision	289
1,795	**Balance at 31 March 2015**	**2,084**

The Collection Fund account also provides for provision for appeals against the rateable valuation set by the Valuation Office Agency (VOA) not settled as at 31st March 2015.

2013/14 £000		2014/15 £000
-	Balance at 1 April 2014	3,732
-	Write-offs during year for previous years	(961)
3,732	Contributions to provisions during year	307
3,732	Net Increase/(Decrease) in Provision	(653)
3,732	**Balance at 31 March 2015**	**3,079**

The Council's proportion of this provision is shown below:

2013/14 £000		2014/15 £000
-	Balance at 1 April 2014	1,829
-	Write-offs during year for previous years	(480)
1,829	Contributions to provisions during year	151
1,829	Net Increase/(Decrease) in Provision	(329)
1,829	**Balance at 31 March 2015**	**1,500**

5.0 Other Statements

Back of Manchester Chambers, Oldham

5.0 Other Statements

5.1 Annual Governance Statement 2014/15

Scope of Responsibility

Oldham 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. Oldham Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Oldham Council is responsible for putting in place proper arrangements for the governance of its affairs including internal control, to facilitate the effective exercise of its functions, which includes arrangements for the management of risk.

Oldham Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website at www.oldham.gov.uk or can be obtained from Mark Stenson, Head of Corporate Governance at Oldham Council. This Annual Governance Statement sets out how Oldham has complied with this Code and also meets the requirement of regulation 4(2) of the Accounts and Audit (England) Regulations 2011, and accompanies the 2014-15 Statement of Accounts of the Council. The Annual Governance Statement will be subject to detailed review by the Audit Committee when it considers the Statement of Accounts.

The issues identified as a significant governance issue and the progress made by management throughout the financial year 2015-16 to address these issues will be reported regularly to the Audit Committee with an assessment of the progress made in reducing the risk as part of their Governance role within the Council.

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 the activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost-effective services.

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

The governance framework has been in place at Oldham Council for the year ended 31st March 2015 and approval of the production of the annual report and Statement of Accounts.

The Governance Framework

The Council's control environment encompasses the strategies, policies, plans, procedures, structures, processes, attitudes, behaviour and actions required to deliver good governance for the citizens of Oldham. The key elements of good governance arrangements in Oldham Council are:

Communicating the Authority's Vision

The Council's current strategic objectives are set out in the Corporate Plan. These have been aligned to establish a clear link between Central Government and Greater Manchester priorities, the priorities for the Council as identified with its partners, involvement of the local community, and the work of the Council. The Council's Corporate Plan is undergoing a refresh during 2014-15 with the Corporate Objectives continuing to support the Council's Co-operative Agenda. In order to improve the focus and effectiveness of joint working the Council supported new arrangements in the financial year for partnership working with the establishment of the Oldham Leadership Board together with three Commissioning Clusters: Economy and Skills; Cooperative and Neighbourhoods, and Health and Wellbeing.

Cooperative Values

The core values of the Council are set out in the Cooperative Charter and linked into its Cooperative Council operating model and are concerned with the way it connects with citizens and communities. This includes an Ethical Framework which sets out the guiding principles. This shows the Council's commitment to implement additional Co-operative values such as Social Responsibility. As part of the work to reposition the Council has continued to support an Employee Volunteering Scheme in 2014/15. It has adopted as a constitutional commitment a Fair Employment Charter.

Engagement and Consultation with the Community

The Council is a Co-operative local authority and is committed to community engagement and consultation. The authority works closely with other local public bodies, community and voluntary groups via a partnership approach to ensure effective delivery of its services. The introduction of the Oldham Leadership Board recognises that the Council is a body who champions Oldham, not just at the borough level but at the city region and beyond. The Oldham Leadership Network results in an effective network of partners and the annual Oldham Leaders event brings all partners into one space to discuss areas of collective interest.

The Council also operates District Partnerships which have a membership of both elected members and co-opted local representatives. These partnerships are supported by Council resources which are spent on local priorities agreed by the District Partnership. In the 2014-15 budgets there was an agreed continued guaranteed investment in neighbourhood working. This included the continuation of a District Investment Fund to provide funding for capital projects to meet local needs as identified in district plans. In 2014/15 there was a refinement to this District working process with the delegation of specific public health funding to each District to enable targeted initiatives to be implemented to address local issues in this area.

The agreed District Partnerships as at 31st March 2015 are:

- Chadderton
- Oldham
- Failsworth and Hollinwood
- Shaw and Crompton
- Saddleworth and Lees
- Royton

The Council operates a system of open democracy which includes the filming and recording of council meetings. Its system of open democratic decision making supports the role of Local Leaders and the production of Councillor Annual Reports.

Clear Management Accountability

The Council is managed by a Cabinet system as set out in the agreed Council Constitution, which sets out the scheme of delegation between elected Members and Officers. Members of the Cabinet are held to account by a system of Scrutiny which is also set out in the Constitution. Scrutiny of Executive decisions for 2014-15 has been undertaken by the:

- Overview and Scrutiny Management Board
- Overview and Scrutiny Performance and Value for Money Select Committee

Within the Scrutiny arrangements there exists the facility for Cabinet decisions to be called in by members who are no part of the Cabinet. In the financial year 2014/15 no decisions made by Cabinet were subject to call in.

The Council in order to discharge its functions on Health Scrutiny operates a dedicated Scrutiny Committee which met regularly throughout the year.

The Health and Wellbeing Operating Framework agreed in 2013/14 became embedded in 2014/15 with the Health and Wellbeing Board which is a Committee of the Council meeting regularly to consider issues to improve the Public Health of the Borough.

There are also two independent committees which undertake important roles in holding both Members and Officers to account:

- The Standards Committee which reviews the conduct of elected Members
- The Audit Committee which reviews matters of financial administration, internal control and approving the final audited accounts of the Council

Where appropriate key issues considered by these Committees have been reported to full Council.

To implement the agreed policies at officer level the Executive Management Team, this consists of the Chief Executive, Executive Directors (including those who are the Statutory Officers for Adults and Children), and Director of Policy and Governance, meets on a weekly basis. The representation of the Interim Director of Finance as the Section 151 Officer and the Director of Legal Services as the Monitoring Officer occurs in accordance with the open convention to independently attend for any item these officers deem appropriate. This ensures that the key Statutory Officers are represented at the most Senior Level. The Director of Public Health, who is the other statutory officer, in the council also has the facility to independently attend these meetings. All of these statutory officers have regular 1:1 sessions with the Chief Executive. This is supported by Directorate Management Teams, which meet on a regular basis to devolve the agreed policy of the Council at an Operational Level.

In 2014/15 the Council signed the “Greater Manchester Agreement: devolution to the GMCA and transition to a directly elected mayor. This was reported to full Council and presents both opportunities and risks. Over a period of time this has the potential to impact on the current accountability within the Council and the implications are being considered by the Council.

Ensuring Development Needs for Members and Senior Officers are met

The Council is committed to developing the skills of both Members and Senior Officers in order to enable a continuous improvement in the services provided.

All officers are covered by the Personal Performance Framework which ensures that their performance, potential and their development needs are reviewed on a regular basis. This links directly to the performance objectives for each Senior Officer and Cabinet Member.

A full training programme for both established and newly elected members has been developed within the Council to ensure they have all the necessary skills and legislative training to discharge their duties. The Local Leaders programme continued through 2014-15, focussing on developing the role of the councillor in delivering the Cooperative Council and Borough. The content of the programme changes each year but is primarily focused on the core skills and new thinking required for councillors to deliver their role both now and in the future, with particular emphasis on the community leadership role.

Attendance at this training was mandatory and members were incentivised to attend a proportion of the training so they could retain a full vote on local matters involving funding within their District Partnership. No issues existed in 2014/15 to require the full vote to be withdrawn. This programme is supported by ad hoc specialist training as and when required. To ensure better attendance at member training, set days are detailed in advance in the Municipal Calendar.

Facilitation of Policy and Decision Making

The Council has agreed a Constitution that sets out how it operates, how decisions are made, and the procedures that are followed to ensure that these are efficient, proportionate, transparent and accountable. This Constitution is regularly reviewed and a number of updates were agreed by Council throughout 2014-15 including the constitutional commitment to implement a Fair Employment Charter for Oldham to ensure it remained up to date. In 2014-15 continual review led by the Director of Legal Services and Head of Corporate Governance ensures it remains fit for purpose. On an annual basis the Director of Legal Services supported by key officers will undertake an annual review of the Constitution.

The Constitution sets out the delegated responsibilities for the Council, Cabinet, individual Cabinet Portfolio Holders, Committees and the powers that are delegated to key Officers. The scheme of delegation clearly sets out the levels at which decisions can be made.

Decisions taken under delegated powers are recorded electronically and are reported on a regular basis via the Council’s Electronic Decision Making Recording System (EDRS).

All meetings of the Cabinet and key Committees are included in the Council's Forward Plan, which is publicised and available to the public. Council meetings can now be viewed live on the web.

Ensuring Quality Outcomes and Efficient Use of Resources

All Executive Directors and Directors prepare Directorate and Divisional Plans that contain the key actions and performance targets necessary to deliver the strategic objectives of the organisation as outlined in the Corporate Plan.

As reported above, the Council has a Personal Performance Framework for the whole organisation, which monitors performance against national, local performance indicators and progress against the priorities set within its Corporate Plans. Information on performance is reported via quarterly Directorate and Council Performance Reports, and where necessary, monthly reports. This information is also reviewed at Senior Management Meetings, Leadership and Cabinet Sessions and the Overview and Scrutiny Performance and Value for Money Select Committee. Performance targets and outcomes are reported to stakeholders and bodies that externally review the Council's performance; such as the Care Quality Commission and Office for Standards in Education.

The Council seeks to obtain value for money via a number of arrangements:

- A co-ordinated approach to Procurement across Directorates to ensure separate initiatives within Directorates are brought together to ensure economies of scale for the Council are achieved
- Developing joint financial and performance reports
- Linking into the various Association of Greater Manchester Authority Initiatives to look at saving money including closer working with willing partners
- A robust year on year process for budget challenge when the Council agrees resources for each financial year
- The appointment of efficiency partners with an agreed programme of work in a number of operational and back office areas to assist the Council to make efficiency savings
- The development of the Co-operative vision to reflect that the environment the Council is going to operate in will change in the future
- The implementation of the Fair Employment Charter in its procurement processes

The Council has an approved Risk Management Strategy that enables it to effectively assist the achievement of its objectives, alongside national and local performance indicators. A Corporate Risk Register now an integral part to support the production of the Corporate Plan. The Corporate Risk Register is subject to review by the Audit Committee when it approves the final accounts.

The Head of Corporate Governance has consulted with key officers to assess what should be considered for inclusion in the Annual Governance Statement and quarterly reports of mitigations, actions and emerging risks are presented to the Council's Audit Committee The Annual Governance Statement is supported by key risk registers such as that developed for current Council projects and a detailed assessment of the issues considered for inclusion. It also incorporates key new developments such as the wider devolution agenda for Greater Manchester. The Council identifies efficiencies and monitors their implementation primarily through its budget strategy and monitoring processes.

The Council regularly reviews its People Strategies to ensure the organisation has the appropriate people infrastructure in place together with a capable and engaged workforce, motivated to deliver our services.

Ensuring Compliance with Established Policies, Procedures, Laws and Regulations

Executive Directors supported by Directors are responsible for ensuring that they establish and maintain effective systems of internal control, complying with legislation, the Council's Constitution and key Financial Procedure Rules. This includes responding to recommendations by Inspectorates.

The respective roles of the Section 151 Officer and the Monitoring Officer ensure legality, financial prudence, and transparency in transactions.

The Council also places reliance on external assurance providers, such as external audit, the Office for Standards in Education, and the Care Quality Commission, and any recommendations arising are acted upon and monitored through the scrutiny process. The Council has a public complaints procedure that allows the Local Government Ombudsman to investigate and report its findings. This ensures that improvements can be made to processes to prevent occurrences being repeated.

The Standards and Audit Committees both take a proactive approach to ensuring high levels of good governance, ethical behaviour and transparency throughout the Council's processes for both members and officers. Both of these Committees are chaired by an Independent Member to ensure its work is non political. To improve the feedback to the Council on its work the Audit Committee plans to produce an annual report of its work for consideration at a full Council meeting after it signs off the accounts.

Developing, Communicating and Embedding Codes of Conduct

Members have, in accordance with the Localism Act 2011, adopted the National Code of Conduct in July 2012. The Council also continues to operate a Standards Committee with appropriate representation by Independent Members including a Chair who is not an elected member where allegations into breaches of the Code by Members can be raised. Appropriate matters have been considered by the Council in 2014/15.

Employees are bound by the Code of Conduct which was reviewed during 2014-15 and agreed with the Unions. It sets out acceptable standards of behaviour. The Code combines together existing laws, regulation and conditions of service to guide employees in their day to day work. Both employees and Members "sign up" to the Code at the Council induction process.

There is a Members' and Officers' relationship protocol, which has been prepared in accordance with best practice.

Financial Management of the Council

The financial framework of the Council is structured through the Finance and Contract Procedure Rules plus the Land and Property Protocol, which are set out in the Constitution and follow best professional practice as set out in the Chartered Institute of Public Finance and Accountancy's guidance. A system 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.

Maintenance of an effective system of both internal and more detailed financial control is the agreed responsibility of all managers at directorate and corporate level. There are regular budget monitoring reports presented to Directorate Management Teams, the Executive Management Team and Cabinet with consultation with the relevant Cabinet Members between month 3 and 9 of each financial year. In respect of reviewing the effective system of internal control an independent check is provided by both External and Internal Audit.

A detailed analysis of the significant issues identified from both the work of External and Internal Audit in 2014-15 has been prepared to support the production of this governance statement.

Corporate Governance and the Audit Committee

The Council maintains a Corporate Governance Section, which covers Internal Audit, Counter Fraud, Risk Management and Insurance. A number of changes to procedures in previous years have resulted in the Internal Audit Service now operating to the Standards set out in the Public Sector Internal Audit Standards. These improvements have resulted in the external auditors appointed by the Audit Commission to the Council being able to place greater reliance of the work done by Internal Audit.

Internal Audit is responsible for monitoring the quality and effectiveness of systems of internal control and, where relevant, making recommendations for improvement. Internal Audit subsequently checks the implementation of recommendations.

The Head of Corporate Governance has direct access and reporting lines to all senior management, including the Chief Executive and Chair of the Audit Committee. The Head of Corporate Governance formally reports on the activities to the Audit Committee and at the end of each year provides an opinion on the overall adequacy and effectiveness of the Council's overall internal control environment.

As part of the regular Internal Audit review process, Internal Audit undertakes audits as specified by International Auditing Standards, which cover the main financial systems. It produces an Audit Needs Assessment and a Fraud and Loss Risk Assessment, which aid the production of an Audit Plan. A working party of the Audit Committee including the Chair and Vice Chair also meets on a regular basis to monitor partner and project risk on a pro-active basis. The Audit Plan is reported to the Audit Committee on an annual basis in advance of the financial year along with regular reports on the progress made throughout the year.

The Audit Committee has an Independent Chair who provides financial expertise to supplement the skills of elected Members. The Council Constitution sets out that the Chair of the Audit Committee is an Independent Member. The Council appointed a new independent chair in 2011-12. The Audit Committee meets on a regular basis, at least quarterly, to receive the reports of both Internal and External Audit and has the power to hold both the Cabinet and Executive Directors to account. Reports are submitted on internal control matters in relation to each Directorate, and at the relevant meeting the Executive Director and/or a Senior Representative of this Directorate will respond directly to the Audit Committee on matters raised.

Procedures for Whistleblowing and for receiving and investigating Complaints

A strong ethical and performance framework is in place to enable officers and Members of the Council to operate effectively in their respective roles, which allows the pursuit of excellence in service delivery. The Council has a formalised Counter Fraud Framework, which includes an Anti-Fraud and Anti-Corruption Strategy, Whistle Blowing Policy and Fraud and Loss Risk Assessment. The Whistleblowing Policy allows both staff and members of the public, including contractors, to raise matters in a confidential manner to the Council.

The Internal Audit and/or Counter Fraud Function investigate all matters of suspected impropriety in accordance with agreed protocols. Registered electors can also raise matters with the External Auditor.

In addition a formal complaints policy exists to deal with other matters of public concern regarding the services provided by the Council.

Partnership Arrangements

The Council currently delivers a wide range of services, which often involve working in partnership with others, many of which involve considerable levels of funding.

It is a requirement of the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15 that, “Where an authority is in a group relationship with other entities and undertakes significant activities through the group, the review of the effectiveness of the system of internal control should include its group activities.”

The Interim Director of Finance produces an analysis of risk on both projects and partnerships on a quarterly basis for discussion with a working party of the Audit Committee assessing the risks to the Council at a point in time using a high/ medium/ low rating.

Risks on Significant Projects

The Council currently has a number of significant projects covering a wide range of services, which can involve working in partnership with others, many of which require considerable levels of one-off and recurrent funding from the Council.

A specific review to the Audit Committee based upon past events has identified that the Council did not in all cases have an oversight on its financial commitments on all these projects. The Interim Director of Finance commissioned an analysis of risk to monitor these risks and reported back to the Audit Committee who agreed to set up a working party to consider these risks as well as those on partnerships. This group has met regularly in 2014-15 to consider risks in this area. Individual reports to support significant projects have been prepared before expenditure is produced for consideration by Cabinet and these detail the risks to the Council in advance of decisions being made. The issues on both partnership risk and project risk have been incorporated into this governance statement where appropriate

Review Of Effectiveness

Oldham Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Corporate Governance’s annual report, and also by comments made by the External Auditors and other Review Agencies and Inspectorates. Issues identified in the 2013-14 Annual Governance Statement and the management action to reduce the risk have been reported to the Audit Committee at its regular quarterly meetings. These reports have also included new issues for consideration. When the Committee considers the draft Statement of Final Accounts then a number of issues were considered for inclusion, including all matters identified in the 2013-14 Annual Governance Statement.

On the basis of work undertaken in 2014-15, the Head of Corporate Governance has concluded that the Council’s internal control environment as a whole is adequate as set out in the Annual Report to the Audit Committee.

Significant governance issues

2014/15 Issues	Planned Management Action to Reduce Risk
Internal Audit work as part of the process to support the closure of the final accounts and has continued to identify internal control issues around Adult Social Care financial systems.	There is joint work on-going between staff in Adults and Finance to improve a number of financial processes within the Service Area. This will include regular meetings of key staff responsible for the implementation of recommendations with the Interim Director of Finance and a follow up internal audit in June 2015 to ensure progress made since November 2014 continues in the new financial year. The requirement for increased scrutiny from the Audit Committee will be determined by the findings of the follow up internal audit in June 2015. The Interim Director of Finance considers the risk as part of the closure of accounts.
The Council may not be able to deliver key services which are currently provided by key partners due to events outside the direct control of the Council.	The Interim Director of Finance updates the present service continuity plan for financial transactions which is subject to on-going review. Work is planned in 2015-16 to expand on this service continuity plan to include planned system developments. The Interim Director of Finance considers the risk as part of the closure of accounts.
On-going and future changes to the Council's financial framework including several changes to national and regional funding regimes will increase both the financial pressure the Council is required to contribute to reduce the national deficit and risk profile as the regional growth agenda is prioritised. These changes arise from changes to benefit administration, reductions in government grant at the year-end after previously been notified a higher amount of grant, continued downward pressure on government funding of Councils and the need to provide financial guarantees should certain initiatives at a City Region Level not operate as intended.	The Interim Director of Finance has allocated a Senior Member of his Management Team to manage the financial impact of these legislative and regional changes. The Interim Director of Finance considers the risk as part of the closure of accounts including the need to make appropriate provisions at the year-end.
Information security and compliance with agreed data protection legislation by all staff in the Council's employment has resulted in the Council making a number of voluntary declarations to the Information Commissioner following past breaches. Should there be further serious breaches of data protection by the Council the risk remains that it could be subjected to fines.	The Information Management Group will continue to monitor breaches within the Council and review whether there are any procedural changes required to reduce the Council's future risks. This group will also review the outcome including the implementation of recommendations made from the Information Commissioner Audit The Interim Director of Finance considers the risks as part of the closure of accounts.

The Council has a significant number of key regeneration projects planned for the future and a significant number which are underway. Should one of these high profile projects be not delivered as planned it is likely to result in reputational damage to the Council or increase the financial pressure on the council for the future.	The Audit Committee has instigated a system to monitor these risks on a regular basis and will highlight any concerns to the Council. The Interim Director of Finance considers the risks as part of the closure of accounts including the need to make appropriate reserves to mitigate the financial impact.
The internal audit opinion of the internal control environment for the operation of Payroll has declined on the interim audit produced in November 2014. Since this report significant progress has been made but not enough to improve the overall opinion.	There is joint work on-going between staff involved in Payroll and Finance to improve a number of procedures. This will include regular meetings of key staff responsible for the implementation of recommendations with the Interim Director of Finance and a follow up internal audit in June 2015 to ensure progress made since November 2014 continues in the new financial year.

Conclusion

We are aware of the issues identified in the Annual Governance Statement and committed to addressing the identified issues and ensuring the continuous improvement of our systems and processes.

We are pleased the Council continues to make improvements to enhance our governance arrangements further and will monitor the progress made on issues with the support of the Audit Committee.

Carolyn Wilkins

Carolyn Wilkins
Chief Executive of Oldham Council

Jim McMahon
Leader of Oldham Council

5.2 Glossary of Terms

Accruals Basis

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Actualial Gains and Losses Remeasurement of Net Defined Benefit Liability

Actuaries assess financial and non-financial information provided by the Council to project levels of future pension fund requirements. Changes in actuarial deficits or surpluses can arise leading to a loss or gain because:

- events have not coincided with the actuarial assumptions made for the last valuation;
- the actuarial assumptions have changed.

Agency Services

These are services that are performed by or for another Authority or public body, where the principal (the Authority responsible for the service) reimburses the agent (the Authority carrying out the work) for the costs of the work.

Appointed Auditors

The Audit Commission appoints external auditors to every Local Authority, from one of the major firms of registered auditors. Grant Thornton is the Council's appointed Auditor.

Associate Companies

This is an entity other than a subsidiary or joint venture in which the reporting Authority has a participating interest and over who's operating and financial policies the reporting Authority is able to exercise significant influence.

Association of Greater Manchester Authorities (AGMA)

AGMA represents the ten local authorities in Greater Manchester and works in partnership with Central Government, regional bodies and other Greater Manchester public sector bodies.

Authorised Limit

This represents the legislative limit on the Council's external debt under the Local Government Act 2003.

Balances

The balances of the Authority represent the accumulated surplus of income over expenditure on any of the Funds.

Building Schools for the Future (BSF)

This is a major Central Government programme of replacing/upgrading schools often via the Private Finance Initiative (PFI)

Business Improvement District (BID)

BIDs are provided for under Part 4 of the Local Government Act 2003 (England & Wales) whereby a levy is collected from Business Ratepayers to provide agreed additional services.

Capital Adjustment Account

The Account accumulates (on the debit side) the write-down of the historical cost of Property, Plant and Equipment as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (revenue expenditure funded by capital under statute). The balance on the account thus represents timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Capital Expenditure

This is expenditure on the acquisition of property, plant and equipment , or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.

Capital Financing Charges

This is the annual charge to the revenue account in respect of interest and principal repayments and payments of borrowed money, together with leasing rentals.

Capital Investment Programme Board (CIPB)
An internal management Board with a membership of Members and Officers. This oversees the preparation of the Capital Strategy and Capital Programme and makes recommendations to Members on all major capital expenditure projects.

Capital Receipts
Income received from the sale of land or other capital assets, a proportion of which may be used to finance new capital expenditure, subject to the provisions contained within the Local Government Act 2003.

Carrying Amount
The Balance Sheet value recorded of either an asset or a liability.

Chartered Institute of Public Finance and Accountancy (CIPFA)
CIPFA is the leading professional accountancy body for public services.

Collection Fund
The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (NDR) and its distribution to local government bodies and the Government.

Community Assets
This is a category of Property, Plant and Equipment that the Council intends to hold in perpetuity which have no determinable finite useful life and, in addition, may have restrictions on their disposal. Examples include parks and historical buildings not used for operational purposes.

Contingency
This is money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.

Contingent Liabilities or Assets
These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Council's accounts.

Co-operative Council
This is the ethos of the Council embodied by the desire that citizens, partners and staff work together to improve the borough and create a confident and ambitious place.

Council Tax Requirement
This is the estimated revenue expenditure on General Fund services that needed to be financed from the Council Tax after deducting income from fees and charges, certain specific grants and any funding from reserves.

Creditors
Amounts owed by the Council for work done, goods received or services rendered, for which payment has not been made at the date of the balance sheet.

Current Service Cost
Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

Curtailment
Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

Debtors
These are sums of money due to the Council that have not been received at the date of the Balance Sheet.

Deferred Capital Receipts

These represent capital income still to be received after disposals have taken place and wholly consists of principal outstanding from the sale of council houses.

Defined Benefit Scheme

This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme

A Defined Contribution Scheme is a pension or other retirement benefit scheme into which an employer pays regular contributions as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Department for Communities and Local Government (DCLG)

A Department of Central Government with an overriding responsibility for determining the allocation of general resources to Local Authorities.

Depreciation

This is the measure of the wearing out, consumption, or other reduction in the useful economic life of Property, Plant and Equipment.

Derecognition

Financial assets and liabilities will need to be removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

Discounts

Discounts represent the outstanding discount received on the premature repayment of Public Works Loan Board loans. In line with the requirements of the Code, gains arising from the repurchase or early settlement of borrowing have been written back to revenue. However, where the repurchase or borrowing was coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect when viewed as a whole, gains have been recognised over the life of the replacement loan.

Earmarked Reserves

The Council holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.

External Audit

The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Authority has made proper arrangements to secure value for money in its use of resources.

Fair Value

Fair value is the price at which an asset could be exchanged in an arm's length transaction, less any grants receivable towards the purchase or use of the asset.

Finance Lease

A finance lease is a lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

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.

Financial Regulations

These are the written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

General Fund

This is the main revenue fund of the Authority and includes the net cost of all services financed by local taxpayers and Government grants.

Greater Manchester Combined Authority (GMCA)

Created by the Local Government, Economic Development and Construction Act, the Greater Manchester Combined Authority (GMCA) assumed its powers and duties on 1 April 2011. It took over the functions previously the responsibility of the Greater Manchester Integrated Transport Authority (GMITA), which it replaced. It also took over responsibility for transport planning, traffic control and wide loads, assumed responsibility for the transportation resources allocated to the Greater Manchester region and regional economic development functions.

Greater Manchester Waste Disposal Authority (GMWDA)

This is a levying Authority that provides waste disposal strategy, policy and services to nine of the AGMA Councils.

Heritage Asset

A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Housing Benefit

This is an allowance to persons on low income (or none) to meet, in whole or part, their rent. Benefit is allowed or paid by Local Authorities but Central Government refunds part of the cost of the benefits and of the running costs of the services to Local Authorities. Benefits paid to the Authority's own tenants are known as rent rebate and that paid to private tenants as rent allowance.

Housing Revenue Account (HRA)

Local Authorities are required to maintain a separate account - the Housing Revenue Account - which sets out the expenditure and income arising from the provision of Council housing. Other services are charged to the General Fund.

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

A category of Property, Plant and Equipment which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

Intangible Assets

These are assets that do not have physical substance but are identifiable and controlled by the Council. Examples include software, licenses and patents.

International Financial Reporting Standard (IFRS)

Defined Accounting Standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of the other entities.

Inventories

Amounts of unused or unconsumed stocks held in expectation of future use. Inventories are comprised of the following categories:

- Goods or other assets purchased for resale
- Consumable stores
- Raw materials and components
- Products and services in intermediate stages of completion
- Finished goods

Joint Venture

A Joint Venture is an arrangement under which two or parties have contractually agreed to share control, such that decisions about the activities of the arrangement are given unanimous consent from all parties.

Leasing Costs

This is where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist: finance leases and operating leases.

Lender Option Borrower Option (LOBO)

A LOBO is a type of loan instrument. The borrower borrows a principal sum for the duration of the loan period (typically 20 to 50 years), initially at a fixed interest rate. Periodically (typically every six months to 3 years), the lender has the ability to alter the interest rate. Should the lender make this offer, the borrower then has the option to continue with the instrument at the new rate or alternatively to terminate the agreement and pay back the principal sum with no other penalty.

Liabilities

These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Materiality

An item would be considered material to the financial statements if, through its omission or non-disclosure, the financial statements would no longer show a true and fair view.

Medium Term Financial Strategy (MTFS)

This is a financial planning document that sets out the future years financial forecasts for the Council. It considers local and national policy influences and projects their impact on the general fund revenue budget, capital programme and HRA. In Oldham it usually covers a four year timeframe.

Minimum Revenue Provision (MRP)

MRP is the minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.

Non Domestic Rate (NDR) (also known as Business Rates)

NDR is the levy on business property, based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines national rate poundage each year which is applicable to all Local Authorities.

Net Book Value (NBV)

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Debt

Net debt is the Council's borrowings less cash and liquid resources.

Net Realisable Value (NRV)

NRV is the open market value of the asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.

Operational Boundary
This reflects the maximum anticipated level of external debt consistent with budgets and forecast cash flows.

Operating Lease
This is a type of lease, usually of computer equipment, office equipment, furniture, etc. where the balance of risks and rewards of holding the asset remains with the lessor. The asset remains the property of the lessor and the lease costs are revenue expenditure to the Authority.

Precept
The amount levied by various Authorities that is collected by the Council on their behalf. The precepting Authorities in Oldham are the Greater Manchester Police Authority and the Greater Manchester Fire and Rescue Authority.

Premiums
These are discounts that have arisen following the early redemption of long term debt, which are written down over the lifetime of replacement loans where applicable.

Prior Period Adjustments
These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

Private Finance Initiative (PFI)
A Central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage Authorities' participation.

Projected Unit Method
This is an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- the benefits for pensioners and deferred pensioners and their dependants, allowing where appropriate for future increases; and
- the accrued benefits for members in service on the valuation date.

Property, Plant and Equipment
Assets that yield benefits to the Council and the services it provides for a period of more than one year. Examples include land, buildings and vehicles.

Provisions
Amounts set aside to meet liabilities or losses which it is anticipated will be incurred but where the amount and/or the timing of such costs are uncertain.

Public Works Loan Board (PWLB)
An arm of Central Government which is the major provider of loans to finance long term funding requirements for Local Authorities

Related Parties
Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all senior officers from Director and above and the Pension Fund. For individuals identified as related parties, the following are also presumed to be related parties:

- members of the close family, or the same household; and
- partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

Reporting Standards
The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a Local Authority. It is based on International Financial Reporting Standards (IFRS), International Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

Reserves
Amounts set aside for general contingencies, to provide working balances or earmarked to specific future expenditure.

Revaluation Reserve
The Reserve records the accumulated gains on the fixed assets held by the Authority arising from increases in value as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

Revenue Expenditure Funded From Capital Under Statute (REFCUS)
Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the CIES.

Service Reporting Code of Practice (SeRCOP)
Prepared and published by CIPFA, the Service Reporting Code of Practice (SeRCOP) is reviewed annually to ensure that it develops in line with the needs of modern Local Government, Transparency, Best Value and public services reform. SeRCOP establishes proper practices with regard to consistent financial reporting for services and in England and Wales, it is given legislative backing by regulations which identify the accounting practices it propounds as proper practices under the Local Government Act 2003.

Subsidiary
This is an entity over which the Council y is able to demonstrate it has control. This is demonstrated through ownership, such as a shareholding or representation on the entity's Board of Directors.

Transport for Greater Manchester (TfGM)
A Committee of the GMCA delivering strategic transport functions.

Treasury Management
This is the process by which the Authority controls its cash flow and its borrowing and lending activities.

Treasury Management Strategy (TMS)
A strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the Council.

Trust Funds
These are funds administered by the Council on behalf of charitable organisations and/or specific organisations.

Unsupported (Prudential) Borrowing
This is borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.

Notes

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All information correct at time of going to press.
Published May 2015.

Oldham Council

Appendix 2 - Changes to Draft Statement of Accounts

Change Reason	Statements/Notes Section Affected	Published Statement of Accounts Page No.	Draft Statement of Accounts Page No.	Change Made
Additional Information	Core Statements	23 to 27	27 to 32	Pension accounting entries updated based on the updated actuarial pension valuation report received from the Actuary following submission of the draft statement of accounts to the external auditors and commencement of the accounts inspection period. The following changes have been made to the Core Financial Statements: CIES Non Distributed Costs (Past Service Costs) - £93k CIES Pension Interest - £2k CIES Measurement of Net Defined Pension Benefit Liability - £46,131 MIRS Total Other Comprehensive Income and Expenditure Pension Reserve - £46,131 MIRS Deficit on Provision of Services - £95k MIRS Adjustments between Accounting Basis and Funding Basis - (£95k) Balance Sheet Pension Liability - (£46,226k) Balance Sheet Pension reserve - £46,226k Cash Flow Net Surplus/(Deficit) - (£95k) Cash Flow Non Cash Movements - £95k
	Note 1	30	34	
	Note 3	36	40	
	Note 11	44	49	
	Note 17	62	69	
	Note 18	63	70	
	Note 24	74	83	
	Note 28	86	95	
	Note 31	94	104	
Reclassification	Cash Flow Statement	27	32	Reclassification of applied capital grants, investment property disposals and heritage asset valuation between non cash movements (Note 31a) and investing and financing activities (Note 31b and Note 32).
	Note 31a	94	104	
	Note 31b	94	104	
	Note 32	95	105	
Presentation/ Disclosure	HRA Income and Expenditure Statement	123	141 and 142	2013/14 Supervision and Management expenditure reduced by £10k. 2014/15 Interest and Investment Income increased by £100k.
	Note 18	63	72 (Table 2)	Split of the investments and cash and cash equivalent disclosures in line with the Balance Sheet.
	Note 18	63	77 (Table 1)	31 March 2015 column, £241k moved to maturity in 1-2 years from 2-5 years.
	Note 38	115	133	Include the Audit Committee date 19th May.
	Various Throughout Document	Various	Various	Improvements to disclosures. Minor changes to narrative and presentation.

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This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.

Grant Thornton

The Audit Findings for Oldham Metropolitan Borough Council

Year ended 31 March 2015

18 May 2015

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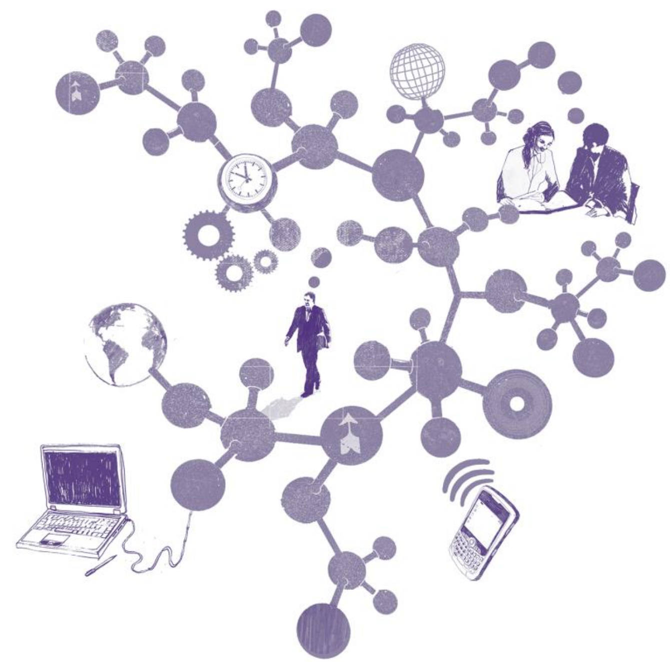

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18 May 2015

Audit Findings for Oldham Council for the year ending 31 March 2015

This Audit Findings report highlights the significant findings arising from the audit for the benefit of those charged with governance, as required by International Standard on Auditing (UK & Ireland) 260. Its contents have been discussed with management.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Yours faithfully,

Grant Thornton UK LLP

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Executive summary

Purpose of this report

This report highlights the key matters arising from our audit of Oldham Council's ('the Council') financial statements for the year ended 31 March 2015. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing 260 (ISA).

Under the Audit Commission's Code of Audit Practice we are required to report whether, in our opinion, the Council's financial statements present a true and fair view of the financial position, its expenditure and income for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. We are also required to reach a formal conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion).

Introduction

In the conduct of our audit we have not had to alter or change our planned audit approach, which we communicated to you in our Audit Plan.

Our audit is now substantially complete and we are finalising our work in the following areas,

- review of the final version of the financial statements
- obtaining and reviewing the management letter of representation
- updating our post balance sheet events review to the date of signing the opinion

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

As in previous years, the Council's finance team are dedicated to a very prompt sign off of the accounts. To that end, we received the draft financial statements on 14 April 2015, several days in advance of the financial statements being made available for public inspection on the 20 April 2015 and earlier than the date achieved in the previous year. Comprehensive working papers were also available from the start of the audit.

The prompt production of the draft financial statements enabled the members of the Audit Committee sufficient time to review the statements and ask challenging and pertinent questions at the Audit Committee meeting on 23 April 2015.

The standard of the financial statements and supporting working papers was high despite the challenging timetable, primarily due to the Council's effective closedown and accounts production process.

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Key issues arising from our audit

Financial statements opinion

We anticipate issuing an unqualified audit opinion on the Council's financial statements.

Shortly after the Council produced its draft financial statements it received an actuarial statement with a revised estimate of the pension fund liabilities arising from the Local Government Pension Scheme. The Council has made adjustments to the financial statements to reflect this revised estimate.

The draft financial statements recorded net expenditure of £28,180k whereas the revised draft financial statements now show net expenditure of £74,406k. The impact on the Council's balance sheet is to increase long term liabilities by £46,226k.

Our audit has not identified any additional adjustments affecting the Council's financial position.

In view of the significance of the judgement needed to be exercised in relation to the accounting for school land and buildings in the accounts this year, our audit work considered in some detail the basis for and evidence underpinning the exercise of management judgement applied. The judgement applied has led to the Council recognising an additional net £80m of assets on its balance sheet this year, based on a school by school review of the rights to these assets. Based on the evidence obtained, we can confirm our agreement with Management's treatment.

We did identify classification errors within the Notes to the Cash Flow Statement, a small number of disclosure errors and requested a number of adjustments to improve the presentation of the financial statements.

The key messages arising from our audit of the Council's financial statements are,

- the draft accounts and working papers were of a high quality
- the only errors identified related to supporting disclosures within the notes to the accounts
- finance staff responded promptly to all audit queries in line with agreed protocols, contributing to the prompt completion of the audit.

Further details of our audit findings are set out in section 2 of this report.

Value for Money conclusion

We are pleased to report that, based on our review of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources, we propose to give an unqualified VfM conclusion.

Further detail of our work on Value for Money is set out in section 3 of this report.

Whole of Government Accounts (WGA)

We will complete our work in respect of the Whole of Government Accounts in accordance with the national timetable.

Controls

The Council's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Council.

In our Audit Plan we referred to the additional testing that we felt was needed in response to the controls weaknesses which had been identified by Internal audit within the payroll system.

Officers have reported that actions have been taken to strengthen control arrangements and our additional testing of payroll transactions during the year did not identify any errors.

Further details are provided within section 2 of this report.

The way forward

Matters arising from the financial statements audit and review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources have been discussed with the Interim Director of Finance.

Our recommendation is set out in the action plan in Appendix A and has been discussed and agreed with the Interim Director of Finance and the finance team.

Acknowledgment

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Grant Thornton UK LLP
18 May 2015

Section 2: Audit findings

DRAFT

Audit findings

In this section we present our findings in respect of matters and risks identified at the planning stage of the audit and additional matters that arose during the course of our work. We set out on the following pages the work we have performed and findings arising from our work in respect of the audit risks we identified in our audit plan, presented to the Audit Committee on 5 March 2015. We also set out the adjustments to the financial statements arising from our audit work..

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Changes to Audit Plan

We have not made any changes to our Audit Plan as previously communicated to you.

Audit opinion

We anticipate that we will provide the Council with an unmodified audit opinion. Our draft audit opinion is set out in Appendix B.

Audit findings against significant risks

"Significant risks often relate to significant non-routine transactions and judgemental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgemental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA 315).

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
1.	**Management override of controls** Under ISA 240 there is a presumed risk of management over-ride of controls	• review of accounting estimates, judgements and decisions made by management • testing of journal entries • review of unusual significant transactions	Our audit work has not identified any evidence of management override of controls. In particular the findings of our review of journal controls and testing of journal entries has not identified any significant issues. We set out later in this section of the report our work and findings on key accounting estimates and judgements.

Our Audit Plan referred to the guidance in ISA 240 that there is also a presumed significant risk that revenue may be misstated due to the improper recognition of revenue. We determined that the risk of fraud is not significant because there is little incentive to manipulate revenue recognition and opportunities to manipulate revenue recognition are very limited. Our audit work did not cause us to believe that we needed to change this planning assumption.

DRAFT

Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses, are attached at Appendix A.

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Transaction cycle	Description of risk	Work completed	Assurance gained and issues arising
Operating expenses	Creditors understated or not recorded in the correct period (Operating expenses understated).	We have undertaken the following work in relation to this risk, • documented our understanding of processes and key controls over the transaction cycle • undertaken walkthrough of the key controls to assess the whether those controls are designed effectively • substantive testing of operating expenses to ensure valid spend and appropriate categorisation within the net cost of service headings in the comprehensive income and expenditure statement • review and testing of year end accruals and creditors, including correct year (cut off) testing	Our audit work has not identified any significant issues in relation to the risk identified.
Employee remuneration	Employee remuneration accruals understated (Remuneration expenses not correct).	We have undertaken the following work in relation to this risk, • documented our understanding of processes and key controls over the transaction cycle • undertaken walkthrough of the key controls to assess the whether those controls are designed effectively • substantive testing of payroll expenditure to confirm that employees exist, are paid correctly and payroll costs are correctly allocated in the financial ledger, Testing included accuracy of major employee deductions (PAYE, NI and Pension) and employer contributions • testing of monthly payroll reconciliations to confirm that payroll totals are accurately and completely recorded in the general ledger	Our audit work has not identified any significant issues in relation to the risk identified.

DRAFT

Audit findings against other risks (continued)

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses, are attached at Appendix A.

Transaction cycle	Description of risk	Work completed	Assurance gained and issues arising
Welfare expenditure	Welfare benefit expenditure is misstated	We have undertaken the following work in relation to this risk, • documented our understanding of processes and key controls over the transaction cycle • undertaken walkthrough of the key controls to assess the whether those controls are designed effectively • substantive testing of welfare benefits in accordance with work required by Department of Work and Pensions on certification Housing Benefit (BEN01) claim including analytical review and testing of sample of benefits awarded. • reconciliation between the housing benefits system and the general ledger	Our audit work has not identified any significant issues in relation to the risk identified.

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Audit findings against other risks (continued)

In this section we detail our response to the other risks of material misstatement which we identified in our Audit Plan. Recommendations, together with management responses, are attached at Appendix A.

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Financial statements risk	Work completed	Assurance gained & issues arising
Accounting for Schools Clarification on accounting for school buildings has been published by CIPFA in their *'LAAP bulletin 101: - Accounting for non-current assets used by Local Authority maintained schools*'. The guidance refers to the considerations in relation to determining whether school land and buildings should be recognised on the Council's balance sheet. The guidance covers community, voluntary aided, voluntary controlled and Foundation schools. A key determinant of the assessment for inclusion of the individual school land and buildings in the accounts is whether the Council owns the asset or whether the rights to use the asset has been transferred to the Council from the entity which owns the asset. All community school land and buildings are included on the Council's balance sheet. Judgements were required, in particular, for those schools designated as voluntary aided, voluntary controlled and Foundation schools. An additional consideration was in relation to schools built using PFI financing. This assessment requires management to exercise judgement based on evidence of ownership and agreements from other entities on the rights over the use of the asset. As a result of this exercise, management identified that an additional net amount of some £80m of school land and buildings should be recognised on the Council's balance sheet. Due to the material nature of this judgement, it was necessary for us to perform work to determine whether the judgements made on a school by school basis were appropriate. It was also necessary for us to consider the evidence supporting the valuations used for those assets recognised on the balance sheet for this year.	We have undertaken the following work in relation to this risk: • tested whether the Council has identified all maintained schools within its area • tested whether the Council has obtain necessary information and sufficient evidence from bodies, such as local Trustees and Dioceses, on the agreements which underpin the use of school assets • considered the Council's application of the relevant accounting principles to account for these and challenged judgements where necessary • reviewed whether the financial valuations of those assets to be brought on to the balance sheet at 1 April 2013 is appropriate and the valuations are undertaken by qualified valuers • confirmed transactions have been appropriately recorded as a prior year adjustment, as appropriate, as any changes to the accounting for these assets has been deemed to be a change in accounting policy	Based on the evidence made available to us and the application of the principles in the Code and other accounting guidance we can confirm that we agree with management's exercise of judgement.

DRAFT

Accounting policies, estimates and judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Council's financial statements.

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	• NDR and Council Tax Income is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council and the amount of revenue can be measured reliably • Government grants and third party contributions and donations are recognised as due when there is reasonable assurance that the Council will comply with conditions attached to the payment; and the grants or contributions will be received • revenue relating to the provision of services is recognised when the amount of revenue can be measured reliably, it is probable the revenue will be received and the stage of completion of the service can be measured	• Revenue recognition policies are in line with the requirements of the Code of Practice on Local Authority Accounting 2014/15 and accounting standards • we have undertaken substantive testing of grants and other revenues and are satisfied that the Council has recognised income in accordance with its accounting policies • Revenue recognition policies are appropriately disclosed.	Green
Judgements and estimates	• Judgements and estimates have been considered in the following areas: – asset revaluations – Useful economic lives in relation to depreciation – pension fund valuations and settlements – investments in Manchester Airport Group – insurance provisions – bad debt provision – PFI implied interest rate	• the Council has appropriately disclosed its significant judgements and estimates • the Council has appropriately relied on the work of experts for asset revaluations, pension fund valuations, insurance provisions, and the valuation of its investment in the Manchester Airport Group.	Green

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Assessment
- Accounting policy which is inappropriate
- Accounting policy appropriate but scope for improved application or disclosures
- Accounting policy appropriate and disclosures sufficient

DRAFT

Accounting policies, estimates and judgements

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In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Council's financial statements.

Accounting area	Summary of policy	Comments	Assessment
Estimates and judgements - PPE	• Note15 of the accounts sets out the authority's rolling programme of revaluations. This shows that the date of valuations for other land and buildings can vary between 2011 and 2015. This approach is similar to many other authorities and we are satisfied that the carrying amount of Property, Plant and Equipment (based on these valuations) does not differ materially from the fair value at 31 March 2015. In our view, however, this rolling programme does not meet the Code's current requirement to value items within a class of property simultaneously or with a short period, in order to 'avoid reporting a mixture of costs and values as at different dates'.	• we have accepted the Council's approach on the basis that we do not consider that it is likely to lead to a material misstatement in the accounts • CIPFA has addressed this issue in its interpretation for the proposed new 2015/16 code which will set out the approach to the requirement to revalue simultaneously. • In 2015/16 the short period is interpreted to mean that assets are normally measured once every five years for each class of assets, provided that carrying amount does not differ materially from that would be determined using fair value at the end of the reporting period	Amber
Other accounting policies	• we have reviewed the Council's policies against the requirements of the CIPFA Code and accounting standards.	• Our review of accounting policies has not highlighted any issues which we wish to bring to your attention	Green

Assessment

- Marginal accounting policy which could potentially attract attention from regulators
- Accounting policy appropriate but scope for improved application or disclosures
- Accounting policy appropriate and disclosures sufficient

DRAFT

Accounting policies, estimates and judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Council's financial statements.

Accounting area	Summary of policy	Comments	Assessment
Going concern	• the Council has a reasonable expectation that the services provided will continue for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.	• we have reviewed management's assessment and related financial plans and forecasts and are satisfied that the going concern basis is appropriate for the preparation of the 2014/15 financial statements	● Green

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Assessment

● Marginal accounting policy which could potentially attract attention from regulators

● Accounting policy appropriate but scope for improved application or disclosures

● Accounting policy appropriate and disclosures sufficient

DRAFT

Misclassifications and disclosure changes

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The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final draft of the financial statements.

	Adjustment type	Value £'000	Account balance	Impact on the financial statements
1	Misclassification	12092	Cash Flow Statement	Transfer from adjustment re surplus/deficit to items that are investing/financing. No overall effect on the Cash Flow Statement
2	Disclosure	6000	Financial Instruments notes	Investments overstated and cash understated but no impact on the financial statements
3	Disclosure	5000	Financial Instruments notes	Investments strategy states that transactions with local authorities and public bodies have maximum of £15m but should be £10m
4	Disclosure	N/A	Land & Buildings valuations	Note regarding assets valued at depreciated replacement cost amended to show the outcome of the desktop valuation exercise
5	Disclosure	N/A	Vacant possession value of council dwellings	Note amended to quote the full vacant possession value at 1 April 2014

Other communication requirements

We set out below details of other matters which we are required by auditing standards to communicate to those charged with governance.

	Issue	Commentary
1.	**Matters in relation to fraud**	• Whilst we are aware there continues to occur a number of housing benefit frauds , we have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit.
2.	**Matters in relation to laws and regulations**	• We are not aware of any significant incidences of non-compliance with relevant laws and regulations.
3.	**Written representations**	• A letter of representation has been requested from the Council, as in previous years
4.	**Disclosures**	• Our review found no material omissions in the financial statements. We made a number of recommendations to improve disclosures.
5.	**Matters in relation to related parties**	• We are not aware of any related party transactions which have not been disclosed.
6.	**Confirmation requests from third parties re loans, cash balances and investments**	• We requested direct confirmations for bank balances from one institution, another five institutions for loans and a further eight organisations and institutions for investments. • Of these requests we received positive confirmations for bank balances and from 6 organisations and institutions for investments Where requests were not received we undertook alternative procedures, - loans were agreed to correspondence from the Bank to the Council - 2 Money Market Funds were agreed through access to the online portal

Section 3: Value for Money

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DRAFT

Value for Money

Value for money conclusion

The Code of Audit Practice 2010 (the Code) describes the Council's responsibilities to put in place proper arrangements to,

- secure economy, efficiency and effectiveness in its use of resources
- ensure proper stewardship and governance
- review regularly the adequacy and effectiveness of these arrangements

We are required to give our VFM conclusion based on two criteria specified by the Audit Commission which support our reporting responsibilities under the Code.

These criteria are;
The Council has proper arrangements in place for securing financial resilience - the Council has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.

The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness - the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Key findings

Securing financial resilience
We have undertaken a review which considered the Council's arrangements against the three expected characteristics of proper arrangements as defined by the Audit Commission,

- Financial governance
- Financial planning
- Financial control.

Overall, our work concluded that the Council's arrangements for securing financial resilience remain effective. There is robust challenge and support from members, and the Council prepares and keeps under review its medium term financial plan.

There are effective arrangements in place to monitor and manage revenue and capital budgets. This includes regular reports to management and members on financial and service performance during the year, including savings achieved and actions required to address any shortfall or additional spending.

The Council is aware of its comparatively high level of borrowing, when including PFI liabilities, but continues to be confident about the on-going receipt of PFI grant and credits (currently £32m per annum) to finance.

Challenging economy, efficiency and effectiveness
We have considered the Council's arrangements to challenge economy, efficiency and effectiveness against the following themes,

- prioritising resources
- improving efficiency and productivity

Our work concluded that,

- the Council has effective arrangements in place which enabled it to deliver its challenging £23m of savings in 2014/15
- the Council continues to face challenges in the future with the need to achieve an estimated £94m of further savings over the next three years
- whilst the Council has effective arrangements for prioritising its resources, looking at new service delivery arrangements and working co-operatively with partners, increasingly more radical ways of working with other organisations are likely to be required in the longer term

Overall VFM conclusion

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

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We set out below our detailed findings against six risk areas which have been used to assess the Council's performance against the Audit Commission's criteria. We summarise our assessment of each risk area using a red, amber or green (RAG) rating, based on the following definitions,

Green	Adequate arrangements
Amber	Adequate arrangements, with areas for development
Red	**Inadequate arrangements**

The table below and overleaf summarises our overall rating for each of the themes reviewed,

Theme	Summary findings	RAG rating 2013-14	RAG rating 2014-15
Key indicators of performance	The Council's key financial indicators remain reasonably good overall. At the 31st March 2015, the Council's General Fund balance was £18m, and Earmarked Reserves £99m, a £26m increase in the year. The Council's Housing Revenue Account continued to retain a healthy balance of £16m. In addition, the Council had almost £12m of Capital Grants that had yet to be utilised. As a result of the Council's significant capital investment in schools and housing, the level of borrowing in the form of PFI liabilities is higher than many similar authorities. However, the servicing of the long tem debt continues to be sustainable through the receipt of PFI grant/credits from sponsoring government departments (DFES and DCLG). We are satisfied, that the level of PFI debt does not present a significant risk to the Council.	**Amber**	**Green**
Strategic financial planning	The Medium Term Financial Strategy shows realism regarding the financial challenges facing the Council, in particular the £94m of savings required over the next three years. Members and Officers share a good understanding of the financial issues facing the Council and there are strong scrutiny arrangements in place. The MTFS is regularly revisited in terms of assumptions as new information becomes available and regular updates are presented to the Cabinet throughout the year. The budget planning process is open and transparent and the community is able to engage in the budget planning process through the Council's website, as well as through District partnership consultation sessions. contributing ideas to meet the financial challenge. The 'Star Chamber' process remains key in reviewing potential savings options. In developing its budget plans, the Council considers and employs a range of initiatives, including customer led service redesign, alternative methods of provisions in areas such as Adult Social Care and joint working with authorities across Greater Manchester.	**Green**	**Green**
Financial governance	The Council has effective financial governance arrangements in place with a good understanding of the Council's financial environment at all levels. Members are kept up to date through themed sessions on understanding the financial environment and proposals for responses to risks identified. Revenue budget and Capital Programme reporting is clear and comprehensive. Revenue monitoring is reported to the Cabinet and Overview and Scrutiny Panel VFM Select Committee throughout the year and facilitates a good level of challenge, including reviewing any potential impact on service performance.	**Green**	**Green**

Theme	Summary findings	RAG rating 2013-14	RAG rating 2014-15
Financial control	The Council has a good track record of achieving savings targets and remaining within budget and delivered its Challenging £23m savings plan for 2014/15. The Council has set a budget which does not anticipate needing to use available balances. The Cabinet is updated on a monthly basis on the progress of directorates against savings plans. Budget and financial reporting delivers to a prompt timescale at all levels and the Council is looking to further improve this through the introduction of the A1 project which integrates financial management, HR and Payroll systems and facilitates 'self service' to the Council's Business Units. Key financial systems are reviewed regularly by Internal Audit and findings are reported promptly to the Audit Committee, with particular focus for any systems where controls weaknesses are identified. This is regarded as an important part of ensuring that the financial systems can be relied upon to produce accurate budget reporting as well as annual financial statements.	Green	Green
Prioritising resources	The Council continues to be effective in challenging the cost effectiveness of existing services as well as challenging the way services are delivered to achieve maximum value from reducing financial resources. The MTFS and budget Plan' demonstrate how it prioritises the funding of services in accordance with the Council's Corporate Objectives. Transformational Service Plans are in place for key services, eg Adult Social Care and demonstrate how these schemes address corporate priorities. The Council is investing in capital schemes to improve the borough's leisure facilities and redevelop the Old Town Hall and is planning further schemes to boost economic activity in the Borough. The Council's Capital Strategy demonstrates how these developments are driven by the Council's Corporate Plan.	Green	Green
Improving efficiency & productivity	The Council understands its cost base. It has achieved good levels of efficiency and productivity and reductions in the workforce have not had no substantial impact on service provision. Transformational Service Plans are already being implemented in key areas to improve efficiency, through internal efficiencies and also through Integrated Commissioning.	Green	Green

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To support our VfM conclusion against the specified criteria we performed a risk assessment against VfM risk indicators specified by the Audit Commission. and additional indicators identified by ourselves. Following completion of our work we noted the following residual risks to our VfM conclusion,

Residual risk identified	Summary findings	RAG rating
Risk of an impact on the efficiency and effectiveness of the Council's financial services from lack of monitoring of Unity Partnership.	This risk was identified from the deterioration in the performance of the payroll function and the failure of some controls within payroll service. Our review of the Council's arrangement for monitoring the performance of Unity Partnership has been able to confirm that the Unity Operations Board and Unity Partnership Board have been effective in monitoring and effecting change in the effectiveness of Unity Partnership. A deed of variation was agreed in November 2014, which introduced changes to the arrangement, clarifying the Council's controls in respect of performance monitoring and introducing new KPIs, as well as raising the level of existing KPIs. It also introduces clauses on continuous improvement and clearer clauses on partner failure with some increased penalties to provide incentive for good performance. Council Officers have confirmed their commitment to implementing partner failure clauses when necessary. Internal audit have recently reported an improvement in the effectiveness of payroll controls, and Council Officers have recently reported an improvement in the performance of the Partnership.	**Green**
Risk of an impact on effectiveness and affordability from the number of major capital projects underway.	This risk was identified from the significant number of large capital schemes now underway, which involve significant capital investment and are important to delivering the Council's corporate objectives. Our review identified, that in addition to the routine monitoring of capital schemes by project managers and capital finance staff, the Head of Governance monitors all projects, and challenges the relevant project and finance staff on the risks to the costs and effective delivery of each scheme. Key issues are discussed with The Interim Director of Finance and Director of Legal Services to ensure a common corporate understanding of the risks and help coordinate action if necessary. The Audit Committee's Project Working Group receives regular updates from the Head of Corporate Governance. Our review concluded that effective arrangements are in place in monitoring the delivery of capital schemes.	**Green**
Risk of lack of progress or failure to deliver the Better Care Fund plan.	Our previous year's review confirmed that the Council and its partners had been successful in meeting the deadline for submitting Oldham's Better Care Fund (BCF) Plan. A key target for 2014/15 has been the development of individual schemes within the BCF plan. Savings proposals for 2015/16 are based on the BCF initiatives succeeding and securing efficiencies for the Council, in particular the Transformation of Adult Care Services Plan. Our review looked at the way the Council is working with partners to develop schemes and joint commissioning arrangements. In particular, schemes to prevent the 'bed-blocking' of local hospitals through commissioning additional support from local care home with the assistance on non-recurrent funding from the CCG. Our review concluded that the Council is working effectively with partners to develop and monitor schemes and that, within the Council, the BCF plan appears to be recognised and considered at all relevant Directorates and levels of staff. The Council is active in monitoring the delivery of BCF schemes to ensure resources are deployed effectively.	**Green**

Section 4: Fees, non audit services and independence

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Fees, non audit services and independence

We confirm below our final fees charged for the audit and provision of non-audit services.

Fees

	Per Audit plan £	Actual fees £
Council audit	180,830	180,830
Grant certification	21,740	21,740*
Total audit fees	**202,570**	**202,570**

* the grant certification fee is estimated, based on the latest indicative fees published by the Audit Commission.

Fees for other services

Service	Fees £
Teachers Pension claim	4,200
VAT support	8,850

Grant Thornton UK LLP also provided services to the wholly owned subsidiary companies Oldham Care and Support Ltd and Oldham Care and Support at Home Ltd, for fees totalling £20,000.

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

Section 5: Communication of audit matters

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Communication of audit matters to those charged with governance

International Standard on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

The Audit Plan outlined our audit strategy and plan to deliver the audit, while this Audit Findings report presents the key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

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Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Compliance with laws and regulations		✓
Expected auditor's report		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

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Appendices

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Appendix A: Action plan

Priority: (High/Medium/Low)

Rec No.	Recommendation	Priority	Management response	Implementation date and responsibility
1.	Whilst the Council's financial statements are of good quality and contained relatively few non trivial errors, they continue to be a large document, in excess of 140 pages. Local authority financial statements are complex documents however there is still scope for the Council to build on its success in streamlining the accounts production process by going on to streamline the notes to the accounts. Key opportunities for improvement are in, • the conciseness and clarity of accounting policies • avoiding repetition between accounting polices and the narrative within notes • the number of contingencies that reasonably require disclosure • utilising links to the Council's website for descriptive areas of the Explanatory Foreword (council and management structure) The advantages of such an exercise would be, • the financial statements are more understandable to the reader • The closedown process becomes more focused on material areas of the financial statements, further improving efficiency • There is less risk of typographical and publishing error We recommend the ideal time to start the process for next year is at the debrief of the 2014/15 accounts and audit process in June.	Low	During the Council's 2014/15 accounts closedown process an assessment of the statements and disclosures was completed to improve the readers ability to understand the financial statements in line with the 'Cutting the Clutter' agenda. This resulted in the removal of 9 disclosures and re-ordering of the remaining disclosures. We plan to continue this work and good practice in liaison with External Audit colleagues as part of the 2015/16 account closedown process. This will pick up on the improvements recommended as well as looking at other ways in which the accounts can be improved further to aid the readers understanding.	Start review in June 2015

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Appendix B: Audit opinion

We anticipate we will provide the Council with an unmodified audit report

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

Opinion on the financial statements

We have audited the financial statements of Oldham Metropolitan Borough Council for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Account, the Statement of Movement in the Housing Revenue Account, the Collection Fund and the related notes. 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 2014/15.

This report is made solely to the members of Oldham Metropolitan Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Interim Director of Finance and auditor

As explained more fully in the Statement of the Interim Director of Finance's Responsibilities, the Interim Director of Finance 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 they 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 Interim Director of Finance; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword 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 Oldham Metropolitan Borough Council as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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

We are required under Section 5 of the Audit Commission Act 1998 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 Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

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 audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority 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 on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, Oldham Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the 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.

Graham Nunns
Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

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19 May 2015

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Grant Thornton

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