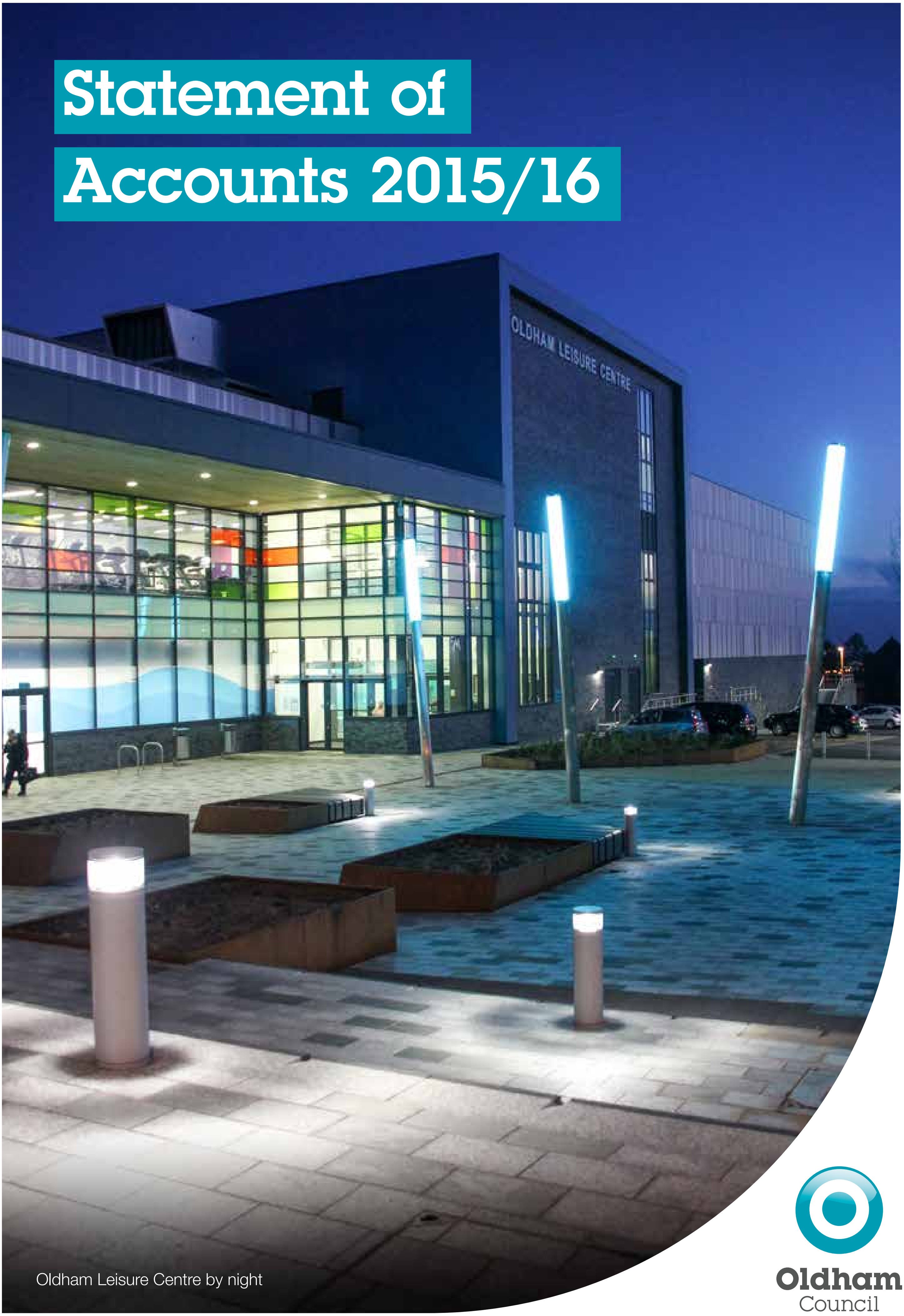
Statement of Accounts 2015/16



Oldham Leisure Centre by night

Oldham Council

WOW Bed, Oldham Town Centre.

1.0 Preface

1.1 Introduction to the 2015/16 Statement of Accounts by Councillor Abdul Jabbar, Deputy Leader and Cabinet Member for Finance and Human Resources

I am very pleased to welcome you to Oldham Council's Statement of Accounts for 2015/16, once again highlighting the excellent management of the Council's resources.

Although the Council has received continued cuts in its funding from Central Government, it remains resolute in pursuing its Co-operative agenda. However, the cuts have presented the Council with a range of financial challenges which influenced the budget process for 2015/16, and more recently 2016/17, and therefore the way in which Council services can be provided.

As a Co-operative Council we continue to work closely with our District Executive's, residents, partners and employees to look at options for the prioritisation of resources and to identify opportunities for changing the way that we deliver services. Included within the 2015/16 budget challenge campaign, the Council commissioned a short video to invite residents to get involved and consider how the Council should spend its budget, inviting them to share their budget reduction ideas. This was well received by the public with over 23,000 views.

The revenue budget setting process for 2015/16 delivered a budget saving of £35.229 million. This was the first part of a two year budget process which in March 2014 presented an anticipated total budget gap of a headline £60 million for 2015/16 (£35.229 million) and 2016/17 (£25.096 million). This 2015/16 budget reduction requirement brought the budget reductions that the Council has had to find since 2009/10 to a total of £176 million.

Despite all the cuts, the Council is still reliant on Central Government grants for a significant element of its funding. To illustrate the impact of funding cuts, grant income supporting the net revenue budget has reduced year on year, with Revenue Support Grant, the main general grant received falling by £18.655 million between 2014/15 and 2015/16 and a further £10.336 million between 2015/16 and 2016/17.

Whilst the 2015/16 budget reduction target remained unchanged at £35.229 million, given the Government's continued austerity programme, a prudent approach had been taken to anticipated funding cuts for 2016/17, and when the Local Government Finance Settlement was less severe than projected, the actual level of budget reduction required for 2016/17 fell to £16.044 million. However, the Council will continue to face significant financial challenges as funding cuts are set to continue until at least 2020/21, with another £20.464 million of budget reductions required in 2017/18.

As in previous years the Council is changing the way it does business in order to rise to this financial challenge. The Co-operative agenda is creating the operational framework to facilitate transformation so that we work smarter to deliver services differently, including working with partners, in both the public and private sector. The devolution agenda, especially with regard to Health and Social Care will have an increasing influence on how services are delivered, and over time, elements of the Council and NHS functions could be brought together, possibly under a single management structure.

The operational transformation will not only lead to a more efficient and cost effective Council, but will also change the way in which we are viewed by and interact with residents of the borough with residents "doing their bit" to support their communities.

As Government funding falls, income generation becomes a key priority area. The Council will continue to maximise its current sources of income, identify new income streams and actively pursue all opportunities to increase the resources available. This includes actively seeking to improve the Council's revenues collection performance working alongside Unity Partnership. A strong emphasis has once again been placed on maximising income from

Council Tax and Business Rates with work continuing to encourage new house building and to accelerate business growth to align with the regeneration ambitions of the Council.

Support for the regeneration of the borough is a key Council priority. In 2015/16 we opened two new leisure centres, one in Royton and the other in Oldham Town Centre. These are excellent facilities and give a major boost to our leisure offer and to the Council's commitment to improving the health and wellbeing of Oldham citizens. The Oldham Leisure Centre is shown on the front page of this document.

The Capital Strategy and Capital Programme Report 2015/16 to 2019/20 included approved capital investment of £178 million by 2019/20. This capital investment includes;

- bringing the Old Town Hall back into use as a centre for entertainment with a cinema and a range of restaurant facilities;
- the Princes Gate development, creating retail opportunities by attracting Marks and Spencer and other major retailers, as well as housing within the Town Centre;
- improvements to the Highways infrastructure;
- the refurbishment and extension of existing schools as well as the building of new schools;
- the development of a Heritage Centre and a new theatre.

Our success in the early closure of the accounts continued in 2014/15 with the accounts approved by the Audit Committee on 19 May 2015 once again shortening our record breaking timeframe. The audit findings report was very complimentary. It made specific reference to the high standard of the financial statements and our working papers, despite the challenging timetable, which the report attributed primarily to our effective close down and accounts production process. Importantly, we also received a green rating on the Value for Money opinion, using Grant Thornton's own rating mechanism, which was an improvement on 2013/14 when there was one amber rating.

This year the processes required to maintain the impressive standard that we have set have seen further improvements, enabling the accounts to be passed over for audit to our External Auditors on 14 April 2016. The draft audited accounts were presented to the Audit Committee in May with final approval on 14 July following the public inspection period in accordance with the new statutory requirements. Our working practices are such that we are able to maintain the speed of production at the same time as enhancing the quality of the documentation.

I would like to take this opportunity to thank all of our finance and internal audit staff who have once again worked to make our ambition a reality in closing the accounts quickly and to a very high standard. I would also like to extend my thanks to the External Auditors for their co-operation in supporting our fast closedown.

I should also acknowledge the good work that was done to balance the 2015/16 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.

Councillor Abdul Jabbar

Deputy Leader and Cabinet Member for Finance and Human Resources

1.2 Narrative Report

Message from the Director of Finance – Anne Ryans

The financial year 2015/16 has been another time of change for the Oldham Council Finance Service with a formal restructure and changes in personnel. However, the Team 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. However, as a result of the change in legislation applicable for 2015/16 (the Accounts and Audit Regulations 2015), the overall reporting timeline for the accounts has changed and the Council will no longer be able to have its accounts formally approved in May.

Whilst the new legislation requires that an Authority's audited Statement of Accounts is submitted to the appropriate body (in Oldham, the Audit Committee) for approval by 30 September after the end of the financial year, in order to aid transparency, it also requires all Local Authorities to have a common thirty day public inspection period which includes the first ten working days in July. As a result, the Council's 2015/16 accounts cannot be formally approved until after the tenth working day in July. There is also no longer a requirement for the Audit Committee to review the draft accounts; however, in line with good practice and the Council's established early closedown processes, they were presented to the Audit Committee at its meeting on 21 April 2016.

Although the legislative timeline has changed, our External Auditor's (Grant Thornton) were still able to issue a draft audit opinion in May, which was presented to Audit Committee on 16 May 2016 with approval on 14 July in line with the new statutory deadline.

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 2016/17, the opportunities provided by the Greater Manchester devolution initiative. It is important that the Council is able to maximise the financial and other benefits from devolution especially around Health and Social Care and it will give the Finance Team the opportunity to work at the forefront of this exciting new initiative with other Local Authorities in Greater Manchester and particularly the Oldham Clinical Commissioning Group.

As the financial statements demonstrate, the financial standing of the Council continues to be robust. We have established good financial management disciplines, processes and procedures and, recognising that we operate in an environment of continuous change, we will pursue our drive for on-going improvement and excellence.

Working to our final accounts deadlines and the achievement of such high standards is only possible because of the hard work and dedication of the staff in the Finance Service. This is reflected not just in our timely production of the accounts but in all aspects of the work that the Service undertakes. During 2015/16 the Finance Service was restructured to reflect the new operating arrangements of the Council and continued to lead and support transformational Council initiatives including major capital regeneration projects and the new Human Resources/ Payroll system that will integrate with the Council's financial system. Once implemented this integrated system will enable us to take forward the Finance Self Service initiative which will see a change in the functions undertaken by our staff as we move to a Business Partnering approach. This new working model will support the changes in the Council as a whole as it strives to cut costs, manage demand, work differently and maintain performance. It will also 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 and the outturn for 2015/16;
- Have confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner; and
- Be assured that the financial position of the Council is sound and secure.

The style and format of the accounts, complies with CIPFA standards and is similar to that of previous years. In accordance with the Auditors' 2014/15 recommendation, the content has been reviewed and the de-cluttering exercise has continued with the removal of two notes and a general enhancement of the qualitative detail within the narrative content of the notes.

This Narrative Report (a change in requirements for 2015/16 replacing the Explanatory Foreword) provides information about Oldham, including the key issues affecting the Council and its accounts. It also provides a summary of the financial position at 31 March 2016 and is structured as below:

- An Introduction to Oldham
- Key Facts about Oldham
- Key Information about Oldham Council
- The 2015/16 Revenue Budget Process
- Capital Strategy and Capital Programme 2015/16 to 2019/20
- Financial Performance of the Council 2015/16
- Non-Financial Performance of the Council 2015/16
- Corporate Risks
- Summary Position
- Receipt of Further Information
- Acknowledgements

This is followed by an explanation of the Financial Statements, including information on significant transactions during 2015/16.

An Introduction to Oldham

Oldham Council is one of the ten Local Authorities in the Greater Manchester region. It lies in the North East of Greater Manchester and covers an area of approximately 55 square miles (142.365km sq.). The borough shares its borders with the City of Manchester, the Metropolitan Boroughs of Tameside and Rochdale and to the east, Kirklees and Calderdale. Additionally, 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 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. No residential location in the borough is more than two miles away from open countryside.

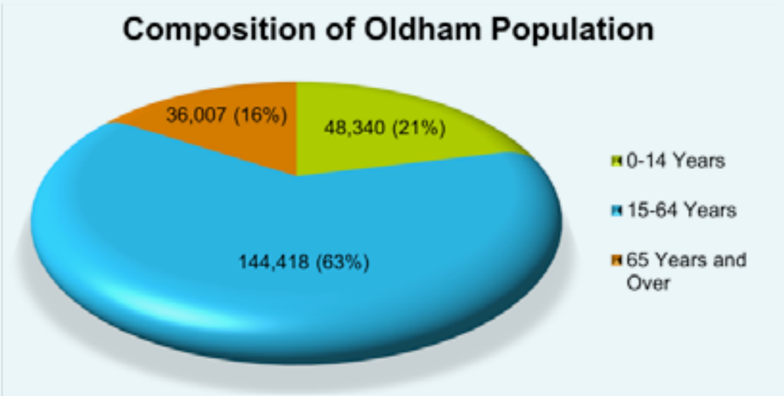
Oldham has a proud industrial heritage but, along with many towns and cities, the industries on which the wealth of the area was built have now declined. Regeneration, both in terms of employment opportunities and physical redevelopment, is recognised as being very important to the future prosperity of the borough and is a key priority 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

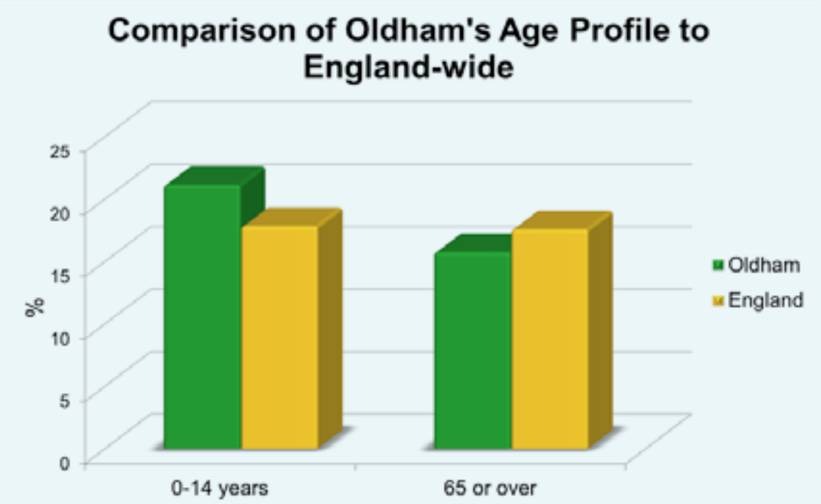
The profile of the local population dictates the direction and substance of the services provided by the Council, for example demand is increasing for children's and adult social care.

Population

Office for National Statistics Mid-Year Estimates for 2014 reported that Oldham's estimated population was 228,765 with the age profile as presented below.



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



Oldham Council's equality objectives, adopted in April 2015, complement and support the delivery of its co-operative ambition for the borough, by ensuring that we are inclusive in our approach. The objectives identify two key areas which the Council believes has the potential to drive further improvements in our equality performance and further strengthen and develop our intelligence and evidence base and be deliverable within existing resources:

- To establish standardised categories and classifications for equality data being recorded; and
- To carry out in-depth research and analysis of service areas for which we collect equality data at a rate of one service area per year.

Economy

Economic data tells us:

- the median household income in Oldham is £23,920 per annum which is less than the national average of £28,696;
- the unemployment rate in Oldham as at February 2016 stands at 3.1%, the joint highest rate across Greater Manchester and is significantly higher than the national average (1.8%). In aggregate over the last year, unemployment in Oldham as well as across Greater Manchester, has shown signs of an upward trend, which is in contrast to the national picture which sees unemployment continuing to fall. Within Coldhurst ward, levels of unemployment (6.9%) are considerably higher than elsewhere within Oldham (3.1%);
- according to the 2015 Indices of Deprivation more than one in five Oldham residents (20.4%) experience income deprivation;
- 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 Information 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. The following section describes the political and management structures of the Council, the political ethos driving the policy agenda and the means by which these are implemented and managed.

Political Structure in the 2015/16 Municipal Year

Oldham has 20 wards and the Council consists of 60 Councillors and following the local election on 7 May 2015 the political make-up of the Council was:

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

The result of the local election did not change the overall membership of the Council, with representatives from the Labour, Liberal Democrat, Conservative and UKIP parties alongside an Independent Councillor holding seats. The Labour Party remained in control with a majority of 30 seats, continuing with the driving ethos of a Co-operative Council.

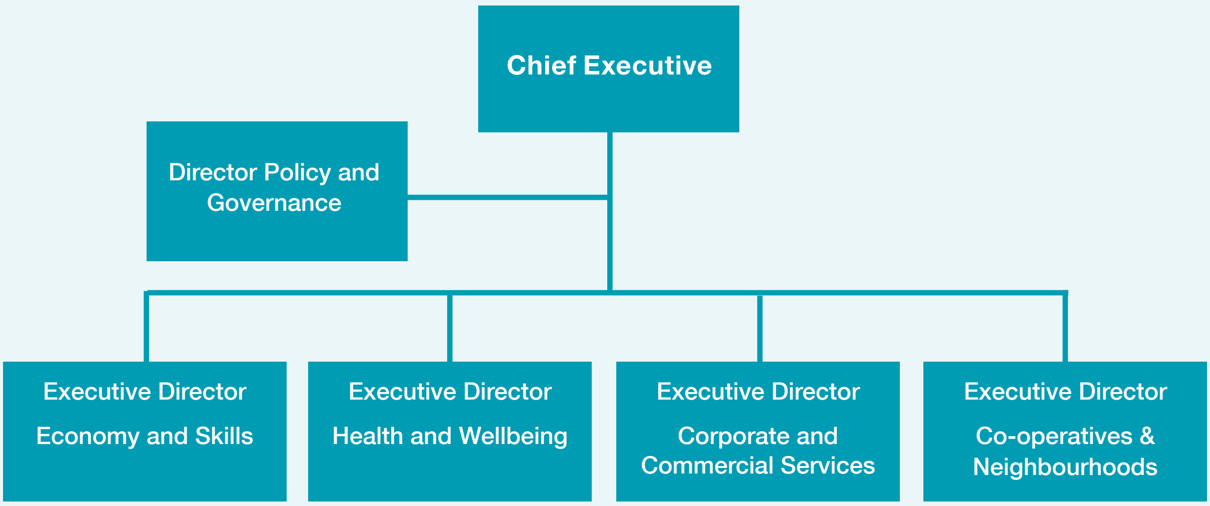
The Council has adopted the Leader and Cabinet model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The Leader of the Council has responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of Executive Functions. Cabinet Members are held to account by a system of scrutiny which is also set out in the Constitution. Scrutiny of Executive decisions for 2015/16, including the setting of a balanced budget for 2016/17, has been undertaken by either the:

- Overview and Scrutiny Management Board; or the
- Overview and Scrutiny Performance and Value for Money Select Committee.

Following the election of the Council Leader (Councillor Jim McMahon) to Parliament in December 2015, the Deputy Leader (Cllr Jean Stretton) was selected by Oldham Labour Group to take over the role of Leader from January 2016; she continues to promote current local political ambitions and priorities, including physical and social regeneration.

Management Structure

Supporting the work of Councillors is the organisational structure of the Council headed by the Executive Management Team, led by the Chief Executive Dr Carolyn Wilkins.



During 2015/16 the Executive Management Team was comprised of the Chief Executive and four Executive Directors, including those with statutory responsibility for adults and children's services. The Director for Policy and Governance had a direct reporting line into the Chief Executive and was also a member of Executive Management Team.

The Director of Finance attends Executive Management Team meetings in her role as the Council's Chief Finance Officer (the officer responsible under statute for the administration of the Council's financial affairs) together with the Director of Legal Services 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.

The Executive Management Team is responsible for the delivery of Council services, directing improvements and future plans for Oldham. It provides managerial leadership and supports Councillors in:

- developing strategies;
- identifying and planning resources;
- delivering plans; and
- reviewing the Authority's effectiveness with the overall objective of providing excellent services to the public.

Each Executive Director is responsible for leading on the main partnership arrangements throughout the borough, including key neighbourhood-based activity.

With effect from 1 April 2016 the senior management structure of the Council changed following approval of a budget reduction proposed at the 25 February 2016 Council meeting. The roles of Executive Director of Economy & Skills, Executive Director of Co-Operatives and Neighbourhoods and Director of Policy & Governance have been deleted and a new role of Executive Director of Economy, Skills and Neighbourhoods has been created.

Council Employees

At the start of April 2015 the Council employed 2,707 people (excluding school-based employees). By March 2016 this had reduced by 41 (0.015%) to 2,666. The Council is currently developing its People Strategy which recognises the value and importance of Council staff in every aspect of the Council's work, sets out processes and procedures for staff engagement and development and ensures that human resources are managed as efficiently and effectively as financial and physical resources.

A Co-operative Borough

The Council has faced significant cuts in its funding over the past few years resulting in revenue budget reductions of over £176m over the period 2009/10 to 2015/16. A further £16m in revenue budget reductions have been approved for 2016/17 with an additional total of £63.5m reductions forecast for the four years to 2020/21.

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, for example, Delph Library.

Alongside our positive aspiration for a co-operative future for our Borough, like many other parts of the public sector – Oldham has experienced continued growth in demand for services as well as unprecedented budget pressures.

In moving towards a Co-operative Borough, it is critical that we are clear of our place, leadership role and priorities. We are now five years into the journey towards our long term ambition of creating a Co-operative Borough and 2016 will see us review our progress over those five years and, following the largest consultation piece in our history, set out a plan for the next five. That plan will not only be for the Council, but also for partners and most importantly, residents. A co-operative approach is part of 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.

The Oldham Plan

The Oldham Partnership brings together proactive and engaged public, private, voluntary and community organisations in Oldham. All of these partners share the common vision 'to make Oldham a place of ambition' and are committed to working with each other and with the people of Oldham to create a productive place with healthy, aspirational and sustainable communities.

The Oldham Plan was refreshed in January 2015 and sets out clearly how local 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 everybody does their bit and everybody benefits. It also builds on the positive role the Council plays 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 Council's 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 Councillors, 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 delivering good value services to support a Co-operative Borough (objective revised, May 2015).

The Corporate Plan was approved at the Annual Full Council on 20 May 2015. In addition to refreshing the above objectives, a number of corporate outcomes were introduced to help further focus our activity, as explained below:

A productive place where business and enterprise thrive:

- Open for business: We'll make Oldham a place to invest and do business.
- A regenerated borough: We'll bring forward key regeneration projects to grow the business base, create jobs and transform Oldham into a vibrant borough.
- A working borough: We'll work with partners to create job opportunities for local people ranging from training opportunities and apprenticeships to quality jobs that pay a decent wage. Through the Education and Skills Commission we will work with partners to improve education and skills outcomes for all our young people, giving them the best possible preparation for adulthood and the world of work.

Confident communities where everyone does their bit:

- Confident and involved communities: We'll work with residents and partners to create a co-operative borough where everyone does their bit and understand the issues affecting people in Oldham and campaign to get a fairer deal for residents.
- Healthy communities: We'll work proactively with residents and partners to promote healthy, independent lifestyles.
- Safe, strong and sustainable communities: We'll work with residents and partners to create cohesive communities which are well cared for, safe and which have decent homes.
- A Co-operative Council delivering good value services to support a Co-operative Borough:
- Getting the basics right: We'll deliver the services we are responsible for efficiently and ethically and listen to resident feedback to ensure their satisfaction with services.
- Responsible with resources: We have a capable, motivated and healthy workforce and use all our resources responsibly to deliver services in-house or, when needed commission services, which have public service, quality outcomes and value for money at their heart.
- Reforming and empowering public services: We'll work with communities, partners and Districts across the borough and Greater Manchester to reform public services and encourage innovation, leading to even better outcomes and service delivery.

Our corporate Values are: fairness, openness, responsibility, working together, accountability, respect and democracy.

In 2014 we launched our Co-operative Behaviours which articulate what makes us Oldham and 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.

Devolution and Partnership Working

In November 2014 Greater Manchester brokered a Devolution deal with Her Majesty's Treasury which encompasses a wide variety of workstreams, the majority of which are not new to Oldham. What it has highlighted is the broad cross-section of initiatives that are happening across Greater Manchester and the importance for Oldham to maintain a proactive and pivotal role as this work develops. During 2015/16 further joint working arrangements across Greater Manchester were entered into, including the Working Well Initiative to get the long term unemployed back into employment and seeking Intermediate Body Status to secure European Structural Investment Funding of £323m to cover the period 2014 to 2020.

Prior to this, the development of our partnership working in Oldham saw the establishment of three cluster groups reporting to the Oldham Leadership Board: Co-operatives and Neighbourhoods, Health and Wellbeing and Economy and Skills Commissioning. These clusters were set up to enable the Council and its partners to better pool, align and commission across organisational boundaries and explore new organisational forms. It was also agreed that the clusters would not add more governance or duplicate existing partnership arrangements. This is particularly important at this time with the often fast-moving Greater Manchester Devolution agenda that we operate within and would wish the Board and the clusters to drive.

The Oldham Partnership Board is linking directly to the growth and reform ambitions for Greater Manchester but delivering it the ‘Oldham way’ through our co-operative approach. The borough’s ambitions are intrinsically linked to the Greater Manchester City Region; however, to achieve sustainable growth and reform, this requires new approaches. This means new thinking, new ways of working and putting citizens at the heart of problem-solving for themselves, families and communities. The approach is embedded in the Oldham Plan and the new Locality Plan for Health and Social Care Devolution that was approved during 2015/16.

Set against the backdrop of Devolution and the Greater Manchester family, the ambition of Oldham and its partners to seek out innovative solutions for service delivery can be summarised as:

- Places – through radically new partnership working at neighbourhood level;
- People – brokering a new relationship, putting citizens at the heart of change; and
- Public Services – building joint-investment agreements and new commissioning approaches to manage demand and deliver true integration between services.

Locally, as a consequence of seeking new and innovative solutions to service provision over recent years, a broad range of Council services are now delivered in partnership with local independent or arms-length organisations, including:

- Oldham Community Leisure (providing sports and leisure services);
- First Choice Homes Oldham (providing social housing);
- MioCare Group (providing adult social care services); and
- The Unity Partnership (a Joint Venture company between the Council and the Keir Group plc providing revenues, benefits, information technology, property, highways management, payroll and human resources services).

Joint working between the Council and the NHS is set out in the Health and Wellbeing Operating Framework which includes the Health and Wellbeing Board, a statutory Committee of the Council and its partners which meets regularly to consider issues to both improve the public health of the borough and the future integration of health and Local Authority provision as part of Greater Manchester plans for devolution.

The Council also operates District Executives comprising both elected Members and co-opted local representatives. These local partnerships are supported by Council resources which are spent on local priorities. The 2015/16 budget continued guaranteed investment in neighbourhood working, including the confirmation of District Investment Funds to provide funding for previously-agreed local capital projects. In 2015/16 there was a refinement to this district working with increased delegation of funding to individual Councillors to address local issues.

Key Factors that Influenced the Council and its Financial Position in 2015/16

The key factors that have influenced the Council and the services that it provided in 2015/16 are analysed below using the established PESTLE technique (Political, Economic, Social, Technological, Legal, and Environmental) focusing in particular on the impacts of:

- Devolution;
- Local Government Finance Acts;
- Health and Social Care Act 2012;
- Academies Act 2010 and Education Act 2011; and
- Economic downturn and continuing reduction in the national deficit.

Many of these issues will continue to frame the way in which Council services are provided in future financial years.

Political

- Devolution (Cities and Local Government Devolution Act 2016) – The Greater Manchester Devolution Agreement was signed with the Government in November 2014. The intention is to bring both decision-making powers and greater control of resources far closer to the people of Greater Manchester, giving them and their local representatives control over decisions which have until now been taken at a national level.
- Local Government Finance – the General Election in May 2015 returned a majority Conservative Government. As expected, work to reduce the national deficit continued with the Chancellor's Summer Budget in July 2015 confirming that an additional £20 billion of public sector spending reductions would be required by 2020. The Chancellor's Budget of March 2016 included further proposals for Government policies and strategies aimed at reducing the national budget deficit.
- Spending Review – the outcome of the Spending Review was announced by the Chancellor on 25 November 2015. The review was wide-ranging and raised some new issues not previously anticipated. It set out fundamental changes to Local Government and its future financial arrangements including:
  - the end of Revenue Support Grant, the main un-ringfenced grant received by Councils;
  - the ability of Local Authorities to retain 100% of Business Rates;
  - the assignment of yet to be notified additional responsibilities;
  - a new power to levy up to a 2% Council Tax Precept ringfenced to Adult Social Care;
  - the expectation that Health and Social Care will integrate; and
  - the end of Local Authorities' role in running schools, with all schools becoming an academy by 2022.

While the Spending Review did not have a direct impact on the Council's financial position in 2015/16 it is important to consider the package of measures announced as they will start to have an effect in 2016/17 and beyond.

- The Welfare Reform Act - introduced in 2012 with the aim of reducing the national welfare bill by £5.5 billion by 2016, including the withdrawal of Local Welfare Provision monies from 2015/16. The Chancellor announced in his July 2015 Summer Budget that there would be a further £12 billion reduction in spending on welfare, although there have been some changes to the proposals initially announced.
- Education - in January 2016 the Oldham Education and Skills Commission report was published following a wide-ranging review over the previous 18 months of the local education offer. The review was led by Estelle Morris the former Secretary of State for Education and sets out a vision for Oldham to create a 'self-improving education system' where schools, colleges and all interested parties work together in a new collaborative partnership. It makes 19 recommendations, focusing on achieving two key targets in Oldham by 2020:
  - all performance indicators to be at the national average or above; and
  - all education providers to be judged 'good' or better by Ofsted.

The Council has allocated £1m to support implementation of the Commission's recommendations.

Economic

- Government austerity measures - aimed at getting the public sector deficit under control have continued to influence the resources available to the Council, with the Council having to make considerable budget reductions. As the Governments' own targets have changed, it has meant that the austerity measures have been extended to 2020.
- Greater Manchester region - analysis has demonstrated that the overall public sector spend in the region is similar to that in 2008. Although spend on agencies delivering services has reduced considerably, spend from the Department of Work and Pensions on benefits has increased to match the reduction. Discussions on how services could be co-delivered and resources pooled with public, private and third sector partners are ongoing.
- Welfare Reform changes - data obtained from the last Parliament indicates that Oldham was ranked 26th worst affected out of 379 Local Authorities in Great Britain, with the overall annual impact estimated at £90.1m. The biggest impact for Oldham comes from changes to disability benefits, Incapacity Benefit and the change from Disability Living Allowance to Personal Independence Payments.
- Business Rate Relief – the schemes, including Small Business Rate Relief which operated throughout 2014/15 were extended for one more year and business rates increases were again capped at 2% from April 2015. Every retail business in England occupying premises with a rateable value of up to £50,000 received a business rates discount worth £1,500 (£1,000 in 2014/15).
- Local Employment – the Council is continuing to improve the offer to residents and visitors with new businesses in the town centre. Oldham's Independent Quarter welcomed three new restaurants during 2015/16 which are proving extremely popular and have contributed to the creation of around 100 new jobs.

Social

- The 2011 Census population estimate for Oldham was an increase of 3.5% since the 2001 Census. This was less than half the percentage increase for the rest of England. The number of older people continues to increase, impacting on the demand for Council services and the future cost of social care and health services.
- The 2014 Office for National Statistics mid-year estimates reported Oldham's population at 228,765.
- Oldham has a relatively youthful age structure, with the proportion of the population aged under 20 being considerably higher than the England average.
- There is an increase in demand for certain services including Adult Social Care and the greater requirement for personalisation of services by placing the individual at the centre of their care decisions.
- The rising cost of living set against the economic challenges being faced means that the number of people in debt or in danger of falling into debt is rising.
- The National Living Wage increases to £7.20 per hour in April 2016 for over-25s only; it is uncertain how its introduction will affect local small businesses and low-paid local sectors such as childcare and retail. The Council's 2016/17 budget includes an additional provision of £2.7m to deal with the impact of the National Living Wage on adult social care providers' charges.
- Oldham's teenage pregnancy rate is one of the highest in the country and is the highest in Greater Manchester, according to the Office of National Statistics. A total of 156 girls aged 15 to17 became pregnant in 2014, a rate of 34.7 per 1,000 girls in the age bracket. Between 2000 and 2014, there was around a 35% decrease in the number of teenage conceptions in Oldham and that the Council's Public Health team works closely with partners to make sure that our young people have access to reliable information and education about sexual health.
- Department for Education figures show both unauthorised and authorised absence rates in Oldham's primary schools last year were the fourth and sixth highest respectively in England. The authorised rate — where a pupil has permission from a teacher to be absent in exceptional circumstances, or has a satisfactory reason such as illness — was 3.3% in Oldham in 2014/15, compared with 3.1% nationally. The unauthorised rate, where children are absent without permission, was 1.1% in Oldham and 0.9% in England. Oldham has 459 primary school pupils classed as persistent truants - 2.2% of all pupils, and it has the fifth highest absence rate for four year olds - 6.1% compared with 5.2% in England. The Council is working with schools to address this problem.

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.
- In order to take advantage of new methods of communicating with Oldham residents, the Council commissioned a short video outlining the financial position for 2015/16, inviting residents to get involved in an online debate about how the Council should spend its budget and to submit money saving ideas. The video was promoted via social media, on the Council's website, through district networks and partners including Oldham Housing Information Partnership and Voluntary Action Oldham, through the local media (both print and broadcast) and the Contact Centre call lines. It received more than 23,000 views, generating more than 100 direct replies or comments on Twitter and the hashtag #Letstalkbudget was used 2,128 times. There were also more than 1,200 engagements (comments, shares and likes) on Facebook. Based on this success, a similar approach was used for the 2016/17 budget setting round.
- The increase in online activity has led to increased availability of information about Council customers. This is important to the Council in terms of knowing its community and ensuring that this intelligence is used to reach people effectively. The Council is continuing to make additional services accessible through its website to improve access options for customers, for example library book renewals and registering for Council Tax.
- The Council is developing a new Human Resources and Payroll system that will integrate with the existing financial system and provide operational efficiencies. The programme of work continued throughout 2015/16 with planned implementation in 2016/17.
- During 2015/16 the Council also continued to develop the Framework-i adult social care system to improve the management of the financial affairs of the recipients of adult social care. The Council now pays a number of service providers directly through Framework-I, including for example Direct Payments and Residential and Nursing Care Home providers. This will ensure better data quality and a more efficient process.

Legal

- Cities and Local Government Devolution Act 2016 – this act received royal assent in January 2016 and paves the way for powers over housing, transport, planning and policing to be devolved to England's cities and regions as part of Government plans for 'a balanced economic recovery'. An elected mayor for Greater Manchester area will exercise specified functions and chair the Combined Authority.
- Finance Act 2015 and National Insurance Contributions (Rate Ceilings) Act 2015 – include legislation to ensure that there would be no rise in the Income Tax rate, VAT or National Insurance before 2020. It also raises the Income Tax threshold to £12,500 by 2020.
- Academies Act 2010 and Education Act 2011 – during 2015/16 three Oldham schools converted to academy status, bringing the total to 22, with a resultant loss in grant funding, and potentially business rates, to the Council.
- Local Audit and Accountability Act 2014 – this act included measures to abolish the Audit Commission in March 2015 and replace it with a new Local Audit Framework. It also extended the Council Tax Referendum provisions.
- Care Act 2014 - the main provisions of the Act came 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 they are delivered and funded, including a cap on the costs that people will have to pay for care during their lifetime. The main provisions of the Care Act 2014 came into force in April 2015, however the Government has announced that it is delaying its flagship policy to cap social care costs until April 2020 along with two other key reforms:
  - the duty on Councils to meet the eligible needs of self-funders in care homes at their request; and
  - the more generous means test for residential care that the Government estimated would have benefited an extra 23,000 people in 2016/17 alone.
- The Health and Social Care Act 2012 - introduced substantial changes to how the NHS in England is organised and run, with responsibility for public health transferring to Local Authorities with effect from April 2013. In addition, from October 2015, the children's 0-5 health visitor services transferred to Councils with funding added to the Public Health ringfenced grant. Councils have also had a more significant role in the management of the Better Care Fund.
- The Welfare Reform and Work Act 2016 – received royal assent in March 2016 and includes wide-ranging provisions covering employment and the apprenticeships targets, support for troubled families and life chances, the benefit cap, social security and tax credits, loans for mortgage interest and social housing rents.
- The Childcare Act 2016 – received royal assent in March 2016 and includes free childcare for young children of working parents and the publication of information about childcare and related matters by Local Authorities in England.
- Accounts and Audit Regulations 2015 – which has changed the timeline for the production and approval of Local Authorities Statement of Accounts.
- A number of other bills are making their way through Parliament which will potentially impact on the Council in coming years and which have influenced plans for 2015/16 onwards. Examples include: the Enterprise Bill, the Housing and Planning Bill and the Energy Bill.

Environmental

- Carbon Reduction Commitment (CRC) – the Government proposes by 2019 to end the current mandatory scheme, which was aimed at improving energy efficiency and cutting emissions in large public and private sector organisations. The replacement will be a new universal Climate Change Levy on business, resulting in a new tax on the Council's energy costs which is expected to be offset by an annual saving on CRC allowances. The Council is actively engaged in carbon reduction initiatives, funded by both revenue and capital resources including the installation of solar panels at a sheltered housing scheme.
- Adverse weather conditions may require extra investment in preventative measures and could result in costs to the local economy if the infrastructure is out of action for an extended period. The storms in December 2015 and January 2016 resulted in some damage in parts of Oldham; Government funding was received to address the immediate impacts and also to support future flood prevention measures and transport infrastructure repairs which will be carried out during 2016/17.

The 2015/16 Revenue Budget Process

The 2015/16 revenue budget process was influenced and framed by the continued need to make radical reductions in expenditure whilst progressing Council priorities. The Council followed a tried and tested methodology through the Leadership budget review forum, comprising Cabinet Members and the Executive Management Team, to identify options for budget reductions which were then developed into proposals for consultation with the public and the Trades Unions.

In December 2014 Cabinet and Council approved a detailed budget report which set out the headline £60m budget challenge for 2015/16 and 2016/17 and the approach for identifying savings to prepare a balanced budget. At that time the savings target for 2015/16 was £35.229m. This represented a substantial increase compared to the target for 2014/15 but reflected the anticipated loss in Government grant funding and local spending pressures.

The December budget report included budget reduction options which were sufficient, if all were approved, to balance the budget for 2015/16. These proposals had previously been subject to detailed scrutiny by the Overview and Scrutiny Performance and Value for Money Select Committee. Budget reduction proposals totalling £27.471m were approved at that time, along with three additional proposals totalling £7.758m for 2015/16 that were noted as the public consultation exercises were still in progress.

By February 2015 two of the three deferred budget proposals were ready for approval while the third had been reduced in value by £0.120m to a value of £0.180m and a further saving option for £0.120m was put forward for approval to finance the shortfall. These four proposals and the revised budget position had been subject to further scrutiny during January 2015 and were reported for approval by Cabinet. After considering the updated budget position following the announcement of the Final Local Government Settlement along with the revised budget reduction proposals and feedback from scrutiny, Cabinet recommended that the net revenue budget for 2015/16 be set at £195.800m; this was approved by Council at its meeting on 25 February 2015. Council also approved the Fees & Charges proposals that support delivery of the revenue budget, the Treasury Management Strategy, Capital Strategy and Programme for 2015/20 along with the Housing Revenue Account Budget for 2015/16.

Council Tax

Council policy for 2015/16 was once again to freeze Council Tax and to take advantage of the Council Tax Freeze Grant offered by Government. An indicative allocation of £864k was included within the 2015/16 Revenue Budget Report, with Central Government confirming a final allocation of £898k on 27 April 2015. Greater Manchester Fire and Rescue Authority (GMFRA), Police and Crime Commissioner for Greater Manchester (PCCGM) and Saddleworth Parish Council also froze their precepts for 2015/16. Shaw and Crompton Parish Council increased its precept by 1.96% to £15.11.

The comparison of Council Tax levels from 2013/14 to 2015/16 is shown below:

Band D Council Tax by Tax Raising Body	2013/14 (£)	2014/15 (£)	2015/16 (£)
Oldham Council	1,392.95	1,392.95	1,392.95
PCCGM	149.33	152.30	152.30
GMFRA	57.64	57.64	57.64
	1,599.92	**1,602.89**	**1,602.89**
Parish Precepts:			
» Saddleworth	19.35	19.35	19.35
» Shaw & Crompton	14.54	14.82	15.11

Council Tax Base

The revision to the 2015/16 Tax Base, resulting in an increase of 1,536 to the number of Band D equivalent properties (as shown in the table below), produced a net increase in Council Tax income of £2.138m. This in part reflects the Council's support for local house building and the regeneration of the borough.

	2013/14	2014/15	2015/16
Number of Band D equivalent dwellings	50,280	51,865	53,401

Collection Fund

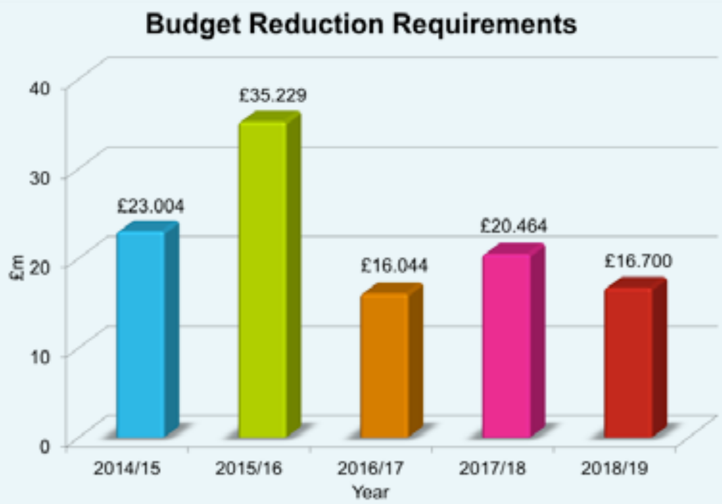
Payments out of the Collection Fund for in-year Council Tax (excluding prior year surpluses/deficits) from 2013/14 to 2015/16 are set out in the table below and show a year on year increase in funding available for the Precepting Bodies reflecting the increase in the Council Tax Base:

	2013/14 £000	2014/15 £000	2015/16 £000
Oldham Council	70,038	72,246	74,384
PCCGM	7,508	7,899	8,133
GMFRA	2,898	2,989	3,078

Medium Term Financial Strategy for 2015/16 to 2019/20

In preparing the Medium Term Financial Strategy (MTFS) for 2015/16 to 2019/20, the aim was to align to the objectives set out in the Corporate Plan. The MTFS was approved at the Council meeting on 25 February 2015 and it set the framework to enable the Council to determine an appropriate course of action to address significant financial challenges not only for 2015/16 but for future financial years.

The revenue budget 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 money public services. The original MTFS budget reduction requirements reflected future years' revised targets following the Comprehensive Spending Review in 2013 and the 2015/16 Settlement. Information provided in the Settlement was for 2015/16 only and no indicative figures were issued for 2016/17. This reduced the opportunity for a more informed assessment of future Government grant support. Subsequent announcements, which helped inform the 2016/17 budget round including the Summer Budget of 8 July 2015, Spending Review of 25 November 2015 and final Local Government Financial Settlement of 8 February 2016, have enabled a much more comprehensive assessment of the Council's future financial position. As a result the budget reduction requirement for 2016/17 fell from the estimate of £29.489m at February 2015 to £18.194m in October 2015 and finally to £16.044m at February 2016 and for 2017/18 the revised requirement is now £20.464m as shown in the graph below.



The major influences on the budget going forward into 2017/18 and beyond are the continued anticipated reductions in central Government support, including the implementation of 100% business rates retention, and expenditure pressures relating to: pay awards, inflationary pressures, capital financing in relation to the Council's capital programme, impact of the National Living Wage on Adult Social Care and continuing social care pressures.

Projected Level of Balances

One important issue that was significant, both in relation to the MTFS and also the 2015/16 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. At the 25 February 2015 Council meeting the recommended balances for 2015/16 of £17.704m and for 2016/17 of £18.075m, rising to £18.458m in 2017/18 were approved. On 24 February 2016 Council approved the revision of the recommended balances for 2016/17 to £18.557m, for 2017/18 to £18.393m and for 2018/19 to £18.143m. This Statement of Accounts revises the level of balances at the end of 2015/16 to £18.548m.

Budget Monitoring

Revenue and capital budget monitoring information is reported to the Cabinet throughout the year. Any areas of concern are presented to the Overview and Scrutiny Performance and Value for Money Select Committee for review. During 2015/16 the Select Committee considered reports on how well the spending on Adult Social Care was being managed given trends in previous financial years. This process facilitates a good level of challenge, including reviewing any potential impacts on service performance.

In addition, treasury management performance is reported to Cabinet and Council with detailed reviews undertaken by the Audit Committee. This has once again highlighted the level of cash balances held by the Council and, despite the extensive capital programme, that there has been no need to borrow to support capital expenditure.

Capital Strategy and Capital Programme 2015/16 to 2019/20

The Capital Strategy and Capital Programme report was approved at the Council meeting of 25 February 2015 and provided the framework within which the Council's capital investments plans were to be delivered. For the first time the programme was set over a five year timeframe taking the essential elements of the previous year's strategies and programmes and moving them forward in the context of the financial and political environment for 2015/16 onwards.

The Council initiated its Capital Investment Programme in 2012/13 to support a range of regeneration priorities and, due to delays in the delivery of some schemes, the programme was re-profiled. Given the size of the Investment Programme, it remains the main focus of Council spending within the period covered by the Capital Strategy. Investment is mostly being financed or underwritten by prudential borrowing which requires revenue budget support to finance borrowing costs. This support includes funding from the generation of business rates from new developments. The 2015/16 revenue budget was prepared to accommodate this funding requirement, with future years projected costs included in the Medium Term Financial Strategy. Over recent years, Government grant funding for capital expenditure has generally been reducing as a result of the austerity agenda, however the downward trend has reversed somewhat in the last two years.

In total, the planned funding for the Capital Programme in 2015/16 was £88.144m with the largest source of financing being prudential borrowing, mainly in support of the Council's Investment Programme. In addition, £20.026m related to grants and other contributions, the main constituent being Education Basic Need Grant totalling £5.241m with the balance of funding coming from revenue contributions and capital receipts.

As 2015/16 progressed, the initial plans were revised to incorporate expenditure re-profiled from the previous year, new assumptions, approvals and scheme updates, as information became available. This also resulted in the use of cash resources to fund the Capital Programme during the year instead of the planned financing through prudential borrowing.

Investment in the regeneration of the borough continued to be a high priority with significant activity to upgrade the Leisure estate. This comprised the opening during 2015/16 of a flagship sports facility in Oldham Town Centre and a fresh and modern leisure facility in Royton. The Old Town Hall is being developed into a seven-screen cinema complex plus six restaurants and a branded café franchise, and is due for completion in Autumn 2016. Investment continues in ICT systems, highways and schools, with the commencement of a new three form entry school close to the town centre. Other major projects which are in a more developmental phase include the Prince's Gate development, which aims to bring a number of major retailers to Oldham (including Marks and Spencer) and the building of a new Heritage Centre linked to the provision of a new Coliseum theatre. This expenditure is planned for later years.

Resources Available for the Capital Programme

The table below summarises the approved resources available for the 2015/16 Capital Programme and the indicative programme to 2019/20. This level of resources ensures that overall planned spending and funding are in balance.

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
No revenue consequences					
Capital Receipts	10,127	6,217	1,286	1,280	1,280
Grants and Other Contributions	20,026	14,589	19,340	1,973	1,973
Council Resources Carried Forward	1,927	-	-	-	-
Total	**32,080**	**20,806**	**20,626**	**3,253**	**3,253**
With revenue consequences					
Prudential Borrowing	55,464	32,877	8,685	-	-
Other Revenue Contributions	600	-	-	-	-
Total	**56,064**	**32,877**	**8,685**	**-**	**-**
Total	**88,144**	**53,683**	**29,311**	**3,253**	**3,253**

Financial Performance of the Council 2015/16

Revenue Outturn Position

The Council's 2015/16 revenue outturn position is shown in the table below. The original budget set at the Council meeting on 25 February 2015 was £195.800m. The original budget set out how the Council planned to allocate its funding during the year in order to deliver services to the people and communities of Oldham. As the year progressed various amendments to the Council's funding allocations were announced by the Government and amendments were made to ensure that the Council complied with accounting standards and practice. This resulted in total changes of £36.809m

In overall terms, the Council achieved a surplus of £0.425m for the financial year when comparing budgeted (planned) expenditure with actual expenditure. The surplus for the year has been allocated to the Council's General Fund Balance to address future years' risk requirements.

	Revised Budget £000	Actual £000	Variance £000
Net revenue expenditure			
Chief Executive, Policy and Governance	2,790	2,723	(67)
Corporate and Commercial Services	5,343	4,974	(369)
Co-operatives and Neighbourhoods	88,112	88,070	(42)
Health and Wellbeing	84,492	85,691	1,199
Economy and Skills	37,288	37,866	578
Capital, Treasury and Technical Accounting	9,086	7,363	(1,723)
Corporate and Democratic Core	5,200	5,200	-
Parish Precepts	298	298	-
Total net expenditure	**232,609**	**232,184**	**(425)**
Financed by			
Council Tax Payers	(74,128)	(74,128)	-
Revenue Support Grant	(50,879)	(50,879)	-
Private Finance Initiative	(9,983)	(9,983)	-
Capital Grants	(24,111)	(24,111)	-
Council Tax Freeze Grant	(898)	(898)	-
Other Non-Ringfenced Government Grants	(1,906)	(1,906)	-
Housing and Council Tax Benefit Administration Grant	(1,529)	(1,529)	-
New Homes Bonus	(2,275)	(2,275)	-
Council Tax New Burdens Grant	(66)	(66)	-
Education Services Grant	(3,096)	(3,096)	-
Collection Fund Surplus	(60)	(60)	-
Multiplier Cap	(854)	(854)	-
Empty Property Relief Grant	(9)	(9)	-
Retail Relief Grant	(562)	(562)	-
Small Business Rate Relief Grant	(1,425)	(1,425)	-
Independent Living Fund	(2,244)	(2,244)	-
Retained Business Rates	(28,599)	(28,599)	-
Business Rates Top Up	(29,987)	(29,987)	-
Total financing	**(232,609)**	**(232,609)**	**-**
Net underspend	**-**	**(425)**	**(425)**

The main variances relate to two areas;

- Health and Wellbeing – a variance of £1.199m primarily relates to demand pressures for Children's Social Services.
- Capital, Treasury and Technical Accounting – a variance of £1.723m largely arising from the Council using cash balances to finance its capital expenditure rather than incurring borrowing costs.

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 80 schools (five secondary, 72 primary, and three special) for which the year-end balances were included within the Council's balance sheet. Only one of the Council's schools finished the year with a deficit. School balances for 2015/16 increased by £0.737m when compared to 2014/15, to £7.475m.

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 a school's budget share for the following year:

- For secondary schools the relevant percentage is 5%; and
- 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 2015/16 there were 16 schools with excess balances totalling £0.558m (one secondary, one special and 14 primary). During 2015/16, three schools converted to academy status bringing the total in Oldham to 22.

Capital

The Council spent £65.788m on its Capital Programme in 2015/16 compared to the revised forecast spend of £69.467m. The Capital Programme was financed through a number of sources including Prudential Borrowing, Government grants, revenue contributions and capital receipts. The capital expenditure incurred during the year and financing of this expenditure is shown in the table below.

	2015/16 Forecast Outturn £000	2015/16 Outturn £000	Variance £000
Capital expenditure			
Co-operatives and Neighbourhoods	10,541	9,142	(1,399)
Corporate and Commercial Services	2,508	793	(1,715)
Health and Wellbeing	1,450	1,450	-
Economy and Skills	54,563	54,007	(555)
Housing Revenue Account	405	396	(9)
Total	**69,467**	**65,788**	**(3,679)**
Resources			
Grant & Other Contributions	(28,387)	(26,271)	2,116
Prudential Borrowing	(32,276)	(32,157)	119
Revenue	(6,082)	(6,082)	-
Capital Receipts	(2,722)	(1,278)	1,444
Total	**(69,467)**	**(65,788)**	**3,679**

The variance between the forecast capital expenditure and the final outturn for the year was £3.679m. This will require the re-profiling of this £3.679m of planned expenditure into 2016/17 together with the associated financing. Therefore this does not present any financial issues for the Council.

Non-Financial Performance of the Council 2015/16

Achievements

Although times are challenging for Oldham Council and the Local Government sector as a whole it is important to consider significant positive outcomes in the Borough and the Council's key achievements over the past twelve months. These include:

- Breaking our own financial speed and accuracy benchmarks when we published our 2014/15 final accounts;
- Oldham's A-Level pass rate for 2015 being above national average;
- The Get Oldham Working team announcing that, as of November 2015, 3,456 job-related opportunities had been created in 2015, smashing the original target of 2,015 by the end of 2015. This has included local employers providing 2,169 jobs, apprenticeship and trainee opportunities to local people since the launch in May 2013;
- 50 local companies having signed up to the Fair Employment Charter which encourages employers across Oldham to provide fair, ethical and sustainable job opportunities for their employees;
- The completion of the work of the Education and Skills Commission which will help the Council to raise local standards and aspirations so that every child can achieve their full potential;
- Grassroots sport in Oldham receiving a significant boost following the re-opening of five refurbished playing pitches, and changing rooms at Crossley Playing Fields, Chadderton;
- The Oldham Dementia Action Alliance, led by Oldham Council and Oldham NHS Clinical Commissioning Group, established more than 2,500 dementia friends across the Borough;
- Introducing the National Living Wage for Oldham Council staff;
- Introducing the selective licencing scheme for private landlords to crackdown on rogue landlords and irresponsible tenants;
- Approving 74 grant applications to support businesses in the Independent Quarter
- Attracting 24 new businesses to locate in the Independent Quarter;
- Signing a deal with Marks & Spencer to be the anchor tenant in the Prince's Gate development at Oldham Mumps;
- Opening of the new £8m sports centre for Royton in September 2015; and
- Opening of the new £15m Oldham sports centre in November 2015.

Performance Against Corporate Objectives

As the Council's main strategy document the Corporate Plan plays a key role in shaping the performance management framework for the Council. Performance against priorities within the Corporate Plan is monitored throughout the year by Cabinet. Quarterly reports to Cabinet track progress against the delivery of Oldham's three corporate objectives:

- A productive place to invest where business and enterprise thrive
- Confident communities where everybody does their bit
- A co-operative council delivering good value services to support a co-operative borough (objective revised, May 2015).

At the time of preparing the initial Statement of Accounts, the only performance information available was for the period up to Quarter 3 as reported to Cabinet on 22 February 2016.

Subsequently, performance for the full year 2015/16 was reported to and approved by Cabinet on 27 June 2016. In view of the more up to date information that has now been approved by Cabinet, performance information has been revised to show that 96% of Corporate Plan actions were either on track or completed at the year end. This is consistent with the peformance to Quarter 3 as shown below:

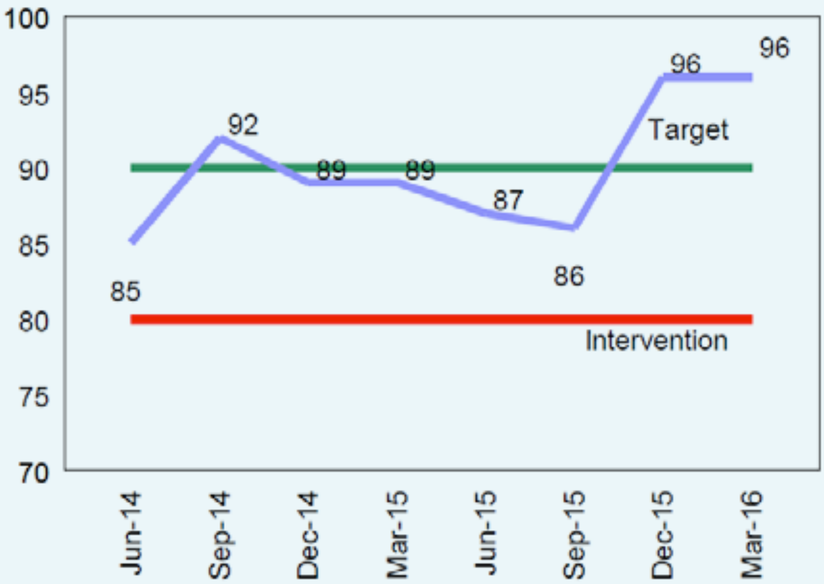
Actions
Current Quarter (March 2016)

Of the Corporate Plan Actions, **96%** are on track or have been completed.

Previous Quarter (Dec 2015)

Of the Corporate Plan Actions, **96%** were on track or had been completed.

Actions Trend



For each objective, the performance report provides a range of detailed measures with performance presented for the previous and current month together with the direction of travel and supporting explanatory notes. Also presented is information which highlights the performance against Directorate Business Plan objectives. In order to provide effective scrutiny and challenge should there be any specific areas of underperformance, these can be called in for review by members of the Performance and Value for Money (PVFM) Select Committee.

Further detail is available in the March 2016 Council Performance report to Cabinet at:

http://committees.oldham.gov.uk/ieListDocuments.aspx?CId=144&MId=6339&Ver=4

Corporate Risks

The Council has an embedded process to manage risks and assist the achievement of its objectives, alongside national and local performance targets. The Corporate Risk Register plays an integral role to support production of the Corporate Plan and is subject to annual review by the Audit Committee when it approves the final accounts.

Key corporate risks are detailed in the Annual Governance Statement. They include:

- Implementation of new adult social care financial systems;
- Responding to on-going and future changes to the Council's financial framework;
- Information security and compliance with data protection legislation;
- Delivery of key regeneration projects;
- Improving the internal control environment for the operation of payroll;
- Compliance with pensions administration regulations;
- Third party challenges based upon past practice; and
- Avoiding fraud exposure as a consequence of the transparency agenda.

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. Specific risks relating to partnerships and projects have been incorporated into the Annual Governance statement where appropriate.

Summary Position

It is clear that the Council's financial and non financial performance in 2015/16 continues to be good. The revenue outturn with a £0.425m underspend is in line with expectations, capital outturn has been managed to minimise the level of re-profiling required at the year end and the Council has sufficient reserves and balances to provide financial resilience for 2016/17 and future years.

In 2015/16, the Council has faced and dealt successfully with significant change. This trend will continue and indeed accelerate as the devolution agenda takes shape but the Council is well placed to adapt to the challenges and to take advantage of the opportunities offered. There are risks as highlighted above, but there are well established and robust risk management processes in place and, together with robust financial management and reporting, the Council is in a strong position as it moves into 2016/17.

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, OL1 1UG.

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

Director of Finance BA (Hons) FCPFA

Explanation of the Financial Statements

The Accounts and Audit Regulations 2015 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 (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

Movement in Reserves 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.

Balance Sheet shows the value of the Council's assets 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 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, the 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 by the recipients of services provided. 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. Cashflows arising from financing activities are useful when predicting claims on future cashflows to the Council by providers of capital, i.e. borrowing.

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 and the Greater Manchester Fire and Rescue Authority.

Main Changes to the Core Statements and Significant Transactions in 2015/16

The actuarial valuation of the Council's pension scheme liabilities and pension reserve shown on the Balance Sheet have reduced by £79.118m during the year, mainly as a result of changes to the financial assumptions used by the pension fund Actuary (Hymans-Robertson). The main change relates to the increase in the discount rate used by the Actuary to discount the future cash flows of the fund. These assumptions are determined by the Actuary and represent the market conditions at the reporting date. The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation. Further details are given in Note 28.

Within the 2015/16 accounts, infrastructure assets (highways, footways, bridges etc) are included within the Property, Plant and Equipment on the Balance Sheet. In 2016/17 the Council will need to recognise a new asset category on the Balance Sheet, the Highways Network Asset. This will be disclosed as a separate line on the Council's Balance Sheet and separately in the notes to the accounts. This is as a result of changes to the 2016/17 Code of Practice which will require all Local Authorities to value their Highways Network Asset using a Depreciated Replacement Cost basis rather than the current valuation basis of Depreciated Historical Cost. It is expected that this change in accounting policy will result in a significant increase in the value of these assets and would normally require retrospective restatement of the Council's Balance Sheet from 1 April 2015. However, CIPFA/LASAAC has introduced transitional arrangements so that this will be applied from 1 April 2016 with no requirement to restate the information in the prior year. The Council is reviewing its transport infrastructure systems and data to ensure that it can meet the reporting requirements from 1 April 2016.

2.0 Statements to the Accounts

Daisy Nook, Oldham

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 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 Director of Finance's Responsibilities

The 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 2015/16 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, 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 2016 and its income and expenditure for the year then ended.

A. T. Ryans

Anne Ryans
Director of Finance, Section 151 Officer
16 May 2016

Approval of Accounts

In accordance with the Accounts and Audit Regulations 2015, I certify that the Statement of Accounts was approved by the Audit Committee on 15 July 2016.

Javid Iqbal
Deputy Chair of Audit Committee
15 July 2016

2.2 Auditors Report

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

We have audited the financial statements of Oldham Metropolitan Borough Council (the "Authority") for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014 (the "Act"). 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 2015/16.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act, and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 Director of Finance and auditor

As explained more fully in the Statement of the Director of Finance's Responsibilities, the 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 2015/16, 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 Director of Finance; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Report is consistent with the financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 24 of the Act; or
- we make a written recommendation to the Authority under section 24 of the Act; or
- we exercise any other special powers of the auditor under the Act.

We have nothing to report in these respects.

Conclusion on the Authority's arrangements for securing value for money through economic, efficient and effective use of its resources

Respective responsibilities of the Authority and 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 20(1)(c) of the Act to be satisfied that the Authority has made 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 the Authority's arrangements for securing value for money through economic, efficient and effective use of its resources

We have undertaken our review in accordance with the Code of Audit Practice prepared by the Comptroller and Auditor General as required by the Act (the "Code of Audit Practice"), having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing value for money through the economic, efficient and effective use of its resources for the year ended 31 March 2016.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether in all significant respects the Authority has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, we are satisfied that in all significant respects, Oldham Metropolitan Borough Council has put in place proper arrangements for securing value for money through economic, efficient and effective use of its resources for the year ended 31 March 2016.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Act and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for Oldham Metropolitan Borough Council for the year ended 31 March 2016. We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the Authority's arrangements for securing value for money through economic, efficient and effective use of its resources.

Graham Nunns

Graham Nunns

For and on behalf of Grant Thornton UK LLP, Appointed Auditor

4 Hardman Square,
Spinningfields,
Manchester, M3 3EB

15 July 2016

3.0 Core Financial Statements

Bessom Hill, Oldham

3.0 Core Financial Statements and Explanatory Notes

3.1 Movement in Reserves Statement

2015/16	Note	Usable Reserves								
		General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Usable Capital Receipts £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserve £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2015 Brought Forward		(18,122)	(98,696)	(16,374)	(4,085)	(449)	(11,614)	**(149,340)**	175,037	**25,697**
Movement in reserves during 2015/16										
(Surplus) or deficit on provision of services		20,705	-	(2,497)	-	-	-	**18,208**	-	**18,208**
Other Comprehensive Income & Expenditure		-	-	-	-	-	-	**-**	(120,529)	**(120,529)**
Total Comprehensive Income & Expenditure		**20,705**	**-**	**(2,497)**	**-**	**-**	**-**	**18,208**	**(120,529)**	**(102,321)**
Adjustments between accounting basis and funding basis under regulations	1	(29,916)	-	1,586	(2,556)	(32)	2,160	**(28,758)**	28,758	**-**
Net (increase)/ decrease before Transfers to Earmarked Reserves		**(9,211)**	**-**	**(911)**	**(2,556)**	**(32)**	**2,160**	**(10,550)**	**(91,771)**	**(102,321)**
Transfers to/ from Earmarked Reserves	2	8,786	(8,786)	-	-	-	-	**-**	-	**-**
(Increase)/ Decrease in Year		**(425)**	**(8,786)**	**(911)**	**(2,556)**	**(32)**	**2,160**	**(10,550)**	**(91,771)**	**(102,321)**
Balance at 31 March 2016 carried forward		**(18,547)**	**(107,482)**	**(17,285)**	**(6,641)**	**(481)**	**(9,454)**	**(159,890)**	**83,266**	**(76,624)**

2014/15	Note	Usable Reserves							Unusable Reserves	Total Reserves
		General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Usable Capital Receipts £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserve £000	£000	£000
Balance at 31 March 2014 Brought Forward		**(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	2	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 March 2015 carried forward		**(18,122)**	**(98,696)**	**(16,374)**	**(4,085)**	**(449)**	**(11,614)**	**(149,341)**	**175,037**	**25,697**

3.2 Comprehensive Income and Expenditure Statement

2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net Expenditure £000		Note	2015/16 Gross Expenditure £000	2015/16 Gross Income £000	2015/16 Net Expenditure £000
72,455	(22,351)	50,104	Adult & Social Care		80,838	(31,437)	49,400
31,484	(16,379)	15,104	Central Services		21,977	(11,030)	10,947
5,642	(483)	5,159	Corporate and Democratic Core		7,027	(121)	6,906
245,407	(200,237)	45,170	Childrens and Education Services		245,110	(198,570)	46,540
12,055	(1,564)	10,490	Culture and Related Services		26,352	(1,881)	24,471
17,987	(5,611)	12,377	Environment and Regulatory Services		19,293	(5,926)	13,367
18,043	(4,071)	13,972	Planning Services		11,109	(4,553)	6,557
22,214	(4,347)	17,867	Highways, Roads and Transport Services		21,786	(4,061)	17,725
42,350	(27,747)	14,602	Local Authority Housing (HRA)		13,424	(27,712)	(14,288)
90,454	(84,991)	5,463	Other Housing Services		89,431	(84,716)	4,715
14,566	(14,920)	(354)	Public Health		17,516	(16,519)	997
380	-	380	Non Distributed Costs		382	-	382
573,037	**(382,701)**	**190,334**	**Costs of Services**	**12**	**554,245**	**(386,526)**	**167,719**
			Other Operating Expenditure				
231			» Parish Council precepts		238		
33,421			» Levies		33,368		
680			» (Gains)/losses on the disposal of non-current assets		481		
		34,332	**Total Other Operating Expenditure**				**34,087**
		63,608	Financing & Investment Income & Expenditure	4			49,010
		(245,622)	Taxation and Non-Specific Grant Income	5			(232,608)
		42,652	**Deficit on Provision of Services**				**18,208**
			Other Comprehensive Income and Expenditure				
		(61,957)	Revaluation (gains) non current assets	16			(25,300)
		5,364	Impairment losses on non current assets	16			189
		(4,300)	Surplus or deficit on revaluation of available for sale financial assets	3			1,373
		92,647	Remeasurement of net defined benefit liability	28			(96,791)
		31,754	**Total Other Comprehensive Income and Expenditure**				**(120,529)**
		74,406	**Total Comprehensive Income & Expenditure**				**(102,321)**

3.3 Balance Sheet

31 March 2015 £000		Note	31 March 2016 £000
673,004	Property Plant & Equipment	16	698,544
19,728	Heritage Assets	17a	19,783
15,256	Investment Property	17b	16,006
3,307	Intangible Assets		3,735
43,367	Long Term Investments	19	46,805
10,756	Long Term Debtors	19	11,362
765,419	**Long Term Assets**		**796,235**
38,085	Short Term Investments	19	42,217
528	Inventories		633
35,064	Short Term Debtors	19,20	30,830
55,753	Cash & Cash Equivalents	21	27,927
762	Assets Held For Sale (<1yr)		1,255
130,192	**Current Assets**		**102,862**
(1,689)	Short Term Borrowing	19	(1,701)
(66,220)	Short Term Creditors	19,22	(56,150)
(8,264)	Short Term Provisions	23	(11,707)
	Short Term Liabilities		
(8,333)	» Private Finance Initiatives	19,26	(8,118)
(288)	» Finance Leases		(260)
(864)	» Transferred Debt		(914)
(85,658)	**Current Liabilities**		**(78,850)**
(15,267)	Long Term Provisions	23	(15,869)
(148,646)	Long Term Borrowing	19	(148,638)
	Other Long Term Liabilities		
(393,162)	» Pension Liabilities	28	(314,044)
(262,402)	» Private Finance Initiatives	19,26	(258,022)
(381)	» Finance Leases		(335)
(6,274)	» Transferred Debt		(5,360)
(20)	» Deferred Credits		(20)
(9,496)	Capital Grants and Contribution Receipts In Advance	6	(1,335)
(835,649)	**Long Term Liabilities**		**(743,623)**
(25,696)	**Net Assets**		**76,624**
(149,341)	Usable Reserves	MiRS	(159,890)
175,037	Unusable Reserves	MiRS, 3	83,266
25,696	**Total Reserves**		**(76,624)**

These financial statements replace the unaudited financial statements authorised for public inspection on 16 May 2016 and approved at the meeting of the Audit Committee on 14 July 2016.

A.T. Ryans

A T Ryans
Director of Finance BA (Hons) FCPFA

3.4 Cash Flow Statement

*Reclassified 2014/15 £000		Note	2015/16 £000
(42,652)	Net deficit on the provision of services		(18,208)
106,925	Adjustment to deficit on the provision of services for noncash movements	29	86,649
(10,993)	Adjust for items included in the net deficit on the provision of services that are investing and financing activities	29	(18,259)
53,280	**Net Cash flows from operating activities**		**50,182**
(52,428)	Net Cash flows from Investing Activities	30	(56,774)
(17,315)	Net Cash flows from Financing Activities	31	(21,234)
(16,463)	**Net decrease in cash and cash equivalents**		**(27,826)**
72,216	Cash and cash equivalents at the beginning of the reporting period		55,753
55,753	**Cash and cash equivalents at the end of the reporting period**		**27,927**

* Amounts relating to the 2014/15 valuation of the Council's shareholding in Manchester Airport was incorrectly classified as a cash movement from investing activities. This has been reclassified as a non cash movement adjustment. There is no change to the Council's 2014/15 cash and cash equivalents balance.

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 2015/16 (the Code) and the accounting policies set out at Note 32. The notes that follow (1 to 36) 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.

2015/16	Usable Reserves					Movements in Unusable Reserves
	General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	£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	(24,779)	(3,422)	-	-	-	28,201
Charges for impairment of non-current assets	(2,117)	(34)	-	-	-	2,151
Revaluation losses on Property, Plant and Equipment	(12,416)	(219)	-	-	-	12,635
Movements in the fair value of Investment Properties	735	-	(184)	-	-	(551)
Amortisation of intangible assets	(942)	-	-	-	-	942
Capital grants and contributions applied	19,091	-	-	-	-	(19,091)
Revenue expenditure funded from capital under statute	(4,879)	-	-	-	-	4,879
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	(5,191)	-	-	-	-	5,191
Amounts written off on disposal of Academy Schools to the Comprehensive Income and Expenditure Statement	(13,783)	-	-	-	-	13,783
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	5,713	-	-	-	-	(5,713)
Voluntary provision for the financing of capital investment	9,886	4,699	-	-	-	(14,585)
Capital expenditure charged against the General Fund and HRA balances	5,556	526	-	-	-	(6,082)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	5,020	-	-	-	(5,020)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	7,180	(7,180)
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	2,682	5	(2,687)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	1,278	-	-	(1,278)

2015/16	Usable Reserves					Movements in Unusable Reserves
	General Fund Balance	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000	£000
Transfer from Deferred Capital Receipts reserve upon receipt of cash	-	-	(963)	-	-	963
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	2,023	-	-	-	-	(2,023)
Adjustments primarily involving the Major Repairs Reserve:						
Transfer of Excess of Depreciation over Notional MRA to MRR	-	(3,391)	-	3,391	-	-
Credit MRR with a sum equal to HRA Depreciation	-	3,422	-	(3,422)	-	-
Adjustments primarily involving the Financial Instruments Adjustment Account:						
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)	(34,924)	-	-	-	-	34,924
Employer's pension contributions and direct payments to pensioners payable in the year	17,251	-	-	-	-	(17,251)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which Council Tax 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	(496)	-	-	-	-	496
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	1,441	-	-	-	-	(1,441)
Total Adjustments	**(29,916)**	**1,586**	**(2,556)**	**(32)**	**2,160**	**28,758**

2014/15	Usable Reserves					Movements in Unusable Reserves
	General Fund Balance	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000	£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:						
Statutory provision for the financing of capital investment	5,247	-	-	-	-	(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)	-	-	-

2014/15	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
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	3,292	-	-	(3,292)
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:						
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 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**

2 Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2015/16.

Earmarked reserves have been regrouped within the 2015/16 financial year to align with the Council's reserves policy.

	Balance 31 March 2014 £000	Transfers Out 2014/15 £000	Transfers In 2014/15 £000	Balance 31 March 2015 £000	Transfers Out 2015/16 £000	Transfers In 2015/16 £000	Balance 31 March 2016 £000
Integrated Working Reserve	(635)	635	(6,816)	(6,816)	6,816	(6,638)	(6,638)
Transformation Reserve	(3,122)	11,928	(18,459)	(9,653)	11,229	(16,497)	(14,921)
Adverse Weather Reserve	(1,082)	-	(561)	(1,643)	43	-	(1,600)
Regeneration Reserve	(1,145)	1,520	(12,520)	(12,145)	12,309	(14,484)	(14,320)
Demand Changes Reserve	(1,300)	-	(3,500)	(4,800)	4,800	(4,952)	(4,952)
Emergency and External Events Reserve	(370)	640	(2,270)	(2,000)	2,250	(2,750)	(2,500)
Levy Reserve	(2,425)	-	(218)	(2,643)	-	-	(2,643)
Council Initiatives Reserve	(1,500)	163	(3,622)	(4,960)	5,144	(6,023)	(5,839)
Fiscal Mitigation Reserve	(15,794)	18,916	(8,341)	(5,216)	3,523	(6,297)	(7,990)
Life Cycle Costs Reserve	(8,794)	30	(2,148)	(10,913)	10,936	(11,722)	(11,699)
Insurance Reserve	(9,502)	-	(3,466)	(12,968)	-	-	(12,968)
Directorate Reserve	(11,649)	5,210	(2,610)	(9,050)	8,040	(4,546)	(5,555)
District Executives Reserve	(942)	504	(442)	(880)	385	(313)	(808)
Business Unit Reserve	(330)	36	(462)	(756)	133	(486)	(1,109)
Taxation Reserve	(439)	-	(164)	(603)	-	-	(603)
Partnership Reserve	(54)	54	-	-	-	-	-
Revenue Grants Reserve	(5,301)	3,239	(4,851)	(6,913)	3,789	(2,739)	(5,863)
Schools Reserve	(7,802)	8,036	(6,972)	(6,738)	6,937	(7,673)	(7,474)
Total	**(72,186)**	**50,911**	**(77,422)**	**(98,696)**	**76,334**	**(85,120)**	**(107,482)**

Integrated Working Reserve - this represents funding that has been set aside to support initiatives arising from the Greater Manchester devolution agenda including joint working with the Oldham Clinical Commissioning Group (CCG) around Adult Social Care, other Greater Manchester Councils and the Greater Manchester Combined Authority.

Transformation Reserve – this holds resources set aside to provide for any exceptional costs of implementing the Councils budget requirements for 2016/17 and also the programme of change as the Council moves to address funding reductions in future years by the continued transformation of its services.

Adverse Weather Reserve – this represents funds set aside to cover the cost of winter maintenance of Oldham's roads due to unforeseen adverse weather conditions.

Regeneration Reserve – the Council has an extensive and ambitious regeneration agenda and resources have been set aside to support a number of regeneration projects which span more than one financial year.

Demand Changes Reserve – the Council has set funds aside to allow for the unbudgeted increase in demand for a range of services, especially costs associated with looked after children which are difficult to predict and can fluctuate from year to year.

Emergency and External Events Reserve – this reserve has been established to ensure that the Council has sufficient resources to address costs arising from events such as flooding including the requirement to undertake emergency repairs.

Levy Reserve – this represents funds set aside to cover any increased levy costs in future years that will be notified by the Greater Manchester Waste Disposal Authority.

Council Initiatives Reserve – there are a number of projects and programmes of work which the Council considers to be priority initiatives and has therefore set reserve funds aside to ensure that these can be undertaken.

Fiscal Mitigation Reserve – this reserve has been established to fund future costs expected to arise from reforms to Central Government Funding and pressures resulting from legislative change.

Life Cycle Costs Reserve – this has been established as the Council has a number of service areas including Private Finance Initiative (PFI) schemes which require reserves to ensure that there is funding to provide for future costs including unitary charge inflationary increases.

Insurance Reserve – this has been established in order to finance costs (e.g. claims and premium payment) associated with insurable risk. The Council also has an Insurance Fund and the Insurance Reserve will also meet expenditure relating to various types of future claims which are not covered by the Insurance Fund.

Directorate Reserve – there are a wide range of Directorate initiatives which span more than one financial year or for which funds have been budgeted but not yet started. The Directorate Reserve will ensure that such initiatives can be completed.

District Executives Reserve – this represents sums set aside to fund projects already agreed by the six District Partnerships which are programmed for a future financial year or span more than one financial year.

Business Unit Reserve – this represents the agreed carry forward of underspending relating to those Council Services which operate as Business Units.

Taxation Reserve – this represents funding set aside for any future taxation liabilities e.g. from HM Revenues and Customs.

In addition there are two earmarked reserves held in the Council's General Fund which have to be itemised separately given the nature of the funds held. These are:

Revenue Grants Reserve – this 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.

Schools Reserve – this includes the balances held by Schools under the scheme of delegation.

3 Unusable Reserves

31 March 2015 £000		31 March 2016 £000
(156,868)	Revaluation Reserve	(173,480)
(30,786)	Available for Sale Financial Instruments Account	(29,413)
(42,585)	Capital Adjustment Account	(37,781)
9,630	Financial Instruments Adjustment Account	9,418
393,162	Pensions Reserve	314,044
(1,613)	Deferred Capital Receipts Reserve	(2,673)
(1,414)	Collection Fund Adjustment Account	(918)
5,512	Short Term Compensated Absences Account	4,070
175,038	**Total Unusable Reserves**	**83,266**

(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;
- 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.

2014/15 £000		2015/16 £000
(106,172)	**Balance as 1 April**	**(156,868)**
(87,210)	Upward revaluation of assets	(57,623)
30,617	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	32,512
2,980	Difference between fair value depreciation and historic cost depreciation	5,744
168	Accumulated gains on non-current assets sold or decommissioned (excluding Academies)	468
2,749	Accumulated gains on Academy assets sold or decommissioned	2,287
(156,868)	**Balance at 31 March**	**(173,480)**

(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 2015/16 the Council revalued its shareholding in Manchester Airport which resulted in a reduction in value from £41.000m to £39.800m, as shown below. The other movements relate to revaluations of the Certificates of Deposit and the CCLA Property Fund.

2014/15 £000		2015/16 £000
(26,486)	**Balance as 1 April**	**(30,786)**
(4,300)	Revaluation of Shareholding in Manchester Airport	1,200
-	Revaluations- Other	173
(30,786)	**Balance at 31 March**	**(29,413)**

(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.

2014/15 £000		2015/16 £000
(85,382)	**Balance at 1 April**	**(42,585)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
25,657	Charges for depreciation of non-current assets	28,202
32,457	Charges for impairment of non-current assets	2,150
9,086	Revaluation losses on Property, Plant and Equipment	12,635
602	Amortisation of intangible assets	942
8,158	Revenue expenditure funded from capital under statute	4,879
3,258	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)	5,191
28,763	Amounts written off on disposal or sale as part of the gain/loss on disposal of Academies to the Comprehensive Income and Expenditure Statement	13,783
(5,898)	Adjusting amounts written out of the Revaluation Reserve	(8,498)
	Capital financing applied in the year:	
(3,292)	Use of the Capital Receipts reserve to finance new capital expenditure	(1,278)
(12,092)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(19,091)
(6,558)	Application of grants to capital financing from the Capital Grants Unapplied Account	(7,180)
(5,247)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(5,713)
(13,097)	Voluntary MRP	(14,584)
(18,295)	Capital expenditure charged against the General Fund and HRA balances	(6,082)
(706)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(550)
(42,585)	**Balance at 31 March**	**(37,781)**

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.

2014/15 £000		2015/16 £000
9,843	**Balance at 1 April**	**9,630**
(356)	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
9,630	**Balance at 31 March**	**9,418**

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.

2014/15 £000		2015/16 £000
287,091	**Balance at 1 April**	**393,162**
92,647	Remeasurement of net defined benefit liability	(96,791)
30,333	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	34,924
(16,909)	Employer's pension contributions and direct payments to pensioners payable in the year	(17,251)
393,162	**Balance at 31 March**	**314,044**

(f) Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets 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.

2014/15 £000		2015/16 £000
(1,855)	**Balance as 1 April**	**(1,613)**
(962)	Transfer of deferred sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,023)
1,205	Transfer to the Capital Receipts Reserve upon receipt of cash	963
(1,613)	**Balance at 31 March**	**(2,673)**

(g) Collection Fund Adjustment Account

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

2014/15 £000		2015/16 £000
(1,335)	**Balance as 1 April**	**(1,414)**
(79)	Amount by which Council Tax 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	496
(1,414)	**Balance at 31 March**	**(918)**

(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.

2014/15 £000		2015/16 £000
5,482	**Balance as 1 April**	**5,512**
(5,482)	Settlement or cancellation of the accrual made at the end of the previous year	(5,512)
5,512	Amounts accrued at the end of the current year	4,070
5,512	**Balance at 31 March**	**4,070**

4 Financing and Investment Income and Expenditure

2014/15 £000		2015/16 £000
29,886	Interest payable and similar charges	29,856
12,363	Net Interest on the net defined benefit liability	12,660
(1,566)	Interest receivable and similar income	(1,721)
(3,304)	Income and expenditure in relation to investment properties and changes in their fair value	(2,211)
(2,533)	Other investment income	(3,357)
28,763	Loss on disposal of Academies	13,783
63,609	**Total**	**49,010**

5 Taxation and Non Specific Grant Income

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

2014/15 £000		2015/16 £000
(75,361)	Council Tax Income	(75,097)
(69,534)	Total Formula Grant/Revenue Support Grant	(50,879)
(8,297)	Other Non Ringfenced Government Grants	(1,980)
(9,958)	Private Finance Initiative (PFI)	(9,983)
(16,828)	Other Capital Grants and Contributions	(24,111)
(3,970)	Education Services Grant	(3,096)
(25,456)	Retained Business Rates	(27,689)
(29,425)	Business Rates Top Up	(29,987)
(866)	Council Tax Freeze Grant	(898)
(1,622)	New Homes Bonus	(2,275)
(1,855)	Housing and Council Tax Benefit Administration Grant	(1,529)
(613)	Multiplier Cap	(854)
(509)	Retail Relief Grant	(562)
(1,328)	Small Business Rate Relief Grant	(1,425)
-	Independent Living Fund	(2,243)
(245,622)	**Total**	**(232,608)**

6 Grant Income

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

2014/15 £000		2015/16 £000
	Credited to Services	
(164,706)	Dedicated Schools Grant (DSG)	(158,672)
2,079	Dedicated Schools Grant (DSG) - Schools Contribution to Capital	1,338
-	European Regional Development Fund (ERDF) Grant	(76)
(78,940)	Housing Benefit Grant	(76,909)
(4,542)	Housing Benefit Subsidy	(5,173)
(463)	Skills Funding Agency (SFA) - 6th Form	(183)
(3,659)	Skills Funding Agency (SFA) - ACL Income	(2,957)
(11,548)	Pupil Premium	(11,602)
(22,110)	Private Finance Initiative (PFI)	(22,086)
(7,147)	Other Government Grants	(6,466)
(1,677)	Other Grants	(2,228)
(14,915)	Public Health Grant	(16,063)
-	Discretionary Housing Payments	(374)
(307,628)	**Total**	**(301,450)**

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 2015 £000		31 March 2016 £000
	Grants Receipts in Advance (Revenue Grants)	
(12)	ERDF	-
(388)	Other Grants	(44)
(400)	**Total**	**(44)**

Long Term Liabilities

31 March 2015 £000		31 March 2016 £000
	Grants Receipts in Advance (Capital Grants)	
(6,871)	Other grants	-
(2,625)	Other contributions	(1,335)
(9,496)	**Total**	**(1,335)**

7 Dedicated Schools' Grant (DSG)

The Councils' 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 2015/16 are as follows:

	Central Expenditure £000	ISB £000	Total £000
Final DSG for 2015/16 before academy recoupment			220,164
Academy Recoupment Recouped for 2015/16			(61,492)
Total DSG after academy recoupment for 2015/16			**158,672**
Brought Forward from 2014/15			1,867
Carry forward to 2016/17 agreed in advance			(126)
			160,413
Agreed initial budget distribution in 2015/16	**19,283**	**140,708**	**159,991**
In year adjustments	**732**	**(310)**	**422**
Final budget distribution for 2015/16	**20,015**	**140,398**	**160,413**
Less: Actual central expenditure	(20,015)		
Actual ISB deployed to schools		(139,687)	
Local Authority contribution for 2015/16			
Carry forward to 2016/17	**-**	**711**	**837**

8 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. Hollinwood Special School was derecognised on the Councils' balance sheet as it transferred to Academy Status in 2015/16. The value of the disposal is £6.229m.

9 Members' Allowances

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

2014/15 £000		2015/16 £000
939	Allowances	989
2	Expenses	2
941	**Total**	**990**

10 Officers' Remuneration

The remuneration of senior employees, and all employees earning over £50,000, is detailed below.

		Salary, Fees and Allowances £000	Expenses Allowances £000	Compensation for Loss of Office £000	Pension Contribution £000	Total £000	Note
C Wilkins, Chief Executive, Head of Paid Service and Clerk to the GMWDA	2015/16	166	-	-	29	195	
	2014/15	163	-	-	28	191	
Executive Director: Economy and Skills	2015/16	138	-	98	25	261	A
	2014/15	137	-	-	24	162	
Executive Director: Corporate and Commercial Services	2015/16	140	-	-	25	165	B
	2014/15	139	-	-	25	164	
Chief Education Officer	2015/16	-	-	-	-	-	C
	2014/15	104	-	-	-	104	
Executive Director: Health and Wellbeing (Director of Adults' Social Services and Director of Children's Social Care, Chief Education Officer)	2015/16	119	-	-	22	141	D
	2014/15	30	-	-	5	36	
Executive Director: Cooperatives and Neighbourhoods	2015/16	119	-	-	22	141	E
	2014/15	17	-	-	2	19	
Borough Treasurer and Chief Financial Officer (Section 151 Officer)	2015/16	-	-	-	-	-	F
	2014/15	27	-	-	5	32	
Director of Finance and Chief Financial Officer (Section 151 Officer)	2015/16	88	-	-	16	104	G
	2014/15	63	-	-	12	75	
Director of Policy and Governance	2015/16	85	-	257	16	358	H
	2014/15	84	-	-	15	99	
Director of Legal Services and Monitoring Officer	2015/16	96	1	-	17	114	
	2014/15	93	1	-	16	110	
Assistant Executive Director: Commissioning (Director of Adults' Social Services and Director of Children's Social Care)	2015/16	4	-	-	1	5	I
	2014/15	75	1	-	13	89	
Director of Public Health	2015/16	85	1	-	12	98	
	2014/15	87	1	-	12	100	

Senior Officers served for the whole of 2015/16 and 2014/15 unless stated below:

A The Executive Director: Economy and Skills. The post was declared redundant on the 31 March 2016.

B The Executive Director: Corporate and Commercial Services provides services for Unity Partnership Limited. The costs are split 50:50. This arrangement was effective from the 1 October 2013.

C The Chief Education Officer post was appointed to on an interim basis for 2014/15 only.

D The Executive Director: Health and Wellbeing post was appointed to on the 1 January 2015. The Executive Director assumed the statutory roles of Director of Children's Social Care, Director of Adults' Social Services and Chief Education Officer.

E The Executive Director: Co-operatives and Neighbourhoods post was appointed to on the 9 February 2015.

F The Borough Treasurer and Chief Financial Officer (Section 151 Officer) left on the 6 July 2014.

G The Director of Finance and Chief Financial Officer (Section 151 Officer) post was filled on an interim basis from the 7 July 2014. The post was permanently appointed to on the 1 August 2015.

H The Director of Policy and Governance: the post was declared redundant on the 31 March 2016.

I The Assistant Executive Director: Commissioning left on the 13 April 2015.

The Chief Executive provides services for both the Council and the Greater Manchester Waste Disposal Authority (GMWDA), for which an allowance of £14,481 (2014/15 £11,401) was paid. This allowance is included in the figures shown.

The Council's other employees (including teaching staff) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) are detailed in the table below:

2014/15 Number of Employees Excluding Severance or Other Related Payments	2014/15 Number of Employees Including Severance or Other Related Payments	Remuneration Band			2015/16 Number of Employees Excluding Severance or Other Related Payments	2015/16 Number of Employees Including Severance or Other Related Payments
67	71	£50,000	-	£55,000	62	65
57	56	£55,001	-	£60,000	59	60
26	26	£60,001	-	£65,000	33	36
22	22	£65,001	-	£70,000	17	16
11	11	£70,001	-	£75,000	15	18
4	4	£75,001	-	£80,000	7	7
10	10	£80,001	-	£85,000	8	7
5	5	£85,001	-	£90,000	3	3
4	6	£90,001	-	£95,000	1	1
2	2	£95,001	-	£100,000	3	3
-	-	£100,001	-	£105,000	1	2
2	2	£105,001	-	£110,000	1	1
-	-	£110,001	-	£115,000	-	-
1	1	£115,001	-	£120,000	2	4
-	-	£120,001	-	£125,000	1	1
-	-	£125,001	-	£130,000	-	-
-	1	£130,001	-	£135,000	-	-
2	2	£135,001	-	£140,000	2	2
-	-	£140,001	-	£145,000	-	-
-	-	£145,001	-	£150,000	-	-
-	-	£150,001	-	£155,000	-	-
1	1	£155,001	-	£160,000	1	1
-	-	£160,001	-	£165,000	-	-
-	-	£165,001	-	£170,000	-	-
-	-	£170,001	-	£175,000	-	-
-	-	£175,001	-	£180,000	-	-
-	-	£180,001	-	£185,000	-	-
-	-	£185,001	-	£190,000	-	-
-	-	£190,001	-	£195,000	-	-
-	-	£195,001	-	£200,000	-	-
-	-	£200,001	-	£205,000	-	-
-	-	£205,001	-	£210,000	-	-
-	-	£210,001	-	£215,000	-	-
-	-	£215,001	-	£220,000	-	1
214	**220**	**TOTAL**			**216**	**228**
141	**144**	**Teachers included above**			**153**	**154**

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.

Exit Package Cost band (including special payments)			Number of compulsory redundancies 2014/15	Number of compulsory redundancies 2015/16	Number of other departures agreed 2014/15	Number of other departures agreed 2015/16	Total number of exit packages by cost band 2014/15	Total number of exit packages by cost band 2015/16	Total cost of exit packages in each band 2014/15 £	Total cost of exit packages in each band 2015/16 £
£0	-	£20,000	67	20	57	35	124	55	696,598	400,821
£20,001	-	£40,000	5	1	7	9	12	10	315,844	263,020
£40,001	-	£60,000	-	-	3	4	3	4	161,207	188,834
£60,001	-	£80,000	2	-	-	2	2	2	139,452	132,049
£80,001	-	£100,000	-	-	-	3	-	3	-	288,062
£100,001	-	£150,000	-	-	1	2	1	2	128,404	238,799
£150,001	-	£200,000	-	-	-	1	-	1	-	175,473
£200,001	-	£250,000	-	-	-	-	-	-	-	-
£250,001	-	£300,000	-	-	-	1	-	1	-	257,281
Total			**74**	**21**	**68**	**57**	**142**	**78**	**1,441,505**	**1,944,339**

11 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 to non-audit services provided by the Council's External Auditors:

2014/15 £000		2015/16 £000
180	Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	136
22	Fees payable to Grant Thornton in respect of grant claims and returns for the year	13
4	Fees payable to the Audit Commission in respect of other services provided during the year	-
13	Other Services	4
219	**Total**	**153**

12 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;
- expenditure on some support services are budgeted for centrally and not recharged to Directorates.

The Authority, at the start of the 2015/16 financial year changed its internal management structure with the corresponding rationalisation of the reporting mechanism, thus a year on year comparator between 2014/15 and 2015/16 is not available. The cost of producing this would be excessive and would not benefit the user of these accounts.

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

2015/16 Forecast Outturn Reported at Month 9	Chief Executive, Policy and Governance £000	Co-operatives and Neighbourhoods £000	Health and Wellbeing £000	Corporate and Commercial £000	Economy and Skills £000	Capital, Treasury and Technical Accounting £000	General Fund Total £000	Housing Revenue Account (HRA) £000	Total £000
Fees, charges & other service income	(5,709)	(15,153)	(34,597)	(33,510)	(39,521)	(34,351)	**(162,840)**	(8,925)	**(171,764)**
Government grants	-	(5,380)	(17,280)	(83,434)	(176,737)	-	**(282,831)**	(18,786)	**(301,617)**
Total Income	**(5,709)**	**(20,533)**	**(51,878)**	**(116,944)**	**(216,258)**	**(34,351)**	**(445,671)**	**(27,711)**	**(473,382)**
Employee expenses	3,929	21,791	20,199	15,711	131,981	1,966	**195,577**	49	**195,626**
Other operating expenses	3,062	61,525	91,142	104,264	84,815	15,841	**360,647**	26,367	**387,014**
Support service recharges	1,062	6,589	13,735	1,382	10,341	75	**33,184**	-	**33,184**
Capital charges	128	10,690	2,610	495	14,626	34,469	**63,019**	594	**63,613**
Total Expenditure	**8,180**	**100,595**	**127,686**	**121,851**	**241,763**	**52,351**	**652,426**	**27,010**	**679,436**
Net Expenditure	**2,471**	**80,063**	**75,808**	**4,907**	**25,506**	**18,000**	**206,755**	**(701)**	**206,054**

2014/15 Forecast Outturn Reported at Month 9	Deputy Chief Executive £000	Neighbourhoods £000	Commissioning £000	Commercial Services £000	Development and Infrastructure £000	Capital, Treasury and Technical Accounting £000	General Fund Total £000	Housing Revenue Account (HRA) £000	Total £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**

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.

2014/15 £000		2015/16 £000
223,843	Cost of Services in Service Analysis	206,054
(1,165)	Add amounts not reported in service management accounts	(6,035)
(32,342)	Remove amounts reported to management but not included in net cost of services	(32,300)
190,336	**Net Cost of Services in Comprehensive Income and Expenditure Statement**	**167,719**

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.

2015/16	Directorate Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I and E £000	Allocation of Recharges £000	Net Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(170,696)	5,134	-	40,339	**(125,223)**	-	**(125,223)**
Interest and investment income	(1,068)	-	1,068	-	**-**	(7,289)	**(7,289)**
Income from Council Tax and non domestic rates	-	-	-	-	**-**	(102,786)	**(102,786)**
Government grants and contributions	(301,617)	5,890	-	-	**(295,727)**	(129,823)	**(425,550)**
Total Income	**(473,381)**	**11,024**	**1,068**	**40,339**	**(420,950)**	**(239,898)**	**(660,848)**
Employee expenses	195,625	4,888	-	-	**200,513**	-	**200,513**
Other service expenses	353,645	(42,609)	-	-	**311,036**	-	**311,036**
Support Service recharges	33,184	40,339	-	(40,339)	**33,184**	-	**33,184**
Depreciation, amortisation and impairment	63,613	(19,684)	-	-	**43,929**	-	**43,929**
Interest Payments	-	7	-	-	**7**	42,516	**42,523**
Precepts and Levies	33,368	-	(33,368)	-	**-**	33,607	**33,607**
Loss on Disposal of Non- Current Assets	-	-	-	-	**-**	481	**481**
Loss on Disposal of Academy Schools	-	-	-	-	**-**	13,783	**13,783**
Total operating expenses	**679,435**	**(17,059)**	**(33,368)**	**(40,339)**	**588,669**	**90,387**	**679,056**
(Surplus) or deficit on the provision of services	**206,054**	**(6,035)**	**(32,300)**	**-**	**167,719**	**(149,511)**	**18,208**

2014/15	Directorate Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I and E £000	Allocation of Recharges £000	Net Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(177,203)	30,062	-	67,490	**(79,651)**	-	**(79,651)**
Interest and investment income	(1,079)	-	1,079	-	**-**	(7,404)	**(7,404)**
Income from Council Tax and non domestic rates	-	-	-	-	**-**	(100,817)	**(100,817)**
Government grants and contributions	(308,090)	5,039	-	-	**(303,051)**	(144,805)	**(447,857)**
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**
Loss on Disposal of Non- Current Assets	-	-	-	-	**-**	680	**680**
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**

13 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 in line with the prevailing market rate, that services are not being inappropriately subsidised, that the Council is maximising 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.

2013/14		2014/15			2015/16	
£000	£000	£000	£000		£000	£000
				Highways Maintenance		
(672)		(1,045)		» Turnover	(1,422)	
609		1,045		» Expenditure	1,422	
	(63)		-	» (Surplus) / Deficit		-
				Catering		
(6,560)		(7,127)		» Turnover	(7,226)	
6,428		7,066		» Expenditure	7,523	
	(132)		(62)	» (Surplus) / Deficit		297
				Cleaning		
(1,626)		(1,547)		» Turnover	(2,395)	
1,814		1,765		» Expenditure	2,707	
	188		218	» (Surplus) / Deficit		312
				Fleet Management		
(850)		(414)		» Turnover	(239)	
928		447		» Expenditure	216	
	78		32	» (Surplus) / Deficit		(23)
				Trade Waste		
(1,065)		(1,123)		» Turnover	(1,232)	
1,101		1,111		» Expenditure	1,133	
	36		(12)	» (Surplus) / Deficit		(99)
				Markets		
(1,663)		(1,658)		» Turnover	(1,520)	
1,579		973		» Expenditure	1,665	
	(84)		(685)	» (Surplus) / Deficit		145

2013/14		2014/15			2015/16	
£000	£000	£000	£000		£000	£000
				Parking		
(1,460)		(1,720)		» Turnover	(1,588)	
1,748		3,549		» Expenditure	1,886	
	288		1,829	» (Surplus) / Deficit		298
				Non-Operational Property		
(2,496)		(2,705)		» Turnover	(3,069)	
6,416		4,682		» Expenditure	2,990	
	3,921		1,977	» (Surplus) / Deficit		(79)
				Public Halls		
(623)		(391)		» Turnover	(647)	
1,595		1,269		» Expenditure	2,426	
	972		878	» (Surplus) / Deficit		1,779
				Building Control		
(498)		(525)		» Turnover	(486)	
575		514		» Expenditure	636	
	77		(11)	» (Surplus) / Deficit		150
				Cemeteries & Crematoria		
(1,464)		(1,622)		» Turnover	(1,695)	
1,563		1,374		» Expenditure	1,333	
	99		(248)	» (Surplus) / Deficit		(362)
				Security Services		
(1,906)		(1,879)		» Turnover	(1,917)	
1,553		1,302		» Expenditure	1,352	
	(353)		(576)	» (Surplus) / Deficit		(565)

Details of Trading Undertakings

General

The overall deficit position for 2015/16 is a considerable improvement on the previous year. Whilst overall expenditure in total has remained static there has been a noticeable improvement on overall income which has increased from £21.7m in 2014/15 to £23.4m in 2015/16. 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 2015/16.

It is expected that the economic situation in 2016/17 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 element listed in this note relates to all services for clients that have a choice of contractor. These clients include schools, private organisations and individuals.

Catering

The Education Catering service employs approximately 390 local staff, mainly part-time. The service provides over 15,800 school meals per day to Primary and Special School pupils and staff, trading for 38 weeks per year. The meals provided can include both lunches and breakfast. As at the end of the 2015/16 financial year the service provided meals to 79 Primary schools (three of which use two kitchens) and 6 Special Schools.

The service incurred a trading loss during 2015/16 arising from a range of costs pressures including an increase in staffing expenditure which could not be offset by generating a higher level of income.

Cleaning

The cleaning service employs approximately 200 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 service also includes the cleaning home help team who provide cleaning and other household duties to approximately 180 local residents.

Fleet Management

This service made a small operating profit of £23k during 2015/16. It maintains the Council's vehicles that operate in a variety of services including Waste Services, Highway Operations and Environmental Services. There are approximately 12 full-time equivalent staff employed in the service and it operates one workshop incorporating a Ministry of Transport (MOT) testing bay that is also used to carry out MOT tests on vehicles belonging to the public. In addition, 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 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 since 2014/15 due to operating in an increasingly competitive environment. The move from leasing to buying Council vehicles has resulted in a reduction in overall repair and maintenance work undertaken, and a general decrease in the price of fuel has also had an effect on the overall levels of income generated.

Trade Waste

The service is now operating a targeted initiative to bring in new contracts with local businesses, which has helped to generate a surplus in 2015/16.

As part of the budget setting process for 2012/13 with Greater Manchester Waste Disposal Authority, the Council was able to negotiate a reduction in the processing costs for residual waste associated with Trade Waste Services which continued into 2015/16. There has also been a decrease in the vehicle fleet operating costs particularly around the lower costs of fuel. This factor together with the on-going drive from the service to generate new customers has contributed to the net surplus position for 2015/16.

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 six days per week, Monday to Saturday.

The service has seen expenditure increase significantly from prior years due to a capital adjustment for a revaluation of market assets (namely Tommyfield Market Hall) which has resulted in a £615k charge, as well as an increase in Central Support Service recharges of £80k. Otherwise, expenditure is broadly similar to previous years albeit with a slight reduction in staffing costs. The income achieved by the Markets service has reduced by £138k in comparison to 2014/15 due to an increase in vacant town centre shops and the introduction of discounted market hall rates. As the outdoor markets are seasonally affected, the warmer weather in 2014/15 resulted in a significant increase in outdoor market income. However, this was not continued in 2015/16 resulting in a lower generation of income from outdoor markets.

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 nine 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 three hours free parking scheme was introduced at weekends during 2013/14 aimed at increasing shopper's footfall in the town centre. This incentive continued during 2014/15 and 2015/16.

As part of the Councils overall regeneration of the town centre four car parks have been closed to facilitate building works. This, accompanied by the closure of Hobson Street multi-storey car park on safety grounds and a change in the law relating to the issuing of Penalty Charge Notices has contributed to the overall lower levels of income obtained for the year.

Expenditure in the service has gone down significantly in 2015/16 as a result of a £1.84m reduction in capital charges.

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 its anticipated closure. Chadderton Town Hall continues to bring in a consistent income as a wedding venue. There was an increase of £860k in Revaluation movements in 2015/16 which has contributed to the overall adverse position of this trading unit.

Building Control

Building Control revenue has been adversely affected by the economic downturn in the last three years. The 2015/16 position shows a reduction in income generation by £39k to that achieved in 2014/15. Faced with challenging conditions the service delivered an overall budget deficit of £150k for 2015/16.

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. Overall performance improved slightly compared to prior years with additional like for like income on previous years helping to generate a net surplus of £362k.

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 Oldham Limited and Great Places Housing Group. Security Services has a fully committed workforce of 37 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.

14 Pooled Budgets

Equipment

Oldham Council and Oldham Clinical Commissioning Group (Oldham CCG) are partners in the provision of a Joint Loan Equipment Service. Joint arrangements of this type are permitted under section 75 of the National Health Service Act 2006.

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.

2014/15		Equipment	2015/16	
£000	£000		£000	£000
		Funding provided to the pooled budget:		
605		Council	695	
603		Oldham CCG	680	
	1,208			**1,375**
		Expenditure met from the pooled budget:		
605		Council	695	
603		Oldham CCG	680	
	1,208			**1,375**
	-	**Net surplus arising on the pooled budget during the year**		**-**

The figures shown in the table above are also included within the Better Care Fund (detail below).

Better Care Fund (BCF)

Oldham Council and Oldham CCG are partners in the provision of services to support reduced hospital admissions and length of stay. Joint arrangements of this type are permitted under section 75 of the National Health Service Act 2006.

The aims and benefits of the Partners in entering in to this Agreement are to:

- improve the quality and efficiency of the Services;
- meet the National Conditions and Local Objectives;
- make more effective use of resources through the establishment and maintenance of an aligned fund for revenue expenditure on the Services;
- ensure that people in Oldham will be independent, resilient and self-caring so fewer people reach crisis point, and;
- for those that need it, to develop an integrated health and care system that enables people to proactively manage their own care with the support of their family, community and the right professionals at the right time in a properly joined up system.

In a crisis, people in Oldham will know exactly what to do, who to contact, receive a rapid response and have their needs met in a completely organised, systematic and careful way.

The BCF provides various services to residents of Oldham who benefit from specific targeted interventions, as well as supporting hospitals to treat people closer to their homes and communities.

The services provided include;

- support for carers;
- 7 day social care provision;
- re-ablement services, and
- intermediate care and support.

2014/15		Better Care Fund (BCF)	2015/16	
£000	£000		£000	£000
		Funding provided to the pooled budget:		
-		Council	1,549	
-		Oldham CCG	16,042	
	-			**17,591**
		Expenditure met from the pooled budget:		
-		Council	11,341	
-		Oldham CCG	6,147	
	-			**17,488**
	-	**Net surplus arising on the pooled budget during the year**		**103**

15 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
- Other Public Bodies, and
- 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 bills, housing benefits). Grants received from Government Departments are set out in the subjective analysis in Note 5 and 6.

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 2015/16 is shown in Note 9.

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

Chief 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 Oldham CCG in relation to Joint Loan Equipment Stores and the Better Care Fund. Transactions are detailed in Note 14.

The Council also pays levies towards the services provided by the Greater Manchester Waste Disposal Authority (GMWDA), the Greater Manchester Combined Authority (GMCA) and the Environment Agency (EA) as shown below.

31 March 2015 £000		31 March 2016 £000
16,766	Greater Manchester Waste Disposal Authority (GMWDA)	16,932
16,558	Greater Manchester Combined Authority (GMCA)	16,337
97	Environment Agency (EA)	99
33,421	**Total**	**33,368**

Entities Controlled or Significantly Influenced by the Council

The Council has a number of subsidiaries over which it has control, 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.

MioCare Group CIC (formerly Oldham Care Services Limited)

MioCare Group CIC is the new name for Oldham Care Services Limited (OCSL). The company is a care and support provider and is owned by the Council. It delivers services through two subsidiaries: Oldham Care and Support Ltd (OCS); and MioCare Services Ltd (formerly Oldham Care and Support at Home (OCSH)).

MioCare (OCSL) produced its first set of accounts for the year ending 31 December 2015, the trading figures for the group are provided below:

2014 £000		2015 £000
15,573	Total turnover	14,950
715	Third party turnover	1,116
1	Profit after tax before application of pensions' reporting standard	232
404	Loss after tax	483
21	Shareholder's Funds before application of pensions' reporting standard	253
7,376	Shareholder's deficit	6,593

Creditor and debtor balances between the three companies and the Council are disclosed at the end of 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 to become the Mouchel Group).

Kier Group, the integrated property, residential, construction and services group acquired The Mouchel Group on 8 June 2015.

The Council owns one third of the voting rights of Unity.

Unity delivers services in the following areas:

- financial transactions;
- HR transactional including advisory services;
- revenues and benefit services;
- information and communication technology;
- customer services;
- contact centre;
- highways management services; and
- property 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 MDCL 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 (OP LLP)

OP LLP is a joint venture between the Council and Brookhouse Group Ltd and was incorporated on 13 February 2013 for the acquisition of strategic development sites.

FO Development LLP

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

Net Value of Transactions and Balances held at Year End

The net value of transactions during the year with entities controlled or significantly influenced by the Council, and not presented elsewhere in the Statement of Accounts, are as follows:

2014/15 £000		2015/16 £000
14,576	Unity	20,463
1,231	MioCare Group CIC (formerly OCSL)	10,994
263	MioCare Services Ltd (formerly OCSH)	747
11,677	OCS	(31)
25	FO Development LLP	(2)
-	Oldham Property LLP	(125)
27,771	**Total**	**32,046**

The following amounts were due from related parties at 31 March 2016 and are included in debtors (see Note 20):

31 March 2015 £000		31 March 2016 £000
1,243	Unity	505
780	Oldham Property Partnerships Ltd	-
489	MioCare Group CIC (formerly OCSL)	206
297	OCS	64
2,809	**Total**	**775**

The following amounts were due to related parties at 31 March 2016 and are included in creditors (see Note 22):

31 March 2015 £000		31 March 2016 £000
(1,977)	Unity	(1,330)
(7)	MioCare Group CIC (formerly OCSL)	-
-	MioCare Services Ltd (formerly OCSH)	(15)
(1,984)	**Total**	**(1,345)**

16 Property, Plant and Equipment

Movements on Balances

2015/16	Property, Plant & Equipment							
	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	PP&E Under Construction £000	Total PP&E £000
Cost or Valuation								
At 1 April 2015	**88,905**	**461,162**	**29,018**	**223,906**	**3,563**	**459**	**14,221**	**821,234**
Additions	202	24,384	1,436	11,365	4	-	25,528	**62,920**
Revaluation Increases/(decreases) to Revaluation Reserve	(30,985)	7,272	-	-	(273)	(408)	-	**(24,395)**
Revaluation Increases/(decreases) to Surplus/Deficit PS	(701)	(12,699)	-	-	(5)	(831)	-	**(14,236)**
Derecognition-Disposals	(8)	(12,675)	(2,235)	-	-	(445)	(6,229)	**(21,593)**
Reclassified to/from Held for Sale		(1,027)				(50)		**(1,077)**
Other Reclassifications	45	25,267	-	-	8	1,299	(26,613)	**6**
At 31 March 2016	**57,458**	**491,683**	**28,219**	**235,272**	**3,297**	**24**	**6,907**	**822,859**
Accummilated Depreciation and Impairment								
At 1 April 2015	**33,231**	**15,252**	**20,531**	**75,677**	**3,542**	**-**	**-**	**148,232**
Depreciation Charge	3,391	15,799	1,808	7,204	1	-	-	**28,202**
Depreciation written out on revaluation	(2,706)	(11,587)	-	-	-	(83)	-	**(14,376)**
Depreciation written out to SDPS	(482)	(1,232)						**(1,714)**
Impairment losses/reversals to RR	(29,781)	(5,408)	-	-	(273)	-	-	**(35,462)**
Impairment losses/reversals to SDPS	34	2,099	-	-	4	-	3	**2,140**
Derecognition-Disposals	(1)	(1,363)	(1,306)	-	-	-	-	**(2,671)**
Eliminated on reclassification to Held for Sale		(35)						**(35)**
Other Reclassifications	1	(108)	-	-	24	83		**-**
At 31 March 2016	**3,687**	**13,416**	**21,033**	**82,880**	**3,297**	**-**	**3**	**124,316**
Net Book Value								
At 31 March 2016	**53,771**	**478,267**	**7,186**	**152,391**	**-**	**24**	**6,904**	**698,544**
At 31 March 2015	**55,675**	**445,909**	**8,487**	**148,230**	**21**	**459**	**14,221**	**673,001**

Comparative Movements in 2014/15

2014/15	Property, Plant & Equipment							
	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	PP&E Under Construction £000	Total PP&E £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)**
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**

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 2016 the Council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment with outstanding contractual commitments of £14.784m (similar commitments were £43.960m at 31 March 2015). The major commitments are:

	Commitment £000
Old Town Hall	11,547
School Building Programme	3,237
Total	**14,784**

Effects of Changes in Estimates

In 2015/16 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 current value or fair value as appropriate 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. The effective date of each revaluation is the date that the revaluation was produced.

The significant assumptions applied in estimating the valuations 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 £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total £000
Carried at historical cost	233	-	28,219	235,272	3,297	-	6,907	273,928
Valued as at:								
31 March 2016	57,179	309,223	-	-	-	24	-	366,427
31 March 2015	45	144,673	-	-	-	-	-	144,718
31 March 2014	-	19,899	-	-	-	-	-	19,899
31 March 2013	-	8,840	-	-	-	-	-	8,840
31 March 2012	-	9,049	-	-	-	-	-	9,049
Total Cost or Valuation	**57,458**	**491,683**	**28,219**	**235,272**	**3,297**	**24**	**6,907**	**822,859**

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 valued in previous years is not materially different from their current value.

The review concluded that the current 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 were conducted for all assets within the Schools, Sports and Cultural Building classes that are valued on a DRC basis.

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	Net Book Value as at 31 March 2015 £000	Net Book Value as at 31 March 2016 £000
Development Scheme	18,997	46,080
Retail	12,245	14,545
Office	14,694	14,866
Schools	233,238	233,591
Sports	32,034	19,172
Cultural Building	39,352	41,225
Other Assets	95,349	108,784
Total	**445,909**	**478,263**

17 Other Non-Current Assets

a) 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 Council's accounting policies on Property, Plant and Equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

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

- **Natural History -** Gallery Oldham holds an extensive natural history collection, made up of over 11,000 items of invertebrate, vertebrate and geological specimens.
- **Social History -** This collection consists of around 22,000 items and is of significant value as material evidence of the social history of Oldham and its people. The collections relate to the areas industrial history, archaeology, textiles and ephemera representing the everyday life of the borough.
- **Fine and Decorative Art -** this collection consists of over 450 oil paintings, 500 watercolours and around 1,400 prints. Of particular interest are the Charles Lees collection of oil paintings, watercolours, drawings and engravings and 55 watercolours and drawings from the S.C. Turner Collection. In addition 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. There are also a small number of assorted photographic prints, drawings and mixed media works, sculptures and decorative arts.

In addition to the above three collections 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 has not recognised the majority of the ceramics, porcelain work, figurines, pottery, machinery, ephemera, photography, biological and geological records and specimens, books and manuscripts in the 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.

There is no depreciation charged on the heritage assets because, either the Council has 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 or the assets have an indeterminate useful life and a high residual value.

	Art Collection £000	Civic Regalia £000	Total Assets £000
Cost or Valuation			
1 April 2014	18,711	694	19,405
Revaluation Gains Recognised in the Revaluation Reserve	-	323	323
31 March 2015	**18,711**	**1,017**	**19,728**
Cost or Valuation			
1 April 2015	18,711	1,017	19,728
Revaluation Gains Recognised in the Revaluation Reserve	-	55	55
31 March 2016	**18,711**	**1,072**	**19,783**

Civic Regalia

The Council's Civic Regalia is reported in the Balance Sheet at insurance valuation and the insured sum for 2015/16 is £1.072m. This valuation excludes the Civic Crests.

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 100 items and their knowledge of sales and acquisitions within the market.

b) Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement:

2014/15 £000		2015/16 £000
(2,951)	Rental Income From Investment Properties	(3,158)
1,346	Direct Operating Expenses (including repairs and maintenance)	1,682
(1,605)	**Net Gain**	**(1,476)**

The movements in value of investment properties are analysed below:

2014/15 £000		2015/16 £000
15,044	**Balance at 1 April**	**15,256**
15	Additions: Subsequent Expenditure	206
(268)	Disposals	(4)
974	Net Gain/Losses from Fair Value Adjustments	555
(509)	Transfers to Other Land and Buildings	(6)
15,256	**Balance at 31 March**	**16,007**

Fair Value Hierarchy

All the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (see Note 32 Accounting Policy 1.25 for an explanation of the fair value levels).

Valuation Techniques Used to Determine Level 2 Fair Values for Investment Property

The fair value of investment property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Investment Asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.

There has been no change in the valuation techniques used during the year for investment properties.

Highest and Best Use

In estimating the fair value of the Council's investment properties, the highest and best use is their current use.

Valuation Process for Investment Properties

The Council's investment property has been valued as at 31 March 2016 by the Unity Partnership in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

18 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/PPP 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.

2014/15 £000		2015/16 £000
479,872	**Opening capital financing requirement**	**527,364**
	Capital Investment	
96,550	Property Plant and Equipment	62,920
15	Investment Assets	206
8,158	Revenue Expenditure Funded from Capital Under Statute	4,879
100	Long Term Investment	-
1,250	Intangible Assets	1,370
-	Long Term Debtor	410
-	Assets Held for Sale	11
	Sources of Finance	
(3,292)	Capital Receipts	(1,278)
(18,650)	Government Grants And Other Contributions	(26,271)
(36,639)	Sums Set aside from Revenue	(26,379)
527,364	**Closing capital financing requirement**	**543,232**
	Explanation of movements in year	
(5,247)	Increase in Need to Borrow Supported by Government Financial Assistance	(5,713)
13,517	Increase in Need to Borrow Unsupported by Government Financial Assistance	17,572
382	Assets Acquired Under Finance Leases	270
38,840	Assets Acquired Under PFI/ PPP Contracts	3,738
47,492	**Increase in Capital Financing Requirement**	**15,867**

19 Financial Instruments

Categories of Financial Instruments

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

Long Term 31 March 2015 £000	Current 31 March 2015 £000		Long Term 31 March 2016 £000	Current 31 March 2016 £000
		Investments		
-	38,000	Loans and Receivables - Investments (Principal)	-	26,500
-	85	Loans and Receivables - Investment Accrued Interest	-	85
-	55,726	Loans and Receivables - Cash & Cash Equivalents (CCE)	-	27,919
-	27	Loans and Receivables - CCE Accrued Interest	-	8
43,367	-	Available for sale financial assets	46,805	15,631
43,367	**93,838**	**Total Investments**	**46,805**	**70,144**
		Debtors		
10,756	19,086	Loans and receivables	11,362	14,989
10,756	**19,086**	**Total included in Debtors**	**11,362**	**14,989**
-	15,978	Debtors that are not financial Instruments	-	15,841
10,756	**35,064**	**Total Debtors**	**11,362**	**30,830**
		Borrowings		
147,824	293	Financial liabilities at amortised cost - Loans (Principal)	147,824	289
-	1,396	Financial liabilities at amortised cost - Loans Accrued Interest	-	1,412
821	-	Financial liabilities at amortised cost - Market Loans EIR Adjustment	814	-
148,646	**1,689**	**Total included in Borrowings**	**148,638**	**1,701**
		Other Long Term Liabilities (OLTL)		
269,058	9,485	PFI, finance lease & transferred debt	263,717	9,292
269,058	**9,485**	**Total included in Other Long Term Liabilities**	**263,717**	**9,292**
393,181	-	OLTL that are not financial instruments	314,062	
662,239	**9,485**	**Total Other Long Term Liabilities**	**577,779**	**9,292**
		Creditors		
-	52,356	Financial liabilities at amortised cost	-	40,807
-	**52,356**	**Total included in Creditors**	**-**	**40,807**
-	13,864	Creditors that are not financial instruments	-	15,343
-	**66,220**	**Total Creditors**	**-**	**56,150**

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

Long Term 31 March 2015 £000	Current 31 March 2015 £000		Long Term 31 March 2016 £000	Current 31 March 2016 £000
		Borrowings		
15,723	98	PWLB	15,723	98
126,321	1,298	LOBO's	126,314	1,314
6,601	293	Other market debt	6,601	289
148,646	**1,689**	**Total Borrowings**	**148,638**	**1,701**

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:

2014/15					2015/16			
Financial Liabilities measured at aortised cost £000	Financial Assets: Loans and Receivables £000	Financial Assets: Avilable for Sale £000	Total £000		Financial Liabilities measured at amortised cost £000	Financial Assets: Loans and Receivables £000	Financial Assets: Available for Sale £000	Total £000
(29,886)			**(29,886)**	Interest expense	(29,856)			**(29,856)**
	1,566	2,533	**4,099**	Interest and Dividend income		1,721	3,357	**5,078**
		4,300	**4,300**	Gains / (Loss) on revaluation			(1,373)	**(1,373)**
(29,886)	**1,566**	**6,833**	**(21,487)**	**Net gain/(loss) for the year**	**(29,856)**	**1,721**	**1,983**	**(26,151)**

Fair Value of Financial Assets

Some of the Council's financial assets are measured in the balance sheet at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Recurring Fair Value Measurements	Input level in Fair Value Hierarchy	Valuation technique used to measure Fair Value	31 March 2015 Fair value £000	31 March 2016 Fair Value £000
Available for Sale - Manchester Airport	Level 3	Earnings Based	41,000	39,800
Available for Sale - Certificates of Deposit	Level 1	Unadjusted quoted prices in active markets for identical shares	-	15,591
Available for Sale - CCLA	Level 1	Unadjusted quoted prices in active markets for identical shares	-	4,836
			41,000	**60,228**

The Council holds a 3.22% share in Manchester Airport Holdings Limited. The shares in this company are not traded in an active market and the fair value shown above has been based on some unobservable inputs for the asset. An earnings based method has been employed which takes as its basis the profitability of the company, assessing its historic earnings and arriving at a view of “maintainable” or “prospective” earnings.

The method involves the application of a price earnings ratio to maintainable or prospective earnings or post tax profits and draws on data from comparable quoted companies. The data is then adjusted by discount factors to allow for the fact that the shares are not publically traded and that the Council holds a minority interest with no voting rights. These unobservable inputs have been developed using the best information about the assumptions that the market participants would use when pricing the asset.

The valuation has been made using annual audited accounts of MAHL for 2014 and 2015 along with interim 6 month reports for the period ending 30 September 2015. These shares are subject to an annual valuation. In 2015/16 this has seen a decrease in value of £1.2m.

The Council held £15.5m in certificates of deposit. These comprise of Royal Bank of Scotland (£8m) and Standard Chartered Bank (£7.5m). The fair value has been calculated by using published price quotations.

During 2015/16 the Council also purchased units within the CCLA Property Fund, the fair value has been calculated using quoted share prices. All other available for sale investments are carried at historic cost, as a fair value cannot be established or they are commercially sensitive. The total value of these available for sale investments at 31 March 2016 is £2.169m.

The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value disclosures are required)

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by loans and receivables and long term debtors and creditors are carried on the balance sheet at amortised cost. 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 (Level 2), using the following assumptions:

- For loans from the Public Works Loan Board (PWLB) payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For non-PWLB loans payable, prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures;
- 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;

31 March 2015			31 March 2016	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
		Financial Liabilities		
15,723	17,185	PWLB	15,723	19,175
132,395	164,750	Market Loans	132,399	176,587
52,356	52,356	Short-term creditors	40,807	40,807
270,736	429,651	PFI Contracts (A)	266,140	463,628
471,210	**663,942**	**Total (B)**	**455,069**	**700,197**

(A) The loans which make up the PFI contract liabilities are held by and are 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 of the liabilities 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. This shows a notional future loss (based on economic conditions at 31 March 2016) arising from a commitment to pay interest to lenders above current market rates.

The fair value of PWLB loans of £19.175m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

31 March 2015			31 March 2016	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
		Loans and receivables		
38,000	38,113	Fixed Term Investments	26,500	26,615
55,727	55,753	Cash & Cash Equivalents	27,919	27,927
10,756	10,756	Long-term debtors	11,362	11,362
19,086	19,086	Short-term debtors	14,989	14,989
123,569	**123,707**		**80,770**	**80,893**

The fair value of the assets is greater than the carrying amount because the Council's portfolio of loans and receivables 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.

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 2015 £000		31 March 2016 £000
41,000	**Manchester Airport Holdings Limited**	39,800
	3.22% Shareholding	
100	**Municipal Bonds Agency**	100
1,311	**Meridian Development Company Limited**	1,311
	27.15% Shareholding	
	199 £1 "B" ordinary shares	
	1,311,021 £1 "B" voting shares	
757	**Oldham Property Partnership Limited**	-
	757,380 £1 preference shares	
199	**Community 1st Oldham (Chadderton) Limited**	-
	20% Shareholding	
-	**MioCare (formerly Oldham Care Services Limited)**	-
	100% Shareholding	
-	**Oldham Property LLP**	757
-	**CCLA Property Fund**	4,836
-	**Certificates of Deposit**	15,631
43,367	**Total**	**62,436**

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;
- refinancing risk – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms; 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 2015/16 which incorporates the prudential indicators was approved by Council on 25 February 2015 and is available on the Council website. Amendments to the prudential indicators were approved by Council on 24 February 2016. The key issues within the strategy were:

- the Authorised Limit for 2015/16 was initially set at £630m but decreased to £600m 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 £600m but decreased to £570m also due to 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 30% based on the Council's debt.

These policies are implemented by a central Treasury Team, under policies approved by the Council in the annual treasury management strategy. 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. The Council has operated within the limits and boundaries as set during the year.

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 Capita Asset Services. 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. The Council is able to deposit money with the following:

- yellow: Highest rated – Local Authorities & Public Bodies – Investments of up to £10m for up to 5 years;
- dark pink: Investment of up to £10m for up to 5 years;
- light pink: Investment of up to £10m for up to 5 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 £10m for up to 100 days; and
- no colour - not to be used.

The full Investment Strategy for 2016/17was approved by Council on 25 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 £74.1m deposited with a number of banks and financial institutions at 31 March 2016, 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 2016 that this was likely to crystallise.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

Deposits with Banks and Financial Institutions	Capita Asset Services	Fitch	Moody's	Standard and Poors	Amount at 31 March 2016	Historical Experience of Default	Historical Experience adjusted for market conditions at 31 March 2016	Estimated maximum exposure to default and uncollectability at 31 March 2016
					£000	%	%	£000
Deposits with Banks and Financial Institutions								
Bank of Scotland	Green	F1	P-1	A-1	3,000			
Bank of Scotland	Green	F1	P-1	A-1	5,000			
Barclays	Green	F1	P-1	A-2	3,000			
Barclays	Green	F1	P-1	A-2	3,000			
Herefordshire Council	Yellow	AA+	Aa1	AAA	7,500			
Nationwide	Red	F1	P-1	A-1	2,500			
RBS	Blue	F2		A-3	5,000			
RBS	Blue	F2		A-3	3,000			
Santander UK	Red	F1	P-1	A-1	2,500			
Standard Chartered	N/C	F1	P-1	A-1	5,000			
Standard Chartered	N/C	F1	P-1	A-1	2,500			
Standard Life MMF	Purple	AAA	Aa1	AAA	14,400			
Federated MM Fund	Purple	AAA	Aa1	AAA	17,700			
CCLA Property Fund					4,836			
Customer Debtors					26,351	0.85%	-	223
					105,287		**-**	**223**

No credit limits were 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 2015 £000		31 March 2016 £000
3,501	Less than 3 months	2,780
237	3 - 6 months	264
1,174	6 - 12 months	1,403
3,620	more than 12 months	3,040
8,532		**7,487**

Collateral – During the reporting period the Council held no collateral as security.

Liquidity Risk

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

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

All sums owing £74.100m are due to be paid in less than one year.

Refinancing and Maturity Risk

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

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

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

The maturity analysis of financial liabilities is as follows:

31 March 2015 £000		31 March 2016 £000
54,045	Less than 1 year	42,749
241	1 - 2 years	-
-	2 - 5 years	-
6,841	5 - 10 years	6,841
140,742	More than 10 years	140,742
201,869		**190,332**

The above analysis within more than ten years category includes principal of £74m of Lender Option Borrower Option loans (LOBOs) 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 52 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, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall (no impact on revenue balances);
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or 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 30% 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:

	2015/16 £000
Decrease in fair value of fixed rate investment assets	741
Impact on Other Comprehensive Income and Expenditure	741
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 £46.804m 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 £46.804m shares are all classified as ‘available for sale’, meaning that all movements in price will impact on gains and losses recognised in the Available for Sale Reserve. 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 £2.340m gain or loss being recognised in the Available for Sale Reserve for 2015/16.

In 2015/16 the Council's holding in Manchester Airport, was re-valued resulting in a loss of £1.2m that was recognised in the Available for Sale Reserve. A loss of £0.164m was also recognised in year in relation to the property fund due to the short time in holding the units.

Foreign Exchange Risk

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

20 Debtors

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

31 March 2015 £000		31 March 2016 £000
3,695	Central Government Bodies	4,812
67	Other Local Authorities	294
5,981	NHS Bodies	1,406
3,179	Capital Debtors	3,677
19,949	Other entities and individuals	18,137
2,193	Payments in Advance	2,504
35,064	**Total**	**30,830**

21 Cash and Cash Equivalents

31 March 2015 £000		31 March 2016 £000
128	Cash held by the Authority	122
66,567	Bank Current Accounts	36,052
(10,942)	Bank Overdraft	(8,247)
55,753	**Total**	**27,927**

22 Creditors

The Council's creditors are as follows:

31 March 2015 £000		31 March 2016 £000
(3,235)	Central Government Bodies	(3,492)
(552)	Other Local Authorities	(1,836)
(514)	NHS Bodies	(1,148)
(13,682)	Capital Creditors	(7,529)
(37,269)	Other entities and individuals	(33,183)
(5,512)	Accumulated Absences	(4,070)
(5,456)	Receipts in Advance	(4,892)
(66,220)	**Total**	**(56,150)**

23 Provisions

	Short Term			
	Insurance Provision £000	Pay and Reward Provision £000	Other Provisions £000	Total £000
Balance at 1 April 2015	**(3,815)**	**(188)**	**(4,261)**	**(8,264)**
Additional provisions made in 2015/16			(5,377)	**(5,377)**
Amounts used in 2015/16	176		1,758	**1,934**
Balance at 31 March 2016	**(3,639)**	**(188)**	**(7,880)**	**(11,707)**

	Long Term			
	Insurance Provision £000	Pay and Reward Provision £000	Other Provisions £000	Total £000
Balance at 1 April 2015	**(9,820)**	**(2,702)**	**(2,745)**	**(15,267)**
Additional provisions made in 2015/16	(1,352)			**(1,352)**
Amounts used in 2015/16			750	**750**
Balance at 31 March 2016	**(11,172)**	**(2,702)**	**(1,995)**	**(15,869)**

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.

24 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 2016.

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). As at 31 March 2016, there remains £3.000m 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 2016, there remains £2.500m 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 housing stock transfers, the Council has entered into an agreement with First Choice Homes Oldham (FCHO) and the Council's Housing PFI partners 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 housing stock 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 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 £14.900m. This first tranche of VAT was utilised by FCHO during the first 4 years post transfer. FCHO also retained a second tranche of VAT shelter savings, totalling £6.000m. This second tranche was used solely for asbestos works that exceed the amount estimated within the Stock Condition Survey of £7.200m, (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 circa £15.000m. The amount received in any given year by the Council will be dependent on the value of works undertaken by FCHO on which VAT can be reclaimed. The Council is expecting to receive VAT savings from 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.

3) GM & Cheshire East Business Rates Growth Pilot

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

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

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

25 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 2016.

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 Greater Manchester Pension Fund (GMPF) then the Council will be responsible for taking on those obligations.

3) Stock Transfer Warranties

The Council agreed to a number of warranties under the stock transfer agreements with 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.

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.

4) 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 £12.000m to £14.000m capital in proportion to its percentage of GM population at the date of the establishment of the fund (June 2013).

For the Council the maximum indemnity will be £1.172m which is 8.37% of the total indemnity. At 31 March 2016 loans totalling £4.050m have been advanced. The risk of the indemnity being called upon is considered to be low.

5) 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 2016 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.

6) 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.

7) Local Land Charges

A group of Property Search Companies sought to claim refunds of fees paid to the Council to access land charges data. The Council agreed to settle and some costs were settled in 2015/16. There remains the potential for new claimants to come forward but the value of the liability is unknown.

8) 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.

In addition the Employment Appeal Tribunal (November 2014) ruled that holiday pay should include non-guaranteed overtime which may have implications for the Council where our employees are required to work overtime as a regular part of their job. There remains the potential for some claims but the scale of any liabilities cannot be assessed.

9) Greater Manchester Housing Investment Fund

The Greater Manchester Devolution Agreement provides for a Housing Investment Fund of £300.000m 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 1 April 2015 and is administered by Manchester City Council as accountable body. The Fund provides the opportunity to invest in locally prioritised schemes and gives the flexibility required to stimulate the market, accelerate growth and increase housing supply.

In return for GM receiving this Fund it must guarantee that 80% of the funds drawn down, to a maximum of £240.000m will be repaid to Her Majesty's Treasury (HMT) at the end of the Fund life (this is likely to be in 2028 when all loans advanced are repaid). The Department of Communities and Local Government (DCLG) will underwrite the first 20% of any loss to the Fund (up to a maximum of £60.000m).

Each GM District has agreed to indemnify a proportion of the Fund based on its percentage of GM population as at 1 April 2015. For Oldham Council the maximum indemnity will be £20.094m which is 8.37% of the total indemnity. At 31 March 2016 the amount drawn down was £11.063m. It is not currently expected that there will be any call on this indemnity.

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 £6.000m. 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 £20.000m. 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.

12) Legal Case

Since the year end the Council has received a legal claim regarding damages it has alleged to have caused. The Council is intending to robustly defend against this action and is unable to provide an estimate of any financial effect due to its potential to seriously prejudice the Council's position in relation to this claim.

26 PFI and Similar Contracts

Oldham Library and Lifelong Learning Centre

The financial year 2015/16 was the eleventh year of a 25 year PFI contract for the construction, maintenance and operation of Information Technology (IT) and Financial 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

The financial year 2015/16 was the tenth 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 the Council at the end of the contract for nil consideration.

Housing PFI Scheme - Gateways to Oldham Housing

The financial year 2015/16 was the fifth year of a 25 year PFI contract for the management of 634 HRA dwellings with Inspiral Oldham Limited (Inspiral). Inspiral will be 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 will 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 Health and Wellbeing Centre

The financial year 2015/16 was the seventh year of a 30 year LIFT Lease Plus Agreement to build and maintain the Chadderton Health and Wellbeing Centre. The Centre incorporates a library, sports centre, and cafe 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 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 Council has the option to purchase the Health and 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 contractor's outstanding debt attributable to the contract. There have been no changes to the arrangement over the year.

Street Lighting PFI Scheme

The financial year 2015/16 was the fifth 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 is 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 Scheme - Schools (Radclyffe & Failsworth)

2015/16 was the eighth 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.

Education Services PFI Scheme - Building Schools for the Future

2015/16 was the fourth 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 FM 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 contractors' 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 £000	Sheltered Housing £000	Gateways to Oldham Housing £000	Chadderton Wellbeing Centre £000	Street Lighting £000	Schools £000	Building Schools for the Future £000	Total £000
2016/17	Repayment of Liability	573	2,336	1,959	50	752	1,659	790	8,118
	Interest	1,194	7,269	4,670	726	2,037	3,492	3,005	22,393
	Service Charges	1,329	5,034	1,850	299	1,390	3,027	1,288	14,217
	Total	**3,096**	**14,639**	**8,479**	**1,075**	**4,179**	**8,178**	**5,083**	**44,728**
2017/18 to 2020/21	Repayment of Liability	1,937	10,464	8,805	489	3,353	6,930	3,686	35,664
	Interest	4,128	27,973	17,492	3,127	7,470	12,843	11,392	84,425
	Service Charges	6,691	21,983	8,488	961	6,420	13,765	5,719	64,029
	Total	**12,756**	**60,420**	**34,786**	**4,577**	**17,243**	**33,538**	**20,797**	**184,118**
2021/22 to 2025/26	Repayment of Liability	3,818	17,679	9,365	376	3,176	12,530	5,753	52,697
	Interest	3,943	31,641	17,811	4,052	6,933	12,162	12,250	88,793
	Service Charges	9,095	30,575	18,436	1,967	12,685	19,252	9,132	101,143
	Total	**16,856**	**79,895**	**45,612**	**6,395**	**22,795**	**43,944**	**27,136**	**242,633**
2026/27 to 2030/31	Repayment of Liability	6,115	16,830	14,210	535	3,658	15,654	8,425	65,428
	Interest	2,232	26,928	14,808	4,547	5,114	6,837	9,218	69,685
	Service Charges	9,022	41,284	19,250	2,153	15,483	23,974	10,914	122,081
	Total	**17,369**	**85,043**	**48,268**	**7,235**	**24,255**	**46,465**	**28,557**	**257,193**
2031/32 to 2035/36	Repayment of Liability	-	32,386	23,575	1,231	10,221	6,522	10,942	84,878
	Interest	-	20,359	10,852	5,378	4,763	712	4,778	46,843
	Service Charges	-	37,776	16,846	1,576	10,826	10,491	14,445	91,959
	Total	**-**	**90,522**	**51,274**	**8,186**	**25,810**	**17,725**	**30,164**	**223,680**
2036/37 to 2040/41	Repayment of Liability	-	4,741	3,992	5,835	649	-	4,138	19,356
	Interest	-	1,576	1,109	3,904	157	-	469	7,215
	Service Charges	-	3,079	1,998	1,667	570	-	4,275	11,589
	Total	**-**	**9,396**	**7,099**	**11,406**	**1,376**	**-**	**8,882**	**38,160**
	Repayment of Liability- Total	**12,443**	**84,437**	**61,905**	**8,517**	**21,809**	**43,295**	**33,734**	**266,140**
	Interest- Total	**11,498**	**115,747**	**66,743**	**21,734**	**26,474**	**36,047**	**41,112**	**319,353**
	Service Charges- Total	**26,137**	**139,732**	**66,869**	**8,624**	**47,374**	**70,509**	**45,773**	**405,019**
	Grand total	**50,078**	**339,916**	**195,517**	**38,875**	**95,657**	**149,851**	**120,619**	**990,512**

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:

Scheme	Liability 31 March 2014 £000	Additions £000	Repayments £000	Liability 31 March 2015 £000	Additions £000	Repayments £000	Liability 31 March 2016 £000
Library and Lifelong Learning Centre	**13,332**	-	(445)	**12,887**	-	(444)	**12,443**
Sheltered Housing	**90,321**	-	(3,011)	**87,310**	-	(2,872)	**84,437**
Gateways to Oldham	**32,285**	37,933	(6,487)	**63,732**	-	(1,826)	**61,905**
Chadderton Wellbeing Centre	**8,678**	-	(104)	**8,574**	-	(57)	**8,517**
Street Lighting	**12,662**	6,446	(496)	**18,612**	3,738	(541)	**21,809**
Schools	**46,734**	-	(1,670)	**45,064**	-	(1,769)	**43,295**
Building Schools for the Future	**35,379**	-	(820)	**34,558**	-	(824)	**33,734**
Total	**239,389**	**44,380**	**(13,034)**	**270,736**	**3,738**	**(8,334)**	**266,140**

Assets as a result of PFI and Similar Contracts

	Library and Lifelong Learning Centre £000	Sheltered Housing £000	Gateways to Oldham Housing £000	ChaddertonHealth and Wellbeing Centre £000	Street Lighting £000	Schools £000	Building Schools for the Future £000	Total £000
Cost or Valuation								
As at 1 April 2014	17,015	32,930	20,172	9,065	14,272	39,750	20,745	153,949
Additions	-	37	38,059	-	6,446		-	44,542
Revaluations recognised in Revaluation Reserve	(5,305)	812	(10,439)	(250)	-	4,333	2,518	(8,331)
Revaluations recognised in Surplus/ Deficit on Provision of Services	(392)	744	79	(444)	-	-	-	(13)
Transfers	-	-	205	-	-	-	-	205
As at 31 March 2015	**11,318**	**34,523**	**48,076**	**8,372**	**20,719**	**44,083**	**23,263**	**190,353**
Accumulated Depreciation and Impairment								
As at 1 April 2014	3,612	2,038	10,993	1,165	236	1,537	716	20,296
Depreciation Charge	639	2,299	876	291	362	1,537	716	6,720
Depreciation Written out to Revaluation Reserve	(4,250)	(1,649)	(274)	(1,456)	-	(3,074)	(1,431)	(12,135)
Depreciation written out to the surplus/ Deficit 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
Transfers	-	-	53	-	-	-	-	53
As at 31 March 2015	**-**	**2,299**	**30,670**	**-**	**598**	**-**	**-**	**33,567**
Net Book Value at 31 March 2014 Restated	**13,404**	**30,892**	**9,179**	**7,901**	**14,036**	**38,213**	**20,029**	**133,654**
Net Book Value at 31 March 2015 Restated	**11,318**	**32,225**	**17,405**	**8,372**	**20,121**	**44,083**	**23,263**	**156,786**

	Library and Lifelong Learning Centre £000	Sheltered Housing £000	Gateways to Oldham Housing £000	ChaddertonHealth and Wellbeing Centre £000	Street Lighting £000	Schools £000	Building Schools for the Future £000	Total £000
Cost or Valuation								
As at 1 April 2015	11,318	34,523	48,076	8,372	20,719	44,083	23,263	190,353
Additions	-	72	130	-	3,738	-	-	3,940
Revaluations recognised in Revaluation Reserve	446	(774)	(22,478)	675	-	-	-	(22,131)
Revaluations recognised in Surplus/ Deficit on Provision of Services	384	(312)	(8,123)	-	-	-	-	(8,051)
Derecognition-disposals	-	(8)	-	-	-	-	-	(8)
As at 31 March 2016	**12,147**	**33,502**	**17,605**	**9,047**	**24,457**	**44,083**	**23,263**	**164,103**
Accumulated Depreciation and Impairment								
As at 1 April 2015	-	2,299	30,670	-	598	-	-	33,567
Depreciation Charge	457	2,475	916	336	523	1,953	765	7,424
Depreciation Written out to Revaluation Reserve	(457)	(1,929)	(777)	(336)	-	-	-	(3,498)
Depreciation written out to the surplus/ Deficit on the provision of services	-	(370)	(112)	-	-	-	-	(482)
Impairment Losses/(reversals) recognised in the Revaluation Reserve	-	-	(21,786)	-	-	-	-	(21,786)
Impairment Losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	(7,864)	-	-	-	-	(7,864)
Derecognition -disposals	-	(1)	-	-	-	-	-	(1)
As at 31 March 2016	**-**	**2,474**	**1,046**	**-**	**1,121**	**1,953**	**765**	**7,359**
Net Book Value at 31 March 2015 Restated	**11,318**	**32,225**	**17,405**	**8,372**	**20,121**	**44,083**	**23,263**	**156,786**
Net Book Value at 31 March 2016	**12,147**	**31,027**	**16,559**	**9,047**	**23,336**	**42,130**	**22,498**	**156,744**

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 unable 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 2015/16, the Council paid £8.152m (2014/15 £8.115m) to the Teachers Pensions Agency in respect of teachers' retirement benefits, representing 15.01% (2014/15 13.55%) 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 2015/16, former 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 2015/16, the Council paid £0.080m (2014/15 £0.095m) to the NHS Pension Scheme in respect of former NHS staff retirement benefits, representing 11.35% (2014/15 12.33%) 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:

2014/15 £000		2015/16 £000
	Service Cost	
(17,590)	Current service cost	(21,882)
(380)	Past service cost (including curtailments)	(382)
(17,970)	**Total Service Cost**	**(22,264)**
	Financing and Investment Income and Expenditure	
31,373	Interest income on scheme assets	25,720
(43,736)	Interest cost on defined benefit obligation	(38,380)
(12,363)	**Total net interest**	**(12,660)**
(30,333)	**Total Post Employment Benefits Charged to the Deficit on the Provision of Services**	**(34,924)**
	Remeasurements of the Net Defined Liability Comprising:	
53,288	Return on plan assets excluding amounts included in net interest	(30,420)
(155,467)	Actuarial gains or (losses) arising from changes in financial assumptions	109,262
9,532	Other	17,949
(92,647)	**Total remeasurements recognised in other comprehensive income**	**96,791**
(122,980)	**Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement**	**61,867**
	Movement in Reserves Statement	
13,424	Reversal of net charges made to the deficit on the provision of services	17,673
(16,909)	**Employers' Contributions Payable to the Scheme**	**(17,251)**

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:

2014/15 £000		2015/16 £000
809,172	Fair value of plan assets	793,514
(1,153,124)	Present value of funded liabilities	(1,062,607)
(49,210)	Present value of unfunded liabilities	(44,951)
(393,162)	**Net Liability Arising From Defined Benefit Obligation**	**(314,044)**

Reconciliation of the Movements in Fair Value of Scheme Assets

2014/15 £000		2015/16 £000
735,501	Opening fair value of scheme assets	809,172
31,373	Interest income	25,720
	Remeasurement loss	
53,288	Return on plan assets excluding amounts included in net interest	(30,420)
16,909	Contributions from employer	17,251
5,086	Contributions from employees into the scheme	5,011
(32,985)	Benefits paid	(33,220)
809,172	**Closing Fair Value of Scheme Assets**	**793,514**

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

2014/15 £000		2015/16 £000
1,022,592	Opening fair value of scheme liabilities	1,202,334
17,590	Current service cost	21,882
43,736	Interest cost	38,380
5,086	Contributions from scheme participants	5,011
	Remeasurement gain	
155,467	Actuarial losses arising from changes in financial assumptions	(109,262)
(9,532)	Other	(17,949)
380	Past service cost	382
(32,985)	Benefits paid	(33,220)
1,202,334	**Closing Fair Value of Scheme Liabilities**	**1,107,558**

Pension Scheme Assets

	Period Ended 31 March 2016				Period Ended 31 March 2015			
	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	Percentage Total of Asset %	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	Percentage Total of Asset %
Equity Securities								
Consumer	69,877	-	**69,877**	9%	81,342	-	**81,342**	10%
Manufacturing	57,508	-	**57,508**	7%	75,702	-	**75,702**	9%
Energy and Utilities	42,597	-	**42,597**	5%	67,691	-	**67,691**	8%
Financial Institutions	76,975	-	**76,975**	10%	95,865	-	**95,865**	12%
Health and Care	33,182	-	**33,182**	4%	38,237	-	**38,237**	5%
Information Technology	17,828	-	**17,828**	2%	16,288	-	**16,288**	2%
Other	10,458	-	**10,458**	1%	10,177	-	**10,177**	1%
Debt Securities								
Corporate Bonds (investment grade)	39,533	-	**39,533**	5%	47,682	-	**47,682**	6%
UK Government	6,291	-	**6,291**	1%	7,530	-	**7,530**	1%
Other	24,775	-	**24,775**	3%	40,014	-	**40,014**	5%
Private Equity								
All	-	19,826	**19,826**	2%	-	22,483	**22,483**	3%
Real Estate								
UK Property	-	24,986	**24,986**	3%	-	22,403	**22,403**	3%
Investment Funds and Unit Trusts								
Equities	221,118	-	**221,118**	28%	149,405	-	**149,405**	18%
Bonds	61,648	-	**61,648**	8%	44,875	-	**44,875**	6%
Infrastructure	-	10,635	**10,635**	1%	-	8,880	**8,880**	1%
Other	15,592	38,593	**54,185**	7%	10,479	39,991	**50,470**	6%
Derivatives								
Other	2,089	-	**2,089**	0%	9,029	-	**9,029**	1%
Cash and Cash Equivalents								
All	20,005	-	**20,005**	3%	21,100	-	**21,100**	3%
Total	**699,476**	**94,040**	**793,516**	**100%**	**715,416**	**93,756**	**809,172**	**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 2016.

The significant assumptions used by the actuary have been:

2014/15		2015/16
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
21.40	Men	21.40
24.00	Women	24.00
	Longevity at 65 for future pensioners:	
24.00	Men	24.00
26.60	Women	26.60
2.40%	Rate of inflation	2.20%
3.60%	Rate of increase in salaries	3.50%
2.40%	Rate of increase in pensions	2.20%
3.20%	Rate for discounting scheme liabilities	3.50%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below is based on possible changes to the assumptions occurring at the end of the reporting period and assumes for each assumption change all 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 2014/15.

Change in Assumptions at 31 March 2016	Approximate % Increase to Employee Liability	Approximate Monetary Amount £000
0.5% decrease in real discount rate	10%	114,963
1 year increase in member life expectancy	3%	33,227
0.5% increase in the salary increase rate	3%	29,573
0.5% increase in the pension increase rate	8%	84,157

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 will be based on the position at 31 March 2016 and will take effect from the 1 April 2017.

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 £14.745m contributions to the scheme in 2016/17.

The weighted average duration of the defined benefit obligation for scheme members is 18.8 years.

29 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

2014/15 £000		2015/16 £000
25,657	Depreciation charged to CIES	28,201
32,457	Impairment charged to CIES	2,151
602	Amortisation of Intangible Assets	942
2,395	Impairment Debtors	2,960
677	Increase/(Decrease) in Creditors	(3,917)
(3,863)	(Increase)/Decrease in Debtors	3,640
19	(Increase)/Decrease in Inventories	(105)
13,424	Pensions Liability	17,673
(4,841)	Contributions to/(from) Provisions	4,045
9,086	Revaluation Losses	12,635
3,258	Carrying value on disposal of Property, Plant and Equipment, Investment Property and Intangible Assets	5,191
28,763	Loss on transfer to Academies	13,783
(707)	Investment Properties Gains	(550)
106,927		**86,648**

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

2014/15 £000		2015/16 £000
(16,830)	Capital Grants credited to the surplus or deficit on the provisions of services	(24,112)
(2,610)	Proceeds from the sale of non-current assets	(5,859)
8,447	Billing Authorities - Council Tax and NDR adjustments	11,712
(10,993)		**(18,259)**

c) Interest received, interest paid and dividends received

2014/15 £000		2015/16 £000
1,566	Interest received	1,721
(29,886)	Interest paid	(29,856)
2,533	Dividends received	3,357
(25,787)		**(24,778)**

30 Cash Flow Statement – Investing Activities

2014/15 £000		2015/16 £000
(51,134)	Purchase of property, plant and equipment, investment property and intangible assets	(66,658)
(60,100)	Purchase of short-term and long-term investments	(74,550)
2,609	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,679
34,500	Proceeds from short-term and long-term investments	65,550
21,697	Capital grants received	16,205
(52,428)	**Net cash flows from investing activities**	**(56,774)**

31 Cash Flow Statement – Financing Activities

2014/15 £000		2015/16 £000
1,397	Cash receipts of short-term and long-term borrowing	1,413
(8,854)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(9,526)
(1,411)	Repayments of short-term and long-term borrowing	(1,401)
-	Long term loans raised	(8)
(8,447)	Billing Authorities - Council Tax and NDR Adjustments	(11,712)
(17,315)	**Net cash flows from financing activities**	**(21,234)**

32 Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2015/16 financial year and its position at the year end of 31 March 2016. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code) and the Service Reporting Code of Practice for Local Authorities 2015/16 (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.

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

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 cost of assets acquired other than by purchase is deemed to be its current 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 current value. The difference between current 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 – current value, determined using the basis of existing use value for social housing (EUV-SH)
- surplus assets – fair value, determined by the measurement of the highest and best use value of the asset.
- all other operational assets – current 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 current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current 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 current value.

Assets included on the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current 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 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.

Revaluation gains are 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.

Component Accounting

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item and/or whose life is significantly different to the life of the host (main) asset, the components are depreciated separately.

Components are recognised in the financial year 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

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet 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 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.

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. If the disposal relates to housing assets a proportion of the capital receipt is payable to the Government (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances). The balance of receipts is required to be credited to the Useable 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 Useable Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

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 are:

- immediately available for sale;
- where the sale is highly probable;
- actively marketed;
- expected to be sold within 12 months.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value at highest and best use, 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.

1.5 Heritage Assets

The Council's Heritage Assets 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 Council's accounting policies on Property Plant and Equipment. However, some of the measurement rules are relaxed allowing the Council's Heritage Assets to be included on the Balance Sheet at their insured value where available. Where insurance valuations are not available there is a narrative disclosure.

1.6 Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset from the market participants perspective. Investment properties are not depreciated and an annual valuation programme ensures that they are held at highest and best use 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 Useable Capital Receipts Reserve.

1.7 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 assets 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 current 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. 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:

- 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.
- 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.
- 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.

1.8 Accounting for Schools

In line with accounting standards and the Code on group accounts and consolidation, all maintained schools are 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 assets (school buildings and playing fields) 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 through a licence arrangement.

When a maintained school converts to an Academy, the schools non-current assets held on the Council's balance sheet are treated as a disposal. The carrying value of the asset is written off to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The written-off asset value is not a charge against the General Fund, as the cost of non-current asset disposals resulting from schools transferring to an Academy 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.

1.9 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 Capital 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 fixed 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 replaced by Minimum Revenue Provision (MRP). This adjusting transaction is done through the Movement in Reserves Statement with the Capital Adjustment Account charged with the difference between the two amounts.

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 hierarchy:

- instruments with quoted market prices in active markets for identical assets – 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, as a valuation is not possible or would not give a materially different result, 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. These guarantees are reflected in the Statement of Accounts, to the extent that provisions might be required or a contingent liability note is needed under the policies set out in the section on Provisions, Contingent Liabilities and Contingent Assets.

1.12 Employee Benefits

Employee Holiday Pay Accrual

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 entitlement occurs.

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 Pension 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 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 Service 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; 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 and projections of future earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate (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 pension 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 - 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.

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 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.

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.

Where revenue grants are credited to the Comprehensive Income and Expenditure Statement but have yet to be used to fund revenue expenditure, it is posted to the Revenue Grant Reserve. When eligible expenditure is incurred in future years the grant is 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.

1.17 Earmarked 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.

1.18 Revenue Recognition

Revenue 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 preceptor’s 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 (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 Value Added Tax (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 or influence 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, non of which would be material on consolidation due to the elimination of group transactions. Thus the production of group accounts is not required for these interests. The main Council interest relates to MioCare Group CIC (formerly Oldham Care Services Limited (OCSL) which is fully disclosed within the Related Parties disclosure.

In the Council's single-entity accounts, the interests in companies and other entities are recorded as financial assets at valuation, where a valuation is not possible or would not give a materially different result the interests are recorded at cost, less any impairment.

1.23 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.

1.24 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.

1.25 Fair Value Measurement

The Council measures some of its assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or

b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council uses external Valuers to provide a valuation of its assets and liabilities, for recognition or disclosure as appropriate, in line with the highest and best use definition within IFRS 13 Fair Value Measurement. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

33 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 2016/17 Code:

IAS 1 Presentation of Financial Statements. This standard provides guidance on the form of the financial statements. The 'Telling the Story' review of the presentation of the Local Authority financial statements as well as the December 2014 changes to IAS 1 under the International Accounting Standards Board (IASB) Disclosure Initiative will result in changes to the format of the accounts in 2016/17. The format of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement will change and introduce a new Expenditure and Funding Analysis.

Other minor changes due to Annual Improvement to IFRSs cycles, IFRS11 Joint arrangements, IAS 16 Property Plant, Equipment and IAS 38 Intangible Assets and IAS 19 Employee Benefits are minor and are not expected to have a material effect on the Council's Statement of Accounts.

The Code requires implementation from 1 April 2016 and there is therefore no impact on the 2015/16 Statement of Accounts.

34 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 35.

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	36	1	3	40
Voluntary controlled (VC)	6	-	-	6
Voluntary Aided (VA)	29	1	-	30
Foundation/Foundation Trust	1	3	-	4
Maintained Schools	**72**	**5**	**3**	**80**
Academies	13	7	2	22
Total	**85**	**12**	**5**	**102**

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 and operational. Whilst the land which the buildings are sited on has 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 Diocese. 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. The land and building assets are not owned by the Council and are therefore not included on the Council's Balance Sheet.

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 seven entities within its group boundary and identified one, MioCare Group CIC (formerly Oldham Care Services Limited), that is considered a significant interest. Whilst this interest is considered to be significant, virtually all the company's turnover relates to transactions with the Council and thus would be eliminated on consolidation. The Council continues to disclose the relationship and transactions with this entity in the Related Parties note.

Investment Properties

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

35 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 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2015/16 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 31 March 2016. 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 31 March 2016. The Council's share of the balance of business rate appeals provisions at this date amounted to £3.148m this has increased by £1.648m from the previous year.

Debt Impairment

At 31 March 2016 the Council had a balance of debtors of £56.800m. A review of significant balances suggested that an impairment of doubtful debts of £26.000m 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 is 3.22% as at 31 March 2016. 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 31 March 2016 the Council's valuers advised of a reduction of £1.200m in the fair value Council share from £41.000m to £39.800m 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 2015/16 the Council's actuaries advised that the net pension liability had decreased by £79.118m. This comprises:

- £96.791m actuarial gain
- £17.673m loss arising from employer contributions of £17.251m being less than the pension obligations of £34.924m.

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 £114.963m; a one year increase in member life expectancy would result in a £33.227m increase in the pension liability. A 0.5% increase in the assumed salary increase rate would result in a £29.573m increase in the pension liability and an increase of 0.5% in the assumed pension rate would increase the pension liability by £84.157m.

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 31 March 2016 the balance of insurance provisions held amounted to £3.639m this has decreased by £176k from the previous year. Long term insurance provisions total £11.172m.

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

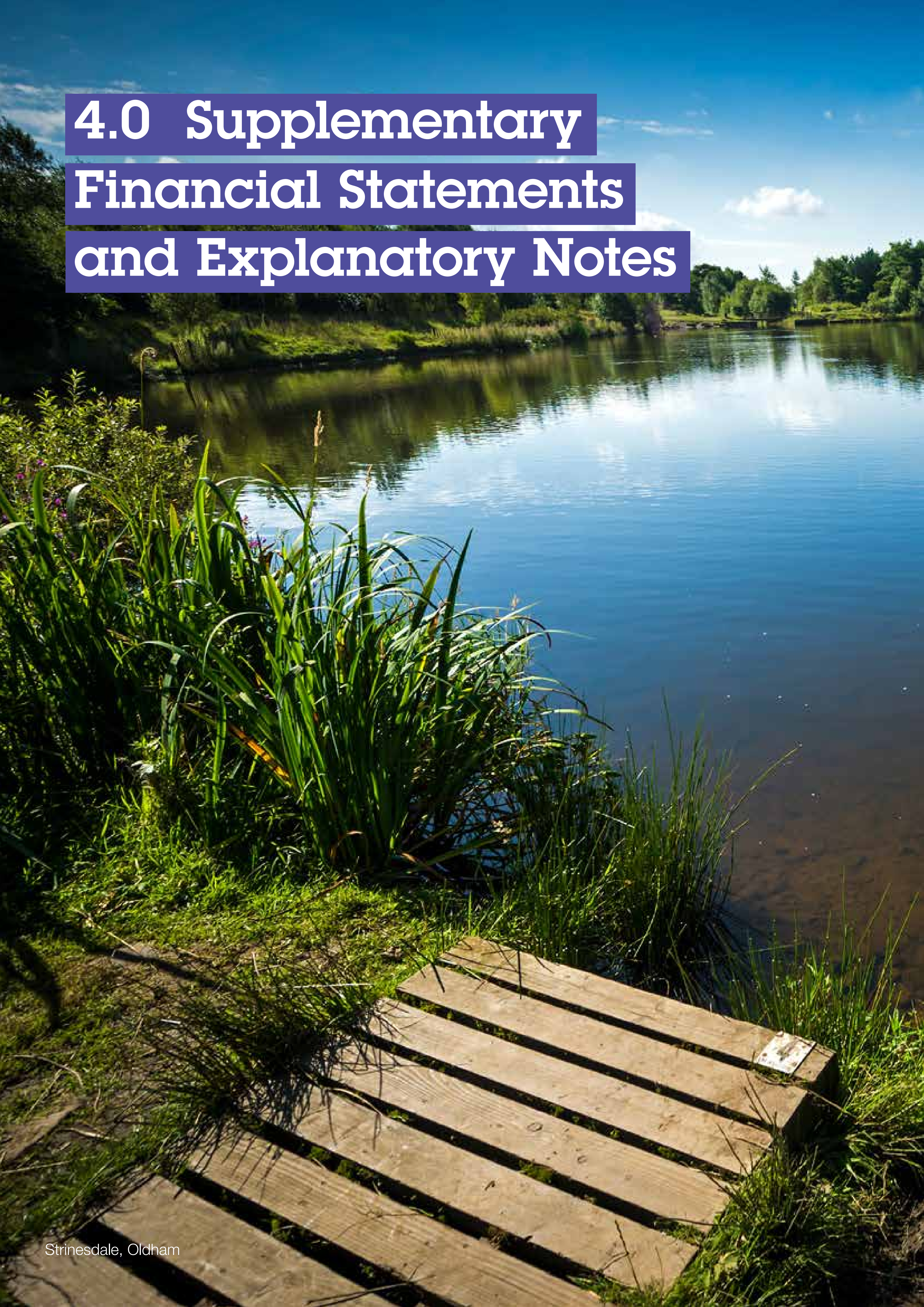
For future years, where it is difficult to provide a reliable estimate, contingent liabilities have been disclosed in addition to long term provisions.

36 Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Director of Finance on 16 May 2016. 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 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

It has been agreed that there are no non-adjusting events after the balance sheet date.

4.0 Supplementary Financial Statements and Explanatory Notes



Strinesdale, Oldham

4.0 Supplementary Financial Statements and Explanatory Notes

4.1 Housing Revenue Account

4.1.1 Housing Revenue Account Income and Expenditure Account

2014/15 £000	HRA Income and Expenditure Statement	Note	2015/16 £000
	Expenditure		
2,249	Repairs and Maintenance		2,455
2,936	Supervision and Management		3,177
4,949	Rent, rates, taxes and other charges		3,973
32,071	Depreciation, impairment and revaluation losses of non-current assets	H6	3,675
145	Debt management costs		145
42,350	**Total Expenditure**		**13,425**
	Income		
(7,097)	Dwellings rents		(7,502)
(39)	Non-dwelling rents		(39)
(840)	Charges for services and facilities		(1,091)
(971)	Contributions towards expenditure		(282)
(18,799)	PFI Credits receivable		(18,799)
(27,747)	**Total Income**		**(27,713)**
14,602	**Net (Surplus) /Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement**		**(14,288)**
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
(25)	Loss on sale of HRA non-current assets		(5)
12,027	Interest payable and similar charges		11,940
(134)	HRA Interest and investment income		(144)
26,470	**(Surplus) / Deficit for the year on HRA Services**		**(2,497)**

4.1.2 Statement of Movement in the Housing Revenue Account

2014/15 £000	Movement on the HRA Statement	2015/16 £000
(20,727)	Balance on the HRA at the end of the previous year	(16,373)
26,470	(Surplus)/Deficit for the year on the HRA	(2,497)
(22,116)	Adjustments between accounting basis and funding basis under statute	1,586
4,353	Net (Increase)/Decrease before transfers to or from reserves	(911)
4,353	(Increase)/Decrease in the HRA Balance	(911)
(16,373)	**Balance on the HRA at the end of the current year**	**(17,284)**

2014/15 £000	Note to Movement on the HRA Statement	Note	2014/15 £000
	Items included in HRA but excluded from the Movement on HRA balance for the year		
(32,071)	Depreciation, impairment and revaluation losses of non-current assets	H6	(3,675)
3,993	Voluntary MRP		4,699
25	Loss on sale of HRA property, plant and equipment		5
5,791	Capital Expenditure funded by the HRA	H5	526
146	Transfer to Major Repairs Reserve	H4	32
(22,116)	**Net Adjustment**		**1,586**

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 2016, the Council had a total housing stock of 2,066 dwellings. The tables below set out the changes to the stock since 1 April 2015.

The round four housing PFI (PFI 4) reached contract close on 30 November 2011, at which point 316 properties transferred from FCHO to Great Places. By 31 March 2015 the number of PFI 4 properties had increased to 634 properties.

Oldham Retirement Housing Partnership (ORHP) manages a total of 1,432 dwellings within the Sheltered Housing PFI scheme. This includes one property that was converted in 2015/16 for rental and a further one property used as communal and management facility and therefore not let.

Total Housing Stock owned by the Council:

	Houses and Bungalows	Flats and Maisonettes	Total
Stock at 1 April 2015	1,230	835	2,065
Conversions	1	-	1
Stock as at 31 March 2016	1,231	835	2,066

Properties managed by ORHP:

	Houses and Bungalows	Flats and Maisonettes	Total
Stock at 1 April 2015	818	613	1,431
Conversions	1	-	1
Stock as at 31 March 2016	819	613	1,432

Properties managed by Great Places:

	Houses and Bungalows	Flats and Maisonettes	Total
Stock at 1 April 2015	412	222	634
Stock as at 31 March 2016	412	222	634

H2. Housing Revenue Account – Property, Plant and Equipment Valuations

The balance sheet value of HRA assets was as follows:

31 March 2015 £000		31 March 2016 £000
55,680	Dwellings	53,732
1,691	Other Operational Property	1,592
57,370	**Total**	**55,324**

H3. Value of Housing Revenue Account Vacant Possession Dwellings

The Vacant Possession Dwellings valuation is £159.700m as at 1 April 2015. 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.

	2015/16 £000
Balance at 1 April 2015	**449**
Amount transferred to Major Repairs Reserve in year	32
Balance at 31 March 2016	**481**

H5. Type and Source of Capital Expenditure

Capital expenditure on dwellings during 2015/16 was £526k and this was wholly financed by Government grant.

H6. Depreciation and Impairment of Assets

Depreciation and impairment of Property, Plant and Equipment is shown below:

Depreciation	Operational Assets £000
Balance 1 April 2015	**3,522**
Depreciation written off during the year	(3,526)
Depreciation during the year	3,422
Balance 31 March 2016	**3,418**

Impairment	Operational Assets £000
Balance 1 April 2015	**31,984**
Impairment written off during the year	(22,431)
Impairment Reclassified as Revaluation Loss	(9,388)
Impairment during the year	130
Balance 31 March 2016	**295**

H7. Rent Arrears

Arrears totalled £0.245m at 31 March 2016 (£0.227m at 31 March 2015) and are analysed below:

31 March 2015 £000		31 March 2016 £000
123	Due from Former Tenants	147
104	Due from Current Tenants	98
227	**Total Arrears**	**245**

Rent arrears as a percentage of total rent payable during the year were 2.73% (2014/15 2.63%)

The provision in respect of bad debts at 31 March 2016 was £0.156m (£0.156m at 31 March 2015)

4.2 Collection Fund

4.2.1 Collection Fund Statement

2014/15 Total £000		2015/16 Council Tax £000	2015/16 NDR £000	2015/16 Total £000	Note
	Income				
(87,994)	Council Tax Payers	(89,226)	-	(89,226)	C2
(57,845)	Income from Business Ratepayers	-	(59,937)	(59,937)	C3
(145,839)		**(89,226)**	**(59,937)**	**(149,163)**	
	Expenditure				
	Precepts:				
72,477	» Oldham Council	74,624		74,624	
7,899	» Greater Manchester Police and Crime Commissioner	8,133		8,133	
2,989	» Greater Manchester Fire and Rescue Authority	3,078		3,078	
	Release of Council Tax Surplus:				
2,805	» Oldham Council	969		969	C4
300	» Greater Manchester Police and Crime Commissioner	106		106	C4
109	» Greater Manchester Fire and Rescue Authority	40		40	C4
	Business Rates (NDR):				
28,000	» Payments to Oldham Council		28,599	28,599	C3
571	» Payments from Greater Manchester Fire and Rescue Authority		584	584	C3
29,210	» Payments to Government		29,182	29,182	C3
	Payments relating to Business Rates Deficit:				
(1,972)	» Payments from Oldham Council		(910)	(910)	C4
(40)	» Payments from Greater Manchester Fire and Rescue Authority		(19)	(19)	C4
(2,013)	» Payments from Government		(928)	(928)	C4
311	Costs of Collection	-	311	311	
2,119	Provisions	562	305	867	C5
1,913	Write Offs	1,109	871	1,980	
307	Provision for appeals	-	4,027	4,027	C5
144,984		**88,621**	**62,022**	**150,643**	
(855)	**Deficit/(Surplus) for the year**	**(605)**	**2,085**	**1,480**	
	Collection Fund Balance				
527	Balance brought forward at 1 April	(3,303)	2,975	(328)	
(855)	Deficit/(Surplus) for the year	(605)	2,085	1,480	
(328)	**Balance carried forward at 31 March**	**(3,908)**	**5,060**	**1,152**	
	Allocated to:				
(1,414)	» Oldham Council	(3,397)	2,479	(918)	
(313)	» Greater Manchester Police and Crime Commissioner	(371)	-	(371)	
(89)	» Greater Manchester Fire and Rescue Authority	(140)	51	(89)	
1,488	» Government		2,530	2,530	
(328)		**(3,908)**	**5,060**	**1,152**	

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 to 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 2015/16 was 53,401 (51,865 in 2014/15). The increase between financial years evidences the success of the local policy to regenerate the borough by the continued growth of new builds within the local tax base.

The tax base for 2015/16 was approved at the Cabinet meeting on 26 January 2015 and was calculated as follows:

Band	Chargeable Dwellings	Proportion of Band D Tax	Equivalent Band D Dwellings
A Reduced	111	5/9	61
A	43,028	6/9	28,685
B	15,065	7/9	11,717
C	14,308	8/9	12,718
D	6,190	1	6,190
E	3,020	11/9	3,691
F	1,411	13/9	2,037
G	804	15/9	1,340
H	47	18/9	93
Net effect of premiums and discounts			(11,417)
Less allowance for non-collection 3.14%			(1,683)
Tax Base before adjustment for collection rate			55,115
Estimated collection rate			96.89%
Tax Base for the Calculation of Council Tax			**53,401**

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 2015/16 was £89.226m (£88.000m 2014/15).

C3. Income from Business Ratepayers

The Council collects Non-Domestic Rates (NDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. In previous financial years the total amount due, less certain allowances, was paid to a central pool (the NDR pool) administered by Central Government, which, in turn, paid to Local Authorities their share of the pool, such shares being based on a standard amount per head of the local adult population.

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 Oldham these are Central Government (50%) and 1% to the Greater Manchester Fire & Rescue Authority (GMFRA).

The business rates shares payable for 2015/16 were estimated before the start of the financial year as £29.182m to Central Government, £0.584m to GMFRA and £28.599m to Oldham Council. These sums have been paid in 2015/16 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 2015/16 to the value of £29.987m.

The total income from business rate payers collected in 2015/16 was £59.936m (£57.845m in 2014/15). This sum includes £0.606m of transitional protection payments from ratepayers, which, under Government regulation, should have a neutral impact on the business rate retention scheme. This sum is due to be reimbursed from Central Government and has helped increase the sum to be collected.

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 £54.396m. 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.

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 2016. 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 2015/16 has been calculated at £4.027m.

For 2015/16, the total non-domestic rateable value at the year-end is £158.000m (£156.300m in 2014/15). The national multipliers for 2015/16 were 48.0p for qualifying Small Businesses, and the standard multiplier being 49.3p for all other businesses (47.1p and 48.2p respectively in 2014/15).

C4. Contributions to Collection Fund Surplus and Deficit

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 2015 it was estimated that the Collection Fund would have a Council Tax surplus of £1.115m and a Business Rates deficit of £1.856m, a combined Collection Fund deficit of £742k (£0.812m deficit in January 2014) and so the following amounts were due to the preceptors in 2015/16.

2014/15 £000		2015/16 £000
(832)	Oldham Council	(59)
(300)	Greater Manchester Police and Crime Commissioner	(106)
(69)	Greater Manchester Fire and Rescue Authority	(21)
2,013	Central Government	928
812	**Total**	**742**

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:

2014/15 £000		2015/16 £000
9,740	Balance at 1 April	11,269
(764)	Write-offs during year for previous years	(1,109)
2,293	Contributions to provisions during year	1,671
1,529	**Net Increase in Provision**	**562**
11,269	**Balance at 31 March**	**11,831**

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

2014/15 £000		2015/16 £000
3,664	Balance at 1 April	4,254
(1,149)	Write-offs during year for previous years	(871)
1,739	Contributions to provisions during year	1,176
590	**Net Increase in Provision**	**305**
4,254	**Balance at 31 March**	**4,559**

The Collection Fund account also provides for provision for appeals against rateable valuation set by the Valuation Office Agency (VAO) not settled as at 31 March 2016.

Restated 2014/15 £000		2015/16 £000
3,732	Balance at 1 April	3,061
(979)	Write-offs during year for previous years	(665)
307	Contributions to provisions during year	4,027
(672)	**Net Increase/(Decrease) in Provision**	**3,362**
3,061	**Balance at 31 March**	**6,423**

5.0 Other Statements

Civic Centre, Oldham

5.0 Other Statements

5.1 Annual Governance Statement 2015/16

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 2015, and accompanies the 2015/16 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. It is a requirement to produce this Statement under regulation 6 (1) b of the Accounts and Audit (England) Regulations and that it is approved by the Audit Committee in advance of them agreeing the Statement of Accounts.

The issues identified as a significant governance issue and the progress made by management throughout the future financial year 2016/17 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 its citizens and service users. 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. It also enables the Authority to demonstrate to the public that it has effective stewardship of the public funds it is entrusted to spend.

The system of internal control is a significant part of that governance framework and is designed to manage risk to a reasonable level consistent with the risk appetite of the Council. 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 at Oldham Council for the year ended 31 March 2016 has seen regular reports submitted to the Audit Committee on the progress made on issues identified in the previous Annual Governance Statement and identified any issues for consideration in the 2015/16 Statement. These reports have been used to prepare this Statement.

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 all the citizens and service users of Oldham. The key elements of good governance arrangements in Oldham Council are:

Communicating the Authority's Vision

The Council's current strategic vision and its objectives are set out in the Corporate Plan. These have been aligned to establish a clear link between the following; Central Government and Greater Manchester priorities, the priorities for the Council as identified with its key partners, involvement of the local community, and the work of the Council. The Council's "Working towards a Co-operative Borough Corporate Plan 2015-20" was agreed by the Council during 2015/16 with the Corporate Objectives and priority outcomes continuing to support the Council's

Co-operative Agenda. In order to continue to improve the focus and effectiveness of joint working the Council continued the development of its partnership working with the Oldham Leadership Board by the development of the Oldham Plan 2015-18. These documents set out how the Council, can be judged on achieving its key objectives and regular performance reports to both Cabinet and Scrutiny ensure performance is appropriately measured.

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, communities and service users. This includes both an Ethical and Social Value Procurement Framework which sets out the guiding principles for how the Council operates. This shows the Council's commitment to implement additional Co-operative values year on year such as Social Responsibility and Fair Employment Practices. As part of the work to reposition the Council adopted the Fair Employment Charter and implemented the National Living Wage for its directly employed staff and where possible staff employed on outside contracts it operated in 2015/16. It has also begun to implement the recommendations of Education and Skills Commission which were announced during 2015/16 supported by appropriate resources to reflect the commitments within the Council to raise local standards and aspirations so that every child can achieve their full potential in the future. It places Education culturally as everyone's business by building on pioneering work undertaken in the Council on co-operative delivery, strength of partnership and commitment to collaborative reform. The aim is to support every child to be both life and work ready by 2020.

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 operation 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.

A specific initiative to demonstrate this Co-operative Working in conjunction with the Community is the Get Oldham Growing Initiative which delivered in partnership with the voluntary sector has resulted in community groups developing a number of initiatives to support their own communities rather than placing reliance on the Council to undertake the project.

The Council also operates District Executive's which have a membership of both elected members and co-opted local representatives. These local partnerships are supported by Council resources which are spent on local priorities agreed by the District Executive. In the 2015/16 budgets there was an agreed continued guaranteed investment in neighbourhood working. This included the confirmation of District Investment Funds to provide funding for previously agreed capital projects to meet local needs as identified in district plans. In 2015/16 there was a refinement to this District working process with increased delegation of funding of an increased individual councillor allocation to each Council Member supported by appropriate governance guidance to enable targeted initiatives to be implemented to address local issues in this area that are individual Member priorities.

The agreed District Executives operated as at 31 March 2016 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 2015/16 including the setting of a balanced budget for 2016/17 has been undertaken by either 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 and individual portfolio holders decisions to be called in for review by members who are not part of the Cabinet including those from opposition parties. In the financial year 2015/16 no decisions made by Cabinet were subject to call in. As part of the budget process opposition parties have the facility to prepare an Alternative Budget and the main opposition party took advantage of this opportunity and prepared alternative budget proposals.

The Council in order to discharge its functions on Health Scrutiny operates a dedicated Scrutiny Committee which met regularly throughout the year.

The agreed joint working between the Council and Health as set out in the Health and Wellbeing Operating Framework includes the Health and Wellbeing Board which is a Committee of the Council. This meets regularly to consider issues to both improve the Public Health of the Borough and the future integration of health and local authority provision from the financial year 2016/17 as part of the Greater Manchester plans on devolution.

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. Where complaints were received into Members conduct, this Committee met as required and considered reports making recommendations where appropriate to be considered by full Council
- The Audit Committee which reviews matters of financial administration, internal control, ad hoc matters linked into the Statutory Section 151 role and approving the final audited accounts of the Council.

Where appropriate key issues considered by these Committees have been reported to full Council throughout 2015/16 supported by appropriate public reports.

The implementation of the agreed policies at officer level is led by 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 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 attending 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. The implications of this agreement have been considered during 2015/16 within the decision making framework of the Council and further joint working arrangements at a GMCA level were entered into on the Working Well Initiative to get the long term unemployed back into employment and Intermediate Body Status to secure European Structural Investment Funding of £323m to cover the period 2014 to 2020.

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 People 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 2015/16, 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 2015/16 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 2015/16 including the constitutional commitment to implement a Fair Employment Charter for Oldham to ensure it remained up to date. In 2015/16 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 People 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, Office for Standards in Education and external audit.

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 Authorities 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
- Appropriate scrutiny by the Performance and Value for Money Overview and Scrutiny Select Committee of performance reports with officers not achieving key targets been held to account.
- Shared efficiency targets with key partners
- The Education and Skills Commission to improve educational attainment

The Council has an embedded process to manage its risks 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 annual 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 continues to incorporate key new developments which are emerging 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 Strategy 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. Where appropriate Standards matters have been considered by the Council in 2015/16.

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 2015/16 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 Public Sector Audit Appointments 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. It was updated during 2015/16

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 2015/16 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 Director of Finance produces an analysis of risk on both projects and partnerships for discussion with key members 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 past cases have an oversight on its financial commitments on all these projects. The Finance Director commissioned an analysis of risk to monitor these risks and reported back to the Audit Committee who agreed to set up a process whereby the Head of Corporate Governance and key members of the Audit Committee can meet when appropriate to consider these risks as well as those on partnerships. This work was reported to the Vice Chair of the Audit Committee in 2015/16 to consider risks in this area. This has been supported by on-going internal audit work on major capital projects during construction in 2015/16 which have been reported to the Audit Committee. 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 2014/15 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 2014/15 Annual Governance Statement. One matter relating to the financial viability of key partners has been removed from the 2015/16 Issues as detailed in the quarterly Audit Committee reports.

On the basis of work undertaken in 2015/16, 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

2015/16 Issues	Planned Management Action to Reduce Risk
Internal Audit work as part of the process to support the closure of the final accounts and support the implementation of Framework i 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 linked into the implementation of the modules on Framework i. This includes regular meetings of key staff responsible for the implementation of recommendations made by internal audit and assurance reviews with the Director of Finance to ensure progress made in the previous 17 months continues into 2016/17. The 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 on-going changes to benefit administration, continued downward pressure on government funding of Councils as confirmed in the indicative long term financial settlement and the continued need to provide financial guarantees as certain initiatives at a City Region Level become more mature in operation and may not operate as intended due to matters outside the control of the Council.	The Director of Finance has allocated a Senior Member of their Finance Management Team to manage the financial impact of these legislative and regional changes. The agreed Medium Term Financial Strategy of the Council reflects the expected need to make future savings over the medium term taking into account anticipated changes in financing. This informs the budget process for 2017/18 and future years. The Council supports the Assurance Process currently underway within the constituent Districts of the Combined Authority to enable the early identification of risks in areas where indemnities have been given to the Combined Authority The Director of Finance considers the risk as part of the closure of accounts including the need to make appropriate provisions and reserves 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. In addition there have been external breaches of security at public bodies which have resulted in network security coming under pressure with external demands for money. 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. An internal audit will be commissioned in 2016/17 to assess the risk to the Council from inappropriate third party entry from outside the Council to its networks. The 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 Director of Finance considers the risks as part of the closure of accounts including the need to make appropriate reserves to mitigate the future financial impact where appropriate.

The audit opinion of the internal control environment for the operation of Payroll remains weak. In the financial year 2015-16 there has been significant effort to improve the control environment and whilst progress has been made it is not enough to improve the overall opinion. From 1 April 2015 a new integrated HR module was implemented for Schools. This implementation had challenges which have resulted in the need to improve the control environment. Whilst significant effort was made to improve the control environment during 2015/16 this has not improved the overall opinion on payroll.	There is joint work on-going between staff involved in Payroll and Finance to improve a number of procedures for both key payroll systems of the Council. This will include regular meetings of key staff responsible for the implementation of recommendations with the Director of Finance to ensure progress made continues in the new financial year. The implementation of the A1 system is an opportunity for the Council supported by its Strategic Partner to improve its internal control environment on payroll processing. Appropriate Assurance has been incorporated into the Project Plan for implementation.
The administration of Pensions has become more complex in the last two financial years and this has resulted in some challenges as to the present processing arrangements of the Council resulting in the risk of adverse comments from the pension regulator.	A specific pension's improvement plan has been developed which is in the process of being implemented within the Council. Good progress has been made on addressing certain issues and progress of outstanding issues will be monitored in 2016/17. This will include regular meetings of key staff with the Director of Finance at appropriate times. The implementation of the A1 system and continued development of Selima HR module is an opportunity for the Council supported by its Strategic Partner to improve its internal control environment on pension administration.
There are potential challenges to the Council based upon past practice which could result in unforeseen cost which cannot be recovered from a third party which also impacts on the reputation of the Council.	There is to be regular monitoring of these potential challenges from key officers which will include representatives from Finance, Legal and the Operational area. The Director of Finance considers this risk as part of the closure of the 2015/16 Final Accounts.
The compliance with National Transparency Agenda is placing the Council at risk of a future fraud as information included in the public domain is used by determined third parties to exploit the Council.	There are regular reviews of the internal control mechanism to prevent third parties receiving inappropriate payments. The Council considers a policy of adopting a minimalist approach to the Transparency Agenda.

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,
Chief Executive of Oldham Council, 15 July 2016

Jean Stretton,
Leader of Oldham Council, 15 July 2016

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.

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

From 1 April 2015 the appointment of External Auditors to Local Authorities is undertaken by Public Sector Audit Appointments Limited (PSAA), an independent company limited by guarantee and incorporated by the Local Government Association in August 2014. This role was previously undertaken by The Audit Commission. Grant Thornton is the Council's appointed Auditor.

Associate Companies

An associate is an entity over which the Council has 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.

Better Care Fund (BCF)

The BCF was announced by Government in the June 2013 spending round to ensure a transformation in health and social care. The BCF creates a pooled budget between the Council and the Clinical Commissioning Group (CCG).

Building Schools for the Future (BSF)

This was a major Central Government programme for replacing/upgrading schools often via the Private Finance Initiative (PFI).

Capital Adjustment Account

The Account accumulates (on the debit side) the write-down of the historical cost of non-current assets 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 non-current 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 a fixed asset, 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 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 Council as a billing authority has a statutory obligation to maintain a separate Collection Fund. This shows the transactions of the Council 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.

Community Assets
These are non-current assets 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 will be financed from the Council Tax after deducting income from fees and charges, General Fund Balances, 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.

Current Value
The current value of an asset reflects the economic environment prevailing for the service or function the asset is supporting at the reporting date.

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)

DCLG is a Central Government department with the 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 assets.

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 that would be received to sell and asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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.

Highways Network Asset

A grouping of interconnected components, expenditure on which is only recoverable by continued use of the asset created, i.e. there is no prospect of sale or alternative use. Components include carriageways, footways and cycletracks, structures, street lighting, street furniture, traffic management systems and land.

Housing Benefit

This is an allowance to persons receiving little or no income 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 assets 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

Fixed Assets 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

Investment Properties

Property, which can be land or a building or part of a building or both, that is held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

Joint Venture

A joint venture is a joint arrangement whereby the parties who have joint control of the arrangement have rights to the net assets of the arrangement.

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 without 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

Information is material if omitting it or misstating it could influence the decisions that users make on the basis of financial information about a specific reporting authority.

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 non-current 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 major precepting Authorities in Oldham are the Police and Crime Commissioner Greater Manchester and the Greater Manchester Fire and Rescue Authority. Parish precepts are also collected on behalf of Saddleworth and Shaw and Crompton Paris Councils.

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 pension scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which pension 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 (PPE)

PPE are tangible assets (i.e. assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

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.

Remeasurement of the Net Defined Benefit Liability

Remeasurement of the Net Defined Benefit Liability (asset) comprises:

a) actuarial gains and losses

b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and

c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

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 to help manage future risks, to provide working balances or that are earmarked for specific future expenditure priorities.

Revaluation Reserve

The Reserve records the accumulated gains on the non-current 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

A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by the Council.

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.

Lions Den, Alexandra Park

Published by Oldham Council
Civic Centre, West Street
Oldham, OL1 1UG
T: 0161 770 4467
E: andrew.moran@oldham.gov.uk

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