Audited
Statement of Accounts

2013/14

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAMESIDE METROPOLITAN BOROUGH COUNCIL

Opinion on the Authority financial statements

We have audited the financial statements of Tameside Metropolitan Borough Council for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, Collection Fund and Greater Manchester Metropolitan Debt Administration 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 2013-14.

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

Respective responsibilities of the Executive Director of Finance and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director of Finance; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Tameside Metropolitan Borough Council as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and applicable law.

Opinion on other matters

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

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

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

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

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the Authority has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that, in all significant respects, Tameside Metropolitan Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

Certificate

We certify that we have completed the audit of the financial statements of Tameside Metropolitan Borough Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

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

4 Hardman Square
Spinningfields
Manchester
M3 3EB

30 September 2014

Contents

Explanatory Foreword and Financial Summary

This section identifies and briefly explains each part of the document and includes an overview by the Executive Director of Finance on the Council's financial performance during 2013/14.

Explanatory Foreword & Financial Summary

The following pages present Tameside Council's accounts for the financial year ended 31 March 2014. By producing this report, the Council aims to give all interested parties – electors, local residents, Council Members, partners, local businesses and others - confidence that the public money that has been received and spent has been properly accounted for and that the financial standing of the Council is secure.

The purpose of this Explanatory Foreword is to provide an overall explanation of the Council's financial position, including major influences affecting the accounts, and to enable readers to understand and interpret the accounting statements. It sets out:

1) Corporate Leadership and Strategy
2) Financial strategy and the outlook for the future
3) The year in review: Financial Performance in 2013/14
4) Outlook: 2014/15 and Future Years
5) The basis of the accounts
6) The Accounting Statements; purpose and summary
7) The profile of the borough

It should be noted that although the Statement of Accounts is produced annually, the Members and Senior Officers of the Council receive quarterly financial reports throughout the year on overall performance against budget within the year for both revenue and capital budgets, which are also published on the website. The Medium Term Financial Strategy, which sets out the financial plan for the current year and the next two years, is also updated during the year and reported formally to both Members and Officers before being placed on the Council's website. The figures presented in the accounts are consistent with all other reports that have been published across the year.

It is good financial management to require a detailed periodic review of all accounts. The effectiveness with which the Council has been able to prepare its accounts, meeting the stringent requirements of quality and timeliness that are set for us, is an important measure of the overall quality of our financial management.

1) Corporate Leadership and Strategy

The political priorities of the Council were set out by the Executive Leader, Cllr Kieran Quinn, in his Keynote Address. Priority areas for the borough, reflected in its spending plans, included:

- Economic and financial sustainability
- Regeneration and vision
- Health and wellbeing
- Working with communities

The Council's political leadership is responsible for delivering against these priorities and the Executive Cabinet determines which areas receive additional investment and which receive less in line with these priorities. This process culminates in the annual Budget Report through which the Executive Cabinet recommends to the Council the overall budget. The same principles are applied to the formulation of the capital programme.

At the heart of the leadership structure is the Executive Leader, supported by the Executive Cabinet Members. In turn, they are supported by the Executive Team led by the Chief Executive. Plans drawn up for each Service Area identify the priorities for that area within the context of the Council's overall priorities. The way in which the Council's key priorities fit together are set out in the Corporate Plan.

More information on the activities, leadership structure and governance of the Council (including meeting agendas and minutes) can be found on the Council's website, located at www.tameside.gov.uk.

2) Financial strategy and the outlook for the future

Financial performance is reported to Councillors quarterly and up to date financial information is available to Council Officers throughout the year. Additionally, the Medium Term Financial Strategy is regularly updated and reported to Councillors and Officers. Reports are available to the public via the Council's website.

The Medium Term Financial Strategy underpins the detailed budget presented to the Full Council each year. The most recent financial strategy is summarised below. It takes a prudent view of future income and expenditure and includes appropriate assumptions about likely levels of demand and cost increase, and likely level of available resources. It shows how the cash resources available to the Council are expected to reduce over the near future. This pressure is exacerbated by the impact of price inflation (e.g. for utilities) and service demand pressures.

Taken together, the impact of funding reductions and demand pressures create a shortfall estimated at £24m in 2015/16, increasing by £14m to £38m overall in 2016/17. £13m of savings are already included in the 2014/15 budget, so it can be seen that the Council is working with ongoing year-on-year pressures.

	2014/15 £000	2015/16 £000	2016/17 £000
Services	164,408	170,968	168,833
Capital and Financing	44,295	52,634	49,219
TOTAL SPENDING PLANS	**208,703**	**223,602**	**218,052**
Settlement Funding Assessment	110,674	94,534	90,403
Specific Grants	29,598	37,615	22,096
Local Resources	68,431	67,403	67,403
TOTAL RESOURCES	**208,703**	**199,552**	**179,902**
GAP		24,050	38,150
IN-YEAR SAVINGS TO BE FOUND		24,050	14,100

Despite these pressures, the Council has performed strongly so far. This was highlighted in the report of the independent external auditor, Grant Thornton, in their 2013 report 'Review of the Council's Arrangements for Securing Financial Resilience'. This found that the Council's arrangements "met or exceeded adequate standards" in all areas, including Strategic Financial Planning, Financial Governance and Financial Control.

Further, a recent (June 2014) review by peers from other councils, conducted as part of the Local Government Association's 'corporate peer review' programme, highlighted that the Council has 'strong political and managerial leadership, strong financial management, [and] sound governance'. It is from this basis of strong leadership that the Council is approaching the financial challenges of the coming years. The Council is responding to this financial challenge by seeking new, innovative ways of working. This includes seeking to provide earlier help and intervention to service users, redesigning services to make more efficient use of our buildings, and continuing to improve procurement, commissioning and supplier management. To achieve this, we are actively working with local government and health colleagues across Greater Manchester and the North West to share good practice and innovation.

3) The year in review: Financial Performance in 2013/14

The final financial position for 2013/14 is set out below. Spending was below budget in both capital and revenue activities, but this must be placed in the context of the Medium Term Financial Strategy discussed above – that is, an in-year surplus is only a small step along the way to a wider realignment of Council spending in the context of reducing resources. The Council is aiming to be working ahead of the funding reductions as far as possible, and this is important in understanding its financial performance in 2013/14.

a. Revenue expenditure

The final position for revenue expenditure in 2013/14 is summarised below. Key revenue budget items for the year included:

- Spending over budget in children's social care due to increased demand and slippage in the delivery of savings plans;
- Spending under budget in adult social care and also community services due to contracting efficiencies secured and early delivery of savings planned for 2014/15;
- Unplanned savings (often through not recruiting to vacant posts) achieved in 'back office' areas such as Governance and Finance.

Some amounts were contributed to reserves during the year in recognition of identified liabilities arising in future years. These include £1,981m of unspent Public Health Grant, £3.380m of funds planned for use within the health integration programme, and various other sums totalling £6.911m which services plan to be used in the delivery of savings targets in 2014/15 and later years.

	2013/14 Budget £000	Outturn £000	Variation to Budget £000
Childrens Social Care	21,456	23,598	2,142
Strategy & Early Intervention	3,732	2,925	(807)
Education	4,982	4,998	16
Adult Social Care	52,281	52,281	0
Health & Wellbeing	1,740	1,540	(200)
Community Services	22,265	21,660	(605)
Public Health	11,454	11,454	0
Asset & Investment Partnership Management	1,106	1,087	(19)
Environmental Services	37,192	37,259	67
Sustainable Growth and Partnerships	1,899	1,638	(261)
Director of Governance	8,803	8,403	(400)
Director of Finance	4,333	4,020	(313)
Corporate Costs	7,369	7,369	0
Capital Financing	20,697	20,697	0
Total	**199,309**	**198,929**	**(380)**

Collection rates for Council Tax and Business Rates remained strong during the year. The introduction of the localised Council Tax Support Scheme (from April 2013) meant that many individuals who had not previously needed to pay Council Tax (under the national Council Tax Benefit scheme) would now need to pay a proportion of the total amount for the first time. Despite this pressure, which had been expected to lead to lower levels of collection overall, collection rates in the year were 2.6% higher than the target. Business rates collection also remained strong, also being higher than target for the year.

b. Capital expenditure

Key capital investments made during the year include £2.210m investment in the Godley Hill Development and access road providing access to the Kerry Foods site and to enable the potential for further development and employment opportunities at the Council owned site, £1.335m of investments in domestic adaptations as part of the Disabled Facilities Grants to enable older people to live independently for as long as possible, investment in Astley Sports College Dukinfield of £3.854m involving major remodelling works as part of the Building Schools For Future Programme.

There was some slippage within the capital programme which means that some schemes planned to be delivered in 2013/14 will now be rephased and delivered in 2014/15. Some funding has also therefore been carried forward, and this is contained in the Movement in Reserves Statement.

The overall capital programme is summarised below:

Service	2012/13 Capital Expen-diture £000	2013/14 Capital Expen-diture £000
Adult Services	243	0
Children Services	17,257	10,017
Neighbourhood & Community Services	2,208	1,523
Economic Growth, Investment & Sustainability	11,316	9,406
Director of Finance	14	0
Director of Governance	263	952
Total	**31,301**	**21,898**

c. Financial reporting

The Comprehensive Income and Expenditure Statement included within these accounts sets out the cost of services that the Council provides in accordance with the requirements of published accounts, which combine capital and revenue expenditure. However, capital and revenue budgets are reported separately by the Council, to senior managers, councillors and others. These accounts therefore do not align to the way in which financial information is managed within the organisation during the year. So, Note 14 sets out the 2013/14 financial position in accordance with the Directorate structure under which the Council operates and the final financial monitoring information that has been presented to Officers and Members.

d. Pensions Liability

Calculated using the IAS 19 basis, the Council's Pension Deficit is estimated to have reduced from £281.1m to £256.1m in 2013/14. This is largely due to positive asset returns resulting in increased asset value and a reduction in the assumptions for expected future salary growth, which has reduced liabilities. The expected long-term salary increase rate has reduced from 4.6%p.a. as at 31 March 2013 to 3.9%p.a. as at 31 March 2014. This has partially been offset by a continued fall in corporate bond yields, which has led to a reduction in the discount rate and increase in liabilities. The real discount rate has reduced from 1.7% p.a. at 31 March 2013 to 1.5% p.a. as at 31 March 2014.

The deficit is calculated on an accounting basis, and different valuation methods are used in the three-yearly valuation of the Fund. However, both valuations must consider the whole life of the Fund and consider a horizon of 20-25 years. In that context, minor changes in assumed rates for inflation or interest can have a profound impact on the valuation of the scheme in the long term. It is this sensitivity that leads to the high level of fluctuation from year to year set out in Note 49. The table below illustrates how this valuation is sensitive to a small change in key assumptions.

Change in assumptions at 31 March 2014:	Approximate % change to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	9%	90,196
1 year increase in member life expectancy	3%	28,634
0.5% increase in the Salary Increase Rate	3%	24,032
0.5% increase in the Pension Increase Rate	7%	65,361

Key changes impacting on the current scheme valuation are:

- Higher than anticipated inflation rates. This has the impact of increasing the overall scheme liabilities;
- Lower than anticipated interest rates. This has the impact of reducing the future value of assets;
- An increasingly long-lived population. This also has the impact of increasing the estimated liabilities of the scheme.

e. Retirement Benefits

The Council is also required to include information on retirement benefits within the Statement of Accounts in accordance with IAS19. This sets out the treatment of pensions and other forms of retirement benefits.

The majority of employees who work for the Council are members of the Greater Manchester Pension Fund (GMPF). The Council administers this Fund on behalf of the ten Greater Manchester Councils. The most recent report from the Actuary was based on estimated figures of the next 20 years and stated that the Fund’s liabilities were more than its assets. This figure takes into account the future obligations to existing staff as well as the on-going obligation to current pensioners.

The figures included in the accounts should be regarded as a ‘best estimate’, but one prepared by experts in the area of Pension Fund valuations who have access to a wealth of knowledge and experience in this field which exceeds the capacity of Officers to prepare an alternative, robust valuation.

f. Council Borrowing

The authorised limit for external debt for the Council for 2013/14 was £276.22m. The actual level of debt outstanding at year-end totalled £131.75m. The Balance Sheet shows that at 31 March 2014, the Council had £131.393m of long term borrowing. The majority of this borrowing is from the Public Works Loan Board (PWLB), these loans have fixed rates and varying maturity dates from 1-2 years to more than 15 years. The Council also has debt in the form of Lender Option Borrower Option (LOBO) market loans totalling £41.31m. In addition there was £1.14m of loans repayable within 12 months. The Council paid £8.14m (£19.42m including PFI) of interest and similar charges in year and received £5.20m of interest and investment income.

g. Manchester Airport Investment

The Council’s shareholding in Manchester Airport Group (MAG) remains at 3.22% as at 31 March 2014. The asset is valued using the earning based method and discounted cash flow 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 to provide an independent valuation which includes reviewing the financial performance, stability and business assumptions of MAG. 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 2014 the Council's external valuers advised of an increase of £7.4m in the fair value Council share from £29.3m to £36.7m which has been reflected in the financial statements.

The Council receives dividend income from the investment in MAG. This revenue is included in the Council's Medium Term Financial Strategy as a key item of income. MAG's financial statements became available during the period between the subject to audit and audited Council statement of accounts. Further details can be found in Note 21.

h. Events after the Reporting Period

The Council is required to disclose the date that the financial statements were approved at the Council's Overview (Audit) Panel and therefore the date after which events will not have been recognised in the Statement of Accounts. This date is set at 30 September 2014, in respect of the preparation of the audited Statement of Accounts for 2013/14. Therefore no events taking place after 30 September 2014 will be reflected in these accounts.

4) <u>Outlook: 2014/15 and Future Years</u>

The updated Medium Term Financial Strategy (discussed above) sets out the anticipated savings targets for 2014-17. However, a number of key developments are also expected to contrive to influence the environment in which the Council operates. These include:

a. Rates Retention Scheme

From April 2013 a new funding mechanism was put in place for councils through which a proportion of all Business Rates raised locally is retained. This creates an incentive for councils to seek to increase the overall Business Rates yield to help support services. This scheme has been in place for 12 months. So far, the impact on the Council has been limited, but some key aspects of the scheme (notably the impact of backdated appeals) will take longer than 12 months to crystallise. The operation of the scheme continues to be monitored.

b. Council Tax Benefit

Also from April 2013 all councils have been delivering a locally defined Council Tax Support schemes to replace the previous nationally defined Council Tax Benefit scheme. The funding from the Government for the scheme has been reduced by 10%, or 17% in real terms.

c. Public Health

In April 2013, around 40% of public health responsibilities previously held by the NHS transferred to local councils, including the statutory function of Director of Public Health. Work during 2013/14 focussed on a comprehensive review of all contracting and commissioning activity for this service. Some unspent funding has been set aside to be used in future years in support of the overall aim of improving the public's health, in line with the Public Health Grant terms.

d. Dedicated Schools Grant (DSG)

Government has proposed that, in the future, the DSG will not be passed to schools via local councils but rather paid direct to the schools. Some steps toward this objective have already been taken, including work to harmonise the existing funding formulas used to determine schools funding in their local areas. However, further work on this is unlikely until at least 2015. The Council's financial planning includes looking at possible changes in our relationship with schools.

e. Health and social care integration

Government has been clear that it sees the integration of health services with social care services as a key plank of its future policy. The Council has already developed its partnership with Tameside and Glossop Clinical Commissioning Group during 2013/14, and this work will continue through 2014/15. Key priorities for this work include improving the health and wellbeing of the local population while also reducing the cost of health and social care services.

f. Public Spending plans

The government Spending Review announced on 26 June 2013 by the Chancellor of the Exchequer has confirmed that, nationally, council resources will be further reduced in 2015/16, beyond the reductions already announced and addressed since 2010. However, although we have estimated the likely reduction in our Financial Strategy, we do not expect that the detail of the impact on the Council will be confirmed for some months. Further announcements on public spending are not expected until after the next general election, in May 2015. Again, the Council's financial planning includes consideration of different possible scenarios for future funding levels. The current plan assumes an ongoing reduction in line with that seen in previous years.

5) The basis of the accounts

The accounts that follow have been prepared to be:

a. Relevant: The accounts provide information about the Council's financial performance and position that is useful for assessing the stewardship of public funds and for making economic decisions.

b. Reliable: The financial information:
- Has been prepared so as to reflect the reality or substance of the transaction and activities underlying them;
- Is free from deliberate or systematic bias;
- Is free from material error;
- Is complete within the bounds of materiality; and
- Has been prudently prepared.

c. Comparable: In addition to complying with the Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 ('the Code'), the Service Reporting Code of Practice establishes proper practice to be followed with regard to consistent financial reporting on matters below the high level shown in the Statement of Accounts and therefore aids comparability with other local authorities.

d. Understandable: These accounts are based on accounting concepts, treatments and terminology that require reasonable knowledge of accounting and Local Government. However, every effort has been made to use plain language and where technical terms are unavoidable they have been explained in the glossary of terms.

Throughout, consideration has been given to the significance ('materiality') of an item - i.e. whether its misstatement or omission might reasonably be expected to influence assessments of the Council's financial management.

6) The Accounting Statements: Purpose and Summary

The accounting statements have been prepared to comply with the requirements of the International Financial Reporting Standards (IFRS). The main statements are shown on pages 22-25 of this document, and further detailed information is presented in the accompanying notes.

a. Movement in Reserves Statement

This statement sets out the movements in the main reserves and balances of the Council. It distinguishes between unusable reserves (which are necessary under proper accounting practice, but which cannot be spent) from usable reserves (which can be spent). Usable reserves are further divided into general balances, schools balances, earmarked reserves (earmarked to specific objectives), capital grants unapplied, and capital receipts unapplied. It is a requirement placed on all councils that the level of reserves is regularly reviewed by the Chief Finance Officer and due consideration is given to all local financial risks and liabilities when doing so. (This is also reported in the budget report presented to Full Council each year.)

The LGA peer review (referred to above) reported to Senior Members and Officers of Tameside Council that:
"The council has a sound and prudent reserves strategy which is based on a clear risk assessment and provides flexibility for managing current and future financial pressures".
This is reflected in the year-end balances position.

At the end of 2013/14, the Movement in Reserves Statement shows that the Council retained general balances of £18.445m. This amount includes general unallocated amounts and includes a core level of working balances set at £12m. It provides for truly unexpected liabilities and is expected to be reduced to the agreed core level of £12m during the medium term.

Also shown within usable balances are £11.707m of schools balances. These amounts accrue from unspent schools budgets, and are allocated to be spent in future years. The use of these amounts is determined by schools' governing bodies.

Finally, £138.516m of 'earmarked reserves' are also included. These earmarked amounts are allocated to specific purposes or liabilities. Significant amounts within the earmarked reserves include reserves required legally (such as the £1.981m reserve for Health Equalities created from the unspent element of the 2013/14 Public Health Grant) as well as amounts set aside for future liabilities (such as the Health Integration Reserve of £3.380m, set up to support the transition to more integrated working with Tameside and Glossop CCG), or again funds set aside to limit future fluctuations in expenditure (such as the Waste PFI reserve of £3.819m – waste PFI charges will vary within the year depending on the level of recycling achieved by different boroughs within Greater Manchester). Other earmarked amounts include funds set aside for future capital investment (for example the capital investment reserve of £22.034m). The earmarked reserves also include some sums set aside by service areas for use in 2014/15, totalling £6.911m.

A large number of the earmarked funds, totalling £20.715m overall, relate to specific liabilities that individual services have identified, such as Winter Gritting, and residual liabilities arising from the Building Schools for the Future programme. The full detail of these is set out in Note 36.

b. Comprehensive Income and Expenditure Statement (CIES)

This statement sets out the Council's day to day revenue income and expenditure during 2013/14. It 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 the cost of other activities of the Council.

The statement shows that the Council's gross expenditure on services in 2013/14 was £504.2m, but after income is included the net cost of service was £180.0m. Once other items of operating expenditure such as precepts and levies, as well as financing and investment income and expenditure and taxation and non-specific grant income are taken into account, the Council's deficit on the provision of services is £25.5m.

The apparent increase in the overall cost of services may seem surprising due to the £26m spending reductions made during the year. This difference arises, first, because the accounts must contain a number of non-cash items in order to comply with proper accounting practice that do not need to be included in the Council's budget plans, and second, due to changes in funding arrangements during the year. So, the accounts include significant changes arising from revaluations and impairments of non-current assets charged to services in 2013/14, net of a reduction in service expenditure as a result of savings. Similarly, the reduction in the Council's gross income between 2012/13 and 2013/14 is mainly due to the loss of Council Tax Benefit grant in 2013/14, as a result of the introduction of the Local Council Tax Support scheme, net of the additional Public Health grant received as a result of the Council taking on additional responsibilities from NHS Tameside and Glossop in April 2013 (see Note 41).

The introduction of the Local Council Tax Support scheme meant that the Council did not make Council Tax Benefit Payments in 2013/14 as the Council Tax Support scheme is accounted for via the Collection Fund. This along with the above explanations of the movement in the net cost of service and the cost of the additional Public Health responsibilities has resulted in the increase in the Council's gross expenditure.

The service lines within the cost of services section of the CIES represent the full cost of providing that service and include the non-cash items mentioned above. Therefore, it should be noted that a large movement between years does not necessarily represent an increase or reduction in the level of spending in that area e.g. gross expenditure in Cultural and Related Services has increased by £26m between 2012/13 and 2013/14 but this is mainly as a result of a number of revaluations in-year to libraries and town halls.

c. Balance Sheet

The Balance Sheet summarises the financial position of the Council at the 31 March 2014. It includes balances and reserves, and all liabilities and assets employed in the Council's operations.

The Balance Sheet shows that the Council has non-current assets (mainly Property, Plant and Equipment) with carrying values in the accounts of £625m. The value of the Council's Property, Plant and Equipment has seen a significant reduction in 2013/14. This is due to the Council's strategy of reducing its property holdings to improve overall efficiency. This has led to a large number of revaluations in year, in line with proper accounting practice (although this revaluation process has not affected overall cash flows). The reduction in the overall value of Council property was also affected in 2012/13, particularly through the transfer of property to academy schools (shown in the accounts as 'de-recognition' of those assets). The comparable value in 2013/14 was reduced, owing to the lower level of academy conversions undertaken.

The table below shows a summary of the movement in Property, Plant and Equipment in 2013/14.

	£m	£m
Value at 31 March 2013		**618.5**
Depreciation	(18.1)	
Revaluations	(83.8)	
Derecognition of Academy Schools	(2.9)	
Disposals	(8.5)	
New Investment	18.1	(95.2)
Value at 31 March 2014		**523.3**

There were also a variety of current assets and both non-current and current liabilities at year end, giving a net worth of the Council's assets and liabilities, calculated in terms of the accounting policies, of £213m. This is represented in the financing statement at the foot of the Balance Sheet in terms of usable and unusable reserves.

Usable reserves have increased in line with the increase in the level of financial risk being faced by the Council. Reserves provide a way for the Council to ensure that any unforeseen financial impacts can be absorbed without immediately impacting on frontline service delivery. Currently, potential impacts may arise from a number of sources, which are detailed further in Note 4.

The notes to the accounts provide detailed explanations of the movements on all items within the Balance Sheet.

d. Cash Flow Statement

This summarises the total movement on cash and cash equivalents during the year for revenue and capital purposes.

e. Collection Fund

The Collection Fund is a fund administered by the Council that shows the transactions of the billing authority, in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and how the income from these sources has been distributed to precepting authorities, Central Government and the Council's General Fund Balances. The Collection Fund is maintained separately, as a statutory requirement.

The format of the Collection Fund changed in this year's accounts, reflecting the new requirements of the Rates Retention scheme, which affects the accounting for business rates.

The Collection Fund shows that the balances to carry forward as at 31 March 2014 were a £3.8m surplus relating to Council Tax (£1.1m surplus in 2012/13) and a £1.1m deficit on NDR mainly attributable to the requirement to account for estimated business rate appeals (no comparative figure for 2012/13 due to the Business Rates Retention Scheme commencing on 1 April 2013).

f. Greater Manchester Metropolitan Debt Administration Fund (GMMDAF)

At the winding up of the Greater Manchester County Council in 1986, some accumulated debt remained outstanding. This was then legally transferred to the successor councils, including Tameside. The debt will be fully redeemed in 2022. The accounts for GMMDAF are included in the Statement of Accounts for the Council because the Council has the lead responsibility for GMMDAF on behalf of the other Greater Manchester Councils.

This shows that net income and expenditure for the year was zero. The total debt outstanding as at 31 March 2014 is £139m, and this is represented by the assets and liabilities of the Fund. The

Fund has no long term assets (such as land or buildings) as it exists purely to administer the settlement over time, as set out in the statutory instrument.

g. Greater Manchester Pension Fund (GMPF)

The accounts of GMPF are included in the Statement of Accounts of the Council because the Council administers GMPF. The Fund is administered separately from the Council and has independent governance arrangements.

The accounts show the net assets of the Fund were £13,284m as at 31 March 2014, an increase of £695m during the financial year. It is the largest pension fund in the Local Government Pension Scheme.

h. Accompanying Statements Included in the 2013/14 Accounts

The purpose of the various accompanying statements included in the 2013/14 accounts is set out below.

The **Statement of Responsibilities for the Statement of Accounts** sets out the respective responsibilities of the Council and the Chief Financial Officer (Executive Director of Finance) for the accounts.

The **Statement of Assurance** gives a public assurance that the Council has proper arrangements in place to manage all of its affairs. It summarises the Council's responsibilities in the conduct of its business, the purpose and key elements of the system of internal control and the processes applied in maintaining, reviewing and developing the effectiveness of those control systems.

7) <u>The profile of the borough</u>

The profile of the borough in terms of its population and economy is a key driver of the scope and type of services the Council provides to local people. Set out below are some key facts which provide some detail of the nature of the borough.

Population

The demographic of Tameside is similar to that in the rest of England, although it has slightly more under 16's than average and slightly fewer older people than average. It is also slightly less diverse than the England average.

Office for National Statistics Mid-Year Estimates for 2013 show that Tameside had a total estimated population of 220,600. Within Tameside's population:

- 43,100 were aged 0-15 years (19.5% of Tameside's population);
- 140,500 were aged 16-64 (63.7% of Tameside's population);
- 37,000 were aged 65 or over (16.8% of Tameside's population).

Tameside has a slightly higher proportion of residents aged under 16 (19.5% compared to 19% England overall) and fewer people aged 65 or over (16.8% compared to 17.3% England overall). Tameside's population is projected to increase to around 233,500 by 2022. Much of this growth is due to projected increases in the number of people aged 65 and over; a projected 22.1% change in this age group between 2012 and 2022. Clearly, this increase in the 65+ population will continue to increase demand for social care services in the future.

According to the 2011 Census, the majority of Tameside's residents belong to the White ethnic group (90.9% compared to 85.4% England overall). Within Tameside's population:

- Of the 90.9% of residents who belong to the White ethnic group, the majority (88.5%) are White British;
- The second largest ethnic group in Tameside is Asian/Asian British (6.6%); of which Pakistani (2.2%) and Bangladeshi (2.0%) are the largest groups.

Deprivation

The Government collates a variety of economic and social measures which it collates to create indices of relative affluence and deprivation based on geographical areas. These help the Council to target services to our most vulnerable residents, as well as helping to identify areas of lesser need where early intervention will help prevent costs at a later date. According to the Indices of Deprivation 2010:

- Of the 141 areas in Tameside, 13 of these fall within the worst 5% nationally and a further 14 fall within the worst 10% nationally;
- In total, 16% of Tameside residents live in income-deprived households;[1]
- Around one in ten Tameside children aged 0-15 (12.2%) live in income-deprived households (Income Deprivation Affecting Children Index);
- Of those residents aged 65 and over, 7.6% live in income-deprived households (Income Deprivation Affecting Older People Index).

Education

- Around 21% of school pupils in Tameside are eligible for free school meals;
- In Tameside, 83.1% of school children achieved five or more GCSE grades A*-C and 59.4% achieved five or more GCSE grades A*-C including English and Maths in 2013 (national average 81.8% and 59.2% respectively).

Economy

- The median household income in Tameside is £25,395, which is slightly less than the Greater Manchester median of £26,320. It is also lower than the Great Britain median of £27,510;
- The unemployment rate has fallen in Tameside between 2013 and 2014. The proportion of the working age population claiming Job Seekers Allowance (JSA) in Tameside in April 2014 was 3.2% (5.0% in April 2013). The rate in Tameside is slightly higher than the national average of 2.7%. Both female and male unemployment decreased during this period (female unemployment decreased from 3.3% to 2.3% and male unemployment decreased from 6.7% to 4%);
- 4.4% of young people aged 16 to 18 in Tameside were not in education, training or employment (NEET) in March 2014 with the highest ward rates in Dukinfield (6.6%) and Ashton St Michaels (6.1%). The lowest ward rate was in Hyde Werneth (2%);
- The borough hosts over 7,000 business addresses, with a combined rateable valuation of over £150m.

Housing

- There are 99,235 households in Tameside. Of these 94,953 households are inhabited, of which 60,558 (63.8%) are privately-owned, 20,438 (21.5%) are social-rented, 12,573 (13.2%) are privately rented and 1,384 (1.5%) in shared ownership or others. In addition, a total of 4,282 are currently vacant;

[1] Based on the number of residents living within those LSOAs which fall within the worst 5% and 10% nationally for a particular indicator.

- 32.4% of private homes have been identified as failing the Decent Homes Standard; [2]
- 10.4% of Tameside households are in fuel poverty.

Health

Health outcomes in the borough are comparatively poor with more residents dying before the age of 75 than the England average with high rates of heart disease, stroke and cancer. Life expectancy for both males and females is lower in Tameside than the England average (males 76.3 years compared to 79.2 years in England and females 80.6 years compared to 83 years in England). These factors inform the local approach to improving health outcomes and increasing the chances for residents to live healthier lives for longer.

Acknowledgements

The production of the Statement of Accounts would not have been possible without the hard work of Members and staff across the Council. I would like to express my gratitude to all colleagues who have assisted in the preparation of this document, and for their support during the financial year.

Further Information

Further information about these accounts is available from the Executive Director of Finance, Tameside Council. Feedback from the users of financial information is always welcomed, so if you require further clarification or information about any of the items included in the accounts, please contact me at the address below.

The full Statement of Accounts as well as a summary of the accounts is available on the Council website.

Signed:

P. J. Williams

30 September 2014

P. Williams
Executive Director of Finance

Executive Director of Finance
Tameside Metropolitan Borough Council
Council Offices
Wellington Road
Ashton under Lyne
OL6 6DL

0161 342 3863

[2] Private Sector Stock Condition Survey (2009)

Statement of Responsibilities for the Statement of Accounts

This is a signed statement by the Executive Director of Finance certifying that the accounts comply with requirements and 'present a true and fair view' of the Council's financial position as at 31 March 2014.

The Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its Officers has the responsibility for the administration of those affairs. In this Council, that Officer is the Executive Director of Finance;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the audited Statement of Accounts.

The Executive Director of Finance's Responsibilities

The Executive Director of Finance is responsible for the preparation of the Council's Statement of Accounts and those of the Greater Manchester Pension Fund in accordance with proper practices as set out in the CIPFA *Code of Practice on Local Authority Accounting in the United Kingdom 2013/14*.

In preparing this Statement of Accounts, the Executive Director of Finance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the International Financial Reporting Standards (IFRS).

The Executive Director of Finance has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

EXECUTIVE DIRECTOR OF FINANCE'S CERTIFICATE

I certify that the Subject to Audit Statement of Accounts presents a true and fair view of the financial position of the Council and Greater Manchester Pension Fund at 31 March 2014, and its income and expenditure for the year ended 31 March 2014.

Signed: Date: 30 September 2014

P. J. Williams

P. Williams
(Executive Director of Finance)

Statement of Assurance

This is a signed statement by the Executive Leader and Chief Executive certifying how the Council is complying with the Council's Code of Corporate Governance.

Statement of Assurance

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and that it is used economically, efficiently and effectively. In discharging this responsibility, Members and Senior Officers must ensure that proper arrangements are put in place for the governance of the Council's affairs and the stewardship of the resources at its disposal. To this end, the Council has approved and adopted a Code of Corporate Governance, which is consistent with these principles and reflects the requirements of the CIPFA/SOLACE Framework *Corporate Governance in Local Government: A Keystone for Community Governance.* A copy of the Code can be found on our website, at: Tameside Code of Governance

During 2013/14 we have maintained strong Corporate Governance arrangements by reviewing and updating several key plans/policies, protocols and systems, for example:

- Constitution;
- Annual Governance Statement.

In the Annual Audit Letter (presented to the Council's Audit Panel by Grant Thornton in December 2013), the Audit Engagement Lead stated that:

- The Council had effective arrangements in place during 2012/13 to secure economy, efficiency and effectiveness and was therefore given an unqualified value for money conclusion.

The Council has put in place appropriate management and reporting arrangements and is satisfied that its approach to corporate governance is both adequate and effective in practice. The annual review of the Council's corporate governance arrangements has taken place in accordance with the revised framework and has shown this to be the case.

Signed:

Dated: 30 September 2014	Dated: 30 September 2014
Councillor K. Quinn Executive Leader of Tameside MBC	S. Pleasant Chief Executive of Tameside MBC

On behalf of the Members and Senior Officers of the Council.

Core Financial Statements

Core Financial Statements are applicable to all local authorities whatever their function and comprise:

1. Movement in Reserves Statement
2. Comprehensive Income and Expenditure Statement
3. Balance Sheet
4. Cash Flow Statement

Movement in Reserves Statement as at 31 March 2014

This statement shows the movement in the year on the different reserves held by the Council.

	Note	General Fund Balances £000	Schools Balances £000	Earmarked Reserves £000	Capital Receipts Unapplied Account £000	Capital Grants and Other Contributions Unapplied Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 1 April 2012 (restated)		**(45,934)**	**(13,144)**	**(66,366)**	**0**	**(12,827)**	**(138,271)**	**(146,044)**	**(284,315)**
(Surplus)/Deficit on the Provision of Services (restated)		21,962					21,962		21,962
Other Comprehensive Income and Expenditure							0	33,183	33,183
Total Comprehensive Income and Expenditure		**21,962**	**0**	**0**	**0**	**0**	**21,962**	**33,183**	**55,145**
Adjustments between accounting basis & funding basis under regulations (restated)	35	(30,378)				175	(30,203)	30,203	0
Net increase/decrease before transfers to Earmarked Reserves		**(8,416)**	**0**	**0**	**0**	**175**	**(8,241)**	**63,386**	**55,145**
Transfers to/from Earmarked Reserves	36	28,217		(28,217)			0		0
Transfers to/from School Balances		(1,120)	1,120				0		0
(Increase)/decrease in year		**18,681**	**1,120**	**(28,217)**	**0**	**175**	**(8,241)**	**63,386**	**55,145**
Balance at 31 March 2013		**(27,253)**	**(12,024)**	**(94,583)**	**0**	**(12,652)**	**(146,512)**	**(82,658)**	**(229,170)**
(Surplus)/Deficit on the Provision of Services (restated)		25,527					25,527		25,527
Other Comprehensive Income and Expenditure							0	(9,229)	(9,229)
Total Comprehensive Income and Expenditure		**25,527**	**0**	**0**	**0**	**0**	**25,527**	**(9,229)**	**16,298**
Adjustments between accounting basis & funding basis under regulations	35	(60,335)			(917)	(9)	(61,261)	61,261	0
Net increase/decrease before transfers to Earmarked Reserves		**(34,808)**	**0**	**0**	**(917)**	**(9)**	**(35,734)**	**52,032**	**16,298**
Transfers to/from Earmarked Reserves	36	43,933		(43,933)			0		0
Transfers to/from School Balances		(317)	317				0		0
(Increase)/decrease in year		**8,808**	**317**	**(43,933)**	**(917)**	**(9)**	**(35,734)**	**52,032**	**16,298**
Balance at 31 March 2014		**(18,445)**	**(11,707)**	**(138,516)**	**(917)**	**(12,661)**	**(182,246)**	**(30,626)**	**(212,872)**

Comprehensive Income and Expenditure Statement for the year ended 31 March 2014

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

Restated 2012/13					2013/14		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
25,909	(22,127)	3,782	Central Services to the Public		10,257	(3,770)	6,487
21,510	(2,965)	18,545	Cultural and Related Services		47,619	(1,978)	45,641
12,801	(3,736)	9,065	Environmental and Regulatory Services		12,206	(1,026)	11,180
5,075	(2,238)	2,837	Planning Services		4,990	(2,390)	2,600
195,189	(171,406)	23,783	Children's and Education Services - Education Services		178,594	(170,620)	7,974
30,671	(1,878)	28,793	Children's and Education Services - Children's Social Care		35,115	(2,691)	32,424
14,573	(4,044)	10,529	Highways and Transport Services		13,068	(4,490)	8,578
104,799	(98,342)	6,457	Housing Services		104,116	(96,864)	7,252
82,557	(30,404)	52,153	Adult Social Care		82,325	(26,418)	55,907
0	0	0	Public Health Services		11,897	(13,826)	(1,929)
3,191	(12)	3,179	Corporate and Democratic Core		3,459	(71)	3,388
2,880	0	2,880	Non Distributed Costs		510	0	510
499,155	**(337,152)**	**162,003**	**Cost Of Services**		**504,156**	**(324,144)**	**180,012**
45,846	(458)	45,388	Other Operating Income and Expenditure	5	44,919	(3,711)	41,208
38,324	(13,123)	25,201	Financing and Investment Income and Expenditure	6	42,045	(14,206)	27,839
0	(210,630)	(210,630)	Taxation and Non-Specific Grant Income	7	0	(223,532)	(223,532)
583,325	**(561,363)**	**21,962**	**(Surplus) or Deficit on Provision of Services**		**591,120**	**(565,593)**	**25,527**
			Other Comprehensive Income and Expenditure				
		7,669	Revaluation (Gains)/Losses	29			36,463
		44,600	Remeasurement of Net Defined Liability	29			(38,292)
		(19,086)	(Surplus)/Deficit on Revaluation of Available for Sale Financial Assets	29			(7,400)
		55,145	**Total Comprehensive Income and Expenditure**				**16,298**

Balance Sheet as at 31 March 2014

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

Restated 31 March 2013 £000		Note	31 March 2014 £000
618,510	Property, Plant & Equipment	15	523,287
12,471	Heritage Assets	16	12,471
33,584	Investment Properties	17	31,663
1,254	Intangible Assets	18	937
18,348	Long Term Debtors	20	17,996
31,669	Long Term Investments	21	39,069
715,836	**Non-current Assets**		**625,423**
58,806	Cash & Cash Equivalents	26	67,396
35,028	Short Term Investments	21	58,703
529	Inventories	23	536
35,941	Short Term Debtors	24	35,954
0	Assets Held for Sale (<1yr)	19	407
130,304	**Current Assets**		**162,996**
(2,768)	Cash & Cash Equivalents	26	(2,703)
(21,327)	Short Term Borrowing	21	(2,861)
(30,738)	Short Term Creditors	25	(34,297)
(7,939)	Short Term Provisions	30	(2,154)
(1,805)	Other Short Term Liabilities	27	(1,866)
(119)	Grants & Contributions Receipts In Advance	9	(596)
(64,696)	**Current Liabilities**		**(44,477)**
(132,408)	Long Term Borrowing	21	(131,393)
(2,683)	Long Term Provisions	30	(10,287)
(417,183)	Other Long Term Liabilities	27	(389,390)
(552,274)	**Non-current Liabilities**		**(531,070)**
229,170	**Net Assets / (Liabilities)**		**212,872**
(146,512)	Usable Reserves	28	(182,246)
(82,658)	Unusable Reserves	29	(30,626)
(229,170)	**Total Reserves**		**(212,872)**

Cash Flow Statement (Indirect Method) as at 31 March 2014

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

Restated 31 March 2013 £000		Note	31 March 2014 £000
21,962	Net (surplus)/deficit on the provision of services		25,527
(59,677)	Adjust net surplus or deficit on the provision of services for non-cash movements	37a	(95,900)
13,116	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	37b	20,409
(24,599)	Net cash flows from Operating Activities		(49,964)
31,517	Investing Activities	38	20,845
5,314	Financing Activities	39	20,464
12,232	Net (increase)/decrease in cash and cash equivalents		(8,655)
68,270	Cash and cash equivalents at the beginning of the reporting period		56,038
56,038	**Cash and cash equivalents at the end of the reporting period**	26	**64,693**

Notes to the Core Financial Statements

The Notes to the Core Financial Statements are shown together, as required by the International Financial Reporting Standards, after the Core Financial Statements.

Contents

1. Accounting Policies

General Policies

The Statement of Accounts summarises the Council's transactions for the 2013/14 financial year and its position at 31 March 2014.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2003 (as amended), which require the accounts to be prepared in accordance with proper accounting practices.

These practices primarily comprise the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 ('the Code') and the CIPFA Service Reporting Code of Practice (SERCOP) for Local Authorities 2013/14, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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.

Fundamental Principles

The Statement of Accounts has been prepared in accordance with the fundamental accounting principles set out below:

- Financial information should be relevant, reliable, comparable and understandable;
- Materiality of information must be considered, i.e. information must be of sufficient significance to justify its inclusion;
- The accounts must be prepared on both an accruals basis (i.e. income and expenditure must be recognised in the accounting period in which the effects of these are experienced) and assuming that the Council will continue to be operational in the foreseeable future (the principle of going concern);
- Local authority finance operates within a framework of legislation and regulation, and where legislative and accounting principles conflict, legislative requirements shall apply.

Statutory and Other Guidance

The accounts have been prepared in accordance with 'the Code'. 'The Code' adopted International Financial Reporting Standards (IFRS) for financial statements produced from 2010/11. The financial statements for prior periods were also restated to comply with these new standards and ensure valid comparatives were applied.

The accounting policies adopted have been used consistently throughout the current and prior period. Any significant non-compliance with 'the Code' is disclosed as part of the relevant financial statement.

The Accounting Policies

The following explanations are areas that are considered significant in regards to the way items have been treated in the accounts.

The purpose of this statement of accounting policies is to set out clearly and unambiguously the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.

Changes in Estimated Values

Where a value in the accounts has been estimated and the basis of that estimation has been changed from that used in the previous year, the notes to the accounts show possible alternative estimates and the rationale as to why the estimate selected is the most prudent to be used.

Prior Period Adjustments

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about 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 way of a prior period adjustment and an appropriate disclosure in the notes to the accounts.

A change to the accounting policy may also require that the basis of estimates is changed. This will be disclosed in accordance with the policy on changes to accounting estimates.

Non-Current Assets – Tangible Assets

Recognition

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure on the acquisition of an asset, or expenditure which adds to, and not merely maintains, the value of an existing asset, should be capitalised, provided that it yields benefits to the Council and the services it provides for a period of more than one year.

Capital expenditure includes:

- The acquisition, reclamation, enhancement or laying out of land;
- Acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures;
- Acquisition, installation or replacement of movable or immovable plant, machinery, apparatus, vehicles and vessels.

In this context, enhancement means works which are intended to:

- Lengthen substantially the useful life of the asset;
- Increase substantially the market value of the asset;
- Increase substantially the extent to which the asset can or will be used for the purposes of or in conjunction with the functions of the Council.

Under this definition, improvement works and structural repairs should be capitalised, whereas expenditure to ensure that the fixed asset maintains its previously assessed standard of performance should be recognised in the revenue account as it is incurred.

A deminimis level of £1,000 has been adopted by the Council in relation to capital expenditure.

Measurement

Initially the assets are measured at cost, comprising the purchase price, plus any costs associated with bringing the asset into use. The measurement of an asset acquired other than through purchase is deemed to be its fair value.

In accordance with ‘the Code’, Property, Plant and Equipment is further classified as:

- Land and Buildings *
- Infrastructure Assets
- Vehicles, Plant and Equipment
- Community Assets
- Assets Under Construction
- Surplus Assets

Each of these asset classifications are valued on the base recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS), as follows:

- Infrastructure, Community Assets and Assets Under Construction – Depreciated Historical Cost (DHC);
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use.

Where there is no market based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Where non-property assets (such as Vehicles, Plant and Equipment) have short useful lives or low values (or both), Depreciated Historical Cost basis is used as a proxy for fair value.

*This asset category is revalued on a five year rolling cycle. The programme of revaluations is continuing on this cyclical basis although values of those assets falling between scheduled valuation dates are reviewed annually to ensure that any material changes to asset valuations is adjusted in the interim period, as they occur. Assets where expenditure of £750,000 or above has been incurred are added to the year’s revaluation list.

Revaluation

Revaluation of property is undertaken on at least a five year “rolling programme”. A desk top valuation exercise can take place more frequently, however, if the valuer believes that market changes within the year are more significant, an interim valuation will be undertaken. Investment Properties are revalued annually to determine any material change in the carrying value.

A Revaluation Reserve for non-current assets (other than Investment Properties) is held in the Balance Sheet made up of unrealised revaluation gains relating to individual non-current assets, with movements in valuations being managed at an individual non-current asset level.

Movement in the valuation of Investment Properties are charged or credited to the Comprehensive Income Expenditure Statement. Gains arising from the revaluation of Investment Properties are not held within a revaluation reserve.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of the reserves formal implementation. Gains arising before that date were subsequently consolidated into the Capital Adjustment Account. Movements in the valuations of non-current assets do not impact on General Fund Balances and are not a charge or credit to Council Tax levies.

Disposal

Receipts from the disposal of non-current assets are accounted for on an accruals basis. When an asset is disposed of, the value of the asset in the Balance Sheet is written out to the Comprehensive Income and Expenditure Statement, as is the disposal receipt. These amounts are not a charge or receipt to Council Tax as the cost of non-current assets is fully provided for under separate arrangements for capital financing. The asset value written out is appropriated to the Capital Adjustment Account, the capital receipt is appropriated to the Usable Capital Receipts Reserve, via the Movement in Reserve Statement. Any revaluation gains that have accumulated in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Usable Capital Receipts have been used to finance capital expenditure based on the policy of the Council.

Academy Schools are written out of the Council's Balance Sheet at the time that they legally transfer to Academy status. The net book value of the school at the time of the transfer is charged to Other Operating Income and Expenditure within the Comprehensive Income and Expenditure Statement as a loss on disposal/derecognition.

Investment Properties

Investment Property is held solely to earn rental income or for capital appreciation or both. Investment Property is initially recognised at cost, but is subject to valuation at fair value at the end of each accounting period. Losses or gains are recognised in the Comprehensive Income and Expenditure Statement.

Intangible Assets

Intangible Assets represent non-current assets that do not have physical substance, but are identifiable and are controlled by the Council through custodial or legal rights. All purchased Intangible Assets are capitalised at historical cost in line with 'the Code'.

In line with other non-current assets, their useful economic life is determined based on the length of time that the benefit will accrue to the Council. Based on the best estimate of the useful economic life, the Intangible Asset is charged to the Comprehensive Income and Expenditure Statement over this period.

Depreciation

Depreciation is provided for on all non-current assets with a finite useful life (this can be determined at the time of acquisition or revaluation) according to the following policy:

- In accordance with the Service Reporting Code of Practise, all buildings (but not their land) are depreciated over their remaining useful lives. A land and building split has been determined by the Council's external valuers. Estimates of the useful life are determined for each property and where material for components of those properties as part of the valuation process. These estimates of economic life may vary considerably from property to property;

- Investment Properties are not depreciated, rather an annual review is undertaken of the fair carrying value. Any changes to these values are charged to the Provision of Services within the Comprehensive Income and Expenditure Statement in the period that they occur;

- Infrastructure is depreciated over a 40 year period;

- Vehicles, Plant, and Equipment is depreciated over 10 years or less depending on the nature of the asset.

Depreciation is calculated on a straight-line basis. Depreciation is not charged in the year of asset acquisition. Depreciation is charged to the Comprehensive Income and Expenditure Statement but does not impact on Council Tax and is written out to the Capital Adjustment Account via the

Movement in Reserves Statement. Where non-current assets have been re-valued the current value depreciation will be higher than the historic cost depreciation, this increased depreciation charge is written out against the Revaluation Reserve with an offsetting entry to the Capital Adjustment Account.

Charges to Revenue

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

- Depreciation attributable to the assets used by the relevant service;
- Impairment losses attributable to non-current assets used by the service in excess of the balances held in the Revaluation Reserve;
- Amortisation of Intangible Assets attributable to the service.

The Council does not raise Council Tax to cover depreciation, impairment loss or amortisations. The Council does, however, make an annual provision from revenue to reduce its borrowing requirement, (equal to approximately 4% of the Capital Financing Requirement). Depreciation, impairment losses, amortisation and gains or losses on the disposal of non-current assets are therefore written out in the Movement in Reserves Statement, by way of an adjusting transaction within the Capital Adjustment Account.

Revenue Expenditure Funded from Capital under Statute

Revenue Expenditure Funded from Capital under Statute represents expenditure which may be properly capitalised, but which does not result in the creation of any non-current asset to the Council. In line with the guidance contained in 'the Code', this expenditure is written off to the Comprehensive Income and Expenditure Statement in the year the expenditure is incurred, because the Council does not control the economic benefits arising from this expenditure.

Impairments

Assets have been reviewed for any impairment loss in respect of the consumption of economic benefit (e.g. physical damage). Where an impairment loss occurs this would be charged to the service revenue account, with a corresponding entry made to reduce the value of the asset in the Balance Sheet.

To remove the impact of the impairment loss on the budget, a credit entry is made in the Movement in Reserves Statement as a charge to the Capital Adjustment Account.

Impairments reflecting a general fall in prices would be recognised in the Revaluation Reserve, up to the value of revaluation for the individual asset, and any further impairment would be treated as a consumption of economic benefit and charged to the service revenue account.

Capital Receipts

Capital receipts arising from the sale of non-current assets are credited to Capital Receipts Unapplied Account.

Any capital receipts relating to the repayment of former Housing Revenue Account (HRA) mortgages (principal amounts) are subject to provisions included within the Local Government Act 2003. The Council is required to pay a specified amount from these receipts to the national pool. All other capital receipts are usable.

Usable capital receipts are shown separately in the Balance Sheet and can be used either to finance new capital investment, to repay grant received in relation to the asset disposed of, to finance the premium sum arising from the rescheduling of debt, or set aside to reduce the Council's underlying need to borrow.

Redemption of Debt (Minimum Revenue Provision (MRP))

Where capital expenditure has been financed by borrowing there is a provision for the repayment of debt to be made in accordance with the Minimum Revenue Provision requirements of the Local Authorities ('MRP' - as set out in Capital Financing and Accounting (Amendment)) Regulations 2009.

These replace the detailed formulae for calculating MRP with a duty to make an amount of MRP which the Council considers "prudent".

For capital expenditure incurred before 1 April 2008 or which subsequently is Supported Capital Expenditure the Council's policy is to adopt the previous practice (4% of capital financing requirement) outlined in the former Communities and Local Government regulations.

From 1 April 2008 for all unsupported borrowing, the Councils MRP policy is based on the estimated life of the asset, in accordance with the Regulations (this option must be applied for any expenditure capitalised under a Capitalisation Directive).

For any finance leases and any on-balance sheet Private Finance Initiative (PFI) schemes, the MRP charge will be equal to the principal repayment during the year, calculated in accordance with proper practices.

There will be no MRP charge for any cash backed Local Authority Mortgage Scheme (LAMS) that the Council operates. As for this type of scheme, any future debt liability would be met from the capital receipt arising from the deposit maturing after a five year period. Any repossession losses for this type of scheme would be charged to a LAMS reserve.

Debtors and Creditors

The revenue and capital accounts of the Council are, in general, maintained on an accruals basis in accordance with recognised accounting policies. The accounts reflect sums due to or incurred by the Council during the year, whether or not the amount has actually been received or paid in the year. Appropriate provision has been made, therefore, for Creditors and Debtors at 31 March 2014.

Government Grants and Other Contributions

Revenue grants are accrued and credited to income in the period in which the conditions of the grant have been complied with and there is reasonable assurance that the grant or contribution will be received. Where this is in advance of the related expenditure being incurred, an earmarked reserve is credited to reflect the expenditure commitments in future years. Where the grant or contribution is for capital purposes then the grant income is recognised in the year it is received, although this is subject to any outstanding conditions having been met.

Capital grant income recognised in the Comprehensive Income and Expenditure Statement in advance of the related expenditure is transferred to the Capital Grants and Other Contributions Unapplied Reserve. This accounting treatment for grants is in accordance with IAS 20 Accounting for Government Grants.

VAT

Income and expenditure transactions exclude any amounts relating to VAT as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

Leases

The Council has entered into leasing arrangements of both an operating and finance lease nature. Where under IAS 17 Leases it is judged that substantially all of the risks and rewards incidental to the ownership of an asset have been transferred, then the lease is classified as a finance lease. A finance lease gives rise to the recognition of the non-current asset on the Balance Sheet together with a corresponding liability for future payments.

Embedded Leases

The Council has reviewed its operational contractual arrangements to determine whether any embedded leasing of assets exists within these types of arrangements.

Private Finance Initiative (PFI) and Service Contracts

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

The original recognition of these assets at fair value (based on the cost to purchase the Property, Plant and Equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

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

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- Finance cost – an interest charge is raised on the outstanding Balance Sheet liability and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The interest rate is calculated for each scheme so that the Balance Sheet liability is zero at the end of each contract;
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease);
- Lifecycle replacement costs – are split between revenue and capital costs. Revenue Lifecycle costs are debited to the relevant service in the Comprehensive Income and Expenditure Statement. Capital lifecycle costs are debited to Property Plant and Equipment to reflect the enhancement of the PFI Asset.

Interest Charges and Income

Interest payable on external borrowing, together with interest income, is accrued and accounted for in the period to which it relates.

Financial Instruments

A Financial Instrument is defined as "*any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another".* Although this covers a wide range of items, the main implications are in terms of investments and borrowings.

As reflected in 'the Code', accounting standards on Financial Instruments IAS 32, 39 and IFRS 7 cover the concepts of recognition, measurement, presentation and disclosure. A financial asset or liability should be recognised in the Balance Sheet when, and only when, the holder becomes a party to the contractual provision of the instrument.

Financial liabilities and assets are initially measured at fair value less transaction costs and carried at their amortised cost. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arms length transaction. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable and receivable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For the borrowings and investments of the Council, this means that the amount included in the Balance Sheet is the outstanding principal repayable plus accrued interest to the end of the financial year. Interest charged to the Comprehensive Income and Expenditure Statement is the effective amount payable for the year in the loan agreement (which is not necessarily the cash amount payable).

When long term borrowing is reviewed for rescheduling opportunities, the early repayment results in gains and losses (discounts and premiums) which are credited or debited to the Comprehensive Income and Expenditure Statement. If the Council decides to write off these gains or losses on early repurchase/settlement, then this can be done over ten years or over the life of the new loan or over a shorter more prudent time scale. The Comprehensive Income and Expenditure Statement is charged with one year related costs with the rest being taken to the Financial Instruments Adjustment Account in the Balance Sheet via the Movement in Reserves Statement. The accounting policy is to charge gains and losses to Net Operating Expenditure in the year of repurchase/settlement.

Inventories: Stocks, Work in progress, and Stores

Work in progress is valued at the lower of cost (including all related overheads) or net realisable value.

No amounts are included for such items as small stores at Community Services residential homes, or stocks at special schools and outdoor education centres as these are not regarded as having material value due to their size. It is considered that this difference in treatment (together with the exclusion of certain types of stock) does not have a material effect on the values stated.

Allocation of Support Services Costs

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 SERCOP for local authorities 2013/14.

All recharges of support service costs are consistent with the principles outlined in the SERCOP. The total absorption costing principle is used. This means 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 (as these relate to the Council's status as a multi-functional, democratic organisation);
- Non-Distributed costs (as these are the costs of discretionary benefits awarded to employees retiring early).

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

Accommodation costs are allocated on a floor area basis to all services deemed to be occupying administrative buildings.

Provisions

Provision has been made in the Comprehensive Income and Expenditure Statement for liabilities that have been incurred by the Council, but where the amounts or dates on which they will arise are uncertain.

Provisions are required to be recognised when the Council has a present obligation, as a result of a past event, where it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation, (IAS 37 – Provisions, Contingent Liabilities and Contingent Assets).

When expenditure is incurred to which the provision relates, it is charged directly against the provision in the Balance Sheet and not against the Comprehensive Income and Expenditure Statement.

The Council has made a provision for the costs of settling claims for back pay arising from discriminatory payments incurred before the Council implemented its equal pay strategy. However, statutory arrangements allow settlements to be financed from General Fund Balances in the year that payments actually take place, not when the provision is established. The provision is therefore balanced by an entry within the Capital Adjustment Account (CAA) created from amounts credited to General Fund Balances in the year the provision was made or modified. The balance within the CAA will be debited back to General Fund Balances in the Movement in Reserves Statement in future financial years as payments are made.

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 General Fund Balances in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred it is charged to Cost of Services in the Comprehensive Income and Expenditure Statement in that year. The reserve is then appropriated back into General Fund Balances in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

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

Contingent Assets and 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.

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.

Pensions

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 the NHS Business Service Authority;
- The Greater Manchester Pension Fund, administered by the Council.

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

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

<u>The Local Government Pension Scheme</u>

The Greater Manchester Pension Fund is accounted for as a defined benefits scheme.

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

<u>Service cost comprising:</u>

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;

- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, will be debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;

- Net interest on the net defined benefit liability i.e. net interest expense for the Council - the change during the period in the net defined benefit liability that arises from the passage of time is 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.

Re-measurement comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;

- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the Greater Manchester Pension Fund
Cash paid as employer's contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award, and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Group Accounts

A group structure may exist where the Council has a controlling (or significant ability to influence) another entity. A group structure would necessitate the preparation of group accounts.

The guidance for group accounts and related disclosures was reviewed following the additional share purchases in Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces Tameside (Holdings2) Ltd during 2012/13. It was determined that the Council had a significant influence over the two holding companies with effective total shareholdings of 46% and two directors represented on the boards. The impact of this meant that the Council took the decision to prepare group accounts for these Associate companies in 2012/13.

The Council's shareholding and board representation has remained unchanged in 2013/14. However, on the basis of materiality the Council has determined that the preparation of group accounts is not required in 2013/14.

A review of the Council's relationship with other entities has also been undertaken to ensure they are properly reported. Following the current guidance, with the exception of the investment in the two holding companies above, it is clear that the Council is not in a group arrangement with any other entity, as it does not have the ability to exercise either influence or control at a material level over these partner agencies (it is important to differentiate a 'group' arrangement in this context from various forms of partnership working – that is, a group will involve a hierarchy of control and governance, while a partnership will involve co-ordinated activity towards a jointly agreed objective).

Presentation of Accounting Statements

The analysis of expenditure in the Comprehensive Income and Expenditure Statement conforms to the service expenditure analysis set out in the Service Reporting Code of Practice (SERCOP) for Local Authorities 2013/14.

Council Tax & Non-Domestic Rates income

<u>Non-Domestic Rates (NDR)</u>

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

<u>Council Tax</u>

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

Council Tax, NDR and Top Up Grant Income will be recognised in the Comprehensive Income and Expenditure Statement in the line Taxation and Non-Specific Grant Income. 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 to be credited to General Fund Balances, shall be taken to the Collection Fund Adjustment Account and reported in the Movement in Reserve Statement. Each major preceptor's share of the accrued NDR and Council Tax income will be available from the information that is required to be produced in order to prepare the Collection Fund Statement.

The income for Council Tax and NDR 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 the revenue can be measured reliably.

- Revenue relating to such things as Council Tax and NDR shall be 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.

Cash and Cash Equivalents

Cash equivalents are short term investments that are of a highly liquid nature. The Council has deemed that deposits held within money market funds are categorised as cash equivalents.

Benefits Payable During Employment

Benefits payable during employment can be separated into two categories:

- short term;
- other long-term.

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

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

a. long-term paid absences such as long service or sabbatical leave;
b. jubilee or other long-service benefits;
c. long-term disability benefits;
d. bonuses;
e. deferred remuneration.

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an Officer’s employment before the normal retirement date, or an Officer’s decision to accept voluntary redundancy, and are charged on an accruals basis to the relevant services lines in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require General Fund Balances 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.

Events after the Balance Sheet Date

Events after the Balance Sheet date are reflected up to the date when the Statement of Accounts is authorised for issue. This date and who gave that authorisation is disclosed in the notes to the accounts, including confirmation that this is the date up to which events after the Balance Sheet date have been considered.

Where a material event is identified after the Balance Sheet date, whether favourable or unfavourable, for which it can be shown that the conditions already existed at the Balance Sheet date, it is an adjusting event and the amounts in the accounts would be adjusted accordingly.

However, where a material event is identified which occurred after the Balance Sheet date but it cannot be shown that the conditions existed before the Balance Sheet date, then it is a non-adjusting event and the accounts would not be adjusted (although a disclosure would be made in the notes to the accounts).

Exceptional Items

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

Acquired and Discontinued Operations

Where the Council has acquired or discontinued operations during the year, this will be disclosed in the Statement of Accounts and treated in line with the Council's accounting policies.

2. Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Council Accounting in the United Kingdom 2014/15 has introduced several changes in accounting policies which will be required from 1 April 2014. If these had been adopted for the financial year 2013/14 there would be no material changes as detailed below.

A number of new and revised standards have been issued addressing the accounting for consolidation, involvements in joint arrangements and disclosure of involvements in other entities. These include:

- IFRS 10 Consolidated Financial Statements – This standard introduces a new definition of control, which is used to determine which entities are consolidated for the purposes of group accounts. The Council does have associates but has not produced consolidated accounts for this financial year on the basis of materiality. After due consideration, the associates remain as associates under the revised definition, this would therefore have no impact on the 2013/14 Statement of Accounts;

- IFRS 11 Joint Arrangements – This standard addresses the accounting for a 'joint arrangement', which is defined as a contractual arrangement over which two or more parties have joint control. These are classified as either a joint venture or a joint operation. In addition, proportionate consolidation can no longer be used for jointly controlled entities. The Council has no material joint venture arrangements;

- IFRS 12 Disclosures of Involvement with Other Entities – This is a consolidated disclosure standard requiring a range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities';

- IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures – These statements have been amended to conform with the changes in IFRS 10, IFRS 11 and IFRS 12. Given that there would be no changes in the financial statements, except for disclosure, due to the changes to IFRS 10, IFRS 11 and IFRS 12, there is therefore also no impact to the Council as a result of changes in IAS 27 and IAS 28.

IAS 32 Financial Instruments Presentation – 'The Code' references to amended application guidance when offsetting a financial asset and a financial liability. The gains and losses are separately identified on the Comprehensive Income and Expenditure Statement and therefore no further disclosure is required.

IAS 1 Presentation of the Financial Statements – The changes clarifies the disclosure requirements in respect of comparative information of the preceding period. The Statement of Accounts fully discloses comparative information for the preceding period therefore these changes will not have a material impact on the Statement of Accounts of the Council.

3. 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 4.

Accounting for Schools – Balance Sheet Recognition of Schools

The Council recognises schools in line with the provisions of 'the Code', consequently schools are recognised on the Balance Sheet only if the future economic benefits or service potential associated with the school will flow to the Council. The Council regards that the economic benefits or service potential of a school flows to the Council where the Council has the ability to appoint the employees of the school and is able to set the admission criteria.

There are currently five types of schools within the borough:

- Community schools;
- Voluntary Controlled (VC) schools;
- Voluntary Aided (VA) schools;
- Foundation schools;
- Academies.

Employees at Community schools are appointed by the Council and the Council sets the admission criteria. These schools are therefore recognised on the Council's Balance Sheet.

The legal ownership of Voluntary Controlled schools buildings belong to a charity, normally a religious body, therefore the Council does not recognise these non-current assets on the Balance Sheet, however the adjoining school playing fields remain in Council ownership and are therefore included on the Council's Balance Sheet.

Foundation, Voluntary Aided and Academy schools employees are appointed by the schools' governing body, which also set the admission criteria. As a consequence the Council does not receive the economic benefit or service potential of these schools and does not recognise them on the Council's Balance Sheet. However the playing fields surrounding Voluntary Aided schools remain in Council ownership and are therefore included on the Council's Balance Sheet.

Accounting for Schools - Transfers to Academy Status

When a school that is held on the Council's Balance Sheet transfers to Academy status the Council accounts for this as a disposal for nil consideration on the date that the school converts to Academy status, rather than as an impairment on the date that approval to transfer to Academy status is announced.

Where the Council has entered into construction contracts for replacement schools on behalf of an Academy, the Council charges the cost of construction against Assets Under Construction (part of Property, Plant and Equipment), whilst the Academy is constructed. Once the construction is complete the asset is transferred to Property, Plant and Equipment on the date of transfer to Academy status. The Council accounts for this as a disposal for nil consideration.

Leases

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

Funding

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

Group Boundaries

The group boundaries have been estimated using the criteria associated with ‘the Code’. In line with ‘the Code’, the Council has not identified any companies within the group boundary that would require it to complete Group Accounts on grounds of materiality.

Investment Properties

Investment Properties have been estimated using the identifiable criteria under ‘the Code’ of being held for rental income or for capital appreciation. These Investment Properties have been assessed using these criteria, which is subject to interpretation.

4. Assumptions made about the future and other major sources of estimated uncertainty

Property, Plant and Equipment

An asset is depreciated over a useful life that is dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to the individual asset. 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 life assigned to assets. If the useful life of an asset is reduced, the depreciation charge increases and the carrying amount of the asset falls.

An important estimation contained in the accounts is that of the useful economic life of non-current assets (or useful remaining economic life where assets are revalued). This is important as it determines the depreciation charge posted to the Comprehensive Income and Expenditure Statement. In 2013/14 the reported value of the Council’s non-current assets was reduced by £18.1m as a result of depreciation charges.

- Property may have a remaining useful life of between 2 and 70 years and the exact amount is determined for each property by chartered surveyors, not less than once every 5 years;
- Infrastructure assets (such as roads) are depreciated over 40 years from the date of capitalisation;
- Investment properties are not depreciated, in line with guidance but are revalued each year;

- Surplus assets are not depreciated as the Council's policy is to revalue them each year;
- Other non-current assets (such as vehicles, plant and equipment) are depreciated over 10 years or less;
- Specific assets may be valued more frequently depending on the wider economic context, particularly if it is expected that there has been a material reduction in their value during the year.

Depreciation could also be calculated by adopting a fixed policy regarding economic life for each identified class of asset. However, it has been determined by the Council that a 'catch-all' policy cannot be as accurate as the case-by-case review that is employed, because of the wide variety of assets held.

Business Rates

Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, local authorities are liable for the cost of successful appeals against Business Rates charged to businesses in 2012/13 (and earlier financial years) in their proportionate share. Appeals are managed by the Valuation Office (VOA) on a case by case basis. The Council cannot be fully aware, at all times, of all changes to businesses and to business premises, and it is the responsibility of the individual business to seek adjustments for their Business Rates bill where this is appropriate. Therefore, a provision has been recognised within the accounts for the best estimate of the possible liability to the Council for Business Rates appeals, to 31 March 2014 calculated using the VOA current list of appeals, and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2014, and using their information on the average levels of successful and unsuccessful claims.

Debt Impairment

All debts due to the Council are regarded as collectable, unless firm evidence transpires that they are uncollectable and so therefore 'bad' debts. However, some debts which are proving difficult to collect may be properly termed 'doubtful'. The Council has included an impairment for doubtful debts in the accounts based on a review of the Council's significant short term debtor balances. In the current economic climate it is not certain that the impairment for doubtful debts would be sufficient. If collection rates were to deteriorate an increase in the amount of the impairment for doubtful debts would be required.

PFI and Similar Arrangements

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

Provisions

The Council has estimated its short term insurance provision values based on the results of an actuarial review carried out by Aon Risk Solutions. Other short term provisions represent amounts calculated and expected to be paid within the next twelve months.

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

Pensions Fund Liability

The estimation of the Pension Fund liability 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.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions. The sensitivity analysis below is based on reasonably possible changes to the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in 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 2012/13.

Manchester Airports Group (MAG)

The Council's shareholding in MAG remains at 3.22% as at 31 March 2014. The asset is valued using the earning based method and discounted cash flow 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 to provide an independent valuation which includes reviewing the financial performance, stability and business assumptions of MAG. 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 2014 the Council's external valuers advised of an increase of £7.4m in the fair value Council share from £29.3m to £36.7m which has been reflected in the financial statements.

Housing Benefit Subsidy

Assumptions contained within the Statement of Accounts include the draft level of Housing Benefit Subsidy Grant receivable (included in the Comprehensive Income and Expenditure Statement). The amount will not be finalised until the 30 November 2014 when the auditor-certified claim is submitted and so the amount included reflects the final subsidy claim.

Reserves

A number of estimates and assumptions are made regarding the required level of Council reserves. The Government has previously criticised the level of reserves held by councils as being too high. However, the consensus amongst finance professionals and other practitioners is that reserves become more necessary in times of greater risk and uncertainty. One lesson of the financial crisis after 2008 was that access to cash reserves was critical to the survival of many organisations.

The level of financial risk being faced by the Council continues to increase. Reserves provide a way for the Council to ensure that any unforeseen financial impacts can be absorbed without immediately impacting on frontline service delivery. Currently, potential impacts may arise from a number of sources:

- The further significant loss of Government funding – it should also be noted that the loss of Government funding may not arise from further constraint on direct funding, but potentially from redefinitions of responsibility such that levels of demand for Council services increase e.g. welfare reform;

- Other cost pressures or national policy changes – a significant challenge to all local authority budgets being faced at the current time is the impact of an ageing population. In many ways increasing life expectancy is to be welcomed but properly supporting older adults (especially where they also have greater medical requirements) represents a significant cost pressure for the Council. While this pressure is recognised by Government, a clear way forward has yet to be determined;

- Delays in securing savings targets – in the event that savings targets are not achieved as planned, it may be necessary to deploy reserves to balance budgets within a particular year. Since reserves cannot be used to defray ongoing cost pressures, this is not a permanent solution but would allow more sustainable responses to be developed in a more measured way;

- Volatility of NDR base – The Business Rates Retention scheme has been in place for 12 months. So far, the impact on the Council has been limited, but some key aspects of the scheme (notably the impact of backdated appeals) will take longer than 12 months to crystallise;

- Potential legal judgements and the confirmation of potential obligations that led the Council to recognise a contingent liability (see Note 50).

These and other factors must be borne in mind when estimating the required level of reserves and the anticipated profile of use.

5. Other Operating Income and Expenditure

31 March 2013					31 March 2014		
Gross Exp-enditure £000	Gross Income £000	Net Exp-enditure £000		Note	Gross Exp-enditure £000	Gross Income £000	Net Exp-enditure £000
25	0	25	Parish Council Precepts		25	0	25
30,247	0	30,247	Levies		33,538	0	33,538
1	0	1	Payments to the Government Housing Capital Receipts Pool		1	0	1
15,573	(458)	15,115	(Gain)/Loss and Derecognition on Disposal of Non Current Assets		11,355	(3,711)	7,644
45,846	**(458)**	**45,388**			**44,919**	**(3,711)**	**41,208**

6. Financing and Investment Income and Expenditure

Restated 31 March 2013					31 March 2014		
Gross Exp-enditure £000	Gross Income £000	Net Exp-enditure £000		Note	Gross Exp-enditure £000	Gross Income £000	Net Exp-enditure £000
8,448	0	8,448	Interest Payable and Similar Charges		8,141	0	8,141
11,496	0	11,496	PFI Interest Payable		11,279	0	11,279
10,800	0	10,800	Pensions Interest Cost and Expected Return on Pensions Assets		12,652	0	12,652
0	(1,281)	(1,281)	Interest and Investment Income (Available for Sale Assets)		0	(1,239)	(1,239)
0	(2,625)	(2,625)	Interest and Investment Income (Loans and Receivables) and Dividends		0	(3,957)	(3,957)
6,499	(6,894)	(395)	(Surpluses)/Deficits on Trading Undertakings not Included in Cost of Services	11	8,522	(6,931)	1,591
1,081	(2,323)	(1,242)	Inc and Exp in Relation to Investment Properties and Changes in their fair value	17	1,451	(2,079)	(628)
38,324	**(13,123)**	**25,201**			**42,045**	**(14,206)**	**27,839**

7. Taxation and Non-Specific Grant Income

The Council raises Council Tax and receives grants from Central Government each year to support revenue expenditure which is not attributable to specific services.

31 March 2013					31 March 2014		
Gross Exp-enditure £000	Gross Income £000	Net Exp-enditure £000		Note	Gross Exp-enditure £000	Gross Income £000	Net Exp-enditure £000
0	(78,044)	(78,044)	Council Tax Income		0	(69,615)	(69,615)
0	(395)	(395)	Collection Fund Surplus		0	0	0
0	(100,600)	(100,600)	Total Formula Grant (inc RSG)	9	0	(74,368)	(74,368)
0	(9,886)	(9,886)	Capital Grants and Contributions	9	0	(15,435)	(15,435)
0	(21,705)	(21,705)	Non Ringfenced Government Grants	9	0	(15,383)	(15,383)
0	0	0	Retained Business Rates	9	0	(25,781)	(25,781)
0	0	0	Business Rates Top Up	9	0	(22,950)	(22,950)
0	**(210,630)**	**(210,630)**			**0**	**(223,532)**	**(223,532)**

8. Impairment Losses

During 2013/14 the Council did not recognise any impairment losses.

9. Grant Income

The Council credited the following grants and contributions to the Taxation and Non Specific Grant Income line in the Comprehensive Income and Expenditure Statement in 2013/14:

2012/13 £000		2013/14 £000
	Non Ringfenced Government Grants	
(100,600)	Total Formula Grant (inc RSG)	(74,368)
0	Retained Business Rates	(25,781)
0	Business Rates Top Up	(22,950)
(12,205)	Early Intervention Grant	0
(5,581)	Learning Disabilities Reform Grant	0
0	Social Care Funding	(4,130)
0	Education Services Grant	(3,690)
(1,389)	New Homes Bonus	(2,789)
(1,952)	Council Tax Freeze Grant	0
0	Small Business Rate Relief Grant	(1,332)
0	Local Welfare Provision (Admin & Programme Funding)	(1,091)
0	Dementia Friendly Environments Grant	(738)
(578)	Other Non Ringfenced Government Grants	(1,613)
(122,305)		**(138,482)**
	Capital Grants and Contributions	
(2,506)	Schools Basic Need	(5,105)
(1,887)	Local Transport Plan	(2,149)
(2,142)	Schools Capital Maintenance	(2,111)
0	GM Pinchpoint	(1,800)
0	Regional Growth Fund	(1,599)
(3,351)	Other Capital Grants and Contributions	(2,671)
(9,886)		**(15,435)**

The Council credited the following grants and contributions to Cost of Services in the Comprehensive Income and Expenditure Statement in 2013/14:

2012/13 £000		2013/14 £000
	Revenue	
(139,334)	Dedicated Schools Grant (DSG)	(135,181)
(108,822)	Housing Benefit Subsidy Grant	(91,462)
(14,196)	Private Finance Initiative (PFI)	(14,196)
0	Public Health Grant	(11,454)
(9,917)	Department of Health: Adult Social Care	0
(5,272)	Pupil Premium Grant	(8,004)
0	NHS Tameside & Glossop CCG	(4,365)
(2,199)	Housing Benefits Administration Grant	(2,048)
(1,735)	Adult Pooled Treatment	0
(686)	Troubled Families Grant	(953)
0	Post 16 - Schools Funding Agency	(910)
(872)	Post 16 - Learning Skills Council	0
(784)	School Sixth Forms - Learning Skills Council	0
(723)	Youth Justice Board Grant (YOT)	(714)
(3,551)	Other Grants	(6,104)
	Capital	
(1,152)	Disabled Facilities Grant	(844)
(1,620)	Other Capital Grants and Contributions	(420)
(290,863)		**(276,655)**

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that may require the monies to be returned. The balances at the year-end are as follows:

2012/13 £000		2013/14 £000
(119)	Grants & Contributions Receipts in Advance (Capital)	(54)
0	Grants & Contributions Receipts in Advance (Revenue)	(542)
(119)		**(596)**

10. Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education which is the Dedicated Schools Grant (DSG). The 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 2008.

Details of the deployment of the DSG received for 2013/14 is as follows:

	Central Expen-diture £000	Individual Schools Budget £000	Total £000
Final DSG for 2013/14 before Academy recoupment	6,368	164,717	171,085
Academy figure recouped for 2013/14	0	35,850	35,850
Total DSG after Academy recoupment	**6,368**	**128,867**	**135,235**
Brought forward from 2012/13	1,208	0	1,208
Agreed initial budgeted distribution in 2013/14	**7,576**	**128,867**	**136,443**
In year adjustments	0	0	0
Final budget distribution for 2013/14	**7,576**	**128,867**	**136,443**
Actual central expenditure	6,027	0	6,027
Actual ISB deployed to schools	0	128,867	128,867
Carry forward to 2014/15	**1,549**	**0**	**1,549**

11. Trading Services

The Council has established a number of trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the Council, other organisations or the public. Details of those units operating within a commercial environment are listed below.

2012/13				2013/14		
Expen-diture £000	Turnover £000	(Surplus)/ Deficit £000	Trading Service	Expen-diture £000	Turnover £000	(Surplus)/ Deficit £000
1,232	(1,782)	(550)	Cemeteries & Crematorium	1,170	(1,984)	(814)
245	(839)	(594)	Commercial Refuse Collection	217	(740)	(523)
669	(390)	279	Vehicle Maintenance	597	(292)	305
3,046	(3,513)	(467)	Civil Engineering	3,034	(3,405)	(371)
566	(227)	339	Community Buildings	578	(260)	318
162	(143)	19	Building Control	239	(250)	(11)
617	0	617	Revaluation loss on Community Buildings	2,687	0	2,687
(38)	0	(38)	Revaluation gain on Community Buildings	0	0	0
6,499	**(6,894)**	**(395)**	**Total**	**8,522**	**(6,931)**	**1,591**

12. Material Items of Income and Expense

There are no material items of income and expenditure that are not disclosed elsewhere within the Statement of Accounts.

13. 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 (UK);
- Members;
- Officers;
- Other Public Bodies;
- Entities controlled or significantly influenced by the Council.

Central Government (UK)

Central Government (UK) 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 included within Note 9.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2013/14 is shown in Note 44.

The Council holds a Register of Members' Interest, which is open to public inspection at the Council Offices, Wellington Road, Ashton-under-Lyne. Further details can also be found on the Council's website http://www.tameside.gov.uk/councillors/declarations.

In respect of the 2013/14 financial year, a number of Members declared interests in other organisations that the Council transact with. However, it should be noted that these were not deemed to be significant interests that would lead to a related party transaction.

In certain cases, where a Member has an external interest that is declared (e.g. appointed to the Board of another organisation), it is for the purpose of representing the views of the Council. The allocation of places on the Board however would mean that while the Council can exert an influence, we cannot determine the outcome of decisions and as such this would not lead to a related party transaction.

Officers

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

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

The Council pays levies towards the services provided by the Greater Manchester Waste Disposal Authority (GMWDA) and the Greater Manchester Combined Authority (GMCA). The costs of these are shown in the Other Operating Income and Expenditure section within the Comprehensive Income and Expenditure Statement.

	2012/13 £000	2013/14 £000
Passenger Transport Levy	15,772	16,207
Waste Disposal Levy	14,302	17,156
Flood Defence Levy	106	105
British Waterways Levy	67	70
	30,247	**33,538**

The Council acts as the accountable body administering funding for a number of initiatives. Expenditure and grant income incurred by the Council concerning these partnerships is included within the Council's Comprehensive Income and Expenditure Statement in accordance with the SERCOP.

Greater Manchester Pension Fund (GMPF)

The Council administers the GMPF, but there are separate management and governance arrangements in place to ensure the GMPF is able to act as an independent entity. Further details can be found in the GMPF supplementary statement on page 146.

In the course of fulfilling its role as administering authority to the GMPF, the Council incurred costs for services (e.g. salaries and support costs) of £6.286m on behalf of the GMPF and paid HMRC VAT (net) of £1.443m. Total payments due from the GMPF, therefore, amounted to £4.843m (2012/13 £5.401m). The GMPF reimbursed the Council £4.413m for these charges and there is a debtor of £0.430m owing from the GMPF the year end (2012/13 £0.303m).

Entities Controlled or Significantly Influenced by the Council

A group structure may exist where the Council has a controlling (or significant ability to influence) another entity. A group structure would necessitate the preparation of group accounts.

The guidance for group accounts and related disclosures was reviewed following the additional share purchases in Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces Tameside (Holdings2) Ltd during 2012/13. It was determined that the Council had a significant influence over the two holding companies with effective total shareholdings of 46% and two directors represented on the boards. The impact of this meant that the Council took the decision to prepare group accounts for these Associate companies in 2012/13.

The Council's shareholding and board representation has remained unchanged in 2013/14. However, on the basis of materiality the Council has determined that the preparation of group accounts is not required in 2013/14.

The principal activities of these Associate companies relates to the provision and operation of several schools within the borough. Further details can be found in Note 33.

The Council also has a 10% stake in Inspiredspaces Tameside Ltd, which itself held 10% of the shares in Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces Tameside (Holdings2) Ltd. As the Council's share ownership of Inspiredspaces Tameside Ltd has not changed during the year (10%) and as it is only represented by two of the nine Directors, there is no significant control over this company and therefore it will not be consolidated for group accounts purposes.

The net value of transactions with Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces Tameside (Holdings2) Ltd during the year is as follows:

2012/13 £000		2013/14 £000
499	Inspiredspaces Tameside (Holdings1) Ltd & Inspiredspaces Tameside (Holdings2) Ltd	415
499		**415**

The following amounts were due from Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces Tameside (Holdings2) Ltd at 31 March and are included in Short Term Debtors (see Note 24):

2012/13 £000		2013/14 £000
311	Inspiredspaces Tameside (Holdings1) Ltd & Inspiredspaces Tameside (Holdings2) Ltd	338
311		**338**

A review of the Council's relationship with other entities has also been undertaken to ensure they are properly reported. Following the current guidance, with the exception of the investment in the two holding companies above it is clear that the Council is not in a group arrangement with any other entity, as it does not have the ability to exercise either influence or control at a material level over these partner agencies (it is important to differentiate a 'group' arrangement in this context from various forms of partnership working – that is, a group will involve a hierarchy of control and governance, while a partnership will involve co-ordinated activity towards a jointly agreed objective).

14. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the SERCOP. However, decisions about resource allocation are taken by Cabinet on the basis of internal Budget Monitoring reports analysed across services. These reports are prepared on a different basis from the accounting policies used in the preparation of the financial statements.

The income and expenditure of the Council's principal services recorded in the Budget Monitoring reports for the year is as follows:

2013/14	Childrens Services £000	Community Services and Adult Social Care £000	Public Health £000	Environmental Services £000	Asset & Investment Partnership Management £000	Exchequer £000	Capital and Financing £000	Total £000
Fees, charges and other service income	(5,172)	(21,176)	(4,299)	(22,886)	(17,547)	(4,187)	0	(75,267)
Government grants and contributions	(19,039)	(5,019)	(609)	(90)	(14,384)	(94,382)	0	(133,523)
Total Income	**(24,211)**	**(26,195)**	**(4,908)**	**(22,976)**	**(31,931)**	**(98,569)**	**0**	**(208,790)**
Employee expenses	21,338	27,411	744	10,247	2,824	3,854	0	66,418
Other service expenses	32,899	72,428	12,762	49,736	28,781	96,151	20,697	313,454
Support service recharges	1,495	297	2,857	252	1,413	1	0	6,315
Total Expenditure	**55,732**	**100,136**	**16,363**	**60,235**	**33,018**	**100,006**	**20,697**	**386,187**
Net Expenditure	**31,521**	**73,941**	**11,455**	**37,259**	**1,087**	**1,437**	**20,697**	**177,397**

Restated comparative figures for 2012/13 are below:

2012/13 (Restated)	**Childrens Services £000**	**Community Services and Adult Social Care £000**	**Public Health £000**	**Environmental Services £000**	**Asset & Investment Partnership Management £000**	**Exchequer £000**	**Capital and Financing £000**	**Total £000**
Fees, charges and other service income	(3,962)	(24,106)	0	(25,053)	(23,182)	(3,977)	0	(80,280)
Government grants and contributions	(16,462)	(12,301)	0	(133)	(15,473)	(111,621)	0	(155,990)
Total Income	**(20,424)**	**(36,407)**	**0**	**(25,186)**	**(38,655)**	**(115,598)**	**0**	**(236,270)**
Employee expenses	24,910	30,142	0	11,087	2,710	4,086	0	72,935
Other service expenses	31,681	76,568	0	49,155	52,804	112,276	18,620	341,104
Support service recharges	959	398	0	1,342	321	2	0	3,022
Total Expenditure	**57,550**	**107,108**	**0**	**61,584**	**55,835**	**116,364**	**18,620**	**417,061**
Net Expenditure	**37,126**	**70,701**	**0**	**36,398**	**17,180**	**766**	**18,620**	**180,791**

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

This reconciliation shows how the income and expenditure of the Council's principal services recorded in the Budget Monitoring report is adjusted due to being prepared on a different basis from the accounting policies used to prepare the Council's financial statements.

Restated 2012/13 £000		2013/14 £000
180,791	Net expenditure of the Council's principal services	177,397
17,451	Net expenditure of services not included as a principal service	21,532
198,242	**Budget Monitoring report**	**198,929**
8,281	Amounts not included in Budget Monitoring but included in the CIES	19,477
5,380	Amounts included in the Budget Monitoring but not included in the CIES	3,887
(49,900)	Amounts reported below the Cost of Services line within the CIES	(42,281)
162,003	**Cost of Services in Comprehensive Income and Expenditure Statement**	**180,012**

Reconciliation to Subjective Analysis

Below is a reconciliation between the income and expenditure recorded in the Budget Monitoring reports and a subjective analysis of the Cost of Services and Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement. This is required due to the Budget Monitoring reports being prepared on a different basis from the accounting policies used to prepare the Council's financial statements.

2013/14	Directorate Analysis £000	Additional segments not included in the Directorate Analysis £000	Budget Monitoring Report £000	Amounts not included in Budget Monitoring but included in the CIES £000	Amounts included in the Budget Monitoring but not included in the CIES £000	Amounts reported below Cost of Services in CIES £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(75,267)	(12,965)	**(88,232)**	(4,400)		24,622	**(68,010)**	(9,011)	**(77,021)**
Interest and investment income			**0**			3,873	**3,873**	(5,196)	**(1,323)**
Income from Council Tax and Non-Domestic Rates			**0**				**0**	(118,346)	**(118,346)**
Government grants and contributions	(133,523)	(1,672)	**(135,195)**	(140,247)		15,435	**(260,007)**	(105,185)	**(365,192)**
(Gain)/loss and derocognition on disposal of Non-current Assets			**0**				**0**	(3,711)	**(3,711)**
Total Income	**(208,790)**	**(14,637)**	**(223,427)**	**(144,647)**	**0**	**43,930**	**(324,144)**	**(241,449)**	**(565,593)**
Employee expenses	66,418	17,131	**83,549**	100,726			**184,275**	12,652	**196,927**
Other services expenses	313,454	484	**313,938**	51,770	3,887	(25,585)	**344,010**	9,974	**353,984**
Support service recharges	6,315	112	**6,427**	11,628			**18,055**		**18,055**
Depreciation, amortisation and impairment		18,442	**18,442**				**18,442**		**18,442**
Interest payable			**0**			(19,420)	**(19,420)**	19,420	**0**
Precepts and levies			**0**			(33,562)	**(33,562)**	33,562	**0**
Payments to Housing Capital Receipts Pool			**0**				**0**	1	**1**
(Gain)/loss and derocognition on disposal of Non-current Assets			**0**			(7,644)	**(7,644)**	11,355	**3,711**
Total Expenditure	**386,187**	**36,169**	**422,356**	**164,124**	**3,887**	**(86,211)**	**504,156**	**86,964**	**591,120**
(Surplus) or Deficit on Provision of Services	**177,397**	**21,532**	**198,929**	**19,477**	**3,887**	**(42,281)**	**180,012**	**(154,485)**	**25,527**

A restated comparative reconciliation for 2012/13 is below:

2012/13 (Restated)	Directorate Analysis £000	Additional segments not included in the Directorate Analysis £000	Budget Monitoring Report £000	Amounts not included in Budget Monitoring but included in the CIES £000	Amounts included in the Budget Monitoring but not included in the CIES £000	Amounts reported below Cost of Services in CIES £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(80,280)	(71,549)	**(151,829)**		89,871	9,675	**(52,283)**	(9,675)	**(61,958)**
Interest and investment income			**0**			3,906	**3,906**	(3,906)	**0**
Income from Council Tax and Non-Domestic Rates			**0**				**0**	(179,039)	**(179,039)**
Government grants and contributions	(155,990)	(142,671)	**(298,661)**			9,886	**(288,775)**	(31,591)	**(320,366)**
Total Income	**(236,270)**	**(214,220)**	**(450,490)**	**0**	**89,871**	**23,467**	**(337,152)**	**(224,211)**	**(561,363)**
Employee expenses	72,935	122,205	**195,140**	(256)			**194,884**	10,800	**205,684**
Other services expenses	341,104	75,700	**416,804**		5,380	(7,578)	**414,606**	7,580	**422,186**
Support service recharges	3,022	12,620	**15,642**		(89,871)		**(74,229)**		**(74,229)**
Depreciation, amortisation and impairment		21,146	**21,146**	8,537			**29,683**		**29,683**
Interest payable			**0**			(19,944)	**(19,944)**	19,944	**0**
Precepts and levies			**0**			(30,272)	**(30,272)**	30,272	**0**
Payments to Housing Capital Receipts Pool			**0**				**0**	1	**1**
(Gain)/loss and derocognition on disposal of Non-current Assets			**0**			(15,573)	**(15,573)**	15,573	**0**
Total Expenditure	**417,061**	**231,671**	**648,732**	**8,281**	**(84,491)**	**(73,367)**	**499,155**	**84,170**	**583,325**
(Surplus) or Deficit on Provision of Services	**180,791**	**17,451**	**198,242**	**8,281**	**5,380**	**(49,900)**	**162,003**	**(140,041)**	**21,962**

15. Property, Plant and Equipment

Details of movements in Property, Plant and Equipment in 2013/14 are below:

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment £000
Cost or Valuation								
At 1 April 2013	533,209	30,365	104,491	17,271	54,700	1,003	741,039	116,223
Additions	9,751	1,261	5,677	359	279	765	18,092	70
Upward revaluation of assets recognised in the Revaluation Reserve	466	0	0	0	326	0	792	0
Upward revaluation of assets reversing prior year loss to Surplus/Deficit on the Provision of Services	(52)	0	0	0	0	0	(52)	0
Revaluation losses recognised in the Revaluation Reserve	(64,731)	0	0	0	(854)	0	(65,585)	0
Revaluation losses recognised in the Surplus/Deficit on the Provision of Services	(47,348)	0	0	0	(1,693)	0	(49,041)	0
De-recognition - disposals	(5,472)	0	0	0	(3,004)	0	(8,476)	0
De-recognition of Academy	(2,944)	0	0	0	0	0	(2,944)	0
Assets reclassified (to)/from Held for Sale	(445)	0	0	0	0	0	(445)	0
Other reclassifications	(23)	0	0	15	8	0	0	0
At 31 March 2014	**422,411**	**31,626**	**110,168**	**17,645**	**49,762**	**1,768**	**633,380**	**116,293**
Accumulated Depreciation and Impairment								
At 1 April 2013	(59,483)	(12,449)	(13,948)	(3,590)	(33,059)	0	(122,529)	(5,410)
Depreciation charge	(10,762)	(4,136)	(2,824)	0	(398)	0	(18,120)	(2,268)
Upward revaluation of assets written out to the Revaluation Reserve	507	0	0	0	0	0	507	0
Upward revaluation of assets written out to the Surplus/Deficit on the Provision of Services	61	0	0	0	0	0	61	0
Revaluation losses recognised in the Revaluation Reserve	27,414	0	0	0	24	0	27,438	0
Revaluation losses recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	596	0	596	0
De-recognition - disposals	1,309	0	0	0	453	0	1,762	0
De-recognition - other	154	0	0	0	0	0	154	0
Assets reclassified (to)/from Held for Sale	38	0	0	0	0	0	38	0
At 31 March 2014	**(40,762)**	**(16,585)**	**(16,772)**	**(3,590)**	**(32,384)**	**0**	**(110,093)**	**(7,678)**
Net Book Value								
At 31 March 2014	**381,649**	**15,041**	**93,396**	**14,055**	**17,378**	**1,768**	**523,287**	**108,615**
At 31 March 2013	**473,726**	**17,916**	**90,543**	**13,681**	**21,641**	**1,003**	**618,510**	**110,813**
Nature of asset owned at 31 March 2014								
Owned	272,980	15,041	93,396	14,055	17,378	1,768	414,618	0
Finance Lease	54	0	0	0	0	0	54	0
PFI	108,615	0	0	0	0	0	108,615	108,615
	381,649	**15,041**	**93,396**	**14,055**	**17,378**	**1,768**	**523,287**	**108,615**

Details of comparative movements in Property, Plant and Equipment during 2012/13 are below:

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment £000
Cost or Valuation								
At 1 April 2012	585,824	23,570	99,011	16,172	31,517	2,139	758,233	116,210
Additions	3,007	6,797	5,480	1,081	718	55	17,138	13
Upward revaluation of assets recognised in the Revaluation Reserve	247	0	0	0	0	0	247	0
Upward revaluation of assets reversing prior year loss to Surplus/Deficit on the Provision of Services	(622)	0	0	0	0	0	(622)	0
Revaluation losses recognised in the Revaluation Reserve	(5,560)	0	0	0	0	0	(5,560)	0
Revaluation losses recognised in the Surplus/Deficit on the Provision of Services	(9,736)	0	0	0	0	0	(9,736)	0
De-recognition - disposals	(882)	0	0	0	0	0	(882)	0
De-recognition of Academies	(17,036)	0	0	0	0	0	(17,036)	0
Abortive costs charged to Cost of Services	0	0	0	0	0	(740)	(740)	0
Other reclassifications	(22,031)	0	0	17	22,465	(452)	(1)	0
Other movements in cost or valuation	(2)	(2)	0	1	0	1	(2)	0
At 31 March 2013	**533,209**	**30,365**	**104,491**	**17,271**	**54,700**	**1,003**	**741,039**	**116,223**
Accumulated Depreciation and Impairment								
At 1 April 2012	(67,407)	(10,132)	(11,265)	(3,590)	(5,351)	0	(97,745)	(3,144)
Depreciation charge	(12,910)	(2,317)	(2,683)	0	0	0	(17,910)	(2,266)
Upward revaluation of assets written out to the Revaluation Reserve	57	0	0	0	0	0	57	0
Upward revaluation of assets written out to the Surplus/Deficit on the Provision of Services	668	0	0	0	0	0	668	0
Revaluation/Impairment losses recognised in the Revaluation Reserve	1,389	0	0	0	(3,802)	0	(2,413)	0
Revaluation/Impairment losses recognised in the Surplus/Deficit on the Provision of Services	3,611	0	0	0	(11,392)	0	(7,781)	0
De-recognition - disposals	2,595	0	0	0	0	0	2,595	0
Other reclassifications	12,514	0	0	0	(12,514)	0	0	0
Other movements in depreciation and impairment	0	0	0	0	0	0	0	0
At 31 March 2013	**(59,483)**	**(12,449)**	**(13,948)**	**(3,590)**	**(33,059)**	**0**	**(122,529)**	**(5,410)**
Net Book Value								
At 31 March 2013	**473,726**	**17,916**	**90,543**	**13,681**	**21,641**	**1,003**	**618,510**	**110,813**
At 31 March 2012	**518,417**	**13,438**	**87,746**	**12,582**	**26,166**	**2,139**	**660,488**	**113,066**
Nature of asset owned at 31 March 2013								
Owned	362,849	17,916	90,543	13,681	21,641	1,003	507,633	0
Finance Lease	64	0	0	0	0	0	64	0
PFI	110,813	0	0	0	0	0	110,813	110,813
	473,726	**17,916**	**90,543**	**13,681**	**21,641**	**1,003**	**618,510**	**110,813**

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years.

In addition, the Council has instructed its valuers to undertake a review of all assets to ensure that the carrying value of assets last valued in a previous financial year is not materially different from its fair value.

The review concluded that the fair value was not materially different from the carrying value at the Balance Sheet date.

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Carried at Historical Cost	**9,751**	**31,626**	**110,168**	**17,645**	**279**	**1,768**	**171,237**
Fair Value at year end:							
31 March 2010	58,276	0	0	0	12,110	0	**70,386**
31 March 2011	145,771	0	0	0	7,648	0	**153,419**
31 March 2012	162,598	0	0	0	6,971	0	**169,569**
31 March 2013	13,546	0	0	0	20,653	0	**34,199**
31 March 2014	32,469	0	0	0	2,101	0	**34,570**
Total Cost or Valuation	**422,411**	**31,626**	**110,168**	**17,645**	**49,762**	**1,768**	**633,380**

Effects of changes in estimates

In 2013/14 the Council made material changes to its accounting estimates for Property, Plant and Equipment:

During the revaluation of the Council's land and buildings this financial year the valuations, remaining useful lives and residual values were reviewed, critically for all the properties subject to review. As a result, the depreciation charge for land and buildings of £10.762m for 2013/14 was £10.002m less than it would have been if the useful lives and residual values assessed in previous years had been used for the calculations. The impact of this change will carry forward into 2014/15 and future years.

Capital Commitments

The Council had one major capital commitment under a capital contract at 31 March 2014, which was in relation to Astley Sports College Remodelling. The full contract value is £7.261m and the value outstanding at 31 March 2014 was £3.436m (£0.0m at 31 March 2013).

16. Heritage Assets

Details of movements in Heritage Assets during 2013/14 along with comparative movements during 2012/13 are below:

	Civic Regalia £000	Art Collection £000	Militaria £000	Statues and Other Monuments £000	Total Heritage Assets £000
Cost or Valuation					
At 1 April 2012	578	9,507	1,475	910	12,470
Additions	0	0	0	1	1
At 31 March 2013	**578**	**9,507**	**1,475**	**911**	**12,471**
Additions	0	0	0	0	0
At 31 March 2014	**578**	**9,507**	**1,475**	**911**	**12,471**

Heritage Assets

The Council's Heritage Assets are held for their cultural, environmental or historical associations. With the exception of "Statues & Other Monuments", which by their nature are located across the borough, they are mainly held in the Council's art galleries and museums.

This collection of Heritage Assets has been secured over many years from a variety of sources, being mainly bequeaths, donations and long term loans. Assets acquired from these sources may have conditions attached which govern how the assets may be managed in the future. Any assets with conditions attached are recognised in the Donated Assets Account as a creditor in the Balance Sheet until any outstanding conditions cease.

Any acquisitions of Heritage Assets are initially recognised at cost and donations are recognised at valuation with valuations provided by the external valuers.

The Council's collections of Heritage Assets are accounted for as follows:

- **Art Collection** – The art collection includes sculptures, paintings and sketches and is reported in the Balance Sheet at market value. There is a programme of valuations for insurance purposes and the items in the collection are valued by the external valuer;
- **Militaria** – The Council holds on behalf of the trustees of the Museum of the Manchester Regiment, a collection of militaria relating to its historical connection to the former Manchester Regiment. This collection has been acquired either by donation or long term loan. There is a programme of valuations for insurance purposes and the items in the collection are valued by the external valuer;
- **Civic Regalia and Silver** - The Council holds a collection of Civic Regalia and Silver, this collection mainly relates to the former district councils that merged under Local Government

Reorganisation (1974) to form the borough of Tameside. There is a programme of valuations for insurance purposes and the items in the collection are valued by an external valuer;

- **Statues and Other Monuments –** There are a number of statues, war memorials and other monuments located across the borough. For those assets where information is available, they are recognised in the Balance Sheet at historical cost. Where information is not readily available, the assets are not recognised in the Balance Sheet. The Council believes that the cost involved in obtaining valuations for these assets would be disproportionate in comparison to the benefits to the users of the Council's financial statements.

17. Investment Properties

Investment properties are non-current assets that are held primarily to generate rental income or for capital appreciation or both (e.g. industrial estates).

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

2012/13 £000		2013/14 £000
(2,323)	Rental income from investment property	(2,079)
1,390	Direct operating expenses arising from investment property	1,329
(309)	Movements in the market value of investment property	122
(1,242)	**Net position**	**(628)**

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

2012/13 £000		2013/14 £000
33,493	**Balance at start of the year**	**33,584**
32	Additions	52
309	Movements in the market value of investment property	(122)
(250)	Derecognition - other	(1,851)
33,584	**Balance at end of the year**	**31,663**

18. Intangible Assets

Intangible assets include expenditure on non-monetary assets that do not have physical substance but are controlled by the Council (e.g. software licences).

The movement on intangible asset balances during the year is as follows:

2012/13 £000		2013/14 £000
	Balance at start of year:	
1,819	Gross Carrying amounts	1,958
(398)	Accumulated Amortisation	(704)
1,421	**Total**	**1,254**
139	Additions	5
(306)	In Year Amortsation	(322)
1,254	**Total**	**937**

19. Assets Held for Sale (<1yr)

The Council classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continued use.

2012/13 £000		2013/14 £000
0	**Balance at start of year:**	**0**
	Assets newly classified as held for sale	
0	Property Plant and Equipment	407
0	**Balance at end of the year**	**407**

20. Long Term Debtors

Long term debtors comprise amounts owed to the Council that are not investments and that are not expected to be realised within 12 months after the reporting period.

31 March 2013 £000		31 March 2014 £000
1,906	Inspiredspaces Tameside (Holdings 1) Ltd	1,889
3,452	Inspiredspaces Tameside (Holdings 2) Ltd	3,398
1,000	Local Authority Mortgage Scheme (LAMS)	1,000
8,677	Manchester Airport	8,677
3,074	Tameside Sports Trust	2,816
239	Other Long Term Debtors	216
18,348	**Total**	**17,996**

a. Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces Tameside (Holdings2) Ltd

During 2012/13 the Council acquired loan stock at a cost of £4.417m in Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces Tameside (Holdings2) Ltd. After in year repayments the Council holds loan stock totalling £5.287m at 31 March 2014 (£5.358m at 31 March 2013).

b. Local Authority Mortgage Scheme (LAMS)

In 2012/13 the Council advanced £1.000m with Lloyds Banking Group as part of the Local Authority Mortgage Scheme. The scheme is aimed at first time buyers within Tameside and the advance reflects the Council's share of financial assistance through the provision of an indemnity. This indemnity will be in place for a five-year period, at which point the advance will be returned to the Council.

c. Manchester Airport

(Terminal 2 Loan Debt)

In order to finance the construction of a new terminal (T2) at Manchester Airport and with Government approval, Manchester City Council borrowed from the Public Works Loan Board (PWLB) and lent on to the Airport. Following agreement reached between the City Council and the other nine District Councils in Greater Manchester, the Council assumed responsibility for a share of the loan debt relating to T2. The Council's share of the debt is £7.295m.

The Airport re-negotiated this loan agreement with the ten Greater Manchester Authorities in 2010/11 and pays an annual fixed interest of 12% on the outstanding balance at 9 February 2010. Previously the Airport reimbursed the Council for all servicing costs on the underlying loans. The Airport has agreed to repay the loan to the Council by the end of the agreement in 2055.

Manchester Airport (GMMDAF Loan Debt)

As part of the re-negotiated debt agreement with the Airport mentioned above, the Council also assumed responsibility for a proportion of the debt owing to the Greater Manchester Metropolitan Debt Administration Fund (GMMDAF) by the Airport (£1.382m). The Airport previously serviced directly to the GMMDAF the repayment on this debt. The Airport pays an annual fixed interest of 12% to the Council on this balance and will repay the loan by 2055.

d. Tameside Sports Trust

During 2008/09, the Council borrowed £4.280m from the Public Works Loan Board, which it then loaned to Tameside Sports Trust to finance the refurbishment by the Trust of three leisure centres across the borough. The Trust reimburses the Council with the full cost of servicing this debt.

21. Financial Instruments

a. Financial Instrument Balances

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

31 March 2013			31 March 2014	
Long Term £000	Current £000		Long Term £000	Current £000
131,626	19,416	Financial Liabilities Principal Amount	130,603	1,024
782	1,911	Adjustment for Amortised Cost	790	1,837
132,408	21,327	Financial Liabilities at Amortised Cost	131,393	2,861
132,408	**21,327**	**Total Borrowings**	**131,393**	**2,861**
0	80,436	Total Loans and Receivables Principal Amount	0	114,002
0	41	Adjustment for Amortised Cost	0	211
0	(45,449)	Loans and Receivables treated as Cash Equivalents	0	(55,510)
0	35,028	Loans and Receivables at amortised cost	0	58,703
8	0	Other Investments	8	0
		Available for Sale		
852	0	Inspiredspaces Tameside (Holdings 1) Ltd	852	0
1,509	0	Inspiredspaces Tameside (Holdings 2) Ltd	1,509	0
29,300	0	Manchester Airport	36,700	0
31,669	**35,028**	**Total Investment**	**39,069**	**58,703**

Under accounting requirements the financial instruments value shown in the Balance Sheet includes the principal amount borrowed or lent plus accrued interest and further adjustment for breakage costs or stepped interest loans (measured by an effective interest rate calculation). Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year.

Manchester Airport Investment

The Council's shareholding in Manchester Airport Group (MAG) remains at 3.22% as at 31 March 2014. The asset is valued using the earning based method and discounted cash flow 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 to provide an independent valuation which includes reviewing the financial performance, stability and business assumptions of MAG. 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 2014 the Council's external valuers advised of an increase of £7.4m in the fair value Council share from £29.3m to £36.7m which has been reflected in the financial statements.

The Council receives dividend income from the investment in MAG. This revenue is included in the Council's Medium Term Financial Strategy as a key item of income. As such, it is highly unlikely that the Council will dispose of its shareholding.

MAG's financial statements became available during the period between the subject to audit and audited Council statement of accounts. MAG had operating profits before taxation and significant items of £117.4m in 2013/14 (£74.4m in 2012/13) and after taxation and significant items a profit of

£108.9m (£23.2m loss in 2012/13). MAG had total net assets of £1,588.1m at 31 March 2014 (£1,523.7m at 31 March 2013).

Further information can be obtained from the Director of Finance, Manchester Airport – Tel: 08712 710 711.

Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces Tameside (Holdings2) Ltd

During 2012/13 the Council acquired additional shares to the value of £2.359m in Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces Tameside (Holdings2) Ltd. The Council's total equity holding of £2.361m remained unchanged during 2013/14.

b. Fair Value of Financial Assets and Liabilities Carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- Where an instrument has a maturity of less than twelve months the fair value is taken to be the principal outstanding;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount;
- Short term debtors and creditors are carried at cost and this is a fair approximation of their fair value.

The fair values for financial liabilities have been determined by reference to the PWLB redemption rules and prevailing PWLB redemption rates at the Balance Sheet date, and include accrued interest. The fair value of non-PWLB debt has also been calculated using the same procedures and interest rates and this provides a sound approximation for fair value for these instruments.

The fair values are as follows:

31 March 2013			31 March 2014	
Carrying Amount £000	**Fair Value £000**		**Carrying Amount £000**	**Fair Value £000**
112,001	144,253	PWLB Debt	92,826	116,594
41,292	41,284	Non PWLB Debt	41,307	39,502
0	0	Long Term Creditors	0	0
153,293	**185,537**		**134,133**	**156,096**

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

31 March 2013			31 March 2014	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
		Money Market Loans		
80,477	80,477	Less Than 1 Year	114,212	114,212
18,348	18,348	Long Term Debtors	17,996	17,996
98,825	**98,825**	**Total Loans and Receivables**	**132,208**	**132,208**

22. Nature and Extent of Risks Arising from Financial Instruments

Key Risks

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

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

Overall Procedures for Managing Risk

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

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

These are required to be reported and approved at or before the Council's annual budget setting meeting. 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 bi-annually to Members.

The 2013/14 Budget Report, which incorporates the prudential indicators, was approved by Council on 26 February 2013 and is available on the Council website. The key indicators were as follows:

Indicator	Limit	Outturn
Ratio of financing costs to net revenue stream	4.62%	3.95%
Capital financing requirement	£202.950m	£185.529m
Capital expenditure in year	£43.972m	£21.730m
Incrimental impact on capital investment decisions	£5.400m	£0.000m
Authorised limit for external debt	£256.221m	£135.176m
Operational boundary for external debt	£276.221m	£135.176m
Upper limit for fixed interest rate exposure	450%	232%
Upper limit for variable interest rate exposure	100%	-106%
Upper limit for total principle sums invested for over 364 days	£30.0m	£0.000m

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

Credit Risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor Ratings Services. The Annual Investment Strategy also imposes a maximum amount and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria is applied.

The key areas of the Investment Strategy are that the minimum criteria for investment counterparties included:

- Credit ratings of Short Term F1, Long Term A+ or greater, Viability bbb and Support rating 3 (Fitch or equivalent rating), with the lowest available rating being applied to the criteria;
- Domiciled in a country which has a minimum sovereign rating AA;
- UK Institutions provided with support from the UK Government.

The full Investment Strategy for 2013/14 was approved by Full Council on 26 February 2013 and is available on the Council's website.

The Council's maximum exposure to credit risk in relation to its investments in banks and financial institutions of £113.486m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. 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 2014 that this was likely to crystallise.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default, adjusted to reflect current market conditions.

	Amount at 31 March 2014 £000	Historical experience of default %	Adjustment for market conditions at 31 March 2014 %	Estimated maximum exposure to default £000
	(a)	(b)	(c)	(a * c)
Deposits with banks and financial institutions (principal amount)	114,002	0.004	0.004	5
Trade debtors	12,559	31.54	31.54	3,961

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not generally allow credit for its trade debtors, at the year-end date a balance of £12.560m was outstanding for payment. The outstanding amount can be analysed by age as follows:

31 March 2013 £000	Trade Debtors	31 March 2014 £000
6,754	Less than three months	7,197
136	Three to four months	203
140	Four to five months	190
4,025	More than five months	4,969
11,055	**Total**	**12,559**

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 through a comprehensive cash flow management system, as required by "the Code". This seeks to ensure that cash is available when it is needed.

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

The maturity analysis of financial assets (principal amount) is as follows:

31 March 2013 £000		31 March 2014 £000
80,436	Less than one year	114,002
0	Between one and two years	0
0	Between two and three years	0
0	More than three years	0
80,436	**Total**	**114,002**

All investments placed in the year were restricted to a maximum maturity period of twelve months; this policy reduced the risk that the Council would hold an investment with an institution that had a declining credit rating.

All trade and other payables are due to be paid in less than one year and trade debtors of £12.559m are not shown in the table above.

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 prudential 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's approved Treasury Management and Investment strategies address the main risks and the Treasury Management team address the operational risks within the approved parameters. These include:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt;
- 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 (principal amount) is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council in the 2013/14 Budget Report):

31 March 2013 £000		Approved maximum limits £000	Approved minimum limits £000	31 March 2014 £000
19,416	Less than one year	22,660 (15%)	nil (0%)	1,144
1,023	Between one and two years	22,660 (15%)	nil (0%)	11,019
18,592	Between two and five years	45,320 (30%)	nil (0%)	7,893
2,785	Between five and ten years	60,426 (50%)	nil (0%)	5,667
109,226	More than ten years	151,066 (100%)	75,533 (50%)	106,025
151,042	**Total**			**131,748**

Market Risk

Interest rate risk - The Council is exposed 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 variable and fixed 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 borrowing liability will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise;
- 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 Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect General Fund Balances, subject to influences from Government grants. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The Treasury Management team will monitor the 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 rate borrowing would be postponed.

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

31 March 2013 £000		31 March 2014 £000
23,820	Decrease in the fair value of fixed rate borrowings liabilities (no impact on Comprehensive Income and Expenditure Statement)	20,569

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in Note 21b – Fair value of Financial Assets and Liabilities Carried at Amortised Cost.

Price Risk - The Council, excluding the Greater Manchester Pension Fund, does not generally invest in equity shares but does in common with all Greater Manchester Districts have a 3.22% shareholding in Manchester Airports Group (except Manchester City Council which holds 35.5%). The shares are shown in the Balance Sheet at an estimated fair value of £36.7m. Whilst this holding is generally illiquid, the Council is exposed to losses arising from movements in the price of the shares.

As the shareholding has arisen from the acquisition of a specific interest, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead the Council monitors factors that might cause a fall in the value of its shareholding.

Foreign Exchange Risk - The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

23. Inventories

Inventories are materials or supplies that will be consumed in producing goods or providing services or will be sold or distributed as part of the Council's ordinary business.

	Consumable Stores		Maintenance Materials		Client Services Work In Progress		Total	
	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014
	£000	£000	£000	£000	£000	£000	£000	£000
Balance outstanding at start of year	309	297	233	193	53	39	595	**529**
Purchases	2,110	2,128	518	420	8	0	2,636	**2,548**
Recognised as an expense in the year	(2,120)	(2,113)	(558)	(400)	0	(11)	(2,678)	**(2,524)**
Written off balances	(2)	(17)	0	0	(22)	0	(24)	**(17)**
Balance outstanding at year -end	**297**	**295**	**193**	**213**	**39**	**28**	**529**	**536**

24. Short Term Debtors

Short term debtors comprise amounts due to the Council that are not investments and that have not been received at the date of the Balance Sheet.

31 March 2013 £000		31 March 2014 £000
6,919	Central Government Bodies	7,269
(5,550)	Doubtful Debts Reserve	(7,891)
1,504	NHS Bodies	2,953
867	Other Local Authorities	903
26,335	Other Entities and Individuals	29,856
0	Public Corporations & Trading Funds	255
30,075		**33,345**
2,811	Capital Debtors	1,125
3,014	Payments In Advance	1,445
41	Transferred Services	39
35,941	**Total**	**35,954**

25. Short Term Creditors

Short term creditors comprise amounts owed by the Council for work done, goods received or services rendered, for which payment has not been received at the date of the Balance Sheet.

31 March 2013 £000		31 March 2014 £000
(5,723)	Central Government Bodies	(6,235)
(117)	NHS Bodies	(393)
(386)	Other Local Authorities	(593)
(15,117)	Other Entities and Individuals	(16,558)
(180)	Public Corporations & Trading Funds	(98)
(21,523)	**Total**	**(23,877)**
(2,995)	Capital Creditors	(4,244)
(2,565)	Deposits & Receipts in Advance	(2,914)
(3,655)	Short Term Accumulating Compensated Absences	(3,262)
(30,738)	**Total**	**(34,297)**

26. Cash and Cash Equivalents

Cash is represented by notes and coins held by the Council and deposits held with financial institutions (e.g. banks) available on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

31 March 2013 £000		31 March 2014 £000
45	Cash held by the Council	35
45,449	Short-term Investments	55,510
13,312	Bank Current Accounts	11,851
(2,768)	Bank Overdraft	(2,703)
56,038	**Total**	**64,693**

27. Other Long Term and Short Term Liabilities

Other long term and short term liabilities comprise amounts due to individuals or organisations which will have to be paid at some time in the future. Long term liabilities are usually payable more than one year from the Balance Sheet date.

	Note	Long Term £000	Short Term £000	Total £000
2013/14				
Pension Liability	49	(256,066)	0	(256,066)
PFI	33	(112,172)	(1,861)	(114,033)
Finance Leases	32	(2,635)	(5)	(2,640)
Former Greater Manchester County Council Debt		(7,719)	0	(7,719)
Former Lancashire County Council Debt		(140)	0	(140)
Donated Assets		(10,658)	0	(10,658)
Total		**(389,390)**	**(1,866)**	**(391,256)**
2012/13 (restated)				
Pension Liability	49	(281,100)	0	(281,100)
PFI	33	(114,033)	(1,800)	(115,833)
Finance Leases	32	(2,641)	(5)	(2,646)
Former Greater Manchester County Council Debt		(8,480)	0	(8,480)
Former Lancashire County Council Debt		(271)	0	(271)
Donated Assets		(10,658)	0	(10,658)
Total		**(417,183)**	**(1,805)**	**(418,988)**

Further information on the Pension Liability, PFI and Finance Leases can be found in Note 49, Note 33 and Note 32 respectively.

Former Greater Manchester County Council Debt

The Greater Manchester County Council ceased to exist on 31 March 1986. The debt associated with the non-current assets of the Greater Manchester County Council passed to the successor authorities with debt administration being managed by the Council on behalf of those authorities.

Former Lancashire County Council Debt

The debt outstanding on those assets transferred from Lancashire County Council at the 1974 reorganisation continues to be administered by Lancashire County Council and is repaid by the relevant authorities.

Donated Assets

Assets donated to the Council with conditions attached are recognised in Donated Assets as a long term liability in the Balance Sheet until any outstanding conditions cease. The Donated Assets balance is in relation to Heritage Assets and further information can be found in Note 16.

28. Usable Reserves

Usable Reserves are those reserves that can be applied to fund expenditure or reduce local taxation. Further details can be found in the Movement in Reserves Statement, Note 35 and below.

31 March 2013 £000	Usable Reserves	31 March 2014 £000
(27,253)	General Fund Balances	(18,445)
(12,024)	Schools Balances	(11,707)
(94,583)	Earmarked Reserves	(138,516)
0	Capital Receipts Unapplied Account	(917)
(12,652)	Capital Grants and Other Contributions Unapplied	(12,661)
(146,512)	**Total**	**(182,246)**

Capital Receipts Unapplied Account

2012/13 £000	Capital Receipts Unapplied Account	2013/14 £000
0	**Balance at 1 April**	**0**
(458)	Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(3,711)
464	Use of the Capital Receipts Unapplied Account to finance new capital	2,794
1	Contribution from the Capital Receipts Unapplied Account to finance the payments to the Government Capital Receipts Pool	1
(7)	Transfer from the Deferred Capital Receipts Reserve upon receipt of cash	(5)
0	4% Disposal Costs Allowance	4
0	**Balance at 31 March**	**(917)**

Capital Grants and Other Contributions Unapplied Reserve

2012/13 £000	Capital Grants and Other Contributions Unapplied Reserve	2013/14 £000
(12,827)	**Balance at 1 April**	**(12,652)**
6,953	Grants & contributions received in previous years - applied	9,073
(6,778)	Grants & contributions received in year - not applied	(9,082)
(12,652)	**Balance at 31 March**	**(12,661)**

29. Unusable Reserves

Unusable Reserves are those reserves that the Council is not able to utilise to provide services.

Restated 31 March 2013 £000	Unusable Reserves	31 March 2014 £000
(78,455)	Revaluation Reserve	(38,797)
281,100	Pensions Reserve	256,066
(25)	Deferred Capital Receipts	(20)
(263,055)	Capital Adjustment Account	(216,261)
(19,086)	Available For Sale Financial Instruments Reserve	(26,486)
(184)	Financial Instruments Adjustment Account	28
(906)	Collection Fund Adjustment Account	(2,715)
3,655	Short Term Accumulating Compensated Absences Account	3,261
(5,702)	Holding in Manchester Airport Plc	(5,702)
(82,658)	**Total**	**(30,626)**

Revaluation Reserve

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

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

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

2012/13 £000	Revaluation Reserve	2013/14 £000
(90,584)	**Balance at 1 April**	**(78,455)**
(304)	Upward revaluation of assets	(1,299)
7,973	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	38,240
0	Prior Year Adjustment	(478)
7,669	Surplus or deficit on revaluation of non-current assets posted to the Surplus/Deficit on the Provision of Services	**36,463**
3,795	Difference between fair value and historical cost depreciation	1,324
665	Accumulated gains on assets sold or scrapped	1,871
4,460	Amount written off to the Capital Adjustment Account	**3,195**
(78,455)	**Balance at 31 March**	**(38,797)**

Pensions Reserve (restated)

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 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.

Restated 2012/13 £000	Pensions Reserve	2013/14 £000
226,200	**Balance at 1 April**	**281,100**
44,600	Actuarial gains or losses on pension assets and liabilities	(38,292)
27,500	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	30,434
(17,200)	Employer's pensions contributions and direct payments to pensioners payable in the year	(17,176)
281,100	**Balance at 31 March**	**256,066**

Deferred Capital Receipts Reserve

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

2012/13 £000	Deferred Capital Receipts Reserve	2013/14 £000
(32)	**Balance at 1 April**	**(25)**
7	Transfer to the Capital Receipts Unapplied Account on receipt of cash	5
(25)	**Balance at 31 March**	**(20)**

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 to finance the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties 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.

2012/13 £000	Capital Adjustment Account	2013/14 £000
(278,451)	**Balance at 1 April**	**(263,055)**
	Reversal of items debited or credited to the CIES:	
17,910	Charges for depreciation of non-current assets	18,120
11,392	Charges for impairment of non-current assets	0
6,125	Revaluation losses on Property, Plant and Equipment	48,352
(46)	Revaluation gains on Property, Plant and Equipment (used to reverse previous revaluation losses)	(9)
306	Amortisation of Intangible Assets	322
6,216	Revenue expenditure funded from capital under statute	3,749
15,573	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	11,355
740	Abortive costs written off to the CIES	0
0	Prior Year Adjustment	477
58,216		**82,366**
(4,460)	Adjusting amounts written out of the Revaluation Reserve	(3,195)
53,756	Net written out amount of the cost of non-current assets consumed in the year	**79,171**
	Capital financing applied in the year:	
(464)	Use of the Capital Receipts Unapplied Account to finance new capital expenditure	(2,794)
(5,881)	Capital grants and contributions credited to the CIES that have been applied to capital financing	(7,617)
(6,953)	Application of grants to capital financing from the Capital Grants and Other Contributions Unapplied Account	(9,073)
(10,941)	Statutory provision for the financing of capital investment charged against the General Fund	(10,606)
(13,812)	Capital expenditure charged against the General Fund	(2,409)
(38,051)		**(32,499)**
(309)	Movements in the market value of Investment Properties debited or credited to the CIES	122
(263,055)	**Balance at 31 March**	**(216,261)**

Available For Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Council 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 2013/14 the Council again revalued its shareholding in Manchester Airport which resulted in an increase in value from £29.300m to £36.700m (£10.214m to £29.300m in 2012/13). The increase of £7.400m is reflected in the Available for Sale Financial Instruments reserve and the original investment of £10.214m forms part of the Capital Adjustment Account balance.

2012/13 £000	Available For Sale Financial Instruments Reserve	2013/14 £000
0	**Balance at 1 April**	(19,086)
(19,086)	Upward revaluation of investment	(7,400)
(19,086)	**Balance at 31 March**	(26,486)

Financial Instruments Adjustment Account (FIAA)

The FIAA 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 General Fund Balances to the FIAA in the Movement in Reserves Statement. Over time, the net expense is posted back to General Fund Balances in accordance with statutory arrangements for spreading the burden on Council Tax.

2012/13 £000	Financial Instruments Adjustment Account	2013/14 £000
(397)	**Balance at 1 April**	(184)
213	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	212
(184)	**Balance at 31 March**	28

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax income (and Non-Domestic Rates income in 2013/14) in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers (and Business Rates payers in 2013/14) compared with the statutory arrangements for paying across amounts to General Fund Balances from the Collection Fund.

2012/13 £000	Collection Fund Adjustment Account	2013/14 £000
(974)	**Balance at 1 April**	(906)
68	Amount by which Council Tax income (and Non-Domestic Rates income in 2013/4) credited to the CIES is different from Council Tax income (and Non-Domestic Rates income in 2013/14) calculated for the year in accordance with statutory requirements	(1,809)
(906)	**Balance at 31 March**	(2,715)

Short Term Accumulating Compensated Absences Account

The Short Term Accumulating Compensated Absences Account absorbs the differences that would otherwise arise on General Fund Balances 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 General Fund Balances is neutralised by transfers to or from the Account.

2012/13 £000	Short Term Accumulating Compensated Absences Account	2013/14 £000
3,896	**Balance at 1 April**	**3,655**
(3,896)	Settlement or cancellation of accrual made at the end of the preceding year	(3,655)
3,655	Amounts accrued at the end of the current year	3,261
(241)	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(394)
3,655	**Balance at 31 March**	**3,261**

Holding in Manchester Airport Plc

The £5.702m holding represents shares transferred to the Council on the demise of Greater Manchester Council at nil cost as opposed to cash share purchases.

30. Provisions

Provisions are liabilities of uncertain timing or amount. Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement and a reliable estimate can be made of the amount of the obligation.

Short Term Provisions

2012/13 £000		2013/14 £000
(198)	Carbon Reduction Commitments (CRC)	(94)
0	Land Charges Provision	(270)
(484)	Municipal Mutual Insurance (MMI)	0
0	Provision for Business Rates Appeals	(1,649)
(7,257)	Pay Provision	(141)
(7,939)	**Total**	**(2,154)**

Long Term Provisions

	Insurance Fund		Pay Provision		Other Provisions		Total	
	2012/13 £000	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000	2013/14 £000
Balance at 1 April	(3,283)	(2,623)	0	0	(67)	(60)	(3,350)	(2,683)
Additional Provisions Made in Year	(509)	(2,302)	0	0	(21)	(75)	(530)	(2,377)
Reclassification from Short Term Provisions	0	0	0	(6,403)	0	0	0	(6,403)
Amounts Used in Year	1,169	1,176	0	0	28	0	1,197	1,176
Balance at 31 March	**(2,623)**	**(3,749)**	**0**	**(6,403)**	**(60)**	**(135)**	**(2,683)**	**(10,287)**

The Insurance Fund is mainly to cover the third party and employer's liability claims that are settled for amounts less than the excess on the policy for that year. External insurers continue to cover claims for amounts above the excess.

The Pay Provision has been established following job evaluation and the establishment of a new pay and grading structure in 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 Pensions Probate.

31. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, 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.

2012/13 £000		2013/14 £000
316,349	**Opening Capital Financing Requirement plus PFI added in Year**	**310,428**
	Capital Investment	
17,138	Property, Plant and Equipment	18,092
32	Investment Properties	52
1	Heritage Assets	0
139	Intangible Assets	5
6,216	Revenue Expenditure Funded from Capital under Statute	3,749
7,775	Other Long Term Investments	0
	Sources of Finance	
(464)	Capital Receipts	(2,794)
(12,834)	Government Grants and Other Contributions	(16,690)
(13,812)	Direct Revenue Contributions	(2,409)
(10,112)	Minimum Revenue Provision	(9,714)
310,428	**Closing Capital Financing Requirement**	**300,719**

Explanation of Movements in Year

2012/13 £000		2013/14 £000
(806)	Change in underlying need to borrow (supported by government financial assistance)	0
(3,321)	Change in underlying need to borrow (unsupported by government financial assistance)	(7,904)
(21)	Assets acquired under finance leases	(5)
(1,773)	Assets acquired under PFI contracts	(1,800)
(5,921)	**Increase / (decrease) in Capital Financing Requirement**	**(9,709)**

32. Leases

Finance Leases

The Council had three assets under finance leases in 2013/14. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

31 March 2013 £000		31 March 2014 £000
64	Other Land and Buildings	54
64	**Total**	**54**

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

31 March 2013 £000		31 March 2014 £000
	Finance lease liabilities (net present value of minimum lease payments):	
(5)	- current	(5)
(2,641)	- non-current	(2,635)
(17,154)	Finance costs payable in future years	(16,933)
(19,800)	**Minimum lease payments**	**(19,573)**

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

Minimum Lease Payments 2012/13 £000	Finance Lease Liabilities 2012/13 £000		Minimum Lease Payments 2013/14 £000	Finance Lease Liabilities 2013/14 £000
(226)	(5)	Not later than one year	(226)	(5)
(904)	(24)	Later than one year and not later than five years	(904)	(26)
(18,670)	(2,617)	Later than five years	(18,444)	(2,609)
(19,800)	**(2,646)**		**(19,574)**	**(2,640)**

Operating Leases

The Council had nine assets under operating leases in 2013/14, with typical lives of 1-5 years. The future minimum lease payments due under non-cancellable leases in future years are:

2012/13 £000		2013/14 £000
183	Not later than one year	169
181	Later than one year and not later than five years	22
0	Later than five years	0
364		**191**

The expenditure charged to Cost of Services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2012/13 £000		2013/14 £000
607	Minimum lease payments	496
607		**496**

Council as Lessor

During 2013/14 the Council continued to lease land and buildings by means of operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

2012/13 £000		2013/14 £000
1,538	Not later than one year	1,550
5,244	Later than one year and not later than five years	4,973
90,518	Later than five years	87,937
97,300		**94,460**

33. Private Finance Initiatives and Similar Contracts

General

The Council has entered into three PFI contracts to construct, finance, maintain and operate various schools across the borough. These contracts are:

- Hattersley Schools PFI Project;
- Inspiredspaces Tameside (Project Co 1) Ltd;
- Inspiredspaces Tameside (Project Co 2) Ltd.

PFI contracts are by their long term nature and multiple obligations complex, however across all contracts there are similar characteristics and arrangements which are summarised below.

- There are two agreements that the Council enters into, one is an agreement between the PFI company. The PFI company generally has a number of sub contracts including a builder, a facilities management operator and a company to manage the operation of the contract and the other is a Direct Funders Agreement with the bank or banks, who provided most of the funding for the building of the facilities, known as the senior debt provider. The Direct Funding Agreement enables the schools to be operated, even if the sub-contractors cease to provide services;
- The main obligation the Council has is to pay the unitary charge and ensure that the contractors are not prevented from undertaking the contracted services;
- The Council has the right to specify the activities within the school facilities between a set number of core days and hours, which are specifically defined in the contracts, to meet the Council's specification for the delivery of educational services. The Council has exclusive rights to use the schools during these times, plus a number of additional hours where

specifically detailed in the contract. The contractor may operate the schools for agreed uses outside these hours;

- The contracts specify a minimum level of standard that accommodation needs to be offered at throughout the contract period, if these standards of the physical space are not achieved, availability deductions will be made for all or part of a building for which the spaces are not deemed to be available;
- The contract also specifies a minimum level of standards against which the contractor has to provide services to, if standards are not met in accordance with a pre-determined performance monitoring system, deductions will be made from the unitary charge payment;
- A key principle of a PFI contract is that the contractor takes on the risk of designing, constructing and operating the new facilities to an agreed standard of physical condition over the life of the contract, including renewing or replacing the fabric and services of the facilities based on an agreed specification. The contractor is also obliged to procure, maintain and replace some of the fixtures and fittings and equipment within the schools;
- At the end of the contract the buildings and assets therein are transferred back to the Council for nil consideration. Prior to the hand back of the assets, physical inspections will be undertaken to ensure that the assets have been maintained in an appropriate condition;
- All three contracts contain the provision for the contracts to be terminated including:
    - Voluntary termination by the Council – where the Council determines it no longer wants to continue with the contract;
    - Termination due to Council default – for example if the Council does not make payments or prevents the contractor from carrying out its responsibilities;
    - Termination by contractor default – for example for persistent underperformance of responsibilities;
    - Termination on force majeure – including an event of civil war, war, armed conflict or terrorism, nuclear, chemical or biological contamination not caused by the contractor, pressure waves caused by devices travelling at supersonic speeds, which directly cause either party to be unable to comply with all or a material part of the contract.

In the event of Council voluntary termination or Council default, the contractor is able to make substantial claims for all outstanding payments and future loss of profits. In an event of contractor default the Council can bring claims for compensation in accordance with the contract. The contracts also determine payments the Council must make due to termination on force majeure should it decide to terminate the contract rather than re-tendering.

The specific arrangements that vary across the contracts are detailed below:

Hattersley Schools PFI Project

The Council entered into a 30 year PFI contract on 19 June 2002 to deliver new schools and facilities management services for Arundale Primary and Nursery School, Pinfold Primary School and Alder Community High School. Services commenced at the primary schools on 9 September 2002 and at the high school in April 2003.

The Council pays an annual unitary charge for the provision of accommodation and facilities management at the schools of £2.548m in 1 April 2001 prices. 44% of the unitary charge is subject to inflation at RPI which mirrors the proportion of cost base that is variable, i.e. operational costs, versus the proportion that is fixed, i.e. relating to funding / capital costs.

The Council has set up an interest bearing equalisation reserve effective for the period of the contract, to ensure that future estimated unitary charge payments are provided for over the remaining term of the contract. The affordability of future unitary charge payments will be assessed on an annual basis.

The Council does not hold an equity share in this contract.

Inspiredspaces Tameside (Project Co 1) Ltd – Mossley Hollins & St Damians PFI Contract

The Council entered into a 25 year Building Schools for the Future (BSF) PFI agreement to deliver new schools and facilities management services for Mossley Hollins and St Damians High Schools on 4 February 2009. Services commenced at Mossley Hollins in February 2011 and St Damians in April 2011.

The Council pays an annual unitary charge for the provision of accommodation and facilities management at the schools of £5.405m in 1 April 2008 prices. 40% of the unitary charge is subject to inflation at RPIx which mirrors the proportion of cost base that is variable, i.e. operational costs, versus the proportion that is fixed, i.e. relating to funding / capital costs.

The Council has a 46% equity share in this contract.

Inspiredspaces Tameside (Project Co 2) Ltd – Five School PFI Contract

A second 25 year BSF PFI contract was signed in April 2010, to deliver new facilities and services for Hyde Community College, Thomas Ashton School, Denton Community College, White Bridge College and Elmbridge School. The first school, White Bridge College, was completed and services commenced in September 2011, with the remaining four being completed with services commencing in January 2012.

The Council pays an annual unitary charge for the provision of accommodation and facilities management at the schools of £9.409m in 1 April 2010 prices. 27% of the unitary charge is subject to inflation at RPIx which mirrors the proportion of cost base that is variable, i.e. operational costs, versus the proportion that is fixed, i.e. relating to funding / capital costs.

The Council has a 46% equity share in this contract.

Affordability

The affordability of the PFI contracts was tested on the basis of predetermined, sensitivities of projected budgets, inflation and interest rates as determined by HM Treasury, prior to the contracts being agreed by the Government.

The cost of the unitary charge is met by pre-agreed payments as follows:

- An annual PFI grant from the Government;
- Pre agreed capital contributions;
- Annual contributions from the schools from the Dedicated Schools Grant;
- Contributions from individual school budgets;
- Accumulation of interest, equity returns and directors fees.

However, there have been significant changes in the way that the Department for Education allocate revenue funding to schools in recent years, meaning that more and more funding is allocated to schools through a formula and there is less opportunity to provide support for individual schools. Inflation and interest rates have also been significantly different from that projected.

The process of reviewing the affordability position on the BSF contracts commenced in March 2013. This review will take account of changes in any of the assumptions around expenditure, income, interest and inflation rates. The balance of the BSF Affordability Reserve at 31 March 2014 is £3.181m (£1.560m at 31 March 2013).

Summary

Details of movements in PFI assets in 2013/14 are below:

	Hattersley £000	Inspiredspaces Tameside (Hold Co 1) Ltd £000	Inspiredspaces Tameside (Hold Co 2) Ltd £000	Total £000
Cost or Valuation				
At 1 April 2013	18,448	38,521	59,254	116,223
Addition	70	0	0	70
At 31 March 2014	**18,518**	**38,521**	**59,254**	**116,293**
Accumulated Depreciation and Impairment				
At 1 April 2013	(3,044)	(1,181)	(1,185)	(5,410)
Depreciation charge	(313)	(770)	(1,185)	(2,268)
At 31 March 2014	**(3,357)**	**(1,951)**	**(2,370)**	**(7,678)**
Net Book Value				
At 31 March 2014	**15,161**	**36,570**	**56,884**	**108,615**
At 31 March 2013	**15,404**	**37,340**	**58,069**	**110,813**

Details of comparative movements in PFI assets in 2012/13 are below:

	Hattersley £000	Inspiredspaces Tameside (Hold Co 1) Ltd £000	Inspiredspaces Tameside (Hold Co 2) Ltd £000	Total £000
Cost or Valuation				
At 1 April 2012	18,435	38,521	59,254	116,210
Addition	13	0	0	13
At 31 March 2013	**18,448**	**38,521**	**59,254**	**116,223**
Accumulated Depreciation and Impairment				
At 1 April 2012	(2,734)	(410)	0	(3,144)
Depreciation charge	(310)	(771)	(1,185)	(2,266)
At 31 March 2013	**(3,044)**	**(1,181)**	**(1,185)**	**(5,410)**
Net Book Value				
At 31 March 2013	**15,404**	**37,340**	**58,069**	**110,813**
At 31 March 2012	**15,701**	**38,111**	**59,254**	**113,066**

Details of movements in PFI liabilities in 2013/14 are below:

	Hattersley £000	Inspiredspaces Tameside (Hold Co 1) Ltd £000	Inspiredspaces Tameside (Hold Co 2) Ltd £000	Total £000
Liability outstanding at 1 April 2013	(14,257)	(37,295)	(64,281)	(115,833)
Payments made during the year	266	534	1,000	1,800
Liability outstanding at 31 March 2014	**(13,991)**	**(36,761)**	**(63,281)**	**(114,033)**
Short Term PFI Finance Lease Liability (2014-15)	(262)	(532)	(1,067)	(1,861)
Long Term PFI Finance Lease Liability (Future Years)	(13,729)	(36,229)	(62,214)	(112,172)
	(13,991)	**(36,761)**	**(63,281)**	**(114,033)**

Details of comparative movements in PFI liabilities in 2012/13 are below:

	Hattersley £000	Inspiredspaces Tameside (Hold Co 1) Ltd £000	Inspiredspaces Tameside (Hold Co 2) Ltd £000	Total £000
Liability outstanding at 1 April 2012	(14,627)	(37,821)	(65,197)	(117,645)
Payments made during the year	370	526	916	1,812
Liability outstanding at 31 March 2013	**(14,257)**	**(37,295)**	**(64,281)**	**(115,833)**
Short Term PFI Finance Lease Liability (2013-14)	(266)	(534)	(1,000)	(1,800)
Long Term PFI Finance Lease Liability (Future Years)	(13,991)	(36,761)	(63,281)	(114,033)
	(14,257)	**(37,295)**	**(64,281)**	**(115,833)**

The table below summarises the estimated contract payment values for each PFI contract:

	Payments						
	Liability £000	Finance Costs £000	Contingent Rental Finance Costs £000	Service Charges £000	Total £000	Indexation	Contract Expiry
Hattersley							
Payments within 1 year	262	1,500	367	1,162	3,291		
Payments within 2 to 5 years	1,702	5,647	1,834	4,471	13,654		
Payments within 6 to 10 years	2,114	6,067	2,707	8,003	18,891	RPI	2033
Payments within 11 to 15 years	4,652	4,414	3,909	7,310	20,285		
Payments within 16 to 20 years	5,261	1,472	3,587	6,729	17,049		
Payments within 21 to 25 years	0	0	0	0	0		
	13,991	19,100	12,404	27,675	73,170		
Inspiredspaces Tameside (Hold Co 1) Ltd							
Payments within 1 year	532	3,318	368	1,966	6,184		
Payments within 2 to 5 years	3,085	12,710	2,013	7,926	25,734	RPIx	2036
Payments within 6 to 10 years	5,421	14,131	3,714	11,565	34,831		
Payments within 11 to 15 years	8,267	11,153	5,182	13,634	38,236		
Payments within 16 to 20 years	10,993	7,015	6,393	18,415	42,816		
Payments within 21 to 25 years	8,463	1,033	4,065	8,286	21,847		
	36,761	49,360	21,735	61,792	169,648		
Inspiredspaces Tameside (Hold Co 2) Ltd							
Payments within 1 year	1,066	6,285	319	2,384	10,054		
Payments within 2 to 5 years	5,077	24,017	1,852	10,534	41,480	RPIx	2038
Payments within 6 to 10 years	8,278	26,842	3,625	16,448	55,193		
Payments within 11 to 15 years	12,680	21,793	5,247	19,678	59,398		
Payments within 16 to 20 years	17,619	14,770	6,759	25,870	65,018		
Payments within 21 to 25 years	18,561	4,181	5,960	18,432	47,134		
	63,281	97,888	23,762	93,346	278,277		

34. Events After the Balance Sheet Date

The Statement of Accounts was approved at the Council's Overview (Audit) Panel on 30 September 2014. Events taking place after this date are not reflected in the financial statements or notes to the accounts. Where events taking place before this date would have provided information about conditions existing at 31 March 2014, the figures in the financial statements and notes to the accounts would have been adjusted in all material respects to reflect the impact of this information.

35. Adjustments between Accounting Basis and Funding Basis under Regulation

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.

2013/14	Usable Reserves: General Fund Balances £000	Usable Reserves: Capital Receipts Unapplied Account £000	Usable Reserves: Capital Grants and Other Contributions Unapplied Reserve £000	Movement in Unusable Reserves £000
Adjustments to Capital Adjustment A/C:				
Reversal of items debited or credited to the CIES:				
Charges for depreciation of non-current assets	(18,120)	0	0	18,120
Revaluation losses on PPE	(48,352)	0	0	48,352
Revaluation gains on PPE (used to reverse previous revaluation losses)	9	0	0	(9)
Movements in the market value of Investment Properties	(122)	0	0	122
Amortisation of Intangible Assets	(322)	0	0	322
Capital grant and contributions received in year	16,699	0	(9,082)	(7,617)
Revenue expenditure funded from Capital under Statute	(3,749)	0	0	3,749
Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the CIES	(11,355)	0	0	11,355
Unequal Pay Back Pay	0	0	0	0
Prior Year Adjustments	(477)	0	0	477
Insertion of items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment: -				0
- Minimum Revenue Provision (MRP) for capital financing	9,714	0	0	(9,714)
- GM and Lancashire debt repayment	892	0	0	(892)
Capital expenditure charged against General Fund Balances	2,409	0	0	(2,409)
Capital grant and contributions received in previous years - applied	0	0	9,073	(9,073)
Use of the Capital Receipts Unapplied Account to finance capital expenditure	0	2,794	0	(2,794)
Adjustments to Capital Receipts Unapplied Account:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	3,711	(3,711)	0	0
4% Disposal Cost Allowance	(4)	4	0	0
Contribution from the Capital Receipts Unapplied Account to finance the payments to the Government Capital Receipts Pool	(1)	1	0	0
Adjustments to Deferred Capital Receipts Reserve:				
Transfer to Capital Receipts Unapplied Account upon receipt of cash	0	(5)	0	5
Adjustments to Financial Instruments Adjustment A/C:				
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(212)	0	0	212
Adjustments to Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES (see note 49)	(30,434)	0	0	30,434
Employer's pensions contributions and direct payments to pensioners payable in the year	17,176	0	0	(17,176)
Adjustments to Collection Fund Adjustment A/C:				
Amount by which Council Tax and Non-Domestic Rating income credited to the CIES is different from Council Tax and Non-Domestic Rating income calculated for the year in accordance with statutory requirements	1,809	0	0	(1,809)
Adjustment to Accumulating Compensated Absences Adjustment A/C:				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	394	0	0	(394)
Total Adjustments	**(60,335)**	**(917)**	**(9)**	**61,261**

2012/13 (restated)	Usable Reserves General Fund Balances £000	Capital Receipts Unapplied Account £000	Capital Grants and Other Contributions Unapplied Reserve £000	Movement in Unusable Reserves £000
Adjustments to Capital Adjustment A/C:				
Reversal of items debited or credited to the CIES:				
Charges for depreciation of non current assets	(17,910)			17,910
Charges for impairment of non current assets	(11,392)			11,392
Revaluation losses on PPE	(6,125)			6,125
Revaluation gains on PPE (used to reverse previous revaluation losses)	46			(46)
Movements in the market value of Investment Properties	309			(309)
Amortisation of Intangible Assets	(306)			306
Capital grant and contributions received/repaid in year	12,659		(6,778)	(5,881)
Revenue expenditure funded from Capital under Statute	(6,216)			6,216
Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the CIES	(15,573)			15,573
Write off of abortive costs	(740)			740
Insertion of items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment: -				
- Minimum Revenue Provision (MRP) for capital financing	10,112			(10,112)
- GM and lancashire debt repayment	829			(829)
Capital expenditure charged against General Fund Balances	13,812			(13,812)
Capital grant and contributions received in previous years - applied			6,953	(6,953)
Use of the Capital Receipts Unapplied Account to finance capital expenditure		464		(464)
Adjustments to Capital Receipts Unapplied Account:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	458	(458)		0
Contribution from the Capital Receipts Unapplied Account to finance the payments to the Government Capital Receipts Pool	(1)	1		0
Adjustments to Deferred Capital Receipts Reserve:				
Transfer to Capital Receipts Unnapplied Account upon receipt of cash		(7)		7
Adjustments to Financial Instruments Adjustment A/C:				
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(213)			213
Adjustments to Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES (see note 49)	(27,500)			27,500
Employer's pensions contributions and direct payments to pensioners payable in the year	17,200			(17,200)
Adjustments to Collection Fund Adjustment A/C:				
Amount by which Council Tax income credited to the CIES is different from Council Tax income calculated for the year in accordance with statutory requirements	(68)			68
Adjustment to Accumulating Compensated Absences Adjustment A/C:				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	241			(241)
Total Adjustments	**(30,378)**	**0**	**175**	**30,203**

36. Transfer to/from Earmarked Reserves

This note details the amounts set aside from General Fund Balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2013/14.

Balance at 1 April 2012 £000	Net Movement 2012/13 £000	Balance at 31 March 2013 £000		Balance at 1 April 2013 £000	Net Movement 2013/14 £000	Balance at 31 March 2014 £000	Purpose of the Earmarked Reserve
(8)	(25)	(33)	Ashton Library Repairs	(33)	(37)	(70)	In accordance with the Heritage Lottery Fund grant requirements an annual sum needs to be provided for future repairs to Ashton Central Library.
(6,537)	4,977	(1,560)	Building Schools for the Future (BSF) Affordability Reserve	(1,560)	(1,621)	(3,181)	For further information please see Note 33.
(1,876)	(3,425)	(5,301)	Capital Investment Reserve	(5,301)	(16,733)	(22,034)	To be used in financing the Council's capital programme.
(206)	(91)	(297)	Cemetery & Crematoria	(297)	128	(169)	To fund the repair / replacement of cremators as and when they are needed.
0	(16,000)	(16,000)	Contingent Liability Reserve	(16,000)	0	(16,000)	To fund Contingent Liabilities detailed in Note 50.
(2,637)	(1,647)	(4,284)	Corporate Initiatives	(4,284)	(747)	(5,031)	To fund the implementation of projects that support the Council's cross-cutting corporate initiatives.
(550)	0	(550)	Co Location of Drugs Service Reserve	(550)	74	(476)	To fund a project to co locate dispersed Substance Misuse Services within Tameside.
(7,580)	(227)	(7,807)	Early Exit Costs Reserve	(7,807)	2,807	(5,000)	To assist in meeting future years additional pension costs.
(149)	0	(149)	Emergency Response	(149)	8	(141)	To assist in funding expenditure in the event of any major emergency response situations.
(341)	191	(150)	Financial/Corporate Systems	(150)	(486)	(636)	To fund future planned implementation / maintenance of corporate computer systems.
(120)	0	(120)	Former Surestart PCT Employees Reserve	(120)	0	(120)	To finance future years pension costs relating to employees who are now employed by the Council.
(1,239)	(2,768)	(4,007)	Future Premiums	(4,007)	(460)	(4,467)	To finance the cost of premiums in relation to future debt re-scheduling.
(1,011)	129	(882)	Hard Facilities Management Service Contract Reserve	(882)	33	(849)	To fund the affordability gap between the Facilities Management service for New Charter Academy and their contributions.
(300)	0	(300)	Hattersley Highway Reserve	(300)	300	0	To finance highway improvements in Hattersley.
(728)	(1,175)	(1,903)	Hattersley Regeneration Reserve	(1,903)	92	(1,811)	To finance regeneration initiatives in Hattersley.
0	0	0	Health Equalities Reserve	0	(1,981)	(1,981)	Ringfenced Public Health reserve per section 10 of the Department of Health Grant determination.
0	0	0	Health Integration Reserve	0	(3,380)	(3,380)	To support the development and implementation of the Care Together Programme.
(78)	0	(78)	Industrial Estates	(78)	(14)	(92)	To cover expenditure in respect of communal areas of each estate.

(7,377)	(1,690)	(9,067)	Insurance Reserves	(9,067)	420	(8,647)	An estimate of claims incurred but not reported. Includes element to cover any expenditure for MMI claims.
(20,817)	(1,289)	(22,106)	Medium Term Financial Strategy Reserve	(22,106)	(23,596)	(45,702)	To support the delivery of the Medium Term Financial Strategy.
0	0	0	Mortgage Reserve	0	(22)	(22)	To fund any payment defaults on the Local Authority Mortgage Scheme.
(1,513)	180	(1,333)	Neighbourhood and Partnership Strategy Reserve *	(1,333)	(133)	(1,466)	To smooth the implementation of the new Neighbourhood Offer in 2014/15.
(522)	522	0	Other Earmarked Reserves **	0	0	0	
(2,134)	(249)	(2,383)	Pay Equalities Reserve	(2,383)	0	(2,383)	To support potential litigation costs.
(1,255)	(1,127)	(2,382)	PFI Reserve	(2,382)	(166)	(2,548)	For further information please see Note 33.
(34)	(16)	(50)	Planning LIA Reserve	(50)	(16)	(66)	To fund remaining Building Economic Resilience initiatives.
(56)	0	(56)	Planning PDG Reserve	(56)	(108)	(164)	To fund future years Joint Waste Development Plans.
(120)	0	(120)	Pole Bank Park	(120)	0	(120)	To support the refurbishment of Pole Bank Park.
(148)	(49)	(197)	Risk Initiatives	(197)	0	(197)	To provide training in areas of high risk insurance claiming with the aim of reducing future claims.
0	(1,510)	(1,510)	School Funding Reserve	(1,510)	(562)	(2,072)	Balance of DSG grant to be reallocated to Schools or services which are centrally funded from DSG.
(319)	(127)	(446)	Schools Teachers Early Retirement Reserve	(446)	(48)	(494)	To finance the associated ongoing pension cost of teachers who retire before the age of 60.
(846)	535	(311)	Stamford Park Reserve	(311)	113	(198)	To fund works which will not be funded as part of the Heritage Lottery Fund scheme.
0	(137)	(137)	St Petersfield Car Parking	(137)	(22)	(159)	The maintenance of car parks and temporary interim parking provision until the multi-storey car park is completed.
(142)	0	(142)	Tameside Theatre and Arts Service	(142)	82	(60)	To support the development and delivery of artistic and theatrical activity across Tameside.
(677)	174	(503)	Traffic Management	(503)	431	(72)	To support future maintenance of the new development highway infrastructure.
(452)	(233)	(685)	Transport Replacement Fleet Reserve	(685)	(17)	(702)	To fund future maintenance of vehicles procured via Prudential Borrowing.
(3,283)	(426)	(3,709)	Unspent Revenue Grant and Contribution Reserves	(3,709)	(13)	(3,722)	Unspent revenue grant, with no conditions attached. IFRS require these grants to be classed as reserves.
(3,096)	(2,464)	(5,560)	Waste PFI Reserve	(5,560)	1,741	(3,819)	To smooth the impact of future years levy increases and associated managed collection costs.
(215)	(250)	(465)	Winter Gritting Reserve	(465)	0	(465)	To fund any additional winter maintenance costs in future years.
(66,366)	**(28,217)**	**(94,583)**	**Total**	**(94,583)**	**(43,933)**	**(138,516)**	

* Neighbourhood and Partnership Strategy Reserve includes the following – Community Cohesion, Museum and Arts Development, New Neighbourhood Offer, Operational Depot, Ruby Street, Sports Club Development Fund and Youth Development.

** Other Earmarked Reserves include the following – ICT Strategy Reserve and Peer Support

37. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

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

Restated 2012/13 £000		2013/14 £000
(29,302)	Depreciation/Impairment of non current assets	(18,120)
(306)	Amortisation of Intangible Assets	(322)
(1,073)	Impairment of Debtors	(2,341)
7,378	(Increase)/Decrease in Creditors	(2,310)
(5,041)	Increase/(Decrease) in Debtors	2,670
(66)	Increase/(Decrease) in Inventories	8
(10,300)	Pensions Liability	(13,258)
1,008	Contributions (to)/from Provisions	(1,819)
(6,125)	Revaluation Losses	(48,352)
(15,573)	Carrying value on disposal of non-current assets	(11,355)
309	Investment Properties (Losses)/Gains	(122)
(586)	Other non-cash adjustments (incl. Council Tax and NDR adjustments)	(579)
(59,677)		**(95,900)**

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

2012/13 £000		2013/14 £000
(458)	Proceeds from the sale of non-current assets	(3,711)
(12,659)	Capital Grants received	(16,699)
1	Contribution from the Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool	1
(13,116)		**(20,409)**

c) Interest received, interest paid and dividends received

2012/13 £000		2013/14 £000
(2,906)	Interest received	(2,873)
19,944	Interest paid	19,615
(1,000)	Dividends received	(2,323)
16,038		**14,419**

38. Cash Flow Statement - Investing Activities

2012/13 £000		2013/14 £000
17,309	Purchase of non-current assets	16,901
37,669	Purchase of short term and long term investments	133,435
5,336	Other movements in investing activities	2,190
(458)	Proceeds from the sale of non-current assets	(3,711)
(15,680)	Proceeds from short term and long term investments	(111,940)
(12,659)	Capital grants received	(16,030)
31,517	**Net cash flows from investing activities**	**20,845**

39. Cash Flow Statement - Financing Activities

2012/13 £000		2013/14 £000
(301)	Cash receipts of short term and long term borrowing	0
1,794	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	1,800
5,953	Repayments of short term and long term borrowing	20,167
(2,132)	Billing Authorities - Council Tax and NDR adjustments	(1,503)
5,314	**Net cash flows from financing activities**	**20,464**

40. Construction Contracts

As at 31 March 2014, there were no significant construction contracts in place, where the Council was undertaking construction programmes for external customers.

41. Acquired and Discontinued Operations

The Council acquired Public Health operations from NHS Tameside and Glossop in April 2013. With the transfer brought a number of commissioning responsibilities for the Council, together with overall responsibility for improving health at borough level. The national Public Health outcomes framework has been developed, which sets out key outcomes of interest for partners in improving health, including the following mandatory services: the National Child Measurement Programme, NHS health check assessments, comprehensive sexual health services (including testing and treatment for sexually transmitted infections, contraception outside of the GP contract and sexual health promotion and disease prevention), the local authority role in dealing with health protection incidents, outbreaks and emergencies and providing public health support to health care commissioners. (No operations were acquired in the year to 31 March 2013).

42. Agency Services

The Council has the following agency agreements as detailed below:

a. Hattersley / Mottram Project

The Hattersley / Mottram project involves the regeneration of land previously owned by Manchester City Council and the Council mainly for residential use. In addition, the former Manchester City Council housing stock was transferred and is now owned by Peak Valley Housing Association (PVHA). This is being improved and refurbished as part of the latter's business plan, for which £18.5m has been provided from the proceeds from the sale of the land.

The Council's partners in the development project are Homes and Communities Agency (formerly English Partnerships), Symphony Housing Group (formerly Contour Housing Group Ltd) and PVHA. The partners operate under a Collaboration Agreement and, in accordance with this Agreement signed by the principal partners, the Council acts as the accountable body on behalf of the partnership. The Council receives funds from the developers (Base Hattersley and CTP Property Holdings Ltd) as per the respective development agreements and distributes the funds to the partners in priority ranking as per the Collaborative Agreement.

The balance of £2.193m is to be carried forward into 2014/15 and used to fund the remaining elements of the Hattersley Business Plan. The new District Centre including a new food retail store opened in July 2012 and the new Community Hub was completed in December 2012 and formally opened in May 2013. The first phase of new private house building commenced in June 2010 with over 112 homes now completed or under construction. A second phase of the housing development recently started on site.

The financial movements in the year were as follows:

2012/13				2013/14		
Income £000	Expen-diture £000	Total £000		Income £000	Expen-diture £000	Total £000
		(2,949)	Balances Brought Forward			**(2,283)**
(1,138)	0	(1,138)	Receipts from Developers in Year	0	0	0
(12)	0	(12)	Interest Earned on Balances	(11)	0	(11)
0	1,816	1,816	Payments as per Business Plan	0	101	101
(1,150)	**1,816**	**(2,283)**	**Balance Carried Forward**	**(11)**	**101**	**(2,193)**

b. Local E Government Standards Body

The Local E Government Standards Body (LeGSB) was established to develop and promote eStandards that support the efficiency, transformation, and transparency of local public services in the UK.

The Council is the lead partner and accountable body for the project. The Council previously received contributions from the Department for Communities and Local Government (DCLG), the Department of Work and Pensions (DWP) and the Department for Education for any expenditure incurred on the project up to the level of grant funding. The under spend in year is the balance of the funding remaining and is needed to continue the work of the project into next year.

Income and Expenditure are detailed below:

2012/13 £000		2013/14 £000
	Income	
(59)	Balance b/fwd	(57)
(105)	Contributions	(83)
(164)	**Total Income**	**(140)**
	Expenditure	
87	Staff Costs (non TMBC)	94
20	Supplies and Services Expenses	18
107	**Total Expenditure**	**112**
(57)	**Receipt in Advance**	**(28)**

c. i-Network

In November 2011 North West 'E' Government Group (NWEGG) was re-launched as i-Network. It brings together local authorities, police, fire and health bodies across the North West, Yorkshire and Humberside and West Midlands to support innovation and the transformation of local public services. It was set up by local public organisations for local public organisations.

The growing membership of i-Network consists of 46 individual organisations including a health partnership that extends membership of i-Network to more than 120 bodies. It is chaired by the Chief Executive of the Council, who act as accountable body. i-Network charges membership fees in order to sustain the partnership and deliver set outcomes, this is where a significant element of funding for this programme is obtained.

Income and Expenditure are detailed below:

2012/13 £000		2013/14 £000
	Income	
(283)	Balance b/fwd	(159)
(319)	Contributions	(169)
(39)	Grant - North West Improvement and Efficiency Partnership	0
(641)	**Total Income**	**(328)**
	Expenditure	
281	Employee Expenses	273
5	Premises Expenses	7
46	Supplies and Services Expenses	30
150	Project Costs	97
482	**Total Expenditure**	**407**
(159)	**Receipt/Payment in Advance**	**79**

d. Customer-Led Transformation

Customer-Led Transformation is a project designed to promote customer insight and the development of second generation websites for user empowerment funded by the DCLG. The Council has been selected to be the lead council and as a result acts as the administrator of the funds.

The Local Government Group (LGG) monitor the delivery of the project and provide updates to the key partners, DCLG, the Council and the Local Government Delivery Council. As part of this role they authorise the Council to release payments. All expenditure incurred in respect of this project will be funded from the grant and will not be a liability to the Council.

Income and Expenditure are detailed below:

2012/13 £000		2013/14 £000
	Income	
(314)	Balance b/fwd	(143)
(314)	**Total Income**	**(143)**
	Expenditure	
24	Professional Services and Consultancy	53
147	Project Payments to Authorities	0
171	**Total Expenditure**	**53**
(143)	**Receipt in Advance**	**(90)**

e. Public Health Network

The Greater Manchester Public Health Network (GMPHN) is a collaborative organisation that works on behalf of the Greater Manchester Directors of Public Health to ensure that public health has a strong and credible voice with national, local and regional partners. The network supports Greater Manchester Local Authorities to fulfil their statutory public health functions under the Health and Social Care Act 2012. The network works with local partners to help reduce the impact of ill health on individuals and the Greater Manchester economy.

The Council has been the accountable body for the GMPHN since 1 April 2013 and the Council's Chief Executive is the Lead Chief Executive for Health. The Network is funded by membership subscriptions, contributions and grant funding.

Income and Expenditure are detailed below:

2012/13 £000		2013/14 £000
	Income	
0	Balance b/fwd	0
0	Contributions	(1,883)
0	**Total Income**	**(1,883)**
	Expenditure	
0	Employee Expenses	747
0	Premises Expenses	52
0	Supplies and Services Expenses	450
0	**Total Expenditure**	**1,249**
0	**Receipt in Advance**	**(634)**

43. Pooled Budgets

Integrated Community Equipment Service

The Council is the host for an Integrated Community Equipment Service (ICES). The aim of ICES is to provide a community equipment service, responsive to authorised requests, which removes the burden and responsibilities from the partners regarding equipment sourcing, centralised storing, distribution, fitting and technical demonstrations, collection, recycling and serving and maintenance.

2012/13 £000			2013/14 £000	
		Funding provided to the pooled budget:		
381		- the Authority	381	
819		- the Trust	819	
50	1,250	- Other Authority	50	1,250
		Expenditure met from the pooled budget:		
371		- the Authority	423	
797		- the Trust	908	
49	1,217	- Other Authority	55	1,386
	33	**Net surplus/(deficit) arising on the pooled budget during the year**		**(136)**
	10	Authority share of the net surplus/(deficit) arising on the pooled budget		(42)

44. Member's Allowances

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

	2012/13 £000	2013/14 £000
Total	1,270	1,201

45. Termination Benefits

The Council did not make any compulsory redundancies in 2013/14. Restated figures are included for 2012/13.

Exit package cost band (including special payments)	Number of Compulsory Redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of each exit package in each band	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13 £000	2013/14 £000
£0-£20,000	0	0	282	90	282	90	3,110	**884**
£20,001-£40,000	0	0	58	15	58	15	1,507	**394**
£40,001-£80,000	0	0	6	1	6	1	284	**48**
Total	**0**	**0**	**346**	**106**	**346**	**106**	**4,901**	**1,326**

46. Officer's Remuneration

The remuneration paid to the Council's Senior Officers is as follows:

	2013/14				
Post Holder Information	**Salary Entitle-ment Full Time £**	**Salary, Fees and Allow-ances £**	**Compen-sation for Loss of Office £**	**Employ-er's Pensions Contrib-ution £**	**Total £**
Chief Executive - Steven Pleasant	166,929	166,929	0	30,548	**197,477**
Executive Director of Community, Children, Adults and Health Services	123,804	123,804	0	22,656	**146,460**
Executive Director of Economic Growth, Investment & Sustainability	115,283	115,283	0	21,097	**136,380**
Executive Director of Governance (Borough Solicitor) (Monitoring Officer)	124,003	124,003	0	22,693	**146,696**
Executive Director of Finance (Borough Treasurer)	115,283	108,362	0	21,097	**129,459**
Executive Director of Pensions	111,283	111,283	0	20,365	**131,648**
Director of Public Health	97,478	95,246	0	13,334	**108,580**

Changes to the Senior Management Team Structure
The Council has taken on increased responsibilities as a result of the transfer of Public Health commitments to Local Government. This included the requirement for a Director of Public Health post. Despite this, the Executive Team has remained at seven members, with remuneration totalling £0.997m. Since 2008/09, with the exception of Public Health, the Council has therefore reduced the remuneration costs from £1.320m to £0.888m, a saving of £0.432m. Senior Management Team pay remains frozen and has not been increased from 2012/13 levels.

	2012/13				
Post Holder Information	**Salary Entitle-ment Full Time £**	**Salary, Fees and Allow-ances £**	**Compen-sation for Loss of Office £**	**Employ-er's Pensions Contrib-ution £**	**Total £**
Chief Executive - Steven Pleasant	166,929	166,929	0	28,879	**195,808**
Executive Director of Children, Learning and Economic Services *	133,277	11,106	0	1,921	**13,027**
Executive Director of Community, Adult and Health Services	123,804	123,804	0	21,418	**145,222**
Executive Director of Economic Growth, Investment & Sustainability **	115,283	66,608	0	11,381	**77,989**
Executive Director of Governance (Borough Solicitor) (Monitoring Officer)	124,003	124,003	0	21,453	**145,456**
Executive Director of Finance (Borough Treasurer)	115,283	109,983	0	19,944	**129,927**
Executive Director of Pensions	111,283	111,283	0	19,253	**130,536**

* The Executive Director of Children, Learning and Economic Services was in post until 30 April 2012. The annualised salary for this post was £133,277.
** The Executive Director of Economic, Growth, Investment & Sustainability was in post from 3 September 2012. The annualised salary for this post was £115,283.

Employees' Remuneration

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

Restated number of employees (excluding severance payments) 2012/13	Restated number of employees (including severance payments) 2012/13	Remuneration Band	Number of employees (excluding severance payments) 2013/14	Number of employees (including severance payments) 2013/14
78	78	£50,000 - £54,999	74	76
60	61	£55,000 - £59,999	31	31
18	18	£60,000 - £64,999	30	30
12	12	£65,000 - £69,999	12	12
13	12	£70,000 - £74,999	11	11
13	13	£75,000 - £79,999	13	13
1	2	£80,000 - £84,999	0	0
2	2	£85,000 - £89,999	4	4
0	0	£90,000 - £94,999	0	0
3	4	£95,000 - £99,999	2	2
1	1	£100,000 - £104,999	0	0
0	0	£105,000 - £109,999	1	1
201	**203**	**Total**	**178**	**180**

This table excludes the Chief Executive and members of the Executive Management Team.

A number of employees in 2013/14 received a one off severance payment and left the organisation. The figures above have been presented both excluding and including this payment.

47. External Audit Costs

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

2012/13 £000		2013/14 £000
143	Fees payable to the External Auditor with regard to external audit services carried out by the appointed auditor	140
113	Fees payable to the External Auditor for the certification of grant claims and returns	56
35	Fees payable in respect of other services provided by the appointed auditor	19
(12)	Audit fee rebate	(19)
279	**Total**	**196**

48. 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 the Department for Education. This scheme provides teachers with specified benefits on 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 and the Department for Education uses a notional fund as a basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2013/14 the Council paid £7.639m to the Teachers' Pension Agency in respect of the employers' contribution rate for teacher's pensions (£8.009m in 2012/13). These contributions are based on a national rate of 14.1% throughout the financial year.

In addition, the Council is responsible for all pension payments relating to added years that it has awarded (plus annual related increases). Since 1997 when the regulations changed, the Council is also responsible for apportioned pension costs for supported early retirements (teachers taking early retirement between the ages of 50 to 60), together with the related increases.

In 2013/14 these costs amounted to £2.032m (£1.957m in 2012/13) representing 3.85% (3.44% in 2012/13) of pensionable pay. All the above figures exclude teachers' pay and pension contributions for the academies that have retained responsibility for their own payrolls.

The Council is responsible for any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 49 Defined Benefit Pension Schemes.

NHS Staff Pension Scheme

During 2013/14, NHS Staff have transferred to the Council. These staff 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 2013/14, the Council paid £0.112m to the NHS Pension Scheme in respect of former NHS staff retirement benefits, representing 14.28% of pensionable pay. There were no contributions remaining payable at the year end.

The Council is responsible for the costs awarded upon early retirement outside the terms of the NHS scheme; however no such additional benefits have been awarded in 2013/14.

49. Defined Benefit Pension Schemes

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

All employees (except teachers) are, unless they have opted out, members of The Greater Manchester Pension Fund which is administered by the Council and operates in accordance with the rules of the Local Government Pension Scheme. This is a funded 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.

In 2013/14 the Council paid an employer's contribution of £13.575m (£13.5m in 2012/13) into the Fund representing 18.4% (17.4% in 2012/13) of pensionable pay. In addition, the Council is responsible for all pension payments relating to added years that it has awarded, together with related increases. In 2013/14 these amounted to £1.696m, (£1.695m in 2012/13) representing 2.26% (2.19% in 2011/12) of pensionable pay.

The cost of retirement benefits is recognised in the Cost of Services line in the Comprehensive Income and Expenditure Statement when they are earned by employees rather than when the benefits are eventually paid as pensions. However the charge that the Council is required to make against Council Tax is based on the cash payable in the year so the real cost of retirement benefits is reversed out of General Fund Balances via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and General Fund Balances via the Movement in Reserves Statement during the year:

Restated 2012/13 £000		2013/14 £000
	Service Cost	
14,300	- Current service costs	17,272
2,400	- Past service costs	510
16,700	Total Service Cost	17,782
	Financing and Investment Income and Expenditure	
(29,500)	- Interest income on scheme assets	(31,268)
40,300	- Interest cost on defined benefit obligation	43,920
10,800	Total Net Interest	12,652
27,500	**Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services**	**30,434**
	Remeasurements of the Net Defined Liability	
(59,700)	- Return on plan assets excluding amounts included in net interest	23,654
0	- Actuarial losses arising from changes in demographic assumptions	1,668
104,100	- Actuarial losses arising from changes in financial assumptions	(12,749)
200	- Other experience	(50,865)
44,600	**Total Remeasurements recognised in Other Comprehensive Income**	**(38,292)**
72,100	**Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement**	**(7,858)**
	Movement in Reserves Statement	
44,600	- Reversal of net charges made to the surplus or deficit on provision of services	47,610
17,200	- Employers' Contribution payable to the scheme	17,176

a. Pensions Assets and Liabilities Recognised in the Balance Sheet

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

Restated 2012/13 £000		2013/14 £000
699,800	Fair value of emloyers assets	698,386
(931,500)	Present value of funded liabilities	(904,793)
(49,400)	Present value of unfunded liabilities	(49,659)
(281,100)	**Net liability arising from Defined Benefit obligation**	**(256,066)**

Reconciliation of the Movements in Fair Value of Scheme Assets:

Restated 2012/13 £000		2013/14 £000
618,900	Opening fair value of scheme assets	**699,800**
29,500	Interest income	31,268
	<u>Remeasurement gain</u>	
59,700	Return on plan assets excluding amounts included in net interest	(23,654)
17,100	Contributions from employer	17,176
4,900	Contributions from employees into the scheme	4,693
(30,300)	Benefits paid	(30,897)
699,800	**Closing fair value of scheme assets**	**698,386**

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

Restated 2012/13 £000		2013/14 £000
845,100	Opening fair value of scheme liabilities	**980,900**
14,300	Current service cost	17,272
40,300	Interest cost	43,920
4,900	Contributions from scheme participants	4,693
	<u>Remeasurement gain</u>	
0	Actuarial losses arising from changes in demographic assumptions	1,668
104,000	Actuarial losses arising from changes in financial assumptions	(12,749)
200	Other experience	(50,865)
2,400	Past service cost	510
(30,300)	Benefits paid	(30,897)
980,900	**Closing fair value of scheme liabilities**	**954,452**

b. Basis for Estimating Assets and Liabilities

Liabilities in respect of the Greater Manchester Pension Fund have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Local Government scheme has been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the Local Government Pension Scheme being based on the latest full valuation of the scheme as at 31 March 2014.

The significant assumptions used by the actuary have been:

2012/13 £000		2013/14 £000
	Mortality assumptions	
	Longevity at 65 for current pensioners:	
20.1	Men	21.4
22.9	Women	24.0
	Longevity at 65 for future pensioners:	
22.5	Men	24.0
25.0	Women	26.6
2.80%	Rate of inflation	2.80%
4.60%	Rate of increase in salaries	3.90%
2.80%	Rate of increase in pensions	2.80%
4.50%	Rate for discounting scheme liabilities	4.30%

Asset Category	31 March 2013				31 March 2014			
	Quoted Prices in Active Markets £000	Prices Not Quoted in Active Markets £000	Total £000	%	Quoted Prices in Active Markets £000	Prices Not Quoted in Active Markets £000	Total £000	%
Equity Securities:								
Consumer	77,732	0	77,732	11%	73,577	0	73,577	11%
Manufacturing	64,115	0	64,115	9%	67,498	0	67,498	10%
Energy and Utilities	62,977	0	62,977	9%	61,703	0	61,703	9%
Financial Institutes	76,844	0	76,844	11%	85,283	0	85,283	12%
Health and Care	31,240	0	31,240	4%	29,874	0	29,874	4%
Information Technology	13,228	0	13,228	2%	13,585	0	13,585	2%
Other	9,429	0	9,429	1%	10,638	0	10,638	2%
Debt Securities:								
Corporate Bonds (investment grade)	54,376	0	54,376	8%	41,514	0	41,514	6%
Corporate Bonds (non-investment grade)	0	0	0	0%	0	0	0	0%
UK Government	10,885	0	10,885	2%	11,642	0	11,642	2%
Other	24,123	0	24,123	3%	24,209	0	24,209	3%
Private Equity:								
All	0	16,907	16,907	2%	0	17,243	17,243	2%
Real Estate:								
UK Property	0	20,498	20,498	3%	0	20,572	20,572	3%
Overseas Property	0	0	0	0%	0	0	0	0%
Investment funds and Unit Trusts:								
Equities	138,188	0	138,188	21%	133,936	0	133,936	19%
Bonds	38,795	0	38,795	6%	36,949	0	36,949	5%
Hedge Funds	0	0	0	0%	0	0	0	0%
Commodities	0	0	0	0%	0	0	0	0%
Infrastructure	0	4,237	4,237	1%	0	4,934	4,934	1%
Other	0	17,197	17,197	2%	0	28,141	28,141	4%
Derivatives:								
Inflation	0	0	0	0%	0	0	0	0%
Interest rate	0	0	0	0%	0	0	0	0%
Foreign Exchange	0	0	0	0%	0	0	0	0%
Other	9,333	0	9,333	1%	9,542	0	9,542	1%
Cash and Cash Equivalents:								
All	29,696	0	29,696	4%	27,546	0	27,546	4%
Totals	640,961	58,839	699,800	100%	627,496	70,890	698,386	100%

c. Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above.

The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below are consistent with that adopted in the previous year.

Change in Assumptions at 31 March 2014:	Approximate % change to Employer Liability	Approximate Monetary Amount (£000)
0.5% decrease in Real Discount Rate	9%	90,196
1 year increase in Member Life Expectancy	3%	28,634
0.5% increase in the Salary Increase Rate	3%	24,032
0.5% increase in the Pension Increase Rate	7%	65,361

d. Impact on the Council's Cash Flows

One of the key objectives of the Fund is to deliver a low, stable employer contribution rate whilst maintaining the solvency of the Fund. Funding levels are monitored and contribution rates set via triennial valuations. The 31 March 2013 valuation disclosed that the Fund was in deficit and that the Fund's assets were equal to 90.5% of the value of the liabilities. Contribution rates have been set to cover the cost of future benefits earned by employees and to make good the deficit over a period of time. The effective date of the next triennial valuation is 31 March 2016 and this is required to be completed by 31 March 2017.

There have been significant changes made to the Local Government Pension Scheme under the Public Pensions Services Act 2013. Going forwards, benefits will be based on a members' average earnings over their career rather than their salary at retirement, however benefits earned up to 31 March 2014 will continue to be based on final salary. Similar changes are also due to be made to the other main existing public service pension schemes in England and Wales. The Act also introduces measures to limit the increase in the cost of providing public service pension benefits in future.

The liabilities show the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £256.066m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy.

The Council anticipates paying £14.306m contributions to the scheme in 2014/15.

50. 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 have been disclosed below.

The Council has the following contingent liabilities as at 31 March 2014:

Manchester Airport

Within Note 21, details are given of the value of borrowings on behalf of Manchester Airport. The Airport re-negotiated this loan agreement with the ten Greater Manchester Authorities in 2009/10 and pays an annual fixed interest of 12% on the outstanding balance at 9 February 2010. Previously the Airport reimbursed the Council for all repayments on the underlying loans. The Airport has agreed to repay the loan to the Council at the end of the agreement in 2055 and no provision has been made for any potential losses arising from this agreement within the Balance Sheet.

Guarantees

The Council is guarantor for Tameside Sports Trust in respect of the Pulse Fitness Agreement.

The Council is also guarantor in respect of employer's liability arising out of admission agreements made under the Local Government Pension Scheme Regulations 1997 for Ashton Pioneer Homes Limited (transferred staff), the Cash Box Credit Union Limited, Meridian Healthcare Limited (previously Tameside Care Limited), Tameside Citizens Advice Bureau, Groundwork MSSTT (Ex-Tameside staff)

Warranties Relating to the Housing Transfer

The Council has warranties relating to the housing transfer. These cover unlimited environmental warranties for which the Council has taken out insurance.

Modesole Limited

Modesole Ltd, (formerly GM Property Trust) was the holding company for the ten Greater Manchester districts interest in the Midland Hotel and Conference Centre Ltd and G-Mex Ltd. (formerly Central Station Properties Ltd). Modesole Ltd was 100% owned by the ten districts. On the 9 August 2005, the Council sold its entire 11.3% shareholding in Modesole Ltd.

As a result of the Council receiving a distribution from the proceeds of Modesole’s sale of its shares in the Midland Hotel and Conference Centre, a liability may arise, the extent of which cannot yet be determined, to repay its share of a grant given in 1986 towards the refurbishment of the hotel.

As a result of the Council receiving a distribution of proceeds from the sale of its entire shareholding in Modesole Ltd, an indemnity was given to the buyer against any future liabilities arising in Modesole prior to the date of the sale. This indemnity is limited to the value of the sale proceeds received and will last for a period of ten years from the date of sale, which was completed on 9 August 2005.

Pay

As reported in previous year’s accounts, the local pay and grading review, arising from the National Single Status Agreement of 1997 together with later report by the Local Government Pay Commission, has now been completed. The new payline was implemented in 2010/11. Arising from this new payline some claims for backdated pay have been received by the Council and may result in subsequent payments being required. Any resulting liability cannot be quantified in advance and additional resources will be needed to settle the outstanding claims, which may go to employment tribunal. This situation continues.

Maintenance of Pathways and Roads

The Court of Appeal ruling in Gulliksen v Pembrokeshire County Council (2002) determined that Councils have a statutory duty to maintain footways and carriageways on former Council housing estates which have been transferred to housing associations. This ruling has had an impact on the maintenance and insurance liabilities of the Council and the cost of maintaining highways within the borough. The Council's Engineering Services have now surveyed all of the affected highway network areas, and although the liability may not be as great as first indicated; there are still some areas requiring maintenance and on-going liability for the Council. The matter is also still under active consideration by the Council's Legal Services in conjunction with the solicitors instructed on behalf of the Council's public liability insurers. At the end of the financial year 2010/11, it was further noted that a number of Public Rights of Way paths (e.g. through Housing estates and / or bridleways etc.), would need to be assessed for their maintenance liabilities. This follows the case Tameside MBC. v. Goodall which identified the Council needed to improve their inspection processes and instigate more robust maintenance regimes. Further work has been undertaken identifying the scope of this maintenance demand. In addition new inspection regimes were commenced in 2011/12 to help improve our maintenance regimes on this part of our network.

Third party insurance costs to the Council may increase and have an impact on budgets. Current budgets provide a reduced level of investment on the highway and a subsequent deterioration of the highway network asset over time, leading to increased claims and compensation payments.

Droylsden Canalside Development

The Council has received grant income of £5.86m from the North West Development Agency (NWDA) on the 15 May 2006, the longstop date is understood to be 19 July 2011. The funding agreement contains a potential clawback provision requiring the Council to make a payment in certain events.

Metrolink

The Association of Greater Manchester Authorities (AGMA), the Greater Manchester Combined Authority (GMCA) and the Department for Transport (DfT) have entered into a partnership funding arrangement for construction of Metrolink Phase 3a. The East Manchester line to Droylsden entered into service in February 2013.

Within the agreement the DfT contribution is capped at £244m in cash and the GMCA and the AGMA Councils are jointly responsible for meeting all costs over and above the amount this sum on the strict understanding that the scope of the scheme, which was granted full approval is delivered. The scheme is fully funded at present and the above arrangement will only be operative if the amount is exceeded. Strict monitoring arrangements are in place to minimise the risk of that happening.

Approval has also been given for Phase 3b of the scheme and there is a capped DfT grant of £121m for the Ashton and Didsbury sections of the programme. The extension between Droylsden and Ashton entered into service on the 9 October 2013.

Thermal Cladding Works - Claim brought by Ashton Pioneer Homes

Some thermal cladding defects have recently been identified in buildings that were transferred from the Council to Ashton Pioneer Homes fifteen years ago. A claim has been made by Ashton Pioneer Homes which is being defended by the Council as the liability for the defects is not yet proven. Investigations are on-going.

Non-Domestic Rates (NDR) Appeals

The Council has made a provision for NDR appeals based upon its best estimates of the liability of known appeals at the year-end. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office. There is a potential for these to have a financial impact on the future years accounts.

Greater Manchester Loan Fund

On 07 June 2013 the Council agreed to enter into an indemnity agreement to support the Greater Manchester Loan Fund which has been set up to provide loan finance for new and growing businesses in Greater Manchester. The indemnity was provided alongside other Greater Manchester authorities to Manchester City Council who was underwriting the initial £12-£14m capital. The indemnity was in case loans could not be repaid by businesses. Regular reports are made to Treasurers on the fund and as at 31 March 2014 the likelihood of the fund calling upon the indemnity were considered low.

51. 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 have been disclosed below where it is probable that there will be an inflow of economic benefits or service potential.

The Council has the following contingent assets as at 31 March 2014:

VAT – Fleming

The outstanding claim for a proportion of the sports coaching and compound interest (covering the period 1 January 1978 to 31 December 1989 and 1 April 1994 to 31 July 1994) is still being pursued with HMRC. However, although the majority of the initial claim for VAT and simple interest has been agreed and paid, the value of compound interest is not yet quantifiable.

VAT – Disabled Facilities Grant Fees

The outstanding claim for Disabled Facilities Grants (covering the period 1 April 1994 to 31 March 2013) is £202k. It is anticipated, if the claim is accepted by HMRC that simple interest on this claim would be in the region of 100% of the claim amount. An additional claim for £20k covering the period 1 April 2013 to 31 March 2014 will be submitted to HMRC imminently.

VAT – Reclaim for Trade Waste

The Council provides trade waste services for which a charge is levied to users of the service. The charge has historically included Value Added Tax. Her Majesty's Revenues and Customs are in the process of deciding whether the provision of trade waste services by a Local Authority is a non-business activity. The Council is anticipating a net recovery of output tax on the provision of trade waste services however whilst negotiations are ongoing the amount cannot be reliably quantified.

Restrictive Covenants

When the Council sells land or property, it sometimes transpires that a covenant has been written into the property deeds which enhance the value of the asset to the Council at the point of sale. However, the value of these covenants cannot be determined in advance as it is the specific circumstances of the sale which will determine the value of the individual covenant, if one exists. The covenants hold no value to the Council prior to sale.

52. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments have been made to the Council's 2012/13 published financial statements in relation to the following:

IAS 19 Change to Accounting Standard

There have been several significant changes in relation to the international accounting standard IAS 19 Employee Benefits. This has resulted in changes to accounting treatment for financial years starting on or after 1 January 2013. The main changes are as follows.

Expected Return on Assets

This is in relation to the return on Pension Scheme assets such as those held by the Greater Manchester Pension Fund. Advance credit for anticipated outperformance of return seeking assets (such as equities) is no longer permitted by IAS 19. This has been replaced with an equivalent figure calculated using a discount rate (as opposed to using a figure calculated using expected return on assets assumptions).

Asset Disclosures

IAS 19 requires a much more detailed breakdown of the pension fund assets. The values of the assets, broken down into different classes that distinguish between the nature and risk now need to be disclosed. A further breakdown is also needed showing those assets which have a quoted market price and those which do not. The disclosure included in the Council's 2012/13 Statement of Accounts only showed the main categories of equities, bonds, property and cash as required. As a result of the change some of these categories are split further.

Disclosure Presentation

In order to be consistent with the new requirements of IAS 19 the disclosures in relation to the Council's defined benefit pension scheme have changed from those published in 2012/13. By making these changes to the accounting standard, it is intended that the presentation of the information is easier for the user to understand (see Note 49).

Movement in Reserves Statement (MiRS)

2012/13 MiRS included in the 2012/13 Audited Statement of Accounts

	General Fund Balances £000	Schools Balances £000	Earmarked Reserves £000	Capital Grants and Other Contributions Unapplied Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 1 April 2012	**(45,934)**	**(13,144)**	**(66,366)**	**(12,827)**	**(138,271)**	**(146,144)**	**(284,415)**
(Surplus)/Deficit on the Provision of Services (restated)	17,062	0	0	0	17,062	0	17,062
Other Comprehensive Income and Expenditure	0	0	0	0	0	38,083	38,083
Total Comprehensive Income and Expenditure	**17,062**	**0**	**0**	**0**	**17,062**	**38,083**	**55,145**
Adjustments between accounting basis & funding basis under regulations (restated)	(25,478)	0	0	175	(25,303)	25,303	0
Net increase/decrease before transfers to Earmarked Reserves	**(8,416)**	**0**	**0**	**175**	**(8,241)**	**63,386**	**55,145**
Transfers to/from Earmarked Reserves	28,217	0	(28,217)	0	0	0	0
Transfers to/from School Balances	(1,120)	1,120	0	0	0	0	0
Other appropriations	0	0	0	0	0	0	0
(Increase)/decrease in year	**18,681**	**1,120**	**(28,217)**	**175**	**(8,241)**	**63,386**	**55,145**
Balance at 31 March 2013	**(27,253)**	**(12,024)**	**(94,583)**	**(12,652)**	**(146,512)**	**(82,758)**	**(229,270)**

IAS 19 Pensions Restatement

	General Fund Balances £000	Schools Balances £000	Earmarked Reserves £000	Capital Grants and Other Contributions Unapplied Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 1 April 2012	0	0	0	0	0	100	100
(Surplus)/Deficit on the Provision of Services	4,900	0	0	0	4,900	0	4,900
Other Comprehensive Income and Expenditure	0	0	0	0	0	(4,900)	(4,900)
Adjustments between accounting basis & funding basis under regulations (restated)	(4,900)	0	0	0	(4,900)	4,900	0

Restated 2012/13 MiRS

	General Fund Balances £000	Schools Balances £000	Earmarked Reserves £000	Capital Grants and Other Contributions Unapplied Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 1 April 2012	**(45,934)**	**(13,144)**	**(66,366)**	**(12,827)**	**(138,271)**	**(146,044)**	**(284,315)**
(Surplus)/Deficit on the Provision of Services (restated)	21,962				21,962		21,962
Other Comprehensive Income and Expenditure					0	33,183	33,183
Total Comprehensive Income and Expenditure	**21,962**	**0**	**0**	**0**	**21,962**	**33,183**	**55,145**
Adjustments between accounting basis & funding basis under regulations (restated)	(30,378)			175	(30,203)	30,203	0
Net increase/decrease before transfers to Earmarked Reserves	**(8,416)**	**0**	**0**	**175**	**(8,241)**	**63,386**	**55,145**
Transfers to/from Earmarked Reserves	28,217		(28,217)		0		0
Transfers to/from School Balances	(1,120)	1,120			0		0
(Increase)/decrease in year	**18,681**	**1,120**	**(28,217)**	**175**	**(8,241)**	**63,386**	**55,145**
Balance at 31 March 2013	**(27,253)**	**(12,024)**	**(94,583)**	**(12,652)**	**(146,512)**	**(82,658)**	**(229,170)**

Comprehensive Income and Expenditure Statement

	2012/13 Net Expenditure £000	IAS 19 Pensions Restatement £000	Restated 2012/13 Net Expenditure £000
Central Services to the Public	3,782		3,782
Cultural and Related Services	18,545		18,545
Environmental and Regulatory Services	9,065		9,065
Planning Services	2,837		2,837
Children's and Education Services - Education Services	23,783		23,783
Children's and Education Services - Children's Social Care	28,793		28,793
Highways and Transport Services	10,529		10,529
Housing Services	6,457		6,457
Adult Social Care	52,153		52,153
Corporate and Democratic Core	3,179		3,179
Non Distributed Costs	2,880		2,880
Cost Of Services	**162,003**	**0**	**162,003**
Other Operating Income and Expenditure	45,388		45,388
Financing and Investment Income and Expenditure	20,301	4,900	25,201
Taxation and Non-Specific Grant Income	(210,630)		(210,630)
(Surplus) or Deficit on Provision of Services	**17,062**	**4,900**	**21,962**
Other Comprehensive Income and Expenditure			
Revaluation (Gains)/Losses	7,669		7,669
Remeasurement of Net Defined Liability	49,500	(4,900)	44,600
(Surplus)/Deficit on Revaluation of Available for Sale Financial Assets	(19,086)		(19,086)
Total Comprehensive Income and Expenditure	**55,145**	**0**	**55,145**

Balance Sheet

	31 March 2013 £000	IAS 19 Pensions Restate-ment £000	Restated 31 March 2013 £000
Property, Plant & Equipment	618,510		618,510
Heritage Assets	12,471		12,471
Investment Properties	33,584		33,584
Intangible Assets	1,254		1,254
Long Term Debtors	18,348		18,348
Long Term Investments	31,669		31,669
Non-current Assets	**715,836**	**0**	**715,836**
Cash & Cash Equivalents	58,806		58,806
Short Term Investments	35,028		35,028
Inventories	529		529
Short Term Debtors	35,941		35,941
Assets Held for Sale (<1yr)	0		0
Current Assets	**130,304**	**0**	**130,304**
Cash & Cash Equivalents	(2,768)		(2,768)
Short Term Borrowing	(21,327)		(21,327)
Short Term Creditors	(30,738)		(30,738)
Short Term Provisions	(7,939)		(7,939)
Other Short Term Liabilities	(1,805)		(1,805)
Grants & Contributions Receipts In Advance	(119)		(119)
Current Liabilities	**(64,696)**	**0**	**(64,696)**
Long Term Borrowing	(132,408)		(132,408)
Long Term Provisions	(2,683)		(2,683)
Other Long Term Liabilities	(417,083)	(100)	(417,183)
Non-current Liabilities	**(552,174)**	**(100)**	**(552,274)**
Net Assets / (Liabilities)	**229,270**	**(100)**	**229,170**
Usable Reserves	(146,512)		(146,512)
Unusable Reserves	(82,758)	100	(82,658)
Total Reserves	**(229,270)**	**100**	**(229,170)**

Cash Flow Statement

	31 March 2013 £000	IAS 19 Pensions Restate-ment £000	Restated 31 March 2013 £000
Net (surplus) or deficit on the provision of services	17,062	4,900	21,962
Adjust net surplus or deficit on the provision of services for non-cash movements	(54,777)	(4,900)	(59,677)
Adjust for items included in the net surplus or deficit on the provision of services that are investing and	13,116		13,116
Net cash flows from Operating Activities	(24,599)	0	(24,599)
Investing Activities	31,517		31,517
Financing Activities	5,314		5,314
Net (increase) or decrease in cash and cash equivalents	12,232	0	12,232
Cash and cash equivalents at the beginning of the reporting period	68,270		68,270
Cash and cash equivalents at the end of the reporting period	**56,038**	**0**	**56,038**

Notes to the Accounts

A number of notes to the accounts have also been restated as a result of the IAS 19 Pensions Restatement. These include:

Note 6 – Financing and Investment Income and Expenditure

Note 14 – Amounts Reported for Resource Allocation Decisions

Note 27 – Other Long Term and Short Term Liabilities

Note 29 – Unusable Reserves

Note 35 – Adjustments between Accounting Basis and Funding Basis under Regulation

Note 37 – Cash Flow Statement - Operating Activities

Note 49 – Defined Benefit Pension Schemes

53. Building Control

The Building (Local Authority Charges) Regulations 2010 require the disclosure of information regarding the setting of the charges for the administration of the building control function.

From 1 April 2010, revised Building (Local Authority Charges) Regulations 2010 became applicable to Local Authorities in England and Wales; the implications of the new regulations and CIPFA guidance on Local Authority Building Control Accounting (2010) are reflected in the 2013/14 financial statements, of which this note fulfils the disclosure requirements.

The Council sets charges for work carried out in relation to building regulations with the aim of covering all costs incurred. In accordance with the revised Building (Local Authority Charges) Regulations 2010, the Council aims to ensure that, taking one financial year with the next, Building Control fees are set to cover costs without generating a material surplus or loss.

However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities, including pre-application advice of up to one hour duration.

The statement below shows the total cost of operating the Building Control Unit divided between the chargeable and non-chargeable activities.

	2013/14		
	Chargeable £000	Non-Chargeable £000	Total £000
Expenditure:			
Employee Expenses	151	150	301
Premises	0	0	0
Transport	6	3	9
Supplies and Services	50	24	74
Central and Support Service Charges	31	15	46
	238	**192**	**430**
Income:			
Building Regulation Charges	(250)	0	(250)
Miscellaneous Income	0	0	0
	(250)	**0**	**(250)**
(Surplus)/deficit for the year	**(12)**	**192**	**180**

Supplementary Financial Statements

This section contains the accounts of the Collection Fund and of the Greater Manchester Debt Administration

Collection Fund

There is a legal requirement for charging authorities to maintain a separate Collection Fund account that holds details of transactions relating to Council Tax, Non-Domestic Rates, Precept Demands and any Residual Community Charge adjustments, together with details of how any balances have been distributed.

Income and Expenditure Account for the year ended 31 March 2014

This account reflects statutory requirements for billing authorities to maintain a separate Collection Fund to account for the income from Council Tax and Non-Domestic Rates (NDR).

Year ended 31 March 2013 Council Tax £000	Business Rates £000	Total £000		Note	Year ended 31 March 2014 Council Tax £000	Business Rates £000	Total £000
			INCOME				
(74,157)		**(74,157)**	Income from Council Taxpayers	2	(82,825)		**(82,825)**
	(52,539)	**(52,539)**	Income Collectable from Business Ratepayers			(57,838)	**(57,838)**
(18,784)		**(18,784)**	Transfers from the General Fund Benefits Allowed		0		**0**
(92,941)	**(52,539)**	**(145,480)**	**Total Income**		**(82,825)**	**(57,838)**	**(140,663)**
			EXPENDITURE				
			Precepts and Demands				
78,112		**78,112**	Tameside MBC		67,285		**67,285**
9,643		**9,643**	GM Police Authority / Police & Crime Commissioner		8,304		**8,304**
3,518		**3,518**	GM Fire and Rescue Authority		3,205		**3,205**
			Business Rates				
	0	**0**	Payment to Tameside MBC			26,302	**26,302**
	0	**0**	Payment to GM Fire and Rescue Authority			537	**537**
	52,240	**52,240**	Payment to the National Pool	3		0	**0**
	0	**0**	Payment to Central Government			26,839	**26,839**
	299	**299**	Costs of Collection			300	**300**
	0	**0**	Business Rates Retention -Transitional Protection Payment			566	**566**
			Bad and Doubtful Debts Provision				
1,100	0	**1,100**	Provisions		1,185	921	**2,106**
185	0	**185**	Write-offs		109	70	**179**
	0	**0**	Provision for appeals			3,366	**3,366**
			Transfer of Collection Fund surplus				
395		**395**	Tameside MBC		0		**0**
47		**47**	GM Police Authority / Police & Crime Commissioner		0		**0**
18		**18**	GM Fire and Rescue Authority		0		**0**
0		**0**	Tameside MBC and Preceptors		0		**0**
93,018	**52,539**	**145,557**	**Total Expenditure**		**80,088**	**58,901**	**138,989**
77	**0**	**77**	**Deficit (Surplus) for the year**		**(2,737)**	**1,063**	**(1,674)**
			COLLECTION FUND BALANCES				
(1,137)	0	**(1,137)**	Balance brought forward at 1 April		(1,060)	0	**(1,060)**
77	0	**77**	Deficit/(Surplus) for the year as above		(2,737)	1,063	**(1,674)**
(1,060)	**0**	**(1,060)**	**Balance carried forward at 31 March**		**(3,797)**	**1,063**	**(2,734)**
			Allocated to:				
(907)	0	**(907)**	Tameside MBC		(3,236)	521	**(2,715)**
(112)	0	**(112)**	GM Police Authority / Police & Crime Commissioner		(407)	0	**(407)**
(41)	0	**(41)**	GM Fire and Rescue Authority		(154)	11	**(143)**
0	0	**0**	Central Government		0	531	**531**
(1,060)	**0**	**(1,060)**			**(3,797)**	**1,063**	**(2,734)**

Notes to the Collection Fund

1. Overview

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) from 2013/14 and its distribution to local government bodies, preceptors and the Government.

The Council has a statutory requirement to operate a Collection Fund as a separate account to General Fund Balances. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and NDR. The administrative costs associated with the collection process continue to be charged to General Fund Balances.

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 Tameside, 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 Business Rates Retention 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 Tameside share is 49% with the remainder paid to precepting bodies. For Tameside 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 Code' 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 Balance Sheet.

2. Council Tax

In 1999/00 the Council saw the introduction of its first local Parish Council in Mossley. Local Parish Councils can raise additional Council Tax to be spent only in their area on priorities determined locally through the Parish Council.

All domestic properties are placed in one of eight valuation bands. Each year the Council must estimate the number of properties in each band and after allowing for discounts, exemptions and losses on collection, the net number of properties is then converted into a Band D equivalent in order to calculate the Council Tax base for tax setting purposes. The income which the Council requires to be raised is then divided by the Council Tax Base to give the Band D equivalent Council Tax for the year.

The tables below show the calculation of the tax bases and Council Tax for properties outside Mossley and those within Mossley.

The Council Tax level for each of the bands is assessed as a proportion of the tax rate for a Band D property.

Table showing the tax base for the whole Council and Council Tax for properties outside the Mossley Parish Council boundary:

	Total Number Of Dwellings	Equiv-alent After Disc-ounts etc.	Specified Ratio	Band D Equiv-alents	Income To Be Raised £000	Band D Equiv-alent Council Tax £	2013/14 Council Tax (Exclud-ing Mossley Parish) £
Disabled relief		50	5/9	28			
Band A	52,075	32,291	6/9	21,527			944.42
Band B	18,279	14,816	7/9	11,523			1,101.83
Band C	18,518	15,865	8/9	14,102			1,259.23
Band D	6,338	5,905	1	5,905			1,416.64
Band E	3,447	3,205	11/9	3,918			1,731.44
Band F	881	839	13/9	1,212			2,046.25
Band G	367	356	15/9	593			2,361.06
Band H	40	17	18/9	34			2,833.28
	99,945	**73,344**		**58,842**	**78,774**	**1,416.64**	
Less allowance for losses on collection				**(3,236)**			
Sub-total				**55,606.1**			
MOD properties				0			
Total Tameside Tax Base 2013/14				**55,606.1**			

Table showing the tax base and Council Tax for properties within the Mossley Parish Council:

	Total Number Of Dwellings	Equiv-alent After Disc-ounts etc.	Specified Ratio	Band D Equiv-alents	Income To Be Raised £000	Band D Equiv-alent Council Tax £	2013/14 Council Tax (Including Mossley Parish) £
Disabled relief		2	5/9	1			
Band A	2,815	1,869	6/9	1,246			948.91
Band B	855	728	7/9	566			1,107.07
Band C	1,002	880	8/9	782			1,265.21
Band D	322	305	1	305			1,423.36
Band E	172	164	11/9	200			1,739.65
Band F	46	44	13/9	63			2,055.97
Band G	12	11	15/9	19			2,372.27
Band H	1	1	18/9	2			2,846.72
	5,225	**4,004**		**3,184**	**20**	**6.72**	
Less allowance for losses on collection				**(175)**			
Total Mossley Council Tax Base 2013/14				**3,009.1**			

3. Business Rates Retention scheme

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 amount due, was paid to a central pool (the NDR pool) administered by Central Government. The national pool was then paid to local authorities; their share 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. The scheme aims to give councils a greater incentive to grow businesses but also increases the financial risk due to the 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 Tameside the local share is 49%. The remainder is distributed to preceptors and in the case of Tameside these are Central Government (50%) and 1% to the Greater Manchester Fire and Rescue Authority (GMFRA).

The Business Rates shares payable for 2013/14 were estimated before the start of the financial year as £26.839m to Central Government, £0.537m to GMFRA and £26.302m to the Council. These sums have been paid in 2013/14 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 the Council receives an estimated top up grant to General Fund Balances in 2013/14 to the value of £22.950m (see Note 7).

The total income from Business Rate payers collected in 2013/14 was £57.839m (£52.539m in 2012/13). This sum includes transitional protection payments from ratepayers, which under Central Government regulation should have a neutral impact on the Business Rate Retention scheme. This sum has to be repaid to Central Government and therefore increases payments to Central Government by £0.566m.

In addition to the top up, a ‘safety net’ figure is calculated at 92.5% of the baseline amount which ensures that authorities are protected to this level of Business Rates income. For the Council the value of safety net figure is £45.493m.

In addition to the local management of Business Rates, authorities are expected to finance appeals made in respect of rateable values as defined by the VOA and hence Business Rates outstanding as at 31 March 2014. 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 2013/14 has been calculated at £3.366m.

For 2013/14, the total non-domestic rateable value at the year-end is £151m (£152.1m in 2012/13). The national multipliers for 2013/14 were 46.2p for qualifying small businesses, and the standard multiplier being 47.1p for all other businesses (45.0p and 45.8p respectively in 2012/13).

Greater Manchester Metropolitan Debt Administration Fund

The Council is the lead council responsible for the administration of the debt of the former Greater Manchester County Council, on behalf of all ten Greater Manchester Metropolitan Authorities. All expenditure of the fund is shared by the authorities on a population basis.

Income and Expenditure Account for the year ended 31 March 2014

31 March 2013 £000		31 March 2014 £000
	INCOME	
	Interest	
(9,268)	Recharged to Responsible Authorities	(8,514)
0	Earned on Investments	0
0	Pre 1974 Transferred Debt Interest	0
5	Gains/Losses on repurchase of debt	5
(9,263)	**Total Income**	**(8,509)**
	EXPENDITURE	
	Interest on Loans	
9,122	Public Works Loan Board	8,354
16	Pre 1974 Transferred Debt	13
19	Temporary Borrowing	30
9,157		8,397
54	Charge for future Premiums	54
52	Debt Management Expenses	58
9,263	**Total Expenditure**	**8,509**
0	**(Surplus)/Deficit for year**	**0**

The Balance Sheet as at 31 March 2014

31 March 2013 £000		31 March 2014 £000
152,554	**Debt Outstanding**	**139,046**
	Long Term Liabilities	
	External Loans:	
134,666	Public Works Loan Board	121,926
337	Pre 1974 Transferred	302
135,003		122,228
	Current Liabilities	
	Creditors:	
17,505	Temporary Loans	17,112
0	General	0
0	District overpaid	0
377	Charge for future premiums	431
17,882		17,543
	Less Current Assets	
0	Debtors	(719)
(6)	Premium Holding A/C	(1)
(24)	Districts underpaid	(5)
(301)	Temporary Investment	0
(331)		(725)
17,551	Net Current Liabilities	16,818
152,554		**139,046**

1. Analysis by Responsible Authority

31 March 2013 £000		31 March 2014 £000
10,616	GM Police & Crime Commissioner	9,676
5,196	GM Fire and Rescue Service	4,736
25,799	GM Integrated Passenger Authority	23,515
10,234	Bolton MBC	9,327
7,019	Bury MBC	6,398
19,486	City of Manchester	17,760
20,625	Oldham MBC	18,798
8,225	Rochdale MBC	7,497
10,276	City of Salford	9,366
11,321	Stockport MBC	10,319
8,588	Tameside MBC	7,828
1,230	Trafford MBC	1,121
13,939	Wigan MBC	12,705
152,554		**139,046**

The outstanding debt of £139.046m at 31 March 2014 includes former Manchester Airport debt of £12.158m and former Greater Manchester Probation Service debt of £1.176m.

Debt for Manchester Airport and Greater Manchester Probation Service is allocated over the 10 Greater Manchester Metropolitan Districts on a population basis.

Manchester Airport re-negotiated the terms of its loan arrangement with the 10 Greater Manchester Councils during 2009/10, as a result of this agreement the 10 Councils have taken responsibility to service the former Manchester Airport debt, previously the debt was serviced by the airport themselves.

2. Analysis by Type of Loan

31 March 2013 £000	Year on Year Change £000		31 March 2014 £000	Year on Year Change £000
134,666	(13,600)	Public Works Loan Board	121,926	(12,740)
337	(111)	Debt administered by other authorities	302	(35)
17,505	1,839	Debt falling out in next 12 months	14,100	(3,405)
0	(561)	Temporary Loan	2,293	2,293
46	(345)	Revenue and other balances temporarily used for capital purposes	425	379
152,554	**(12,778)**		**139,046**	**(13,508)**

3. Financial Instrument Balances

Under accounting requirements the financial instrument value shown in the Balance Sheet include the principal amount borrowed plus accrued interest.

31 March 2013			31 March 2014	
Long Term	Current £000		Long Term	Current £000
135,003	13,600	Financial Liabilities Principal Amount	122,228	15,033
0	3,905	Adjustment for Amortised Cost	0	1,359
135,003	**17,505**	**Financial Liabilities at Amortised Cost**	**122,228**	**16,392**
0	0	Financial Liability at Fair Value through Income and Expenditure	0	0
135,003	**17,505**	**Total Borrowings**	**122,228**	**16,392**

4. Financial Instruments Gains / Losses

The gains and losses recognised in the Income and Expenditure Account in relation to Financial Instruments are made up as follows:

31 March 2013			31 March 2014	
Financial Liabilities - Measured at Amortised Cost £000	Financial Assets Loans and Receivables £000		Financial Liabilities - Measured at Amortised Cost £000	Financial Assets Loans and Receivables £000
(9,157)	0	Interest expense	(8,397)	0
(5)	0	Losses on derecognition	(5)	0
(9,162)	**0**	**Interest payable and similar charges**	**(8,402)**	**0**
0	0	Interest income	0	0
0	0	Gains on derecognition	0	0
0	**0**	**Interest and Investment Income**	**0**	**0**
(9,162)	**0**	**Net gain/(loss) for the year**	**(8,402)**	**0**

5. Fair Value of Financial Assets and Liabilities Carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash-flows that take place over the remaining life of the instruments, using the following assumptions:

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

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

The fair values for financial liabilities have been determined by reference to the Public Works Loan Board (PWLB) redemption rules and prevailing PWLB redemption rates at the Balance Sheet date, and include accrued interest.

The fair values are as follows:

31 March 2013			31 March 2014	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
152,171	185,577	PWLB Debt	139,038	159,793
0	0	Creditors	0	0
152,171	**185,577**	**Total Liabilities**	**139,038**	**159,793**

The fair value is greater than the carrying amount because the portfolio of loans relating to the Greater Manchester Metropolitan Debt Administration Fund (GMMDAF) 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.

The above represents the fair value of PWLB debt managed by the Council on behalf of the GMMDAF. The fair value of transferred debt relating to GMMDAF will be shown by those authorities that manage this element of the debt.

31 March 2013			31 March 2014	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
0	0	Debtors	(719)	(719)
0	**0**	**Total Loans and Receivables**	**(719)**	**(719)**

6. Disclosure of the Nature and Extent of Risks Arising from Financial Instruments

The GMMDAF was formed under the Local Government Reorganisation (Debt Administration) (Greater Manchester) Order 1986 to administer the loan fund of the former Greater Manchester County Council. Tameside MBC was designated as lead authority for the function.

The outstanding debt is allocated on a population basis over the relevant authorities responsible for repaying it in accordance with the principles laid down in the Borrowing Order. The debt will reduce each year until it is finally extinguished in 2022.

Key Risks
The Fund's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Fund;

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

- Re-financing risk – the possibility that the Fund might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;

- Market risk - the possibility that financial loss might arise for the Fund as a result of changes in such measures as interest rates movements.

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

- By formally adopting the requirements of the Code of Practice;

- By approving annually in advance prudential indicators for the following three years limiting:

    - The Fund's overall borrowing;

    - Its maximum and minimum exposures to fixed and variable rates;

    - Its maximum and minimum exposures to the maturity structure of its debt;

    - Its maximum annual exposures to investments maturing beyond a year.

- By approving an Investment Strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These items are reported with the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Fund's financial instrument exposure. Actual performance is also reported annually to the Association of Greater Manchester Authorities (AGMA).

The 2013/14 Budget Report which incorporates the prudential indicators was approved by Council on 26 February 2013 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2013/14 was set at £167.540m. This is the maximum limit of external borrowings or other long term liabilities;

- The Operational Limit for 2013/14 was set at £152.540m. This is the expected level of debt and other long term liabilities during the year.

These policies are implemented by the Treasury Team who maintain written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed periodically.

Credit Risk
Credit risk arises from deposits with banks and financial institutions. 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 & Poor Ratings Services. The Annual Investment Strategy also imposes a maximum amount and time to be invested with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria is applied.

The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

- Credit ratings of Short Term F1, Long Term A+ or greater, Viability Rating bbb and Support Rating 3 (Fitch or equivalent rating), with the lowest available rating being applied to the criteria;

- UK institutions provided with support from the UK Government.

The full Investment Strategy for 2013/14 was approved by Full Council on 26 February 2013 and is available on the Council's website.

The Fund's maximum exposure to credit risk in relation to its investments in banks and financial institutions cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. 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 Fund's deposits, but there was no evidence at the 31 March 2014 that this was likely to crystallise.

No breaches of the Fund's counterparty criteria occurred during the reporting period and the Fund does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Fund made no deposits during the financial year and currently has no outstanding investments.

Liquidity Risk
The Fund 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 Code of Practice. This seeks to ensure that cash is available when it is needed.

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

Refinancing and Maturity Risk
The GM Debt Fund maintains a significant debt portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Fund relates to managing the exposure to replacing financial instruments as they mature.

The approved Treasury Management and Investment strategies address the main risks and the Treasury Management 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.

The maturity analysis of financial liabilities (principal amount) is as follows:

31 March 2013 £000		31 March 2014 £000
13,600	Less than one year	12,740
12,740	Between one and two years	22,000
56,963	Between two and five years	50,963
62,111	Between five and ten years	46,111
2,852	Between ten and fifteen years	2,852
0	More than fifteen years	0
148,266		**134,666**

Market Risk

Interest Rate Risk - The Fund is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Fund, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing liability will fall;
- Investments at variable rates – the interest income credited to the Income and Expenditure Statement will rise;
- Investments at fixed rates – the fair value of the assets will fall.

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 Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Statement.

The Fund follows the Council's strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Fund's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The Treasury Management team will monitor the 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 favorable, fixed rate investments may be taken for longer periods to secure better long term returns.

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

31 March 2013 £000		31 March 2014 £000
6,768	Decrease in the fair value of fixed rate borrowings liabilities (no impact on Income and Expenditure Statement)	5,856
6,768		**5,856**

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note 5. Fair value of Assets and Liabilities carried at Amortised Cost.

Price Risk - The Fund does not invest in equity shares.

Foreign Exchange Risk - The Fund has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in currency values.

Glossary of Financial 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.

Actuarial Gains and Losses
Actuaries assess financial and non-financial information provided by the Council to project levels of future pension fund requirements. Changes in actuarial deficits or surpluses can arise leading to a loss or gain because:

- events have not coincided with the actuarial assumptions made for the last valuation;
- the actuarial assumptions have changed.

Agency Services
These are services that are performed by or for another Authority or public body, where the principal (the Authority responsible for the service) reimburses the agent (the Authority carrying out the work) for the costs of the work.

Appointed Auditors
The Audit Commission appoints external auditors to every Local Authority, from one of the major firms of registered auditors. From 2012/13, an external audit function is no longer directly undertaken by the Audit Commission due to a change in the Audit Commission roles.

Associate Companies
This is an entity other than a subsidiary or joint venture in which the reporting Authority has a participating interest and over whose operating and financial policies the reporting Authority is able to exercise significant influence.

Association of Greater Manchester Authorities (AGMA)
AGMA represents the ten local authorities in Greater Manchester and works in partnership with Central Government, regional bodies and other Greater Manchester public sector bodies.

Billing Authority
An authority which collects Council Tax, Business Rates and precepts on behalf of itself and other bodies.

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 Costs
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 Finance Requirement (CFR)
Introduced as a result of the Prudential Framework for Capital Accounting and measures the underlying need of the Council to borrow for expenditure of a capital nature.

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 liability.

Cash and Cash Equivalents
Cash is represented by cash in hand and deposits with financial institutions payable without penalty on notice of not more than 24 hours. Cash equivalents are investments which are readily convertible to known amounts of cash with insignificant risk of change in value.

Chartered Institute of Public Finance and Accountancy (CIPFA)
CIPFA is the leading professional accountancy body for public services.

Collection Fund
A fund administered by the Council that shows the transactions of the billing authority, in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and how the income from these sources has been distributed to precepting authorities, Central Government and the Council's General Fund Balances. The Collection Fund is maintained separately, as a statutory requirement.

Community Assets
Non-current assets that an authority 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.

Comprehensive Spending Review (CSR)
CSR is the public expenditure planning process introduced by the Government in 1997. The most recent CSR, in October 2010, set the parameters for public spending for the four years from 2011/12 to 2014/15.

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.

Corporate and Democratic Core
The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same service. There is therefore no logical basis for apportioning these costs to services.

Corporate Governance
Corporate governance is the Council's accountability for the stewardship of resources, risk management and relationship with the community. It encompasses policies on whistle blowing, fraud and corruption.

Council Tax
This is the main source of local taxation to Local Authorities. Council Tax is levied on households within its area by the Billing Authority and the proceeds are paid into its Collection Fund for distribution to precepting Authorities and for use by its own General Fund Balances.

Council Tax Benefit
This is the assistance provided by Billing Authorities to adults on low incomes to help them pay their Council Tax bill. The cost to Authorities of Council Tax benefit is largely met by Government grant in 2013/14.

Council Tax Requirement
This is the estimated revenue expenditure on General Fund services that needs to be financed from the Council Tax after deducting income from fees and charges, certain specific grants and any funding from reserves.

Creditors
Amounts owed by the Council for work done, goods received or services rendered, for which payment has not been made at the date of the Balance Sheet.

Current Service Cost
Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

Debtors
These are sums of money due to the Council that have not been received at the Balance Sheet date.

Deferred Liabilities
These are liabilities which are payable beyond the next year, they are primarily mortgage repayments.

Deferred Capital Receipts
These represent capital income still to be received after disposals have taken place and wholly consists of principal outstanding from the sale of council houses.

Defined Benefit Scheme
This is a pension or other retirement benefit scheme other than a Defined Contribution Scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme
A Defined Contribution Scheme is a pension or other retirement benefit scheme into which an employer pays regular contributions as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Department for Communities and Local Government (DCLG)
A Department of Central Government with an overriding responsibility for determining the allocation of general resources to Local Authorities.

Derecognition
This is when financial assets and liabilities are removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

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

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.

Exceptional Items
Material items deriving from events or transactions that fall within the ordinary activities of the Council, but which need to be separately disclosed by virtue of their size and/or incidence to give a fair presentation of the accounts.

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 Council has made proper arrangements to secure value for money in its use of resources.

Expenditure
This is amounts paid by the Council for goods received or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment since expenditure is deemed to have been incurred once the goods or services have been received even if they have not been paid for.

Fair Value
Fair value is the price at which an asset could be exchanged in an arm's length transaction, less any grants receivable towards the purchase or use of the asset.

Finance Lease
A finance lease is a lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

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

General Fund Balances
The main revenue fund of the Council 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 a waste disposal strategy, policy and services to nine of the AGMA Councils.

Heritage Asset
A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Housing Benefit
This is an allowance to persons on low income (or none) to meet, in whole or part, their rent. Benefit is allowed or paid by Local Authorities but Central Government refunds part of the cost of the benefits and of the running costs of the services to Local Authorities.

Impairment
A reduction in the value of a non-current asset below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a non-current asset's market value and evidence of obsolescence or physical damage to the asset.

Income
These are amounts due to the Council for goods supplied or services rendered of either a capital or a revenue nature. This does not necessarily involve a cash payment. Income is deemed to have been earned once the goods or services have been supplied even if the payment has not been received (in which case the recipient is a debtor to the Council).

Infrastructure Assets
Those non-current assets from which benefit can be obtained only by continued use of the asset created e.g. highways, footpaths and bridges.

Intangible Assets
These are non-current assets that do not have physical substance but are identifiable and controlled by the Council. Examples include software, licenses and patents.

International Financial Reporting Standards (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.

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.

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.

Liquid Resources
Current asset investments that are readily disposable by the Council without disrupting its business and are either readily convertible to known amounts of cash at or close to the amount they are held at on the Balance Sheet, or traded in an active market.

Materiality
The concept that any omission from or inaccuracy of the Statement of Accounts should not be large enough to affect the understanding of those statements by the reader. Materiality must be considered for individual amounts and also all amounts together.

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 and capital programme.

Minimum Revenue Provision (MRP)
MRP is the minimum amount which must be charged to a Council'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 Rates (NDR) (also known as Business Rates)
Business Rates 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 a national rate poundage each year which is applicable to all local authorities. The Council distributes the Business Rates it collects based on pre-determined shares between itself, Central Government and the GM Fire Authority.

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 by depreciation.

Net Debt
The Council's borrowings less cash and liquid resources.

Non-current Asset
Assets that yield benefits to the Council and the services it provides for a period of more than one year.

Non Distributed Costs
These are overheads for which no user now benefits and should not be apportioned to services.

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.

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 Council.

Precept
The amount levied by one authority which is collected on its behalf by another (the billing authority).

Premiums
These are discounts that have arisen following the early redemption of long term debt, which are written down over the lifetime of replacement loans where applicable.

Prior Period Adjustments
These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

Private Finance Initiative (PFI)
A Central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage authorities' participation.

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 and Loans 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 Assistant 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;
- Partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

Reporting Standards
'The Code' prescribes the accounting treatment and disclosures for all normal transactions of a Local Authority. It is based on International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

Reserves
Amounts set aside for general contingencies, to provide working balances or earmarked to specific future expenditure.

Revenue Expenditure
Expenditure incurred on the day-to-day running of the Council. This mainly includes employee costs, general running expenses and capital financing costs.

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) replaced the previous Best Value Accounting Code of Practice (BVACOP). It 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.

Transport for Greater Manchester (TfGM)
A Committee of the GMCA delivering strategic transport functions.

Treasury Management
This is the process by which the Council controls its cash flow and its borrowing and lending activities.

Treasury Management Strategy
A strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the Council.

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.

Useful (Economic) Life
The period over which the Council will derive benefits from the use of an asset

Greater Manchester Pension Fund Statement of Accounts 2013/14

Greater Manchester Pension Fund

The Management and Membership of the Greater Manchester Pension Fund

Tameside MBC is the statutory Administering Authority for the Greater Manchester Pension Fund (GMPF). The administration and investment performance of GMPF is considered and reviewed every quarter by the Management Panel, which consists of 23 elected Members (14 from Tameside MBC, being the Administering Authority, and 9 from other Greater Manchester local authorities).

The Management Panel is advised in all areas by the Advisory Panel. Each of the 10 Greater Manchester local authorities is represented on the Advisory Panel, and there are 6 employee representatives nominated by the North West TUC. There are also 3 External Advisors who assist the Advisory Panel, in particular regarding investment related issues.

GMPF also has 6 Working Groups, which consider particular areas of its activities and make recommendations to the Management Panel. These Working Groups cover:

- Ethics & Audit
- Alternative Investments
- Pensions Administration
- Property
- Business Development
- Employer & Funding Viability

There are 4 Officers to GMPF:

- Executive Director of Pensions – administrator of GMPF and link for Members, Advisors and Investment Managers between meetings
- Chief Executive and Executive Director of Governance – responsible for the provision of legal and secretarial services to the Management and Advisory Panels
- Executive Director of Finance – responsible for preparation of GMPF’s Statement of Accounts

GMPF’s investment strategy is implemented by management arrangements which include 3 external Investment Managers that manage multi asset briefs, with property, venture capital and cash being predominantly managed internally. Subscription is made to the WM Pension Fund Performance Measurement Service in order to judge GMPF’s performance relative to market returns and the rest of the pensions industry. In addition to this, GMPF also subscribes to WM’s Local Authority Pension Fund Service to enable assessment of its performance relative to all other funds who operate under the same regulations.

GMPF is a statutory Local Government Pension Scheme (LGPS), set up to provide death and retirement benefits for local government employees other than teachers, fire fighters and police officers for whom separate arrangements exist. In addition, other qualifying bodies, which provide similar services to that of local authorities, have been admitted to GMPF.

GMPF operates a defined benefit scheme whereby retirement benefits are based on employees’ final remuneration and length of service. It is funded by salary banded variable percentage contributions from employees and variable contributions from employers, which take account of the relationship of assets to liabilities (see Actuarial Review of the Fund – Note 22). The benefits of the Scheme are prescribed nationally by Regulations made under the Superannuation Act 1972.

The membership of GMPF as at 31 March 2014 and the preceding year is shown below:

31 March 2013		31 March 2014
89,156	Contributors	92,154
91,517	Pensioners	94,382
94,769	Deferred Members *	99,530
275,442	**Total Membership**	**286,066**

* Includes former contributors who have retained a right to a refund of contributions or a transfer of pension benefits to another scheme.

The employers contributing to GMPF can be found in Note 20.

Further information is published in the Greater Manchester Pension Fund Annual Report 2013/14 and Funding Strategy Statement (FSS). The FSS is available from www.gmpf.org.uk and the Annual Report will be published on the website following the Annual General Meeting in September 2014.

Fund Account for the Year Ended 31 March 2014

31 March 2013 £000		Note	31 March 2014 £000
	Contributions and benefits		
(107,089)	Contributions from employees	5	(108,361)
(289,649)	Contributions from employers	5	(299,286)
(396,738)			(407,647)
(10,810)	Transfers in (individual)		(11,707)
(407,548)			(419,354)
497,698	Benefits payable	6	527,253
17,409	Payments to and on account of leavers	7	15,735
3,723	Administration expenses (net)	8	4,652
518,830			547,640
111,282	**Net withdrawals from dealings with members**		**128,286**
	Returns on investments		
(269,421)	Investment income	9	(276,630)
(1,301,301)	Reduction/(increase) in market value of investments	11	(563,909)
1,943	Taxation	10	2,190
6	(Profit)/loss on foreign currency		2,164
11,178	Investment management expenses (net)	8	12,874
(1,557,595)	**Net (profit)/loss on investments**		**(823,311)**
(1,446,313)	Net increase in the Fund during the year		**(695,025)**
(11,142,716)	Net assets of the Fund at start of year		**(12,589,029)**
(12,589,029)	**Net assets of the Fund at end of year**		**(13,284,054)**

Net Assets Statement at 31 March 2014

31 March 2013 £000		Note	31 March 2014 £000
2,621,704	UK equities	11	2,743,255
3,241,218	Overseas equities	11	3,429,147
678,531	UK fixed interest corporate bonds	11	691,246
228,256	Overseas fixed interest corporate bonds	11	79,223
164,992	UK fixed interest government bonds	11	174,432
435,880	Overseas fixed interest government bonds	11	358,535
256,089	UK index linked government bonds	11	201,180
350	Overseas index linked government bonds	11	170,246
358,877	Investment property	11	376,835
0	Derivative contracts	11	299
3,931,131	Pooled investment vehicles	11	4,287,243
643,529	Cash and deposits	11	704,032
84,947	Other investment assets	11	122,901
12,645,504	**Investment assets**		**13,338,574**
0	Derivative contract liabilities	11	0
(59,928)	Other investment liabilities	11	(64,796)
(59,928)	**Investment liabilities**		**(64,796)**
13,531	Current assets	11	30,179
(10,078)	Current liabilities	11	(19,903)
3,453	Net current assets		**10,276**
12,589,029	**Net assets of Fund**		**13,284,054**

Notes to Greater Manchester Pension Fund

1. Notes to the Accounts

From 1 April 2010 GMPF was required to prepare its financial statements under International Financial Reporting Standards (IFRS). The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 based on IFRS, published by the Chartered Institute of Public Finance and Accountancy. This requires that GMPF accounts should be prepared in accordance with International Accounting Standard (IAS) 26, except where interpretations or adaptations to fit the public sector are detailed in the Code. The financial statements summarise the transactions of GMPF and deal with net assets at the disposal of the Management Panel. They do not take account of obligations to pay pensions and benefits which fall due after the end of the GMPF financial year. Under IFRS, GMPF is required to disclose the actuarial present value of promised retirement benefits. This is disclosed as a separate note (Note 25). The full actuarial position of GMPF, which does take account of pension and benefit obligations falling due after the year end, is outlined in Note 22. These financial statements should be read in conjunction with that information.

2. Accounting Policies

Basis of preparation: The accounts have been prepared on an accruals basis. That is, income and expenditure is recognised as it is earned or incurred including contributions receivable and pension benefits payable. Transfer values are recognised on a received or paid basis.

Financial assets and liabilities: On initial recognition, GMPF is required to classify financial assets and liabilities into held to maturity investments, available for sale financial assets, held for trading, designated at fair value through the fund account, or loans and receivables. Financial assets may be designated as at fair value through the fund account only if such designation (a) eliminates or significantly reduces a measurement or recognition of inconsistency, or (b) applies to a group of financial assets, financial liabilities or both that GMPF manages and evaluates on a fair value basis, or (c) relates to an instrument that contains an embedded derivative which is not evidently closely related to the host contract.

Additional Voluntary Contributions (AVC): GMPF provides an AVC scheme for its contributors, the assets of which are invested separately from GMPF. These AVC sums are not included in GMPF's financial statements because GMPF has no involvement in the management of these assets. Members participating in this arrangement each receive an annual statement confirming the amount held in their account and the movements in the year. Further details are provided in Note 24.

Additional Voluntary Contributions Income: Where a member is able and chooses to use their AVC fund to buy scheme benefits, this is treated on a cash basis and is categorised within Transfers In.

Investment Income: Interest, rent and dividends on fixed interest and equity investments and on short-term deposits has been accounted for on an accruals basis.

Accrued Investment Income: Accrued investment income has been categorised within investments in accordance with the Pensions Statement of Recommended Practice (SORP) (Revised May 2007).

Foreign Income: Foreign income is translated into sterling at the rate applicable at the date of conversion. Income due at the year-end is translated at the rate applicable at 31 March 2014

Foreign Investments: Foreign investments are translated at the exchange rate applicable at 31 March 2014. Any gains or losses arising on translation of investments into sterling are accounted for as a change in market value of investment.

Rental income: Rental income from operating leases on investment properties owned by GMPF is recognised on a straight line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rents are only recognised when contractually due.

Benefits: Benefits includes all benefit claims payable by GMPF during the financial year.

Investment Values: All financial assets are valued at their fair value as at 31 March 2014 determined as follows:

At 31 March 2014	Valuation basis/technique	Main assumptions
Equities and bonds	Pricing from market data providers based on observable price quotations.	Use of pricing source. There are minor variations in the price dependent upon the pricing feed used.
Direct Investment Property	Independent valuations for freehold and leasehold investment properties at fair value,; the main investment property portfolio has been valued by Drivers Jonas Deloitte, Chartered Surveyors, as at 31 December 2013 subsequently adjusted for transactions undertaken between 1 January 2014 and 31 March 2014. The Greater Manchester Property Venture Fund portfolio has been valued as at 31 March 2014 by GVA. In both cases valuations have been in accordance with RICS Red Book.	Investment properties have been valued on the basis of open market value (the estimated amounts for which a property should exchange between a willing buyer and seller) and market rent (the expected benefits from holding the asset) in accordance with the Royal Institute of Chartered Surveyors' Appraisal and Valuation Manual. The values are estimates and may not reflect the actual values.
Indirect property (Part of Pooled Investment Vehicles)	Independent valuations for freehold and leasehold properties less any debt within the individual property fund plus/minus other net assets.	Freehold and leasehold properties valued on an open market basis. Valuation carried out in accordance with the principles laid down by the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual and independent audit review of the net assets within the individual property fund.

Derivatives	Derivative contracts are valued at fair value. Futures contracts' fair value is determined using exchange prices at the reporting date. The fair value is the unrealised profit or loss at the current bid market quoted price. The amounts included in change in market value are the realised gains and losses on closed futures contracts and the unrealised gains and losses on open futures contracts. The fair value of the forward currency contracts is based on market forward exchange rates at the year end date and determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.	
Private equity and infrastructure	Valuation in accordance with International Private Equity and Venture Capital Valuation guidelines or equivalent.	Earnings multiples, public market comparables and estimated future cash flows.
Special opportunities portfolio	The funds are valued either in accordance with accounting standards codification 820 or with International Financial Reporting Standards (IFRS). The valuation basis, determined by the relevant Fund Manager, may be any of quoted market prices, broker or dealer quotations, transaction price, third party transaction price, industry multiples and public comparables, transactions in similar instruments, discounted cash flow techniques, third party independent appraisals or pricing models.	In reaching the determination of fair value, the investment managers consider many factors including changes in interest rates and credit spreads, the operating cash flows and financial performance of the investments relative to budgets, trends within sectors and/or regions, underlying business models, expected exit timing and strategy and any specific rights or terms associated with the investment, such as conversion features and liquidation preferences. The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and assumptions are reviewed on an on-going basis.

Cash and other net assets	Value of deposit or value of transaction	Cash and account balances are short-term, highly liquid and subject to minimal changes in value.

Financial instruments at fair value through the fund account: Financial assets and liabilities are stated at fair value as per the Net Assets Statement which is prepared in accordance with the Pensions SORP (Revised May 2007), requiring assets and liabilities to be reported on a fair value basis. Gains and losses on financial instruments that are designated as at fair value through the fund account are recognised in the fund account as they arise. The carrying values are therefore the same as fair values.

Loans and receivables: Non-derivative financial assets which have fixed or determinable payments and are not quoted in an active market are classified as loans and receivables.

Cash and cash equivalents: Cash comprises of cash in hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in values.

Acquisition costs of investments: Acquisition costs of investments are included in the purchase price.

Investment Management Expenses: Investment management expenses are shown within the fund account on page 149. These costs are met from within the employer contribution rate. Certain of GMPF's external securities managers have contracts which include performance fees in addition to the annual management fees. The performance fees are based upon one off, non-rolling, 4-yearly calculations. It is GMPF policy to accrue for any performance fees which are considered to be potentially payable.

Net (Profit)/Loss on Foreign Currency: Net (profit)/loss on foreign currency comprises the change in value of short-term deposits due to exchange rate movements during the year.

Actuarial present value of promised retirement benefits: The actuarial present value of promised retirement benefits is assessed on an annual basis by the Actuary in accordance with the requirements of IAS19 and relevant actuarial standards. As permitted under IAS26, GMPF has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net asset statement (see note 25).

Derivatives: GMPF uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. GMPF does not hold derivatives for speculative purposes.
Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in fair value of derivative contracts are included in change in fair value.
Future contracts are exchange traded and fair value is determined using exchange prices at their reporting date. Amounts due or owed to the broker are amounts outstanding in respect of initial margin and variation margin.
Forward foreign exchange contracts, are over the counter contracts and are valued by determining the gain or loss that arise from closing out the contract at the reporting date, by entering into an equal and opposite contract at that date.

Transfers: Transfer values represent amounts received and paid during the period for individual members who have either joined or left GMPF during the financial year and are calculated in accordance with Local Governance Pension Scheme Regulations.
Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. This reflects when liabilities are transferred and received. Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included

in transfers in. Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

Taxation: GMPF is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

Administration expenses: Administrative expenses are accounted for on an accruals basis. The costs of administration are met by employers through their employer contribution rate. All staff costs of the administering authority's pension service are charged direct to GMPF.

2a. Critical judgements in applying accounting policies

In applying the policies, GMPF has had to make certain judgements about complex transactions, or those involving uncertainty. Those with most significant effect are:

- GMPF will continue in operational existence for the foreseeable future as a going concern;
- No investments are impaired (further detail on the investment strategy and approach to managing risk can be found in Note 4).

Any judgements made in relation to specific assets and liabilities, in addition to information stated in the relevant notes, can also be found in Note 2: Accounting Policies.

Compliance with IFRS requires the assumptions and uncertainties contained within figures in the accounts and the use of estimates to be explained. GMPF accounts contain estimated figures, taking into account historical experience, current trends and other relevant factors, as detailed below:

Unquoted private equity investments
It is important to recognise the highly subjective nature of determining the fair value of private equity investments. They are inherently based on forward-looking estimates and judgements involving many factors. Unquoted private equities are valued by the investment managers using guidelines set out by the British Venture Capital Association. The value of unquoted private equities, infrastructure and special opportunities held via investment in specialist pooled investment vehicles at 31 March 2014 was £539,884,000 (£433,729,000 at 31 March 2013).

Pension Fund Liability
The pension fund liability on an actuarial basis is calculated every three years by an appointed actuary. For the purpose of reporting the actuarial present value of promised retirement benefits, this liability value is updated annually in intervening years by the Actuary. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with Actuary and are summarised in note 25. This estimate is subject to significant variances based on change to the underlying assumptions.

3. Classification of Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

	At 31 March 2014		
	Designated as fair value through profit and loss	**Loans and receivables**	**Financial liabilities at amortised cost**
	£000	**£000**	**£000**
Financial assets:			
Equities	6,172,402	0	0
Fixed interest	1,303,436	0	0
Index linked	371,426	0	0
Derivatives	299	0	0
Pooled investment vehicles	4,287,243	0	0
Cash	0	704,032	0
Other investment assets	122,901	0	0
Current assets	0	30,179	0
	12,257,707	**734,211**	**0**
Financial liabilities:			
Derivatives	0	0	0
Other investment liabilities	(64,796)	0	0
Current liabilities	0	0	(19,903)
	(64,796)	**0**	**(19,903)**
Total	**12,192,911**	**734,211**	**(19,903)**

	At 31 March 2013		
	Designated as fair value through profit and loss	**Loans and receivables**	**Financial liabilities at amortised cost**
	£000	**£000**	**£000**
Financial assets:			
Equities	5,862,922	0	0
Fixed interest	1,507,659	0	0
Index linked	256,439	0	0
Derivatives	0	0	0
Pooled investment vehicles	3,931,131	0	0
Cash	0	643,529	0
Other investment assets	84,947	0	0
Current assets	0	13,531	0
	11,643,098	**657,060**	**0**
Financial liabilities:			
Derivatives	0	0	0
Other investment liabilities	(59,928)	0	0
Current liabilities	0	0	(10,078)
	(59,928)	**0**	**(10,078)**
Total	**11,583,170**	**657,060**	**(10,078)**

Net Gains and Losses on Financial Instruments

All gains and losses were on financial instruments and these were at fair value through the Fund account. The net gain for the year ending 31 March 2014 was £543,760,000 (31 March 2013 £1,325,000,000).

3a. Valuation of Financial Instruments carried at Fair Value

The table below provides an analysis of the financial assets and liabilities of GMPF that are carried at fair value in the GMPF net asset statement grouped into levels 1 to 3 based on the degree to which fair value is observable. Further details of the values shown can be found in Note 11.

	At 31 March 2014			
	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets:				
Equities	6,172,402	0	0	6,172,402
Fixed interest	0	1,303,436	0	1,303,436
Index linked	0	371,426	0	371,426
Derivatives	0	299	0	299
Pooled investment vehicles	0	3,339,166	948,077	4,287,243

	At 31 March 2013			
	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets:				
Equities	5,862,922	0	0	5,862,922
Fixed interest	0	1,507,659	0	1,507,659
Index linked	0	256,439	0	256,439
Derivatives	0	0	0	0
Pooled investment vehicles	0	3,260,720	671,038	3,931,758

The valuation of financial instruments has been classified into three levels according to the quality and reliability of information used to determine the fair values.

Level 1
Inputs to Level 1 are quoted prices on the asset being valued in an active market where there is sufficient transaction activity to allow pricing information to be provided on an ongoing basis. Financial instruments classified as Level 1 predominantly comprise actively traded shares.

Level 2
Level 2 prices are those other than Level 1 that are observable e.g. composite prices for fixed income instruments and fund net asset value prices. This is considered to be the most common level for all asset classes other than equities.

Level 3
Level 3 prices are those where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data. Such instruments would include the GMPF private equity and infrastructure investments which are valued using various valuation techniques that require significant management judgement in determining appropriate assumptions, including earnings multiples, public market comparables and estimated future cash flows.

The valuation techniques used by GMPF are detailed in Note 2.

A reconciliation of fair value measurements in Level 3 is set out below.

31 March 2013 £000		31 March 2014 £000
373,871	Opening balance	671,038
77,467	Acquisitions	301,021
(51,559)	Disposal proceeds	(75,508)
232,697	Transfer into level 3	0
	Total gains/(losses) included in the fund account:	
8,090	- on assets sold	4,472
30,472	- on assets held at year end	47,054
671,038	**Closing balance**	**948,077**

GMPF has cash, other investment assets and liabilities which will mature in the next 12 months. No valuation technique is required in relation to these investments and therefore assignment to a level is not applicable.

4. Financial risk management

The management panel of GMPF recognises that risk is inherent in any investment activity. GMPF has an active risk management programme in place and the measures which it uses to control key risks are set out in its Funding Strategy Statement (FSS).

The FSS is prepared in collaboration with GMPF's Actuary, Hymans Robertson LLP, and after consultation with GMPF's employers and investment advisors.

The FSS is reviewed in detail every 3 years in line with triennial valuations being carried out. A full review was completed by 31 March 2014.

GMPF's approach to risk measurement and its management is set out in its Statement of Investment Principles (SIP). The Management Panel recognises that risk is inherent in any investment activity. The overall approach is to reduce risk to a minimum where it is possible to do so without compromising returns (e.g. in operational matters), and to limit risk to prudently acceptable levels otherwise (e.g. in investment matters).

The means by which GMPF minimises operational risk and constrains investment risk is set out in further detail in its SIP (available at www.gmpf.org.uk).

Some risks lend themselves to being measured (e.g. using such concepts as 'Active Risk' and such techniques as 'Asset Liability Modelling') and where this is the case, GMPF employs the relevant approach to measurement. GMPF reviews new approaches to measurement as these continue to be developed.

GMPF's exposures to risks and its objectives, policies and processes for managing and measuring the risks has not changed throughout the course of the year.

Market risk

Market risk is the level of volatility in returns on investments caused by changes in market expectations, interest rates, credit spreads, foreign exchange rates and other factors.

This is calculated as the standard deviation of predicted outcomes. GMPF is exposed to market risk through its portfolio being invested in a variety of asset classes.

GMPF seeks to limit its exposure to market risk by diversifying its portfolio as explained within its SIP and by restricting the freedom of its fund managers to deviate from benchmark allocations. The asset allocation has been made with regard to the balance between expected returns and expected volatility of asset classes and using advice from GMPF's investment advisor, Hymans Robertson LLP.

The table below shows the expected market risk exposure or predicted volatilities of GMPF's investments:

	Potential Market Movements (+/-)	
Asset Type	**31 March 2013 p.a.**	**31 March 2014 p.a.**
UK equities	16.0%	16.6%
Overseas equities	19.0%	19.4%
Fixed interest - gilts	7.9%	6.9%
Index linked gilts	5.9%	5.0%
Corporate bonds	10.4%	9.6%
Overseas bonds	10.4%	13.2%
Property	14.5%	14.7%
Private equity	27.8%	28.4%
Infrastructure	14.4%	15.9%
Cash and other liquid funds	0.8%	0.6%
GMPF	11.7%	11.7%

The volatilities for each asset class and correlations used to create the total GMPF volatility have been estimated using standard deviations of 5,000 simulated one-year total returns using Hymans Robertson Asset Model, the economic scenario generator maintained by Hymans Robertson LLP.

The overall GMPF volatility has been calculated based on GMPF's target split as at 31 March 2013 and 2014. The calibration of the model is based on a combination of historical data, economic theory and expert opinion.

This represents a departure from the methodology used in previous years for illustrating risk exposure. Accordingly, the factors previously published for 2013 have been adjusted in order to provide a meaningful comparator.

Had the market price of GMPF's investments increased/decreased over a period of a year in line with the data within the table above, the change in the market value of the net assets available to pay benefits would have been as shown in the tables below.

Asset Type	31 March 2014 £000	% Change p.a.	Value on increase £000	Value on decrease £000
UK equities	3,451,263	16.6%	4,024,173	2,878,353
Overseas equities	5,191,954	19.4%	6,199,193	4,184,715
Fixed interest - gilts	445,495	6.9%	476,234	414,756
Index-linked gilts	404,049	5.0%	424,251	383,847
Corporate bonds	923,928	9.6%	1,012,625	835,231
Overseas bonds	596,914	13.2%	675,707	518,121
Investment property	785,221	14.7%	900,648	669,794
Private equity	442,070	28.4%	567,618	316,522
Infrastructure	97,619	15.9%	113,140	82,098
Cash and other liquid funds	1,000,061	0.6%	1,006,061	994,061
GMPF	13,338,574	11.7%	14,899,187	11,777,961

Asset Type	31 March 2013 £000	% Change p.a.	Value on increase £000	Value on decrease £000
UK equities	3,308,147	16.0%	3,837,451	2,778,843
Overseas equities	4,972,497	19.0%	5,917,271	4,027,723
Fixed interest - gilts	438,091	7.9%	472,700	403,482
Index-linked gilts	450,643	5.9%	477,231	424,055
Corporate bonds	1,052,731	10.4%	1,162,215	943,247
Overseas bonds	501,380	10.4%	553,524	449,236
Investment property	597,804	14.5%	684,486	511,122
Private equity	359,449	27.8%	459,376	259,522
Infrastructure	74,280	14.4%	84,976	63,584
Cash and other liquid funds	769,671	0.8%	775,828	763,514
GMPF	12,524,693	11.7%	13,990,082	11,059,304

Interest rate risk

GMPF invests in financial assets for the primary purpose of obtaining a return on investments whilst recognising that there is a risk that returns will not be as expected. Changes in the level of interest rates will contribute to the volatility of returns in all asset classes. The table in the section on market risk shows the expected volatility over one year for GMPF's investment portfolio. One area directly affected by interest rate changes is the level of income expected from floating rate cash instruments. As at 31 March 2014, GMPF had £172,828,000 invested in this asset class via a pooled investment vehicle. Therefore a 1% change in interest rates will increase or reduce GMPF's return by £1,728,000 on an annualised basis.

Currency risk

GMPF invests in financial assets for the primary purpose of obtaining a return on investments whilst recognising that there is a risk that returns will not be as expected. Changes in the level of foreign exchange rates will contribute to the overall volatility of overseas assets. GMPF's approach is to consider these risks in a holistic nature. The table in the section on market risk shows the expected volatility over one year for GMPF's investment portfolio including overseas assets which are separately identified.

Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause GMPF to incur a financial loss. The market values of investments generally reflect an assessment of credit risk in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of GMPF's financial assets and liabilities. The volatility of credit risk is encapsulated within the overall volatility of assets detailed in the table showing market risk.

In essence, GMPF's entire investment portfolio is exposed to some form of credit risk. However, the selection of high quality counterparties, brokers and financial institutions minimises the credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative positions in the event of counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Deposits are not made with banks and financial institutions unless they are rated independently and meet Tameside MBC's (TMBC), as administering authority's, credit criteria. TMBC has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution. In addition, TMBC invests an agreed percentage of its funds in the money markets to provide diversification. Money market funds chosen all had a "AAA" rating from a leading ratings agency.

TMBC believes it has managed its exposure to credit risk, and has had no experience of default or uncollectable deposits. GMPF's cash holding under its Treasury Management arrangements at 31 March 2014 was £655,711,000 (31 March 2013 £611,666,000). This was held with the following institutions.

Summary	Rating	Balance at 31 March 2013	Balance at 31 March 2014
		£000	£000
Money market Funds			
Blackrock	AAA	50,000	31,900
Insight	AAA	50,000	50,000
J P Morgan	AAA	0	50,000
HSBC	AAA	0	50,000
SSGA	AAA	50,000	50,000
Goldmans	AAA	20,050	0
IGNIS	AAA	50,000	50,000
D B Advisors	AAA	0	50,000
Prime Rate	AAA	50,000	50,000
Morgan Stanley	AAA	0	50,000
Legal & General	AAA	50,000	50,000
Banks			
HSBC	AA	25,000	0
RBS	A	54,616	46,811
Bank of Scotland	A	50,000	50,000
Local authorities & public bodies			

Salford	N/A	15,900	0
Gosport Council	N/A	5,000	0
Warrington Council	N/A	0	5,000
West Dumbartonshire Council	N/A	0	5,000
North Tyneside Council	N/A	0	5,000
Merseyside Police Authority	N/A	0	7,000
Lancashire CC	N/A	25,000	0
North Lanark	N/A	13,000	0
Blackpool Council	N/A	10,000	0
Falkirk Council	N/A	10,000	0
Aylesbury Vale Council	N/A	5,000	0
North Ayreshire Council	N/A	5,000	0
Birmingham City Council	N/A	0	25,000
Glasgow	N/A	0	25,000
Wakefield	N/A	5,000	5,000
Haringey Council	N/A	10,000	0
Leeds City Council	N/A	18,000	0
PCC For West Yorkshire	N/A	10,100	0
Rochdale MBC	N/A	10,000	0
Southampton Council	N/A	10,000	0
Mid Suffolk Council	N/A	5,000	0
South Ayreshire Council	N/A	5,000	0
		611,666	**655,711**

Liquidity risk

Liquidity risk represents the risk that GMPF will not be able to meet its financial obligations as they fall due. TMBC therefore take steps to ensure that GMPF has adequate cash resources to meet its commitments. This will particularly be the case for cash from the liability matching mandates from the main investment strategy to meet the pensioner payroll cost; and also cash to meet investment commitments.

TMBC has immediate access to the GMPF cash holdings, with the exception of investments placed with other local authorities – where periods are fixed when the deposit is placed.

GMPF had in excess of £655 million cash balances at 31 March 2014.

All financial liabilities at 31 March 2014 are due within one year.

The majority of GMPF assets are liquid, their value could be realised within one week. The table below shows GMPF investments in liquidity terms.

31 March 2013	Liquidity terms	31 March 2014
11,374,160	Assets realisable within 7 days	11,904,164
45,100	Assets realisable in 8-30 days	72,500
68,900	Assets realisable in 31-90 days	0
1,036,533	Assets taking more than 90 days to realise	1,361,910
12,524,693	**Total**	**13,338,574**

Management prepares periodic cash flow forecasts to understand and manage the timing of GMPF's cash flows. The appropriate strategic level of cash balances to be held is a central consideration when preparing GMPF's annual investment strategy.

The effects of reductions in public expenditure are expected to result in a significant maturing of GMPF's liabilities, with fewer employee members and more pensioner and deferred members. However, when income from investments is taken into account, GMPF is expected to continue to be cash flow positive for the foreseeable future and it will not be a forced seller of investments to meet its pension obligations.

5. Contributions

By Category

31 March 2013 £000		31 March 2014 £000
(289,649)	Employers	(299,286)
(107,089)	Members	(108,361)
(396,738)		**(407,647)**

By Employer

31 March 2013 £000		31 March 2014 £000
(325,844)	Part 1 Schedule 2 Scheme Employer	(335,607)
(4,947)	Part 2 Schedule 2 Scheduled Body	(5,895)
(56,271)	Community Admission Body	(56,947)
(9,676)	Transferee Admission Body	(9,198)
(396,738)		**(407,647)**

Scheme employers can be split into those listed in Part 1 of Schedule 2 of the Local Government Pension Scheme (Administration) Regulations 2008 (as amended) (such as local authorities) which participate automatically, and those listed in Part 2 (such as town councils) which can only participate if they choose to do so by designating employees or groups of employees as eligible. Part 2 employers are called designating bodies. Community admission bodies provide a public service in the United Kingdom otherwise than for the purposes of gain and have sufficient links with a Scheme employer. Transferee admission bodies are commercial organisations carrying out work for local authorities under a best value or other arrangement. Further analysis by employer is contained in note 20 of these statements.

At the 2010 Actuarial Valuation, GMPF was assessed as 96.4% funded. Contribution increases are phased over the 3 year period ending 31 March 2014. The phasing results in minimal deficit contributions in aggregate, albeit some employers will make contributions in excess of their future service rate.

The contribution rates specified in the Actuarial Valuation are minimum contribution rates. Some employers have made voluntary payments in excess of these minimum rates. In addition, a small number of employers were required to make explicit deficit payments – details of these can be found in the 2010 Actuarial Valuation report located at www.gmpf.org.uk. The 2013 Actuarial Valuation has been completed – details can be found in Note 22.

6. Benefits Payable

By Category

31 March 2013 £000		31 March 2014 £000
405,610	Pensions	425,907
81,755	Commutation & lump sum retirement benefits	89,452
10,333	Lump sum death benefits	11,894
497,698		**527,253**

By Employer

31 March 2013 £000		31 March 2014 £000
401,945	Part 1 Schedule 2 Scheme Employer	420,691
15,671	Designating Bodies	16,976
73,441	Community Admission Bodies	81,883
6,641	Transferee Admission Bodies	7,703
497,698		**527,253**

Scheme employers can be split into those listed in Part 1 of Schedule 2 of the Local Government Pension Scheme (Administration) Regulations 2008 (as amended) (such as local authorities) which participate automatically, and those listed in Part 2 (such as town councils) which can only participate if they choose to do so by designating employees or groups of employees as eligible. Part 2 employers are called designating bodies. Community admission bodies provide a public service in the United Kingdom otherwise than for the purposes of gain and have sufficient links with a Scheme employer. Transferee admission bodies are commercial organisations carrying out work for local authorities under a best value or other arrangement. Further analysis by employer is contained in note 20 of these statements.

7. Payments to and on account of leavers

31 March 2013 £000		31 March 2014 £000
0	Group transfers to other schemes	0
17,342	Individual transfers to other schemes	15,710
(8)	Payments for members joining state scheme	(12)
(19)	Income for members from state scheme	(23)
94	Refunds to members leaving service	60
17,409		**15,735**

8. Administration and investment management expenses

The costs of administration and investment management are met by the employers through their employer contribution rate.

Investment Expenses

31 March 2013 £000		31 March 2014 £000
1,314	Employee costs	1,301
532	Support services including IT	623
8,763	Management fees	10,377
369	Custody fees	353
55	Performance monitoring service	62
145	Actuarial fees - investment consultancy	158
11,178		**12,874**

Administrative Expenses

31 March 2013 £000		31 March 2014 £000
2,744	Employee costs	2,934
613	Support services including IT	1,166
186	Printing and publications	258
38	Pension fund management panel	35
22	External audit fees *	25
57	Internal audit fees	58
63	Actuarial fees	176
3,723		**4,652**

* Total fee paid to external auditors in 2013/14 is £56,341 (2012/13 £56,341) in addition to which a further £5,996 (2012/13 £5,996) is paid in relation to work carried out on behalf of GMPF's main scheme employers. This additional amount is recovered by GMPF from the relevant employers.

9. Investment income

31 March 2013 £000		31 March 2014 £000
(58,068)	Fixed interest (corporate and government bonds)	(51,969)
(169,264)	Equities	(177,638)
(6,152)	Index linked	(4,753)
(11,346)	Pooled investment vehicles	(23,621)
(23,033)	Property (gross)	(18,285)
2,601	Property non-recoverable expenditure	3,182
(3,643)	Interest on cash deposits	(2,598)
(516)	Stocklending	(803)
0	Underwriting	(145)
(269,421)		**(276,630)**

In accordance with IAS 12 Income Taxes, investment income includes withholding taxes and irrecoverable withholding tax is analysed separately as a tax charge. Income received by Legal and General pooled funds is automatically reinvested within the relevant sector fund and thus excluded from the above analysis. Similarly UBS pooled funds for Emerging Market Equities and UK Small Companies, Capital International pooled funds for Emerging Market Equities and High

Yield Bonds, Aviva Investors Property Fund, Standard Life Pooled Property Pension Fund and Standard Life Investments UK Property Development Fund in which GMPF invest have income automatically reinvested with that fund.

10. Taxation

GMPF is exempt from UK income tax on interest and from capital gains tax on the profits resulting from the sale of investments. GMPF is exempt from United States withholding tax on dividends and can recover all or part of the withholding tax deducted in some other countries. The amount of withholding tax deducted from overseas dividends which GMPF is unable to reclaim in 2013/14 amounts to £2,190,000 (2012/13 £1,943,000) and is shown as a tax charge.

As Tameside MBC is the administering authority for GMPF, VAT input tax was recoverable on all GMPF activities including expenditure on investment and property expenses.

11. Investments at fair value

The following tables analyse the carrying amounts of the financial assets and liabilities by category.

Value at 1 April 2013 £000		Purchases £000	Sales £000	Change in fair value £000	Value at 31 March 2014 £000
	Designated as at fair value through the fund account				
5,862,922	Equities	2,232,060	(2,472,500)	549,920	6,172,402
1,507,659	Fixed interest	1,318,061	(1,437,343)	(84,941)	1,303,436
256,439	Index linked	343,735	(196,462)	(32,286)	371,426
358,877	Property	29,964	(32,155)	20,149	376,835
0	Derivatives	0	(829)	1,128	299
3,931,131	Pooled investment vehicles	447,416	(201,243)	109,939	4,287,243
11,917,028		4,371,236	(4,340,532)	563,909	12,511,641
	Loans and receivables				
643,529	Cash				704,032
28,472	Other investments and net assets				68,381
12,589,029	**Total**				**13,284,054**

Value at 1 April 2012 £000		Purchases £000	Sales £000	Change in fair value £000	Value at 31 March 2013 £000
	Designated as at fair value through the fund account				
4,758,860	Equities	1,919,931	(1,628,410)	812,541	5,862,922
1,206,603	Fixed interest	1,586,241	(1,371,578)	86,393	1,507,659
490,299	Index linked	80,141	(331,317)	17,316	256,439
336,264	Property	61,187	(7,973)	(30,601)	358,877
574	Derivatives	4,725	(7,927)	2,628	0
3,458,916	Pooled investment vehicles	522,194	(463,003)	413,024	3,931,131
10,251,516		4,174,419	(3,810,208)	1,301,301	11,917,028
	Loans and receivables				
889,383	Cash				643,529
1,817	Other investments and net assets				28,472
11,142,716	**Total**				**12,589,029**

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investment during the year.

Transaction costs are included in the cost of purchases and sale proceeds. They include costs directly charged to the scheme such as fees, commissions, stamp duty and other fees. The value of transaction costs incurred during the year amounted to £5,089,000 (2012/13 £3,854,000). In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments. The amount of indirect costs is not separately provided to the scheme.

Equities

31 March 2013 £000		31 March 2014 £000
2,621,704	UK quoted	2,743,255
3,241,218	Overseas quoted	3,429,147
5,862,922		**6,172,402**

Fixed interest

31 March 2013 £000		31 March 2014 £000
164,992	UK public sector quoted	174,432
435,880	Overseas public sector quoted	358,535
678,531	UK corporate quoted	691,246
228,256	Overseas corporate quoted	79,223
1,507,659		**1,303,436**

Index linked

31 March 2013 £000		31 March 2014 £000
256,089	UK public sector quoted	201,180
350	Overseas public sector quoted	170,246
256,439		**371,426**

Investment Property

31 March 2013 £000		31 March 2014 £000
328,400	UK - Main property portfolio	336,950
30,477	UK - Greater Manchester Property Venture Fund *	39,885
358,877		**376,835**

***** An amount of £17,290,000 relating to Greater Manchester Property Venture Fund has not been included in this total but is recorded under property unit trusts within Pooled Investment Vehicles analysis section of Note 11

All investment property is located in England, Wales or Scotland and, in order to reduce risk is diversified over several sectors which include high street retail, offices, industrial/retail warehousing and leisure. Gross and net rental income are shown in Note 9 of these accounts.

With the sole exception of one investment property, where a rent sharing arrangement is in place with the freeholder, no directly held investment property has restrictions on its realisation, remittance of income or disposal proceeds.

Committed expenditure in relation to investment property can be found at Note 17.

In accordance with the Investment Property Strategy set by the Management Panel, at 31 March 2014, the investment property manager had taken decisions to sell two investment properties and these were being actively marketed at this date. Their market values totalled £4,250,000.

The following tables summarise the movement in the fair value of investment properties over the year:

Movement in the fair value of investment properties over the year	£000
Balance at 1 April 2013	358,877
Purchases	28,535
Expenditure during year	1,429
Disposals	(32,155)
Net gains/ losses from fair value adjustments	20,149
Balance at 31 March 2014 *	**376,835**

* Of which £4,250,000 relates to properties being marketed at 31 March 2014.

Movement in the fair value of investment properties over the year	£000
Balance at 1 April 2012	336,264
Purchases	52,941
Expenditure during year	5,184
Disposals	(10,575)
Net gains/ losses from fair value adjustments	(24,937)
Balance at 31 March 2013	**358,877**

Future Operating Lease Rentals Receivable

31 March 2013 £000		31 March 2014 £000
21,039	Not later than 1 year	21,618
65,919	Later than 1 year, but not later than 5 years	68,153
159,378	Later than 5 years	167,229
246,336	**Total**	**257,000**

The future minimum lease payments due to GMPF under non-cancellable operating leases are stated above.
Where a lease contains a "tenant's break" clause, it is only up to this point that the aggregation is made.

Derivatives

31 March 2013 £000		31 March 2014 £000
	Investment assets:	
0	FTSE 100 Index future	299
0	**Net (liability)/asset**	**299**

Derivative receipts and payments represent the realised gains and losses on futures contracts and forward currency contracts. GMPF's objective in entering into derivative positions is to decrease risk in the portfolio.

31 March 2014 Contract	Settlement Date	Economic Exposure £000	Market Value £000
FTSE 100 Index Futures	Within 3 months	39,523	299

The above table analyses the derivative contract held at March 2014. The asset is exchange traded.

Pooled investment vehicles

31 March 2013 £000			31 March 2014 £000
100,690	Managed funds	-property	103,029
587,807		-overseas equity	528,527
14,856		-overseas corporate bonds	16,405
102,109		-UK private equity & infrastructure	107,218
266,725		-overseas private equity & infrastructure	313,142
44,771		-UK special opportunities portfolio	97,464
18,267		-overseas special opportunities portfolio	20,436
107,305	Unit trusts	-property	272,806
1,761		-overseas private equity	1,342
97		-UK private equity	88
29,314	Insurance policies	-property	32,551
686,443		-UK quoted equity	708,008
273,099		-UK fixed interest	271,064
194,204		-UK index linked securities	202,868
131,088		-UK corporate bonds	137,055
163,624		-UK cash instruments	172,828
1,143,471		-overseas quoted equity	1,234,279
65,500		-overseas fixed interest	68,133
3,931,131			**4,287,243**

Cash

31 March 2013 £000		31 March 2014 £000
610,738	Sterling	657,210
32,791	Foreign currency	46,822
643,529		**704,032**

Other investments balances and net assets

31 March 2013 £000		31 March 2014 £000
37,387	Amounts due from broker	63,845
25,687	Outstanding dividends and recoverable withholding tax	28,628
21,533	Gross accrued interest on bonds	19,383
0	Gross accrued interest on loans	291
0	Investment loans	8,730
340	Other accrued interest and tax reclaims	2,024
84,947	**Other investment assets**	**122,901**
(59,663)	Amounts due to broker	(64,123)
0	Variation margin	(299)
(265)	Irrecoverable withholding tax	(374)
(59,928)	**Other investment liabilities**	**(64,796)**
8,916	Employer Contributions - main scheme	25,037
203	Employer Contributions - additional pensions	242
356	Property	519
4,056	Other	4,381
13,531	**Current assets**	**30,179**
(2,677)	Property	(8,629)
0	Employer contributions - main scheme	(33)
(1,784)	Employer contributions - additional pensions	(1,247)
(4,229)	Admin & Investment management expenses	(8,268)
(1,388)	Other	(1,726)
(10,078)	**Current liabilities**	**(19,903)**
3,453	**Net Current Assets**	**10,276**
28,472	**Other investment balances and net assets**	**68,381**

12. Local investments

GMPF invests within the North West of England with a focus on the Greater Manchester conurbation in property development and redevelopment opportunities. This programme of investments is delivered through Greater Manchester Property Venture Fund.

31 March 2013 £000		31 March 2014 £000
41,977	Greater Manchester Property Venture Fund	57,175

13. Designated Funds

A small number of employers within GMPF have a materially different liability profile. Some earmarked investments are allocated to these employers. The investments of the Designated Fund incorporated in the Net Asset statement are as follows:

31 March 2013 £000		31 March 2014 £000
221,246	Index linked	140,473
108,410	Cash	156,173
1,411	Other investment balances	1,243
331,067	**Net**	**297,889**

14. Summary of managers' portfolio values at 31 March

2013			2014	
£m	**%**		**£m**	**%**
		Externally managed		
6,271	49.8%	UBS Global Asset Management	6,652	50.1%
2,657	21.1%	Legal & General	2,794	21.0%
1,903	15.1%	Capital International	1,965	14.8%
30	0.2%	GVA (advisory mandate)	57	0.4%
10,861	86.2%		11,468	86.3%
		Internally managed		
434	3.5%	Private equity	540	4.1%
331	2.6%	Designated funds	298	2.2%
566	4.5%	Property	728	5.5%
397	3.2%	Cash, other investments and net assets	250	1.9%
1,728	13.8%		1,816	13.7%
12,589	**100.0%**	Total	**13,284**	**100.0%**

15. Concentration of investment

As at 31 March 2014, GMPF held 21.0% of its net assets in an insurance contract with Legal & General Assurance (Pensions Management) Limited. It is a linked long term contract under Class III of Schedule 1 of the Insurance Companies Act 1982 and not a "with profits" contract.

The entire value of the policy can be realised after one month's notice and future premiums are payable at GMPF's discretion. The policy document has been issued (policy number MF32950) and the value is incorporated in the Net Asset statement within pooled investment vehicles across the following underlying asset classes:

31 March 2013 £000		31 March 2014 £000
686,443	UK equities	708,008
1,143,471	Overseas equities	1,234,279
273,099	UK fixed interest	271,064
131,088	UK corporate bonds	137,055
65,500	Overseas fixed interest	68,133
194,204	UK Index linked	202,869
163,624	UK cash instruments	172,828
2,657,429		**2,794,236**

Details of any single investment exceeding 5% of any class or type of security are detailed in the following tables:

Investment	Type and nature of investment	Value as at 31 March 2014	Asset class value at 31 March 2014	% of asset class
		£000	**£000**	**%**
UK Government	Treasury Bonds 2.5% - Index Linked July 2016	20,716	201,180	10.30%
UK Government	Treasury Bonds 2.5% - Index Linked April 2020	127,837	201,180	63.54%
US Government	Treasury Bonds 0.125% - Index Linked April 2017	18,599	170,246	10.92%
US Government	Treasury Bonds 0.125% - Index Linked January 2023	30,669	170,246	18.01%
US Government	Treasury Bonds 0.50% - Index Linked April 2015	41,471	170,246	24.36%
US Government	Treasury Bonds 1.75% - Index Linked January 2028	30,146	170,246	17.71%
US Government	Treasury Bonds 1.875 - Index Linked July 2019	19,744	170,246	11.60%
Capital International Emerging Markets Fund	Pooled investment vehicles - shares in open-ended investment company	258,472	4,287,243	6.03%
UBS Global Emerging Markets Fund	Pooled investment vehicles - shares in open-ended investment company	270,055	4,287,243	6.30%
LIFFE FTSE 100 Future June2014	Derivative Contract	299	299	100.00%

Investment	Type and nature of investment	Value as at 31 March 2013	Asset class value at 31 March 2013	% of asset class
		£000	£000	%
Capital International Emerging Markets Fund	Pooled investment vehicles - shares in open-ended investment company	285,000	3,931,131	7.25%
US Government	Treasury Bonds 0.25% - Fixed October 2015	85,214	435,880	19.55%
US Government	Treasury Bonds 1.75% - Fixed May 2022	208,158	435,880	47.76%
UBS Global Emerging Markets Fund	Pooled investment vehicles - shares in open-ended investment company	302,414	3,931,131	7.69%
UK Government	Treasury Bonds 2.5% - Index Linked July 2016	22,066	256,089	8.62%
UK Government	Treasury Bonds 2.5% - Index Linked August 2013	70,305	256,089	27.45%
UK Government	Treasury Bonds 2.5% - Index Linked April 2020	136,025	256,089	53.12%

16. Notifiable interests

As at 31 March 2014 GMPF had holdings of 3% or over in the ordinary share capital of the following quoted companies:

UK Equity 31 March 2013 %		UK Equity 31 March 2014 %
7.4	Dixons Retail PLC	4.1
7.2	HMV Group PLC	7.2
7.3	Molins PLC	N/A
3.4	Premier Farnell PLC	4.0
3.0	Scapa Group PLC	N/A
9.3	STV Group PLC	7.9
3.4	Chemring Group PLC	4.9
6.5	Darty PLC	4.2
3.1	SIG PLC	N/A
N/A	Mothercare PLC	3.4
N/A	Synthomer PLC	3.9

17. Commitments

31 March 2013 £000	Asset type	Nature of commitment	31 March 2014 £000
20	Investment Property	Commitments regarding refurbishment works	474
318,274	Indirect private equity and infrastructure managed funds	Commitments to funds	385,733
93,815	Special opportunities portfolio managed fund	Commitments to funds	64,370
7,610	Property managed funds	Commitments to funds	7,610
16,350	Property unit trusts	Commitments to funds	0
26,600	Property unit trusts	Commitments to lend	17,936
0	Administration Property	Commitments to fund	7,001
462,669			**483,124**

The above expenditure was contractually committed as at the 31 March and a series of stage payments are to be made at future dates.

18. Related party transactions

In the course of fulfilling its role as administering authority to GMPF, Tameside MBC incurred costs for services (e.g. salaries and support costs) of £6,286,000 on behalf of the GMPF and reclaimed HMRC VAT (net) of £1,443,000. Total payments due to Tameside MBC, therefore, amounted to £4,843,000 (2012/13 £5,401,000). GMPF reimbursed Tameside MBC £4,413,000 for these charges and there is a creditor of £430,000 owing to Tameside MBC at the year end (2012/13 £303,000 within Creditors). This creditor has been settled since the year end.

The Executive Director of Pensions has his entire full-time remuneration and employers pension contributions of £131,648 (2012/13 £130,535) charged to GMPF. This amount is also detailed in Tameside MBC’s accounts.

The management structure of GMPF was revised in the last quarter of 2013/14 and now includes four Assistant Executive Directors. Their full-time remuneration and employer’s pension contributions (grossed-up to a full year’s effect) are:

Job Title	£
Assistant Executive Director - Investments	89,056
Assistant Executive Director - Administration	89,056
Assistant Executive Director - Funding & Business Development	89,056
Assistant Executive Director - Local Investment & Property	89,056

There is no direct charge to GMPF for the services provided by other key management personnel, who comprise of the Chief Executive, Executive Director of Finance and Executive Director of Governance of Tameside MBC, but a contribution towards their cost is included in the recharge as detailed above. They receive no additional salary or remuneration for undertaking this role. Details of the total remuneration of these officers, together with the Chair of the Management Panel, can be found by accessing the following links:

http://www.tameside.gov.uk/constitution/part6#appendixa and
http://www.tameside.gov.uk/statementofaccounts/1314 (note 46).

Paragraph 3.9.4.3 of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom exempts local authorities from the key management personnel disclosure requirements of IAS 24, on the basis that the disclosure requirements for officer remuneration and members' allowances detailed in section 3.4 of the Code (which are derived from the requirements of Regulation 7 (2)-(4) of the Accounts and Audit (England) Regulations 2011 and Regulation 7A of the Accounts and Audit (Wales) Regulations 2005) satisfy the key management personnel disclosure requirements of paragraph 16 of IAS 24.

The disclosures required by Regulation 7 (2)-(4) of the Accounts and Audit (England) Regulations can be found in the main accounts of the administering authority - Tameside MBC.

No senior officers responsible for the administration of GMPF have entered into any contract (other than their contract of employment) with Tameside MBC (administering authority).

A number of members of the Management Panel and officers responsible for the administration of GMPF have directorships in companies which have been incorporated for the sole purpose of the investment administration and management of GMPF's assets. These are:

Name	Position in GMPF	Company in which directorship is held
Cllr M Whitley	Management Panel Member	Elisabeth House Nominee 1 Limited Elisabeth House Nominee 2 Limited Elisabeth House (General Partner) Limited
Cllr J Taylor	Management Panel Member	Elisabeth House (General Partner) Limited
Peter Morris	Executive Director - Pensions	GMPF UT (Second Unit Holder) Limited Elisabeth House Nominee 1 Limited Elisabeth House Nominee 2 Limited Elisabeth House (General Partner) Limited
Patrick Dowdall	Assistant Executive Director - Local Investment & Property	Matrix Homes (General Partner) Limited
Andrew Hall	Investment Manager	GMPF UT (Second Unit Holder) Limited Matrix Homes (General Partner) Limited

The above receive no remuneration for these directorships.

Under legislation introduced in 2003/04, Councillors were entitled to join the pension scheme. Councillor J Pantall, member of the GMPF Management Panel, and Employee representative F Llewellyn both received pension benefits from GMPF during the financial year. In addition, the following Councillors, members of the GMPF Management and Advisory Panels, and Employee representatives made pension contributions to GMPF during the financial year:

Name	Position
Cllr K Quinn	Councillor member
Cllr S Quinn	Councillor member
Cllr G Cooney	Councillor member
Cllr J Fitzpatrick	Councillor member
Cllr J Lane	Councillor member
Cllr M Smith	Councillor member
Cllr JC Taylor	Councillor member
Cllr A Mitchell	Councillor member
Cllr D Ward	Councillor member
Cllr D Buckley	Councillor member
Cllr T Halliwell	Councillor member
D Schofield	Employee representative
A Mulryan	Employee representative
J Thompson	Employee representative
M Baines	Employee representative
M Rayner	Employee representative

Each member of the GMPF Management and Advisory Panels and Working Groups formally considers declarations of interest at each meeting. In addition, an annual return of all declarations of interest is obtained from the members by their respective Councils. Those relevant to GMPF Management Panel membership are listed below:

Name	Position & Organisation	Organisation relationship with GMPF
Cllr K Quinn	Director of New Charter Building Company Ltd	Contributing employer
	Non-executive Director of Manchester Airport Group	Contributing employer
Cllr S Quinn	Vice Chair North West Local Authorities Employers Organisation	Contributing employer
Cllr D Ward	Member of General Assembly of University of Manchester	Contributing employer
Cllr JC Taylor	Chairman of Tameside Sports Trust	Contributing employer
Cllr M Smith	Employee of Manchester Working Ltd	Contributing employer
	Vice-Chair of Greater Manchester Fire & Rescue Authority	Contributing employer
Cllr G Cooney	Employee of Manchester City Council	Contributing employer
Cllr A Mitchell	Committee Member of Groundwork Organisations	Contributing employer
Cllr W Pennington	Member of General Assembly of University of Manchester	Contributing employer
Cllr T Halliwell	Employee of Wigan & Leigh College	Contributing employer

The administering authority, Tameside MBC, falls under the influence of The United Kingdom Department of Communities and Local Government. GMPF may have significant holdings of UK Government Bonds depending on investment decisions

19. Employer related investment

Greater Manchester Property Venture Fund includes a standing investment of office accommodation leased to Wigan MBC. It is valued at £1,170,000 as at 31 March 2014 (2012/13 £1,740,000) and is included in the Investment property category within the net asset statement.

20. Contributions received and benefits paid during the year ending 31 March

Contributions Received 2013 £m	Benefits Paid 2013 £m		Contributions Received 2014 £m	Benefits Paid 2014 £m
(31)	33	Bolton Borough Council	(29)	34
(17)	21	Bury Borough Council	(18)	22
(49)	83	Manchester City Council	(52)	96
(20)	29	Oldham Borough Council	(20)	29
(23)	31	Rochdale Borough Council	(22)	30
(25)	32	Salford City Council	(26)	34
(20)	27	Stockport Borough Council	(21)	27
(18)	29	Tameside Borough Council (administering authority)	(19)	28
(17)	21	Trafford Borough Council	(17)	22
(27)	34	Wigan Borough Council	(27)	36
(84)	78	Other scheme employers *	(91)	79
(66)	80	Admitted bodies *	(66)	90
(397)	**498**		**(408)**	**527**

* A full list of all scheme and admitted bodies can be found in the GMPF Annual Report 2013/14 which will be available at www.gmpf.org.uk, following the GMPF Annual General Meeting in September 2014.

21. Statement of Investment Principles and Funding Strategy Statement

GMPF has published a Statement of Investment Principles and a Funding Strategy Statement. Both documents can be found on its website - www.gmpf.org.uk.

22. Actuarial Review of the Fund

GMPF's last Actuarial valuation was undertaken as at 31 March 2013. A copy of the valuation report can be found on the GMPF website – http://www.gmpf.org.uk/2014/documents/policies/actuarialvaluation/2013.pdf

The funding policy is set out in the Funding Strategy Statement (FSS) dated 7 March 2014. The key funding principles are as follows:

- to ensure the long-term solvency of GMPF as a whole and the solvency of each of the notional sub-funds allocated to individual employers;
- to ensure that sufficient funds are available to meet all benefits as they fall due for payment;

- to ensure that employers are aware of the risks and the potential returns of the investment strategy;

- to help employers recognise and manage pension liabilities as they accrue, with consideration as to the effect on the operation of their business where the Administering Authority considers this to be appropriate;

- to try to maintain stability of employer contributions;

- to use reasonable measures to reduce the risk to other employers, and ultimately to the Council Tax payer, from an employer ceasing participation or defaulting on its pension obligations;

- to address the different characteristics of the disparate employers or groups of employers to the extent that this is practical and cost-effective; and

- to maintain the affordability of GMPF to employers as far as is reasonable over the longer term.

The Valuation revealed that GMPF's assets, which at 31 March 2013 were valued at £12,590 million, were sufficient to meet 90.5% of the present value of promised retirement benefits earned. The resulting deficit was £1,317 million.

The key financial assumptions adopted for the 2013 valuation were:

	31 March 2013	
Financial assumptions	**Nominal % p.a.**	**Real % % p.a.**
Discount rate	4.80%	2.30%
Pay increases*	3.55%	1.05%
Price inflation/Pension increases	2.50%	-

* plus an allowance for promotional pay increase.

The liabilities were assessed using an accrued benefits method that takes into account pensionable membership up to the valuation date. It also makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

23. Stocklending

GMPF's custodian, J P Morgan, is authorised to release stock to third parties under a stocklending agreement. Under the agreement, GMPF do not permit J P Morgan to lend UK or US equities.

At the year end the value of stock on loan was £233.2 million (31 March 2013: £147.7 million) in exchange for which the custodian held collateral at fair value of £245.4 million (31 March 2013: £154.9 million), which consisted exclusively of UK, US and certain other government bonds.

24. AVC Investments

GMPF provides an AVC scheme for its contributors, the assets of which are invested separately from GMPF. These amounts are not included in the GMPF accounts in accordance with regulation 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009 No 3093).

The scheme provider is Prudential where the sums saved are used to secure additional benefits on a money purchase basis for those contributors electing to pay additional voluntary contributions. The funds are invested in a range of investment products including with profits, fixed interest, equity, cash, deposit, property, and socially responsible funds, as follows:

Contributions paid	£5,985,415
Units purchased	930,486
Units sold	719,174
Fair value as at 31 March 2014	**£62,409,071**
Fair value as at 31 March 2013	£62,836,787

25. Actuarial present value of promised retirement benefits

CIPFA's Code of Practice on Local Authority Accounting 2013/14 requires administering authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 Accounting and Reporting by Retirement Benefit Plans refers to as the actuarial present value of promised retirement benefits.

This value has been calculated by GMPF's Actuary, Hymans Robertson LLP, using the assumptions below.

Assumptions used

The assumptions used are those adopted for the administering authority's IAS19 Employee Benefits report at each year end as required by the CIPFA Code of Practice on Local Authority Accounting 2013/14.

Financial Assumptions

31 March 2013 % p.a.	Year ended:	31 March 2014 % p.a.
2.80%	Inflation/pension increase rate	2.80%
4.60%	Salary increase rate*	3.85%
4.50%	Discount rate	4.30%

* salary increases are assumed to be 1% p.a. nominal until 31 March 2015 reverting to the long term rate thereafter.

Mortality

Life expectancy is based on GMPF's VitaCurves with improvements in line with the CMI 2010 model, assuming the current rate of improvements has reached a peak and will converge to a long term rate of 1.25% p.a.. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.4 years	24.0 years
Future pensioners**	24.0 years	26.6 years

** future pensioners are assumed to be currently aged 45

Commutation

An allowance is included for future retirements to elect to take 55% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 80% of the maximum tax-free cash for post-April 2008 service.

Balance sheet

31 March 2013 £m		31 March 2014 £m
16,350	Present value of promised retirement benefits	16,873

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2013. No allowance has been made for unfunded benefits.

Sensitivity analysis

The sensitivities regarding the principle assumptions used to measure the scheme liabilities are set out below.

31 March 2013			31 March 2014	
Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)	Change in assumptions at year ended 31 March	Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)
7%	1,145	0.5% increase in the Pension Increase Rate	7%	1,181
3%	491	0.5% increase in the Salary Increase Rate	2%	337
3%	491	1 year increase in member life expectancy	3%	506
10%	1,635	0.5% decrease in Real Discount Rate	9%	1,519

It should be noted that the above figures are appropriate only for preparation of the accounts of GMPF. They should not be used for any other purpose.

26. Post Balance Sheet Event

On 1 June 2014, GMPF became the sole administering authority for probation staff and former probation staff that have or are eligible for LGPS membership. The changes come as the Ministry of Justice implements structural reform to the probation service, replacing 35 probation trusts with 21 private sector Community Rehabilitation Companies (CRC) and a National Offender Management Service (NOMS). Approximately 36,000 members and £3 billion of assets will be bulk-transferred to GMPF from 34 other LGPS funds. The transition process is planned to conclude in Spring 2015.