
Tameside MBC

Statement of Accounts

2021/22

DRAFT Subject to audit

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***DRAFT Statement of Accounts 2021/22 – These accounts have not yet been subject to audit.
The External Auditor’s report will be inserted here on completion of the audit.***

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Narrative Report and Financial Summary

This section identifies and briefly explains each part of the document and includes an overview by the Director of Finance (Section 151 Officer) on the Council's financial performance during the accounting period.

1) Executive Summary

The following pages present the Council's accounts for the financial year ended 31 March 2022. By producing this report, the Council aims to give all stakeholders i.e. – 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 Narrative Report 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 in the following sections:

- 2) Corporate Leadership and Strategy;**
- 3) The Profile of the Borough;**
- 4) The year in review: Financial Performance in 2021/22;**
- 5) Financial Strategy: Outlook for 2022/23 and future years;**
- 6) The Financial Statements: basis of preparation, purpose and summary; and**
- 7) Significant transactions in 2021/22.**

It should be noted that although the Statement of Accounts is produced annually, the Members and Senior Officers of the Council receive monthly financial reports throughout the year on overall performance against budget for revenue budget and quarterly for capital budgets. These monthly and quarterly reports are considered by Executive Cabinet and are available on the Council's Website. The Medium Term Financial Plan (MTFP), which sets out the financial plan for the next five years, is also updated during the year and reported formally to both Members and Officers, and available on the Council's website. The figures presented in the accounts are consistent with the other reports that have been published during the year.

Covid-19

The Council faced major challenges as a result of the Covid-19 pandemic, which has had a significant impact on the way in which Council services have been delivered over the last two years. Working across the Strategic Commission, the response has focused on supporting local health services, supporting shielding and other vulnerable residents, whilst maintaining essential service delivery. The financial impact of Covid-19 has been significant, with the Council exposed to both direct costs supporting the response to the pandemic, and indirect costs, including the impact on service delivery and income streams which are crucial to supporting financial sustainability. Significant grant funding has been received both for targeted direct interventions and support, and to provide more general financial support. The financial and economic impacts of the pandemic have continued during 2021/22, and are expected to continue during 2022/23 and future years.

Government grant funding in 2021/22 has enabled the Council to provide targeted support and interventions to manage and contain infection rates, and support those impacted most significantly by the pandemic. Grants received in 2021/22 have enabled the Council to cover the direct costs of the pandemic, and funding carried forward will be utilised for ongoing support and intervention during 2022/23. Funding and contributions received in 2021/22 is as follows:

COVID related funding 2021/22

| COVID Grant Income recognised in CIES | 2021/22 £000 |
|--|-----------------|
| Additional Restrictions Grant | (4,434) |
| Asymptomatic Testing Sites | (189) |
| Clinically Extremely Vulnerable | (443) |
| Contain Outbreak Management Fund | (4,788) |
| Council Tax Hardship Grant | (2,026) |
| Self-isolation Pathfinder | (146) |
| ESFA Covid grants passported to schools | (1,942) |
| Household Support Fund | (2,224) |
| Infection Control Fund | (2,437) |
| Local Authority Support Grant | (7,321) |
| Local Restrictions Support Grant | (280) |
| New Burdens | (390) |
| Sale Fees and Charges Support Grant | (469) |
| Self Isolation Support | (617) |
| Tax Income Compensation Scheme | (2,766) |
| Test and Trace Support Grant | (1,131) |
| Test and Trace Support Payments Grant | (517) |
| Winter Grant Scheme | (1,133) |
| Workforce Capacity Fund | (8) |
| Workforce Recruitment and Retention Fund | (2,223) |
| Total | (35,485) |

2) Corporate Leadership and Strategy

The Council's political leadership is responsible for delivering on priorities, and the Executive Cabinet determines where investment and resources will be allocated 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. Alongside Executive Cabinet, the Strategic Commissioning Board, a joint Board of the Council and Tameside and Glossop Clinical Commissioning Group (CCG) Members, is the decision making body for health and social care investment within a pooled budget arrangement (Section 75 agreement).

More information on the activities, leadership structure and governance of the Council (including the Constitution, Management structure, meeting agendas and minutes) can be found on the Council's website, located at www.tameside.gov.uk. The Council's Annual Governance Statement, published alongside the Statement of Accounts, provides further information on the governance arrangements in place to ensure proper discharge of its functions.

As an organisation the Council uses its resources, such as money, people and buildings, to deliver the maximum benefit for communities in Tameside. In 2018/19, a new Corporate Plan was developed to outline the strategic direction of the Tameside and Glossop Strategic Commission (Council and CCG) for the next seven years. A copy of the Corporate Plan 'Our People, Our Place, Our Plan' can be found on the Council's website at www.tameside.gov.uk.

The Plan covers a seven year time frame (2019-2026) and sets out the aspirations we have to deliver improved outcomes for our community. The Plan is set out across the life course of our residents and reflects the importance of a vibrant place and economy in delivering our aspirations. The Plan contains a series of statements about our vision for the people and place of Tameside and Glossop. The document also sets out a series of reform principles which underpin the delivery of the strategy and will enable our workforce and stakeholders to understand the way in which we will work.

The Corporate Plan is underpinned by the Greater Manchester Public Reform Principles. These principles set out the way in which we will operate now, and in the future, to deliver the plan and improve outcomes for our residents and communities.

- A new relationship between public services and citizens, communities and businesses that enables shared decision making, democratic accountability and voice, genuine co-production and joint delivery of services. Do with, not to.
- An asset based approach that recognises and builds on the strengths of individuals, families and our communities rather than focussing on the deficits.
- Behaviour change in our communities that builds independence and supports residents to be in control.
- A place based approach that redefines services and places individuals, families, communities at the heart.
- A stronger prioritisation of well-being, prevention and early intervention.
- An evidence led understanding of risk and impact to ensure the right intervention at the right time.
- An approach that supports the development of new investment and resourcing models, enabling collaboration with a wide range of organisations.

3) The Profile of the Borough

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 context.

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 2019 show that Tameside had a total estimated population of 226,493. Within Tameside's population:

- 45,761 were aged 0-15 years (20.20% of Tameside's population);
- 140,706 were aged 16-64 (62.12% of Tameside's population); and
- 40,026 were aged 65 or over (17.67% of Tameside's population).

Tameside has a slightly higher proportion of residents aged under 16 (20.20% compared to 19.22% England overall) and fewer people aged 65 or over (17.67% compared to 18.39% England overall). ONS Subnational Population Projections from 2018 indicate that Tameside's population is projected to increase to around 228,900 (c.1.6%) by 2025. Much of this growth is due to projected increases in the number of people aged 65 and over; a projected 18.36% increase in this age group between 2018 and 2025. 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; and

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-
- 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 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 English Indices of Deprivation 2019:

- Of the 141 areas in Tameside, 11 of these fall within the most deprived 5% nationally and a further 18 fall within the most deprived 10% nationally;
- In total, approximately 17.0% of Tameside residents live in income-deprived households;^[1]
- Of those children aged 0-15, 10.6% live in income-deprived households (Income Deprivation Affecting Children Index); and
- Of those residents aged 65 and over, 6.4% live in income-deprived households (Income Deprivation Affecting Older People Index).

Education

- In Tameside, 63% of pupils (58% of boys and 69% of girls) met the expected standard in reading, writing and maths at Key Stage 2 in 2019 compared to 65% nationally (61% of boys and 70% of girls); and
- 69.4% of school children (65.1% of boys and 73.5% of girls) in Tameside achieved a standard 9-4 pass in English and Maths at GCSE level in 2020 compared to 71.2% nationally (67.6% of boys and 75% of girls).

Economy

- The median annual income for a full time worker in Tameside in 2020 was £25,643. This is lower than both the North West median of £29,700 and England of £31,766^[2];
- The claimant count as a proportion of the working age population in Tameside in April 2021 was 7.8% (an increase of 1,400 people from April 2020). This rate is higher than the England average of 6.5%. The claimant count increased for both men and women over the year to this point^[3].
- 3.8% of young people aged 16 and 17 in Tameside were not in education, training or employment (NEET) averaged across December 2019 to February 2020, a fall from 4.8% over the same period the previous year.
- The Borough hosts over 7,772 business addresses, with a combined rateable valuation of over £148.9 million at 1 April 2021.

^[1] Based on the number of residents that fall within the most deprived 5% and 10% nationally for a particular indicator.

^[2] Annual survey of hours and earnings - resident analysis (2019). The earnings information collected relates to gross pay before tax, national insurance or other deductions, and excludes payments in kind. Full-time workers are defined as those who work more than 30 paid hours per week or those in teaching professions working 25 paid hours or more per week.

^[3] This experimental series counts the number of people claiming Jobseeker's Allowance plus those who claim Universal Credit and are required to seek work and be available for work and replaces the number of people claiming Jobseeker's Allowance as the headline indicator of the number of people claiming benefits principally for the reason of being unemployed. The JSA datasets have all been moved to a new Jobseeker's Allowance theme. Under Universal Credit a broader span of claimants are required to look for work than under Jobseeker's Allowance. As Universal Credit Full Service is rolled out in particular areas, the number of people recorded as being on the Claimant Count is therefore likely to rise.

Housing

- There are 103,441 dwellings on the council tax base in Tameside as of September 2020.
- At the time of the Census in 2011 there were 94,953 households, 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 other.
- According to the 2019 Sub-Regional Fuel Poverty Data, 14.7% of Tameside households are in fuel poverty.

Health

Health and wellbeing in Tameside is generally worse than England with heart disease, stroke, cancer and liver disease being significant issues.

Public Health England statistics state that healthy life expectancy at birth is currently 58.2 years for females and 61.6 years for males in Tameside. This is significantly lower than the England average of 63.5 years for females and 63.2 years for males.

Life expectancy locally is 1.9 years lower for females and 8.1 years lower for males in the most deprived areas of Tameside compared to the least deprived areas. Life expectancy at birth is currently 80.6 years for females and 77.5 years for males in Tameside. This is lower than the England average of 83.4 years for females and 79.8 for males.

Reducing the gap in life expectancy that exists between different parts of the Borough by ensuring that all residents have the same opportunities to live and work well, is a key priority for the Council.

4) The Year in Review: Financial Performance in 2021/22

REVENUE BUDGET

In February and March 2021, the Strategic Commission agreed 2021/22 budgets for the Tameside and Glossop Clinical Commissioning Group (CCG) and Tameside Council. These budgets were set in the context of continued funding cuts in local government, and significant growing demographic and demand pressures across the health economy, with significant savings targets which needed to be delivered to achieve a balanced position by 31 March 2022.

During 2021/22, the Strategic Commission has continued reporting on the financial position of the Tameside Health Economy as a whole in monthly Integrated Commissioning Fund (ICF) financial monitoring reports. These monthly reports have been supplemented by deep dive detailed service area reports on a periodic basis.

Integrated Commission Revenue Outturn Position 2021/22

| Forecast Position £000's | Outturn Position | | | | |
|--------------------------------------|-----------------------|------------------|----------------|----------------|--------------|
| | Expenditure Budget | Income Budget | Net Budget | Outturn | Variance |
| CCG Expenditure | 456,024 | 0 | 456,024 | 456,024 | 0 |
| TMBC Expenditure | 548,432 | (353,938) | 194,494 | 194,625 | (131) |
| Integrated Commissioning Fund | 1,004,456 | (353,938) | 650,518 | 650,649 | (131) |

At the end of another unusual and challenging financial year for the Strategic Commission and ICFT, the final outturn position on 2021/22 budgets presented a broadly balanced position, with a small overspend on Council Budgets (which has been funded from general reserves).

Whilst the overspend position on Council Budgets was an improvement on forecasts earlier in the financial year, the final position was achieved through a number of one-off savings or mitigations, and additional income which is not available in 2022/23. Significant pressures remain within some Directorates and there remain a number of savings targets which still need to be delivered to reduce the financial pressures facing the Council in 2022/23 and future years.

Council Revenue Outturn Position by Directorate 2021/22

| Outturn Position £000's | Outturn Position (Net) | | |
|-----------------------------------|------------------------|----------------|--------------|
| | Budget | Outturn | Variance |
| Adults | 40,703 | 39,709 | 994 |
| Children's Services - Social Care | 54,345 | 58,185 | (3,840) |
| Education | 7,467 | 7,045 | 422 |
| Population Health | 14,843 | 13,846 | 997 |
| Place | 58,943 | 59,842 | (899) |
| Governance | 9,319 | 9,517 | (199) |
| Finance & IT | 8,411 | 7,944 | 466 |
| Quality and Safeguarding | 147 | 147 | 0 |
| Capital and Financing | 7,590 | 6,717 | 873 |
| Contingency | 1,503 | 499 | 1,004 |
| Contingency - COVID Costs | 0 | 27,534 | (27,534) |
| Corporate Costs | 5,080 | 4,887 | 193 |
| LA COVID-19 Grant Funding | (13,856) | (38,022) | 24,166 |
| Other COVID contributions | 0 | (3,225) | 3,225 |
| TMBC Budgets | 194,494 | 194,625 | (131) |

COVID continues to place a significant operational strain on the system, while the longer-term financial outlook is a cause for concern as we contend with the aftermath of the pandemic at the same time as addressing an underlying financial deficit. The immediate financial impacts of COVID have been addressed with significant one-off funding but this is not available in 2022/23 and future years. The longer-term impacts of COVID, uncertainty over future local government funding, and a lack of clarity over future operational arrangements with partners in the NHS, present significant barriers to sustainable financial planning.

The revenue budget structure reflects the Strategic Commission's organisation and management structure for the delivery of services, although the Council and CCG remain as separate legal entities. This Statement of Accounts covers the budgets of the Tameside Metropolitan Borough Council budgets. The Statutory Accounts of the CCG are published separately. The Expenditure and Funding Analysis Note 1 provides a reconciliation between the deficit of £0.131m on the Revenue Budget for TMBC Expenditure and the net deficit on the provision of services reported on the face of the Comprehensive Income and Expenditure Statement (CIES). The CIES includes a number of non-cash items which are required under accounting standards but are not costs that can be charged to Council Tax Payers.

COLLECTION FUND

Collection Fund Outturn 2021/22

| Collection Fund for the year ended 31 March 2022 | BUDGET | | | OUTTURN | | | VARIANCE £000 |
|--|------------------|-----------------|------------------|------------------|-----------------|------------------|----------------|
| | Council Tax £000 | NDR £000 | Total £000 | Council Tax £000 | NDR £000 | Total £000 | |
| Income | | | | | | | |
| Income from Council Tax | (121,993) | - | (121,993) | (123,301) | - | (123,301) | (1,308) |
| Transfers from General Fund | - | - | 0 | (1,012) | - | (1,012) | (1,012) |
| Income from NDR | - | (53,258) | (53,258) | - | (47,328) | (47,328) | 5,930 |
| Total Income | (121,993) | (53,258) | (175,251) | (124,313) | (47,328) | (171,641) | 3,610 |
| Expenditure | | | | | | | |
| <u>Council Tax</u> | | | | | | | |
| The Council* | 99,239 | - | 99,239 | 99,239 | - | 99,239 | - |
| Mayoral Police and Crime Commissioner | 13,500 | - | 13,500 | 13,500 | - | 13,500 | - |
| GM Fire and Rescue Authority | 5,625 | - | 5,625 | 5,625 | - | 5,625 | - |
| <u>NDR</u> | | | | | | | |
| The Council | - | 52,725 | 52,725 | - | 52,725 | 52,725 | - |
| GM Fire and Rescue Authority | - | 533 | 533 | - | 533 | 533 | - |
| Allowance for cost of collection | - | 286 | 286 | - | 286 | 286 | - |
| Transitional Protection Payments | - | 768 | 768 | - | 500 | 500 | (268) |
| Allowance for non-collection | 3,660 | 1,789 | 5,449 | 4,886 | 406 | 5,292 | (157) |
| Provision for appeals | - | 3,544 | 3,544 | - | 419 | 419 | (3,125) |
| <u>Surplus/deficit allocated/paid out in year:</u> | | | | | | | |
| The Council | (445) | (28,710) | (29,155) | (445) | (28,710) | (29,155) | - |
| Mayoral Police and Crime Commissioner | (64) | - | (64) | (64) | - | (64) | - |
| GM Fire and Rescue Authority | (41) | (290) | (331) | (41) | (290) | (331) | - |
| Total Expenditure | 121,474 | 30,645 | 152,119 | 122,700 | 25,869 | 148,569 | (3,550) |
| (Surplus)/deficit for the year | (519) | (22,613) | (23,132) | (1,613) | (21,459) | (23,072) | 60 |
| Balance brought forward | (1,903) | 32,029 | 30,126 | (1,903) | 32,029 | 30,126 | (1,903) |
| Surplus/deficit for the year | (519) | (22,613) | (23,132) | (1,613) | (21,459) | (23,072) | 60 |
| (Surplus)/deficit carried forward | (2,422) | 9,416 | 6,994 | (3,516) | 10,570 | 7,054 | (1,843) |

The opening position on 1 April 2021 was a deficit of £30.126m on the Collection Fund, due to the impact of COVID on collection rates and the Business Rates Reliefs schemes during 2020/21. Regulations require that this exceptional COVID related deficit is recovered over a three year period.

The 2021/22 budget forecast an in year surplus on the Collection Fund of £23.132m as part of the recovery of this deficit, with the majority of this surplus being generated from additional section 31 grants provided to the Council by Government to compensate for additional Business Rate Reliefs. This assumed medium term collection rates of 97% (reduced from 98% in previous years), no significant increase in the level of appeals on rateable values for business rates, and growth in the Council Tax base as a result of new homes.

The outturn position on the Collection Fund for 2021/22 is an in year surplus of £23.072m, reducing the overall deficit at 31 March 2022 to £7.054m. The MTFP assumes that the remainder of this deficit will be recovered over the 2022/23 and 2023/24 financial years. Key messages for 2021/22 include:

- Collectable Council Tax Income (the Council Tax Net Debit) is £1.308m greater than budget, due to housing growth exceeding forecasts in 2021.
- The Allowance for non-collection of Council Tax income has been increased by more than budget to reflect an expectation that collection of Council Tax arrears will be more difficult in the current challenging economic climate.

- The total income from non domestic rates (NDR income) is £5.930m less than budget due to the extension of Business Rate Relief schemes during 2021/22. These additional reliefs are funded by section 31 grants which do not form part of the collection fund. The additional section 31 grant is recognised in the general fund and has been taken to reserves to fund the repayment of the deficit in 2022/23.
- The contribution to the provision for losses on NDR appeals is less than budget as the level of challenges and appeals on the rating list remains lower than that experienced on the previous rating list. This remains an area of uncertainty and financial risk, and the level of provision will remain under review.

ADULTS SERVICES

| Outturn Position 2021/22 | Outturn Position (Net) | | |
|-----------------------------|------------------------|-------------------|--------------------|
| | Budget £000's | Outturn £000's | Variance £000's |
| Adults | 40,703 | 39,709 | 994 |

The net underspend position in 2021/22 was due to significant additional income, one-off savings and redirection of resources to address the implications of the COVID pandemic. There is an underlying 'non-covid' pressure of approximately £3m – additional funding has been included in the 2021/22 budget but there remains a risk that pressures will continue to exceed budget in future financial years.

Adult Services provides a wide variety of functions and services including assessment and care management, direct provision of services and a commissioning and contract monitoring function. The service employs approximately 590 staff to deliver these services.

Approximately 70% of all direct provision services are commissioned in the independent sector – this includes residential and nursing care, home care services, 24 hour supported accommodation services for people with learning disabilities, people with mental health issues and extra care housing. Services are delivered for older people, people with learning disabilities, mental health issues and physical disabilities.

Achievements and Successes 2021/22:

- Despite the pandemic, services have continued to support people to live independently in their own homes and have maintained all service provision.
- There has been an increase of 30% in the number of home care hours commissioned each week – this supports people to live well at home.
- Where individuals have continued to choose to isolate, alternative engagement has been managed via our providers.
- Despite the pandemic the number of people with Learning Disabilities in paid employment has been maintained.
- Three new properties have come on stream resulting in 30 people being offered new tenancies, great outcomes and savings/cost avoidance.
- Services were delivered within the allocated budget, and this continues to be supported with additional funding via the improved Better Care Fund (iBCF)
- Moving with Dignity continues to be implemented, improving outcomes for people and reducing the need for high cost packages of care.

CHILDREN'S SERVICES – SOCIAL CARE

| Outturn Position 2021/22 | Outturn Position (Net) | | |
|-----------------------------------|------------------------|-------------------|--------------------|
| | Budget £000's | Outturn £000's | Variance £000's |
| Children's Services - Social Care | 54,345 | 58,185 | (3,840) |

The outturn position of £3,840k over budget is predominantly due to ongoing pressures related to the number and cost of external placements.

The Council has allocated significant additional investment to the directorate budget provision over recent years to support the necessary service improvements and respond to increased demand and cost pressures relating to placements. The medium term financial plan assumes that spending reductions can be achieved in Children's Services in the medium term as the number of placements reduces, however continued cost pressures may put delivery of these spending reductions at risk.

The Directorate is responsible for securing the provision of services which address the needs of all children and young people, including the most disadvantaged and vulnerable, and their families and carers. The Directorate is responsible for the performance of local authority functions relating to the education and social care of children and young people.

Achievements and successes in 2021/22:

- Positive Youth Offending Service Inspection achieving 'Good'
- Delivered Holiday & Food Programme to 9,000 Families
- Completed consultation for improved Fostering Offer
- Developed 12 week assessment 3 bedded Residential Children's Home opening early 2022
- Implemented a service redesign for Family Intervention – working 7 days
- Developed a STARS model (Strengthening Tameside's approach to Repeat Removals)

EDUCATION AND SCHOOLS

| Outturn Position 2021/22 | Outturn Position (Net) | | |
|-----------------------------|------------------------|-------------------|--------------------|
| | Budget £000's | Outturn £000's | Variance £000's |
| Education | 7,467 | 7,045 | 422 |

The Education outturn variance is a net underspend position, with pressures on Special Educational Needs transport due to an increase in children eligible for statutory support and underachievement of income from Education Traded Services, being offset by budget savings due to proactive management action including significant vacancy management.

The Education Service has following key functions:

- Early Years – to ensure sufficient provision is available and that the quality is either good or outstanding
- School Improvement – to ensure that all education provision is either good or outstanding
- Place Planning & Admissions – to ensure we have sufficient school places and that children all have fair access to our schools
- Special Educational Needs – to ensure that all children's needs are accurately assessed at the first opportunity and they receive education provision that meets their needs and helps them to achieve their potential

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- Alternative Provision– to deliver provision for children who are too ill to attend school and those who have been permanently excluded from school
 - Virtual School – to fulfil our corporate parenting responsibility for children in care
 - Specialist Services – to manage resources, governor services, school attendance service, elective home education, children missing education, music service

Achievements and successes in 2021/22:

- Supported schools and settings to open fully in summer and autumn terms; continued a collaborative relationship with Public Health and Health and Safety to support safe and sensible COVID related decisions.
- 85.4% of young people were placed in their 1st choice secondary school compared to 81.1% nationally.
- 94.3% of children were placed in their 1st choice primary school compared to 91.8% nationally.
- 84% of 2 year olds are benefitting from universal funded early education places despite the coronavirus pandemic closures.
- 98% of Personal Education Plans completed for the summer term 20/21 for our cared for children.
- EHC plans maintained by Tameside is 1960 up from 1344 in 2019.
- Nearly 350 EHCPs completed in the 2021 calendar year.
- Over 70,000 supermarket vouchers distributed to families in need eligible for free school meals over holiday periods.
- 40 additional specialist resourced places created from September 2021.
- 40 additional places in special schools from September 2021.
- Tameside pupils had, on average, 69% of pupils achieving a standard 9-4 pass in English and maths in summer 2021 at KS4.
- Highest ever numbers of care leavers attending higher education.
- Secondary inclusion practice transformation programme led by Tameside PRU has been co-produced with the system and established in mainstream schools.
- Focused work with Headteachers on identifying and tracking children stuck abroad in second lockdown.
- Back to School – Tameside Loves School campaign. Reassurance posters shared in public spaces; banners placed in each town in the borough; local media campaign; compendium of age appropriate resources sent to schools. 100% attendance campaign for first half term 2020/21.
- Established formal partnership working with Stockport Council (shared Director of Education) with the ambition to develop a shared service model.
- Despite managing the impact of the COVID 19 pandemic we have completed a number of key pieces of work including: Publishing an updated JSNA, Outcomes Framework, SEND Strategy, Joint Commissioning Strategy and Co-Production Framework and updating our SEND improvement plans. Guidance on attendance updated and reissued especially those working with vulnerable pupil groups on good attendance practices. Children with medical conditions protocol updated and enhanced to support schools and families.

Dedicated Schools Grant (DSG)

The dedicated schools grant is allocated through a nationally determined formula to local authorities in 4 blocks:

- Central School Services Block - provided to provide funding to Local Authorities to support carrying out statutory duties on behalf of schools.
- Schools Block - This is intended to fund mainstream (non-special) Schools
- High Needs Block - This is to fund Special Schools, additional support in mainstream schools for Special Educational Needs (SEND) and other SEND placements / support.
- Early Years Block -This funds the free/extended entitlement & funding of places for 2, 3 and 4 year olds in school nurseries and Private, Voluntary and Independent (PVI) Sector setting.

The balance of dedicated schools grant is set aside in an earmarked reserve details of which are outlined in the table below for both the final year end position in 2020/21 and the position for 2021/22.

| | 2020/21 Surplus / (Deficit) £000 | 2021/22 Surplus / (Deficit) £000 |
|---|--|--|
| DSG Reserve Brought Forward | (557) | (1,686) |
| Schools Block | 296 | 178 |
| In year surplus on Central Service Block | 6 | 7 |
| In year deficit on High Needs Block | (1,822) | (1,973) |
| In year surplus on Early Years | 703 | 147 |
| Variation to Early Years 2019-20 Adjustment | (18) | 0 |
| Estimated Early Years 2020-21 Adjustment and Final Adjustment | (293) | 6 |
| Estimated Early Years 2021-22 Adjustment | 0 | 78 |
| DSG Reserve Closing balance | (1,686) | (3,243) |

In 2020/21 the deficit increased from £0.557m to £1.686m. In the main this movement was due to funding the overspend on the High Needs Block. There were contributions to the reserve in year too, the most significant of these relating to surplus funds in the Early Years Block, the underspend on schools block relates to business rates and unallocated growth.

The 2021/22 cumulative deficit on DSG is £3.243m, mainly as a result of the continued pressure on High Needs but partly offset by surpluses on the other funding blocks. Under DfE regulations the authority has produced a deficit recovery plan which has been submitted to the DfE outlining how we expect to recover this deficit and manage spending over the next 3 years. There is continual review with the DfE on the deficit recovery and the position will continue to be closely monitored throughout the year and updates reported to Members.

POPULATION HEALTH

| Outturn Position 2021/22 | Outturn Position (Net) | | |
|-----------------------------|------------------------|-------------------|--------------------|
| | Budget £000's | Outturn £000's | Variance £000's |
| Population Health | 14,843 | 13,846 | 997 |

The outturn position for 2021/22 was an underspend on core budgets due to staffing resources being redirected to address the COVID-19 pandemic, and targeted projects subsequently being delayed. This resulted in a number of one-off savings for 2021/22 only.

The purpose of the Directorate is to improve and protect the health and wellbeing of people living and working in Tameside, working closely with partner organisations to understand and address the wider issues that influence people's health locally:

- Provide public health leadership, information, advice and understanding to enable decisions that are based on people's need and what is effective.
- Commissioning and monitoring key Public Health statutory and non-statutory services and functions.
- Using public health intelligence to survey and assess the population's health and wellbeing.
- Deliver programmes of Health promotion, Health protection, healthcare public health, determinants of health, and health communication.

Achievements and Successes 2021/22:

- Delivery and leadership of COVID-19 response – Containing Covid, outbreak management, testing programme and contact tracing, vaccination programme (80% of team capacity has focused on this work area)
- Successfully maintained client and commissioning lead for Leisure Services and capital programme (Active Tameside) handing over to Growth Directorate – ensure the resilience of these services going forward.
- Delivery and commissioning of all statutory functions for public health
- Completion of CYP needs assessment, and recommissioning of breastfeeding peer support, home visiting/Peer Support, Improved up take of Healthy Start Scheme, launch of new CYP Emotional and Mental Wellbeing Community Offer
- Recommissioning of new sexual health service provider Locala
- New governance process with new DA Steering Group and Operational Group – developed, agreed and delivered commissioning plans throughout 21/22 and 22/23 to meet our statutory obligations under the DA Bill; conducted in depth finance and needs assessment work; launched a new Domestic Abuse Strategy for Tameside.
- Secured additional (grant) funding for public health programmes including Substance Misuse, weight management for adults and children and Domestic Abuse
- Alcohol Exposed Pregnancy Programme – sustained and embedded Prevention Delivery Model working with CGL, Woman and Families Centre and STARS Team, Hidden Harm needs assessment completed, redesign of CYP Branching Out, Concerned Others and PIPS services
- Scaled up tobacco programme with successes in reduced prevalence and smoking in pregnancy
- Ageing Well events in PCNs, Nutrition and Hydration programme delivered, Ageing in Place and Age Friendly Champions
- Securing of £309K additional funding for football in Hattersley and appointment of Project Manager, £50k funding for school cycling, new cycling and walking schemes (£80k) and Pavement Games.

PLACE

| Outturn Position 2021/22 | Outturn Position (Net) | | |
|-----------------------------|------------------------|-------------------|--------------------|
| | Budget £000's | Outturn £000's | Variance £000's |
| Place | 58,943 | 59,842 | (899) |

During 2021/22 the former Directorates of Growth and Operations and Neighbourhoods were merged to create one Directorate of Place with a single Director.

The variance against budget in 2021/22 relates to a number of factors including income losses on car parks, markets and commercial estate (driven by the economic impact of the COVID-19 pandemic); delayed or non-delivery of savings targets; and cost pressures associated with homelessness and temporary accommodation.

Place consists of four Service Areas that work to enhance the lives of citizens and other stakeholders through the development of the area through investment and change:

- Investment, Development and Housing
- Strategic Property Service
- Operations & Neighbourhoods
- Planning & Place Shaping

The Directorate seeks to improve the local area through larger schemes and small deliverables to ensure each person has a fair and equitable life in Tameside. The services invest in, and develop the citizens' opportunities, work skills, living space, community, environment and infrastructure to deliver a more prosperous and enjoyable living experience across all of Tameside.

Achievements and Successes 2021/22:

Investment, development and housing

- Inclusive Growth Strategy 2021 adopted and now being implemented.
- Secured £20m of levelling up funding for Ashton town centre.
- Godley Green Garden Village outline planning application submitted for delivery of up to 2,150 new homes.
- Supported the delivery of the Government's Kickstart Scheme to help residents back into employment.
- Delivered over 30 Tameside Employment Fund Placements
- Facilitated the provision of 10 self-contained apartments and houses for young adults moving to independence. Secured two site with Partners for the provision of apartments for residents with special needs.
- Completed updated St Petersfield Masterplan and commenced preparation of development framework and site investigations at Ashton Moss, to help bring the sites forward to create thousands of employment opportunities for Tameside residents.
- Affordable housing for period 1 April 2020 to 31 March 2021: completions – 57 and starts on site - 220
- Facilitating the acceleration of six Registered Provider Housing schemes across the Borough with £4.3m Brownfield Homes Fund to support 346 new homes.
- Secured £50k of Homes England Revenue Funding for Site Investigations to support acceleration of new homes
- Completed site feasibility and viability study in Stalybridge to provide a robust delivery strategy to bring sites forward for development.
- £100k grant funding secured for Stalybridge Interchange Options Study
- £400k Evergreen 3 revenue funding secured to support growth at Hyde Town Centre and Godley Green
- Hattersley Public Realm Agreement signed and being implemented
- New Ashton Old Baths data centre winner of international architecture award

Strategic property

- Completed construction of the Hyde Pool extension.
- Completed a summer of school condition projects.
- Completed construction of the St Johns C of E Primary School extension.
- Identified a site and commenced design of a new 220 place SEND Primary School.
- Completed construction of a new Library in Droylsden and demolished the former Library.
- Completed a review of the operational estate alongside the WorkSmart agenda.

Operations & Neighbourhoods

- Continuation of frontline services throughout Covid-19, including staff redeployment to ensure resilience and help with humanitarian support.
- Undertaking 3 major service redesigns and consultation projects: Customer Services and Call Centre, Waste collection frequency change and Insourcing Housing Advice.
- Adoption of GM Minimum Licensing Standards.
- Effectively supported businesses through Brexit, in particular Food Export Certificates.
- Reducing the contamination of paper and cardboard by 93% and winning a National Award for this work in the process.
- NABMA Markets Award - National Team of the Year.
- Bereavement Services achieving 'GOLD' Standards from external auditors .
- Cultural Services successfully applied for 98K of Cultural Recovery Funding from ACE.
- Libraries have continuously been open in 21-22, adapting services to Covid restrictions plus - opening the new Droylsden Library in Guardsman Tony Downes House.
- Established the Stalybridge Food Feast and Ashton Artisan .
- Opening & operating the Town House – homeless hostel & community hub .

- Reducing the number of rough sleepers to zero across the borough .
- Introduction of the Council’s first core fleet electric vehicles and charging infrastructure .
- Delivery of the major capital projects – including structural and highways maintenance projects.
- Delivery of the Chadwick Dam, Stalybridge and Hill Street, Ashton-under-Lyne MCF schemes, the LED side roads scheme

Placemaking & Planning

- The development management service has continued to operate through the covid-19 pandemic, helping to deliver investment opportunities for Tameside even though the number of planning applications and enforcement cases have gone up.
- The team have supported virtual meetings e.g. Speakers Panel for Planning.
- A planning application for Godley Green Garden Village has been validated and is currently under consideration. It will be progressed to a decision next year.
- A duty planning service has been developed and implemented, receiving positive feedback from users.
- There has been successful implementation of a means to submit enforcement complaints electronically and further work is underway to improve the enforcement function.

GOVERNANCE

| Outturn Position 2021/22 | Outturn Position (Net) | | |
|-----------------------------|------------------------|-------------------|--------------------|
| | Budget £000's | Outturn £000's | Variance £000's |
| Governance | 9,319 | 9,517 | (199) |

The overspend position in 2021/22 was due to the impacts of the COVID-19 pandemic on Housing Benefit overpayments debt recovery and reduced income from court costs recovery. These cost pressures and income reductions were offset by underspends across the Directorate, primarily due to vacant posts.

Responsibility for the council’s corporate functions sits within the Governance & Pensions Directorate ensuring that all decisions made by the council are carried out in accordance with the council’s governance framework. The directorate provides business management, support and guidance to services within the council on legal, human resources and policy and communications issues. This internal support to frontline service ensures that they are able to deliver the aims of the Council’s Corporate Plan.

Achievements and Successes 2021/22

Exchequer Services

- Successful spend of Discretionary Housing Payment monies £329.7k.
- Payment of £329k Business grants April to November 2021.
- Despite COVID and suspension of recovery of monies on track to achieve collection rates of 94% for current year Council Tax and 97% NNDR .
- Administered discretionary COVID Council Tax Support Hardship Scheme totalling £ 1.843m resulting in every Council Tax Support claimant receiving a £150 reduction from Council Tax.
- Successful distribution of Covid Hardship monies
- Payment of Self Isolation payments through both mandatory and discretionary schemes.
- Total net debit raised from Single Person Discount Review £549k – SPD removed from 1645 accounts.

People and Workforce Development

- Significant improvement in performance of creditors function with 98% of invoices being paid within 30 days. Clearing of accounts payable within 24 hours of lockdown to ensure no local businesses were adversely affected by outstanding payments. 1018 suppliers/payees were paid a total of £11.6m.
- Continued support of the whole workforce changes in response to Covid 19 pandemic and assisted schools to remain open.
- Continued a comprehensive redeployment programme for staff to ensure they are fully utilised when not able to do their normal job role during the ongoing pandemic.
- Continue to deliver a fast track recruitment campaign for social care.
- Continued regular dialogue with all trade unions on a weekly basis during the pandemic period.
- Supported the schools workforce in their return to work in a Covid secure environment, including input into weekly communications to school leaders, provision of webinars and supporting the development of plans for the introduction of testing in schools.
- Continued delivery of the STRIVE leader/aspiring leaders programme
- Development of digital induction and Chief Executive welcome sessions, over 3 sessions and 97 attendees.
- Joint Tameside and Salford leadership apprentice programme and conference.

Policy and Performance

- Supporting inspection and accreditation (Ofsted Assurance Visit preparation)
- Significant future proofing projects / major improvement work programmes – Ofsted / ILACS, Census, LGBCE electoral review
- Support to Executive Leader (blogs, speeches etc.)
- Supporting consultation- enabling difficult decisions and avoiding legal challenge. Enabling over 50 consultations per year. 5,000 plus responses
- Enabling the organisation to meet its statutory equality duties. Including All Equals Role Model Accreditation
- Supporting Scrutiny Panels / Overview Panel
- Leading Co-operative Council Accreditation
- Support to emerging initiatives/ policy issues (humanitarian hub, complex vulnerability, Poverty Truth Commission)
- Delivery of the Corporate Plan (e.g. Environment Strategy)
- Providing a communications and external relations support to the organisation
- Providing timely and accurate information to residents and staff through various channels and networks to enable informed choices, actions and positive behaviour change
- Providing advice and guidance to staff, elected members and schools on media and public relations - liaising with the media on behalf of Officers, Cllrs and schools, providing press briefing notes, drafting quotes for enquiries, and arranging media training
- Developing the Tameside offer to market the borough - Increasing Civic pride as well as promoting Tameside as a desirable place to live a visit for people outside of the borough.
- Reach on social media of 1 million plus per annum
- Supporting dozens of events and initiatives including behaviour change driving cost reductions recruitment of foster carers, seasonal events etc)
- Delivery of Community Champions Programme
- Providing a 24/7 emergency communications service.

FINANCE AND IT

| Outturn Position 2021/22 | Outturn Position (Net) | | |
|-----------------------------|------------------------|-------------------|--------------------|
| | Budget £000's | Outturn £000's | Variance £000's |
| Finance & IT | 8,411 | 7,944 | 466 |

The overall net underspend of £466k is net of under and overspends, which include additional grant income to support the acceleration of Office 365 roll out, underspends on IT projects due to delays in delivery of devices and equipment, and a net contribution to the insurance provision and reserves in excess of budget due to claims being greater than anticipated.

Finance, Audit and Risk Management

Financial Management aims to deliver consistently high quality financial support and advice to the strategic commission and our external customers and ensure that the key outcomes of an effective, efficient and economic financial management service are delivered. The service plays a vital part in delivering some of the Strategic Commission's key Governance outcomes; the annual capital and revenue budgets, the Medium Term Financial Plan, the production of the annual accounts, regular revenue and capital monitoring and forecasting and treasury management are just a few examples.

The Internal Audit Team provides the statutory obligations to have an effective internal audit regime for the Council and are a key part of ensuring that the Council assets and processes are adequately safeguarded. It provides an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

Finance and Audit – Achievements and Successes in 2021/22

The integration journey between the Council and CCG finance teams continues and has enabled the integration of financial reporting to the Executive Cabinet and Strategic Commissioning Board on a consistent basis, allowing the analysis of £1bn of spend, ensuring greater visibility as to the effectiveness of the spending decisions to maximise outcomes for residents, and supported by the expanded Integrated Better Care Fund.

Integration of the workforce continues with key senior staff now working across both the Council and CCG, and with both teams learning from each other. The embedding of new staffing structures has been successful, however the financial management team, in common with many local authorities, has struggled to recruit staff with the appropriate skills and experience and a number of vacancies remain. The rotation of Finance Business Partners has been very successful, generating significant cross-organisational learning, and allowing staff resources to be prioritised to better align support to services and focus on the areas of greatest organisational risk.

Work and relationships with schools continues to be good. There continues to be increasing pressures and underfunding of the High Needs part of the budgets. Plans for a new build Hawthorns Schools are being developed. A recovery plan for high needs spending has been submitted to the DfE to aim to recover the deficit and has the full support of schools. There continues to be robust challenge and monitoring to support those schools who are in deficit, and in preventing further schools from entering into deficit.

The Council's relationship with STAR procurement continues to develop, with a focus on ensuring contract compliance, achieving Value for Money and efficiencies, and enhanced Social Value.

The internal audit plan continued to respond to Council priorities and new risk profiles and the revised plan delivered. Reactive work was delivered in terms of fraud/irregularity work and new/amended processes/systems to ensure the control environment remained robust. Assurance work and fraud investigations have continued to be undertaken in relation to the Business Support Grants/payments provided in response to COVID-19

The corporate risks have been reviewed and reported on a regular basis.

Responsive work in relation to information incidents has been provided together with proactive work to support services conduct due diligence reviews (Data Protection Impact Assessments) for new/amended data sharing and processing arrangements to ensure compliance with data protection legislation.

NAFN continues to grow and develop its service offer and has continued to provide alerts and intelligence to members regarding suspected fraud and worked with BEIS to provide and share intelligence in relation to COVID-19.

Digital Tameside

Information Technology underpins and supports the strategic objectives of the organisation and has a fundamental role to play in improving efficiency, streamlining business processes, enabling new delivery mechanisms and underpinning transformation change programmes.

The service aims to provide:

- Consistently high quality support and training for day to day operational systems,
- Fit for purpose equipment and solutions for users to make the most of the technology available,
- High speed, resilient connectivity in Council buildings and to the Internet,
- Robust and secure infrastructure providing full disaster recovery facilities for on-premise hosted systems,
- Pro-active advice and guidance to support system implementations, upgrades and advancements,
- Pro-active advice and guidance to support service improvements and transformation change programmes,
- High quality accessible websites,
- Effective Cyber Security keeping the Councils Digital assets safe

Achievements and Successes in 2021/22 IT:

- A review of the service has been undertaken with help from SOCITM (Specialist IT Consultancy) and consultation with services and groups from across the Council. This has led to a new Operating Model being developed which should provide the skills and capacity that the corporate IT Service require to deliver on key agendas such as the Digital Strategy, Cyber Strategy, Office 365 roll-out, alongside the emerging Transformation and Work Smart programmes. Final agreement on the speed and extent to which the Council adopts this new model is yet to be finalised. The initial "priority" phase of implementing the new model will see additional skills and capacity into Cyber Security and deployment of Office 365.
- Implementation of Microsoft Teams Meetings
- Re-location of Data Centre from Rochdale to new state of the art facility located in Ashton Old Baths. Initial phase of moving all TMBC hosted systems from Rochdale to the Tameside Hospital Data Centre is complete. Building the new server infrastructure in Ashton Old Baths DC is underway in readiness for hosted systems being migrated to their new permanent home.
- Implement new Disaster Recovery facility.
- Continue to upgrade all Council sites to ensure they have fast, flexible and secure cabled and Wi-Fi networks in place.

- Completion of programme to upgrade all servers onto supported version of operating systems, databases and third party software.
- Redesign of network to support homeworking to ensure it's resilient and fit-for-purpose for long term permanent home working arrangements.
- Upgraded GIS solution.
- Removed desktop phones and moved all telephony to either Contact Centre system or Teams
- Started a programme to standardise Councillors' technology and drop in sessions.
- Launched new protocol for Digital Solutions to ensure that all solutions used by the Council meet the required digital standards, are compliant from a cyber-security and information governance point of view, are fit for purpose, have appropriate maintenance and support arrangements in place from the start, have compliant procurement mechanisms and appropriate contract management arrangements, have an ongoing technology/development "roadmap", and are a sound investment.
- Create a single register of all IT systems in operation across the organisation and implement a process to effectively manage the life cycle of all systems.

QUALITY AND SAFEGUARDING

| Outturn Position 2021/22 | Outturn Position (Net) | | |
|-----------------------------|------------------------|-------------------|--------------------|
| | Budget £000's | Outturn £000's | Variance £000's |
| Quality and Safeguarding | 147 | 147 | 0 |

The budget is primarily staffing costs which were as expected during the year.

The Quality and Safeguarding Directorate is responsible for ensuring that the health economy meets its statutory functions to prevent, recognise and respond to all elements of abuse of all vulnerable groups. (Care Act 2014: Children Act 1989:2004)

Key outputs of the safeguarding service are the following:

- To ensure that the whole health economy pays due regard to protect and support vulnerable people in all services
- To ensure that health services in Tameside and Glossop work with multi agency teams to support and enhance the overall service provision for vulnerable families

CORPORATE BUDGETS

| Outturn Position 2021/22 | Outturn Position (Net) | | |
|-----------------------------|------------------------|-------------------|--------------------|
| | Budget £000's | Outturn £000's | Variance £000's |
| Capital and Financing | 7,590 | 6,717 | 873 |
| Contingency | 1,503 | 499 | 1,004 |
| Corporate Costs | 5,080 | 4,887 | 193 |

In addition to service budgets, there are corporate budgets which are held to pay for corporate costs such as levies, loan debt etc. as well as the means to cope with in-year volatility. The underspend on Capital and Financing was due to additional investment income and reduced borrowing costs. Contingencies of £1,004k were released as not required.

CAPITAL PROGRAMME

A three year capital programme was approved in October 2017 and since then a number of changes have been approved by Executive Cabinet to add additional schemes to extend the programme. Future investment plans are subject to available resources and the realisation of available capital receipts. The Council has limited resources available to fund additional Capital Expenditure and in September 2021 Executive Cabinet approved the allocation of the remaining capital reserves to immediate priorities

Services have spent £24.651m on capital investment in 2021/22, which is £7.547m less than the capital budget for the year. This variation is spread across a number of areas, and is made up of over/underspends on a number of specific schemes (£1.560m) and the re-profiling of expenditure in a number of areas (£5.987m).

There are no significant variances where project spend is expected to significantly exceed budgeted resources, although there are some minor variations across a number of schemes. A number of variations have arisen where projected outturn is less than budget due to slippage in the delivery of the capital programme, resulting in a number of requests for re-profiling into the 2022/23 financial year.

| | 2021/22 Budget | Outturn | Outturn Variation | Slippage | Outturn Variation after slippage |
|--|-------------------|---------------|----------------------|--------------|---|
| | £000 | £000 | £000 | £000 | £000 |
| Place: Property, Development and Planning | | | | | |
| Investment & Development | 5,153 | 4,026 | 1,127 | 606 | 521 |
| Corporate Landlord | 2,784 | 2,241 | 543 | 543 | 0 |
| Estates | 0 | 0 | 0 | 0 | 0 |
| Vision Tameside | 1,008 | 833 | 175 | 263 | (88) |
| Active Tameside | 813 | 810 | 3 | 3 | 0 |
| Place: Operations and Neighbourhoods | | | | | |
| Engineers | 7,157 | 4,909 | 2,248 | 348 | 1,900 |
| Environmental Services | 1,705 | 830 | 875 | 831 | 44 |
| Transport (Fleet) | 127 | 170 | (43) | (3) | (39) |
| Stronger Communities | 16 | 0 | 16 | 16 | 0 |
| Children's | | | | | |
| Education | 10,827 | 8,809 | 2,017 | 2,781 | (763) |
| Children | 309 | 80 | 229 | 227 | 2 |
| Finance & IT | | | | | |
| Digital Tameside | 59 | 112 | (53) | (41) | (12) |
| Adults | | | | | |
| Adults | 2,240 | 1,832 | 408 | 411 | (3) |
| Total | 32,198 | 24,651 | 7,547 | 5,987 | 1,560 |

The financing of the 2021/22 Capital Outturn is determined by the Director of Finance based on planned financing and the availability of Capital Receipts. The financing of the Capital Programme seeks to maximise funding from external Grants and Contributions, and other funding sources being utilised where external funding has been exhausted. Revenue contributions to capital expenditure are minimal and tend to reflect service area contributions to scheme overspends or school contributions to capital expenditure in schools where capital grants have been fully utilised. After maximising the use of external funding from grants and contributions, and the use of borrowing only where this was approved as part of the scheme approval, £8.279m of corporate resource (revenue contributions of £1.493m and reserves of £6.785m) and £0.476m of capital receipts has been applied to finance the overall expenditure of £24.651m.

| Financing for 2021/22 | Grants and Contributions £000 | Revenue Contributions £000 | Prudential Borrowing £000 | Reserves & Receipts £000 | Total £000 |
|--|----------------------------------|-------------------------------|------------------------------|-----------------------------|---------------|
| Place: Property, Development and Planning | | | | | |
| Investment and Development | 1,257 | 553 | 0 | 2,216 | 4,026 |
| Corporate Landlord | 1,911 | 0 | 0 | 329 | 2,241 |
| Estates | 0 | 0 | 0 | 0 | 0 |
| Vision Tameside | 0 | 88 | 0 | 745 | 833 |
| Active Tameside | 0 | 0 | 0 | 810 | 810 |
| Place: Operations and Neighbourhoods | | | | | |
| Engineers | 2,689 | 0 | 0 | 2,220 | 4,909 |
| Environmental Services | 15 | 20 | 0 | 795 | 830 |
| Transport | 0 | 40 | 130 | 0 | 170 |
| Stronger Communities | 0 | 0 | 0 | 0 | 0 |
| Children's | | | | | |
| Education | 8,029 | 781 | 0 | 0 | 8,809 |
| Children | 0 | 0 | 0 | 80 | 80 |
| Finance | | | | | |
| Digital Tameside | 0 | 12 | 34 | 66 | 112 |
| Adults | | | | | |
| Adults | 1,832 | 0 | 0 | 0 | 1,832 |
| Total | 15,733 | 1,493 | 164 | 7,261 | 24,651 |

5) Financial Strategy: Outlook for 2022/23 and beyond

Financial performance is reported monthly and up to date financial information is available to Officers throughout the year. Additionally, the Medium Term Financial Plan (MTFP) is regularly updated and reported to Councillors and Officers. Reports are available to the public via the Council's website. The MTFP supports the Council's medium term policy and financial planning processes. Fundamentally the plan is designed to help provide a stable financial base to support savings planning. The MTFP also fits within a wider system of corporate planning.

The Medium Term Financial Plan (MTFP) is routinely refreshed throughout the year to update forecasts for known and anticipated cost pressures, savings, and funding changes. Emerging pressures are also identified through the in-year budget monitoring process and factored into future year budget forecasts.

The Council set a balanced budget for 2021/22, but the budget process was yet again challenging and required a substantial savings target of £8.930m. Whilst moving away from reliance on reserves, the budget was only balanced with a number of corporate financing initiatives and one off funding, which is not sustainable and places further pressure on future year budgets. The COVID-19 pandemic has continued to have a significant adverse impact on Council finances, due to a combination of additional costs and lost income. Significant additional funding was provided from Government in 2020/21 and 2021/22, however no additional funding is available for 2022/23, despite ongoing pressures and income reductions forecast into 2022/23 and beyond.

Balancing the 2022/23 budget was only possible through the use of a significant amount of one-off grant funding which is not expected to be available in 2023/24, and as a result the Council still faces a significant budget gap in the medium term. The delivery of a significant programme of savings in 2022/23 will be challenging, and will require a sustained focus on delivery of plans. The scale of savings, combined with significant financial pressures which may emerge from further demographic changes in Children's Social Care and Adults services, means that delivery of the 2022/23 budget presents a significant financial challenge.

Whilst still early in the financial year, budget forecasts for 2022/23 have already identified significant cost pressures due to inflation (particularly for gas and electricity), emerging pressures in Adults Services and difficulties in the delivery of savings plans across the Place Directorate and in Children's Services. The projected gap for 2023/24 and beyond is significant and relies on the delivery of all proposed savings in the 2022/23 budget. The gap is primarily driven by forecast demographic and other cost pressures, particularly in Adults services, along with continued pressures in Children's Social Care services. Non-delivery of savings in 2022/23 and growth in cost and demand pressures, will inevitably result in a more significant financial gap for 2023/24.

| | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|---|------------------|------------------|------------------|------------------|------------------|
| | '£000 | '£000 | '£000 | '£000 | '£000 |
| Proposed total budget for year | 208,609 | 217,956 | 225,063 | 232,054 | 241,138 |
| Total resources | (208,609) | (206,192) | (205,517) | (209,106) | (212,506) |
| Imbalance (surplus)/deficit cumulative | (0) | 11,764 | 19,546 | 22,948 | 28,633 |

Key areas of risk and financial pressure for 2023/24 and beyond include:

Adults

Increasing numbers and complexity of Adults clients is resulting in more assessed hours and more expensive packages of care. If this trend continues, further financial pressures may arise as a result. The sector faces increasing difficulties with workforce recruitment, sustainability and retention, and whilst increases in national living wage are beneficial for individuals and workforce retention, these increases disproportionately impact on the social care budgets. Housing and accommodation

pressures continue throughout both Children's and Adults social care, making it more difficult to secure care packages.

Children's Social Care

The Council has faced significant increases in the cost and demand for Children's Social Care services over recent years. During 2021, numbers of looked after children have stabilised and the 2022/23 budget provides funding to the current level of spend. However, also built into the 2022/23 budget are significant levels of savings. Key risks for Children's Social care budgets in 22/23 include:

- Placement numbers – whilst numbers have been stable during 2021, there remains a significant risk of cost pressure arising from any increase in the number or complexity of placements.
- Placement prices – External providers will be facing inflationary cost pressures and increased staffing costs, which combined with demand for placements could result in additional costs.
- Savings – Delivery of £2.9m in 22/23 (with a further £1.1m in 23/24) is an enormous and ambitious challenge, which will be complex to achieve.

Education

Home to School transport for children with Special Educational Needs continues to be a significant risk and pressure area for Education budgets. The number of pupils being assessed as eligible for support for home to school transport has almost doubled since 2017, and this has mirrored an increase in pupils supported with an Education Health and Care Plan. Continued increases in demand, combined with rising costs, means that significant budget pressures are likely in the area. In addition, Education budgets are also facing pressures due to forecast income shortfalls, particularly in respect of traded services where demand has dropped as schools convert to Academy status. If this trend continues, income shortfalls are likely to increase further.

Income Generation

A number of pressures were emerging during 2019/20 due to under-recovery of income which was then made worse by the impacts of COVID-19 and have continued in consecutive years. Additional budget support through COVID funding is no longer available for 2022/23, increasing the risk of significant income pressures in areas including:

- Estates income, including future growth assumptions and proposals to generate additional income.
- Planning, building control and land charges income.
- Parking Services
- Markets
- Engineers income.

Savings Delivery

The Council delivered the overall savings target for 2021/22 but with some delays to planned savings being mitigated with one-off actions. The original planned saving, or recurrent alternatives, will need to be delivered in 2022/23, alongside existing plans for additional 2022/23 savings and new savings proposals.

Pay and price inflation

Significant provision is already included with the 2022/23 budget proposals for pay inflation, and cost pressures driven by both general inflation and pay inflation external to the Council. These provisions were made in the context of CPI inflation of 5.1% in December 2021 and forecasts to reach 6% by spring 2022. These forecasts have already been significantly exceeded, placing further pressures on budgets in the medium term.

Accommodation and Housing

In recent years, expenditure on temporary accommodation has increased significantly, resulting in increased costs where rent levels are not covered by Housing Benefit. Cost pressures are also evident in Children's and Adults Social Care due to insufficient appropriate accommodation in the borough. If demand continues to increase, then cost pressures associated with housing are likely to increase.

Future Local Government Funding

Government have committed to a review of Local Government funding but the timescales for that review remain unclear. The absence of a multi year finance settlement and no indication of how the funding model may change, mean it is very difficult to develop financial plans for the medium term. The MTFP, at this stage, assumes that Local Government Funding will be sustained at current levels, but that there will be no further increases in funding for future years. The continuing lack of certainty over the timing and outcome of the fair funding review, makes planning beyond 2022/23 extremely difficult.

RESERVES

The Council has been in a strong financial position with regard to reserves which it accumulated over a period of time. However, whilst the Council's current level of reserves remains strong, many of these are to meet known or expected liabilities and for planned investment.

The Council has adopted a reserves strategy, which established categories of reserve and parameters for annual review. This reserves strategy sets out the following classifications for reserves:

| Category | Description |
|--------------------------------------|---|
| Accounting reserves | This will include two sub categories: 1) Unusable reserves - those reserves required by proper accounting practice that are not resource backed. 2) General Accounting Reserves - reserves established as good accounting practice for specific accounting purposes (such as the PFI smoothing reserves and Leasing reserves) |
| Grants and Contributions | Reserves to hold unspent grants and contributions received from external sources. |
| Liabilities and Risk | Reserves held to mitigate against known and anticipated liabilities and risks. This will include for example self insurance reserves. |
| Capital Reserves | Capital Receipts, Capital Grants and Reserves earmarked for capital purposes. These reserves are used to finance the capital programme. |
| Schools Reserves | Reserves for Schools and Education expenditure, including the ring fenced schools balances. |
| Budget Resilience Reserves | Reserves held for planned revenue investment in services, for example reserves set aside for planned investment in Children's Services, and to provide resilience for specific services not covered by general fund balances such as the waste levy reserve. |
| Strategic Priorities Reserves | Reserves held for planned or intended investment in Strategic Priorities. This will include reserves such as the Care Together Reserve. |

As at 31 March 2022, the Council has earmarked reserves of £127,056k (£150,072k at 31 March 2021). This reduction over the 12 month period includes the utilisation of Capital Reserves to fund capital investment, utilisation of unspent revenue grants brought forward to fund expenditure during

2021/22, and transfer of government grants into the collection fund to repay the deficit from the prior year. Further information on earmarked reserves can be found in note 10.

6) The Financial Statements: basis of preparation, purpose and summary

BASIS OF PREPARATION

The accounts that follow have been prepared to be:

- **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.
- **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.
- **Comparable:** The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ('the Code') establishes proper practice to be followed with regard to consistent financial reporting in Local Government. The financial statements have been prepared to be compliant with the code, and therefore aid comparability with other local authorities.
- **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.

UNDERLYING ASSUMPTIONS

The financial statements adopt the following underlying assumptions:

Accruals Basis

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

Going Concern

- The accounts have been prepared on a going concern basis, on the on the assumption that the functions of the Council will continue in operational existence for the foreseeable future.

Materiality

- Throughout the financial statements consideration has been given to the materiality (significance) of an item. Information is considered to be material if omitting it or misstating it could influence decisions that users make on the basis of the financial information.

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 40 – 44 and 135, and further detailed information is presented in the accompanying notes.

Comprehensive Income and Expenditure Statement (CIES)

This statement sets out the Council's day to day revenue income and expenditure. It shows the cost of providing services in the year in accordance with IFRS, 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 2021/22 was £546.146m, but after income is included the Net Cost of Services was £200.445m. 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 was £10.841m.

The deficit on the provision of Services arises 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. The accounts include significant charges arising from revaluations and impairments of non-current assets charged to services and changes in measurement of the pensions liability. 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. 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.

Note 1 to the CIES, the Expenditure and Funding Analysis (EFA), demonstrates to council tax payers how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates, and provides a reconciliation between the net expenditure reported to officers and management (£194.627m) and the Net Cost of Services in the CIES (£200.445m).

Movement in Reserves Statement (MiRS)

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 are cash backed and can be spent). Usable reserves are further divided into General Fund 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 Director of Finance (Section 151 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).

At the 31 March 2022, the MiRS shows that the Council retained General Fund Balances of £27.437m. In the context of the increasing pressures and risks facing the Council and Local Government in general, an analysis of financial risks is undertaken as part of the budget setting process to establish the required minimum level of general fund balances that should be established each year. Council approved this minimum level in February 2021 as part of the budget report.

Also shown within usable reserves are £9.294m of Schools Balances. These amounts accrue from unspent school budgets, and are allocated to be spent in future years. The use of schools balances is determined by schools' governing bodies. This is a net balance and includes some deficit balances.

Finally, £127.057m of Earmarked Reserves are also included. These earmarked amounts are allocated to specific purposes or liabilities. There has been a reduction over the 12 month period due to the utilisation of Capital Reserves to fund capital investment, utilisation of unspent revenue grants brought forward to fund expenditure during 2021/22, and transfer of government grants into the collection fund to repay the deficit from the prior year. Significant amounts within the earmarked

reserves include reserves required legally (such as the unspent element of the Public Health Grant) as well as amounts set aside for future liabilities. This includes the Capital Investment Reserve (set aside to contribute to the capital programme), Insurance Reserves, the Medium Term Financial Strategy Reserve set aside to fund future pressures and risks, Unspent Revenue Grants and Contributions, and the Care Together Reserve. A large number of the Earmarked Reserves relate to specific liabilities that individual services have identified. The full detail of these is set out in Note 10.

Balance Sheet

The Balance Sheet summarises the financial position of the Council at 31 March 2022 and shows the net worth of the Council's assets and liabilities of £291.122m. It includes balances and reserves, and all assets and liabilities employed in the Council's operations. It shows that the Council has non-current assets (mainly Property, Plant and Equipment) with carrying values in the accounts of £659.301m, an increase of £14.482m from 31 March 2021.

Current Assets have increased in year, mostly due to an increase in short term investments, reflecting cash held for future commitments or owed back to Government Departments (reflected in an increase in short term creditors).

Current Liabilities have increased, mainly due to the increase in short term creditors which in the main represents government grants due back to government departments.

The notes to the accounts provide more detailed analysis of items within the Balance Sheet. Section 7 below provides further detail on significant transactions and balances.

Cash Flow Statement

This summarises the total movement on Cash and Cash Equivalents during the year for revenue and capital purposes. Notes 29 to 31 provide further detail on the cash movements during the year.

Collection Fund

The Collection Fund is a fund administered by the Council that shows the transactions of the billing authority (the Council), 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 Collection Fund shows that the balances to carry forward as at 31 March 2022 were a £3.516m surplus relating to Council Tax (£1.903m surplus in 2020/21) and a £10.570m deficit on NDR (£32.029m deficit in 2020/21). The deficit on the NNDR side of the collection fund will be funded from additional section 31 grant (currently held in earmarked reserves) and from amounts set aside in the 2022/23 budget.

Greater Manchester Pension Fund (GMPF)

The accounts of the GMPF are included in the Statement of Accounts of the Council because the Council administers the GMPF. The Fund is administered separately from the Council and has independent governance arrangements. The Accounts show the net assets of the Fund were £29.324bn at 31 March 2022 (£26.890bn at 31 March 2021), an increase of £2.434bn during the financial year, due primarily to an increase in the fair value of investments at 31 March 2022.

Accompanying Statements Included in the Statement of Accounts

The purpose of the various accompanying statements included in the accounts is set out below:

-
-
- The **Statement of Responsibilities** sets out the respective responsibilities of the Council and the Chief Financial Officer for the accounts.
 - The **Annual Governance Statement** 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) Significant transactions and balances

Academy conversions

During the 2021/22 financial year there were no schools that converted to academy status. One school (Samuel Laycock) converted to academy status on 1 April 2022 – the value of PPE included in the balance sheet at 31 March 2022 relating to this school is £7.410. On conversion, the Council derecognises the assets relating to these schools as they transfer to the Academy for nil consideration. This transaction will be reflected in the 2022/23 statement of accounts.

Capital Expenditure

As set out in section 4 above, the Council has incurred Capital Expenditure in excess of £24m during 2021/22. Capital Expenditure on Council owned assets is reflected as additions in note 11 to the Balance Sheet. Additions in 2021/22 included:

- Highways - £4.874m
- Godley Green - £1.137m
- Droylsden Library - £1.064m
- Schools - £4.948m

Revaluation of Property, Plant and Equipment

Property assets are revalued on a rolling programme, as a minimum every five years but in many cases more frequently, to ensure that the assets are reflected at current value on the Balance Sheet. Further information on the frequency and approach to the revaluation of assets is set out in the Accounting Policies and in Note 11 to the Balance Sheet. A significant proportion of the Council's property assets were revalued at 31 March 2022, resulting in some significant gains and losses on the values held in the Balance Sheet, particularly where assets had not been revalued in the last 12 months.

COVID Grant Accounting

During the financial year the Council has continued to administer a significant number of Covid-19 grant schemes on behalf of Government to support businesses and residents through the many challenges of the pandemic. These schemes have been a mix of non-discretionary, where schemes and eligibility criteria has been set nationally by Government, and discretionary, where schemes and eligibility criteria have been set locally by the Council. In addition to the operation of grant schemes to support business and residents, the Council has also received a number of general and specific grants to support the impact and response to COVID-19.

As part of the preparation of the Council's 2021/22 Statement of Accounts, the Council has had to determine the accounting treatment for these grants, including consideration of whether the Council was operating as 'principal' or as an 'agent' of Government:

- Where the Council is acting as an intermediary or a distribution point for grant monies, with no control over the amount of grant allocated to a recipient, then the Council is likely to be

acting as an 'agent'. Where acting as agent, the income and expenditure relating to the grant is not included in the Comprehensive Income and Expenditure Statement. Any balances of grant that have not been distributed at 31 March 2022 are reflected in the balance sheet as creditors owed back to Government.

- Where the Council is acting on its own behalf, and has control over the amount of grant awarded, or how the grant is to be spent, then the Council is considered to be acting as principal. Where grants are accounted for as principal, the income and expenditure relating to the grant is reflected in the Comprehensive Income and Expenditure Statement. Any unspent balances of grant are either held in reserves, or where there is an expectation that unspent balances will be repaid to Government, these are held on the balance sheet as creditors.

The Council received the following COVID grants in 2021/22, which have been reflected in the Statement of Accounts as agent or principal as indicated:

| | Total Grant allocation/received | The Council acting as Principal | The Council acting as Agent | Expenditure as at 31 March 2022 | Grant Remaining as at 31 March 2022 |
|--|---------------------------------|---------------------------------|-----------------------------|---------------------------------|-------------------------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Covid Grants 2021/22 | | | | | |
| Test and Trace Support Grant | (1,287) | (1,287) | 0 | 1,131 | (156) |
| Contain Outbreak Management Fund | (5,889) | (5,889) | 0 | 4,788 | (1,101) |
| Asymptomatic Testing Sites | (189) | (189) | 0 | 189 | 0 |
| Workforce Capacity Fund | (8) | (8) | 0 | 8 | 0 |
| Infection Control and Testing Fund | (2,579) | (2,459) | (120) | 2,557 | (22) |
| Workforce Recruitment and Retention Fund | (2,224) | (2,224) | 0 | 2,223 | (1) |
| Self-isolation Pathfinder | (146) | (146) | 0 | 146 | 0 |
| Council Tax Hardship Grant | (2,026) | (2,026) | 0 | 1,012 | (1,014) |
| Tax Income Compensation Scheme | (2,766) | (2,766) | 0 | 1,118 | (1,648) |
| Sale Fees and Charges Support Grant | (469) | (469) | 0 | 469 | 0 |
| Local Authority Support Grant | (7,321) | (7,321) | 0 | 7,321 | 0 |
| Local Restrictions Support Grant | (4,148) | (280) | (3,868) | 1,135 | (3,014) |
| Additional Restrictions Grant | (4,435) | (4,435) | 0 | 4,434 | (0) |
| New Burdens | (390) | (390) | 0 | 390 | 0 |
| Test and Trace Support Admin Grant | (69) | (69) | 0 | 0 | (69) |
| Winter Grant Scheme | (1,133) | (1,133) | 0 | 1,133 | 0 |
| Household Support Fund | (2,224) | (2,224) | 0 | 2,224 | 0 |
| Clinically Extremely Vulnerable | (443) | (443) | 0 | 199 | (245) |
| Self Isolation Support | (617) | (617) | 0 | 617 | 0 |
| Schools COVID funding | (2,091) | (2,091) | 0 | 1,942 | (149) |
| Test and Trace Support Payments Grant | (1,218) | (556) | (662) | 1,179 | (39) |
| Greater Manchester Discharge Fund | (256) | 0 | (256) | 138 | (118) |
| Christmas Support Payment | (105) | 0 | (105) | 16 | (90) |
| Closed Business Lockdown Payment Grant | (8,587) | 0 | (8,587) | 517 | (8,069) |
| Restart Grant | (8,845) | 0 | (8,845) | 8,845 | 0 |
| Adult Social Care Omicron Support Fund | (289) | 0 | (289) | 289 | 0 |
| Omicron Hospitality and Leisure Grant | (1,296) | 0 | (1,296) | 969 | (327) |
| | (61,051) | (37,023) | (24,028) | 44,989 | (16,062) |

Reserves

As at 31 March 2022, the Council has earmarked reserves of £127,056k (£150,072k at 31 March 2021). This reduction over the 12 month period includes the utilisation of Capital Reserves to fund capital investment, utilisation of unspent revenue grants brought forward to fund expenditure during 2021/22, and transfer of government grants into the Collection Fund to repay the deficit from the prior year. Further information on earmarked reserves can be found in note 10.

Borrowing and Other Long Term Liabilities

At 31 March 2022 the Council held borrowing with the PWLB and market lenders with a carrying value of £146.107m (£161.030m at 31 March 2021). These balances relate to borrowing that was used to finance capital expenditure in previous years. The decrease in the balance held since March

2021 primarily reflects the repayment of £10m of short term borrowing originally taken up in November 2020, plus other smaller principal repayments. The majority of the Council's borrowing is with the Public Works Loans Board which offers concessionary rates to Local Government. These PWLB loans have fixed rates of interest and varying maturity profiles. The Council paid £15.972m in interest on its borrowings during 2021/22. Further information on borrowing can be found in notes 18 and 19.

Other long term liabilities relate mainly to the Pensions Liability (covered below) and the Private Finance Initiative (PFI) liability. PFI arrangements are a form of finance lease where responsibility for making available the property, plant and equipment passes to a PFI contractor. The Council has three PFI contracts in relation to various schools across the borough. The Council recognises the schools as assets on the balance sheet (on the same basis as other non-current assets) and a long term liability is recognised to reflect the capital cost of the asset which is repaid to the contractor over the life of the contract. Further information on the PFI schemes can be found in note 26.

Manchester Airport Group (MAG)

The Council holds a 3.22% shareholding in Manchester Airport Holdings Ltd (part of the Manchester Airport Group). These shares are not traded and an external valuation is obtained on behalf of all Greater Manchester Authorities. This valuation uses an earnings based method, which takes into account the profitability of the company, assessing its historic earnings and arriving at a view of 'maintainable' or 'prospective' earnings. The valuers have advised of an increase in the fair value of the Council's shareholding during the accounting period from £32m at 31 March 2021 to £33.4m at 31 March 2022. Prior to the COVID pandemic the Council usually received dividend income from this investment (£6.4m in 2019/20) - this is a key item of income in the Council's MTFs, with the investment considered to have strategic importance, and as such the Council is highly unlikely to dispose of its shareholding.

In recent years, further additional investment in Manchester Airport has been approved by Executive Cabinet:

- A capital investment of £11.3m in Manchester Airport was approved by Executive Cabinet in February 2018. The investment takes the form of a shareholder loan which was funded from reserves. Interest is paid at a rate of 10% per annum, which generates a revenue stream for the Council of approximately £1m (after allowing for the loss of interest earned on cash used to fund the investment) which will support the revenue budget.
- In February 2019, Executive Cabinet approved an equity investment of £5.6m in Manchester Airport funded by prudential borrowing. The investment is expected to generate revenue income through returns of around 3.25% (after taking account of borrowing costs and debt repayment). It was originally envisaged that this income would begin to be received from 2021/21 onwards, although no amounts are yet assumed in the Medium Term Financial Plan (MTFP). The economic impact of COVID-19 is likely to mean that income from this investment will not be generated for a number of years and will be dependent on the speed and scale of recovery in the Aviation Sector
- In April 2020, Executive Cabinet approved a further investment of £9.7m in Manchester Airport in the form of an equity loan, which has been funded by prudential borrowing. The loan was to support the liquidity position of MAG in light of the pandemic and allow it to complete its residual capital commitments as part of its revised business plan. Had the capital expenditure programme not taken place, it is our view that MAG would not have required the shareholder loans and being in a sufficiently liquid position to withstand the pandemic without relying on a shareholder loan cash injection. The investment completed in June 2020 and will generate revenue income through interest earned of 10% per annum

The three recent investments into Manchester Airport have all be intended to support the significant capital investment programme into key strategic infrastructure. It is therefore our view that these investments fall within the spirit of the rules as determined by the definition of capital expenditure as

defined by section 16 and section 25 (b) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003.

The COVID-19 pandemic has had a significant impact on the Aviation Industry. Whilst the interest on loans and investments will continue to be accrued, the annual dividend is not expected to be payable for a number of years, placing a £6.4m pressure on the revenue budget.

Pensions Liability and Advance Payment of Contributions

The actuarial valuation of the Council's Local Government Pension Scheme liabilities has decreased from £372.641m at 31 March 2021 to £214.713m at 31 March 2022. This is primarily due to changes to the financial assumptions used by the pension fund Actuary (Hymans Robertson) which have a significant impact on the estimated value of future liabilities. The assumptions are determined by the Actuary based on professional judgement and reflect the market conditions at the reporting date.

The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation. The pensions liability is calculated on an accounting basis and different methods are used in the three yearly valuation of the Fund. Both annual and tri-annual valuations consider the whole life of the fund and a horizon of 20-25 years. In this context, minor changes in assumed rates for inflation or interest can have a significant impact on the valuation of the scheme in the long term. Note 30 provides further information on the assumptions used by the actuary, including sensitivity analysis which illustrates the impact of small changes in assumptions.

In February 2020, Executive Cabinet approved an advanced payment of employer pension contributions, equivalent to three years contributions, to the Greater Manchester Pension Fund. The payment of employer contributions in advance provided the Council with a discount on the contribution rate equivalent to approximately £2.764m over the three year period. After taking account of the forecast interest foregone, based on interest rate projections in the Treasury Management Strategy, the net saving is estimated to be approximately £1.9m over the three year period.

It is financially advantageous for the Council to use reserves to fund this advance payment. The Treasury Management Strategy identifies that the Council's cash flow is healthy and has sufficient cash resources to enable the payment to be made. There will be other calls on cash during the next three years, most notably from the Capital Programme, but it is expected that the cash position will remain strong in the medium term. As monthly payments of employer contributions will not be made, the cash position of pension contributions will come back into balance over the three years.

Greater Manchester 100% Business Rates Retention Pilot

Greater Manchester is one of the regions piloting the full retention of Business Rates from 1 April 2017. The purpose of this Pilot is to develop and trial approaches to manage risk and reward, and to finance from additional Business Rates income new responsibilities and/or existing funding streams including those that support economic growth.

Being part of the Greater Manchester Pilot provides the Council and the Greater Manchester region with potential financial benefits with the guarantee that Authorities will not be worse off as a result of the Pilot. The 'No Detriment' agreement will guarantee that the resources available to the Council under the 100% Pilot will be the same as the 50% retention scheme that exists for non-pilot authorities.

As a result of the Pilot the Council did not receive the Revenue Support Grant or Public Health Grant from Government in 2020/21. Instead the Council retains 99% of its Non Domestic (Business) Rates income with 1% distributed to GMFRA. Further information on amounts credited to the CIES are set out in Note 4.

Events after the Balance Sheet Date

There are no events after 31 March 2022 which require adjustment to the transactions and balances within these financial statements.

Acknowledgements

The production of the Statement of Accounts would not have been possible without the hard work of Members and Officers 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 Director of Finance (Section 151 Officer). If you require further clarification or information about any of the items included in the accounts, please contact me at the address below.

Signed:



31 August 2022

Kathy Roe
Director of Finance (Section 151 Officer)

Tameside Metropolitan Borough Council

Tameside One
Market Place
Ashton-under-Lyne
Tameside
OL6 6BH

Statement of Responsibilities

This is a signed statement by the Director of Finance (Section 151 Officer) certifying that the accounts comply with requirements and 'present a true and fair view' of the Council's financial position as at 31 March 2022.

Statement of Responsibilities

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 Director of Finance (Section 151 Officer);
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

The Director of Finance (Section 151 Officer) Responsibilities

The Director of Finance (Section 151 Officer) 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 2020/21*.

In preparing this Statement of Accounts, the Director of Finance (Section 151 Officer) 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 Director of Finance (Section 151 Officer) has also:

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

Director of Finance (Section 151 Officer) Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Council and Greater Manchester Pension Fund at 31 March 2022 and its income and expenditure for the year ended 31 March 2022.

Signed:

Date: 31/08/2022



Kathy Roe

Director of Finance (Section 151 Officer)

Financial Statements

Financial Statements are applicable to all local authorities and comprise:

1. Comprehensive Income and Expenditure Statement (CIES)
2. Movement in Reserves Statement (MiRS)
3. Balance Sheet (Statement of Financial Position)
4. Cash Flow Statement

Comprehensive Income and Expenditure Statement for the year ended 31 March 2022

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.

| | Note | 2021/22 | | | 2020/21 Restated | | |
|---|----------|------------------------|-------------------|----------------------|------------------------|-------------------|----------------------|
| | | Gross Expenditure £000 | Gross Income £000 | Net Expenditure £000 | Gross Expenditure £000 | Gross Income £000 | Net Expenditure £000 |
| Children's Social Care | | 75,101 | (12,226) | 62,875 | 68,223 | (10,826) | 57,397 |
| Education | | 177,844 | (152,016) | 25,828 | 154,506 | (146,477) | 8,029 |
| Adults' Social Care | | 97,685 | (52,315) | 45,370 | 86,510 | (45,265) | 41,245 |
| Population Health | | 18,848 | (1,914) | 16,934 | 16,623 | (268) | 16,355 |
| Quality & Safeguarding | | 297 | (187) | 110 | 245 | (128) | 117 |
| Operations & Neighbourhoods | | 44,910 | (15,314) | 29,595 | 32,302 | (10,897) | 21,405 |
| Growth | | 21,162 | (19,784) | 1,377 | 14,721 | (18,403) | (3,682) |
| Finance & IT | | 10,145 | (712) | 9,432 | 6,413 | (613) | 5,800 |
| Governance | | 69,509 | (57,551) | 11,958 | 72,261 | (61,877) | 10,384 |
| Corporate Costs | | 30,648 | (33,682) | (3,034) | 33,628 | (37,277) | (3,649) |
| Cost Of Services | 1 | 546,146 | (345,701) | 200,445 | 485,432 | (332,031) | 153,401 |
| Other Operating Income and Expenditure | 2 | 32,182 | (476) | 31,706 | 37,757 | (55) | 37,702 |
| Financing and Investment Income and Expenditure | 3 | 25,986 | (16,911) | 9,075 | 35,420 | (9,742) | 25,678 |
| Taxation and Non-Specific Grant Income | 4 | 0 | (230,385) | (230,385) | 0 | (218,914) | (218,914) |
| (Surplus) or Deficit on Provision of Services | | 604,314 | (593,473) | 10,841 | 558,609 | (560,742) | (2,133) |
| Other Comprehensive Income and Expenditure | | | | | | | |
| Revaluation Gains | 9 | | | 694 | | | (57,497) |
| Remeasurement of Net Defined Benefit Liability | 9 | | | (212,160) | | | 116,549 |
| (Surplus)/Deficit on Revaluation of Financial Instruments | 9 | | | (589) | | | (773) |
| Total Other Comprehensive Income and Expenditure | | | | (212,055) | | | 58,279 |
| Total Comprehensive Income and Expenditure | | | | (201,214) | | | 56,146 |

2020/21 Restatement – In 2021/22 income and expenditure relating to trading services has been allocated to services it relates to; Operations & Neighbourhoods and Growth rather than Financing and Investment Income and Expenditure. To ensure comparability, 2020/21 in the above statement has been restated to reflect the same treatment. Expenditure of £2,848k and income of (£3,968k) relating to trading services has been recategorised as service expenditure and income. Notes 1 and 3 later have also been restated to reflect this.

Movement in Reserves Statement as at 31 March 2022

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

| | General Fund Balances £000 | Schools Balances £000 | Earmarked Reserves £000 | Total General Fund Balance £000 | Capital Receipts Reserve £000 | Capital Grants and Other Contributions Unapplied Reserve £000 | Total Usable Reserves £000 | Unusable Reserves £000 | Total Reserves £000 |
|---|-------------------------------|--------------------------|----------------------------|------------------------------------|----------------------------------|--|-------------------------------|---------------------------|------------------------|
| Note | 8a | 8a | 10 | 7 | 8b | 8c | 8a | 9 | £000 |
| Reporting of Schools Budget Deficit to new Adjustment Account at 1 April 2020 | (556) | 0 | 0 | (556) | 0 | 0 | (556) | 556 | £0 |
| Restated balance at 1 April 2020 | (28,759) | (7,057) | (118,474) | (154,289) | (3) | (20,423) | (174,713) | 28,660 | (146,054) |
| (Surplus) or Deficit on the Provision of Services ** | (2,133) | 0 | 0 | (2,133) | 0 | 0 | (2,133) | 0 | (2,133) |
| Other Comprehensive Income and Expenditure ** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 58,279 | 58,279 |
| Total Comprehensive Income and Expenditure | (2,133) | 0 | 0 | (2,133) | 0 | 0 | (2,133) | 58,279 | 56,146 |
| Adjustments between accounting basis & funding basis under regulations *** | (30,249) | 0 | 0 | (30,249) | 0 | 476 | (29,773) | 29,773 | 0 |
| Net (increase)/decrease before transfers to Earmarked Reserves | (32,382) | 0 | 0 | (32,382) | 0 | 476 | (31,906) | 88,052 | 56,146 |
| Transfers to/(from) Earmarked Reserves and Schools Balances **** | 33,896 | (2,297) | (31,599) | 0 | 0 | 0 | 0 | 0 | 0 |
| (Increase)/decrease in year | 1,514 | (2,297) | (31,599) | (32,382) | 0 | 476 | (31,906) | 88,052 | 56,146 |
| Balance at 31 March 2021 * | (27,244) | (9,354) | (150,073) | (186,671) | (3) | (19,947) | (206,619) | 116,712 | (89,908) |
| Restated balance at 1 April 2020 | (27,244) | (9,354) | (150,073) | (186,671) | (3) | (19,947) | (206,619) | 116,712 | (89,908) |
| (Surplus) or Deficit on the Provision of Services ** | 10,841 | 0 | 0 | 10,841 | 0 | 0 | 10,841 | 0 | 10,841 |
| Other Comprehensive Income and Expenditure ** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (212,055) | (212,055) |
| Total Comprehensive Income and Expenditure | 10,841 | 0 | 0 | 10,841 | 0 | 0 | 10,841 | (212,055) | (201,214) |
| Adjustments between accounting basis & funding basis under regulations *** | 12,042 | 0 | 0 | 12,042 | 0 | (9,830) | 2,212 | (2,212) | 0 |
| Net (increase)/decrease before transfers to Earmarked Reserves | 22,883 | 0 | 0 | 22,883 | 0 | (9,830) | 13,053 | (214,267) | (201,214) |
| Transfers to/(from) Earmarked Reserves and Schools Balances **** | (23,076) | 60 | 23,016 | 0 | 0 | 0 | 0 | 0 | 0 |
| (Increase)/decrease in year | (193) | 60 | 23,016 | 22,883 | 0 | (9,830) | 13,053 | (214,267) | (201,214) |
| Balance at 31 March 2021 * | (27,437) | (9,294) | (127,057) | (163,788) | (3) | (29,777) | (193,566) | (97,556) | (291,122) |

* Net worth of the Council at that date. Reconciles to Net Assets/ (Liabilities) and Total Reserves shown in the Balance Sheet.

** Taken directly from the CIES.

*** Adjustments needed to convert the Surplus or Deficit on the Provision of Services to the movement on General Fund Balances as defined by statutory provisions. See Note 7 for a full breakdown of the adjustments required to comply with proper accounting practice.

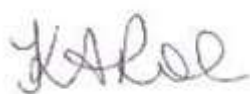
**** A further breakdown of the Council's Earmarked Reserves can be seen in Note 10.

Balance Sheet as at 31 March 2022

The Balance Sheet shows the value 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.

| | Note | 31 March 2022 £000 | 31 March 2021 £000 |
|--|------|--------------------------|--------------------------|
| Property, Plant and Equipment | 11 | 510,230 | 508,065 |
| Heritage Assets | 12 | 17,020 | 17,020 |
| Investment Properties | 13 | 39,763 | 32,006 |
| Intangible Assets | 14 | 897 | 1,077 |
| Long Term Debtors | 17 | 40,999 | 36,881 |
| Long Term Investments | 18 | 50,392 | 49,770 |
| Non-current Assets | | 659,301 | 644,819 |
| Cash and Cash Equivalents | 21 | 49,421 | 50,341 |
| Short Term Investments | 18 | 93,792 | 58,756 |
| Inventories | | 450 | 1,482 |
| Short Term Debtors | 20 | 58,312 | 57,896 |
| Assets Held for Sale (<1yr) | 11d | 50 | 0 |
| Current Assets | | 202,025 | 168,475 |
| Short Term Borrowing | 18 | (6,881) | (19,690) |
| Short Term Creditors | 22 | (92,710) | (72,089) |
| Short Term Provisions | 24 | (599) | 0 |
| Other Short Term Liabilities | 23 | (3,448) | (2,821) |
| Receipts In Advance (Grants and Contributions) | | 0 | 0 |
| Current Liabilities | | (103,638) | (94,600) |
| Long Term Borrowing | 18 | (139,909) | (141,340) |
| Long Term Provisions | 24 | (18,709) | (18,126) |
| Pensions Liability | 23 | (214,707) | (372,635) |
| PFI | 23 | (90,616) | (94,058) |
| Other Long Term Liabilities | 23 | (2,625) | (2,627) |
| Non-current Liabilities | | (466,566) | (628,786) |
| | | | |
| Net Assets / (Liabilities) | | 291,122 | 89,908 |
| | | | |
| Usable Reserves | 8 | (193,567) | (206,619) |
| Unusable Reserves | 9 | (97,555) | 116,711 |
| Total Reserves | | (291,122) | (89,908) |

The notes to the financial statements on pages 45 - 139 form part of this account. The financial statements on pages 40-44 were authorised for issue by the Director of Finance (Section 151 Officer) on 31 August 2022.



Kathy Roe
31 August 2022
Director of Finance (Section 151 Officer)

Cash Flow Statement for the year ended 31 March 2022

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.

| | Note | 2021/22 £000 | 2020/21 £000 |
|--|------|-----------------|-----------------|
| (Surplus) or Deficit on the Provision of Services | | 10,841 | (2,133) |
| Adjustment to Surplus or Deficit on the Provision of Services for Non-cash Movements | 29a | (80,327) | (64,605) |
| Adjust for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities | 29b | 26,670 | 15,475 |
| Net Cash Flows from Operating Activities | | (42,816) | (51,263) |
| Net Cash Flows from Investing Activities | 30 | 25,833 | 52,538 |
| Net Cash Flows from Financing Activities | 31 | 17,903 | 816 |
| Net (Increase) or Decrease in Cash and Cash Equivalents | | 920 | 2,091 |
| Cash and Cash Equivalents at the Beginning of the Reporting Period | 21 | 50,341 | 52,432 |
| Cash and Cash Equivalents at the End of the Reporting Period | 21 | 49,421 | 50,341 |

Notes to the Financial Statements

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

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COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES) NOTES

1. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the Council (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

| | As reported for financial management | Adjustment to arrive at the net amount chargeable to the General Fund (Note 1a) | Net Expenditure chargeable to the General Fund | Adjustments between Funding and Accounting Basis (Note 1a) | Net Expenditure in the Comprehensive Income and Expenditure Statement |
|--|--------------------------------------|---|--|--|---|
| 2021/22 | £000 | £000 | £000 | £000 | £000 |
| Children's Social Care | 58,185 | 164 | 58,349 | 4,526 | 62,875 |
| Education | 7,045 | 1,230 | 8,275 | 17,552 | 25,827 |
| Adults' Social Care | 39,709 | 211 | 39,920 | 5,450 | 45,370 |
| Population Health | 13,846 | (49) | 13,797 | 3,137 | 16,934 |
| Quality & Safeguarding | 147 | (93) | 54 | 56 | 110 |
| Operations & Neighbourhoods | 52,070 | (32,877) | 19,193 | 10,403 | 29,596 |
| Growth | 7,773 | (10,406) | (2,633) | 4,012 | 1,379 |
| Finance & IT | 7,945 | (187) | 7,758 | 1,675 | 9,433 |
| Governance | 9,517 | (76) | 9,441 | 2,517 | 11,958 |
| Corporate Costs | (1,610) | (1,321) | (2,931) | (104) | (3,035) |
| Net costs of services | 194,627 | (43,404) | 151,223 | 49,222 | 200,445 |
| Other income and expenditure | (194,494) | 43,404 | (151,090) | (38,514) | (189,604) |
| (Surplus) or deficit | 133 | 0 | 133 | 10,708 | 10,841 |
| Opening General Fund | | | (27,244) | | |
| Deficit on General Fund Balance in Year | | | 133 | | |
| Contribution to General Fund | | | (326) | | |
| Closing General Fund Balance at 31 March 2022 | | | (27,437) | | |

| | As reported for financial mangement | Adjustment to arrive at the net amount chargeable to the General Fund (Note 1a) | Net Expenditure chargeable to the General Fund | Adjustments between Funding and Accounting Basis (Note 1a) | Net Expenditure in the Comprehensive Income and Expenditure Statement |
|--|---|--|--|--|--|
| 2020/21 | £000 | £000 | | £000 | £000 |
| Children's Social Care | 56,964 | (512) | 56,452 | 944 | 57,396 |
| Education | 6,585 | (831) | 5,754 | 2,275 | 8,029 |
| Adults' Social Care | 38,509 | 1,685 | 40,194 | 1,053 | 41,247 |
| Population Health | 14,453 | 106 | 14,559 | 1,795 | 16,354 |
| Quality & Safeguarding | 103 | 0 | 103 | 13 | 116 |
| Operations & Neighbourhoods | 53,584 | (32,819) | 20,765 | 640 | 21,405 |
| Growth | 8,571 | (12,067) | (3,496) | (187) | (3,681) |
| Finance & IT | 7,100 | (1,435) | 5,665 | 135 | 5,800 |
| Governance | 9,854 | (33) | 9,821 | 564 | 10,385 |
| Corporate Costs | 9,453 | (13,648) | (4,195) | 545 | (3,650) |
| Net costs of services | 205,176 | (59,554) | 145,622 | 7,777 | 153,401 |
| Other income and expenditure | (205,279) | 59,554 | (145,725) | (9,808) | (155,534) |
| (Surplus) or deficit | (103) | 0 | (103) | (2,031) | (2,133) |
| Opening General Fund | | | (28,203) | | |
| Surplus on General Fund Balance in Year | | | (103) | | |
| Contribution from Earmarked Reserves | | | 1,062 | | |
| Closing General Fund Balance at 31 March 2021 | | | (27,244) | | |

1a. Note to the Expenditure and Funding Analysis

| | Transfers to/from reserves at Directorate level | Capital expenditure charged against the General Fund balances | Adjustments for Other Operating Income and Expenditure | Adjustments for Financing and Investment Income and Expenditure | Adjustments for Taxation and Non-Specific Grant Income | Total to arrive at amount charge to general fund | Adjustment for Capital Purposes | Net change for the Pensions Adjustment | Other Differences | Total Adjustment Between funding and Accounting Basis |
|------------------------------|---|---|--|---|--|--|---------------------------------|--|-------------------|---|
| 2021/22 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Children's Social Care | 164 | 0 | 0 | 0 | 0 | 164 | 0 | 4,565 | (39) | 4,526 |
| Education | 2,011 | (781) | 0 | 0 | 0 | 1,230 | 8,633 | 8,926 | (7) | 17,552 |
| Adults' Social Care | 211 | 0 | 0 | 0 | 0 | 211 | 0 | 5,496 | (46) | 5,450 |
| Population Health | (49) | 0 | 0 | 0 | 0 | (49) | 2,934 | 204 | (2) | 3,137 |
| Quality & Safeguarding | (93) | 0 | 0 | 0 | 0 | (93) | 0 | 56 | (0) | 56 |
| Operations & Neighbourhoods | (1,253) | (1,233) | (30,391) | 0 | 0 | (32,877) | 5,532 | 4,912 | (41) | 10,403 |
| Growth | (1,116) | (641) | 867 | (9,516) | 0 | (10,406) | 2,975 | 1,046 | (9) | 4,012 |
| Finance & IT | (175) | (12) | 0 | 0 | 0 | (187) | 572 | 1,113 | (10) | 1,675 |
| Governance | (76) | 0 | 0 | 0 | 0 | (76) | 0 | 2,538 | (22) | 2,517 |
| Corporate Costs | 5,108 | (5,612) | 490 | (8,926) | 7,619 | (1,321) | 0 | 263 | (368) | (104) |
| Net costs of services | 4,732 | (8,279) | (29,034) | (18,442) | 7,619 | (43,404) | 20,646 | 29,120 | (544) | 49,222 |
| Other income and expenditure | (4,732) | 8,279 | 29,034 | 18,442 | (7,619) | 43,404 | (20,646) | (29,120) | 11,252 | (38,514) |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,708 | 10,708 |

| | Transfers to/(from) reserves at Directorate level | Capital expenditure charged against the General Fund balances | Adjustments for Other Operating Income and Expenditure | Adjustments for Financing and Investment Income and Expenditure | Adjustments for Taxation and Non-Specific Grant Income | Total to arrive at amount charge to general fund | Adjustment for Capital Purposes | Net change for the Pensions Adjustment | Other Differences | Total Adjustment Between funding and Accounting Basis |
|------------------------------|---|---|--|---|--|--|---------------------------------|--|-------------------|---|
| 2020/21 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Children's Social Care | (512) | 0 | 0 | 0 | 0 | (512) | 0 | 924 | 20 | 944 |
| Education | (405) | (426) | 0 | 0 | 0 | (831) | 161 | 1,736 | 378 | 2,275 |
| Adults' Social Care | 1,685 | 0 | 0 | 0 | 0 | 1,685 | 0 | 1,030 | 22 | 1,053 |
| Population Health | 106 | 0 | 0 | 0 | 0 | 106 | 1,763 | 32 | 1 | 1,795 |
| Quality & Safeguarding | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 13 | 0 | 13 |
| Operations & Neighbourhoods | (3,718) | (945) | (28,156) | 0 | 0 | (32,819) | (384) | 1,003 | 22 | 640 |
| Growth | (3,024) | (60) | 312 | (9,295) | 0 | (12,067) | (368) | 177 | 4 | (187) |
| Finance & IT | (1,435) | 0 | 0 | 0 | 0 | (1,435) | (79) | 209 | 4 | 135 |
| Governance | (33) | 0 | 0 | 0 | 0 | (33) | 0 | 552 | 12 | 564 |
| Corporate Costs | (28,914) | (7,026) | (110) | (16,006) | 38,408 | (13,648) | 0 | 41 | 504 | 545 |
| Net costs of services | (36,250) | (8,457) | (27,954) | (25,301) | 38,408 | (59,554) | 1,093 | 5,717 | 967 | 7,777 |
| Other income and expenditure | 36,250 | 8,457 | 27,954 | 25,301 | (38,408) | 59,554 | (1,093) | (5,717) | (2,998) | (9,808) |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (2,031) | (2,031) |

1b. Expenditure and Income Analysed by Nature

| | 2021/22 £000 | 2020/21 £000 |
|---|------------------|------------------|
| Expenditure | | |
| Employee benefits expenses | 237,879 | 204,042 |
| Other service expenses | 303,656 | 303,835 |
| Depreciation, amortisation and impairment | 15,102 | (2,977) |
| Loss on disposal of non-current assets | 1,283 | 8,684 |
| Interest payments | 15,972 | 16,009 |
| Precepts and levies | 30,423 | 29,018 |
| | 604,314 | 558,610 |
| Income | | |
| Customer and Client Receipts | (45,468) | (43,254) |
| Income from Council tax and Business Rates | (176,975) | (148,784) |
| Government Grant Income | (316,998) | (329,309) |
| Other Grants Reimbursements and Contributions | (26,610) | (15,151) |
| Interest Income | (4,625) | (4,631) |
| Other Income | (22,796) | (19,612) |
| | (593,473) | (560,741) |
| Surplus/Deficit on provision of services | 10,841 | (2,131) |

2. Other Operating Income and Expenditure

| | 31 March 2022 | | | 31 March 2021 | | |
|---|--------------------------------|-------------------------|------------------------------|--------------------------------|-------------------------|------------------------------|
| | Gross Exp- enditure £000 | Gross Income £000 | Net Exp- enditure £000 | Gross Exp- enditure £000 | Gross Income £000 | Net Exp- enditure £000 |
| Parish Council Precepts | 32 | 0 | 32 | 32 | 0 | 32 |
| Levies | 30,391 | 0 | 30,391 | 28,986 | 0 | 28,986 |
| (Gains)/losses on derecognition/ disposal of non-current assets | 1,759 | (476) | 1,283 | 8,739 | (55) | 8,684 |
| | 32,182 | (476) | 31,706 | 37,757 | (55) | 37,701 |

3. Financing and Investment Income and Expenditure

| | 31 March 2022 | | | 31 March 2021 | | |
|---|--------------------------------|-------------------------|------------------------------|--------------------------------|-------------------------|------------------------------|
| | Gross Exp- enditure £000 | Gross Income £000 | Net Exp- enditure £000 | Gross Exp- enditure £000 | Gross Income £000 | Net Exp- enditure £000 |
| Interest Payable and Similar Charges | 15,972 | 0 | 15,972 | 16,009 | 0 | 16,009 |
| Net Interest on the Net Defined Benefit Liability (Asset) | 7,928 | 0 | 7,928 | 6,523 | 0 | 6,523 |
| Interest receivable and similar income | 0 | (638) | (638) | 0 | (850) | (850) |
| Other investment income | 0 | (3,988) | (3,988) | 0 | (3,782) | (3,782) |
| Income and expenditure in relation to Investment Properties and changes in their fair value | 2,656 | (12,285) | (9,629) | 7,029 | (5,110) | 1,919 |
| Provision for credit loss | (570) | 0 | (570) | 5,859 | 0 | 5,859 |
| | 25,986 | (16,911) | 9,075 | 35,420 | (9,742) | 25,678 |

4. Taxation and Non-Specific Grant Income

Council Tax and Business Rates income included in the Comprehensive Income and Expenditure Statement includes the Council's share of accrued income recognised by billing authorities in the production of the Collection Fund Statements.

The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Reserve is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

The Council recognises capital grants and contributions as being related to capital assets and uses them to fund capital expenditure on those assets. Grants, contributions and donations are recognised as income at the date that the Council has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received.

Any grant received before these recognition criteria were satisfied would be held as a creditor. Any grant which had met the recognition criteria but had not been received would be shown as a debtor. This is in line with the Accruals Concept.

Once the recognition criteria above have been satisfied, capital grants are recognised as income in the Comprehensive Income and Expenditure Statement.

In order to not impact on the level of Council Tax, the Council removes the credit from the General Reserves through the Movement in Reserves Statement, and makes a credit to the Capital Grants Unapplied Reserve.

Once expenditure has been incurred on the related asset, the credit is removed from the Capital Grants Unapplied Reserve and credited to the Capital Adjustment Account.

The Council credited the following to the Taxation and Non Specific Grant Income line in the CIES:

| | 2021/22 £000 | 2020/21 £000 |
|---|------------------|------------------|
| Council Tax Income | (100,098) | (96,477) |
| Retained Business Rates | (45,260) | (20,197) |
| Business Rates Top Up | (31,618) | (31,371) |
| New Homes Bonus Grant | (514) | (1,384) |
| Section 31 - Business Rates Grants | (19,910) | (40,905) |
| Covid-19 LA Support Grant | (7,321) | (13,804) |
| Capital Grants and Contributions | | |
| Schools Basic Need | (12,232) | 0 |
| Other Schools Capital Grants | (2,888) | (2,238) |
| Local Full Fibre Network Funding | 0 | (1,787) |
| Highways Maintenance Grant | (2,415) | (3,369) |
| Disabled Facilities Grant | (2,849) | (3,456) |
| Brownfield Homes Grant | (521) | (1,379) |
| Decarbonisation grant | (1,885) | 0 |
| Other Capital Grants and Contributions | (2,875) | (2,546) |
| | (230,385) | (218,914) |

5. Grants

Grants are recognised as income at the date that the Council has satisfied the conditions of entitlements and there is reasonable assurance that the monies will be received. Any grant received before these recognition criteria were satisfied would be held as a creditor (receipt in advance). Any grant which had met the recognition criteria but had not been received would be shown as a debtor.

Revenue grants will either be received to be used only for a specific purpose, or can be used for general purpose. Those for a specific purpose are recognised in the Comprehensive Income and Expenditure Statement within the Net Cost of Services. Those which are for general purpose are shown within Taxation and non-specific grant income in the Comprehensive Expenditure and Income Statement.

The Council credited the following to Cost of Services in the CIES:

| | 2021/22 £000 | 2020/21 £000 |
|--|------------------|------------------|
| Dedicated Schools Grant | (134,670) | (126,673) |
| Housing Benefit Subsidy Grant | (52,430) | (56,903) |
| Housing and Council Tax Benefit Administration Grant | (823) | (880) |
| Housing Benefit Discretionary Housing Payments Grant | (517) | (689) |
| Private Finance Initiative (PFI) Grant | (14,196) | (14,196) |
| Improved Better Care Fund | (11,061) | (11,061) |
| Better Care Fund | (12,073) | (11,775) |
| Social Care Grant | (9,470) | (7,197) |
| Winter Pressures Grant | (1,154) | (1,154) |
| Independent Living Fund | (726) | (726) |
| Pupil Premium Grant | (7,502) | (7,205) |
| Physical Education & Sport Grant | (958) | (821) |
| Universal Infant Free School Meals | (1,440) | (1,592) |
| Teachers Pay Grant | (45) | (1,114) |
| Teachers Pension Employer Contribution Grant | (128) | (3,374) |
| Adult Education Funding | (771) | (782) |
| Troubled Families Grant | (804) | (792) |
| Potholes & Reactive Maintenance grant | (1,500) | (1,500) |
| Rough Sleepers Initiative Grant | (364) | (634) |
| Asylum Seeker Children grant | (566) | (640) |
| Covid Grants | (28,164) | (18,714) |
| Other Grants | (10,835) | (5,906) |
| | (290,198) | (274,329) |

6. Dedicated Schools Grant (DSG)

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grants (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the schools budget, as defined in the School Finance and Early Years (England) Regulations 2020. The schools budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual schools budgets (ISB), which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2021/22 are as follows:

| | Central Expenditure £000 | Individual Schools Budget £000 | Total £000 |
|--|--------------------------------|---|----------------|
| Final DSG for 2021/22 before academy and high needs recoupment | 0 | 0 | 228,961 |
| Academy and high needs figure recouped for 2021/22 | 0 | 0 | (94,231) |
| Total DSG after academy and high needs recoupment for 2021/22 | | | 134,731 |
| Plus: Brought forward from 2020/21 | 0 | 0 | 0 |
| Less: Carry forward to 2022/23 agreed in advance | 0 | 0 | (1,278) |
| Agreed initial budgeted distribution in 2021/22 | 33,462 | 102,547 | 136,009 |
| In year adjustments | 84 | 0 | 84 |
| Final budget distribution for 2021/22 | 33,545 | 102,547 | 136,092 |
| Actual central expenditure | 33,499 | 0 | 33,499 |
| Actual ISB deployed to schools | 0 | 102,873 | 102,873 |
| In Year Carry-forward to 2022/23 | 46 | (326) | (280) |
| Plus: Carry-forward to 2022/23 agreed in advance | | | (1,278) |
| Carry-forward to 2022/23 | | | 0 |
| DSG unusable reserve at the end of 2020/21 | | | (1,686) |
| Addition to DSG unusable reserve at the end of 2021/22 | | | (1,557) |
| Total of DSG unusable reserve at the end of 2021/22 | | | (3,243) |
| Net DSG position at the end of 2021/22 | | | (3,243) |

MOVEMENT IN RESERVES STATEMENT (MiRS) NOTES

7. Adjustments Required to Comply with Proper Accounting Practice

The Council holds usable revenue reserves for the purpose of funding future expenditure. The General Fund Balance represents the balance of reserves to meet short term, unforeseeable expenditure and to enable significant changes in resources or expenditure to be properly managed over the period of the Medium Term Financial Strategy. Earmarked Reserves represent balances where approval has been received to use the reserve for a specific purpose.

Unusable revenue reserves represent timing differences such as those associated with the recognition of retirement benefits and financial instruments.

Movement in reserves are accounted through the Movement in Reserves Statement.

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.

Redemption of Debt (Minimum Revenue Provision)

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).

Since 1 April 2018 the Council has adopted the following policy in relation to calculating the Minimum Revenue Provision:

Borrowing taken up prior to 1 April 2015 will be provided for using a straight-line method of calculating MRP. £185.215m will be provided for in equal instalments over 50 years, which will result in an annual charge of £3.704m. The debt will be extinguished in full by 31 March 2065. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.

For borrowing taken up on or after 1 April 2015, MRP is to be provided for based upon the average expected useful life of the assets funded by borrowing in the previous year. The debt will be repaid on a straight-line basis over the average useful life calculated, meaning the debt will be fully extinguished at the end of period. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.

For certain investment projects it may be deemed more prudent to use the asset life annuity method in order to calculate MRP. In this case the Council will use the annuity method, with the MRP based on the prevailing PWLB interest rate for a loan with a term equal to the estimated life of the project. If the Council uses capital receipts to repay borrowing for the year then the value of MRP which would have otherwise been set aside to repay borrowing will be reduced by this amount. The level of capital receipts to be applied to redeem borrowing will be determined annually by Section 151 Officer, taking into account forecasts for future expenditure and the generation of further receipts.

For any finance leases and any on-balance sheet Public Finance Initiative (PFI) schemes, the MRP charge will be equal to the principle 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.

The Council has considered the Statutory Guidance, which recommends a 25 year repayment charge for loans to third parties, and concluded that this provision is not necessary where there is a realistic expectation that the loan will be repaid. The Council considers an MRP charge is not necessary in respect of any loans made to third parties as the debt liability is covered by the existence of a debtor; typically long term depending on the life of the loan. The only expenditure consequence of a loan for an authority is the interest on its cash shortfall whilst the loan is outstanding, so provision for the principal amount would be over-prudent until such time as the assumption has to be made that loan will not be repaid.

| | Usable Reserves | | | |
|--|----------------------------|-------------------------------|---|------------------------------------|
| | General Fund Balances £000 | Capital Receipts Reserve £000 | Capital Grants and Other Contributions Unapplied Reserve £000 | Movement in Unusable Reserves £000 |
| 2021/22 | | | | |
| Adjustments to Capital Adjustment Account: | | | | |
| <u>Reversal of items debited or credited to the CIES:</u> | | | | |
| Charges for depreciation of non-current assets | (14,743) | 0 | 0 | 14,743 |
| Revaluation losses on Property Plant and Equipment (PPE) | (201) | 0 | 0 | 201 |
| Revaluation gains on PPE (used to reverse previous revaluation losses) | 60 | 0 | 0 | (60) |
| Movements in the market value of Investment Properties | 8,240 | 0 | 0 | (8,240) |
| Amortisation of Intangible Assets | (218) | 0 | 0 | 218 |
| Capital grant and contributions received in year | 25,665 | 0 | (20,083) | (5,582) |
| Revenue expenditure funded from Capital under Statute | (5,544) | 0 | 0 | 5,544 |
| Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the CIES | (1,759) | 0 | 0 | 1,759 |
| <u>Insertion of items not debited or credited to the CIES:</u> | | | | |
| Statutory provision for the financing of capital investment: | | | | |
| - Minimum Revenue Provision (MRP) for capital financing | 6,494 | 0 | 0 | (6,494) |
| - GM and Lancashire debt repayment | 1,155 | 0 | 0 | (1,155) |
| Capital expenditure charged against General Fund Balances | 8,279 | 0 | 0 | (8,279) |
| Capital grant and contributions received in previous years - applied | 0 | 0 | 10,253 | (10,253) |
| Use of the Capital Receipts Unapplied Account to finance capital expenditure | 0 | 476 | 0 | (476) |
| Adjustments to Capital Receipts Reserve: | | | | |
| Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES | 476 | (476) | 0 | 0 |
| Disposal cost allowance | 0 | 0 | 0 | 0 |
| Contribution from the Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool | 0 | 0 | 0 | 0 |
| Adjustments to Deferred Capital Receipts Reserve: | | | | |
| Transfer to Capital Receipts Unapplied Account upon receipt of cash | 0 | 0 | 0 | 0 |
| Adjustments to Financial Instruments Adjustment Account: | | | | |
| Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements | 18 | 0 | 0 | (18) |
| Adjustments to Pensions Reserve: | | | | |
| Reversal of items relating to retirement benefits debited or credited to the CIES | (59,017) | 0 | 0 | 59,017 |
| Employer's pensions contributions and direct payments to pensioners payable in the year | 21,969 | 0 | 0 | (21,969) |
| Adjustments to Collection Fund Adjustment Account: | | | | |
| Amount by which Council Tax and NDR income credited to the CIES is different from Council Tax and NDR income calculated for the year in accordance with statutory requirements | 22,548 | 0 | 0 | (22,548) |
| Adjustment to Accumulating Compensated Absences Adjustment Account: | | | | |
| 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 | 178 | 0 | 0 | (178) |
| Adjustment involving the Dedicated Schools Grant Adjustment Account: | | | | |
| Transfer of Dedicated Schools Grant (DSG) deficit to the DSG Adjustment Account | (1,558) | 0 | 0 | 1,558 |
| Total Adjustments | 12,042 | 0 | (9,830) | (2,212) |

| | Usable Reserves | | | Movement in Unusable Reserves £000 |
|--|-------------------------------|----------------------------------|--|---------------------------------------|
| | General Fund Balances £000 | Capital Receipts Reserve £000 | Capital Grants and Other Contributions Unapplied Reserve £000 | |
| 2020/21 | | | | |
| Adjustments to Capital Adjustment Account: | | | | |
| <u>Reversal of items debited or credited to the CIES:</u> | | | | |
| Charges for depreciation of non-current assets | (13,061) | 0 | 0 | 13,061 |
| Revaluation losses on Property Plant and Equipment (PPE) | (13,563) | 0 | 0 | 13,563 |
| Revaluation gains on PPE (used to reverse previous revaluation losses) | 29,615 | 0 | 0 | (29,615) |
| Movements in the market value of Investment Properties | (2,983) | 0 | 0 | 2,983 |
| Amortisation of Intangible Assets | (14) | 0 | 0 | 14 |
| Capital grant and contributions received in year | 14,777 | 0 | (5,617) | (9,160) |
| Revenue expenditure funded from Capital under Statute | (4,070) | 0 | 0 | 4,070 |
| Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the CIES | (8,739) | 0 | 0 | 8,739 |
| <u>Insertion of items not debited or credited to the CIES:</u> | | | | |
| Statutory provision for the financing of capital investment: | 0 | 0 | 0 | 0 |
| - Minimum Revenue Provision (MRP) for capital financing | 6,962 | 0 | 0 | (6,962) |
| - GM and Lancashire debt repayment | 1,084 | 0 | 0 | (1,084) |
| Capital expenditure charged against General Fund Balances | 8,457 | 0 | 0 | (8,457) |
| Capital grant and contributions received in previous years - applied | 0 | 0 | 6,093 | (6,093) |
| Use of the Capital Receipts Unapplied Account to finance capital expenditure | 0 | 55 | 0 | (55) |
| Adjustments to Capital Receipts Reserve: | | | | |
| Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES | 55 | (55) | 0 | 0 |
| Disposal cost allowance | 0 | 0 | 0 | 0 |
| Contribution from the Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool | 0 | 0 | 0 | 0 |
| Adjustments to Deferred Capital Receipts Reserve: | | | | |
| Transfer to Capital Receipts Unapplied Account upon receipt of cash | 0 | 0 | 0 | 0 |
| Adjustments to Financial Instruments Adjustment Account: | | | | |
| Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements | 17 | 0 | 0 | (17) |
| Adjustments to Pensions Reserve: | | | | |
| Reversal of items relating to retirement benefits debited or credited to the CIES | (33,544) | 0 | 0 | 33,544 |
| Employer's pensions contributions and direct payments to pensioners payable in the year | 21,304 | 0 | 0 | (21,304) |
| Adjustments to Collection Fund Adjustment Account: | | | | |
| Amount by which Council Tax and NDR income credited to the CIES is different from Council Tax and NDR income calculated for the year in accordance with statutory requirements | (34,954) | 0 | 0 | 34,954 |
| Adjustment to Accumulating Compensated Absences Adjustment Account: | | | | |
| 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 | (464) | 0 | 0 | 464 |
| Adjustment involving the Dedicated Schools Grant Adjustment Account: | | | | |
| Transfer of Dedicated Schools Grant (DSG) deficit to the DSG Adjustment Account | (1,128) | 0 | 0 | 1,128 |
| Total Adjustments | (30,249) | 0 | 476 | 29,773 |

8a 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 MiRS and below.

| | 2021/22 £000 | 2020/21 £000 |
|--|------------------|------------------|
| General Fund Balances | (27,437) | (27,244) |
| Schools Balances | (9,294) | (9,354) |
| Earmarked Reserves (Note 10) | (127,056) | (150,072) |
| Capital Receipts Unapplied Account (Note 8b) | (3) | (3) |
| Capital Grants and Other Contributions Unapplied Reserve (Note 8c) | (29,777) | (19,947) |
| Total | (193,567) | (206,619) |

8b Capital Receipts Unapplied Account

Capital receipts (in excess of £10,000) arising from the sale of non-current assets are credited to the Capital Receipts Unapplied Account.

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.

| | 2021/22 £000 | 2020/21 £000 |
|---|-----------------|-----------------|
| Balance at 1 April | (4) | (4) |
| Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES | (492) | (55) |
| Use of the Capital Receipts Unapplied Account to finance new capital | 476 | 55 |
| Transfer from the Deferred Capital Receipts Reserve upon receipt of cash | 0 | 0 |
| Disposal cost allowance | 16 | 0 |
| Balance at 31 March | (4) | (4) |

8c Capital Grants and Other Contributions Unapplied Reserve

| | 2021/22 £000 | 2020/21 £000 |
|---|-----------------|-----------------|
| Balance at 1 April | (19,947) | (20,423) |
| Grants and contributions received in previous years - applied | 10,253 | 6,093 |
| Grants and contributions received in year - not applied | (20,083) | (5,616) |
| Balance at 31 March | (29,777) | (19,947) |

9. Unusable Reserves

Unusable Reserves are those reserves that are held for accounting purposes and that the Council is not able to utilise to provide services.

Further information on accounting for Financial Instruments can be found in Notes 18 and 19, and in the accounting policies in note 39.

| | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Revaluation Reserve | (107,248) | (111,113) |
| Financial Instruments Revaluation Reserve | (29,113) | (28,524) |
| Capital Adjustment Account | (210,620) | (189,375) |
| Pensions Reserve | 232,670 | 407,782 |
| Collection Fund Adjustment Account | 9,301 | 31,849 |
| Short Term Accumulating Compensated Absences Account | 3,537 | 3,715 |
| Financial Instruments Adjustment Account | 683 | 700 |
| Deferred Capital Receipts | (7) | (7) |
| Dedicated Schools Grant Adjustment Account | 3,243 | 1,686 |
| Total | (97,555) | 116,712 |

9a 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.*

| | 2021/22 £000 | 2020/21 £000 |
|--|------------------|------------------|
| Balance at 1 April | (111,113) | (60,515) |
| Upward revaluation of assets | (484) | (67,828) |
| Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services | 1,178 | 10,331 |
| Surplus or deficit on revaluation of non-current assets posted to the Surplus/Deficit on the Provision of Services | 694 | (57,497) |
| Difference between fair value and historical cost depreciation | 2,537 | 1,263 |
| Accumulated gains on assets sold or scrapped | 634 | 5,636 |
| Amount written off to the Capital Adjustment Account | 3,171 | 6,899 |
| Balance at 31 March | (107,248) | (111,113) |

9b Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the authority arising from increases in the value of its investments that are measured at fair value through other comprehensive income. 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.*

| | 2021/22 £000 | 2020/21 £000 |
|---|-----------------|-----------------|
| Balance at 1 April | (28,524) | (27,751) |
| Transfer from Available For Sale Financial Instruments Reserve | 0 | 0 |
| Revaluation of investment in Manchester Airport Group (MAG) | (500) | (1,890) |
| Revaluation of investment in Inspiredspaces Tameside (Holdings 1 & 2) Ltd | (89) | 1,117 |
| Surplus on revaluation of Financial Instrument Revaluation Reserve | (589) | (773) |
| Balance at 31 March | (29,113) | (28,524) |

9c 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 CIES (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.

| | 2021/22 £000 | 2020/21 £000 |
|--|------------------|------------------|
| Balance at 1 April | (189,375) | (163,479) |
| Adjustment to Asset Register Opening Balances | 0 | 0 |
| <i>Reversal of items debited or credited to the CIES:</i> | | |
| Charges for depreciation of non-current assets | 14,743 | 13,061 |
| Revaluation losses on Property, Plant and Equipment | 201 | 13,563 |
| Revaluation gains on Property, Plant and Equipment (used to reverse previous revaluation losses) | (60) | (29,615) |
| Amortisation of Intangible Assets | 218 | 14 |
| Revenue expenditure funded from capital under statute | 5,544 | 4,070 |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES | 1,759 | 8,739 |
| | 22,405 | 9,833 |
| Adjusting amounts written out of the Revaluation Reserve | (3,171) | (6,899) |
| Net written out amount of the cost of non-current assets consumed in the year | 19,234 | 2,934 |
| <i>Capital financing applied in the year:</i> | | |
| Use of the Capital Receipts Unapplied Account to finance new capital expenditure | (476) | (55) |
| Capital grants and contributions credited to the CIES that have been applied to capital financing | (5,582) | (9,161) |
| Application of grants to capital financing from the Capital Grants and Other Contributions Unapplied Account | (10,253) | (6,093) |
| Statutory provision for the financing of capital investment charged against the General Fund | (7,649) | (8,048) |
| Capital expenditure charged against the General Fund and Reserves | (8,279) | (8,457) |
| | (32,239) | (31,814) |
| Movements in the market value of Investment Properties debited or credited to the CIES | (8,240) | 2,983 |
| Balance at 31 March | (210,620) | (189,375) |

9d Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The 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.

| | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Balance at 1 April | 407,782 | 278,993 |
| Remeasurement of net defined benefit liability | (212,160) | 116,549 |
| Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES | 59,017 | 33,544 |
| Employer's pensions contributions and direct payments to pensioners payable in the year | (21,969) | (21,304) |
| Balance at 31 March | 232,670 | 407,782 |

9e Collection Fund Adjustment Account

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

| | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Balance at 1 April | 31,849 | (3,105) |
| Amount by which Council Tax income and NDR income credited to the CIES is different from Council Tax income and NDR income calculated for the year in accordance with statutory requirements | (22,548) | 34,954 |
| Balance at 31 March | 9,301 | 31,849 |

9f 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.

| | 2021/22 £000 | 2020/21 £000 |
|---|-----------------|-----------------|
| Balance at 1 April | 3,715 | 3,251 |
| Settlement or cancellation of accrual made at the end of the preceding year | (3,715) | (3,251) |
| Amounts accrued at the end of the current year | 3,537 | 3,715 |
| 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 | (178) | 464 |
| Balance at 31 March | 3,537 | 3,715 |

9g Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Account is used to manage premiums paid on the early redemption of loans.

| | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Balance at 1 April | 701 | 718 |
| Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements | (18) | (17) |
| Balance at 31 March | 683 | 701 |

9h Deferred Capital Receipts Reserve

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

| | 2021/22 £000 | 2020/21 £000 |
|---|-----------------|-----------------|
| Balance at 1 April | (7) | (7) |
| Transfer to the Capital Receipts Unapplied Account on receipt of cash | 0 | 0 |
| Balance at 31 March | (7) | (7) |

9i Dedicated Schools Grant Adjustment Account

The Dedicated Schools Adjustment Account was created following the regulations put in place from the School and Early Years Finance (England) Regulations 2020, (the 2020 Regulations) applicable to local authority accounting periods beginning on 1 April 2020. This set out that a schools budget deficit must be carried forward to be funded from future Dedicated Schools Grant (DSG) income. The Council must charge the amount of the deficit, to an account established, charged and used solely for the purpose of recognising deficits in respect of its schools budget: the 2021/22 Code has established this as the 'Dedicated Schools Grant Adjustment Account', an unusable reserve. The accounting treatment introduced by this regulation is limited to the financial reporting periods 2020/21, 2021/22 and 2022/23.

| | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Balance at 1 April | 1,686 | 0 |
| Transfer of prior year's Dedicated Schools Grant deficit to new Adjustment Account | 0 | 557 |
| Dedicated Schools Grant deficit | 1,557 | 1,129 |
| Balance at 31 March | 3,243 | 1,686 |

10. Transfers to/from Earmarked Reserves

Transfers to/from Earmarked Reserves are the net 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 the accounting period.

| | Balance at 1 April 2021 £000 | Net Movemen t2021/22 £000 | Balance at 31 March 2022 £000 | Balance at 1 April 2020 £000 | Net Movemen t2020/21 £000 | Balance at 31 March 2021 £000 | Purpose of the Earmarked Reserve |
|--|---------------------------------------|------------------------------------|--|---------------------------------------|------------------------------------|--|---|
| Building Schools for the Future (BSF) Affordability Reserve | (9,694) | (618) | (10,311) | (9,026) | (667) | (9,694) | For further information please see Note 28. |
| Capital Investment Reserve | (8,908) | 7,382 | (1,526) | (14,593) | 5,686 | (8,908) | To be used to finance the Council's Capital Investment Programme. |
| Corporate Initiatives Reserve | 0 | 0 | 0 | 0 | 0 | 0 | To fund the implementation of projects that support the Council's cross-cutting corporate initiatives. |
| Early Exit Costs Reserve | 0 | 0 | 0 | 0 | 0 | 0 | To assist in meeting future years additional pension costs. |
| Earmarked Reserves with a balance at 31 March 2021 under £0.500m | (3,273) | (1,438) | (4,710) | (3,515) | 243 | (3,273) | Various |
| Hard Facilities Management Service Contract Reserve | (593) | 39 | (553) | (632) | 40 | (593) | To fund the affordability gap within the Facilities Management service. |
| Hattersley Reserve | (1,812) | 0 | (1,812) | (1,812) | 0 | (1,812) | To finance highway improvements and regeneration initiatives in Hattersley. |
| Health Equalities Reserve | (1,671) | (77) | (1,748) | (1,960) | 289 | (1,671) | Ringfenced Public Health reserve per section 10 of the Department of Health Grant determination. |
| Health Integration Reserve | (905) | 0 | (905) | (2,864) | 1,960 | (905) | To support the development and implementation of the Care Together Programme. |
| Insurance Reserves | (7,011) | 504 | (6,507) | (7,479) | 468 | (7,011) | An estimate of claims incurred but not reported. Includes element to cover any expenditure for insurance claims. |
| Medium Term Financial Strategy Reserve | (12,240) | 2,193 | (10,047) | (14,628) | 2,388 | (12,240) | To support the delivery of the Medium Term Financial Strategy. |
| Children's Social Care Staffing Investment | 0 | (936) | (936) | 0 | 0 | 0 | This reserve holds funding for additional capacity in Children's Social Care to support the improvements in line with Ofsted Inspection |
| Godley Green Reserve | 0 | (2,398) | (2,398) | 0 | 0 | 0 | Investment to support expenditure pertaining to the Godley Green Garden Village planning application. |
| Growth and Investment Reserve | 0 | (995) | (995) | 0 | 0 | 0 | Investment to support Town Centre master planning and Strategic Site developments across the borough. |
| Stalybridge HAZ Reserve | 0 | (1,131) | (1,131) | 0 | 0 | 0 | Match funding investment to support the Stalybridge Heritage Action Zone Programme. The programme is also financed by Historic England grant funding. |
| PFI Reserve | (3,385) | 39 | (3,347) | (3,332) | (53) | (3,385) | For further information please see Note 28. |
| School Funding Reserve | (133) | (101) | (234) | 457 | 1,096 | 1,553 | Balance of Education grants to be utilised on Education and School related services. |
| Transfer of DSG Deficit to DSG Adjustment Account (Included in above School Funding Reserve) | 0 | 0 | 0 | 0 | (1,685) | (1,685) | Adjustment to transfer DSG deficit from earmarked reserves to unusable reserves |
| Transport Replacement Fleet Reserve | (2,743) | (137) | (2,880) | (2,488) | (255) | (2,743) | To fund future maintenance of vehicles procured via Prudential Borrowing. |
| Unspent Revenue Grant and Contribution Reserve | (17,388) | 4,996 | (12,393) | (12,242) | (5,147) | (17,389) | Unspent revenue grant, with no conditions attached. IFRS require these grants to be classed as reserves. |
| Waste PFI Reserve | (1,515) | 170 | (1,345) | (1,515) | 0 | (1,515) | To smooth the impact of future years levy increases and associated managed collection costs. |
| IT Investment Fund | (1,048) | (481) | (1,529) | (780) | (268) | (1,048) | The IT Investment reserve has been established to smooth the revenue cost of IT investments which were approved in February 2020 as part of the 2020/21 budget report |
| Collection Fund Reserve | (52,265) | 16,696 | (35,569) | (21,563) | (30,702) | (52,265) | Additional business rates income from the 100% retention pilot, Council Tax Surplus and contingency for Collection Fund Deficits |
| Care Together | (15,000) | 0 | (15,000) | (15,000) | 0 | (15,000) | To assist any funding risks of the implementation of the Care Together Programme |

| | Balance at 1 April 2021 £000 | Net Movement 2021/22 £000 | Balance at 31 March 2022 £000 | Balance at 1 April 2020 £000 | Net Movement 2020/21 £000 | Balance at 31 March 2021 £000 | Purpose of the Earmarked Reserve |
|---------------------------------------|---------------------------------------|------------------------------------|--|---------------------------------------|------------------------------------|--|---|
| Service Improvement | (8,212) | 47 | (8,165) | (5,500) | (2,712) | (8,212) | To support one off service improvements in future to allow services to balance budgets. |
| Greater Manchester Bus Reform Reserve | (1,450) | 0 | (1,450) | 0 | (1,450) | (1,450) | To fund Tameside's contribution towards the Greater Manchester Bus Reform |
| COVID 19 Grants Reserve | (829) | (739) | (1,568) | 0 | (829) | (829) | Specific COVID 19 grants held in reserve to be utilised in 2022/23 |
| Total | (150,072) | 23,016 | (127,056) | (118,473) | (31,599) | (150,072) | |

BALANCE SHEET NOTES

NON-CURRENT ASSETS (INCLUDING FINANCIAL INSTRUMENTS)

11. Property, Plant and Equipment

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; and*
- *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, or*
- *Increase substantially the market value of the asset, or*
- *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 non-current asset maintains its previously assessed standard of performance should be recognised in the revenue account as it is incurred.

A de-minimis level of £10,000 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 operational asset acquired other than through purchase is deemed to be its current value. The Code requires that non-operational property, plant and equipment classified as surplus assets are measured at current value.

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

- *Other 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 basis required by proper accounting practice as outlined in the Code 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 – depreciated historic cost (DHC)*
- *Community Assets and Assets Under Construction – historic cost (HC)*
- *Other assets (excluding non-operational property) – current value, determined as the amount that would be paid for the asset in its existing use (EUV)*
- *Surplus assets (non-operational property, plant and equipment) – current value*

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

**These asset categories are revalued on a minimum five year rolling cycle by an external valuer. 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, these are added to the preceding year's revaluation list*

Disposals

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 Capital Receipts Unapplied Account, 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/de-recognition.

Depreciation / Amortisation

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:

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 periods of up to 40 years.

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.

Impairment of Non-current Assets

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.

Revaluations

Revaluation of property is undertaken on at least a five year "rolling programme" to ensure all property is measured at current value or current value as appropriate. 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.

Charges to revenue for non-current assets

The Cost of Services includes 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, (see note 8). 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.

11a. Details of movements in Property, Plant and Equipment in 2021/22:

| | Land and Buildings £000 | Vehicles, Plant and 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 | | | | | | | | |
| Balance at 1 April 2021 | 324,586 | 26,263 | 175,250 | 18,633 | 14,617 | 1,507 | 560,856 | 101,134 |
| Additions | 10,931 | 1,320 | 5,025 | 222 | 433 | 1,137 | 19,069 | 462 |
| Revaluation increases/(decreases) recognised in the Revaluation Reserve | 0 | 0 | 0 | 0 | (694) | 0 | (694) | 0 |
| Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services | 0 | 0 | 0 | 0 | (133) | 0 | (133) | 0 |
| Accumulated Depreciation Written Out | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Derecognition/disposal of non-current assets | (554) | (65) | 0 | 0 | (547) | 0 | (1,165) | 0 |
| Assets reclassified in year | 0 | 0 | 0 | 0 | (345) | 0 | (345) | 0 |
| At 31 March 2022 | 334,964 | 27,519 | 180,276 | 18,855 | 13,331 | 2,644 | 577,588 | 101,597 |
| Accumulated Depreciation and Impairment | | | | | | | | |
| Balance at 1 April 2021 | (418) | (9,692) | (38,962) | (3,590) | (128) | 0 | (52,790) | 0 |
| Depreciation charge | (9,339) | (1,986) | (3,418) | 0 | 0 | 0 | (14,743) | (2,653) |
| Accumulated Depreciation Written Out | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Assets reclassified in year | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Derecognition/disposal of non-current assets | 8 | 65 | 0 | 0 | 103 | 0 | 176 | 0 |
| At 31 March 2022 | (9,749) | (11,613) | (42,381) | (3,590) | (25) | 0 | (67,358) | (2,653) |
| Net Book Value | | | | | | | | |
| At 31 March 2022 | 325,214 | 15,906 | 137,895 | 15,265 | 13,307 | 2,644 | 510,231 | 98,944 |
| At 31 March 2021 | 324,168 | 16,572 | 136,288 | 15,043 | 14,489 | 1,507 | 508,066 | 101,134 |
| Nature of asset owned at 31 March 2022 | | | | | | | | |
| Owned | 226,270 | 15,906 | 137,895 | 15,265 | 13,307 | 2,644 | 510,231 | 0 |
| Finance Lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PFI | 98,944 | 0 | 0 | 0 | 0 | 0 | 0 | 98,944 |
| | 325,214 | 15,906 | 137,895 | 15,265 | 13,307 | 2,644 | 510,231 | 98,944 |

11b. Details of the prior year movements in Property, Plant and Equipment:

| | Land and Buildings £000 | Vehicles, Plant and 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 | | | | | | | | |
| Balance at 1 April 2020 | 268,387 | 23,048 | 162,125 | 18,414 | 3,346 | 6,942 | 482,262 | 94,358 |
| Additions | 11,627 | 3,538 | 8,347 | 220 | 423 | 904 | 25,058 | 1,935 |
| Revaluation increases/(decreases) recognised in the Revaluation Reserve | 46,733 | 0 | 0 | 0 | 10,765 | 0 | 57,497 | 2,261 |
| Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services | 16,368 | 0 | 0 | 0 | (315) | 0 | 16,052 | 5,167 |
| Accumulated Depreciation Written Out | (14,209) | 0 | 0 | 0 | (7) | 0 | (14,216) | (2,588) |
| Derecognition/disposal of non-current assets | (8,476) | (323) | 0 | 0 | (140) | (469) | (9,408) | 0 |
| Assets reclassified in year | 4,158 | 0 | 4,778 | 0 | 546 | (5,871) | 3,611 | 0 |
| At 31 March 2021 | 324,586 | 26,263 | 175,250 | 18,633 | 14,617 | 1,507 | 560,856 | 101,134 |
| Accumulated Depreciation and Impairment | | | | | | | | |
| Balance at 1 April 2020 | (6,845) | (8,346) | (35,798) | (3,590) | (128) | 0 | (54,707) | (192) |
| Depreciation charge | (8,270) | (1,627) | (3,164) | 0 | 0 | 0 | (13,061) | (2,396) |
| Accumulated Depreciation Written Out | 14,209 | 0 | 0 | 0 | 7 | 0 | 14,216 | 2,588 |
| Assets reclassified in year | 0 | 0 | 0 | 0 | (7) | 0 | (7) | 0 |
| Derecognition/disposal of non-current assets | 487 | 282 | 0 | 0 | 0 | 0 | 769 | 0 |
| At 31 March 2021 | (418) | (9,692) | (38,962) | (3,590) | (128) | 0 | (52,790) | (1) |
| Net Book Value | | | | | | | | |
| At 31 March 2021 | 324,166 | 16,572 | 136,288 | 15,043 | 14,489 | 1,507 | 508,066 | 101,134 |
| At 31 March 2020 | 261,542 | 14,702 | 126,327 | 14,824 | 3,218 | 6,942 | 427,555 | 94,166 |
| Nature of asset owned at 31 March 2021 | | | | | | | | |
| Owned | 222,974 | 16,572 | 136,288 | 15,043 | 14,489 | 1,507 | 508,066 | 0 |
| Finance Lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PFI | 101,192 | 0 | 0 | 0 | 0 | 0 | 0 | 101,134 |
| | 324,166 | 16,572 | 136,288 | 15,043 | 14,489 | 1,507 | 508,066 | 101,134 |

11c. The effective date of revaluation for non-current assets is 31 March each year. Valuations as at 31 March 2022 have been undertaken by Align Property Partners, First Floor, Morgan House, Mount View, Standard Way, Northallerton, DL6 2YD. An analysis of the Council's rolling programme of revaluations is set out below:

| | Land and Buildings £000 | Vehicles, Plant and Equipment | Infrastructure £000 | Community Assets £000 | Surplus Assets £000 | Assets Under Construction £000 | Total £000 |
|--------------------------------|----------------------------|-------------------------------------|------------------------|-----------------------------|---------------------------|--------------------------------------|----------------|
| Historical Cost | | | | | | | |
| Current Value at year end: | | | | | | | |
| Valued at Historic Cost | 271 | 27,518 | 180,276 | 18,856 | 0 | 2,644 | 229,565 |
| 31 March 2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31 March 2019 | 0 | 0 | 0 | 0 | 44 | 0 | 44 |
| 31 March 2020 | 0 | 0 | 0 | 0 | 0 | 2 | 2 |
| 31 March 2021 | 334,692 | 0 | 0 | 0 | 0 | 0 | 334,692 |
| 31 March 2022 | 0 | 0 | 0 | 0 | 13,284 | 0 | 13,284 |
| Total Cost or Valuation | 334,963 | 27,518 | 180,276 | 18,856 | 13,328 | 2,646 | 577,587 |

Community Assets are held at historic cost in accordance with the Code of Practice for Local Authority Accounting, and are not subject to revaluation or depreciation. These assets are held for the benefit of the residents and communities of Tameside, and consist of open spaces including: parks, playgrounds, gardens, country parks, allotments, cemeteries, and playing fields.

Valuation of Surplus Assets

Where surplus assets do not meet the criteria for a held for sale asset or an investment property, they fall to be valued at fair value (at highest and best use). The fair value of surplus assets is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques used to measure fair value categorise the valuation inputs into into three levels as follows:

- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs – unobservable inputs for the asset or liability.

The valuation of surplus assets is based primarily on level 2 inputs, using observable and comparable land and building sale transaction information for similar sites and locations. There has been no change in the valuation techniques used for surplus properties during the year.

11d. Assets Held for Sale

| | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Balance at start of the year | 0 | 539 |
| Assets newly classified as held for sale | 58 | 0 |
| Revaluation losses or gains | (8) | 0 |
| Assets declassified as held for sale | 0 | (539) |
| Disposals in year | 0 | 0 |
| Balance at end of the year | 50 | 0 |

12. Heritage Assets

Heritage Assets are held for their cultural, environmental or historical associations. With the exception of "Statues and 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 restrictions attached which govern how the assets may be managed in the future.

Statues and Other monuments are held at cost and not subject to revaluation or amortisation. Civic Regalia, Art Collections and Militaria are held based on an insurance valuation provided by an external valuer, which is normally updated as every five years. The latest valuation took place in 2015. The revaluation scheduled for 2020 has been delayed due to COVID.

| | Civic Regalia £000 | Art Collection £000 | Militaria £000 | Statues and Other Monuments £000 | Total Heritage Assets £000 |
|--------------------------|-----------------------|------------------------|-------------------|---|-------------------------------------|
| Cost or Valuation | | | | | |
| At 31 March 2021 | 640 | 13,457 | 2,012 | 911 | 17,020 |
| At 31 March 2022 | 640 | 13,457 | 2,012 | 911 | 17,020 |

13. 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.

The following items of income and expense have been accounted for in the Comprehensive Income and Expenditure Statement.

| | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Rental income from investment property | (2,387) | (2,648) |
| Direct operating expenses arising from investment property | 999 | 2,102 |
| Gains in fair value of investment property | (9,898) | (1,944) |
| Losses in the fair value of investment property | 1,658 | 4,927 |
| Net position | (9,629) | 2,437 |

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

| | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Balance at start of the year | 32,006 | 38,134 |
| Additions | 0 | 21 |
| Movements in the fair value of investment property | 8,240 | (2,984) |
| Derecognition/disposal of non-current assets | (770) | (100) |
| Assets reclassified in year | 287 | (3,065) |
| Balance at end of the year | 39,763 | 32,006 |

Valuation of Investment Property

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. In estimating the fair value of the authority's investment properties, the highest and best use of the properties is their current use. Valuation techniques used to measure fair value categorise the valuation inputs into three levels as follows:

- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs – unobservable inputs for the asset or liability.

The valuation of investment properties is based primarily on level 2 inputs, using observable and comparable information. Valuation inputs for investment properties includes market rents, recent land and building sale transaction information (for similar sites and locations), current rental income, occupancy levels, maintenance costs and other cash flow information. There has been no change in the valuation techniques used for investment properties during the year

14. 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'. The Council's Intangible Assets consist of computer software and licences.

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.

| | 2021/22 £000 | 2020/21 £000 |
|-------------------------------------|-----------------|-----------------|
| Gross carrying amount | 2,619 | 1,591 |
| Accumulated amortisation | (1,542) | (1,527) |
| Balance at start of the year | 1,077 | 64 |
| In year amortisation | (218) | (14) |
| Additions | 39 | 1,027 |
| Balance at end of the year | 897 | 1,077 |

15. 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.

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

| | 2021/22 £000 | 2020/21 £000 |
|---|-----------------|-----------------|
| Opening CFR plus PFI added in Year | 296,739 | 284,959 |
| <u>Capital Investment</u> | | |
| Property, Plant and Equipment | 19,069 | 25,058 |
| Investment Properties | 0 | 21 |
| Intangible Assets | 39 | 1,027 |
| Revenue Expenditure Funded from Capital under Statute | 5,544 | 4,070 |
| Other Long Term Investments | 0 | 9,677 |
| Manchester Airport Investment | 0 | 3,740 |
| <u>Sources of Finance</u> | | |
| Capital Receipts | (476) | (55) |
| Government Grants and Other Contributions | (15,835) | (15,253) |
| Capital expenditure charged against General Fund Balances | (8,279) | (8,457) |
| Minimum Revenue Provision | (7,649) | (8,048) |
| Closing CFR | 289,151 | 296,739 |

Explanation of movements in year:

| | 2021/22 £000 | 2020/21 £000 |
|---|-----------------|-----------------|
| Change in Underlying Need to Borrow | (4,769) | 14,476 |
| Principal Element of Finance Lease Repayments | (4) | (5) |
| Principal Element of PFI Lease Repayments | (2,815) | (2,691) |
| Increase / (decrease) in CFR | (7,588) | 11,780 |

16. Capital Commitments

At the Balance Sheet date, the Council had no contractual commitments for the construction or enhancement of Property, Plant and Equipment in 2021/22 and future years.

17. 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 of the Balance Sheet date.

| | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Inspiredspaces Tameside (Holdings 1) Ltd | 1,659 | 1,702 |
| Inspiredspaces Tameside (Holdings 2) Ltd | 3,045 | 3,045 |
| Manchester Airport Loans | 29,632 | 29,632 |
| Manchester Airport Deferred Income | 7,319 | 4,030 |
| Active Tameside | 3,038 | 3,038 |
| Other Long Term Debtors | 116 | 116 |
| Credit Loss Allowance | (3,809) | (4,682) |
| Total | 41,000 | 36,881 |

Inspiredspaces Tameside (Holdings 1) Ltd and Inspiredspaces Tameside (Holdings 2) Ltd – Loan stock held by the Council.

Manchester Airport – The Council's share of loan debt relating to the construction of Terminal 2 and the Council's share of debt owing to the Greater Manchester Metropolitan Debt Administration Fund by the Airport. The Airport pays annual fixed interest of 12% on both and will repay the loans by 2055. In 2018/19 the Council advanced two further loans to Manchester Airport Group (MAG) at a total value of £11.278m at an interest rate of 10%. These loans mature in 2056 and 2057. In 2020/21 a further £9.677m was advanced to MAG also at an interest rate of 10%, repayable in 2058.

Since March 2020, the interest due to the Council on its investments in Manchester has been accrued but no cash has yet been received.

Active Tameside – Loans to finance the purchase of equipment and the refurbishment of three leisure centres. The Trust reimburses the Council with the full cost of servicing this debt.

18. 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 IFRS9, IAS 32 and IFRS7 cover the concepts of recognition, measurement, presentation and disclosure. The adoption of IFRS9 in 2018/19 resulted in some changes to the treatment of financial assets that are classed as financial instruments.

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 arm’s 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.

- **Financial Instrument Balances**

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

Financial Assets

| | 31 March 2022 | | 31 March 2021 | |
|--|-------------------|-----------------|-------------------|-----------------|
| | Long Term £000 | Current £000 | Long Term £000 | Current £000 |
| Investments Principal Amount | 3,000 | 140,861 | 3,000 | 91,266 |
| Adjustment for amortised cost | 81 | 98 | 38 | 750 |
| Amounts treated as Cash Equivalents | 0 | (47,167) | 0 | (33,260) |
| Debtors | 41,000 | 29,418 | 36,881 | 28,091 |
| Financial Assets at amortised cost | 44,081 | 123,210 | 39,918 | 86,846 |
| Other Investments | 12 | 0 | 23 | 0 |
| Fair Value through Other Comprehensive Income (Designated) | | | | |
| Inspiredspaces Tameside (Holdings 1) Ltd | 3,182 | 0 | 3,181 | 0 |
| Inspiredspaces Tameside (Holdings 2) Ltd | 5,917 | 0 | 5,828 | 0 |
| Manchester Airport Group (MAG) | 33,400 | 0 | 32,000 | 0 |
| Manchester Airport Group (MAG) Additional Shareholding | 4,800 | 0 | 5,700 | 0 |
| Total Investments and Debtors | 91,391 | 123,210 | 86,650 | 86,846 |
| Investments treated as Cash Equivalents | 0 | 47,167 | 0 | 33,260 |
| Other Cash | 0 | 2,254 | 0 | 17,080 |
| Total Financial Assets | 91,391 | 172,631 | 86,650 | 137,187 |

Financial Liabilities

| | 31 March 2022 | | 31 March 2021 | |
|---|-------------------|-----------------|-------------------|-----------------|
| | Long Term £000 | Current £000 | Long Term £000 | Current £000 |
| Financial Liabilities Principal Amount | 139,227 | 5,771 | 140,640 | 18,567 |
| Adjustment for Amortised Cost | 683 | 1,110 | 700 | 1,122 |
| Financial Liabilities at amortised cost | 139,909 | 6,881 | 141,340 | 19,690 |
| Total Borrowing | 139,909 | 6,881 | 141,340 | 19,690 |
| Creditors | 0 | 75,058 | 0 | 66,300 |
| PFI, leases & transferred debt | 93,207 | 4,595 | 97,799 | 2,821 |
| Total Financial Liabilities | 233,116 | 86,533 | 239,139 | 88,811 |

There are material changes to the Fair Values disclosed in these notes, some based on the category of their initial valuation:

- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs – unobservable inputs for the asset or liability.

Some of the authority's financial assets are measured in the balance sheet at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them. There have been no transfers between valuation levels, additions, disposals or recognised gains or losses.

Financial Assets Measured at Fair Value

| Recurring fair value measurements | Input level | Valuation Technique | 31 March 2022 £000 | 31 March 2021 £000 |
|---|-------------|----------------------------------|-----------------------|-----------------------|
| Fair Value through Other Comprehensive Income (Designated) | | | | |
| Inspiredspaces Tameside (Holdings 1) Ltd | Level 3 | Discounted cash flow (see below) | 3,182 | 3,181 |
| Inspiredspaces Tameside (Holdings 2) Ltd | Level 3 | Discounted cash flow (see below) | 5,917 | 5,828 |
| Manchester Airport Group (MAG) | Level 2 | Market Value | 33,400 | 32,000 |
| Manchester Airport Group (MAG) Additional S | Level 2 | Market Value | 4,800 | 5,700 |
| Total | | | 47,299 | 46,709 |

With the adaption of IFRS9 from 1 April 2018 investments in equity are classified as Fair Value through Profit and Loss (FVPL) unless there is an irrevocable election to designate the asset as fair value through other comprehensive income.

Assets classed as FVPL are assets where the amounts received are not principal and interest. The Council's equity investments would fall within this category as income received would be in the form of dividends. The Council currently holds three equity investments; Inspiredspaces Tameside (Holding Company 1) and Inspiredspaces Tameside (Holding Company 2), both PFI holding companies, and Manchester Airport Group.

Where these equity investments are not held to trade but are held for strategic reasons the Council can choose to designate these investments as Fair Value through Other Comprehensive Income (FVOCI) rather than FVPL. The Council has taken the option to designate all three equity investments as strategic, on the grounds that these holdings are not held to trade but for strategic service or economic reasons. As a result of this any changes will have no impact on the revenue budget and any gains or losses in the value of the shareholding will be transferred to the Financial Instrument Revaluation Reserve.

Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces Tameside (Holdings2) Ltd – The Fair values of both Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces (Holding 2) Ltd are assessed annually using a discounted cashflow model to determine the estimated fair value of the equity holding based on future cashflows. These equity holdings are not openly traded and relate to Special Purpose Vehicles for PFI schools which do not have comparable markets. The discounted cashflow model includes assumptions about future cashflows which are unobservable and therefore these holdings are categorised as Level 3 investments. The valuation is sensitive to assumptions about future cash flows – any percentage change in the forecast future cashflows would result in an equivalent percentage change in the value of the equity holding.

There has been no change to the valuation technique used during the year to estimate the value of Inspiredspaces equity holdings. The following table provides the reconciliation of fair value measurements for financial assets carried at fair value categorised within Level 3 of the fair value hierarchy for financial assets:

| | 2021/22 £000 | 2020/21 £000 |
|---|-----------------|-----------------|
| Balance at 1 April | 9,009 | 10,126 |
| Total gains or (losses) for the period: | | |
| Included in Surplus or Deficit in the Provision of Services | 0 | 0 |
| Included in Other Comprehensive Income and Expenditure | 90 | (1,117) |
| Balance at 31 March | 9,099 | 9,009 |

MAG – The Council’s shareholding in Manchester Airport Group (MAG) remains at 3.22%. These shares are not traded and an external valuation is obtained on behalf of all Greater Manchester Authorities. This valuation uses an earnings based method, which takes into account the profitability of the company, assessing its historic earnings and arriving at a view of ‘maintainable’ or ‘prospective’ earnings. The valuers have advised of an increase of £1.400m in the fair value of the Council’s ordinary shareholding during the accounting period. Ordinarily, the Council would receive dividend income from the investment, which is included in Financing and Investment Income and Expenditure. However, no dividend income was received in 2020/21 or 2021/22 as a result of the ongoing impact of the Covid-19 pandemic. The Council remains highly unlikely to dispose of its shareholding.

MAG Additional Shareholding - additional C shares relating to the Manchester Airport car park investment have been revalued down to £4.800m.

| | 31 March 2022 | | 31 March 2021 | |
|---------------|-------------------------|--------------------|-------------------------|--------------------|
| | Carrying Amount £000 | Fair Value £000 | Carrying Amount £000 | Fair Value £000 |
| PWLB Debt | 101,234 | 149,387 | 101,008 | 166,067 |
| Non PWLB Debt | 44,874 | 69,459 | 50,000 | 87,456 |
| Total | 146,107 | 218,846 | 151,008 | 253,522 |

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. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £101.234m would be valued at £123.880m. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans would include the penalty charge of £34.674m, principal of £101.008m and accrued interest of £0.610m, totalling £123.880m.

The Council's financial assets are as follows:

| | 31 March 2022 | | 31 March 2021 | |
|---|-------------------------|--------------------|-------------------------|--------------------|
| | Carrying Amount £000 | Fair Value £000 | Carrying Amount £000 | Fair Value £000 |
| Investments | | | | |
| Less Than 1 Year | 140,959 | 93,555 | 92,016 | 92,441 |
| Greater Than 1 Year | 3,081 | 3,076 | 3,038 | 3,162 |
| Long Term Debtors | 41,000 | 41,000 | 36,881 | 36,881 |
| Total Financial Assets at Amortised Cost | 185,040 | 137,631 | 131,935 | 132,484 |

• Mark to Model Valuation for Financial Instruments

As at 31st March the Council held £185.040m financial assets and £146.107m financial liabilities for which Level 2 valuations will apply. All the financial assets are with Money Market Funds, Local Authorities and Banks and are held at amortised cost. The financial liabilities are held with PWLB and Market lenders. All of these investments and borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, we have used a financial model valuation provided by Link Asset Services. This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses early repayment rates to discount the future cash flows.

Items of income, expense, gains or losses

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

| | 31 March 2022 £000 | 31 March 2021 £000 |
|---|--------------------------|--------------------------|
| Gains or Losses on: | | |
| Financial Assets at Fair Value Through Other Comprehensive Income | 590 | 772 |
| Interest Income | | |
| Financial Assets at Amortised Cost | (696) | (1,860) |
| Financial Assets at Fair Value Through Other Comprehensive Income | (4,868) | (3,297) |
| Total Interest Income | (5,565) | (5,157) |
| Interest Expense | 15,972 | 16,009 |

19. 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;
- 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; and
 - 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 2021/22 Budget Report, which incorporates the prudential indicators, was approved by Council in February 2021 and is available on the Council website. The key indicators were:

| Indicator | Limit | Outturn |
|---|-----------------|------------------|
| Ratio of financing costs to net revenue stream | 5.2% | 4.0% |
| Capital financing requirement | £199,373,000.00 | £199,373,000.00 |
| Capital expenditure in year | £109,634,000.00 | £24,651,000.00 |
| Incremental impact on capital investment decisions | £13.00 | £0.35 |
| Authorised limit for external debt | £240,710,000.00 | £140,794,851.74 |
| Operational boundary for external debt | £220,710,000.00 | £140,794,851.74 |
| Upper limit for fixed interest rate exposure | £199,373,000.00 | £13,396,303.87 |
| Upper limit for variable interest rate exposure (negative figure represents investments in excess of borrowing) | £66,457,666.67 | (£17,001,777.11) |
| Upper limit for total principal sums invested for over 364 days | £30,000,000.00 | £3,000,000.00 |

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 and 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 include:

- Credit ratings of Short Term F1, Long Term A- or greater. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
- 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 2021/22 was approved by Full Council in February 2021 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 £72.155m and 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 Balance Sheet date that this was likely to crystallise.

Expected Credit Loss

Calculation of expected credit loss is a way of assessing the credit risk of investments and other financial assets and is a requirement under IFRS9. Credit losses are recognised on either a 12 month or lifetime basis, with the 12 month method being used for assets where the risk of default remains low and is not expected to increase and the lifetime method used when the risk of default is high or expected to increase significantly.

Where the counterparty is central government or another local authority, no loss allowance is required.

The Council has assessed its assets as follows:

| Asset Type | Risk Assessment | Expected Credit Loss Model | Assessment Criteria |
|------------------------|-----------------|----------------------------|---|
| Treasury Investments | Low | 12 month | Historical default tables provided by credit rating agencies |
| Loans to Third Parties | Low/High | 12 month/lifetime | Assets to be assessed on an individual basis using external ratings, economic conditions, and internal assessment of risk level of counterparty |

Following an assessment of the Council's investments it has been determined that there is no material expected credit loss and therefore no allowance has been made.

A summary of the credit quality of the Council's financial assets is below.

| Treasury Deposits | Amount at 31 March 2022 £000 | Credit Rating | Historical experience of default % | Estimated maximum exposure to default £000 |
|---|---------------------------------------|------------------|---|--|
| Banks and Financial Institutions | | | | |
| Insight (MMF) | 15,000 | AAA | 0.04 | 6 |
| State Street (MMF) | 15,000 | AAA | 0.04 | 6 |
| DB Advisors (MMF) | 13,200 | AAA | 0.04 | 5 |
| Legal & General (MMF) | 1,760 | AAA | 0.04 | 1 |
| Morgan Stanley (MMF) | 2,195 | AAA | 0.04 | 1 |
| Landesbank Hessen-Thuringen | 5,000 | A+ | 0.05 | 3 |
| Close Brothers | 15,000 | A- | 0.05 | 8 |
| Goldman Sachs | 5,000 | A+ | 0.05 | 3 |
| Total | 72,155 | | | 31 |
| Other Local Authorities | 71,700 | N/A | N/A | N/A |
| Total | 143,855 | | | |

No breaches of the Council's counterparty criteria occurred during the year 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. Debt is impaired in line with IFRS9 based on knowledge and experience of past debts and current conditions. At the Balance Sheet date a balance of £14.672m net of impairment was outstanding and is analysed by age below:

| | 31 March 2022 £000 | 31 March 2021 £000 |
|------------------------|--------------------------|--------------------------|
| Less than three months | 8,325 | 4,046 |
| Three to four months | 1,017 | 215 |
| More than four months | 5,330 | 8,466 |
| Total | 14,672 | 12,728 |

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above, as well as 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 2022 £000 | 31 March 2021 £000 |
|-----------------------|--------------------------|--------------------------|
| Less than one year | 140,861 | 91,266 |
| Greater than one year | 3,000 | 3,000 |
| Total | 143,861 | 94,266 |

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 of 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; and
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities (principal amount) is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period:

| | Approved maximum limits % | Approved minimum limits % | 31 March 2022 £000 | 31 March 2021 £000 |
|----------------------------|---------------------------|---------------------------|--------------------|--------------------|
| Less than one year | 15 | 0 | 5,771 | 18,567 |
| Between one and two years | 15 | 0 | 3,202 | 1,222 |
| Between two and five years | 30 | 0 | 550 | 3,393 |
| Between five and ten years | 40 | 0 | 3,000 | 3,550 |
| More than ten years | 100 | 50 | 132,475 | 132,475 |
| Total | | | 144,997 | 159,207 |

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

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 2022 £000 | 31 March 2021 £000 |
|---|-----------------------------------|-----------------------------------|
| Decrease in the fair value of fixed rate borrowings liabilities (no impact on CIES) | 40,997 | 48,022 |

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 19 – Fair value of Financial Assets and Liabilities Carried at Amortised Cost. If using new borrowing rates rather than redemption rates, the equivalent change in fair value would be £36.001m.

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 £32m. 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.

CURRENT ASSETS

20. Short Term Debtors

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

Debt is impaired in line with IFRS9 based on knowledge and experience of past debts and current conditions. Assessment is made based on the risk of the debtors' ability to pay future cash flows due under the contractual terms. This risk is estimated based on historical loss experience, credit rating for a debtor and other impacting factors. The impairment is charged against the Financing and Investment line in the CIES.

| | 2021/22 £000 | 2020/21 £000 |
|------------------------------------|-----------------|-----------------|
| Central Government Bodies | 8,143 | 7,863 |
| NHS Bodies | 299 | 41 |
| Other Local Authorities | 2,315 | 2,693 |
| Other Entities and Individuals | 59,669 | 55,097 |
| Allowance for Expected Credit Loss | (17,649) | (15,761) |
| | 52,776 | 49,933 |
| Capital Debtors | 1,149 | 3,610 |
| Payments In Advance | 4,355 | 4,321 |
| Transferred Services | 32 | 32 |
| Total | 58,312 | 57,896 |

21. Cash and Cash Equivalents

Cash and 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 Council has deemed that deposits held within money market funds are categorised as cash equivalents.

| | 2021/22 £000 | 2020/21 £000 |
|--------------------------|-----------------|-----------------|
| Cash held by the Council | 5 | 6 |
| Short Term Investments | 47,167 | 33,260 |
| Bank Current Accounts | 2,249 | 17,074 |
| Bank Overdraft | 0 | 0 |
| Total | 49,421 | 50,341 |

CURRENT LIABILITIES

22. 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 Balance Sheet date.

| | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Central Government Bodies | (27,532) | (18,404) |
| NHS Bodies | (149) | (349) |
| Other Local Authorities | (1,173) | (952) |
| Other Entities and Individuals | (34,898) | (31,437) |
| Public Corporations and Trading Funds | 0 | 0 |
| Total | (63,752) | (51,142) |
| Capital Creditors | (3,264) | (1,146) |
| Deposits and Receipts in Advance | (22,157) | (16,086) |
| Short Term Accumulating Compensated Absences | (3,537) | (3,715) |
| Total | (92,710) | (72,089) |

23. 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 |
|----------------------------------|------|-------------------|--------------------|------------------|
| 2021/22 | | | | |
| Pension Liability | 0 | (214,707) | 0 | (214,707) |
| PFI | 0 | (90,616) | (3,442) | (94,058) |
| Finance Leases | 0 | (2,591) | (6) | (2,597) |
| Rent Deposit on Leased Buildings | | (35) | 0 | (35) |
| Total | | (307,949) | (3,448) | (311,397) |
| 2020/21 | | | | |
| Pension Liability | 30 | (372,635) | 0 | (372,635) |
| PFI | 28 | (94,058) | (2,816) | (96,873) |
| Finance Leases | 27 | (2,595) | (5) | (2,600) |
| Former Transferred Debt | | 0 | 0 | 0 |
| Rent Deposit on Leased Buildings | | (33) | 0 | (33) |
| Total | | (469,320) | (2,821) | (472,141) |

24. Provisions

Provision has been made in the Balance Sheet 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 benefit or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When expenditure is incurred to which the provision relates, it is charged directly against the provision in the Balance Sheet and not against the CIES.

| | Business Rate Appeals £000 | Insurance Fund £000 | Other Provisions £000 | Total £000 |
|---|-------------------------------------|---------------------------|-----------------------------|-----------------|
| Balance at 1 April 2021 | (14,945) | (2,789) | (393) | (18,126) |
| Additional provisions made in the period | (2,525) | (1,414) | (599) | (4,538) |
| Provision - written back | 0 | 0 | 393 | 393 |
| Amounts used | 2,110 | 853 | 0 | 2,963 |
| Provision Balance at 31 March 2022 | (15,360) | (3,350) | (599) | (19,308) |
| Long Term Provision | (15,360) | (3,350) | 0 | (18,709) |
| Short term Provision | 0 | 0 | (599) | (599) |
| Total | (15,360) | (3,350) | (599) | (19,308) |

The provision for Business Rate Appeals is required for forecast losses on business rates as a result of appeals.

The Insurance fund mainly covers 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 level of insurance provision and reserve is based on an assessment undertaken by an independent external insurance actuary.

25. Leases

The Council recognises a lease to be any agreement which transfers the right to use an asset for an agreed period in exchange for payment, or a series of payments. This includes; leases, hire purchase, rental, contracts of service, service level agreements and any other arrangement where the ability to use an asset is conveyed.

Finance Leases

A finance lease is where substantially all of the risks and rewards relating to ownership transfer to the lessee. Tests to give an indication of the transfer of risk and reward are:

- *If the lessee will gain ownership of the asset at the end of the lease term (e.g. hire purchase)*
- *If the lessee has an option to purchase the asset at a sufficiently favourable price that it is reasonably certain, at the inception of the lease, that it will be exercised*
- *If the lease term is for the major part of the economic life of the asset even if the title is not transferred. Measures to identify this are:*
 - *The economic life of the asset is deemed to be that which is consistent with the class of asset in the depreciation policy.*
 - *The Council recognises 'major part' to be 75% of the life of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.*
- *At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. Measures to identify this are:*
 - *Fair value of the leased asset is assessed by a RICS qualified valuer.*
 - *The present value of the minimum lease payments is calculated by discounting at the rate inherent in the lease.*
 - *If this rate cannot be determined the incremental borrowing rate applicable for that year is used.*
 - *The Council recognises 'substantially all' to be 75% of the value of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.*
- *The leased assets are of such a specialised nature that only the lessee can use them without major modifications.*
- *If the lessee cancels the lease, the losses of the lessor, associated with the cancellation are borne by the lessee.*
- *Gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (e.g. in the form of a rent rebate equalling most of the sales proceeds at the end of the lease).*
- *The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.*

A suitably experienced accountant, with assistance from qualified valuers, will make a judgement based on the level of risk and reward held by the Council as to whether an asset is operating or finance.

Lessor Accounting for a Finance Lease

Where the Council is the lessor for a finance lease, the asset is not recognised in the asset register; however a long term debtor at the present value of minimum lease payments is recognised. Income received is split between capital – credited against the debtor, and finance income – credited to the Comprehensive Income and Expenditure Statement as interest receivable.

Lessee Accounting for a Finance Lease

Where the Council is tenant in a property, or is, by definition of IFRIC 4, leasing an asset which is deemed under IAS 17 to be a finance lease the Council will recognise that asset within the asset register, and account for that asset as though it were an owned asset.

The initial recognition of the asset is at the fair value of the property, or if lower, the present value of the minimum lease payments. A liability is also recognised at this value, which is reduced as lease payments are made.

The Council had three assets under finance leases in the year. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet and currently have carrying value of nil.

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:

| | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Finance lease liabilities (net present value of minimum lease payments): | | |
| - current | (4) | (5) |
| - non-current | (2,593) | (2,595) |
| Finance costs payable in future years | (19,821) | (18,697) |
| Minimum lease payments | (22,418) | (21,297) |

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

| | Minimum Lease Payments 2021/22 £000 | Minimum Lease Liabilities 2021/22 £000 | Minimum Lease Payments 2020/21 £000 | Minimum Lease Liabilities 2020/21 £000 |
|---|---|--|---|--|
| Not later than one year | (256) | (4) | (256) | (5) |
| Later than one year and not later than five years | (1,025) | (26) | (1,025) | (26) |
| Later than five years | (21,136) | (2,567) | (20,016) | (2,569) |
| | (22,417) | (2,597) | (21,297) | (2,600) |

Operating Leases

The Council recognises an operating lease to be a lease which is not a finance lease. Where the Council is the lessor for an operating lease, normally the asset is classified as an Investment Property. Any rental income is credited to the relevant service income.

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

| | 2021/22 £000 | 2020/21 £000 |
|---|-----------------|-----------------|
| Not later than one year | 6 | 4 |
| Later than one year and not later than five years | 0 | 1 |
| | 6 | 5 |

The expenditure charged to Cost of Services in the CIES during the year in relation to these leases was:

| | 2021/22 £000 | 2020/21 £000 |
|------------------------|-----------------|-----------------|
| Minimum lease payments | 31 | 9 |

Council as Lessor

During the year 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:

| | 2021/22 £000 | 2020/21 £000 Restated |
|---|-----------------|-----------------------------|
| Not later than one year | 1,447 | 1,472 |
| Later than one year and not later than five years | 5,236 | 5,395 |
| Later than five years | 81,838 | 89,768 |
| | 88,521 | 96,635 |

26. Service Concession Agreements (Private Finance Initiatives (PFI) and Similar Contracts)

PFI and similar schemes are accounted for in a manner that is consistent with the adaptation of IFRIC 12 Service Concession Arrangements. They 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. PFI and similar contracts are assessed to determine whether the risks and rewards incidental to ownership lie with the Council or the contractor.

Those which lie with the contractor – payments made during the life of the contract are chargeable to revenue as incurred.

Those which lie with the Council – are recognised as an asset in the Balance Sheet for the construction costs of the asset. Once recognised this asset is treated in line with all non-current assets. A corresponding long term liability is also recognised at the construction value. Payments made during the life of the contract are split into finance costs, capital costs and service costs. Determining the split of payments is calculated at the inception of the contract and is based on the inherent interest rate within the original agreement. Finance costs are chargeable to the Comprehensive Income and Expenditure Statement (CIES) as interest payable. Capital costs reduce the level of liability in the Balance Sheet. Service costs are chargeable Cost of Services within the CIES. Pre-payments reduce the level of liability at the start of the contract.

PFI credits are treated as revenue grants and included in Cost of Services within the CIES.

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

Hattersley Schools PFI Project (Pyramid Schools)

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.

Details of movements in PFI assets in the accounting period are below:

| | Pyramid Schools (Tameside) Limited £000 | Inspiredspac es Tameside (Hold Co1) Limited £000 | Inspiredspac es Tameside (Hold Co2) Limited £000 | Total £000 |
|---|--|---|---|-----------------------|
| <u>Cost or Valuation</u> | | | | |
| At 1 April 2021 | 21,224 | 27,111 | 52,800 | 101,135 |
| Additions | 221 | 86 | 227 | 534 |
| Revaluation losses | 0 | 0 | 0 | 0 |
| At 31 March 2022 | 21,446 | 27,196 | 53,027 | 101,669 |
| <u>Accumulated Depreciation and Impairment</u> | | | | |
| At 1 April 2021 | 0 | 0 | (0) | (0) |
| Depreciation charge | (671) | (678) | (1,304) | (2,653) |
| Revaluation losses | 0 | 0 | 0 | 0 |
| At 31 March 2022 | (671) | (677) | (1,304) | (2,653) |
| <u>Net Book Value</u> | | | | |
| At 31 March 2022 | 20,774 | 26,519 | 51,723 | 99,016 |
| At 31 March 2021 | 21,224 | 27,111 | 52,800 | 101,135 |

Details of the comparative movements in PFI assets are below:

| | Pyramid Schools (Tameside) Limited £000 | Inspiredspac es Tameside (Hold Co1) Limited £000 | Inspiredspac es Tameside (Hold Co2) Limited £000 | Total £000 |
|---|--|---|---|-----------------------|
| <u>Cost or Valuation</u> | | | | |
| 1 April 2020 | 18,942 | 28,154 | 47,263 | 94,359 |
| adjustment | 0 | 0 | 0 | 0 |
| Revised Opening | 18,942 | 28,154 | 47,263 | 94,359 |
| Additions | 204 | 50 | 1,681 | 1,935 |
| Revaluation losses | 2,079 | (1,094) | 3,856 | 4,841 |
| At 31 March 2021 | 21,224 | 27,111 | 52,800 | 101,135 |
| <u>Accumulated Depreciation and Impairment</u> | | | | |
| 1 April 2020 | 0 | 0 | (192) | (191) |
| Depreciation charge | (581) | (687) | (1,129) | (2,396) |
| Revaluation losses | 581 | 687 | 1,320 | 2,588 |
| At 31 March 2021 | 0 | (0) | 0 | (0) |
| <u>Net Book Value</u> | | | | |
| At 31 March 2021 | 21,224 | 27,111 | 52,800 | 101,135 |
| Adjusted 1 April 2020 | 18,942 | 28,155 | 47,071 | 94,168 |
| At 31 March 2020 | 18,942 | 28,155 | 47,071 | 94,168 |

Details of movements in PFI liabilities in the accounting period are below:

| | Pyramid Schools (Tameside) Limited £000 | Inspiredspac es Tameside (Hold Co1) Limited £000 | Inspiredspac es Tameside (Hold Co2) Limited £000 | Total £000 |
|---|--|---|---|-----------------------|
| Liability outstanding at 1 April 2021 | (11,355) | (31,495) | (54,024) | (96,874) |
| Payments made During the year | 349 | 1,043 | 1,423 | 2,815 |
| Liability outstanding at 31 March 2022 | (11,006) | (30,451) | (52,601) | (94,059) |
| Short term finance Lease liability | (502) | (1,290) | (1,649) | (3,441) |
| Long term finance lease liability | (10,504) | (29,161) | (50,952) | (90,617) |
| | (11,006) | (30,451) | (52,601) | (94,059) |

Details of comparative movements in PFI liabilities are below:

| | Pyramid Schools (Tameside) Limited £000 | Inspiredspaces Tameside (Hold Co1) Limited £000 | Inspiredspaces Tameside (Hold Co2) Limited £000 | Total £000 |
|---|--|--|--|-------------------|
| Liability outstanding at 1 April 2020 | (11,690) | (32,331) | (55,544) | (99,565) |
| Payments made During the year | 335 | 836 | 1,520 | 2,691 |
| Liability outstanding at 31 March 2021 | (11,355) | (31,495) | (54,024) | (96,874) |
| Short term finance Lease liability | (349) | (1,043) | (1,423) | (2,815) |
| Long term finance lease liability | (11,006) | (30,451) | (52,601) | (94,059) |
| | (11,355) | (31,495) | (54,024) | (96,874) |

The fair value of the Council's PFI liabilities can be calculated based on the prevailing PWLB new loan rates, making this a level 2 fair value calculation. The following table shows the fair value of these liabilities:

| | 31 March 2022 | | 31 March 2021 | |
|------------------------------|----------------------|-------------------|----------------------|-------------------|
| | Carrying | Fair Value | Carrying | Fair Value |
| PFI Liabilities | 94,057 | 162,594 | 96,874 | 170,343 |
| Total PFI Liabilities | 94,057 | 162,594 | 96,874 | 170,343 |

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

| | Payments | | | | | Indexation | Contract Expiry |
|---|------------------|----------------|-------------------|----------------|----------------|-------------------|------------------------|
| | Liability | Finance | Contingent | Service | Total | | |
| Pyramid Schools (Tameside) Limited | | | | | | | |
| Payments within 1 year | 502 | 1,180 | 562 | 1,530 | 3,774 | RPI | 2033 |
| Payments within 2 to 5 years | 3,056 | 4,062 | 2,733 | 5,778 | 15,628 | | |
| Payments within 6 to 10 years | 5,958 | 2,791 | 4,191 | 8,416 | 21,356 | | |
| Payments within 11 to 15 years | 1,491 | 160 | 908 | 1,086 | 3,645 | | |
| | 11,006 | 8,193 | 8,394 | 16,811 | 44,404 | | |
| Inspiredspaces Tameside | | | | | | | |
| Payments within 1 year | 1,290 | 2,748 | 815 | 2,185 | 7,039 | RPIX | 2036 |
| Payments within 2 to 5 years | 5,922 | 9,760 | 3,767 | 10,183 | 29,633 | | |
| Payments within 6 to 10 years | 9,584 | 8,796 | 5,784 | 16,753 | 40,918 | | |
| Payments within 11 to 15 years | 13,654 | 3,276 | 6,867 | 15,481 | 39,277 | | |
| Payments within 16 to 20 years | 0 | 0 | 0 | 0 | 0 | | |
| | 30,451 | 24,580 | 17,234 | 44,602 | 116,868 | | |
| Inspiredspaces Tameside (ProjectCo2) Limited | | | | | | | |
| Payments within 1 year | 1,649 | 5,224 | 741 | 3,537 | 11,151 | RPIX | 2038 |
| Payments within 2 to 5 years | 9,449 | 18,864 | 3,736 | 13,869 | 45,919 | | |
| Payments within 6 to 10 years | 14,970 | 17,858 | 5,903 | 23,613 | 62,344 | | |
| Payments within 11 to 15 years | 23,744 | 8,967 | 7,846 | 26,875 | 67,432 | | |
| Payments within 16 to 20 years | 2,789 | 115 | 809 | 2,079 | 5,792 | | |
| | 52,601 | 51,029 | 19,036 | 69,973 | 192,639 | | |

27. Pension Schemes Accounted for as Defined Contribution Schemes

Teachers' Pension Scheme is a defined benefit scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The assets and liabilities of the Teachers' Pension Scheme are not attributable to the Council, therefore the Council accounts for the scheme as if it were a defined contribution scheme. This means that the Children and Education Services line in the CIES will include the Council's contributions payable to the scheme.

NHS Pension Scheme is a defined benefit scheme administered by EA Finance NHS Pensions. The assets and liabilities of the NHS Pension Scheme are not attributable to the Council, therefore the Council accounts for the scheme as if it were a defined contribution scheme. This means that the Public Health Services line in the CIES will include the Council's contributions payable to the scheme.

Teachers' Pension Scheme

In 2021/22 the Council paid £10.227m to the Teachers' Pension Agency in respect of the employers' contribution rate for teacher's pensions (£10.107m in 2020/21). These contributions are based on a national rate of 23.68%, which is unchanged from the previous year. Forecast contributions for 2022/23 are £10.068m based on a contribution rate of 23.68%.

In addition, the Council is responsible for all pension payments relating to added years that it has awarded (plus annual related increases). 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 2021/22 these costs amounted to £1.541m (£1.631m in 2020/21). 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 28.

NHS Staff Pension Scheme

In 2021/22 the Council paid £0.022m (£0.029m in 2020/21) to the NHS Pension Scheme in respect of former NHS staff retirement benefits. These contributions are based on a national rate of 14.38% throughout the financial year.

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 2021/22.

28. Defined Benefit Pension Schemes

Greater Manchester Local Government Pension Scheme is administered by the Council and is accounted for as a defined benefit scheme. The liabilities of the scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of future earnings for current employees.

Pension liabilities are measured using the projected unit method, discounted using the rate on high quality corporate bonds of equivalent term to the liabilities. The discount rate is the weighted average of "spot yields" on AA rated corporate bonds.

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

Service cost comprising:

Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the CIES 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 CIES.

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 CIES. 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.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the Pension Fund in the year, not the amount calculated according to the relevant accounting standards. Adjustments are therefore made in the Movement in Reserves Statement.

Early Retirement, Discretionary Payments

The Council 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 which are applied to the Local Government Pension Scheme.

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 those mentioned in Note 27) 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 2021/22 the Council paid an employer's contribution of £19.127m (£18.344m in 2020/21) into the Fund representing 19.9% (19.9% in 2020/21) of pensionable pay. Contributions payable in 2022/23

are estimated to be £20.124m based on a contribution rate of 19.9%. The Council also paid £1.302m in 2021/22 (£1.433m in 2020/21) for pension payments relating to added years that it has awarded.

Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported Cost of Services when they are earned by the employees rather than when they are eventually paid as pensions. However, the charge made against Council Tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of General Fund Balances through the MIRS.

The following transactions have been made in the CIES and General Fund Balances through the MIRS during the year:

| | 2021/22 £000 | 2020/21 £000 |
|---|------------------|-----------------|
| Service Cost | | |
| - Current service costs | 50,076 | 31,434 |
| - Past service costs (including curtailments) | 1,013 | 168 |
| - Effect of settlements | 0 | (1,314) |
| Total Service Cost | 51,089 | 30,288 |
| Financing and Investment Income and Expenditure | | |
| - Interest income on scheme assets | (22,030) | (20,219) |
| - Interest cost on defined benefit obligation | 29,958 | 26,742 |
| Total Net Interest | 7,928 | 6,523 |
| Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services | 59,017 | 36,811 |
| Remeasurements of the Net Defined Liability | | |
| - Remeasurement recognised in Other Comprehensive Income and Expenditure relating to the prior year | 0 | (5,155) |
| - Return on plan assets excluding amounts included in net interest | (101,368) | (177,385) |
| - Actuarial losses arising from changes in demographic assumptions | (12,449) | 7,937 |
| - Actuarial losses arising from changes in financial assumptions | (100,420) | 302,224 |
| - Other experience | 2,077 | (11,072) |
| Total Remeasurements Recognised in Other Comprehensive Income and Expenditure | (212,160) | 116,549 |
| Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement | (153,143) | 153,360 |
| Movement in Reserves Statement | | |
| - Adjustment to net charges made to the surplus or deficit on provision of services relating to the prior year' | 0 | 3,267 |
| - Reversal of net charges made to the surplus or deficit on provision of services | (59,017) | (36,811) |
| - Employers' Contribution payable to the scheme | 21,969 | 21,304 |

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:

| | 2021/22 £000 | 2020/21 £000 |
|--|------------------|------------------|
| Fair value of employers assets | 1,213,339 | 1,116,432 |
| Present value of funded liabilities | (1,394,536) | (1,452,086) |
| Present value of unfunded liabilities | (33,516) | (36,987) |
| Net liability arising from Defined Benefit obligation | (214,713) | (372,641) |

Reconciliation of the Movements in Fair Value of Scheme Assets:

| | 2021/22 £000 | 2020/21 £000 |
|---|------------------|------------------|
| Opening fair value of scheme assets | 1,116,432 | 889,895 |
| Remeasurement recognised in Other Comprehensive Income and Expenditure relating to the prior year | 0 | 5,154 |
| Opening fair value of scheme assets after adjustments | 1,116,432 | 895,049 |
| Interest income | 22,030 | 20,219 |
| Effect of settlements | 0 | (2,149) |
| <u>Remeasurement gain</u> | 0 | 0 |
| - Return on plan assets excluding amounts included in net interest | 101,368 | 177,385 |
| Employer Contributions | 1,943 | 53,485 |
| Benefits paid | (34,806) | (33,563) |
| Contributions from employees into the scheme | 2,842 | 6,006 |
| Closing fair value of scheme assets | 1,209,809 | 1,116,432 |

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

| | 2021/22 £000 | 2020/21 £000 |
|--|--------------------|--------------------|
| Opening fair value of scheme liabilities | (1,489,074) | (1,168,888) |
| Adjustment to net charges made to the surplus or deficit on provision of services relating to the prior year | 0 | 3,268 |
| Opening fair value of scheme liabilities after adjustments | (1,489,074) | (1,165,620) |
| Current service cost | (50,076) | (31,434) |
| Interest cost | (29,958) | (26,742) |
| Contributions from scheme participants | (6,372) | (6,006) |
| Effect of settlements | 0 | 3,463 |
| <u>Remeasurement gain</u> | 0 | 0 |
| - Actuarial losses arising from changes in financial assumptions | 100,420 | (302,224) |
| - Actuarial losses arising from changes in demographic assumptions | 12,449 | (7,937) |
| - Other experience | (2,077) | 11,072 |
| Past service cost | (1,013) | (168) |
| Benefits paid | 37,648 | 36,522 |
| Closing fair value of scheme liabilities | (1,428,053) | (1,489,074) |

Fair Value of Employer Assets:

| Asset Category | 31 March 2022 | | | | 31 March 2021 | | | |
|--|---|---|------------------|-------------|---|---|------------------|-------------|
| | 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 | 94,413 | 0 | 94,413 | 8% | 97,966 | 0 | 97,966 | 9% |
| Manufacturing | 84,386 | 0 | 84,386 | 7% | 87,249 | 0 | 87,249 | 8% |
| Energy and Utilities | 57,461 | 0 | 57,461 | 5% | 54,139 | 0 | 54,139 | 5% |
| Financial Institutes | 126,862 | 0 | 126,862 | 10% | 117,277 | 0 | 117,277 | 11% |
| Health and Care | 64,728 | 0 | 64,728 | 5% | 55,800 | 0 | 55,800 | 5% |
| Information Technology | 64,841 | 0 | 64,841 | 5% | 58,970 | 0 | 58,970 | 5% |
| Other | 14,833 | 0 | 14,833 | 1% | 18,038 | 0 | 18,038 | 2% |
| Debt Securities: | | | | | | | | |
| Corporate Bonds (investment grade) | 48,479 | 0 | 48,479 | 4% | 53,964 | 0 | 53,964 | 5% |
| Corporate Bonds (non-investment grade) | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0% |
| UK Government | 20,832 | 0 | 20,832 | 2% | 0 | 0 | 0 | 0% |
| Other | 35,980 | 0 | 35,980 | 3% | 14,503 | 0 | 14,503 | 1% |
| Private Equity: | | | | | | | | |
| All | 0 | 85,721 | 85,721 | 7% | 0 | 66,449 | 66,449 | 6% |
| Real Estate: | | | | | | | | |
| UK Property | 0 | 47,006 | 47,006 | 4% | 0 | 41,715 | 41,715 | 4% |
| Investment funds and Unit Trusts: | | | | | | | | |
| Equities | 80,329 | 0 | 80,329 | 7% | 100,312 | 0 | 100,312 | 9% |
| Bonds | 125,203 | 0 | 125,203 | 10% | 141,485 | 0 | 141,485 | 13% |
| Infrastructure | 0 | 70,389 | 70,389 | 6% | 0 | 56,913 | 56,913 | 5% |
| Other | 24,514 | 137,667 | 162,181 | 13% | 24,199 | 106,151 | 130,350 | 12% |
| Derivatives: | | | | | | | | |
| Other | (8,249) | 0 | (8,249) | -1% | (896) | 0 | (896) | 0% |
| Cash and Cash Equivalents: | | | | | | | | |
| All | 37,945 | 0 | 37,945 | 3% | 22,188 | 0 | 22,188 | 2% |
| Totals | 872,556 | 340,783 | 1,213,339 | 100% | 845,194 | 271,238 | 1,116,432 | 100% |

The GMPF does not formally account for each employer's assets separately and therefore the Tameside share of the assets does not have any authority specific risks. Further information on the risks associated with the GMPF can be found in the Funding Strategy Statement on the GMPF website. The Tameside membership is not considered to have any particular demographic factors which expose the authority to specific risks.

b. Basis for Estimating Assets and Liabilities

The Council's liabilities in respect of the Greater Manchester Pension Fund have been assessed under IAS19 (Employee Benefits) by Hymans Robertson, an independent firm of actuaries, using the projected unit credit method. The liabilities have been estimated based on the results of the Fund's 31 March 2019 actuarial valuation.

The significant assumptions used by the actuary in his assessment are as follows:

| | 2021/22 | 2020/21 |
|---|------------|------------|
| Mortality assumptions * | | |
| Longevity at 65 for current pensioners: | | |
| Men | 20.3 years | 20.5 years |
| Women | 23.2 years | 23.3 years |
| Longevity at 65 for future pensioners: | | |
| Men | 21.6 years | 21.9 Years |
| Women | 25.1 years | 25.3 years |
| Rate of inflation | 3.20% | 2.85% |
| Rate of increase in salaries | 3.95% | 3.60% |
| Rate of increase in pensions | 3.20% | 2.85% |
| Rate for discounting scheme liabilities | 2.70% | 2.00% |

* The mortality assumptions included in the table above are measured using VitaCurves, which is a method of measuring mortality to specifically fit the membership profile of the Fund.

An allowance is included for future retirements to elect to take 55% of the maximum additional tax free cash up to the HRMC limits for pre-April 2008 service and 80% of the maximum tax-free cash for post-April 2008 service.

c. Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The sensitivity analysis below has 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 2022 | Approximate % change to Employer Liability | Approximate Monetary Amount £000 |
|--|--|----------------------------------|
| 0.1% decrease in Real Discount Rate | 2% | 27,343 |
| 1 year increase in member life expectancy | 4% | 57,122 |
| 0.1% increase in the Salary Increase Rate | 0% | 2,418 |
| 0.1% increase in the Pension Increase Rate (CPI) | 2% | 24,714 |

d. Impact on the Council's Cash Flows

As the Administering Authority of Greater Manchester Pension Fund (the Fund), the Council has prepared a Funding Strategy Statement (FSS) which sets out the funding objectives for the Fund. The main valuation objectives within the FSS are to hold sufficient assets to meet the cost of members' accrued pension benefits on the target funding basis and to set employer contribution rates which ensure the long term solvency and cost efficiency of the Fund.

The most recent actuarial valuation of the Greater Manchester Pension Fund (the Fund) was as at 31 March 2019. A copy of the valuation report can be found on the the GMPF website. The actuarial valuation at 31 March 2019 valued the Fund's assets at £23,844m, and liabilities at £23,314m, resulting in a small surplus of £529m. This funding level means that the Fund assets were sufficient to meet 102% of the liabilities (the present value of promised retirement benefits) accrued to 31 March 2019.

GMPF's funding target for most ongoing employers is a "funding level" of 100% at the end of an appropriate time horizon, calculated using the Actuary's ongoing funding basis. The funding level is the ratio of the value of assets compared to the present value of the expected cost of meeting the accrued benefits. Further information on target funding levels and calculation of contribution rates can be found in the Funding Strategy Statement 2020 on the GMPF website. As at the date of the most recent valuation, the duration of the Council's funded liabilities is 20 years.

The Council made an advance payment of employer pension contributions totalling £52.712m for the three years 1 April 2020 to 31 March 2023. Further details can be found in the Budget report to Full Council on 25 February 2020.

The Council's share of Fund assets is rolled forward by the actuary from the latest formal valuation date (31 March 2019). The roll forward amount is then adjusted for investment returns, contributions paid in and benefits paid out by the Council and its employees. As such this estimate may differ from the actual assets held by the Pension Fund at 31 March.

CASH FLOW STATEMENT NOTES

29. 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 | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Depreciation and amortisation of non-current assets | (14,961) | (13,075) |
| Increase/(Decrease) in inventories | (1,032) | 138 |
| (Increase)/Decrease in Creditors | (15,185) | (16,534) |
| Increase/(Decrease) in Debtors | 179 | (2,388) |
| Pensions Liability | (55,402) | (30,584) |
| Contributions (to)/from Provisions | 873 | (4,682) |
| Revaluation Losses | (141) | 16,052 |
| Carrying value on disposal of non-current assets | (1,759) | (8,739) |
| Other non-cash adjustments | 7,102 | (4,792) |
| | (80,327) | (64,605) |

| b) Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Proceeds from the sale of non-current assets | 465 | 46 |
| Capital grants received | 26,205 | 15,429 |
| | 26,670 | 15,475 |

| c) Interest received, interest paid and dividends received | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Interest received | (5,246) | (2,974) |
| Interest paid | 15,972 | 15,903 |
| Dividends received | 0 | 0 |
| | 10,726 | 12,929 |

30. Investing Activities

| | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Purchase of property, plant and equipment, investment property and intangible assets | 16,989 | 26,403 |
| Pension contributions advanced payment | 0 | 52,712 |
| Purchase of short term and long term investments | 122,700 | 66,740 |
| Other movements in investing activities | 3,289 | 13,623 |
| Proceeds from the sale of non-current assets | (476) | (55) |
| Proceeds from short term and long term investments | (87,000) | (94,500) |
| Other receipts from investing activities | (29,670) | (12,385) |
| Net cash flows from investing activities | 25,833 | 52,538 |

31. Financing Activities

| | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Cash receipts of short term and long term borrowing | 0 | (10,000) |
| Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts | 3,447 | 2,821 |
| Repayments of short term and long term borrowing | 14,240 | 6,494 |
| Billing Authority - Council Tax and NDR adjustments | 216 | 1,501 |
| Net cash flows from financing activities | 17,903 | 816 |

31a. Reconciliation of liabilities arising from financing activities

| | 1 April 2021 £000 | Financing cash flows £000 | Non-cash changes | | 31 March 2022 £000 |
|---|----------------------|------------------------------|---------------------|--------------------------------|-----------------------|
| | | | Acquisition £000 | Other non-cash changes £000 | |
| Long-term borrowing | (141,340) | 0 | 0 | 1,431 | (139,909) |
| Short-term borrowings | (19,689) | 14,239 | 0 | (1,431) | (6,881) |
| Lease Liabilities | (2,595) | 5 | 0 | 0 | (2,590) |
| On balance sheet PFI liabilities | (94,057) | 3,441 | 0 | 0 | (90,616) |
| Billing Authority - Council Tax and NDR adjustments | 0 | 0 | 0 | 0 | 0 |
| Total liabilities from financing activities | (257,681) | 17,685 | 0 | 0 | (239,996) |

| | 1 April 2020 £000 | Financing cash flows £000 | Non-cash changes | | 31 March 2021 £000 |
|---|----------------------|------------------------------|---------------------|--------------------------------|-----------------------|
| | | | Acquisition £000 | Other non-cash changes £000 | |
| Long-term borrowing | (143,965) | 2,230 | 0 | 395 | (141,340) |
| Short-term borrowings | (13,558) | (5,736) | 0 | (395) | (19,689) |
| Lease Liabilities | (2,600) | 5 | 0 | 0 | (2,595) |
| On balance sheet PFI liabilities | (96,873) | 2,816 | 0 | 0 | (94,057) |
| Billing Authority - Council Tax and NDR adjustments | (1,501) | 1,501 | 0 | 0 | 0 |
| Total liabilities from financing activities | (258,497) | 816 | 0 | 0 | (257,681) |

OTHER NOTES

32. Member's Allowances

| | 2021/22 £000 | 2020/21 £000 |
|---------------------|-------------------------|-------------------------|
| Payments to Members | 1,236 | 1,212 |

33. 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 service 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.

| 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 exit packages in each band £000 | |
|--|--|----------------|--|----------------|---|----------------|--|----------------|
| | 2021/22 | 2020/21 | 2021/22 | 2020/21 | 2021/22 | 2020/21 | 2021/22 | 2020/21 |
| £0-£20,000 | 0 | 0 | 40 | 32 | 40 | 32 | 243 | 145 |
| £20,001-£40,000 | 0 | 0 | 5 | 0 | 5 | 0 | 121 | 0 |
| £40,001-£60,000 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 56 |
| £60,001-£80,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 45 | 33 | 45 | 33 | 364 | 201 |

34. Officer's Remuneration

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

| Post Holder Information | 2021/22 | | | | |
|---|------------------------------|----------------------------------|---------------------------------|----------------------------------|----------------|
| | Salary Entitlement Full Time | Salary, Fees and Allowances Paid | Compensation for Loss of Office | Employer's Pensions Contribution | Total |
| | £ | £ | £ | £ | £ |
| Chief Executive - Steven Pleasant (i) | 184,767 | 184,767 | 0 | 38,801 | 223,568 |
| Director of Adults | 103,983 | 103,983 | 0 | 21,836 | 125,819 |
| Director of Children's Services 01/04/21-30/11/21 (ii) | 131,006 | 87,337 | 0 | 18,341 | 105,678 |
| Director of Children's Services 04/10/21-05/01/22 (ii) | 120,000 | 32,593 | 20,000 | 6,845 | 59,437 |
| Director of Children's Services 07/02/22-31/03/22 (ii) | 123,214 | 18,125 | 0 | 3,806 | 21,931 |
| Director Of Education (Tameside and Stockport MBC) (iii) | 96,282 | 100,342 | 0 | 21,072 | 121,414 |
| Director of Governance & Pensions (Section 5 Monitoring Officer) (iv) | 137,254 | 137,254 | 0 | 28,823 | 166,077 |
| Director of Growth 01/04/21-30/9/21 (v) | 104,805 | 53,189 | 0 | 11,170 | 64,359 |
| Director of Operations and Neighbourhoods 01/04/21-30/09/21 (v) | 103,080 | 51,540 | 0 | 10,823 | 62,363 |
| Director Of Place 01/10/21-31/03/22 (v) | 120,000 | 51,540 | 0 | 10,823 | 62,363 |
| Director of Population Health 01/04/21-30/09/21 (vi) | 104,584 | 53,217 | 0 | 9,964 | 63,181 |
| Interim Director of Population Health 01/10/21-31/03/22 (vi) | 95,000 | 47,500 | 0 | 9,975 | 57,475 |
| Director of Transformation 01/10/21-31/03/22 (vii) | 102,000 | 51,000 | 0 | 10,710 | 61,710 |
| Director of Finance (Section 151 Officer) (viii) | 8,681 | 8,681 | 0 | 0 | 8,681 |

- (i) The Chief Executive holds a joint role, also covering the role of Chief Accountable Officer for Tameside and Glossop Clinical Commissioning Group (CCG). The salary is paid in full by the Council and there is no recharge to the CCG.
- (ii) The post of Director of Children's Services was covered by three individuals over the 21/22 financial year, this shows the costs for the individuals and the relevant periods.
- (iii) The post of Director Of Education was appointed to on the 01/04/2021 and is a Joint role as Director of Education at Stockport MBC, however 50% of the salary and on costs are recharged to Stockport MBC. Included in the Salary, Fees and Allowance paid in year is a payment of £4,060 whilst assisting with the Director of Children's Services post.
- (iv) The salary of the Director of Governance & Pensions is paid by the Council, however 50% on the salary and oncosts are recharged to Greater Manchester Pension Fund (GMPF) for services to the Pension Fund. The salaries of the Chief Executive and the Director of Finance are paid by the Council and CCG respectively, but a contribution towards their cost is also recharged to GMPF as part of charges for central support costs

and overheads incurred by the Council on behalf of GMPF. Further information is provided in Note 43 (Related Party Transactions).

- (v) The post of Director of Growth and Director of Operations and Neighbourhoods were deleted on the 30/09/2021 and replaced with a Director of Place from 01/10/2021.
- (vi) The individual in the post of the Director of Population Health left this post on the 30/09/2021 and was replaced by an Interim Director of Population Health from 01/10/2021.
- (vii) The post of Director of Transformation was created and appointed from the 01/10/2021.
- (viii) The role of Director of Finance (Section 151 Officer) is a joint post with the Tameside and Glossop CCG. The total cost paid by the CCG for the period 1st April 2021 to 31st March 2022 was £130,342 (Salary £113,955 and Pension Contributions £16,387). The Council paid an additional amount of £8,681 for the 2021/21 financial year.

The Single Leadership Team includes two further posts, both paid for in full by the CCG:

- (ix) The Director of Quality and Safeguarding salary is paid by the CCG. The total cost paid by the CCG for the period 1st April 2021 to 31st March 2022 was £103,028 (Salary £103,028 and Pension Contributions £0).
- (x) The Director of Commissioning salary is paid by the CCG. The total cost paid by the CCG for the period 1st April 2021 to 31st March 2022 was £127,905 (Salary £111,825 and Pension Contributions £16,080).

| Post Holder Information | 2020/21 | | | | |
|---|------------------------------|-----------------------------|---------------------------------|----------------------------------|---------|
| | Salary Entitlement Full Time | Salary, Fees and Allowances | Compensation for Loss of Office | Employer's Pensions Contribution | Total |
| | £ | £ | £ | £ | £ |
| Chief Executive - Steven Pleasant (i) | 182,036 | 182,036 | 0 | 38,228 | 220,264 |
| Director of Adults | 102,446 | 102,446 | 0 | 21,514 | 123,960 |
| Director of Children's Services | 131,006 | 131,006 | 0 | 27,511 | 158,517 |
| Director of Growth | 104,805 | 104,805 | 0 | 22,009 | 126,814 |
| Director of Operations and Neighbourhoods | 101,556 | 101,556 | 0 | 21,327 | 122,883 |
| Director of Governance & Pensions (Section 5 Monitoring Officer) (ii) | 135,225 | 135,225 | 0 | 28,397 | 163,622 |
| Director of Population Health (iii) | 104,584 | 46,195 | 0 | 1,661 | 47,856 |
| Director of Finance (Section 151 Officer) (iv) | 8,552 | 8,552 | 0 | 0 | 8,552 |

- (i) The Chief Executive holds a joint role, also covering the role of Chief Accountable Officer for Tameside and Glossop Clinical Commissioning Group (CCG). The salary is paid in full by the Council and there is no recharge to the CCG.
- (ii) The salary of the Director of Governance & Pensions is paid by the Council, however 50% on the salary and oncosts are recharged to Greater Manchester Pensions Fund (GMPF) for services to the Pension Fund. The salaries of the Chief Executive and the Director of Finance are paid by the Council and CCG respectively, but a contribution towards their cost is also recharged to GMPF as part of charges for central support costs and overheads incurred by the Council on behalf of GMPF. Further information is provided in Note 43 (Related Party Transactions).
- (iii) The post of Director of Population Health was filled by a secondment from Haringey Council until 30th November 2020 for which the council was invoiced £122,371 in the 2020/21 financial year. This payment covered basic pay, national insurance, pension

contributions and allowances. The post holder moved to Council payroll from December 2020 and the amount shown in the table above shows the payment made for the period 1 December 2020 to 31 March 2021. The council has received funding of £37,500 from Public Health England and £25,000 from the Association for Directors of Public Health as a contribution towards this post for work undertaken by the Director of Population Health on a national basis during 20/21.

- (iv) The role of Director of Finance (Section 151 Officer) is a joint post with the Tameside and Glossop CCG. The total cost paid by the CCG for the period 1st April 2020 to 31st March 2021 was £130,342 (Salary £113,955 and Pension Contributions £16,387). The Council paid an additional amount of £8,552 for the 2020/21 financial year.

The Single Leadership Team includes two further posts, both paid for in full by the CCG:

- (v) The Director of Quality and Safeguarding salary is paid by the CCG. The total cost paid by the CCG for the period 1st April 2020 to 31st March 2021 was £102,444 (Salary £102,444 and Pension Contributions £0).
- (vi) The Director of Commissioning salary is paid by the CCG. The total cost paid by the CCG for the period 1st April 2020 to 31st March 2021 was £125,819 (Salary £109,739 and Pension Contributions £16,080).

Employees' Remuneration

The Council's other employees including teachers on the Council's payroll (excluding the Chief Executive and members of the Executive Team) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

| Remuneration Band | Number of employees (excluding severance payments) 2021/22 | Number of employees (including severance payments) 2021/22 | Number of employees (excluding severance payments) 2020/21 | Number of employees (including severance payments) 2020/21 |
|---------------------|--|--|--|--|
| £50,000 - £54,999 | 99 | 99 | 92 | 95 |
| £55,000 - £59,999 | 47 | 48 | 38 | 38 |
| £60,000 - £64,999 | 33 | 34 | 29 | 29 |
| £65,000 - £69,999 | 25 | 25 | 26 | 26 |
| £70,000 - £74,999 | 10 | 9 | 9 | 9 |
| £75,000 - £79,999 | 2 | 2 | 4 | 4 |
| £80,000 - £84,999 | 13 | 13 | 12 | 12 |
| £85,000 - £89,999 | 1 | 1 | 0 | 0 |
| £90,000 - £94,999 | 0 | 1 | 8 | 8 |
| £95,000 - £99,999 | 6 | 6 | 3 | 3 |
| £100,000 - £104,999 | 2 | 2 | 0 | 0 |
| £125,000 - £129,999 | 0 | 0 | 0 | 0 |
| £130,000 - £134,999 | 0 | 0 | 0 | 0 |
| £135,000 - £139,999 | 0 | 0 | 1 | 1 |
| Total | 238 | 240 | 222 | 225 |

A number of employees in the accounting period received one off severance payments and left the organisation. The figures above have been presented both excluding and including this payment.

35. 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 liability at the Balance Sheet date:

Droylsden Canalside Development

The Council received grant income of £5.86m from the North West Development Agency (NWDA) on 15 May 2006. The funding agreement contains a potential claw back provision that would require the Council to return funding in certain events. The end date of the claw back period is 6 years from completion of the development, which remains ongoing.

36. 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 possible but not certain that there will be an inflow of economic benefits or service potential.

The Council has no material contingent assets at 31 March 2022.

37. External Audit Costs

The Council has incurred the following costs in relation to services provided by the Council's external auditors:

| | 2021/22 £000 | 2020/21 £000 |
|---|-----------------|-----------------|
| Fees payable with regard to external audit services | 146 | 85 |
| Total | 146 | 85 |

38. 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).

The Statement of Accounts was authorised for issue by the Director of Finance (Section 151 Officer) on 31st August 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

39. Accounting Policies

The accounting policies adopted by the Council determine the accounting treatment that is applied to transactions during the financial year and in the preparation of the Statement of Accounts at the year end. They determine the specific principles, bases, conventions, rules and practices that will be applied by the Council in preparing and presenting its financial statements.

STATEMENT OF ACCOUNTING POLICIES FROM 1 APRIL 2021

The Statement of Accounts summarises the Council's income, expenditure, assets and liabilities held and incurred during the 2021/22 financial year, and its position at 31 March 2022.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2014 (as amended), which require accounts to be prepared in accordance with proper accounting practices.

Proper accounting practice for Local government comprises the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 'Code') which is based on International Financial Reporting Standards and statutory guidance.

The accounting convention adopted in the Statement of Accounts is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Accounting Policies of the Council as far as possible have been developed to ensure that the accounts of the Council are understandable, relevant, free from material error or misstatement, reliable and comparable.

ACCOUNTING PRINCIPLES

a) Going Concern

The Council prepares its accounts on the basis that it remains a going concern; that is that there is the assumption that the functions of the Council will continue in operational existence. In the case of a pending local government reorganisation, where assets and liabilities are due to be redistributed, the Council would still account on the basis of going concern as the provision of services would continue in another Council.

b) Accruals Concept

The Council accounts for income and expenditure in the period to which the service has taken place, rather than when cash payments are received or made. Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Equally, where cash has been received or paid which is not yet recognised as income or expenditure, a creditor (income in advance) or debtor (payment in advance) is recorded in the Balance Sheet.

c) Cost of Services

The cost of services analysis within the Comprehensive Income and Expenditure Statement (CIES) is shown by Council Directorates in line with the revenue monitoring reports to Executive Cabinet and internal reporting. The CIES reports income and expenditure in accordance with generally accepted accounting practice. The Expenditure and Funding Analysis is then intended to demonstrate how the funding available to the Council (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those

resources consumed or earned by authorities in accordance with generally accepted accounting practices.

d) Value Added Tax (VAT)

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

e) Changes in Accounting Policy

Where there is a known future change in accounting policy required by the CIPFA Code, the Council will disclose the following in the notes to the accounts:

- The nature of the change in accounting policy;
- The reasons why applying the new accounting policy provides reliable and more relevant information;
- For both the current reporting period, and the previous year comparatives reported, the extent to which the change in accounting policy would have impacted on the financial statements if it had been adopted in that year;
- The amount of adjustment relating to years previous to those reported in the set of financial statements, had the proposed policy been adopted retrospectively; and
- If retrospective application is impracticable for a particular period, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied. The Council will also disclose information relating to an accounting standard which has been issued but not yet adopted.

f) Previous Year 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.

g) 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).

h) Material 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.

i) 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 possible but not certain that there will be an inflow of economic benefits or service potential that cannot be reliably measured.

2. CAPITAL ACCOUNTING

a) 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, or
- Increase substantially the market value of the asset, or
- 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 non-current asset maintains its previously assessed standard of performance should be recognised in the revenue account as it is incurred.

A de-minimis level of £10,000 has been adopted by the Council in relation to capital expenditure.

b) 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 operational asset acquired other than through purchase is deemed to be its current value. The Code requires that non-operational property, plant and equipment classified as surplus assets are measured at fair value.

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

- Other 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 – depreciated historical cost (DHC)
 - Community Assets and Assets Under Construction – historical cost (HC)
 - Other assets (excluding non-operational property) – current value, determined as the amount that would be paid for the asset in its existing use (EUV)
 - Surplus assets (non-operational property, plant and equipment) – fair value

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.

*These asset categories are 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. For assets where expenditure of £750,000 or above has been incurred, these are added to the preceding year's revaluation list

c) 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.

d) Disposals

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 Capital Receipts Unapplied Account, via the Movement in Reserve Statement. Any revaluation gains that have accumulated in the Revaluation Reserve are transferred to the 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 CIES (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.

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/de-recognition.

e) Heritage Assets

Heritage Assets are held for their cultural, environmental or historical associations. With the exception of "Statues and 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 Donated Assets as a long term liability 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 external valuers. The Council's collections of Heritage Assets are accounted for as follows:

- Art Collection;
- Militaria;
- Civic Regalia and Silver; and
- Statues and Other Monuments.

f) 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.

g) 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.

h) Depreciation / Amortisation Methodology

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 CIPFA Code of Practice on Local Authority Accounting, 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.

i) Charges to revenue for non-current assets

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, (see section m). 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.

j) 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.

k) Impairment of Non-current Assets

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.

l) Capital Receipts

Capital receipts (in excess of £10,000) 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.

m) Redemption of Debt (Minimum Revenue Provision)

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).

Since 2015/16 the Council has adopted the following policy in relation to calculating the Minimum Revenue Provision

- (i) Borrowing taken up prior to 01/04/2015 will be provided for using a straight-line method of calculating 'MRP'. A total of £185,215,128 will be provided for in equal instalments over 50 years which will result in an annual charge of £3.704m. The debt will be extinguished in full by 31 March 2065. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.
- (ii) The following will be required in relation to borrowing taken up on or after 01/04/2015.
 - For borrowing taken up on or after 1 April 2015, MRP is to be provided for based upon the average expected useful life of the assets funded by borrowing in the previous year. The debt will be repaid on a straight-line basis over the average useful life calculated, meaning the debt will be fully extinguished at the end of period. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.
 - For certain investment projects it may be deemed more prudent to use the asset life annuity method in order to calculate MRP. In this case the Council will use the annuity method, with the MRP based on the prevailing PWLB interest rate for a loan with a term equal to the estimated life of the project. If the Council uses capital receipts to repay borrowing for the year then the value of MRP which would have otherwise been set aside to repay borrowing will be reduced by the this amount. The level of capital receipts to be applied to redeem borrowing will be determined annually by the Section 151 Officer, taking into account forecasts for future expenditure and the generation of further receipts.
 - For any finance leases and any on-balance sheet Public Finance Initiative (PFI) schemes, the MRP charge will be equal to the principle 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.
 - The Council has considered the Statutory Guidance, which recommends a 25 year repayment charge for loans to third parties, and concluded that this provision is not necessary where there is a realistic expectation that the loan will be repaid. The Council considers an MRP charge is not necessary in respect of any loans made to third parties as the debt liability is covered by the existence of a debtor; typically long term depending on the life of the loan. The only expenditure consequence of a loan for an authority is the interest on its cash shortfall whilst the loan is outstanding, so provision for the principal amount would be over-prudent until such time as the assumption has to be made that the loan will not be repaid.

n) Capital Grants and Contributions

The Council recognises capital grants and contributions as being related to capital assets and uses them to fund capital expenditure on those assets. Grants, contributions and donations are recognised as income at the date that the Council has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received.

Any grant received before these recognition criteria were satisfied would be held as a creditor. Any grant which had met the recognition criteria but had not been received would be shown as a debtor. This is in line with the Accruals Concept Policy.

Once the recognition criteria above have been satisfied, capital grants are recognised as income in the Comprehensive Income and Expenditure Statement.

In order to not impact on the level of Council Tax, the Council removes the credit from the General Reserves through the Movement in Reserves Statement, and makes a credit to the Capital Grants Unapplied Reserve.

Once expenditure has been incurred on the related asset, the credit is removed from the Capital Grants Unapplied Reserve and credited to the Capital Adjustment Account.

o) Capital Reserves

The Council holds Capital Reserves for the purpose of financing capital expenditure. Reserves will be disclosed as either usable (available to fund capital expenditure) or unusable (reserves held as a result of timing differences associated with recognition of capital expenditure and related financing).

Movements in capital reserves are accounted through the Movement in Reserves Statement.

p) Leases

In line with IFRIC 4, the Council recognises a lease to be any agreement which transfers the right to use an asset for an agreed period in exchange for payment, or a series of payments.

This includes; leases, hire purchase, rental, contracts of service, service level agreements and any other arrangement where the ability to use an asset is conveyed.

q) Defining a Finance Lease

A finance lease is where substantially all of the risks and rewards relating to ownership transfer to the lessee.

Tests to give an indication of the transfer of risk and reward are:

- If the lessee will gain ownership of the asset at the end of the lease term (e.g. hire purchase)
- If the lessee has an option to purchase the asset at a sufficiently favourable price that it is reasonably certain, at the inception of the lease, that it will be exercised
- If the lease term is for the major part of the economic life of the asset even if the title is not transferred. Measures to identify this include:
 - The economic life of the asset is deemed to be that which is consistent with the class of asset in the depreciation policy.
 - The Council recognises 'major part' to be 75% of the life of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.
- At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. Measures to identify this include:
 - Fair value of the leased asset is assessed by a RICS qualified valuer.
 - The present value of the minimum lease payments is calculated by discounting at the rate inherent in the lease.
 - If this rate cannot be determined the incremental borrowing rate applicable for that year is used.
 - The Council recognises 'substantially all' to be 75% of the value of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.
- The leased assets are of such a specialised nature that only the lessee can use them without major modifications.
- If the lessee cancels the lease, the losses of the lessor, associated with the cancellation are borne by the lessee.
- Gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (e.g. in the form of a rent rebate equalling most of the sales proceeds at the end of the lease).
- The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

A suitably experienced accountant, with assistance from qualified valuers, will make a judgement based on the level of risk and reward held by the Council as to whether an asset is operating or finance.

r) Defining an Operating Lease

The Council recognises an operating lease to be a lease which is not a finance lease. Where the Council is the lessor for an operating lease, normally the asset is classified as an Investment Property. Any rental income is credited to the relevant service income.

s) Lessee Accounting for a Finance Lease

Where the Council is tenant in a property, or is, by definition of IFRIC 4, leasing an asset which is deemed under IAS 17 to be a finance lease the Council will recognise that asset within the asset register, and account for that asset as though it were an owned asset.

The initial recognition of the asset is at the fair value of the property, or if lower, the present value of the minimum lease payments. A liability is also recognised at this value, which is reduced as lease payments are made.

t) Lessor Accounting for a Finance Lease

Where the Council is the lessor for a finance lease, the asset is not recognised in the asset register; however a long term debtor at the present value of minimum lease payments is recognised. Income received is split between capital – credited against the debtor, and finance income – credited to the Comprehensive Income and Expenditure Statement as interest receivable.

u) Lessor Accounting for an Operating Lease

Where the Council is the lessor for an operating lease, normally the asset is classified as an Investment Property. Any rental income is credited to the relevant service income.

v) Service Concession Agreements (Private Finance Initiative (PFI) and other similar contracts)

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. PFI and similar contracts are assessed against criteria within IFRIC 12 Service Concession Arrangements to determine whether the risks and rewards incidental to ownership lie with the Council or the contractor.

Those which lie with the contractor – payments made during the life of the contract are chargeable to revenue as incurred.

Those which lie with the Council – are recognised as an asset in the Balance Sheet for the construction costs of the asset. Once recognised this asset is treated in line with all capital assets. A corresponding long term liability is also recognised at the construction value. Payments made during the life of the contract are split into finance costs, capital costs and service costs.

Determining the split of payments is calculated at the inception of the contract and is based on the inherent interest rate within the original agreement. Finance costs are chargeable to the Comprehensive Income and Expenditure Statement as interest payable. Capital costs reduce the level of liability in the Balance Sheet. Service costs are chargeable to the relevant revenue service expenditure. Pre-payments reduce the level of liability at the start of the contract.

PFI credits are treated as general revenue government grants.

3. REVENUE ACCOUNTING

a) Recognition of Revenue Expenditure

The Council recognises revenue expenditure as expenditure which is not capital.

b) Employee Costs

In accordance with IAS 19, the Council accounts for the total benefit earned by employees during the financial year.

Employee Costs are split into 3 categories; short term benefits, termination benefits and pensions costs.

Short Term Employee Benefits

- Salaries and Wages – The total salary and wages earned by employees during the financial year are charged to the Comprehensive Income and Expenditure Statement. Where the amount accrued exceeds the amount paid at the 31 March, a creditor will be reflected in the accounts.
- Leave Owed, Accumulating Absences – The Council allows employees to earn time off in one period with the resulting cost to the Council in a later period when that time is either taken off or paid to the employee. Examples of this accumulating leave are annual leave, flexi-time and time off in lieu.

If an employee were to leave the Council, cash payment would be made for entitlements such as annual leave; this leave is termed vesting. Where no cash payment would be due, the leave is termed non-vesting.

In order to correctly reflect the cost of time owed to staff, a charge has been made to the Comprehensive Income and Expenditure Statement and a creditor accrual has been reflected in the Balance Sheet. This charge is reflective of the estimated time cost value of all accumulating leave owed to employees. Vesting leave will be charged in full; however non-vesting leave has been adjusted to reflect the turnover of staff.

- Non-accumulating Absences – are periods of leave that cannot be carried forward for use in future periods. Examples include Maternity Leave, Special Leave, Sick Leave and Jury Service. The Council does not recognise non-accumulating compensated absences until the time that the absence occurs.
- Non-monetary Benefits – Where employees have non-monetary benefits (e.g. retirement benefits or life insurance), the associated cost of providing that benefit has been charged to the Comprehensive Income and Expenditure Statement.

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

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

Pensions Costs

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

- The Teachers' Pension Scheme is a defined benefit scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).

The assets and liabilities of the Teachers' Pension Scheme are not attributable to the Council, therefore the Council accounts for the scheme as if it were a defined contribution scheme. This means that the Children and Education Services line in the Comprehensive Income and Expenditure Statement will only include the Council's contributions payable to the scheme.

- NHS Pension Scheme is a defined benefit scheme administered by EA Finance NHS Pensions.

The assets and liabilities of the NHS Pension Scheme are not attributable to the Council, therefore the Council accounts for the scheme as if it were a defined contribution scheme. This means that the Public Health Services line in the Comprehensive Income and Expenditure Statement will only include the Council's contributions payable to the scheme.

- The Greater Manchester Local Government Pension Scheme, administered by the Council, is accounted for as a defined benefit scheme. The liabilities of the scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of future earnings for current employees.

Pension liabilities are measured using the projected unit method, discounted using the rate on high quality corporate bonds of equivalent term to the liabilities. The discount rate is the weighted average of "spot yields" on AA rated corporate bonds.

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

Service cost comprising:

1. 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.
2. 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.
3. Net interest on the net defined benefit liability i.e. net interest expense for the Council - the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the end 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:

4. 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.
5. 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.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the Pension Fund in the year, not the amount calculated according to the relevant accounting standards. Adjustments are therefore made in the Movement in Reserves Statement.

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The 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.

Early Retirement, Discretionary Payments

The Council 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 which are applied to the Local Government Pension Scheme.

c) Lessee Accounting for an Operating Lease

Costs associated with operating leased assets where the Council is the lessee are charged immediately to the Comprehensive Income and Expenditure Statement within the Net Cost of Services on an accruals basis.

d) Revenue Recognition

Revenue from contracts with service recipients, whether for services of the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

Where the Council is acting as Agent of another organisation, the amounts collected on behalf of that organisation are excluded from the Council's revenue.

e) Revenue Grants and Contributions

Grants, contributions and donations (referred to as grants for the purposes of this policy) are recognised as income at the date that the Council has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received. Any grant received before these recognition criteria were satisfied would be held as a creditor (income in advance). Any grant which had met the recognition criteria but had not been received would be shown as a debtor.

Revenue grants will either be received to be used only for a specific purpose, or can be used for general purpose. Those for a specific purpose are recognised in the Comprehensive Income and Expenditure Statement within the Net Cost of Services. Those which are for general purpose are shown within Other Operating (Income) and Expenditure in the Comprehensive Expenditure and Income Statement.

The Council recognises capital grants and contributions as being related to capital assets and uses them to fund capital expenditure on those assets. Grants, contributions and donations are recognised as income at the date that the Council has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received.

Any grant received before these recognition criteria were satisfied would be held as a creditor. Any grant which had met the recognition criteria but had not been received would be shown as a debtor. This is in line with the Accruals Concept.

Once the recognition criteria above have been satisfied, capital grants are recognised as income in the Comprehensive Income and Expenditure Statement.

In order to not impact on the level of Council Tax, the Council removes the credit from the General Reserves through the Movement in Reserves Statement, and makes a credit to the Capital Grants Unapplied Reserve.

Once expenditure has been incurred on the related asset, the credit is removed from the Capital Grants Unapplied Reserve and credited to the Capital Adjustment Account.

f) 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 benefit 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 the General Fund Balance in the year the provision was made or modified. The balance within the CAA will be debited back to the General Fund Balance in the Movement in Reserves Statement in future financial years as payments are made.

g) Revenue Reserves

The Council holds usable revenue reserves for the purpose of funding future expenditure. The General Fund Balance represents the balance of reserves to meet short term, unforeseeable expenditure and to enable significant changes in resources or expenditure to be properly managed over the period of the Medium Term Financial Strategy. Earmarked Reserves represent balances where approval has been received to use the reserve for a specific purpose.

Unusable revenue reserves represent timing differences such as those associated with the recognition of retirement benefits, Council tax income and financial instruments.

Movement in reserves are accounted through the Movement in Reserves Statement.

h) Council Tax and Business Rates Recognition

Council Tax and Business Rates income included in the Comprehensive Income and Expenditure Statement includes the Council's share of accrued income recognised by billing authorities in the production of the Collection Fund Statements.

The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Reserve is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

Billing authorities act as agents, collecting council tax and business rates on behalf of the major preceptors and, as principals, collecting council tax and business rates for themselves. Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and business rates. Under the legislative framework for the Collection Fund, billing authorities and major preceptors share proportionately the risks and rewards that the amount of council tax and business rates collected could be less or more than predicted.

The council tax and business rates income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Reserve is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for expected credit losses, overpayments and prepayments and appeals.

i) Inventories and Work in Progress

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.

j) Provisions for expected credit losses

The Council maintains a provision for expected credit losses for any potential non-payment of debtors at each Balance Sheet date. Assessment is made based on the risk of debtors' ability to pay future cash flows due under the contractual terms. This risk is estimated where possible based on historical loss experience, credit rating for a debtor and other impacting factors.

Provisions for expected credit losses are offset against the debtor amount shown as an asset, the movement in the provision is charged against Financing and Investment in the Comprehensive Income and Expenditure Statement.

4. TREASURY MANAGEMENT

a) Financial Instruments

Financial Assets

Financial Assets e.g. investments and debtors are classified into three types – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL).

The categorisation of financial assets into these types is dependent on the reason for holding these assets (to collect cash flows, to sell assets or both).

Financial assets are brought onto the balance sheet at fair value when the Council becomes a party to contractual provisions.

Amortised Cost

These assets relate to financial instruments where the amounts received relating to them are solely principal and interest and they are held to generate cash flows (e.g. investments of surplus cash with the government's debt management office or loans to third parties).

The interest received on these assets is spread evenly over the life of these instruments. Any gain or loss in the value of these assets is recognised in the net surplus / deficit on the net provision of services at the point of de-recognition (disposal) or reclassification.

Fair Value through Other Comprehensive Income (FVOCI)

These assets relate to financial instruments where the amounts received relating to them are solely principal and interest but they are held to collect cash and sell the assets (e.g. money market funds). The interest received on these assets is spread evenly over the life of these instruments.

Changes in the fair value of these assets are charged to Other Comprehensive Income and Expenditure. Cumulative gains and losses are charged to the surplus / deficit on provision of services when they are disposed of.

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss is reversed to an unusable reserve - the Financial Instruments Revaluation Reserve.

Fair Value through Profit and Loss (FVPL)

These assets relate to financial instruments where the amounts received relating to them are not principal and interest (e.g. equity investments).

Dividends received are accounted for at the point they are declared.

Charges in fair value are charged to the surplus / deficit on the net provision of services as they occur.

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss is reversed through the Movement in Reserves Statement and charged to an unusable reserve - the Capital Adjustment Account. . An equity instrument that has been classed as FVPL can be designated as FVOCI if it is not held for trading (e.g. a strategic investment). Once this

designation has been made it cannot be reversed. This designation would mean that any gains and losses would be held in the Financial Instruments Revaluation Reserve.

Credit loss

The Council will recognise a loss allowance for expected credit losses, if applicable, on assets where cash flows are solely principal and interest (i.e. financial instruments measured at amortised cost or FVOCI unless they have been designated as such). This does not apply where the counterparty is central government or another local authority.

At each year end the loss allowance for a financial instrument is calculated as equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If at year end the credit risk has not increased significantly since initial recognition the loss allowance is measured at an amount equal to twelve month expected credit losses.

Where the financial asset was treated as capital expenditure any losses will be reversed via the Movement in Reserves Statement to the Capital Adjustment Account.

Financial Liabilities

Financial liabilities (e.g. borrowings and creditors) are recognised when the other party has met a commitment under the contract that creates an obligation for the Council to transfer economic benefits. For instance, when the Council takes out a loan, the advance of cash from the lender initiates the obligation to repay at some future date, and the loan would be recognised as a liability on the Balance Sheet when the advance is received.

Charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. (The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised).

For many of the borrowings that the Council has, this means that the amount shown in the Balance Sheet is the outstanding principal repayable plus accrued interest, and the amount charged to the Comprehensive Income and Expenditure Statement is the amount payable per the loan agreement.

For Lender Option Borrower Option (LOBO) loans the effective interest rate has been calculated over the life of the loan. This is an average and differs from the amounts actually paid in the year. The difference between the calculated interest charge and interest paid has been adjusted in the carrying amount of the loan on the balance sheet. The amount charged in the Comprehensive Income and Expenditure Statement is the effective interest rate for the life of the loan rather than the amount payable per the loan agreement.

Where the Council is in receipt of loans that are interest free or at less than prevailing market interest rates if material, the effective interest rate is calculated so that the value of the financial assistance to the Council by the lender is separated from the financial cost of the transaction. This gain is calculated by working out the net present value of all future cash payments using the interest rate for a similar loan taken by the Council. This results in a lower figure for the fair value of the loan with the difference from the loan received treated as a government grant. This gain is reversed out in the Movement in Reserves Statement to the Financial Instruments Adjustment Account.

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

Where premiums and discounts (amounts paid or received on the rescheduling of a loan) have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact of premiums on the General Fund balance to be spread over the longer of the outstanding period of the replaced loan or the period of the replacement loan or any other shorter period that the Council wishes to choose. Discounts are required to be credited to revenue over a maximum period equal to the outstanding term of the replaced loan or ten years (if shorter). The difference between the amount charged to the Comprehensive Income and Expenditure Statement and the net charge against the General Fund balance is transferred to or from the Financial Instruments Adjustment Account in the Movement of Reserves Statement.

b) 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.

c) Interests in Companies and Other Entities

Where the Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint arrangements, it is required to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as investments, i.e. at cost, less any provision for losses. The Council has identified Inspired Spaces Tameside as an associate but group accounts have not been prepared on the grounds of materiality. Information on financial transactions between the Council and this associate are disclosed as related party transactions.

40. Accounting Policies Issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2021/22 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would, therefore result in an impact on disclosures spanning two financial years. Accounting changes that are introduced by the 2022/23 Code are:

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year).
- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
 - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
 - IAS 37 (Onerous contracts) – clarifies the intention of the standard
 - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
 - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

These changes are not expected to have a material impact on the Council's financial statements.

41. Critical Judgements in Applying Accounting Policies

The following are critical management judgements in applying the accounting policies of the Council that have the most significant effect on the financial statements.

Accounting for Schools – Consolidation

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

Accounting for Schools – Balance Sheet Recognition of Schools

The Council recognises schools in line with the provisions of the Code. 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 generally five categories of schools:

- Community schools
- Voluntary Controlled (VC) schools
- Voluntary Aided (VA) schools
- Foundation/Trust 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.

In order to comply with the Code of Practice on Local Authority Accounting the Council wrote to each of the diocese who occupy schools within the borough of Tameside in order to establish the accounting arrangements.

Diocese of Salford, The Church of England Diocese of Chester, The Church of England Diocese of Manchester and Diocese of Shrewsbury have all responded in writing to confirm that the schools occupy the school premises under the direction of the trustees and that the legal ownership resides with the religious body. The Council has also had confirmation that the religious bodies referred to above account for the school buildings within their Balance Sheets.

The legal ownership of Voluntary Controlled School 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 Trust, Voluntary Aided and Academy school 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. In addition, the assets relating to PFI VA schools are recognised on the Council's balance sheet, together with the corresponding liability.

| Type of School | Number Primary | Number Secondary | Number Special | Total | Land on the Balance Sheet £000s | Buildings on the Balance Sheet £000s |
|---------------------------|----------------|------------------|----------------|-----------|---------------------------------|--------------------------------------|
| Community | 22 | 4 | 5 | 31 | 32,140 | 142,949 |
| Voluntary Controlled (VC) | 6 | 0 | 0 | 6 | 734 | - |
| Voluntary Aided (VA) | 19 | 2 | 0 | 21 | 5,159 | 14,585 |
| Foundation | 0 | 0 | 0 | 0 | 0 | 0 |
| Foundation Trust | 0 | 0 | 0 | 0 | 0 | 0 |
| Maintained Schools | 47 | 6 | 5 | 58 | 38,033 | 157,534 |
| Free Schools | 0 | 1 | 0 | 1 | - | - |
| Academies | 29 | 9 | 1 | 39 | - | - |
| Total | 76 | 16 | 6 | 98 | 38,033 | 157,534 |

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.

Investment Properties

Investment Properties have been identified using criteria under 'the Code', and are those assets held solely for rental income or for capital appreciation, or both. The assessment of Investment Properties using these criteria is subject to interpretation.

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 assessing leases 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.

42. 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.

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:

| Asset Category | Useful Economic Life |
|--|--------------------------------------|
| Buildings | 2-70 years |
| Infrastructure assets (such as roads) | Up to 40 years |
| Other non-current assets (such as vehicles, plant and equipment) | 10 years or less |
| Investment properties | Not depreciated - revalued each year |
| Surplus assets | Not depreciated - revalued each year |

All assets held at current value are revalued as a minimum every five years. 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. The total value of assets subject to revaluation at 31 March 2022 was £52.862m. A 1% change in the value of these assets would result in a £0.529m change in the balance sheet value.

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. The depreciation charge in the 2021/22 financial year was £14.961m. An increase of one to all useful economic lives would reduce this depreciation charge by £1.092m, and a reduction of one to all useful economic lives would increase the depreciation charge by £1.095m.

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 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 is recognised in the accounts for the best estimate of the possible liability to the Council for business rates appeals, to 31 March 2021. This is calculated using the VOA's latest list of appeals, which includes information on the average levels of successful and unsuccessful claims. The provision for losses against the 2017 list is calculated based on average losses of 4.77% on the 2010 list. If the provision calculation assumed losses of 0.5% more or less than this, the gross provision (before utilisation) would be £1.445m more or less than the amount reflected on the balance sheet at 31 March 2022.

Debt Impairment

All debts due to the Council are regarded as collectible, unless firm evidence transpires that they are uncollectible and so are 'bad' debts. However, some debts which are proving difficult to collect may be properly termed 'doubtful'. The Council has included an impairment allowance 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 allowance for doubtful debts would be sufficient. If collection rates were to deteriorate an increase in the impairment allowance would be required. A 5% increase or decrease in the impairment allowance would result in a £0.882m change to the debtors balance at 31 March 2022.

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. The future RPI increase within the contracts has been estimated as remaining constant throughout the remaining period of the contract. Further information on PFI liabilities is included in note 28.

Pension 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. Further information including sensitivity analysis is set out in note 30.

Manchester Airport Group (MAG)

The Council's shareholding in MAG 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 by the nine minority local authority shareholders 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 2022 the Council's valuers advised an increase of £1.400m in the fair value of the shares held by Tameside Council from £32.000m to £33.400m which has been reflected in the financial statements.

43. 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 and 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 billing and Housing Benefits). Grants received from government departments are set out in Note 5.

Elected Members of the Council

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2021/22 is shown in Note 32.

Members' interests outside of the Council are recorded in the register of interests and register of gifts and hospitality maintained by the monitoring officer. A small number of members hold official positions in organisations independent of their role as elected members of the Council. Where the Council has contracts for services and/or has awarded grants to such organisations, the Council's standing orders were fully complied with, ensuring proper consideration of any declaration of interests.

Members hold positions on boards of various community and voluntary organisations in and around Tameside. In 2021/22 there were no material transactions with any individual bodies where a member has a controlling interest in the organisation. Transactions with the individual bodies where a member has an influence in the organisation are as follows:

| Related Party | 2021/22 | | | | 2020/21 | | | |
|--|----------|----------|-----------|---------|----------|----------|-----------|---------|
| | Receipts | Payments | Creditors | Debtors | Receipts | Payments | Creditors | Debtors |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Active Tameside (Tameside Sport Trust) | (212) | 3,474 | 450 | - | (542) | 3,607 | 25 | (350) |
| Ashton Pioneer Homes | - | 63 | - | - | - | 51 | - | - |
| Jigsaw Homes (New Charter Housing) | (4) | 3,756 | 111 | - | (26) | 2,575 | 677 | (280) |

Active Tameside (Tameside Sport Trust) – Payments were made by the Council to the Trust during the year in respect of the annual management fee to operate leisure facilities, improvement works to facilities, educational programmes and Adult day care provision. The Council received loan repayments from the Trust.

Ashton Pioneer Homes – Payments were made by the Council to Ashton Pioneer Homes during the year in respect of supported accommodation and homelessness.

New Charter Housing Trust (Part of the Jigsaw Homes Group) – Payments were made by the Council to New Charter during the year in respect of supported accommodation and homelessness. Income was received from New Charter in the form of fees and charges for various services including pest control and trade waste.

Other Public Bodies

The Council pays the following levies:

| Levying Body | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Greater Manchester Combined Authority - Waste Disposal | 14,898 | 13,357 |
| Greater Manchester Combined Authority - Transport | 15,373 | 15,411 |
| Environmental Agency - Flood Defense | 119 | 119 |
| Canal & River Trust - British Waterways | - | 99 |

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 Statement of Accounts.

| | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Balance B/fwd owed from/(to) the Pension Fund at 1st April | 393 | (2,367) |
| Cost incurred of behalf of Pension Fund | 8,530 | 8,107 |
| VAT Refund obtained from HMRC | (6,208) | (3,930) |
| Due to Tameside MBC from the Pension Fund | 2,715 | 1,810 |
| Reimbursements by the Pension Fund to TMBC | (2,307) | (1,416) |
| Owed from/(to) the Pension Fund by TMBC at 31st March | 408 | 393 |

In the course of fulfilling its role as administering authority to the GMPF, the Council incurs costs for services (e.g. salaries and support costs), and manages the GMPF's VAT liabilities on its behalf. The Council in turn recovers these costs from the GMPF.

Chief Officers

All Chief Officers have been asked to disclose any relationships or interests with entities that could be a related party of the Council.

| Chief Officer | Interests Declared |
|-------------------------------------|--|
| Chief Executive | <ul style="list-style-type: none"> • Joint role as Chief Accountable Officer of NHS Tameside and Glossop CCG. Salary information is disclosed in note 34. • Director of the Manchester Institute of Health and Performance • Director of Airport City (General Partner) representing Greater Manchester Pension Fund • Stamford Park Trust Trustee • Associate Governor at Broadbottom C of E Primary School |
| Director of Finance | <ul style="list-style-type: none"> • Joint role as the Chief Finance Officer of NHS Tameside and Glossop CCG. Salary information is disclosed in note 34. |
| Director of Governance and Pensions | <ul style="list-style-type: none"> • Director of Greater Manchester Pension Fund • Director of Northern Pool General Partner (Number 1) Ltd representing Greater Manchester Pension Fund • Director of Inspired Spaces Tameside Ltd from 01/10/2021 • Director of Inspired Spaces Tameside (Project Co 1) Ltd and Inspired Spaces Tameside (Project Co 2) Ltd from 01/10/2021 • Director of Inspired Spaces Tameside (Holdings 1) Ltd and Inspired Spaces Tameside (Holdings 2) Ltd from 01/10/2021 |
| Director of Growth | <ul style="list-style-type: none"> • Director of Inspired Spaces Tameside Ltd to 30/09/2021 • Director of Inspired Spaces Tameside (Project Co 1) Ltd and Inspired Spaces Tameside (Project Co 2) Ltd to 30/09/2021 • Director of Inspired Spaces Tameside (Holdings 1) Ltd and Inspired Spaces Tameside (Holdings 2) Ltd to 30/09/2021 |
| Assistant Director of Finance | <ul style="list-style-type: none"> • Director of Inspired Spaces Tameside Ltd to the 30/04/2021 |

| | |
|--------------------------------------|---|
| | <ul style="list-style-type: none"> • Director of Inspired Spaces Tameside Ltd from 1/10/2021 • Director of Inspired Spaces Tameside (Project Co 1) Ltd and Inspired Spaces Tameside (Project Co 2) Ltd to the 30/04/2021 • Director of Inspired Spaces Tameside (Project Co 1) Ltd and Inspired Spaces Tameside (Project Co 2) Ltd from 1/10/2021 • Director of Inspired Spaces Tameside (Holdings 1) Ltd and Inspired Spaces Tameside (Holdings 2) Ltd to the 30/04/2021 • Director of Inspired Spaces Tameside (Holdings 1) Ltd and Inspired Spaces Tameside (Holdings 2) Ltd from 1/10/2021 |
| Assistant Director, Digital Tameside | <ul style="list-style-type: none"> • Director of Co-operative Network Infrastructure |
| Director of Education | <ul style="list-style-type: none"> • Joint role as Director of Education for Tameside MBC and Stockport MBC |

Inspired Spaces Tameside Ltd, Inspired Spaces Tameside (Project Co 1) Ltd and Inspired Spaces Tameside (Project Co 2) Ltd, as well as Co-Operative Network Infrastructure, have been identified as related parties and further information on transactions and balances is set out below.

Entities Controlled or Significantly Influenced by the Council

The Council carries out a complex range of activities, often in conjunction with external organisations. Where those organisations are in partnership with or under the ultimate control of the Council a judgement is made by management as to whether they are within the Council's group boundary. 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. This judgement is made in line with the provisions set out in the Code and relevant accounting standards.

The Council's group boundaries have been assessed using the criteria outlined in 'the Code'. It was determined that the Council has a significant influence over Inspiredspaces Tameside Ltd, Inspired Spaces Tameside (Project Co 1) Ltd and Inspired Spaces Tameside (Project Co 2) Ltd. However, on the basis of materiality the Council has determined that the preparation of group accounts is not required because groups accounts would not be materially different to the single entity accounts.

Transactions and balances with Inspiredspaces Tameside Ltd, Inspired Spaces Tameside (Project Co 1) Ltd, Inspired Spaces Tameside (Project Co 2) Ltd and Co-operative Network Infrastructure were as follows:

| Related Party | 2021/22 | | | | 2020/21 | | | |
|---|----------|----------|-----------|---------|----------|----------|-----------|---------|
| | Receipts | Payments | Creditors | Debtors | Receipts | Payments | Creditors | Debtors |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Co-operative Network Infrastructure | (46) | - | 1 | - | (73) | 33 | - | (2) |
| Inspired Spaces Tameside Ltd | - | 21,630 | 1,830 | (1) | - | 15,090 | 1,130 | (137) |
| Inspired Spaces Tameside (Project Co 1) Ltd | (266) | - | - | (119) | (296) | - | - | (122) |
| Inspired Spaces Tameside (Project Co 2) Ltd | (358) | - | - | (178) | (1,465) | - | - | (178) |

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 investments above, it is clear that the Council is not in a further group arrangement, as it does not have the ability to exercise either influence or control at a material level over another entity.

44. Agency Services and Pooled Budgets

Agency Services

| | HMP £000 | iStandUK £000 | i-Network £000 | GMPHN £000 | NAFN £000 | GMHSCP £000 | NW ADASS £000 | GMEU £000 |
|---------------------------------------|----------------|------------------|-------------------|----------------|----------------|----------------|---------------------|--------------|
| Balance Brought Forward | (3,700) | (48) | (300) | (502) | (1,283) | (1,232) | (706) | (405) |
| Contributions | (1,000) | (145) | (363) | (939) | (1,307) | (965) | (435) | (492) |
| Interest earned on Balances | (8) | (0) | (1) | 0 | (2) | 0 | 0 | 0 |
| Total Income | (1,008) | (145) | (363) | (939) | (1,309) | (965) | (435) | (492) |
| Employee Expenses | 0 | 15 | 251 | 221 | 613 | 0 | 351 | 425 |
| Payments as per Business Plan | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Project Payments to Authorities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Supplies & Services/Other expenditure | 0 | 125 | 49 | 29 | 503 | 1,118 | 74 | 149 |
| Total Expenditure | 0 | 139 | 300 | 250 | 1,115 | 1,118 | 425 | 574 |
| Balance Carried Forward | (4,708) | (53) | (363) | (1,191) | (1,477) | (1,079) | (715) | (323) |

Hattersley/Mottram Project (HMP)

HMP 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 Onward. 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 Base Hattersley to be able to build in Hattersley.

The Council's partners in the project are Homes England and Onward. 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 developer (Base Hattersley) as per the respective agreements (Collaboration Agreement and Development Agreement) and distributes the funds to the partners in priority ranking as per the Agreement. The balance will be carried forward into 2022/23 and used to fund the remaining elements of the Collaboration Agreement and Public Realm.

iStandUK

iStandUK is a programme established to develop and promote data standards 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 programme. During 2021/22 iStandUK continued work on the SAVVI standards project, funded by DLUHC LDCU, to identify and support vulnerable individuals and households; Phase 3 of this project continues into 2022/23 with further funding from DLUHC. The 2021/22 balance will be carried forward into 2022/23 to continue the work of the programme. The iStandUK programme is sustained by Central Government sponsorship and grant funding.

i-Network

iNetwork is a partnership that brings together local authorities, police, fire, health, housing and voluntary sector organisations across the North to support innovation and the transformation of local public services. It is chaired by the Chief Executive of the Council, who acts as the accountable body. iNetwork charges membership and service fees in order to sustain the partnership and deliver set outcomes. The 2021/22 balance will be carried forward into 2022/23.

Greater Manchester Public Health Network (GMPHN)

GMPHN is a collaborative organisation that works on behalf of the Greater Manchester Directors of Public Health which is funded by contributions from constituent members. 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. Tameside Council has been the accountable body for the GMPHN since 1 April 2013 and the Council's Chief Executive is the lead Greater Manchester Chief Executive for Health.

National Anti Fraud Network (NAFN)

NAFN was created in 1997 hosted by Tameside Metropolitan Borough Council. We are a public sector organisation which exists to support our members in protecting the public interest and public purse. We are one of the largest shared services in the country managed by, and for the benefit of our members. We recover our operating costs from grant funding, membership fees and recharges. Membership is open to any organisation which has responsibility for managing public funds and/or assets. Use of our services is voluntary, which ensures we deliver value for money. Currently, 93% of local authorities are members and there are a rapidly growing number of affiliated wider public authorities including social housing providers. NAFN is the single point of contact for all local authorities seeking to acquire communications data and is widely recognised as provider of data and intelligence to support members fraud and criminal investigations.

Greater Manchester Health Social Care Partnership (GMHSCP)

The Greater Manchester Health and Social Care Partnership was formed to oversee the devolution of Greater Manchester health and social care services. The aim of the partnership is to achieve the biggest, and most efficient improvement to the health and wellbeing of the Greater Manchester region. The Partnership membership includes Greater Manchester NHS organisations and Local Authorities, as well as members from NHS England and NHS Improvement, the emergency services, the voluntary sector, Healthwatch and others including the mayor of Greater Manchester. One of the key aims of the partnership is to improve the way health and social care public funding is spent, making sure that major decisions are being made together to meet residents needs. The Partnership is resourced by equal contributions from each Greater Manchester Local Authority together with Greater Manchester Transformation Funding. Tameside Council is the accountable body for the Partnership.

North West Association of Directors of Adult Social Services

North West ADASS incorporates the regions of Cheshire, Cumbria, Lancashire, Merseyside and Greater Manchester. The region encompasses tremendous diversity and relative poor health. The component 23 local authorities are at the forefront of innovation through devolution programmes and participation in a range of integration programmes via Sector Led Improvement priorities. Tameside Council is the accountable body for NW ADASS with each component local authority contributing an equal annual funding contribution to the financing of the association infrastructure and agreed work programme priorities. In addition the association receives various non-recurrent grant funding allocations to support the delivery of specified programmes.

Greater Manchester Ecology Unit (GMEU)

The Greater Manchester Ecology Unit (GMEU) provides specialist advice to, and on behalf of, Local Authorities on biodiversity, nature conservation and wildlife issues. Although hosted by Tameside MBC, GMEU works across the whole of Greater Manchester and North West England.

The Ecology Unit maintains the habitats and species database for Greater Manchester, maintains the Register of designated nature conservation sites, comments on the ecological impact of development proposals on behalf of planning departments, and provides advice on safeguarding wildlife on development sites.

45. Building Control

The Council sets charges for work carried out in relation to building regulations with the aim of covering all costs incurred. 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 total net cost of operating the Building Control Unit was £0.146m in 2021/22, which was made up of a deficit on chargeable activities of £0.059m and a deficit on non-chargeable activities of £0.064m.

| | 2021/22 | | |
|-------------------------------------|--------------|----------------|--------------|
| | Chargeable | Non-Chargeable | Total |
| | £000 | £000 | £000 |
| Expenditure: | | | |
| Employee Expenses | 133 | 57 | 190 |
| Premises | 12 | 5 | 17 |
| Transport | 0 | 0 | 0 |
| Supplies and Services | 3 | 1 | 4 |
| Central and Support Service Charges | 3 | 1 | 4 |
| | 151 | 64 | 215 |
| Income: | | | |
| Building Regulation Charges | 0 | 0 | 0 |
| Miscellaneous Income | (146) | 0 | (146) |
| | (146) | 0 | (146) |
| (Surplus)/Deficit for year | 5 | 64 | 69 |

46. Integrated Commissioning Fund (ICF)

Tameside Council and Tameside & Glossop Clinical Commissioning Group (CCG) are partners in the provision of services to support health and social care integration within the locality. The table summarises the ICF in its totality (of which the Section 75 forms part). The Better Care Fund is included with the Section 75 element of the ICF.

From 1 April 2018 the ICF includes the total revenue budget allocations of both the Council and the CCG. The single fund is monitored and reported to members of the Strategic Commissioning Board and Executive Cabinet on a monthly basis.

The component sections of the ICF are;

Section 75 Services

This relates to the legislation that allows the establishment of pooled funds between NHS bodies and local authorities at a local level.

Aligned Services

These budgets relate to services that the Regulations specify shall not be pooled under Section 75, but which will be managed alongside the Pooled Fund.

In Collaboration Services

These budgets relate to services that the Regulations specify shall not be pooled under Section 75, and where the CCG and Council have limited direct influence over the utilisation of these funds, or where expenditure is not directly related to service delivery. Budgets include delegated co-

commissioning in Primary Care, Dedicated Schools Grant, levies payable to the GMCA, Housing Benefits Grant and related expenditure, and Capital Financing costs..

The Integrated Commissioning Fund supports the Tameside and Glossop Locality Plan which has the following key objectives:

- to improve health and wellbeing of residents with a focus on prevention and public health, and providing care closer to home;
- to make urgent progress on addressing health inequalities;
- to promote integration of health and social care as a key component of public sector reform;
- to contribute to growth, in particular through employment support and early years services
- to build partnerships between health, social care, and knowledge sectors for the benefit of the population.

Risk Share

Under the risk share arrangements, each organisation shares financial risk in proportion to the respective net budget contributions they make into the Integrated Commissioning Fund (ICF), excluding any CCG expenditure associated with the residents of Glossop as the Council has no legal powers to contribute to such expenditure.

The risk share arrangement is in two parts. Part A comprises an additional contribution of up to £5 million per annum in 2019/20 and 2020/21 from the Council to the ICF which would create an obligation on the CCG to increase its contribution to the ICF in 2021/22 and 2022/23 to the same values respectively.

Part B of the risk share is applied after Part A and is based on the proportion of each Organisation's contribution to the ICF up to a capped threshold:

- a cap of £2.0 million is placed on CCG related risks that the Council will contribute
- a cap of £0.5 million is placed on Council related risks that the CCG will contribute

| Funding provided to the pooled budget: | 2021/22 £000 | | |
|---|-----------------|------------------------------|----------------|
| | Council | Tameside & Glossop CCG | Total |
| Section 75 | 55,218 | 302,116 | 357,334 |
| Wider Aligned Budget In Collaboration Services | 101,607 | 114,957 | 216,564 |
| | 37,669 | 38,951 | 76,620 |
| Total | 194,494 | 456,024 | 650,518 |

| Expenditure met from the pooled budget: | 2021/22 £000 | | |
|---|-----------------|------------------------------|----------------|
| | Council | Tameside & Glossop CCG | Total |
| Section 75 | 53,358 | 302,103 | 355,461 |
| Wider Aligned Budget In Collaboration Services | 104,193 | 115,002 | 219,195 |
| | 37,074 | 38,919 | 75,993 |
| Total | 194,625 | 456,024 | 650,649 |

Collection Fund

Section 89 of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) for billing authorities to establish and maintain a separate Collection Fund account that holds details of transactions relating to Council Tax, Non-Domestic Rates and Precept Demands (and any Residual Community Charge adjustments), together with details of how any balances have been distributed.

Collection Fund Account for the year ended 31 March 2022

This account reflects statutory requirements for billing authorities to maintain a separate Collection Fund to account for the income from Council Tax and NDR.

| | 31 March 2022 | | | 31 March 2021 | | |
|--|------------------------|-----------------|------------------|------------------------|-----------------|------------------|
| | Council Tax £000 | NDR £000 | Total £000 | Council Tax £000 | NDR £000 | Total £000 |
| Income | | | | | | |
| Income from Council Tax | (123,301) | | (123,301) | (115,825) | 0 | (115,825) |
| Transfers from General Fund (S13A relief) | (1,012) | | | (2,133) | 0 | |
| Income from NDR | | (47,328) | (47,328) | 0 | (27,386) | (27,386) |
| Total Income | (124,312) | (47,328) | (170,629) | (117,958) | (27,386) | (143,212) |
| Expenditure | | | | | | |
| <u>Council Tax</u> | | | | | | |
| The Council | 99,239 | | 99,239 | 96,762 | | 96,762 |
| GMCA Mayoral Police and Crime Commissioner | 13,500 | | 13,500 | 13,187 | | 13,187 |
| GMCA Mayoral General Precept (inc. Fire) | 5,625 | | 5,625 | 5,758 | | 5,758 |
| <u>NDR</u> | | | | | | |
| The Council | | 52,725 | 52,725 | | 53,844 | 53,844 |
| Central Government | | | 0 | | 0 | 0 |
| GM Fire and Rescue Authority | | 533 | 533 | | 544 | 544 |
| Allowance for cost of collection | | 286 | 286 | | 285 | 285 |
| Transitional Protection Payments | | 500 | 500 | | 1,163 | 1,163 |
| Increase/(decrease) in: | | | 0 | | 0 | 0 |
| Allowance for non-collection | 4,886 | 406 | 5,292 | 2,647 | 1,014 | 3,661 |
| Provision for appeals | | 419 | 419 | | 2,738 | 2,738 |
| <u>Surplus/deficit (allocated)/paid out in year:</u> | | | | | | |
| The Council | (445) | (28,710) | (29,155) | 3,657 | (2,636) | 1,021 |
| Central Government | | | 0 | | 0 | 0 |
| GMCA Mayoral Police and Crime Commissioner | (64) | | (64) | 493 | 0 | 493 |
| GMCA Mayoral General Precept (inc. Fire) | (41) | (290) | (331) | 191 | (27) | 165 |
| Total Expenditure | 122,700 | 25,869 | 148,569 | 122,695 | 56,927 | 179,622 |
| | | | | | | |
| (Surplus)/deficit for the year | (1,612) | (21,459) | (23,072) | 4,737 | 29,540 | 34,277 |
| | | | | | | |
| Balance brought forward | (1,904) | 32,029 | 30,125 | (6,640) | 2,489 | (4,151) |
| (Surplus)/deficit for the year | (1,612) | (21,459) | (23,072) | 4,737 | 29,540 | 34,277 |
| Balance carried forward | (3,516) | 10,570 | 7,054 | (1,903) | 32,029 | 30,126 |
| | | | | | | |
| <u>Share of (surplus)/deficit</u> | | | | | | |
| The Council | (2,939) | 12,241 | 9,301 | (1,635) | 33,485 | 31,850 |
| Central Government | 0 | (1,777) | (1,777) | 0 | (1,777) | (1,777) |
| GMCA Mayoral Police and Crime Commissioner | (404) | 0 | (404) | (217) | 0 | (217) |
| GMCA Mayoral General Precept (inc. Fire) | (173) | 106 | (67) | (50) | 320 | 270 |
| | (3,516) | 10,570 | 7,054 | (1,903) | 32,029 | 30,126 |

Notes to the Collection Fund

Section 89 of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) for billing authorities to establish and maintain a separate Collection Fund account that holds details of transactions relating to Council Tax, Non-Domestic Rates and Precept Demands (and any Residual Community Charge adjustments), together with details of how any balances have been distributed.

1. Overview

The Collection Fund is a statement that reflects the statutory obligation of Tameside as the billing authority to maintain a separate Collection Fund. The Collection Fund statement shows the Council's transactions in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and its distribution to the relevant preceptors and Central Government.

The Council has a statutory obligation under section 89 of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) to maintain a separate Collection Fund. The purpose of the Collection Fund is to isolate the income and expenditure relating to Council Tax and NDR. The administrative costs associated with the collection process are charged to General Fund Balances.

'The Code' stipulates that a Collection Fund Income and Expenditure account is included in the Council's Statement of Accounts. The Collection Fund Balance Sheet meanwhile is incorporated into the Council's Balance Sheet.

2. Council Tax

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

Council Tax Base for 2021/22

The Council Tax base for 2021/22 was set in January 2021.

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

| Tameside 2021/22 Tax Base (Excluding Mossley Parish) | | | | | | | | |
|--|---------------------------|--|---------------------------------|---------------------------------------|--|---|-------------------------|--|
| | Total Number of Dwellings | Equivalent Number of Dwellings after Discounts applied | Specified ratio for Council Tax | Number of Band D Equivalent Dwellings | Tameside MBC Precept (Excluding Mossley) | Mayoral Police & Crime Commissioner Precept | Mayoral General Precept | Council Tax (Excluding Mossley Parish) |
| Disabled Relief | 0 | 62 | 5/9 | 34 | 0 | 0 | 0 | 0 |
| Band A | 52,586 | 35,062 | 6/9 | 23,374 | 1,069 | 146 | 61 | 1,276 |
| Band B | 19,099 | 15,839 | 7/9 | 12,319 | 1,248 | 170 | 71 | 1,488 |
| Band C | 19,676 | 17,305 | 8/9 | 15,383 | 1,426 | 194 | 81 | 1,701 |
| Band D | 6,891 | 6,342 | 9/9 | 6,342 | 1,604 | 218 | 91 | 1,913 |
| Band E | 3,798 | 3,537 | 11/9 | 4,323 | 1,961 | 267 | 111 | 2,339 |
| Band F | 924 | 879 | 13/9 | 1,270 | 2,317 | 315 | 131 | 2,764 |
| Band G | 425 | 403 | 15/9 | 672 | 2,674 | 364 | 152 | 3,189 |
| Band H | 42 | 19 | 18/9 | 38 | 3,208 | 437 | 182 | 3,827 |
| Total | 103,441 | 79,449 | | 63,756 | | | | |
| Less Allowance for Losses on Collection | | | | (1,913) | | | | |
| MOD Properties | | | | 0 | | | | |
| Total Tameside Tax Base 2021/22 | | | | 61,843 | | | | |

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

| Tameside 2021/22 Tax Base (Mossley Parish) | | | | | | | | | |
|--|---------------------------|--|---------------------------------|---------------------------------------|--|-----------------|---|-------------------------|--|
| | Total Number of Dwellings | Equivalent Number of Dwellings after Discounts applied | Specified ratio for Council Tax | Number of Band D Equivalent Dwellings | Tameside MBC Precept (Excluding Mossley) | Mossley Precept | Mayoral Police & Crime Commissioner Precept | Mayoral General Precept | Council Tax (Including Mossley Parish) |
| Disabled Relief | 0 | 3 | 5/9 | 2 | 0 | 0 | 0 | 0 | 0 |
| Band A | 2,796 | 1,982 | 6/9 | 1,321 | 1,069 | 6 | 146 | 61 | 1,282 |
| Band B | 894 | 772 | 7/9 | 600 | 1,248 | 7 | 170 | 71 | 1,496 |
| Band C | 1,017 | 900 | 8/9 | 800 | 1,426 | 9 | 194 | 81 | 1,709 |
| Band D | 419 | 398 | 9/9 | 398 | 1,604 | 10 | 218 | 91 | 1,923 |
| Band E | 183 | 177 | 11/9 | 216 | 1,961 | 12 | 267 | 111 | 2,350 |
| Band F | 53 | 52 | 13/9 | 76 | 2,317 | 14 | 315 | 131 | 2,778 |
| Band G | 14 | 17 | 15/9 | 28 | 2,674 | 16 | 364 | 152 | 3,205 |
| Band H | 1 | 0 | 18/9 | 0 | 3,208 | 19 | 437 | 182 | 3,846 |
| Total | 5,377 | 4,302 | | 3,442 | | | | | |
| Less Allowance for Losses on Collection | | | | (53) | | | | | |
| MOD Properties | | | | 0 | | | | | |
| Total Mossley Parish Tax Base 2021/22 | | | | 3,389 | | | | | |

3. Non-Domestic Rates (NDR)

The Council collects 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.

For 2021/22, the total Non-Domestic Rateable value at 31 March 2022 is £148.5m (£148.8m in 2020/21). The national multipliers for 2021/22 were 49.9p for qualifying small businesses, and the standard multiplier being 51.2p for all other businesses (49.9p and 51.2p respectively in 2020/21).

Local authorities retain a proportion of the total collectable rates due. Prior to 2017/18, the local share for Tameside was 49%, with the remainder distributed to the Greater Manchester Fire and Rescue Authority (GMFRA) (1%) and Central Government (50%). Since 2017/18 Tameside has been part of the 100% retention pilot for Greater Manchester. This pilot, which currently runs until the end of 2022/23, means that Tameside retains 99% of total collectible rates, with 1% distributed to the GMFRA. The NDR shares paid in 2021/22, (excluding previous years distribution) were £52.725m to the Council and £0.533m to GMFRA. (2020/21 shares paid were £0.544m to GMFRA and £53.844m to the Council).

Greater Manchester 100% Business Rates Retention Pilot

Greater Manchester is one of the regions piloting the full retention of Business Rates from 1 April 2017. The purpose of this Pilot is to develop and trial approaches to manage risk and reward, and to finance from additional Business Rates income new responsibilities and/or existing funding streams including those that support economic growth.

Being part of the Greater Manchester Pilot provides the Council and the Greater Manchester region with potential financial benefits with the guarantee that Authorities will not be worse off as a result of the Pilot. The 'No Detriment' agreement will guarantee that the resources available to the Council under the 100% Pilot will be the same as the 50% retention scheme that exists for non-pilot authorities.

As a result of the Pilot, the Council has not received Revenue Support Grant or Public Health Grant from Government since 2017/18. Instead the Council retains 99% of its Non Domestic (Business) Rates income with 1% distributed to GMFRA. The current pilot arrangements run until the end of 2022/23.

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.

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.

Appointed Auditors

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

Asset

Items of worth that are measurable in terms of value. Current assets may change daily, but the Council is expected to yield the benefit within the one financial year (e.g. short term debtors). Non-current assets yield benefit to the Council for a period of more than one year (e.g. land).

Balances

The balances of the Authority represent the accumulated surplus of income over expenditure on any of the Funds.

Better Care Fund (BCF)

The BCF was announced by Government in the June 2013 spending round to ensure a transformation in health and social care.

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.

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 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.

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 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 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 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.

Depreciated Replacement Cost (DRC)

A method of valuation that provides a proxy for the market value of specialist assets.

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.

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.

Financial Regulations

These are the written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

General Fund Balances

The main revenue fund of the Council and includes the net cost of all services financed by local taxpayers and Government grants.

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.

Interest Cost

For a defined benefit scheme, the expected increase during the period on the present value of the scheme liabilities which arises from the passage of time.

Inventories

Amounts of unused or unconsumed stocks held in expectation of future use.

Investment Properties

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

Joint Venture

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

Leasing Costs

This is where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist: finance leases and operating leases.

Lender Option Borrower Option (LOBO)

A LOBO is a type of loan instrument. The borrower borrows a principal sum for the duration of the loan period (typically 20 to 50 years), initially at a fixed interest rate. Periodically (typically every six months to 3 years), the lender has the ability to alter the interest rate. Should the lender make this offer, the borrower then has the option to continue with the instrument at the new rate or alternatively to terminate the agreement and pay back the principal sum without penalty.

Liabilities

These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

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 Plan (MTFP)

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.

Net Debt

Net debt is the Council's borrowings less cash and liquid resources.

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.

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.

Non-current Asset

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

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.

Outturn

Actual expenditure and income compared to the budget.

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.

Property, Plant and Equipment (PPE)

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

Provisions

Amounts set aside to meet liabilities or losses which it is anticipated will be incurred but where the amount and/or the timing of such costs are uncertain.

Public Works and Loans Board (PWLB)

An arm of Central Government which is the major provider of loans to finance long term funding requirements of 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.

Remeasurement of the Net Defined Benefit Liability

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

- a) actuarial gains and losses
- b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and
- c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Reporting Standards

The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a Local Authority. It is based on International Financial Reporting Standards (IFRS), International 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 Contributions

The method of financing capital expenditure directly from revenue.

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.

Subsidiary

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

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

2021/22

DRAFT UNAUDITED

(Full Report)

August 2022

DRAFT Statement of Accounts 2021-22 – These accounts have not yet been subject to audit. The External Auditor’s report will be inserted here on completion of the audit.

DRAFT Statement of Accounts 2021-22 – These accounts have not yet been subject to audit. The External Auditor’s report will be inserted here on completion of the audit.

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DRAFT Statement of Accounts 2021-22 – These accounts have not yet been subject to audit. The External Auditor’s report will be inserted here on completion of the audit.

| Fund Account for the year ended 31 March 2022 | | | |
|--|--|-------------|-------------------------------|
| 31 March 2021 £000 | | Note | 31 March 2022 £000 |
| | Contributions and benefits | | |
| (158,377) | Contributions from employees | 5 | (168,254) |
| (754,571) | Contributions from employers | 5 | (460,804) |
| (912,948) | | | (629,058) |
| (53,583) | Transfers in (bulk) | 5a | (386) |
| (19,090) | Transfers in (individual) | | (21,213) |
| (985,621) | | | (650,657) |
| 882,095 | Benefits payable | 6 | 905,599 |
| 33,147 | Payments to and on account of leavers | 7 | 34,940 |
| (70,379) | Net (additions) / withdrawals from dealings with members | | 289,882 |
| 39,702 | Management expenses | 8 | 120,317 |
| (30,677) | Net (additions) / withdrawals including management expenses | | 410,199 |
| | Returns on investments | | |
| (472,608) | Investment income | 9 | (589,927) |
| (4,359,857) | (Increase) / decrease in fair value of investments | 11a | (2,252,331) |
| 2,718 | Taxation | 10 | 3,415 |
| 5,204 | Loss / (Gain) on foreign currency | | (5,601) |
| (4,824,543) | Net (increase) / decrease in investments | | (2,844,444) |
| (4,855,220) | Net (increase)/decrease in the Fund during the year | | (2,434,245) |
| (22,034,789) | Net assets of the Fund at start of year | | (26,890,009) |
| (26,890,009) | Net assets of the Fund at end of year | | (29,324,254) |

Please see relevant Note for further information and/or analysis.

Net Assets Statement at 31 March 2022

| 31 March 2021 £000 | | Note | 31 March 2022 £000 |
|-----------------------|--|------|-----------------------|
| 4,537,657 | UK equities | | 3,965,847 |
| 6,924,661 | Overseas equities | | 7,139,013 |
| 1,458,153 | Bonds | 11c | 2,234,689 |
| 273,032 | Overseas index linked government bonds | | 238,647 |
| 870,516 | Investment property | 11d | 975,760 |
| 356 | Derivative contracts | 11e | 24,838 |
| 12,020,434 | Pooled investment vehicles | 11f | 13,542,679 |
| 663,516 | Cash and deposits | 11g | 922,059 |
| 221,170 | Other investment assets | 11h | 298,234 |
| 26,969,495 | Investment assets | | 29,341,766 |
| (8,099) | Derivative contract liabilities | 11e | (49,499) |
| (120,098) | Other investment liabilities | 11h | (18,148) |
| (128,197) | Investment liabilities | | (67,647) |
| 74,694 | Current assets | 11h | 76,083 |
| (25,983) | Current liabilities | 11h | (25,948) |
| 48,711 | Net current assets | | 50,135 |
| 26,890,009 | Net assets of Fund | | 29,324,254 |

Please see relevant Note for further information and/or analysis.

Notes to Greater Manchester Pension Fund Accounts

1. Notes to the Accounts

The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 based on IFRS, published by the Chartered Institute of Public Finance and Accountancy (CIPFA). 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.

1b. 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 throughout most of the year, consisted of 19 elected Members (10 from Tameside MBC, being the Administering Authority, and nine from other Greater Manchester local authorities) and a representative from the Ministry of Justice.

The Management Panel is advised in all areas by the Advisory Panel. Each of the ten Greater Manchester local authorities and the Ministry of Justice are represented on the Advisory Panel and there are six employee representatives nominated by the North West TUC. There are also currently three External Advisors who assist the Advisory Panel, in particular, regarding investment related issues.

As a result of the Public Service Pensions Act 2013 and subsequent Local Government Pension Scheme Regulations, each public sector pension fund has been required to establish a Local Pension Board from 1 April 2015.

The GMPF Local Pensions Board is not a decision-making body. However, it is required to assist the Administering Authority in complying with regulations and ensuring that appropriate governance is in place.

GMPF also currently has three Working Groups, which consider particular areas of its activities and make recommendations to the Management Panel. Governance arrangements for GMPF are continually under review. The Working Groups in operation in 2021/22 covered:

- Policy and Development
- Investment Monitoring and Environment, Social and Governance
- Pensions Administration, Employer Funding and Viability

There are three Officers to GMPF:

- Director of Governance & Pensions – administrator of GMPF and link for Panel Members, advisors and investment managers between meetings
- Chief Executive and Director of Governance & Pensions (Solicitor and statutory monitoring officer) – jointly responsible for the provision of legal and secretarial services to the Management and Advisory Panels
- Director of Finance – responsible for preparation of Administering Authority’s accounts, which includes GMPF’s Statement of Accounts

GMPF’s investment strategy is implemented by management arrangements, which include:

- one external investment manager that manage multi asset briefs
- two external managers with a global equity brief
- one external manager with a global credit brief
- two external managers with a direct and indirect UK property brief, i.e. one discretionary UK and one advisory local
- Internal management of cash, private equity, infrastructure, generalist pooled property funds, local and other unquoted investments

GMPF subscribes to an industry performance measurement service run by Portfolio Evaluation Ltd in order to analyse/benchmark GMPF’s performance relative to market returns and relevant industry comparators. In addition to this, GMPF also subscribes to the Local Authority Pension Performance Analytics Service supplied by Pensions Investment Research Consultants Ltd (PIRC) to enable assessment of its performance relative to all other funds that operate under the same regulations.

GMPF is a pension fund which administers the 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 career average scheme whereby as each year goes by members build up a set portion of pay as a pension. It is funded by contributions from employees, which are set out in regulations, and variable contributions from employers, which take account of the relationship of assets held to liabilities accrued (see Actuarial Review of GMPF – Note 22). The benefits of the Scheme are prescribed nationally by Regulations made under the Public Service Pension Schemes Act 2013.

The membership of GMPF as at 31 March 2022 and the preceding year is shown below:

| 31 March 2021 | | 31 March 2022 |
|----------------------|--|----------------------|
| 112,593 | Contributors | 116,406 |
| 135,268 | Pensioners | 139,040 |
| 142,791 | Deferred Members * | 146,948 |
| 390,652 | Total Membership | 402,394 |
| 591 | Employers with Contributing Members | 597 |

* Includes former contributors who have retained a right to a refund of contributions or a transfer of pension benefits to another scheme.

The contributions received from GMPF employers can be found in Note 20.

Further information is published in the Greater Manchester Pension Fund Annual Report 2020/21 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 completion of the external audit of GMPF’s Statement of Accounts 2021/22.

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. The exceptions are that individual and bulk transfers (due to uncertainty over final settlement and timing of payments), advance payment of employer contributions, and investment costs for private markets administered by the custodian as part of investment activity, are recognised on a received or paid basis. There are no accounting standards issued but not adopted in the preparation of the financial statements.

Financial assets and liabilities:

On initial recognition, GMPF is required to classify financial assets and liabilities into amortised cost, fair value through profit and loss or fair value through other comprehensive income. Financial assets are classified dependent on the reason for holding the assets. Amortised cost assets are those held to generate cash flows and the amounts received are solely principal and interest. Fair value assets through profit and loss or other comprehensive income, are assets which fail the amortised cost categorisation tests, where they are held for trading purposes and/or the amounts received relate to more than solely principal and interest (e.g. equity instruments). Financial liabilities are classified as amortised cost except in certain circumstances where they are classified as at fair value.

Contribution income:

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the fund actuary in the payroll period to which they relate. Employer funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

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.

Please note: The annual updates from the Provider for neither the current year 2021/22 (nor previous year 2020/21) were available at time of producing these accounts.

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, property 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 appropriate Pensions Statement of Recommended Practice (SORP).

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 2022.

Foreign investments:

Foreign investments are translated at the exchange rate applicable at 31 March 2022. 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 investment assets are valued at their fair value as at 31 March 2022 are determined as follows:

| At 31 March 2022 | Valuation basis / technique | Main assumptions |
|---|--|---|
| Equities and bonds (Level 1) | Pricing from market data providers based on observable bid price quotations. | Use of pricing source. If there are minor variations in the price dependent upon the pricing feed used, the Custodian's valuation will take precedence. |
| Direct investment property (Level 3) | Independent valuations for freehold and leasehold investment properties at fair value have been valued by Savills plc, Chartered Surveyors, as at 31 December 2021, subsequently adjusted for transactions undertaken between 1 January 2022 and 31 March 2022. Valuations have been prepared in accordance with Royal Institute of Chartered Surveyors (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 RICS Appraisal and Valuation Manual. The values are estimates and may not reflect the actual values. |
| Indirect property (part of Pooled Investment Vehicles) (Levels 2 - 3) | 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 RICS Appraisal and Valuation Manual and independent audit review of the net assets within the individual property fund. |

Greater Manchester Pension Fund Statement of Accounts 2021/22

| At 31 March 2022 | Valuation basis / technique | Main assumptions |
|---|---|---|
| Cash and other net assets (Level 1) | Value of deposit or value of transaction. | Cash and account balances are short-term, highly liquid and subject to minimal changes in value. All cash is recorded at book value unless there is knowledge of any impairment. |
| Derivatives (Level 2) | <p>Derivative contracts are valued at fair value.</p> <p>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.</p> <p>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.</p> | <p>All derivatives are based on a visible price (i.e. not private transactions) and all counter parties are deemed solvent and able to meet their liabilities.</p> <p>The relevant prices and exchange rates used are provided by the Custodian and consistent with those used elsewhere in accounts.</p> |
| Private equity, infrastructure and special opportunities portfolios (Levels 2 - 3) | <p>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, applying earnings multiples of comparable public companies to projected future cash flows, third party independent appraisals or pricing models. The valuation of these assets can take up to six months to come through. GMPF practice when closing accounts is to use the latest available valuation and adjust for cashflows.</p> | <p>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.</p> |

Financial instruments at fair value through the profit and loss:

Financial assets and liabilities are stated at fair value as per the Net Assets Statement, which is prepared in accordance with the Pensions SORP, requiring assets and liabilities to be reported on a fair value basis. Gains and losses on financial instruments that are classified as at fair value through the profit and loss are recognised in the Fund account as they arise. The carrying values are therefore the same as fair values.

Financial instruments at amortised cost:

Non-derivative financial assets which have fixed or determinable payments and are not quoted in an active market are classified as at amortised cost.

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.

Transaction costs of investments:

Acquisitions costs of investments other than listed equities are included in purchase prices and netted from sale receipts.

Management Expenses:

Investment management expenses paid directly by GMPF are included within Management Expenses within the Fund account on page 154. These costs together with other management 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, three yearly calculations. It is GMPF policy to accrue for any performance fees which are considered to be potentially payable.

In addition, certain investments in pooled vehicles, predominantly in private markets, alternatives and property have investment costs charged directly by the investment managers. These costs are allocated directly to the Fund Account where information is available to the Custodian by the investment manager, on an as paid rather than on an accruals basis. This is a change in policy for 2022. Where costs are charged by these managers and not disclosed to custodian, they are included in the fair value adjustments applied to assets concerned within the Fund Account and corresponding notes, in previous years all of these costs were treated this way. The annual report contains a comprehensive review of investment costs.

Administration Expenses are included within Management Expenses within the Fund Account. These costs 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.

Net (profit)/loss on foreign currency:

Net (profit)/loss on foreign currency comprise 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 would arise from closing out the contract at the reporting date, by entering into an equal and opposite contract at that date. All derivatives are based on a visible price (i.e. not private transactions) and all counter parties are deemed solvent and able to meet their liabilities. The relevant prices and exchange rates used are provided by the Custodian and consistent with those used elsewhere in accounts.

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 Government 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, due to uncertainty over final settlement and timing of payments, are recognised on a received or paid basis.

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.

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 equity, infrastructure and special opportunities investments

Unquoted equities are valued by the investment managers in accordance with Accounting Standards Codification 820 or with International Financial Reporting Standards (IFRS). The value of unquoted equities, infrastructure and special opportunities held via investment in specialist pooled investment vehicles at 31 March 2022 was £4,634,476,000 (£3,623,513,000 at 31 March 2021).

The valuation of these assets can take up to six months to come through. GMPF practice when closing accounts is to use the latest available valuation and adjust for cashflows.

Pension Fund liability

The present value of GMPF's liabilities 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 the 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.

A small number of indirect property unit trusts (£819.4 million) have been reclassified in year from Level 3 to Level 2 to bring them in line with current guidance for classification. These were previously reported as Level 3 due to the concerns over the volatility that pertained at the time, perceived as higher level of risk due to factors other than observable market data. This movement is shown in Note 3a.

Greater Manchester Pension Fund Statement of Accounts 2021/22

| | At 31 March 2022 | | |
|-------------------------------|--|--|---|
| | Fair value through profit and loss £000 | Financial assets at amortised cost £000 | Financial liabilities at amortised cost £000 |
| Financial assets: | | | |
| Equities | 11,104,860 | 0 | 0 |
| Bonds | 2,234,689 | 0 | 0 |
| Index linked | 238,647 | 0 | 0 |
| Derivatives | 24,838 | 0 | 0 |
| Pooled investment vehicles | 13,542,679 | 0 | 0 |
| Cash | 0 | 922,059 | 0 |
| Other investment assets | 0 | 298,234 | 0 |
| Current assets | 0 | 76,083 | 0 |
| | 27,145,713 | 1,296,376 | 0 |
| Financial liabilities: | | | |
| Derivatives | 0 | 0 | (49,499) |
| Other investment liabilities | 0 | 0 | (18,148) |
| Current liabilities | 0 | 0 | (25,948) |
| | 0 | 0 | (93,595) |
| Total | 27,145,713 | 1,296,376 | (93,595) |

| | At 31 March 2021 | | |
|-------------------------------|--|--|---|
| | Fair value through profit and loss £000 | Financial assets at amortised cost £000 | Financial liabilities at amortised cost £000 |
| Financial assets: | | | |
| Equities | 11,462,318 | 0 | 0 |
| Bonds | 1,458,153 | 0 | 0 |
| Index linked | 273,032 | 0 | 0 |
| Derivatives | 356 | 0 | 0 |
| Pooled investment vehicles | 12,020,434 | 0 | 0 |
| Cash | 0 | 663,516 | 0 |
| Other investment assets | 0 | 221,170 | 0 |
| Current assets | 0 | 74,694 | 0 |
| | 25,214,293 | 959,380 | 0 |
| Financial liabilities: | | | |
| Derivatives | 0 | 0 | (8,099) |
| Other investment liabilities | 0 | 0 | (120,098) |
| Current liabilities | 0 | 0 | (25,983) |
| | 0 | 0 | (154,180) |
| Total | 25,214,293 | 959,380 | (154,180) |

Note: the above tables do not include investment property.

Net Gains and Losses on Financial Instruments

All gains and losses on financial instruments were at fair value through the profit and loss. The net profit for the year ending 31 March 2021 was £2,150,000 (£4,400,000 net profit as at 31 March 2021).

3a. Valuation of assets carried at fair value

The table below provides an analysis of the 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 2022 | | | |
|--|-------------------|------------------|------------------|-------------------|
| | Level 1 £000 | Level 2 £000 | Level 3 £000 | Total £000 |
| Financial assets: | | | | |
| Equities | 11,104,860 | 0 | 0 | 11,104,860 |
| Fixed interest | 0 | 2,234,689 | 0 | 2,234,689 |
| Index linked | 0 | 238,647 | 0 | 238,647 |
| Derivatives | 0 | 24,838 | 0 | 24,838 |
| Pooled investment vehicles | 0 | 6,874,377 | 6,668,302 | 13,542,679 |
| Non-financial assets (at fair value through profit & loss): | | | | |
| Directly held investment property | 0 | 0 | 975,760 | 975,760 |
| Total | 11,104,860 | 9,372,551 | 7,644,062 | 28,121,473 |

| | At 31 March 2021 | | | |
|--|-------------------|------------------|------------------|-------------------|
| | Level 1 £000 | Level 2 £000 | Level 3 £000 | Total £000 |
| Financial assets: | | | | |
| Equities | 11,462,318 | 0 | 0 | 11,462,318 |
| Fixed interest | 0 | 1,458,153 | 0 | 1,458,153 |
| Index linked | 0 | 273,032 | 0 | 273,032 |
| Derivatives | 0 | 356 | 0 | 356 |
| Pooled investment vehicles | 0 | 6,275,383 | 5,745,051 | 12,020,434 |
| Non-financial assets (at fair value through profit & loss): | | | | |
| Directly held investment property | 0 | 0 | 870,516 | 870,516 |
| Total | 11,462,318 | 8,006,924 | 6,615,567 | 26,084,809 |

The valuation of assets 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.

There have been no transfers in year between Level 1 and Level 2.

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 applying earnings multiples from comparable public market companies to estimated future cash flows.

The valuation techniques used by GMPF are detailed in Note 2. As stated above, a small number of indirect property unit trusts (£819.4 million) have been reclassified in year from Level 3 to Level 2 to bring them in line with current guidance for classification. These were previously reported as Level 3 due to the concerns over the volatility that pertained at the time, perceived as higher level of risk due to factors other than observable market data.

A reconciliation of fair value measurements in Level 3 is set out below:

| 31 March 2021 £000 | | 31 March 2022 £000 |
|-------------------------------|--|-------------------------------|
| 5,621,912 | Opening balance | 6,615,567 |
| 1,358,778 | Acquisitions | 1,608,555 |
| (587,346) | Disposal proceeds / Return of capital | (1,095,798) |
| | Total gains/losses included in the Fund account: | |
| 225,268 | - on assets sold | 440,625 |
| (3,045) | - on assets held at year end | 894,517 |
| 0 | Transfer of unit trusts to Level 2 at market value | (819,404) |
| 6,615,567 | Closing balance | 7,644,062 |

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 at least every three years in line with triennial valuations being carried out. A full review was completed by 30 April 2020.

GMPF's approach to investment risk measurement and its management is set out in its Investment Strategy Statement (ISS). 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 ISS (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 have 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 ISS 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:

| Asset type | Potential Market Movements (+/-) | |
|-----------------------------|----------------------------------|--------------------|
| | 31 March 2021 p.a. | 31 March 2022 p.a. |
| UK equities | 16.7% | 19.9% |
| Overseas equities | 17.4% | 19.8% |
| Fixed interest - gilts | 7.3% | 6.8% |
| Index linked gilts | 7.5% | 7.3% |
| Corporate bonds | 8.0% | 8.1% |
| High yield debt | 5.9% | 7.4% |
| Investment property | 14.2% | 15.0% |
| Private equity | 28.5% | 31.2% |
| Infrastructure | 15.3% | 17.5% |
| Cash and other liquid funds | 0.3% | 0.3% |
| GMPF | 9.3% | 10.1% |

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 asset split as at 31 March 2021 and 2022. The calibration of the model is based on a combination of historical data, economic theory and expert

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opinion. This model includes the impact of potential changes in UK interest rates and foreign exchange rates to fixed income assets allowing for correlation impacts.

If the market price of GMPF's investments increases or decreases 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 as at 31 March 2021 and 2022 would have been as shown in the tables below.

| Asset type | 31 March 2022 £000 | % Change p.a. | Value on increase £000 | Value on decrease £000 |
|-----------------------------|-------------------------------|--------------------------|---------------------------------------|---------------------------------------|
| UK equities | 3,969,042 | 19.9% | 4,758,881 | 3,179,203 |
| Overseas equities | 8,895,699 | 19.8% | 10,657,047 | 7,134,351 |
| Fixed interest bonds | 1,685,914 | 6.8% | 1,800,556 | 1,571,272 |
| Index linked bonds | 1,215,196 | 7.3% | 1,303,905 | 1,126,487 |
| Corporate bonds | 2,010,247 | 8.1% | 2,173,077 | 1,847,417 |
| High yield debt | 1,419,226 | 7.4% | 1,524,249 | 1,314,203 |
| Investment property | 2,630,318 | 15.0% | 3,024,866 | 2,235,770 |
| Private equity | 3,854,579 | 31.2% | 5,057,208 | 2,651,950 |
| Infrastructure | 1,978,568 | 17.5% | 2,324,817 | 1,632,319 |
| Cash and other liquid funds | 1,682,977 | 0.3% | 1,688,026 | 1,677,928 |
| GMPF | 29,341,766 | 10.1% | 32,305,284 | 26,378,248 |

| Asset type | 31 March 2021 £000 | % Change p.a. | Value on increase £000 | Value on decrease £000 |
|-----------------------------|-------------------------------|--------------------------|---------------------------------------|---------------------------------------|
| UK equities | 4,559,795 | 16.7% | 5,321,281 | 3,798,309 |
| Overseas equities | 8,849,603 | 17.4% | 10,389,434 | 7,309,772 |
| Fixed interest bonds | 1,735,440 | 7.3% | 1,862,127 | 1,608,753 |
| Index linked bonds | 1,009,038 | 7.5% | 1,084,716 | 933,360 |
| Corporate bonds | 1,770,787 | 8.0% | 1,912,450 | 1,629,124 |
| High yield debt | 1,434,133 | 5.9% | 1,518,747 | 1,349,519 |
| Investment property | 2,023,065 | 14.2% | 2,310,340 | 1,735,790 |
| Private equity | 2,964,840 | 28.5% | 3,809,819 | 2,119,861 |
| Infrastructure | 1,627,661 | 15.3% | 1,876,693 | 1,378,629 |
| Cash and other liquid funds | 995,133 | 0.3% | 998,118 | 992,148 |
| GMPF | 26,969,495 | 9.3% | 29,477,658 | 24,461,332 |

Note: the above tables do not include investment liabilities and net current assets. Pooled Investment Vehicles have been broken down and included in the relevant asset type.

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 2022, GMPF had £412,270,000 (2020/21 £193,394,000) invested in this asset via pooled investment vehicles. Therefore, a 1% change in interest rates will increase or reduce GMPF's return by £4,123,000 (2020/21 £1,934,000) 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 Metropolitan Borough Council's (TMBC), as administering authority, 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 2022 was £737,400,000 (31 March 2021 £506,700,000). This was held with the following institutions:

| Summary | Rating | Balance at | Balance at |
|--|--------|----------------|----------------|
| | | 31 March 2021 | 31 March 2022 |
| | | £000 | £000 |
| Money market Funds | | | |
| Aberdeen Assets | AAA | 75,000 | 65,400 |
| DB Advisors | AAA | 75,000 | 0 |
| Federated | AAA | 75,000 | 75,000 |
| Insight | AAA | 0 | 75,000 |
| Invesco | AAA | 71,700 | 0 |
| Legal & General | AAA | 0 | 75,000 |
| Morgan Stanley | AAA | 75,000 | 75,000 |
| SSGA | AAA | 0 | 75,000 |
| Banks | | | |
| Bank of Scotland | A+ | 20,000 | 0 |
| Close Brothers | A+ | 0 | 50,000 |
| Barclays | A+ | 50,000 | 50,000 |
| Local authorities & public bodies | | | |
| Aberdeenshire Council | N/A | 0 | 10,000 |
| Blackpool Council | N/A | 0 | 5,000 |
| Cambridgeshire County Council | N/A | 15,000 | 0 |
| Derbyshire Council | N/A | 0 | 10,000 |
| Eastleigh Council | N/A | 10,000 | 35,000 |
| Eatbourne Council | N/A | 0 | 5,000 |
| Leeds City Council | N/A | 25,000 | 0 |
| London Borough of Waltham | N/A | 0 | 20,000 |
| Somerset West Taunton | N/A | 10,000 | 0 |
| Spelthorne Council | N/A | 0 | 5,000 |
| Tewkesbury Borough Council | N/A | 5,000 | 0 |
| Thurruck Council | N/A | 0 | 50,000 |
| Uttlesford Council | N/A | 0 | 2,000 |
| Wakefield council | N/A | 0 | 10,000 |
| West Dunbartonshire Council | N/A | 0 | 30,000 |
| Wokingham Council | N/A | 0 | 15,000 |
| Total | | 506,700 | 737,400 |

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, except for investments placed with other local authorities – where periods are fixed when the deposit is placed. GMPF had in excess of £737 million cash balances at 31 March 2022.

All financial liabilities at 31 March 2022 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 2021 £000 | Liquidity terms | 31 March 2022 £000 |
|-------------------------------|--|-------------------------------|
| 20,218,929 | Assets realisable within 7 days | 20,581,301 |
| 50,000 | Assets realisable in 8-30 days | 75,000 |
| 15,000 | Assets realisable in 31-90 days | 102,000 |
| 6,685,566 | Assets taking more than 90 days to realise | 8,583,465 |
| 26,969,495 | Total | 29,341,766 |

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 2021 £000 | | 31 March 2022 £000 |
|-------------------------------|--------------------------------|-------------------------------|
| (158,377) | Employees contributions | (168,254) |
| | Employers: | |
| (743,915) | Normal contributions | (450,971) |
| (10,656) | Deficit recovery contributions | (9,833) |
| (754,571) | Total employers contributions | (460,804) |
| (912,948) | Total | (629,058) |

By Authority

| 31 March 2021 £000 | | 31 March 2022 £000 |
|-------------------------------|------------------------------------|-------------------------------|
| (664,611) | Part 1 Schedule 2 Scheme Employers | (349,241) |
| (137,045) | Designating bodies | (196,422) |
| (91,792) | Community admission bodies | (66,158) |
| (19,500) | Transferee admission bodies | (17,237) |
| (912,948) | Total | (629,058) |

Scheme employers can be split into those listed in Part 1 of Schedule 2 of the Local Government Pension Scheme (Administration) Regulations 2013 (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, or other Part 1 or Part 2 employers, under a best value or other arrangement. Further analysis of contributions by employer is contained in Note 20 of these statements.

At the 2019 Actuarial Valuation, GMPF was assessed as 102% funded. The employer contribution rates specified are minimum rates. Some employers make voluntary payments in excess of these minimum rates and some make contributions in excess of their future service rate in order to help repay a deficit position over a period. In addition, a small number of employers were required to make explicit lump sum deficit payments – details of these can be found in the 2019 Actuarial Valuation report located at www.gmpf.org.uk.

5a. Bulk transfers

During 2020/21 GMPF accepted a bulk transfer of £53,583,000, representing members' benefits earned under the Citrus Plan, in order to help simplify arrangements for members and minimise the costs to GM Authorities as a result of Suez Recycling & Recovery UK Ltd being appointed (with effect from 1 June 2019) to carry out the waste management services previously provided by Viridor Waste.

There were no receipts of significance in 2021/22.

6. Benefits payable

By Category

| 31 March 2021 £000 | | 31 March 2022 £000 |
|-----------------------|--|-----------------------|
| 733,944 | Pensions | 749,216 |
| 125,319 | Commutation & lump sum retirement benefits | 134,585 |
| 22,832 | Lump sum death benefits | 21,798 |
| 882,095 | Total | 905,599 |

By Authority

| 31 March 2021 £000 | | 31 March 2022 £000 |
|-----------------------|------------------------------------|-----------------------|
| 652,158 | Part 1 Schedule 2 Scheme Employers | 672,623 |
| 41,907 | Designating bodies | 47,561 |
| 166,843 | Community admission bodies | 162,468 |
| 21,187 | Transferee admission bodies | 22,947 |
| 882,095 | Total | 905,599 |

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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 enough links with a Scheme employer. Transferee admission bodies are commercial organisations carrying out work for local authorities, or other Part 1 or Part 2 employers, under a best value or other arrangement. Further analysis of benefits payable by employer is contained in Note 20 of these statements.

7. Payments to and on account of leavers

| 31 March 2021 £000 | | 31 March 2022 £000 |
|-----------------------|---|-----------------------|
| 2,052 | Group transfers to other schemes | 2,748 |
| 30,109 | Individual transfers to other schemes | 31,217 |
| 0 | Payments for members joining state scheme | 23 |
| (28) | Income for members from state scheme | (18) |
| 1,014 | Refunds to members leaving service | 970 |
| 33,147 | Total | 34,940 |

8. Management expenses

The costs of administration and investment management are met by the employers through their employer contribution rate. In June 2016, CIPFA published guidance on Accounting for LGPS Management Costs. The aim of this guidance is to assist in the improvement of consistent and comparable data across LGPS funds. GMPF Scheme management costs have been categorised in accordance with this guidance in the tables below.

| 31 March 2021 £000 | | 31 March 2022 £000 |
|-----------------------|---------------------------------|-----------------------|
| 30,775 | Investment management expenses: | 112,928 |
| 7,385 | Administrative costs | 6,147 |
| 1,542 | Oversight and governance costs | 1,242 |
| 39,702 | Total | 120,317 |

The cost of administration and investment management are met by the employers through their employer contributions. Note 8 shows costs analysed as per CIPFA guidance. The key element of investment management costs are fees paid to investment managers and these are set out in more detail in Note 11i. There is a significant change in disclosure for the current year and this change is the reason for the significant movement in Management Fees from £20m to £105m. There has not been a material increase in underlying cost from 2021 to 2022; simply 2020/21 comparative figures have not been restated to reflect this change in disclosure.

Investment management expenses:

| 31 March 2021 £000 | | 31 March 2022 £000 |
|-----------------------|---|-----------------------|
| 1,516 | Employee costs | 1,794 |
| 173 | Support services including IT | 274 |
| 8,414 | Transaction costs (public managers) * | 5,282 |
| 0 | Management fees - private markets (custodian)** | 84,473 |
| 20,269 | Management fees - public markets | 20,699 |
| 403 | Custody fees | 406 |
| 30,775 | Total | 112,928 |

* Transaction costs are incremental costs directly attributable to the sale and purchase of UK and Overseas equities. They comprise £633,000 (2021 £1,526,000) commissions and £4,649,000 (2021 £6,888,000) other costs which included UK stamp duty and market levies.
 **These costs are allocated directly to the Fund Account where information is available to the Custodian by the investment manager, on an as paid rather than on an accruals basis. This is a change in policy for 2022.

Administrative costs:

| 31 March 2021 £000 | | 31 March 2022 £000 |
|-----------------------|-------------------------------|-----------------------|
| 4,937 | Employee costs | 4,892 |
| 2,325 | Support services including IT | 1,072 |
| 123 | Printing and publications | 183 |
| 7,385 | Total | 6,147 |

Oversight and governance costs:

| 31 March 2021 £000 | | 31 March 2022 £000 |
|-----------------------|---|-----------------------|
| 447 | Employee costs | 493 |
| 219 | Support services including IT | 17 |
| 157 | Governance and decision making costs | 143 |
| 28 | Investment performance monitoring | 30 |
| 74 | External audit fees * | 73 |
| 121 | Internal audit fees | 132 |
| 151 | Actuarial fees - investment consultancy | 188 |
| 345 | Actuarial fees | 166 |
| 1,542 | Total | 1,242 |

* Total external auditors fee in 2021/22 is £73,383 (2020/21 73,383) of which £30,000 (2020/21 £30,000) was in relation to work carried out on behalf of GMPF's main scheme employers.

The above costs include GMPF's share of costs for Northern LGPS Pool – see Note 8a for further details.

8a. Costs related to the Northern LGPS Pool

| | At 31 March 2022 | | | |
|---------------------------|------------------|------------------|--------------------------|--------------------|
| | Direct £000 | Indirect £000 | Total in year £000 | Cumulative £000 |
| Set up costs: | | | | |
| Legal | 0 | 0 | 0 | 71 |
| Procurement | 0 | 0 | 0 | 30 |
| Other costs | 75 | 0 | 75 | 314 |
| Total set up costs | 75 | 0 | 75 | 415 |

| | At 31 March 2021 | | | |
|---------------------------|------------------|------------------|--------------------------|--------------------|
| | Direct £000 | Indirect £000 | Total in year £000 | Cumulative £000 |
| Set up costs: | | | | |
| Legal | 0 | 0 | 0 | 71 |
| Procurement | 0 | 0 | 0 | 30 |
| Other costs | 93 | 0 | 93 | 239 |
| Total set up costs | 93 | 0 | 93 | 340 |

9. Investment income

| 31 March 2021 £000 | | 31 March 2022 £000 |
|-----------------------|---|-----------------------|
| (39,919) | Fixed interest (corporate and government bonds) | (46,950) |
| (248,750) | Equities | (319,244) |
| (957) | Index linked | (899) |
| (150,275) | Pooled investment vehicles | (183,396) |
| (35,653) | Investment property (gross) | (43,480) |
| 5,450 | Investment property non-recoverable expenditure | 5,915 |
| (1,993) | Interest on cash deposits | (434) |
| (511) | Stocklending | (1,439) |
| (472,608) | Total | (589,927) |

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 and Stone Harbour is automatically reinvested within the relevant sector fund, as are many of the other specialist pooled funds, and thus excluded from the above analysis.

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 2021/22 amounts to £3,415,000 (2020/21 £2,718,000) 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.

11a. Investments at fair value

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.

Change in fair value is reconciled in the table below:

| | £000 | 31 March 2022 £000 |
|---|-------------|-----------------------|
| Unrealised losses at 31 March 2022 | 365,953 | |
| Unrealised (profits) at 31 March 2022 | (4,276,525) | (3,910,572) |
| Realised losses 1 April 2121 to 31 March 2022 | 466,879 | |
| Realised (profits) 1 April 2121 to 31 March 2022 | (1,716,737) | (1,249,858) |
| Less: | | |
| Unrealised (profits) at 31 March 2021 | 3,223,533 | |
| Unrealised losses at 31 March 2021 | (315,434) | 2,908,099 |
| Reduction/(Increase) in fair value of investments year ending 31 March 2022 | | (2,252,331) |
| | £000 | 31 March 2021 £000 |
| Unrealised losses at 31 March 2021 | 315,434 | |
| Unrealised (profits) at 31 March 2021 | (3,223,533) | (2,908,099) |
| Realised losses 1 April 2020 to 31 March 2021 | 528,944 | |
| Realised (profits) 1 April 2020 to 31 March 2021 | (1,207,553) | (678,609) |
| Less: | | |
| Unrealised (profits) at 31 March 2020 | 1,251,107 | |
| Unrealised losses at 31 March 2020 | (2,024,256) | (773,149) |
| Reduction/(Increase) in fair value of investments year ending 31 March 2021 | | (4,359,857) |

11b. Reconciliation of movement in financial assets

The following tables analyse the carrying amounts of the financial assets and liabilities by category.

| Value at 31 March 2021 £000 | | Purchases £000 | Sales £000 | Change in fair value £000 | Value at 31 March 2022 £000 |
|--------------------------------------|---|-------------------|---------------|---------------------------------|--------------------------------------|
| | Financial assets at fair value through profit and loss | | | | |
| 11,462,318 | Equities | 3,669,169 | (5,200,770) | 1,174,143 | 11,104,860 |
| 1,458,153 | Bonds | 1,265,100 | (405,321) | (83,243) | 2,234,689 |
| 273,032 | Index linked | 83,070 | (138,021) | 20,566 | 238,647 |
| 870,516 | Investment property | 48,041 | (45,562) | 102,765 | 975,760 |
| (7,743) | Net derivatives | 180,796 | (126,647) | (71,067) | (24,661) |
| 12,020,434 | Managed and unitised funds | 2,539,906 | (2,126,828) | 1,109,167 | 13,542,679 |
| 26,076,710 | | 7,786,082 | (8,043,149) | 2,252,331 | 28,071,974 |
| | Financial assets and liabilities at amortised cost | | | | |
| 663,516 | Cash | | | | 922,059 |
| 221,170 | Other investment assets | | | | 298,234 |
| 74,694 | Net current assets | | | | 76,083 |
| (120,098) | Other investment liabilities | | | | (18,148) |
| (25,983) | Net current liabilities | | | | (25,948) |
| 26,890,009 | Total | | | | 29,324,254 |

| Value at 31 March 2020 £000 | | Purchases £000 | Sales £000 | Change in fair value £000 | Value at 31 March 2021 £000 |
|--------------------------------------|---|-------------------|---------------|---------------------------------|--------------------------------------|
| | Financial assets at fair value through profit and loss | | | | |
| 7,829,132 | Equities | 3,925,830 | (3,377,656) | 3,085,012 | 11,462,318 |
| 1,433,695 | Bonds | 555,784 | (522,121) | (9,205) | 1,458,153 |
| 416,356 | Index linked | 123,221 | (263,881) | (2,664) | 273,032 |
| 835,885 | Investment property | 81,607 | (30,769) | (16,207) | 870,516 |
| 12,621 | Net derivatives | 109,089 | (137,927) | 8,474 | (7,743) |
| 10,783,942 | Managed and unitised funds | 1,705,753 | (1,763,708) | 1,294,447 | 12,020,434 |
| 21,311,631 | | 6,501,284 | (6,096,062) | 4,359,857 | 26,076,710 |
| | Financial assets and liabilities at amortised cost | | | | |
| 484,347 | Cash | | | | 663,516 |
| 186,718 | Other investment assets | | | | 221,170 |
| 78,517 | Net current assets | | | | 74,694 |
| (6,219) | Other investment liabilities | | | | (120,098) |
| (20,206) | Net current liabilities | | | | (25,983) |
| 22,034,788 | Total | | | | 26,890,009 |

11c. Bonds

| 31 March 2021 £000 | | 31 March 2022 £000 |
|-------------------------------|-------------------------------|-------------------------------|
| 49,542 | UK public sector quoted | 567,856 |
| 326,674 | Overseas public sector quoted | 654,566 |
| 590,284 | UK corporate quoted | 511,538 |
| 491,653 | Overseas corporate quoted | 500,729 |
| 1,458,153 | Total | 2,234,689 |

11d. Investment property

| 31 March 2021 £000 | | 31 March 2022 £000 |
|-------------------------------|---|-------------------------------|
| 705,385 | UK - Main investment property portfolio | 760,205 |
| 165,131 | UK - Greater Manchester Property Venture Fund | 215,555 |
| 870,516 | | 975,760 |

In order to reduce risk, investment property is diversified over a wide range of sectors.

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, hold/sell decisions for the investment properties remain under active review, subject to business plan progress and investment market sentiment. Two properties were either being prepared for sale, being marketed or prices had been agreed at 31 March 2022 - combined valuation: £9,380,000 (compared to three properties March 2021 combined valuation: £21,150,000).

GMPF sold five investment properties during the 2021/22 financial year: combined valuation £32,200,000 at 31 March 2021 (one investment property sold during the 2020/21 financial year was valued at £12,900,000 at 31 March 2020).

The following tables summarise the movement in the fair value of investment properties over the year:

| Movement in the fair value of investment properties in 2021/22 | £000 |
|---|----------------|
| Balance at 1 April 2020 | 870,516 |
| Purchases | 27,644 |
| Expenditure during year | 20,397 |
| Disposals | (45,562) |
| Net gains/ (losses) from fair value adjustments | 102,765 |
| Balance at 31 March 2021 * | 975,760 |

* Two properties were either being prepared for sale, marketed or prices had been agreed at 31 March 2022

| Movement in the fair value of investment properties in 2020/21 | £000 |
|---|----------------|
| Balance at 1 April 2019 | 835,885 |
| Purchases | 37,608 |
| Expenditure during year | 43,999 |
| Disposals | (30,769) |
| Net gains/ (losses) from fair value adjustments | (16,207) |
| Balance at 31 March 2020 * | 870,516 |

* Three properties were either being prepared for sale, marketed or prices had been agreed at 31 March 2021

Future operating lease rentals receivable

| 31 March 2021 £000 | | 31 March 2022 £000 |
|-------------------------------|---|-------------------------------|
| 38,984 | Not later than 1 year | 42,576 |
| 156,437 | Later than 1 year, but not later than 5 years | 140,230 |
| 260,497 | Later than 5 years | 221,272 |
| 455,918 | Total | 404,078 |

The future minimum lease payments due to GMPF under non-cancellable operating leases are stated above.

The following approach has been taken in calculating the figures above: -

- Where a lease contains a tenant's break clause, it is only up to this point that the aggregation is made.
- Only direct properties have been included. GMPF's share of club deals, joint ventures and indirect holdings are excluded.
- Some (predominantly retail) tenancies contain provisions for rent concessions during periods of enforced store closures. These have not been modelled above, due to the unknown extent and timing of any such periods.
- For tenancies where the rent is linked to turnover and there is no base rent element, the rent has been modelled as zero as no further sums are guaranteed to be received.

11e. Derivatives

| 31 March 2021 £000 | | 31 March 2022 £000 |
|-----------------------|--------------------------------|-----------------------|
| | Investment assets: | |
| 356 | Forward currency contracts | 3,350 |
| 332 | Financial futures | 21,488 |
| 688 | | 24,838 |
| | Investment liabilities: | |
| 0 | Forward currency contracts | (417) |
| (8,431) | Financial futures | (49,082) |
| (7,743) | Net (liability)/asset | (24,661) |

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 was to decrease risk in the portfolio.

| 31 March 2022 | Settlement date | Currency | Currency bought 000 | Currency | Currency sold 000 | Assets £000 | Liability £000 |
|---------------------------------|---------------------|----------|---------------------------|----------|-------------------------|----------------|-------------------|
| Contract | | | | | | | |
| Forward Currency Contract | Within one month | JPY | 20,037,600 | GBP | 124,049 | 1,806 | (398) |
| Forward Currency Contract | Within one month | GBP | 210,935 | USD | 276,475 | 919 | 0 |
| Forward Currency Contract | Within one month | CHF | 8,600 | GBP | 7,003 | 99 | 0 |
| Forward Currency Contract | Within one month | HKD | 26,500 | GBP | 2,573 | 0 | (2) |
| Forward Currency Contract | Within one month | AUD | 12,900 | GBP | 7,252 | 108 | 0 |
| Forward Currency Contract | Within one month | CAD | 21,000 | GBP | 12,628 | 141 | 0 |
| Forward Currency Contract | Within one month | USD | 291,500 | GBP | 221,390 | 44 | (17) |
| Forward Currency Contract | Within one month | EUR | 39,000 | GBP | 32,742 | 233 | 0 |
| Total | | | | | | 3,350 | (417) |

| 31 March 2022 | | | Economic exposure | Market value |
|-------------------------|------------------------|-----------------|--------------------------|---------------------|
| Contract | Settlement date | Currency | 000 | £000 |
| UK Equity Futures | Less than one year | GBP | 19,988 | 831 |
| Overseas Equity Futures | Less than one year | GBP | 376,760 | 20,656 |
| UK Equity Futures | Less than one year | GBP | (35,409) | (1,797) |
| Overseas Equity Futures | Less than one year | GBP | (782,292) | (47,284) |
| Total | | | (420,953) | (27,594) |

The above tables analyse the derivative contracts held at 31 March 2022 by maturity date. The Forward Currency Contracts were all traded on an over-the-counter-basis.

11f. Pooled investment vehicles

Pooled investment vehicles aggregate capital from multiple investors to pursue specified investment strategies. The table below analyses, by type and underlying asset class, funds in which GMPF invests.

| 31 March 2021 £000 | | 31 March 2022 £000 |
|-------------------------------|--|-------------------------------|
| 358,885 | UK Property | 720,379 |
| 225,618 | Overseas property | 454,329 |
| 1,241,582 | Global credit | 1,255,196 |
| 448,419 | Overseas equity | 653,821 |
| 1,217,415 | UK private equity, infrastructure & debt * | 2,383,136 |
| 2,735,176 | Overseas private equity, infrastructure & debt | 2,816,256 |
| 37,417 | UK special opportunities portfolio | 0 |
| 437,110 | Overseas special opportunities portfolio | 534,151 |
| 6,701,622 | Managed funds | 8,817,268 |
| 684,526 | Property | 545,932 |
| 684,526 | Unit trusts | 545,932 |
| 48,904 | Property | 33,523 |
| 21,782 | UK quoted equity | 262 |
| 250,177 | UK fixed interest | 261,437 |
| 736,007 | UK index linked securities | 775,598 |
| 688,850 | UK corporate bonds | 591,524 |
| 193,394 | UK cash instruments | 412,270 |
| 1,476,523 | Overseas quoted equity | 1,102,865 |
| 254,628 | Overseas fixed interest | 202,056 |
| 489,555 | Overseas corporate bonds | 406,456 |
| 250,236 | Overseas index linked securities | 200,950 |
| 192,551 | Global credit | 164,029 |
| 31,679 | Inflation funds | 28,509 |
| 4,634,286 | Insurance policies | 4,179,479 |
| 12,020,434 | Total pooled investment vehicles | 13,542,679 |

* includes £820,509,000 GLIL investment via the Northern LGPS Pool vehicle (2021 £593,768,000)

** includes £415,315,000 NPEP investment via the Northern LGPS Pool vehicle (2021 181,647,000)

11g. Cash

| 31 March 2021 £000 | | 31 March 2022 £000 |
|-----------------------|------------------|-----------------------|
| 535,156 | Sterling | 788,571 |
| 128,360 | Foreign currency | 133,488 |
| 663,516 | Total | 922,059 |

11h. Other investments balances and net assets

| 31 March 2021 £000 | | 31 March 2022 £000 |
|-----------------------|---|-----------------------|
| 9,418 | Amounts due from broker | 7,933 |
| 61,244 | Outstanding dividends and recoverable withholding tax | 70,667 |
| 16,721 | Gross accrued interest on bonds | 17,885 |
| 10,200 | Gross accrued interest on loans | 15,200 |
| 71,980 | Investment loans | 79,069 |
| 50,007 | Variation margin | 103,116 |
| 1,600 | Other accrued interest and tax reclaims | 4,364 |
| 221,170 | Other investment assets | 298,234 |
| (118,333) | Amounts due to broker | (16,383) |
| (1,765) | Irrecoverable withholding tax | (1,765) |
| (120,098) | Other investment liabilities | (18,148) |
| 35,586 | Employer contributions - main scheme | 30,387 |
| 519 | Employer contributions - additional pensions | 54 |
| 19,702 | Property | 27,522 |
| 411 | Admin & investment management expenses | 363 |
| 18,476 | Other | 17,757 |
| 74,694 | Current assets | 76,083 |
| (8,450) | Property | (7,914) |
| (20) | Employer contributions - main scheme | (18) |
| (1,683) | Employer contributions - additional pensions | (1,820) |
| (5,112) | Admin & investment management expenses | (4,995) |
| (10,718) | Other | (11,201) |
| (25,983) | Current liabilities | (25,948) |
| 48,711 | Net current assets | 50,135 |
| 149,783 | Other investment balances and net assets | 330,221 |

11i. Transaction and management costs

Managers of listed securities

Since 1 April 2016 transaction costs in respect of the purchase and sale of equities have been respectively excluded or included in the prices reported in the Net Assets Statement and charged to the Fund Account. Details may be seen at Note 8.

Directly held property

Transaction costs continue to be capitalised and are implicit within the value of the assets concerned. These amounted to £14,946,000 for 2021/22 (2020/21 £2,457,000).

The CIPFA Code of Practice (and guidance related to the Code) does not require 'bid-offer spread' to be reported as a transaction cost.

Pooled investment vehicles in unlisted assets

Certain investments in pooled vehicles, predominantly in private markets, alternatives and property have investment costs charged directly by the investment managers from either asset values or capital calls/payments. These costs are allocated directly to the Fund Account where information is available to the Custodian by the investment manager, on an as paid rather than on an accruals basis. This is a change in policy for 2022.

Where costs are charged by these managers and not disclosed to the Custodian, they are included in the fair value adjustments applied to assets concerned within the Fund Account and corresponding notes ; in previous years all of these costs were treated this way

The table below shows an estimate of a fuller charge to these private market funds on an accruals basis including performance related fees.

| 31 March 2021 £000 | | 31 March 2022 £000 |
|-----------------------|--|-----------------------|
| | GMPF Private market and alternative investments | |
| 89,516 | - performance related | 182,440 |
| 66,417 | - non-performance related | 67,604 |
| | GMPF Indirect investment property | |
| 10,078 | - performance related | 15,502 |
| 20,098 | - non-performance related | 19,149 |
| | Northern LGPS Investments (NPEP/GLIL) | |
| 4,669 | - performance related | 17,621 |
| 10,580 | - non-performance related | 12,634 |
| 201,358 | Total | 314,950 |

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 2021 £000 | | 31 March 2022 £000 |
|-------------------------------|--|-------------------------------|
| 165,131 | Greater Manchester Property Venture Fund | 215,555 |

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 2021 £000 | | 31 March 2022 £000 |
|-------------------------------|----------------------------------|-------------------------------|
| 21,543 | UK equities | 0 |
| 188,982 | UK corporate bond | 188,103 |
| 481,174 | UK Index linked | 568,730 |
| 21,287 | Cash instruments | 21,313 |
| 32,773 | Cash | 33,272 |
| 31,679 | Inflation funds | 28,509 |
| 192,551 | Investment Grade Corporate Bonds | 164,029 |
| 0 | UK Fixed Interest | 58,166 |
| 969,989 | Total | 1,062,122 |

14. Summary of managers' portfolio values at 31 March

| 2021 | | | 2022 | |
|---------------|---------------|--|---------------|---------------|
| £m | % | | £m | % |
| | | Externally managed | | |
| 9,064 | 33.7% | UBS Global Asset Management | 9,825 | 33.5% |
| 4,585 | 17.1% | Legal & General | 4,146 | 14.1% |
| 2,659 | 9.9% | Sci Beta | 2,603 | 8.9% |
| 1,912 | 7.1% | Ninety One (formerly Investec) | 1,780 | 6.1% |
| 1,242 | 4.6% | Stone Harbor | 1,255 | 4.3% |
| 705 | 2.6% | LaSalle | 0 | 0.0% |
| 0 | 0.0% | Schroders Capital | 703 | 2.4% |
| 0 | 0.0% | APAM | 57 | 0.2% |
| 165 | 0.6% | Avison Young (advisory mandate) | 215 | 0.7% |
| 20,332 | 75.6% | | 20,584 | 70.2% |
| | | Internally managed | | |
| 4,427 | 16.5% | Private markets | 5,734 | 19.5% |
| 33 | 0.1% | Designated funds | 33 | 0.1% |
| 1,318 | 4.9% | Property (indirect) | 1,754 | 6.0% |
| 780 | 2.9% | Cash, other investments and net assets | 1,219 | 4.2% |
| 6,558 | 24.4% | | 8,740 | 29.8% |
| | | | | |
| 26,890 | 100.0% | Total | 29,324 | 100.0% |

15. Concentration of investment

As at 31 March 2021, GMPF held, respectively, 10.63% and 0.004% of its net assets in insurance contracts MF32950 and MF36558 with Legal & General Assurance (Pensions Management) Limited. They are linked long term contracts under Class III of Schedule 1 of the Insurance Companies Act 1982 and not "with profits" contracts.

The policy documents have been issued and the values are incorporated in the Net Asset statement within pooled investment vehicles. The policies' underlying asset classes are as follows:

| 31 March 2021 £000 | POLICY MF32950 | 31 March 2022 £000 |
|-----------------------|--------------------------|-----------------------|
| 1,475,957 | Overseas equities | 1,102,254 |
| 250,144 | UK fixed interest | 203,238 |
| 499,800 | UK corporate bonds | 403,358 |
| 254,594 | Overseas fixed interest | 202,019 |
| 254,798 | UK Index linked | 206,832 |
| 250,202 | Overseas index linked | 200,914 |
| 172,040 | UK cash instruments | 390,897 |
| 489,488 | Overseas corporate bonds | 406,383 |
| 3,647,023 | Total | 3,115,895 |

| 31 March 2021 £000 | POLICY MF36558 | 31 March 2022 £000 |
|-------------------------------|--------------------------|-------------------------------|
| 239 | UK equities | 262 |
| 566 | Overseas equities | 611 |
| 33 | UK fixed interest | 32 |
| 67 | UK corporate bonds | 63 |
| 34 | Overseas fixed interest | 37 |
| 35 | UK Index linked | 36 |
| 67 | UK cash instruments | 60 |
| 34 | Overseas index linked | 37 |
| 68 | Overseas corporate bonds | 73 |
| 1,143 | Total | 1,211 |

16. Notifiable interests

As at 31 March 2022 and 31 March 2021, GMPF had holdings of 3% or over in the ordinary share capital of the following quoted companies:

| UK Equity 31 March 2021 % | | UK Equity 31 March 2022 % |
|--|---------------------------------|--|
| 3.4 | Babcock International Group PLC | 0.0 |
| 4.3 | Balfour Beatty PLC | 3.5 |
| 3.1 | Carnival PLC | 0.0 |
| 0.0 | Curry's PLC | 5.2 |
| 5.3 | Dixons Carphone PLC | 0.0 |
| 3.3 | Intu Properties PLC | 3.3 |
| 6.3 | Man Group PLC | 3.9 |
| 4.5 | Mothercare PLC | 0.0 |
| 3.0 | National Express Group PLC | 3.0 |
| 3.5 | Pagegroup PLC | 0.0 |
| 5.9 | RPS Group PLC | 4.8 |
| 3.7 | SIG PLC | 0.0 |

17. Undrawn commitments

| 31 March 2021 £000 | Asset type | Nature of commitment | 31 March 2022 £000 |
|--------------------------|---|--|--------------------------|
| 3,131 | Directly held investment property | Commitments regarding demolition or refurbishment work | 2,630 |
| 2,098 | Directly held investment property | Commitments regarding purchases | 75,432 |
| 1,992,967 | Indirect private equity and infrastructure | Commitments to fund | 1,878,290 |
| 345,622 | Special Opportunities portfolio | Commitments to fund | 413,664 |
| 245,781 | Property managed funds | Commitments to fund | 233,687 |
| 27,280 | Property unit trusts | Commitments to fund | 48,296 |
| 2,410 | Commercial/domestic based property unit trust | Commitments to fund | 1,900 |
| 4,751 | Local Investment 4 Growth fund | Commitments to fund | 6,242 |
| 193,527 | Local Impact Portfolio | Commitments to fund | 232,268 |
| 32,704 | Greater Manchester Property Venture Fund | Commitment to lend | 3,532 |
| 684,102 | Private debt portfolio | Commitment to fund | 813,144 |
| 0 | Internally Managed LGPS Northern Housing | Commitment to fund | 62,410 |
| 3,534,373 | Total | | 3,771,495 |

The above expenditure was contractually committed as at 31 March and a series of staged 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 £8,530,000 on behalf of GMPF and reclaimed from HMRC VAT of £6,208,000 net. Total payments due to Tameside MBC therefore, amounted to £2,322,000 (2020/21 £4,176,000). GMPF reimbursed Tameside MBC £1,913,000 for these charges during the year and there is a creditor of £409,000 owing to Tameside MBC at the year-end (2020/21 £393,000). This creditor has been settled since the year-end.

There is no direct charge to GMPF for the services of the Director of Governance and Pensions. This is also the case for the Chief Executive and the Director of Finance but a contribution towards their cost is included in the recharge as detailed above. They receive no additional salary or remuneration for undertaking these roles. Details of the total remuneration of these officers will be published on the Tameside MBC website. The remuneration of the Chair of the Management Panel can be found by accessing the following link: <http://www.tameside.gov.uk/constitution/part6>

Other key management personnel full time and total remuneration, including employer's pension contributions, are as shown below:

| For Year Ending 31 March 2022 | Salary entitlement (Full time equivalent) | Salary, fees & allowances (Paid in year) | Employers pensions contributions (Paid in year) | Total (Paid in year) |
|---|--|---|--|-----------------------------|
| Assistant Director of: | £ | £ | £ | £ |
| Pensions (Special Projects) | 96,282 | 57,769 | 12,131 | 69,900 |
| Pensions (Investments) | 96,282 | 96,282 | 20,219 | 116,501 |
| Pensions (Funding & Business Development) | 96,282 | 96,282 | 20,219 | 116,501 |
| Pensions (Local Investments & Property) | 96,282 | 96,282 | 20,219 | 116,501 |
| Pensions (Administration) | 84,993 | 84,993 | 17,849 | 102,842 |

| For Year Ending 31 March 2021 | Salary entitlement (Full time equivalent) | Salary, fees & allowances (Paid in year) | Employers pensions contributions (Paid in year) | Total (Paid in year) |
|---|--|---|--|-----------------------------|
| Assistant Director of: | £ | £ | £ | £ |
| Pensions (Special Projects) | 94,859 | 48,308 | 10,145 | 58,453 |
| Pensions (Investments) | 94,859 | 94,859 | 19,920 | 114,779 |
| Pensions (Funding & Business Development) | 94,859 | 94,859 | 19,920 | 114,779 |
| Pensions (Local Investments & Property) | 94,859 | 94,859 | 19,920 | 114,779 |
| Pensions (Administration) | 83,736 | 83,736 | 17,585 | 101,321 |

Note: There were no payments for Compensation for Loss of Office in 2020/21 or 2021/22

Paragraph 3.9.4.3 of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom exempts Local Authorities on 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).

Greater Manchester Pension Fund Statement of Accounts 2021/22

A number of 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 and other assets which GMPF has a joint interest with other LGPS funds. These are:

| Name | Position in GMPF 2021/22 | Company in which directorship is held | Company Registration Number |
|-----------------|---|--|--|
| Steven Pleasant | Chief Executive | Airport City (General Partner) Ltd | 08723477 |
| Sandra Stewart | Director of Governance & Pensions | Northern Pool GP (No1) Ltd | 11360203 |
| Patrick Dowdall | Assistant Director of Pensions (Local Investments & Property) | Matrix Homes (General Partner) Ltd Hive Bethnal Green Ltd GLIL Corporate Holdings Ltd Plot 5 First Street Nominee Ltd Plot 5 First Street GP Ltd GMPF UT (Second Unit Holder) Ltd Airport City (Asset Manager) Ltd Manchester Charles Street Residential (ELP GP) Ltd Manchester Charles Street Residential (SLP GP) Ltd Manchester New Square (General Partner) Ltd Semperian PPP Investment Partners Holdings Ltd (Jersey Registration) | 08980059 09362438 10046509 09919396 09904743 08725454 08723467 10977358 SC576947 11082473 98327 |
| Daniel Hobson | Head of Real Assets | GLIL Corporate Holdings Ltd GLIL Corporate Holdings 2 Ltd GLIL Corporate Holdings 4 Ltd GLIL Corporate Holdings 5 Ltd GLIL Renewable Holdings Rock Rail East Anglia (Holdings) 1 Ltd Rock Rail East Anglia (Holdings) 2 Ltd Rock Rail East Anglia PLC Clyde Windfarm (Scotland) Ltd Camulodunum Investments Ltd GLIL Blue Comet Holdings Limited Agility Trains East Limited Agility Trains East (Midco) Limited Agility Trains East (Holdings) Limited | 10046509 10824179 13679875 13680391 12315576 10266130 09918883 10360543 SC281105 11108175 12880831 07930598 07930515 07930434 |

The above receive no remuneration for these directorships.

Greater Manchester Pension Fund Statement of Accounts 2021/22

| Name | Position in GMPF 2021/22 | Company in which directorship is held | Company Registration Number |
|---------------|---------------------------------|--|--|
| John Douglas | Investment Manager | GLIL Renewable Holdings GLIL Storage 1 Ltd GLIL Storage 2 Ltd | 12315576 13489710 13490021 |
| Kevin Eтчells | Investment Manager | Island Site (General Partner) Ltd Island Site (Nominee) Ltd Hive Bethnal Green Ltd | 11532059 11532379 09362438 |
| Andrew Hall | Investment Manager | GMPF UT (Second Unit Holder) Ltd Matrix Homes (General Partner) Ltd Plot 5 First Street GP Ltd Plot 5 First Street Nominee Ltd Manchester Charles Street Residential (ELP GP) Ltd Manchester Charles Street Residential (SLP GP) Ltd Island Site (General Partner) Ltd Island Site (Nominee) Ltd Manchester New Square (General Partner) Ltd | 08725454 08980059 09904743 09919396 10977358 SC576947 11532059 11532379 11082473 |
| David Olliver | Investment Manager | GLIL Corporate Holdings 3 Ltd GLIL Blue Comet Holdings Limited 42 Irish renewable energy holdings and windfarms | 12932522 12880831 List available |

The above receive no remuneration for these directorships.

Under legislation introduced in 2003/04, Councillors were entitled to join the pension scheme. However, separate legislation came into effect from 2014 rescinding this and all Councillors in the LGPS had their benefits deferred on expiry of their terms of office.

The following members of the Management and Advisory Panels consequently have

- benefits on hold during 2020/21 under the Councillor Scheme
- are in receipt of pension benefits under the Councillor Scheme
- have benefits on hold by virtue of their membership of GMPF in current or previous employments
- are in receipt of pension benefits by virtue of their membership of GMPF in previous employments,

| Deferred benefits from membership as Councillor | |
|--|-------------------|
| Name | Position |
| Cllr C Patrick | Councillor member |
| Cllr A Jabbar | Councillor member |

| In receipt of pension from membership as Councillor | |
|--|-------------------|
| Name | Position |
| Cllr G Cooney | Councillor member |
| Cllr M Smith | Councillor member |
| Cllr D Ward | Councillor member |
| Cllr K Cunliffe | Councillor member |
| Cllr A Mitchell | Councillor member |

| Deferred benefits from membership as Employee | |
|--|-------------------------|
| Name | Position |
| Cllr C Patrick | Councillor member |
| Cllr S Hartigan | Councillor member |
| G Blackburn | Employer representative |

| In receipt of pension from membership as Employee | |
|--|------------------------------|
| Name | Position |
| Cllr V Ricci | Councillor member |
| Cllr M Smith | Councillor member |
| Cllr J Taylor | Councillor member |
| Cllr A Jabbar | Councillor member |
| Cllr P Andrews | Councillor member |
| J Thompson | Employer representative |
| F Llewellyn | Employee representative |
| A Flatley | Employee representative |
| J Hammond | Scheme member representative |
| P Catterall | Scheme member representative |

Each member of the Local Board, 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 or Board membership, i.e. where the organisation is a GMPF contributing employer, are listed below:

Greater Manchester Pension Fund Statement of Accounts 2021/22

| Name | Position & Organisation | Organisation relationship with GMPF |
|-------------------|---|--|
| Cllr B Warrington | Member of Greater Manchester Combined Authority | Contributing employer |
| Cllr G Cooney | Employee of Manchester City Council Trustee of Jigsaw Homes Group Ltd (Reg No 29433R) Director of Ashton Pioneer Homes Ltd (Reg No 03383565) Director of Pioneer Homes Services Ltd (subsidiary of Ashton Pioneer Homes Ltd) (Reg No 06546606) Director of APH Developments Ltd (subsidiary of Ashton Pioneer Homes Ltd) (Reg No 03989251) Director of Mechanics' Centre Ltd (Reg No 01983373) | Contributing employer Contributing employer Contributing employer Contributing employer Contributing employer Contributing employer |
| Cllr G Newton | Employee of SUEZ Recycling & Recovery UK Ltd (Reg No 002291198) | Contributing employer |
| Cllr T Sharif | Director of Homestart Oldham, Stockport and Tameside Ltd | Contributing employer |
| Cllr B Fairfoull | Member of Manchester Airport Consultative Committee | Contributing employer |
| Cllr K Cunliffe | Director of Wigan Metropolitan Development Company Ltd (Co No: 01486410) | Contributing employer |
| Cllr A Jabbar | Deputy - Greater Manchester Combined Authority External Member - Oldham College | Contributing employer Contributing employer |
| Cllr M Barnes | Employee of University of Salford | Contributing employer |
| Cllr P Andrews | Member of Manchester Airport Consultative Committee Member of Manchester Port Health Authority Governor of Newall Green Primary School Director of Mechanics' Centre Ltd (Reg No 01983373) | Contributing employer Contributing employer Contributing employer Contributing employer |
| P Herbert | Employee of Ministry of Justice | Contributing employer |
| K Drury | Employee of University of Manchester | Contributing employer |
| A Flatley | Employee of Bolton MBC | Contributing employer |
| S Caplan | Employee of Trafford MBC | Contributing employer |
| G Blackburn | Employee of Salford CC | Contributing employer |
| P Taylor | Employee of LTE Group | Contributing employer |
| M Rayner | Employee of Stockport MBC | Contributing employer |
| D Schofield | Employee of Manchester City Council | Contributing employer |
| J Hammond | Employee of Bury MBC | Contributing employer |
| C Lloyd | Employee of Tameside MBC | Contributing employer |
| C Goodwin | Employee of University of Manchester | Contributing employer |
| M Cullen | Employee of Stockport MBC | Contributing Employer |

19. Employer related investment

As at 31 March 2022, GMPF had no outstanding short-term loans to any contributing employer i.e. £ Nil (2021 £ Nil).

As part of the GMPVF, the Fund has a portfolio of loans secured on development projects across the North West. These types of loans are often done alongside other lenders. The Greater Manchester Combined Authority – a contributing employer to the Fund - is also a provider of development debt and has co-invested into several developments with GMPF

GMPF has a minor holding in the Airport City joint venture, which is developing land adjacent to Manchester Airport for commercial use. The main stakeholder at Airport City, being Manchester Airport Group, was a contributing employer to GMPF until August 2021.

GMPF has formed a joint venture with Manchester City Council, a contributing employer to GMPF, known as Matrix Homes, to develop residential property, for both sale and to rent, at sites across Manchester.

As at 31 March 2022 Greater Manchester Property Venture Fund includes a standing investment of office accommodation. Part of this property is leased to Irwell Valley Housing Association who are a contributing employer to GMPF.

20. Contributions received, and benefits paid during the year ending 31 March

A number of local authorities brought forward their payment of pension contributions in 2020/21 (total £217 million) to make efficient use of their cash balances. The remaining balance of these monies at March 2022 was £110 million.

| Contributions from Employers 2021 £m | Contributions from Employees 2021 £m | Benefits Paid 2021 £m | | Contributions from Employers 2022 £m | Contributions from Employees 2022 £m | Benefits Paid 2022 £m |
|--------------------------------------|--------------------------------------|-----------------------|--|--------------------------------------|--------------------------------------|-----------------------|
| (24) | (7) | 45 | Bolton Borough Council | (24) | (7) | 47 |
| (15) | (5) | 30 | Bury Borough Council | (15) | (5) | 29 |
| (130) | (16) | 107 | Manchester City Council | (2) | (18) | 115 |
| (48) | (6) | 38 | Oldham Borough Council | 0 | (6) | 38 |
| (20) | (6) | 37 | Rochdale Borough Council | (20) | (6) | 38 |
| (21) | (7) | 45 | Salford City Council | (22) | (7) | 45 |
| (58) | (7) | 36 | Stockport Borough Council | (1) | (7) | 36 |
| (53) | (6) | 36 | Tameside Borough Council (administering authority) | (1) | (6) | 38 |
| (43) | (5) | 27 | Trafford Borough Council | 0 | (5) | 29 |
| (29) | (9) | 45 | Wigan Borough Council | (32) | (10) | 47 |
| (225) | (61) | 248 | Other scheme employers * | (278) | (74) | 259 |
| (89) | (23) | 188 | Admitted bodies * | (66) | (17) | 185 |
| (755) | (158) | 882 | Total | (461) | (168) | 906 |

* A full list of all scheme and admitted bodies can be found in the GMPF Annual Report 2020/21 which is available at www.gmpf.org.uk.

21. Investment Strategy Statement and Funding Strategy Statement

GMPF has published an Investment Strategy Statement and a Funding Strategy Statement. Both documents can be found on its website www.gmpf.org.uk.

22. Actuarial Review of GMPF

GMPF's last Actuarial valuation was undertaken as at 31 March 2019. A copy of the valuation report can be found on the GMPF website. A new Actuarial valuation as at March 2022 is currently being undertaken.

<https://www.gmpf.org.uk/about/policies-reports-and-statements>

The funding policy is set out in the Funding Strategy Statement (FSS). The key funding principles are as follows:

- to ensure the long-term solvency of GMPF using a prudent long-term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to GMPF, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs borne by Council taxpayers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves GMPF having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years;
- to use reasonable measures to reduce the risk to other employers, and ultimately to the Council taxpayer, from an employer defaulting on its pension obligations.

The valuation revealed that GMPF's assets, which at 31 March 2019 were valued at £23,844 million, were sufficient to meet 102% of the present value of promised retirement benefits earned. The resulting surplus was £529 million. The present value of promised retirement benefits at 31 March 2022 can be found in Note 25.

The key financial assumptions adopted for the 2019 valuation were:

| Financial Assumptions | 31 March 2019 | |
|-------------------------------------|-------------------|----------------|
| | % p.a. Nominal | % p.a. Real |
| Discount rate | 3.60% | 1.30% |
| Pay increases | 3.10% | 0.80% |
| Price inflation / Pension increases | 2.30% | 0.00% |

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, where applicable, for expected future salary growth revaluation to retirement or expected earlier date of leaving pensionable membership.

23. Stock Lending

GMPF's custodian, Northern Trust, is authorised to release stock to third parties under a stock lending agreement. Under the agreement, GMPF does not permit Northern Trust to lend UK or US equities.

At the year end the value of stock on loan was £1,086.1 million (31 March 2021: £456.4 million) in exchange for which the custodian held collateral at fair value of £1,129.2 million (31 March 2021: £474.2 million), which consisted exclusively of government bonds and government guaranteed bonds.

24. AVC Investments

GMPF provides an additional voluntary contributions (AVC) scheme for its contributors, the assets of which are invested separately from GMPF. Therefore, 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).

GMPF's main AVC 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 from which each member can select.

Note: The annual update from the Provider for 2021/22 is still outstanding. The latest figures available are for the year to March 2021 and are shown in the table below.

| | | |
|---------------------------------------|-----------|--------------------|
| Contributions paid 20/21 | | £8,847,846 |
| Units purchased 20/21 | 3,155,169 | |
| Units sold 20/21 | 2,147,536 | |
| Fair value as at 31 March 2021 | | £75,756,711 |
| Fair value as at 31 March 2020 | | £72,333,546 |

25. Actuarial present value of promised retirement benefits

CIPFA's Code of Practice on Local Authority Accounting 2021/22 requires administering authorities of LGPS funds to disclose the actuarial present value of promised retirement benefits in accordance with IAS26 Accounting and Reporting by Retirement Benefit Plans.

Allowance has been made for the Government's decision to make full indexation, relating to the ruling on the equalisation of Guaranteed Minimum Pensions (GMPs) between men and women, the permanent solution for public service pension schemes including the LGPS. No allowance has been made in respect of the impact of GMP equalisation on LGPS funds as the guidance on calculation is yet to be confirmed.

Allowance has been made for the McCloud ruling i.e. an estimate of the potential increase in past service benefits arising from the findings of the Court of Appeal in relation to claims of age discrimination in the Firefighters' and Judges' pension schemes case affecting public service pension schemes.

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 2020/21.

Financial assumptions

| 31 March 2021 % p.a. | Year ended: | 31 March 2022 % p.a. |
|-------------------------------------|---------------------------------|-------------------------------------|
| 2.9% | Inflation/pension increase rate | 3.2% |
| 3.6% | Salary increase rate | 4.0% |
| 2.0% | Discount rate | 2.7% |

Mortality

Life expectancy is based on GMPF's VitaCurves with improvements in line with the CMI 2021 model, and will converge to a long-term rate of 1.5% p.a. Other demographic assumptions are unchanged. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

| | Males | Females |
|--------------------|--------------|----------------|
| Current pensioners | 20.3 years | 23.2 years |
| Future pensioners* | 21.6 years | 25.1 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 60% of the maximum tax-free cash for post-April 2008 service.

Value of promised retirement liabilities

| 31 March 2021 £m | | 31 March 2022 £m |
|---------------------------------|---|---------------------------------|
| 37,007 | Present value of promised retirement benefits | 35,461 |

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2019.

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below.

| 31 March 2021 | | | 31 March 2022 | |
|--|----------------------------------|--|--|----------------------------------|
| 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) |
| 9% | 3,331 | 0.5% increase in the Pension Increase Rate | 2% | 636 |
| 1% | 370 | 0.5% increase in the Salary Increase Rate | 0% | 69 |
| 3% | 1,110 | 1 year increase in member life expectancy | 4% | 1,418 |
| 10% | 3,701 | 0.5% decrease in Real Discount Rate | 2% | 710 |

It should be noted that the above figures are only appropriate for the preparation of the accounts of GMPF. They should not be used for any other purpose.