Tameside MBC

Statement of Accounts

2020/21

Contents

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

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Tameside Metropolitan Borough Council ("the Council") for the year ended 31 March 2021, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, Collection Fund statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 31st March 2021 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 as amended by the Code Update.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Resources with respect to going concern are described in the relevant sections of this report.

Other information

The Director of Resources is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Director of Resources for the financial statements

As explained more fully in the Statement of the Director of Resources' Responsibilities, the Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 as amended by the Code Update, and for being satisfied that they give a true and fair view. The Director of Resources is also responsible for such internal control as the Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Resources is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 as amended by the Code Update and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Director of Resources is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015 and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Director of Resources' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit Panel the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit Panel on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Panel. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Director of Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in April 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have not completed our work on the Council's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in April 2021, we have identified the following significant weakness in the Council's arrangements for the year ended 31 March 2021:

Significant weakness in arrangements	Recommendation
Quality of the Draft Statement of Accounts Submitted for Audit The audit of the 2020/21 draft Statement of Accounts identified several weaknesses in the preparation of those statements, in our 2020/21 Audit Completion Report we highlighted several issues including the poor quality of the draft Statement of Accounts submitted for audit and the significant difficulties encountered during the audit process. In particular there were numerous challenges relating to the audit of Property Plant and Equipment (PPE) with issues arising from both internal estates records and the valuations completed by the external valuer.	The Council should: • implement procedures to improve the quality of the draft Statement of Accounts submitted for audit; • improve processes for engaging with, and challenging the information provided by valuation experts; • review the capacity within the Council's Estates team to ensure asset records are properly maintained; and • consider the issues raised as part of the 2020/21 audit in order to strengthen the overall control environment surrounding the preparation of the draft Statement of Accounts.

We will report the outcome of our work on the Council's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any further matters which we are required to report by exception.

Responsibilities of the Council

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

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021.

Responsibilities of the Council

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

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the members of Tameside Metropolitan Borough Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have:

- have issued our value for money commentary within the Auditor's Annual Report; and
- completed the work necessary to confirm the consistency of the audited Pension Fund financial statements with the Pension Fund Annual Report.

Karen Murray

Key Audit Partner
For and on behalf of Mazars LLP

One St Peter's Square
Manchester
M2 3DE

14 August 2023

Narrative Report and Financial Summary

This section identifies and briefly explains each part of the document and includes an overview by the Director of Resources (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 2021. 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 2020/21;**
5) **Financial Strategy: Outlook for 2021/22 and future years;**
6) **The Financial Statements: basis of preparation, purpose and summary; and**
7) **Significant transactions in 2020/21.**

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.

The effectiveness with which the Council has been able to prepare its accounts, meeting the stringent requirements of quality and timeliness that are set for us, is an important measure of the overall quality of our financial management. In the context of the Covid-19 pandemic, the statutory deadlines the preparation and publication of financial statements have been amended. Draft financial statements for 2020/21 are required to be published by 31 July 2021 at the very latest, with a target for publication of the audited financial statements by 30 September 2021.

Covid-19
The Council has 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 since March 2020. A Covid-19 Strategic Coordination Group (SCG) was set up in March 2020, chaired by the Chief Executive & Accountable Officer of the CCG, to support the ongoing response by the health services, as well as the maintenance of essential public services and to support the GM Pandemic response. 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 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. During 2020/21 the Council has incurred significant additional direct and indirect costs as a result of the COVID-19 pandemic. 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 are expected to continue into 2021/22 and beyond, and whilst financial support in 2020/21 enabled the Council to achieved a balanced outturn position, significant financial pressures remain in 2021/22 and future years.

Table 1: COVID related costs / (savings) 2020/21

Service	Direct £000	Indirect £000	Total £000
Adults	9,381	(3,925)	**5,456**
Children's Services	252	0	**252**
Education	76	465	**541**
Schools	0	0	**0**
Population Health	4,059	(1,153)	**2,906**
Operations and Neighbourhoods	1,946	580	**2,526**
Growth	86	(390)	**(304)**
Governance	279	1,146	**1,425**
Finance and IT	81	21	**102**
Quality and Safeguarding	0	0	**0**
Capital and Financing	0	7,308	**7,308**
Contingency	0	695	**695**
Corporate Costs	523	33	**556**
Council Tax Hardship Grant	2,158	0	**2,158**
Local Authority Discretionary Grant Fund	2,299	0	**2,299**
Local Restrictions Support Grant (Open)	1,749	0	**1,749**
Additional Restrictions Grant	3,772	0	**3,772**
Test and Trace Support Payments	89	0	**89**
Emergency Assistance Grant	183	0	**183**
Compliance and Enforcement Grant	146	0	**146**
Winter Grant Scheme	1,125	0	**1,125**
Test and Trace Support Grant	153	0	**153**
Contain Outbreak Management Fund	2,416	0	**2,416**
Infection Control Fund	428	0	**428**
Asymptomatic Testing Sites	211	0	**211**
Rapid Testing Fund	105	0	**105**
Community Champions	1	0	**1**
Workforce Capacity Fund	569	0	**569**
Clinically Extremely Vulnerable	24	0	**24**
Discharge to Assess Payments	524	0	**524**
Total	**32,634**	**4,780**	**37,414**

Government grant funding in 2020/21 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 2020/21 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 2021/22 and beyond. Funding and contributions received in 2020/21 is as follows:

Table 2: COVID related funding 2020/21

COVID-19 Grant Funding and other Contributions	Amount Received £000	Amount Spent £000	Balance £000
Local Authority Support Grant	21,451	9,728	11,723
Income Compensation Grant**	986	1,481	(495)
Council Tax Hardship Grant	2,158	2,158	0
Local Authority Discretionary Grant Fund	2,469	2,299	170
Local Restrictions Support Grant (Open)	2,027	1,749	278
Additional Restrictions Grant	6,804	3,772	3,032
Test and Trace Support Payments Grant	454	89	365
Emergency Assistance Grant**	0	183	(183)
Compliance and Enforcement Grant	146	146	0
Winter Grant Scheme**	671	1,125	(454)
Test and Trace Service Support Grant	1,420	132	1,288
Contain Outbreak Management Fund	6,415	2,416	3,999
Infection Control Fund Grant	428	428	0
Asymptomatic Testing Sites**	0	211	(211)
Community Champions	368	1	367
Rapid Testing Fund	105	105	0
Workforce Capacity Fund	577	569	8
Clinically Extremely Vulnerable Funding	307	24	283
Other COVID-19 contributions	10,798	10,798	0
Totals	**57,583**	**37,414**	**20,169**

*** Grants claimed in arrears. Negative balance reflects cash not yet received from Government Departments.*

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
- 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

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

- 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.

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 58.7 years for females and 61.9 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.

---

[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.

4) The Year in Review: Financial Performance in 2020/21

REVENUE BUDGET

In February and March 2020, the Strategic Commission agreed 2020/21 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 2021.

During 2020/21, 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.

Table 3A: Integrated Commission Revenue Outturn Position 2020/21

	Outturn Position				
Outturn Position £000's	Expenditure Budget	Income Budget	Net Budget	Net Outturn	Net Variance
CCG Expenditure	450,608	0	450,608	450,608	0
TMBC Expenditure	538,292	(333,013)	205,279	205,177	102
Integrated Commissioning Fund	**988,901**	**(333,013)**	**655,887**	**655,785**	**102**

At the end of an unusual and challenging financial year the Strategic Commission has spent £655,785k, against a net 2020/21 budget of £655,887k. This is a broadly balanced position, with a small underspend of £102k on Council Budgets. Following receipt of final allocation adjustments on 23 April the CCG are reporting an in-year break even position. Given the significant pressures and challenges that have been faced over the last 12 months, this position is a significant achievement. Delivery of the budget has only been possible as a result of several significant non recurrent financial interventions, including one-off savings and additional one-off grant income. It should be noted that significant overspends are included in the overall position across a number of service areas, including Children's Services which has spent £2.966m in excess of budget. This and other pressures will continue into 2021/22.

Table 3B: Integrated Commission Revenue Outturn Position by Directorate 2020/21

Outturn Position £000's	Outturn Position				
	Expenditure Budget	Income Budget	Net Budget	Net Outturn	Net Variance
Acute	218,381	0	218,381	218,287	94
Mental Health	45,225	0	45,225	45,049	177
Primary Care	92,451	0	92,451	92,904	(453)
Continuing Care	14,521	0	14,521	14,731	(210)
Community	40,298	0	40,298	40,514	(215)
Other CCG	35,191	0	35,191	34,653	539
CCG TEP Shortfall (QIPP)	0	0	0	0	0
CCG Running Costs	4,541	0	4,541	4,471	70
Anticipated COVID Top Up	0	0	0	0	0
Adults	85,935	(46,596)	39,339	38,509	830
Children's Services - Social Care	64,286	(10,288)	53,998	56,964	(2,966)
Education	31,730	(25,322)	6,407	6,585	(178)
Individual Schools Budgets	118,592	(118,592)	0	0	(0)
Population Health	15,910	(291)	15,619	14,453	1,166
Operations and Neighbourhoods	80,504	(27,583)	52,921	53,584	(662)
Growth	42,834	(34,537)	8,297	8,572	(275)
Governance	67,260	(57,735)	9,524	9,854	(329)
Finance & IT	9,537	(1,907)	7,630	7,100	530
Quality and Safeguarding	378	(237)	141	104	37
Capital and Financing	13,070	(9,624)	3,447	8,719	(5,272)
Contingency	2,772	0	2,772	795	1,976
Contingency - COVID Costs	0	0	0	32,488	(32,488)
Corporate Costs	5,486	(301)	5,184	4,864	321
LA COVID-19 Grant Funding	0	0	0	(26,615)	26,615
Other COVID contributions	0	0	0	(10,798)	10,798
Integrated Commissioning Fund	**988,901**	**(333,013)**	**655,887**	**655,785**	**102**

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 financial impacts of COVID have been addressed with significant one-off funding during 2020/21, and whilst some further additional funding is available to the Council in 2021/22 for ongoing COVID pressures, this is one-off in nature. The longer-term impacts of COVID, uncertainty over future local government funding, and a lack of clarity over future operational arrangements for the CCG, 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 surplus of £0.102m on the Revenue Budget for TMBC Expenditure and the net surplus 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

Table 4: Collection Fund Outturn 2020/21

	31 March 2021			31 March 2020		
	Council Tax £000	NDR £000	Total £000	Council Tax £000	NDR £000	Total £000
Income						
Income from Council Tax	(115,825)	0	**(115,825)**	(112,090)		**(112,090)**
Transfers from General Fund (S13A relief)	(2,133)	0				
Income from NDR	0	(27,386)	**(27,386)**		(56,957)	**(56,957)**
Total Income	**(117,958)**	**(27,386)**	**(143,212)**	**(112,090)**	**(56,957)**	**(169,047)**
Expenditure						
Council Tax						
The Council	96,762		**96,762**	91,579		**91,579**
GMCA Mayoral Police and Crime Commissioner	13,187		**13,187**	12,355		**12,355**
GMCA Mayoral General Precept (inc. Fire)	5,758		**5,758**	4,795		**4,795**
NDR						
The Council		53,844	**53,844**		51,805	**51,805**
Central Government		0	**0**		0	**0**
GM Fire and Rescue Authority		544	**544**		523	**523**
Allowance for cost of collection		285	**285**		287	**287**
Transitional Protection Payments		1,163	**1,163**		896	**896**
Increase/(decrease) in:		0	**0**		0	**0**
Allowance for non-collection	2,647	1,014	**3,661**	453	1,095	**1,548**
Provision for appeals		2,738	**2,738**		3,328	**3,328**
Surplus/deficit (allocated)/paid out in year:						
The Council	3,657	(2,636)	**1,021**	11,328	846	**12,174**
Central Government		0	**0**		0	**0**
GMCA Mayoral Police and Crime Commissioner	493	0	**493**	1,397	0	**1,397**
GMCA Mayoral General Precept (inc. Fire)	191	(27)	**165**	545	9	**553**
Total Expenditure	**122,695**	**56,927**	**179,622**	**122,453**	**58,789**	**181,241**
(Surplus)/deficit for the year	**4,737**	**29,540**	**34,277**	**10,363**	**1,831**	**12,195**
Balance brought forward	(6,640)	2,489	**(4,151)**	(17,003)	657	**(16,346)**
(Surplus)/deficit for the year	4,737	29,540	**34,277**	10,363	1,831	**12,195**
Balance carried forward	**(1,903)**	**32,029**	**30,126**	**(6,640)**	**2,489**	**(4,151)**
Share of (surplus)/deficit						
The Council	(1,635)	33,485	**31,850**	(5,579)	4,240	**(1,338)**
Central Government		(1,777)	**(1,777)**		(1,777)	**(1,777)**
GMCA Mayoral Police and Crime Commissioner	(217)	0	**(217)**	(755)		**(755)**
GMCA Mayoral General Precept (inc. Fire)	(50)	320	**270**	(306)	25	**(281)**
	(1,903)	**32,029**	**30,126**	**(6,640)**	**2,489**	**(4,151)**

The 2020/21 budget forecast a £2.4m surplus on the Collection Fund at 31 March 2021. This assumed collection rates of 98%, 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 is a deficit of £30.126m, which is a net deficit of £32.029m on Business Rates and a £1.903m surplus on Council Tax.

Key messages include:

- Collectable Council Tax Income (the Council Tax Net Debit) is £2.212m lower than budget. This is due to a significant increase in reliefs and exemptions awarded to Council Tax Support Claimants, and an increase in empty properties awaiting probate. Most of this shortfall in income is offset by Council Tax COVID Support grant of £2.133m.
- 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 economic climate.
- Collectable NNDR income is £32.006m less than budget. A significant proportion of this shortfall is due to additional COVID reliefs granted by Government and £28.9m of additional section 31 grant is expected to fund this element of the deficit. 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 2021/22. Other losses reflect reduced collection rates and a reduction in the business rates base due to the economic impact of COVID. The Council expects to receive income compensation from Government to cover 75% of the shortfall related to the reduction in the business rates base (compensation is not paid for losses due to reduced collection). Calculations will be based on the final NNDR3 return and grant is expected to be in the region of £2.551m.
- The actual deficit on the Collection Fund is not as high as previously forecast at period 8 and 10 due to collection performance improvements during the last three months of the year. The 2021/22 budget included provision to fund the deficit on the Collection Fund based on the forecast at Month 8. The reduced deficit position will release resources in 2021/22 and future years, and the MTFP and 2021/22 forecast will be revised once final figures for the Income Compensation Scheme have been agreed with Government.

ADULTS SERVICES

Outturn Position £000's	Outturn Position			Net Variance	
	Net Budget	Net Outturn	Net Variance	COVID Variance	Non-COVID Variance
Adults	39,339	38,509	830	3,925	(3,095)

The net underspend position in 2020/21 was due to significant additional income 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 570 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 and extra care housing. Services are delivered for older people, people with learning disabilities, mental health issues and physical disabilities.

Achievements and Successes 2020/21:

- Despite the current pandemic, services have continued to support people to live independently in their own homes and have maintained all service provision.
- The Support at Home model has been fully rolled out, with home care providers providing approximately 2,000 hours more per week.
- Where individuals have chosen to isolate alternative engagement has been managed via all providers.
- On-going support to all providers, with Public Health to support where there are covid outbreaks – daily contact and Outbreak Control Team Meetings.

- Despite the pandemic the number of people with LD in paid employment has been maintained.
- Daily support with all providers has been maintained through the pandemic.
- A reduction in the number of younger people being placed in out of area residential placements through the supported accommodation programme
- Services were delivered within the allocated budget, though this continues to be supported with additional funding via the improved Better Care Fund (iBCF)
- A further successful winter pressures grants exercise with VCS organisations
- Regular briefings for providers and staff circulated every week.

CHILDREN'S SERVICES – SOCIAL CARE

Outturn Position £000's	Outturn Position			Net Variance	
	Net Budget	Net Outturn	Net Variance	COVID Variance	Non-COVID Variance
Children's Services - Social Care	53,998	56,964	(2,966)	0	(2,966)

The outturn position of £2,966k 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. Recurrent budget increases have been supplemented with £31.15m of additional one-off investment from reserves over the period 2017/18 to 2020/21 (£2.3m in 2017/18, £11.6m in 2018/9, £9.3m in 2019/20 and £7.95m in 2021/21). Whilst requesting additional investment from reserves, 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. Delivery within budget is essential to ensure the financial sustainability of the Council.

In November 2019, Executive Cabinet approved additional investment of £2.2 million to support 7 key Looked After Sustainability projects. These projects are all designed to more effectively and efficiently support children and families at the earliest point and include Early Help. They take a multi-faceted and coordinated approach, in order to safely and appropriately reduce the need for Local Authority Care. To stabilise the current cohort, progress children's through to permanency more effectively, step children down where appropriate and provide for a range of placements to best meet children's assessed needs. All projects are now in train and making positive progress. Each strand is subject to regular corporate oversight and a Local Authority wide approach is being taken to ensure that they remain on track.

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 2020/21:
The upward/positive trajectory of many key indicators and the 'rolling 12 months' show a generally positive direction of travel, including a reduction in referrals and re-referrals for statutory services, reduced numbers of children subject to a child protection intervention/ plan, or requiring statutory support as a Child in Need. Unfortunately this has been largely reversed with the advent of Covid and we have seen significantly increased numbers of contacts, referrals and cases held in the statutory system since June 2020, although this has not worked through to impact on the Child Protection or Cared for Children numbers.

Significant progress has though been made in further developing a locality based early help (EH) offer and the role out of Team Around the School with demonstrable impact, including the launch of our EH Access Point and Website. Close working arrangements between our EH services, Education and Schools during Covid has enabled significant numbers of children and families to be promptly and appropriately supported and minimised escalations into statutory services. Significant progress has been made in delivering on the 7 Cared for Children sustainability projects despite the pandemic and most have remain on track.

EDUCATION AND SCHOOLS

Outturn Position £000's	Outturn Position			Net Variance	
	Net Budget	Net Outturn	Net Variance	COVID Variance	Non-COVID Variance
Education	6,407	6,585	(178)	(465)	287

The Education outturn variance is a net 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.

Our 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
- 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 2020/21

- Supported all schools to remain open throughout the COVID 19 pandemic, including at least weekly updates for school leaders, weekly planning via our scenario planning group, Public Health and Health and Safety webinars, risk assessment templates and advice, and launching a parent helpline for parents with children with additional needs.
- 85.6% of young people were placed in their 1st choice secondary school compared to 82.2% nationally.
- 91.5% of children were placed in their 1st choice primary school compared to 90.2% nationally.
- 78% of 2 year olds are benefitting from universal funded early education places despite the coronavirus pandemic closures.
- 100% of Personal Education Plans completed in Summer term 19/20 for our cared for children.
- Education Health Care plans (EHCPs) maintained by Tameside is 1738 in 2021, 1575 in 2020, 1344 in 2019.
- The volume of plans completed in the 2020 calendar year was 299 (2019 – 409, 2018 – 348).
- Timeliness of EHCPs completed in 20 weeks increased to 83% when excluding exceptions (from 49% in 2019 calendar year).

- Over 27,000 supermarket vouchers distributed to families in need eligible for free school meals over October half term, Christmas holidays and February Half Term.
- Closed the gap with national standards by 3% in KS1 Phonics Check.
- Around 15,000 calls made to schools by the SLOs.

Dedicated Schools Grant (DSG)

The dedicated schools grant is allocated through a nationally determined formula to local authorities in 4 blocks, the position for 2020/21 is outlined below:

- Schools Block - This is intended to fund mainstream (non-special) schools;
- Central Services Schools Block - provided to provide funding to Local Authorities to support carrying out statutory duties on behalf of 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 settings.

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 2019/20 and the position for 2020/21.

	2019/20 Surplus / (Deficit) £000	2020/21 Surplus / (Deficit) £000
DSG Reserve Brought Forward	**3,228**	**(557)**
Schools Block	114	296
Central Service Block		6
In year deficit on High Needs Block	(4,568)	(1,822)
In year surplus on Early Years	251	703
Estimated Early Years 2019-20 Adjustment (TBC June 2020)	296	
Early Years Block 2018-19 Adjustment	122	(18)
Estimated Early Years 2020-21 Adjustment (TBC Nov 2021)	0	(293)
DSG Reserve Closing balance	**(557)**	**(1,686)**

In 2019/20 there was a reduction in the reserve, in the main due to an overspend on the High Needs Block. There were contributions to the reserve in year too, the most significant of these being a surplus in the Early Years Block. The 2020/21 cumulative deficit on DSG is £1.686m, mainly as a result of a continued pressure on High Needs. As required by Government regulations the Council has produced a deficit recovery plan which has been submitted to the DfE outlining how we plan to recover this deficit and manage spending over the next 3 years.

POPULATION HEALTH

Outturn Position £000's	Outturn Position			Net Variance	
	Net Budget	Net Outturn	Net Variance	COVID Variance	Non-COVID Variance
Population Health	15,619	14,453	1,166	1,153	13

The outturn position for 2020/21 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 2020/21 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 information and understanding to enable decisions that are based on people's need and what is effective.
- Commissioning and monitoring key Public Health prescribed and non-prescribed services and functions
- work with partners to protect Tameside residents from communicable and non-communicable diseases and environmental hazards.
- Client and commissioning lead for Leisure Services and the capital programme (Active Tameside) – ensure the resilience of these services going forward.

Achievements and Successes 2020/21:

- Delivery and leadership of COVID-19 response – Containing Covid, outbreak management, testing programme and contact tracing
- Delivery and commissioning of statutory functions for public health
- Recruitment of new strategic lead post around domestic abuse - has introduced new governance process with new DA Steering Group and Operational Group – also have plans throughout 2021/22 to meet our statutory obligations under the DA Bill; conduct in depth finance and needs assessment work; and develop a new Domestic Abuse Strategy for Tameside.
- Secured additional funding for public health programmes including Physical activity (Local Pilot) and Domestic Abuse
- Scaled up tobacco programme with successes in reduced prevalence and smoking in pregnancy
- Lead delivery of the local Maternity Transformation Programme
- Commissioned services working differently due to Covid-19, and taking learning to improve pathways and increased engagement with families
- Improved up take of the Healthy Start Scheme across Tameside.
- Coproduced a new Children and Young People's Emotional and Mental Wellbeing Community Offer
- Performance of drug and alcohol services - embedding the Alcohol Exposed Pregnancy Programme into CGL core service delivery and doubled number of interventions delivered, review of PIPS service and Hidden Harm Needs Assessment completed
- The overall rate of prescribed LARC has seen recent year-on-year increase, several STI diagnoses rates reducing and latest data from 2019 shows overall STI diagnoses in Tameside significantly lower than national average, latest HIV testing coverage data shows significant increase from previous year (2018)
- Ageing Well Nutrition and Hydration programme launched, Ageing in Place, Intergen project and Age Friendly Champions and Social Connectors programme

OPERATIONS AND NEIGHBOURHOODS

Outturn Position £000's	Outturn Position			Net Variance	
	Net Budget	Net Outturn	Net Variance	COVID Variance	Non-COVID Variance
Operations and Neighbourhoods	52,921	53,584	(662)	(726)	64

The variance against budget in 2020/21 related primarily to income losses on car parks and markets, driven by the economic impact of the COVID-19 pandemic.

Operations and Neighbourhoods deliver many of the front line services which the public first associate with the functions of a Council including many statutory services. From refuse collection, Libraries and Highways maintenance, these are services that you use daily whether you are a resident, visitor or on business.

Achievements and Successes 2020/21:

- Continuation of frontline services throughout Covid-19, including staff redeployment to ensure resilience.
- Establishment of the Covid Compliance Team
- Major changes in service delivery to ensure Covid-19 compliance at all funerals
- Call Centre staff took Covid-19 related calls to help our vulnerable residents access their basic needs
- After initial lockdown successfully re-opened all Libraries in Tameside for face to face services and support digital access for the most vulnerable.
- 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
- Recycling at a rate of 54%, above the UK average of 48%

GROWTH

Outturn Position £000's	Outturn Position			Net Variance	
	Net Budget	Net Outturn	Net Variance	COVID Variance	Non-COVID Variance
Growth	8,297	8,572	(275)	390	(665)

The net overspend is due to shortfalls in income, particularly for Estates and Building Control and other cost pressures. Some of this is attributed to the COVID pandemic but there are also underlying pressures on income generation.

The Growth Directorate delivers a number of services which have significant impact on the borough and its residents. Services include:

- Estates Management of the Council's Investment property portfolio, land and buildings.
- Development and Investment, including regeneration, investment and capital projects, economic and housing growth.
- Employment and Skills, supporting residents into employment.
- Strategic Infrastructure, working closely with the Greater Manchester Combined Authority and housing partners across Tameside.
- Environmental Development, including property management and Corporate Landlord.
- Planning, including development management, building control and planning policy.

Achievements and Successes 2020/21:

- Published Strategic Asset Management Plan, new Disposals Policy and declared some council owned sites surplus to requirements, to enable them to be brought forward for development or community uses.
- Commenced Worksmart Project, completing all service property needs surveys.
- Inclusive Growth Strategy published.
- Ashton Interchange completed.
- Supported the delivery of the governments Kickstart Scheme to help residents back into employment.
- Delivered over 30 Tameside Employment Fund Placements
- Facilitated 23 residential placements for residents with special needs and care leavers, e.g. Mount Street
- Secured external funding to undertake site investigations at Ashton Moss and St Petersfield, to help bring the sites forward to create thousands of employment opportunities for Tameside residents.

- Commenced construction of the new Data Centre at Ashton Old Baths, St Petersfield with completion due early 2021/22.
- Commenced demolition of the former Denton pool building with completion due early 2021/22, to bring the site forward for development.
- Commenced construction of the Hyde Pool extension with completion due early 2021/22.
- Godley Green Garden Village site surveys completed, community consultation completed and planning application prepared.
- £1.2M Heritage Action Zone funds secured for Stalybridge Town Challenge.
- Completed site investigations in Stalybridge to ascertain costs of bringing sites forward for development.
- Administered and paid out 240 number of Discretionary Business Grants totalling £2.345m
- Set up ARG and LRSG Open Covid19 Business Grants Scheme to ensure £6.8m ARG and £1.8m LRSG Open support to businesses impacted by the pandemic.
- Managed the Humanitarian Hub property, equipment and facilities set up.
- Sourced more than 20,000 food donations and supplies for the Humanitarian Hub and food banks.
- Set up Covid19 Business Resilience Clinic supporting 53 local companies with free help from business community champions such as finance and digital.
- Set up and facilitated Covid19 Business Leaders' Group
- Ensured the council's operational buildings are Covid secure.
- Ensured primary school meals available for vulnerable children.
- Identified and set up Covid19 drive through and lateral flow testing sites across Tameside.
- Set up Covid19 Vaccination sites for GP's in Tameside – property and facilities management, insurances and licences.
- Covid business enquiries – responded to approximately 2,100 emails and 600 telephone calls.

GOVERNANCE

Outturn Position £000's	Outturn Position			Net Variance	
	Net Budget	Net Outturn	Net Variance	COVID Variance	Non-COVID Variance
Governance	9,524	9,854	(329)	(1,146)	817

The overspend position in 2020/21 was due to the impacts of the COVID-19 pandemic on Housing Benefit costs, debt recovery and recovery cost collection. The cost of homelessness accommodation not covered by Housing Benefit income increased considerably during 2020 as the COVID pandemic limited the availability of appropriate accommodation. In addition, the service has seen a significant reduction in income relating the Housing Benefit overpayment debt collection and court cost recovery, as COVID has restricted recovery processes. Excluding the impact of COVID, there was an underlying underspend of £817k.

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. Exchequer services provide Council Tax and Business Rates administration and collection functions. This internal support to frontline service ensures that they are able to deliver the aims of the Council's Corporate Plan.

Achievements and Successes 2020/21

Exchequer Services

- Payment of £45.1m COVID Business Rates Grant monies to 4,073 businesses from April to October 2020.
- Payment of £1.8m COVID Business Rates Grant monies post September 2020 as at Jan 2021.
- Despite COVID and suspension of recovery of monies on track to achieve collection rates of 94% for current year Council Tax and 96% 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.
- Administered the mandatory and discretionary Self Isolation Payments where NHS instructed a person they must by law self isolate. Number of successful cases paid totalling 501 value £251k as at 11 Jan 2021.

People and Workforce Development

- Clearing of all 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. During lockdown the average number of days taken to pay suppliers was 6 days.
- Support the mobilisation of the whole workforce changes in response to Covid 19 pandemic
- Developed and delivered a range of health and wellbeing interventions for our workforce
- Directly supported the Covid response by delivery of the humanitarian hub, neighbourhood contact hub, planning for community testing programme.
- Development of flexible pay arrangements in response to the Covid 19 pandemic
- Development of a comprehensive redeployment programme for 200 staff to ensure they are fully utilised when not able to do their normal job role during the pandemic
- 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.

Policy and Performance

- Supporting inspection and accreditation (Peer review preparation, Ofsted Inspection preparation)
- Significant future proofing projects / major improvement work programmes – Ofsted / ILACS, Census, LGBCE electoral review
- 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
- Supporting Scrutiny Panels / Overview Panel
- Support to emerging initiatives/ policy issues (humanitarian hub, complex vulnerability)
- 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 well as promoting Tameside as a desirable place to live a visit for people outside of the borough.

FINANCE AND IT

Outturn Position £000's	Outturn Position			Net Variance	
	Net Budget	Net Outturn	Net Variance	COVID Variance	Non-COVID Variance
Finance & IT	7,630	7,100	530	(21)	551

Significant favourable variances across these areas have resulted from a number of one-off savings or additional sources of income. Within finance, the results of the insurance actuarial valuation in February 2021 have enabled the release of some provisions and reserves.

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 and Medium Term Financial Plan update, the production of the annual accounts monthly monitoring and forecasting and treasury management are just a few examples.

The Internal Audit service 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. National Anti-Fraud Network (NAFN) – is a national service hosted by Tameside and offers service to all LAs in UK on a subscription basis.

Finance and Audit – Achievements and Successes in 2020/21

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 over £900m of spend, ensuring greater visibility as to the effectiveness of the spending decisions to maximise outcomes for residents.

Both sets of statutory accounts were produced on time to revised timescales following the covid pandemic. The financial accounts were both given an unqualified opinion. The Council gained an unqualified value for money opinion, although the auditors warmed about the continued reliance on reserves to balance the budget. The 2021/22 budget proposals rely on no further use of reserves, and improvements to the reporting around delivery of savings and efficiencies has been made.

Work and relationships with schools continues to be good. There continues to be pressures caused by schools wishing to convert to academy and underfunding of the High Needs part of the budgets. 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 2021/22 budget process has been challenging in the circumstances but significant savings plans have been developed alongside robust monitoring, delivery and reporting mechanisms to ensure the plans remain on track during 2021/22 and beyond.

The internal audit plan was delayed due to the response to COVID-19, with the original plan having to be amended to support the organisation deliver against a new risk profile. Assurance work and fraud investigations have been undertaken in relation to the Business Support Grant 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 in response to COVID-19 has provided alerts and intelligence to members regarding suspected fraud and worked with BEIS to provide and share intelligence.

ICT

IT 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 for users to make the most of the technology available
- Speedy connectivity in Council buildings.
- Robust and secure infrastructure and connectivity.
- 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.

The work of the IT Service includes:

- Service desk and associated support.
- Build and deployment of user devices including phones.
- System commissioning, deployment, management and support/maintenance/security.
- Data Centre commissioning, management and support/maintenance/security.
- Networks deployment, management and support/maintenance/security.
- Website commissioning and support/maintenance/security

Achievements and Successes in 2020/21 IT:

Like many other services the impact of COVID has shaped and driven the work programme for IT Services this year. The immediate response to COVID-19, which saw almost 2800 staff seamlessly move from traditional office based working to agile & home working, demonstrated how robust the Councils networks and systems are, how flexible and responsive the service is, and how reliant on technology the organisation has become.
ICT is by nature a fast moving dynamic sector and the Council must ensure that it continues to have the appropriate infrastructure, people and skills in place to implement, support, monitor and keep safe it's 250+ IT systems and over 2,000 users, whilst also being able to plan and build for the future. The new Digital Strategy and Cyber Security Strategies, both approved in September 2020, provide the framework for how we will use technology to transform how and where we work, how we deliver services and how we communicate and collaborate. Work to compile a programme of cross cutting Digital Strategy savings projects is underway. Overseeing the delivery of these projects and ensuring savings are realised will be the new Digital Strategy Delivery Group.

The March "lock down" and subsequent COVID working restrictions almost overnight advanced the Councils Agile and Homeworking ambitions by at least 3 years. A year ago only a handful of staff used video conferencing regularly and collaboration tools such as SharePoint were barely used. There are now over 2000 Skype for Business users, 600 of whom are seamlessly picking up calls to their desktop phone numbers through Skype and hundreds of staff are using tools to better share information with external partners. To ensure staff have the best tools available to support this new way of working the planned roll out of Microsoft Office 365 has been brought forward by 2 years and implementation will be begin in March/April 21.

Home working has also had a big impact on printing and accelerated the need to for the organisation embrace paperless ways of working. 2020/21 will see a 65% drop in the number of pages printed, with more services using iMalil more efficient and cost effective way of getting letters and documents posted.

Work to update and upgrade the server infrastructure and associated operating systems and databases for many of the Councils systems have been completed with around 15% remaining to be done. A new backup and recovery system, including off-site tape backups, has been implemented as have additional firewall and VPN systems to increase home working capacity, resilience and security.

The planned service review has not taken place. The delay was necessary to enable the service to factor in the impact of COVID and new ways of working including the implementation of Office 365. The review will be a priority for 2021/22.

QUALITY AND SAFEGUARDING

Outturn Position £000's	Outturn Position			Net Variance	
	Net Budget	Net Outturn	Net Variance	COVID Variance	Non-COVID Variance
Quality and Safeguarding	141	104	37	0	37

A small underspend was achieved in 2020/21 due to savings on staffing costs.

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 Act1989:2004)

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

Achievements and successes in 2020/21

Quality

- Continued strengthening of the contract performance, quality assurance and governance arrangements for the monitoring of T&G Care homes. This has seen a continued improvement in the number of care homes moving from requires improvement to good and a reduction in the number of inadequate care homes. Intelligence systems in place now ensure early oversight of care homes which may require additional support and intervention from the Quality Improvement Team. This has now been expanded into domiciliary care provision.
- During the Covid 19 pandemic staff redeployed to support Covid 19 testing, Adult Social Care Commissioning support to care homes, ICFT Quality team.

Safeguarding

- The team has continued to support acute, community, primary and commissioned care services together with partners across the system. There has been an Increase in contact for support, advice and supervision to colleagues throughout the pandemic.
- Improved the local LeDer process including sharing and learning from reviews, supporting reviews and undertaking a multi agency review. TGCCG successfully met the NHSEI

timescales for completion of LeDer reviews in Dec 2020. The first TGCCG LeDer annual report has been published on the CCG website.
- During Covid 19 pandemic staff supported Fit testing for FFP3 masks and infection prevention training for private providers.

Individualised Commissioning

- Despite the majority of the team being redeployed into frontline clinical services, the team maintained a core function to ensure that existing care packages continued to be appropriate, safe and effective. Maintained a duty service to deal with crisis support and commissioning
- Developed and delivered a Infection Prevention and Control Training programme for all independent sector providers
- Developed a whole economy monitoring system of all covid funded discharges from acute bed bases and community admission avoidance packages. Applied same principles to develop a system for whole economy monitoring of Discharge to Assess funding
- During Covid 19 pandemic staff redeployed to ICFT discharge service, district nursing, ICFT digital health hub and PCFT discharge team.

CORPORATE BUDGETS

Outturn Position £000's	Outturn Position			Net Variance	
	Net Budget	Net Outturn	Net Variance	COVID Variance	Non-COVID Variance
Capital and Financing	3,447	8,719	(5,272)	(7,308)	2,036
Contingency	2,772	795	1,976	(694)	2,670
Corporate Costs	5,184	4,864	321	(33)	354

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 adverse variance on Capital and Financing budgets is predominantly due to the loss of the budgeted £6.4m dividend income from Manchester Airport. This income loss has been mitigated in part by additional income of £727k accrued in respect of the July 2020 investment in the airport and savings on the pension advanced payment being in excess of budget by £494k .

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 the programme. Future investment plans are subject to available resources and the realisation of available capital receipts, however the current plans would see investment in excess of £200million over the four year period 2017 to 2021.

A Capital Programme Review was presented at Executive Cabinet on 25 July 2018 which outlined how the proposed programme, along with additional emerging pressures, needed to be reprioritised in line with current available resources. A reprioritisation exercise has been completed in order to determine which schemes that have been earmarked but not fully approved should proceed, and which should be temporarily placed on hold. On 26 March 2019, Executive Cabinet approved the prioritisation of the capital programme, to enable the high priority earmarked schemes to proceed. There remains a shortfall in resources to fund all earmarked schemes meaning that a number of earmarked schemes cannot progress until additional resources are identified.

Services have spent £43.593m on capital investment in 2020/21, which is £3.855m less than the current capital budget for the year. This variation is spread across a number of areas, and is made up of a number of over/underspends on a number of specific schemes (£0.236m) less the re-profiling of expenditure in some other areas (£4.091m)

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 2021/22 financial year.

	2020/21 Budget	Outturn	Outturn Variation	Slippage	Outturn variation after slippage
	£000	£000	£000	£000	£000
Growth					
Investment & Development	5,940	5,641	299	(421)	(122)
Corporate Landlord	369	303	66	(66)	0
Estates	12	11	1	(1)	0
Vision Tameside	234	426	(192)	165	(27)
Operations and Neighbourhoods					
Engineers	6,982	6,548	434	(93)	341
Environmental Services	1,779	1,681	98	(97)	1
Transport (Fleet)	2,481	2,378	103	(127)	(24)
Stronger Communities	16	0	16	(16)	0
Children's					
Education	7,630	5,281	2,349	(2,775)	(426)
Children	247	117	130	(129)	1
Finance & IT					
Finance	13,430	13,417	13	0	13
Digital Tameside	2,925	2,837	88	(68)	20
Population Health					
Active Tameside	3,361	2,993	368	(381)	(13)
Adults					
Adults	2,042	1,960	82	(82)	0
Total	**47,448**	**43,593**	**3,855**	**4,091**	**(236)**

The financing of the 2020/21 Capital Outturn is determined by the Director of Resources 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 are 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, £7.953m of corporate resource has been applied to finance the overall expenditure of £43.593m.

Resources	£000
Grants & Contributions	15,356
Revenue Contributions	559
Corporate:	
- Prudential Borrowing	19,725
- Receipts	55
- Reserves	7,898
Total	**43,593**

Funding from prudential borrowing is limited to those schemes where the investment is considered to be self financing or where the investment is instead of other forms of external borrowing such as transport leasing schemes. Prudential borrowing has revenue budget implications resulting from the requirement to pay interest costs and to make provision for the repayment of loans.

Capital Receipts and Reserves have been a significant source of funding for Capital Investment over the last four years. In the period from 1 April 2017 to 31 March 2021 the Council has invested more than £80m which has been financed from Capital Receipts (£17.842m) and the Capital Investment Reserve (£62.544m). Future Capital Investment will be heavily dependent on the realisation of additional capital receipts or securing additional external funding.

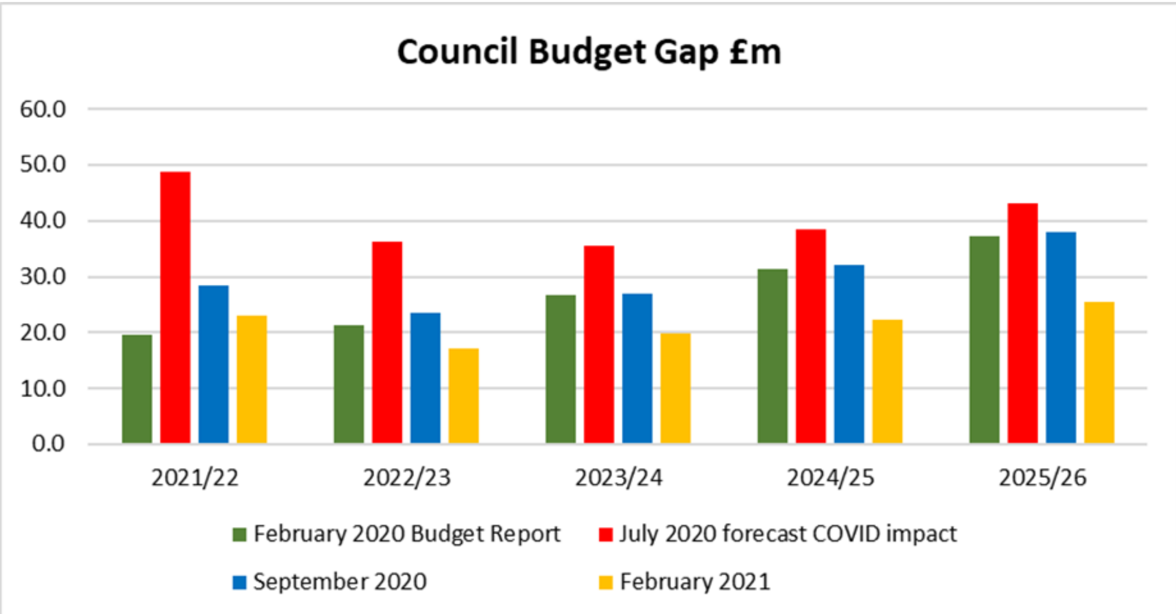
5) Financial Strategy: Outlook for 2021/22 and beyond

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 COVID-19 pandemic has had a significant adverse impact on Council Finances, both in 2020/21 and on future financial forecasts, due to a combination of additional costs and lost income. Significant additional funding has been provided in 2020/21 and for 2021/22 however this does not cover all income losses, particularly those income reductions forecast in future years due to the ongoing economic impact of the pandemic.

The 2020/21 budget report included forecasts for 2020 to 2025 which identified a budget gap of £19.6m in 2021/22. This gap assumed that all savings and additional income identified in the 2020/21 budget plans would be delivered, and that expenditure in Children's Social Care Services would reduce by £3.4m in 2021/22 as progress was made around the early help model and reduction in placements, with further reductions in spending of £4.1m planned over the following two years. Since the approval of the 2020/21 budget, significant additional pressures have emerged which increased the forecast gap for 2021/22 and beyond. The Council has monitored the financial impact of COVID-19 and modelled various scenarios since March 2020. In the immediate weeks and months following the first national lockdown in March 2020, initial indications suggested that the budget gap for 2021/22 could increase up to £48m. Subsequently, the financial impact and economic forecasts have proven not be as catastrophic as first envisaged, but nonetheless resulted in an increased financial gap for 2021/22.



The COVID-19 pandemic has placed significant pressures on services in 2020/21 and resulted in significant income losses and reductions which are expected to continue for a number of years. Whilst the number of cared for children has remain relatively stable, the cost of placements has continued to rise, due to a tightening placement market reflecting the national trends of increasing children in care, meaning that anticipated reductions in spending on Children's Social Care are no longer achievable in the short term. The proposed reductions have therefore been slipped by one financial year, with the £3.4m reduction in placement budgets not expected to be delivered until 2022/23.

The Council also faces pressures on its budgets in 2021/22 due to significant reductions in the income sources it uses to support the budget, as a result of the COVID pandemic. Alongside reductions in income from car parking income and markets, the Council has lost a £6.4m revenue stream from the suspension of the Manchester Airport dividend. Whilst it is expected that the aviation industry will recover in the medium term, no dividend income from Manchester Airport is now assumed within our financial model until at least 2025.

After initially forecasting a gap for 2021/22 of £48m in July 2020, this gap reduced to £28m in September and then £23m by December 2020. Whilst staffing cost and inflationary pressures have reduced, significant increases in demographic pressures are reflected in Adults Services, Children's Services (for social care and SEN Home to School Transport) and significant income reductions reflecting reduced income from Manchester Airport and reduced car parking and markets income. An increase in service savings of £9.105m, together with some additional funding (£0.592m) mean that total service budget reductions for 2021/22 have been increased to just under £10m, compared with less than £0.5m identified last year. However, the resourcing position has been impacted significantly by the COVID pandemic, reducing expected funding from Business Rates and Council Tax by more than £5 million.

Without further additional resources, the Council faced a £23.1m budget deficit in 2021/22 due to demographic pressures and a significant reduction in income due to the COVID pandemic. Balancing the 2021/22 budget has only been possible through the use of a significant amount of additional one-off funding which is not expected to be available in 2022/23, and as a result the Council still faces a significant budget gap in future years. The delivery of a significant programme of savings in 2021/22 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 2021/22 budget presents a significant financial challenge. The proposals do not, however, drawdown further on Council reserves, which represents a reduction in the reliance on reserves to balance the budget as in previous years.

Even before the Covid-19 pandemic, the Strategic Commission faced a number of significant risks which could impact on 2021/22 and future years.

Children's Social Care: The financial pressures in this area continue to present the single greatest risk to the Council. The Council has allocated significant additional investment to the directorate budget provision over recent years to support service improvements, including seven key sustainability initiatives from 2020/21. Despite the pandemic and significantly increased numbers of open cases in the statutory children's system since June 2020, cared for children (CfC) numbers has remained static, however the full impact of lockdown is not yet known.
Education: We continue to experience growing pressures in Local Authority funded areas including Home to School Transport and Pupil Support Services. National trends in SEN provision indicate that these pressures may well continue to increase in future years, resulting in further financial pressures.
Adults Services: The Council continues to face significant demographic and other cost pressures which present a significant challenge for future years. Costs pressures and any notable variation in demographic forecasts and contractual assumptions could have significant financial implications for the Council.

Income generation: A number of pressures emerged during 2019/20 due to under-recovery of income across the Growth and Operations & Neighbourhoods directorate, with plans in 20/21 to review service delivery and establish a sustainable future delivery model. The economic impacts of COVID-19 have placed further pressures on these areas, and the speed of recovery is likely to be dependent on local and regional economic conditions.
Council Tax and Business Rates Income: Reduced collection rates on both Council Tax and Business Rates in 2020/21 has resulted in a significant deficit on the Collection Fund at 31 March 2021 which needs to be financed over the following three years. In addition, the amount of Council Tax collectible is also significantly reduced due increased numbers of Council Tax Support claimants. The ongoing economic impacts of the COVID pandemic may result in further income reductions in 21/22 and beyond depending on the speed of economic recovery.
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 increases in funding for future years. The continuing lack of certainty over the timing and outcome of the fair funding review, makes planning beyond 2021/22 extremely difficult. Any significant change to the allocation methodology for Local Government Funding could have a significant impact on the MTFP.

INTEGRATED COMMISSIONING FUND

The Strategic Commission (formerly Single Commission) of Tameside MBC and Tameside and Glossop CCG has managed resource allocations relating to health and social care integration within an Integrated Commissioning Fund (ICF) since 1 April 2016. The ICF has included the total annual (CCG) resource allocation and the Council has included budget allocations for Adult Services, Children's Social Care and Population Health.

From 1 April 2018, the ICF has been expanded to include all Council and CCG budgets. The Integrated Commissioning Fund, subject to the restrictions of current legislation, aims to include the total annual CCG resource allocation and Council budgets so far as legally possible. The creation of a single fund has resulted in a number of benefits including:

- Streamlined governance and decision making
- Strengthening of cohesive Strategic Commission budget leadership
- Single Strategic Commission budget resource reporting
- Single accountable body for the ICF – the Council is currently the lead accountable organisation for the ICF.
- Rationalisation of any existing joint funding arrangements between the Council and CCG
- Provision of support to strategic place based service provision priorities
- Alignment to the Strategic Leadership structure
- All health and Council service resource decisions are intrinsically linked to the corporate strategic priorities.

Since the beginning of 2018/19 the Integrated Commissioning Fund reporting arrangements have been supported by a single economy wide monthly monitoring report. This single consolidated report has continued during 2020/21.

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.

As part of the budget setting for 2019/20, the Council adopted a reserves strategy, which established categories of reserve and parameters for annual review. This reserves strategy set 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 2021, the Council has earmarked reserves of £150,072k (£118,473k at 31 March 2020). Whilst this an increase in the level of reserves overall, the increase at 31 March 2021 is temporary and due to items in excess of £43m which are already committed in future years. This includes COVID-19 grant funding in excess of £14m which will be fully utilised in 2021/22, section 31 grant of £29m for Business Rates Reliefs which will be used to fund the deficit on the Collection Fund, and a number of other ring fenced grants carried forward due to projects being delayed. If the COVID related grants are excluded, then earmarked reserves have fallen to just over £105m.

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 2020/21 ('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 44 – 48 and 141, 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 2020/21 was £485.567m, but after income is included the Net Cost of Services was £153.536m. 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 Surplus on the Provision of Services was £1.998m.

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, net of a reduction in service expenditure as a result of savings. 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 (£205.176m) and the Net Cost of Services in the CIES (£153.536m).

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 Resources (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 2021, the MiRS shows that the Council retained General Fund Balances of £27.244m. Until 2019/20, the Director of Resources had recommended a minimum level of general fund balances at around 3% of the Council's gross annual spend. However, over time the risks facing an organisation can change and as such a more proactive risk based approach is required when setting a minimum level of reserves. Since 2019/20, 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 going forward. The analysis in February 2020 determined that the minimum general fund balance from 1 April 2020 should be set at £27.2m. This minimum level of balances is slightly lower than the previous year but reflects a similar risk profile facing the Council. Council approved this minimum level in February 2020 as part of the budget report.

Also shown within usable reserves are £9.354m of Schools Balances. These amounts accrue from unspent school budgets, and are allocated to be spent in future years. Overall balances have increased this year but this is mainly due to COVID grants allocated to schools which will be spent in 2021/22. The use of schools balances is determined by schools' governing bodies. This is a net balance and includes some deficit balances.

Finally, £150.073m of Earmarked Reserves are also included. These earmarked amounts are allocated to specific purposes or liabilities. Whilst this an increase in the level of reserves overall since April 2020, the increase at 31 March 2021 is temporary and due to items in excess of £43m which are already committed in future years. This includes COVID-19 grant funding in excess of £14m which will be fully utilised in 2021/22, section 31 grant of £29m for Business Rates Reliefs which will be used to fund the deficit on the Collection Fund, and a number of other ring fenced grants carried forward due to projects being delayed. If the COVID related grants are excluded, then earmarked reserves have fallen to just over £107m. Other 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 11.

Balance Sheet

The Balance Sheet summarises the financial position of the Council at 31 March 2021 and shows the net worth of the Council's assets and liabilities of £73.766m. 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 £628.677m, an increase of £55.256m from 31 March 2020.

Current Assets have decreased in year, mostly due to a reduction in Cash and Cash Equivalents, and Short Term Investments, following the pensions advance payment in April 2020.

Usable reserves have increased, although the increase at 31 March 2021 is temporary and due to items in excess of £42m which are already committed in future years as noted above.

The notes to the accounts provide detailed explanations of the movements on all 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 31 to 33 provide further detail on the cash movements during the year. The overall cash balance of the Council (and the balance of short term investments) has decreased over the course of 2020/21 mainly due to the advance payment of pension contributions in April 2020.

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 2021 were a £1.903m surplus relating to Council Tax (£6.640m surplus in 2019/20) and a £32.029m deficit on NDR (£2.489m deficit in 2019/20). The deficit on the NNDR side of the collection fund will be funded from £29m of additional section 31 grant (currently held in earmarked reserves) and from amounts set aside in the 2021/22 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

£26.890bn at 31 March 2021 (£22.035bn at 31 March 2020), an increase of £4.855bn during the financial year, due primarily to an increase in the fair value of investments at 31 March 2021.

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 year four schools converted to academy status. On conversion, the Council derecognises the assets relating to these schools as they transfer to the Academy for nil consideration. Losses on the de-recognition of assets are set out in Note 2. Disposals and de-recognitions included in note 12 include the following Academy conversions which took place during 2020/21:

- Greenfield Primary £3.315m (Land & Buildings)
- Wild Bank Primary £1.253m (Land & Buildings)
- St James C of E Primary £0.116m (VA School - Land Only)
- St George's Cof E Primary Hyde £0 (VA School - Land Only)

Capital Expenditure

As set out in section 4 above, the Council has incurred Capital Expenditure in excess of £43m during 2020/21. Capital Expenditure on Council owned assets is reflected as additions in note 12 to the Balance Sheet. Additions in 2020/21 included:

- Hyde Leisure Centre £2.727m
- Hyde Technology College £1.575m
- Ashton Old Baths £2.929m
- Digital Infrastructure £1.806m
- Highways £6.541m
- Schools £2.451m

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 12 to the Balance Sheet. A significant proportion of the Council's property assets were revalued at 31 March 2021, 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 administered 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 2020/21 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 2021 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 2020/21, which have been reflected in the Statement of Accounts as agent or principal as indicated:

Covid Grants 2020/21	Total Grant allocation/ received £000	The Council acting as Principal £000	The Council acting as Agent £000	Expenditure as at 31 March 2021 £000	Grant Remaining as at 31 March 2021 £000
Council Tax Hardship Grant	(2,158)	(2,158)		2,133	(25)
Income Compensation Grant	(1,481)	(1,481)		1,481	0
Local Restrictions Support Grant	(2,027)	(2,027)		1,748	(278)
Local Authority Support Grant	(13,804)	(13,804)		9,729	(4,075)
Local Authority Discretionary Grant Fund	(2,469)	(2,469)		2,299	(170)
Business Support Grant	(45,095)		(45,095)	45,095	0
Local Restrictions Support Grant (closed) Addendum	(8,831)		(8,831)	7,327	(1,504)
Local Restrictions Support Grant (closed)	(1,251)		(1,251)	935	(316)
Christmas Support Payment	(211)		(211)	106	(105)
Closed Businesses Lockdown Payment	(16,144)		(16,144)	5,509	(10,635)
Additional Restrictions Grant	(6,803)	(6,803)		3,772	(3,032)
Test and Trace Support Payments Grant	(1,024)	(612)	(412)	585	(439)
Local Authority Compliance and Enforcement Grant	(146)	(146)		146	0
Emergency Assistance Grant for Food and Essential Supplies	(332)	(332)		183	(149)
Test and Trace Support Grant	(1,420)	(1,420)		133	(1,287)
Winter Grant Scheme	(1,125)	(1,125)		1,125	0
Contain Outbreak Management Fund	(6,415)	(6,415)		2,416	(4,000)
Asymptomatic Testing Sites	(211)	(211)		211	0
Community Champions LA Fund	(368)	(368)		1	(367)
Clinically Extremely Vulnerable Funding	(307)	(307)		24	(283)
Infection Control Fund Grant	(4,262)	(428)	(3,834)	4,130	(132)
Rapid Testing Fund	(526)	(105)	(421)	526	0
Workforce Capacity Fund	(577)	(577)		569	(8)
Catch Up Premium	(911)	(911)		870	(41)
	(117,898)	**(41,699)**	**(76,199)**	**91,052**	**(26,846)**

Reserves

As at 31 March 2021, the Council has earmarked reserves of £150.073m (£118.473m at 31 March 2020). Whilst this an increase in the level of reserves overall, the increase at 31 March 2021 is temporary and due to items in excess of £43m which are already committed in future years. This includes COVID-19 grant funding in excess of £14m, which will be fully utilised in 2021/22, section 31 grant of £29m for Business Rates Reliefs, which will be used to fund the deficit on the Collection Fund, and a number of other ring fenced grants carried forward due to projects being delayed. If the COVID related grants are excluded, then earmarked reserves have fallen to just over £107m.

Borrowing and Other Long Term Liabilities

At 31 March 2021 the Council held borrowing with the PWLB and market lenders with a carrying value of £151.008m (£153.817m at 31 March 2020). These balances relate to borrowing that was used to finance capital expenditure in previous years. The increase in the balance held since March 2020 primarily reflects an additional £10m of borrowing taken up in November 2020, net of 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 £16.009m in interest on its borrowings during 2020/21. Further information on borrowing can be found in notes 19 and 20.

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 28.

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 £30.2m at 31 March 2020 to £32.0m at 31 March 2021. 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 will be paid at a rate of 10% per annum, which will generate 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 July 2020, the In April 2020, Executive Cabinet approved a further investment of £9.7m in Manchester Airport in the form of an equity loan, which will be 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 expectation is that 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 for 2021/22 and future years.

Pensions Liability and Advance Payment of Contributions

The actuarial valuation of the Council's Local government Pension Scheme liabilities has increase from £278m at 31 March 2020 to £372m at 31 March 2021. 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 2021 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 Resources (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:

1 August 2023

Ashley Hughes
Director of Resources (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 Resources (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 2021.

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 Resources (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 Resources (Section 151 Officer) Responsibilities

The Director of Resources (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* as amended by the *Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update")*, published in November 2022.

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

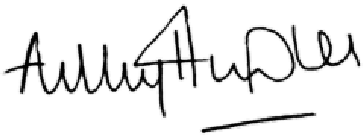
- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the International Financial Reporting Standards (IFRS).

The Director of Resources (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 Resources (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 2021 and its income and expenditure for the year ended 31 March 2021.

Signed:  Date: 1 August 2023

Ashley Hughes
Director of Resources (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 2021

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.

		2020/21			2019/20 Restated		
	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Children's Social Care		68,223	(10,826)	57,397	65,284	(4,485)	60,799
Education		154,549	(146,477)	8,072	174,897	(143,840)	31,057
Adults' Social Care		86,510	(45,265)	41,245	92,182	(47,113)	45,069
Population Health		16,631	(268)	16,363	19,369	(145)	19,224
Quality & Safeguarding		245	(128)	117	375	(199)	176
Operations & Neighbourhoods		32,348	(10,897)	21,451	52,261	(6,923)	45,338
Growth		14,756	(18,403)	(3,647)	29,754	(19,711)	10,043
Finance & IT		6,416	(613)	5,803	9,999	(506)	9,493
Governance		72,261	(61,877)	10,384	77,777	(66,679)	11,098
Corporate Costs*		33,628	(37,277)	(3,649)	6,179	(14,676)	(8,497)
Cost Of Services	1	**485,567**	**(332,031)**	**153,536**	**528,076**	**(304,277)**	**223,799**
Other Operating Income and Expenditure	2	37,757	(55)	37,702	38,257	(9,792)	28,465
Financing and Investment Income and Expenditure	3	35,420	(9,742)	25,678	32,322	(23,141)	9,181
Taxation and Non-Specific Grant Income	4	0	(218,914)	(218,914)	0	(201,435)	(201,435)
(Surplus) or Deficit on Provision of Services		**558,744**	**(560,742)**	**(1,998)**	**598,655**	**(538,645)**	**60,010**
Other Comprehensive Income and Expenditure							
Revaluation Gains	10			(55,791)			(12,117)
Remeasurement of Net Defined Benefit Liability	10			116,549			(112,644)
(Surplus)/Deficit on Financial Assets Measured at Fair Value Through Other Comprehensive Income	10			4,627			23,302
Total Other Comprehensive Income and Expenditure				65,385			(101,459)
Total Comprehensive Income and Expenditure				**63,387**			**(41,449)**

Detail on 2019/20 restatements is included in Note 49 – Prior Period Restatements.

Movement in Reserves Statement as at 31 March 2021

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	9a	9a	11	8	9b	9c	9a	10	
Balance at 31 March 2019 *	**(17,295)**	**(7,389)**	**(127,268)**	**(151,952)**	**(537)**	**(17,350)**	**(169,837)**	**74,133**	**(95,705)**
(Surplus) or Deficit on the Provision of Services **	60,010	0	0	**60,010**	0	0	**60,010**	0	60,010
Other Comprehensive Income and Expenditure **	0	0	0	0	0	0	0	(101,459)	(101,459)
Total Comprehensive Income and Expenditure	**60,010**	**0**	**0**	**60,010**	**0**	**0**	**60,010**	**(101,459)**	**(41,449)**
Adjustments between accounting basis & funding basis under regulations ***	(61,791)	0	0	(61,791)	534	(3,073)	(64,330)	64,330	0
Net (increase)/decrease before transfers to Earmarked Reserves	**(1,781)**	**0**	**0**	**(1,781)**	**534**	**(3,073)**	**(4,320)**	**(37,129)**	**(41,449)**
Transfers to/(from) Earmarked Reserves and Schools Balances ****	(9,126)	332	8,794	0	0	0	0	0	0
(Increase)/decrease in year	**(10,907)**	**332**	**8,794**	**(1,781)**	**534**	**(3,073)**	**(4,320)**	**(37,129)**	**(41,449)**
Balance at 31 March 2020 *	**(28,203)**	**(7,057)**	**(118,474)**	**(153,733)**	**(3)**	**(20,423)**	**(174,157)**	**37,004**	**(137,154)**
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)**	**37,560**	**(137,154)**
(Surplus) or Deficit on the Provision of Services **	(1,998)	0	0	(1,998)	0	0	(1,998)	0	(1,998)
Other Comprehensive Income and Expenditure **	0	0	0	0	0	0	0	65,385	65,385
Total Comprehensive Income and Expenditure	**(1,998)**	**0**	**0**	**(1,998)**	**0**	**0**	**(1,998)**	**65,385**	**63,387**
Adjustments between accounting basis & funding basis under regulations ***	(30,384)	0	0	(30,384)	0	476	(29,908)	29,908	0
Net (increase)/decrease before transfers to Earmarked Reserves	**(32,382)**	**0**	**0**	**(32,382)**	**0**	**476**	**(31,906)**	**95,293**	**63,387**
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)**	**95,293**	**63,387**
Balance at 31 March 2021 *	**(27,244)**	**(9,354)**	**(150,073)**	**(186,671)**	**(3)**	**(19,947)**	**(206,619)**	**132,853**	**(73,767)**

* 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 8 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 11.

Balance Sheet as at 31 March 2021

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 2021 £000	31 March 2020 Restated £000
Property, Plant and Equipment	12	506,223	427,555
Heritage Assets	13	17,020	17,020
Investment Properties	14	32,006	38,133
Intangible Assets	15	1,077	64
Long Term Debtors	18	36,881	29,028
Long Term Investments	19	35,470	61,621
Non-current Assets		**628,677**	**573,421**
Cash and Cash Equivalents	23	50,341	52,432
Short Term Investments	19	58,756	65,065
Inventories	21	1,482	1,344
Short Term Debtors	22	57,896	57,999
Assets Held for Sale (<1yr)	12d	0	538
Current Assets		**168,475**	**177,378**
Short Term Borrowing	19	(19,690)	(13,558)
Short Term Creditors	24	(70,942)	(58,357)
Other Short Term Liabilities	25	(3,968)	(2,696)
Current Liabilities		**(94,600)**	**(74,611)**
Long Term Borrowing	19	(141,340)	(141,735)
Long Term Provisions	26	(18,126)	(16,571)
Pensions Liability	25	(372,635)	(278,987)
PFI	25	(94,058)	(96,873)
Other Long Term Liabilities	25	(2,627)	(4,868)
Non-current Liabilities		**(628,786)**	**(539,034)**
Net Assets / (Liabilities)		**73,766**	**137,154**
Usable Reserves	9	(206,619)	(174,159)
Unusable Reserves	10	132,853	37,005
Total Reserves		**(73,766)**	**(137,154)**

The notes to the financial statements on pages 49 - 147 form part of this account. The financial statements on pages 44-48 were authorised for issue by the Director of Resources (Section 151 Officer) on 28 July 2021.

Ashley Hughes
1 August 2023
Director of Resources (Section 151 Officer)

Cash Flow Statement for the year ended 31 March 2021

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	2020/21 £000	2019/20 £000
(Surplus) or Deficit on the Provision of Services		(1,998)	60,010
Adjustment to Surplus or Deficit on the Provision of Services for Non-cash Movements	31a	(64,740)	(103,747)
Adjust for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	31b	15,475	25,662
Net Cash Flows from Operating Activities		**(51,264)**	**(18,076)**
Net Cash Flows from Investing Activities	32	52,538	23,765
Net Cash Flows from Financing Activities	33	816	(21,645)
Net (Increase) or Decrease in Cash and Cash Equivalents		**2,090**	**(15,956)**
Cash and Cash Equivalents at the Beginning of the Reporting Period	23	52,432	36,476
Cash and Cash Equivalents at the End of the Reporting Period	23	**50,342**	**52,432**

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.

CONTENTS

Comprehensive Income and Expenditure Statement (CIES) Notes

Movement in Reserves Statement (MiRS) Notes

Balance Sheet Notes

Cash Flow Statement Notes

Other Notes

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.

2020/21	As reported for financial mangement £000	Adjustment to arrive at the net amount chargeable to the General Fund (Note 1a) £000	Net Expenditure chageable to the General Fund £000	Adjustments between Funding and Accounting Basis (Note 1a) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Children's Social Care	56,964	(512)	**56,452**	944	57,396
Education	6,585	(831)	**5,754**	2,318	8,072
Adults' Social Care	38,509	1,685	**40,194**	1,053	41,247
Population Health	14,453	106	**14,559**	1,803	16,362
Quality & Safeguarding	103	0	**103**	13	116
Operations & Neighbourhoods	53,584	(32,819)	**20,765**	686	21,451
Growth	8,571	(12,067)	**(3,496)**	(152)	(3,647)
Finance & IT	7,100	(1,435)	**5,665**	138	5,803
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**	**7,913**	**153,536**
Other income and expenditure	(205,279)	59,554	**(145,725)**	(9,808)	(155,533)
(Surplus) or deficit	**(103)**	**0**	**(103)**	**(1,896)**	**(1,998)**

Opening General Fund	(28,203)
Add deficit on General Fund Balance in Year	(103)
Less Transfer to Earmarked Reserves	1,062
Closing General Fund Balance at 31 March 2021	**(27,244)**

2019/20	As reported for financial mangement £000	Adjustment to arrive at the net amount chargeable to the General Fund (Note 1a) £000	Net Expenditure chageable to the General Fund	Adjustments between Funding and Accounting Basis (Note 1a) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Children's Social Care	56,836	270	**57,106**	3,694	60,800
Education	6,051	4,425	**10,476**	20,580	31,056
Adults' Social Care	39,321	1,472	**40,793**	4,277	45,070
Population Health	16,259	159	**16,418**	2,807	19,225
Quality & Safeguarding	135	(14)	**121**	55	176
Operations & Neighbourhoods	51,170	(27,503)	**23,667**	21,670	45,337
Growth	6,916	(10,918)	**(4,002)**	14,045	10,045
Finance & IT	5,152	2,878	**8,030**	1,462	9,492
Governance	8,836	0	**8,836**	2,263	11,099
Corporate Costs	6,140	(15,317)	**(9,177)**	679	(8,498)
Net costs of services	**196,816**	**(44,548)**	**152,268**	**71,530**	**223,801**
Other income and expenditure	(196,803)	44,548	**(152,255)**	(11,534)	(163,790)
(Surplus) or deficit	**13**	**0**	**13**	**59,996**	**60,010**

Opening General Fund	(17,295)
Add Surplus on General Fund Balance in Year	13
Add Contribution from Earmarked Reserves	(10,921)
Closing General Fund Balance at 31 March 2020	**(28,203)**

1a. Note to the Expenditure and Funding Analysis

2020/21	Transfers to/from reserves at Directorate level £000	Capital expenditure charged against the General Fund balances £000	Adjustments for Other Operating Income and Expenditure £000	Adjustments for Financing and Investment Income and Expenditure £000	Adjustments for Taxation and Non-Specific Grant Income £000	Total to arrive at amount charge to general fund £000	Adjustment for Capital Purposes £000	Net change for the Pensions Adjustment £000	Other Differences £000	Total Adjustment Between funding and Accounting Basis £000
Children's Social Care	(512)	0	0	0	0	**(512)**	0	924	20	**944**
Education	(405)	(426)	0	0	0	**(831)**	204	1,736	378	**2,318**
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**	1,771	32	1	**1,803**
Quality & Safeguarding	0	0	0	0	0	**0**	0	13	0	**13**
Operations & Neighbourhoods	(3,718)	(945)	(28,156)	0	0	**(32,819)**	(338)	1,003	22	**686**
Growth	(3,024)	(60)	312	(9,295)	0	**(12,067)**	(333)	177	4	**(152)**
Finance & IT	(1,435)	0	0	0	0	**(1,435)**	(76)	209	4	**138**
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)**	**1,228**	**5,717**	**967**	**7,913**
Other income and expenditure	36,250	8,457	27,954	25,301	(38,408)	**59,554**	(1,228)	(5,717)	(2,863)	**(9,808)**
Total	0	0	0	0	0	**0**	0	0	(1,896)	**(1,896)**

2019/20	Transfers to/(from) reserves at Directorate level £000	Capital expenditure charged against the General Fund balances £000	Adjustments for Other Operating Income and Expenditure £000	Adjustments for Financing and Investment Income and Expenditure £000	Adjustments for Taxation and Non-Specific Grant Income £000	Total to arrive at amount charge to general fund £000	Adjustment for Capital Purposes £000	Net change for the Pensions Adjustment £000	Other Differences £000	Total Adjustment Between funding and Accounting Basis £000
Children's Social Care	270	0	0	0	0	**270**	0	3,671	22	**3,694**
Education	4,713	(288)	0	0	0	**4,425**	13,148	7,500	(67)	**20,580**
Adults' Social Care	1,481	(8)	0	(1)	0	**1,472**	0	4,251	26	**4,277**
Population Health	164	(5)	0	0	0	**159**	2,665	140	1	**2,807**
Quality & Safeguarding	(14)	0	0	0	0	**(14)**	0	54	0	**55**
Operations & Neighbourhoods	(297)	(1,534)	(25,672)	0	0	**(27,503)**	17,513	4,132	25	**21,670**
Growth	508	205	(1,907)	(9,724)	0	**(10,918)**	13,362	678	4	**14,045**
Finance & IT	2,878	0	0	0	0	**2,878**	637	821	5	**1,462**
Governance	0	0	0	0	0	**0**	0	2,249	14	**2,263**
Corporate Costs	(21,424)	(458)	(31)	(2,172)	8,768	**(15,317)**	0	51	628	**679**
Net costs of services	**(11,721)**	**(2,088)**	**(27,610)**	**(11,897)**	**8,768**	**(44,548)**	**47,325**	**23,547**	**658**	**71,530**
Other income and expenditure	11,721	2,088	27,610	11,897	(8,768)	**44,548**	(47,325)	(23,547)	59,338	**(11,534)**
Total	0	0	0	0	0	**0**	0	0	59,996	**59,996**

1b. Expenditure and Income Analysed by Nature

Expenditure	2020/21 £000	2019/20 £000
Employee benefits expenses	204,042	215,546
Other service expenses	303,835	283,614
Depreciation, amortisation and impairment	13,003	12,396
Net revaluation (gain)/loss	(15,845)	35,000
Loss on disposal of non-current assets	8,684	0
Interest payments	16,009	24,001
Precepts and levies	29,018	28,097
	558,745	**598,654**
Income		
Customer and Client Receipts	(43,254)	(45,219)
Income from Council tax and Business Rates	(148,784)	(174,976)
Government Grant Income	(329,309)	(265,360)
Other Grants Reimbursements and Contributions	(15,151)	(17,532)
Interest Income	(4,631)	(10,568)
Other Income	(19,612)	(24,989)
	(560,741)	**(538,644)**
Surplus/Deficit on provision of services	**(1,996)**	**60,010**

2. Other Operating Income and Expenditure

	31 March 2021			31 March 2020		
	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	31	0	31
Levies	28,986	0	28,986	28,066	0	28,066
(Gains)/losses on derecognition/ disposal of non-current assets	8,739	(55)	8,684	10,160	(9,792)	368
	37,757	**(55)**	**37,701**	**38,257**	**(9,792)**	**28,465**

3. Financing and Investment Income and Expenditure

	31 March 2021			31 March 2020		
	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	16,009	0	16,009	16,190	0	16,190
Net Interest on the Net Defined Benefit Liability (Asset)	6,523	0	6,523	8,694	0	8,694
Interest receiveable and similar income	0	(850)	(850)	0	(757)	(757)
Other investment income	0	(3,782)	(3,782)	0	(11,337)	(11,337)
Trading Services	0	0	0	2,777	(3,484)	(707)
Income and expenditure in relation to Investment Properties and changes in their fair value	7,029	(5,110)	1,919	4,661	(7,563)	(2,903)
Charge for expected credit loss	5,859	0	5,859	0	0	0
	35,420	**(9,742)**	**25,678**	**32,322**	**(23,141)**	**9,181**

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:

	2020/21 £000	**2019/20 £000**
Council Tax Income	(96,477)	(85,186)
Retained Business Rates	(20,197)	(50,838)
Business Rates Top Up	(31,371)	(30,124)
New Homes Bonus Grant	(1,384)	(1,541)
Section 31 - Business Rates Grants	(40,905)	(9,108)
Other Non Ringfenced Government Grants	0	(1,093)
Covid-19 LA Support Grant	(13,804)	(7,675)
Capital Grants and Contributions		
Schools Basic Need	0	(4,842)
Local Full Fibre Network Funding	(1,787)	(800)
Highways Maintenance Grant	(3,369)	(1,444)
Schools Capital Maintenance	(2,238)	(1,153)
Disabled Facilities Grant	(3,456)	(1,923)
Brownfield Homes Grant	(1,379)	0
Other Capital Grants and Contributions	(2,546)	(5,707)
	(218,914)	**(201,435)**

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:

	2020/21 £000	2019/20 £000
Dedicated Schools Grant	(126,673)	(123,057)
Housing Benefit Subsidy Grant	(56,903)	(61,356)
Housing and Council Tax Benefit Administration Grant	(880)	(805)
Housing Benefit Discretionary Housing Payments Grant	(689)	(491)
Private Finance Initiative (PFI) Grant	(14,196)	(14,196)
Improved Better Care Fund	(11,061)	(11,061)
Better Care Fund	(11,775)	(11,253)
Social Care Grant	(7,197)	(1,971)
Winter Pressures Grant	(1,154)	(1,154)
Independent Living Fund	(726)	(726)
Pupil Premium Grant	(7,205)	(7,629)
Physical Education & Sport Grant	(821)	(983)
Universal Infant Free School Meals	(1,592)	(1,670)
Teachers Pay Grant	(1,114)	(975)
Teachers Pension Employer Contribution Grant	(3,374)	(1,931)
Adult Education Funding	(782)	(823)
Troubled Families Grant	(792)	(516)
Potholes & Reactive Maintenance grant	(1,500)	(135)
Rough Sleepers Initiative Grant	(634)	(442)
Asylum Seeker Children grant	(640)	(291)
Covid Grants	(18,714)	0
Other Grants	(5,906)	(6,124)
	(274,329)	**(247,591)**

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 2020/21 are as follows:

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2020/21 before Academy recoupment	0	0	212,557
Academy figure recouped for 2020/21	0	0	(85,573)
Total DSG after Academy recoupment			**126,984**
Brought forward from 2019/20	0	0	(557)
Less: Carry forward to 2021/22 agreed in advance	0	0	(2,518)
Agreed budget distribution for 2020/21	**32,161**	**96,784**	**128,945**
In year adjustments	(311)	0	(311)
Final budget distribution for 2020/21	**31,850**	**96,784**	**128,634**
Actual central expenditure	30,643	0	30,643
Actual ISB deployed to schools	**0**	97,159	97,159
Carry forward to 2021/22	**1,207**	**(375)**	**(1,686)**

7. Trading Services

The Council has established a number of trading services that operate in a commercial environment and balance their budget by generating income from other parts of the Council, other organisations or the public. Details of those trading services are listed below:

	2020/21			2019/20		
	Expen-diture £000	Turnover £000	(Surplus)/ Deficit £000	Expen-diture £000	Turnover £000	(Surplus)/ Deficit £000
Cemeteries and Crematorium	1,560	(2,885)	(1,325)	1,375	(2,271)	(897)
Commercial Refuse Collection	164	(876)	(712)	80	(966)	(886)
Vehicle Maintenance	133	0	133	0	0	0
Civil Engineering	66	0	66	0	0	0
Community Buildings	684	(78)	606	1,187	(148)	1,039
Building Control	241	(128)	113	136	(99)	37
Total	**2,848**	**(3,967)**	**(1,119)**	**2,778**	**(3,484)**	**(707)**

MOVEMENT IN RESERVES STATEMENT (MiRS) NOTES

8. 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 the loan will not be repaid.

2020/21	Usable Reserves General Fund Balances £000	Capital Receipts Reserve £000	Capital Grants and Other Contributions Unapplied Reserve £000	Movement in Unusable Reserves £000
Adjustments to Capital Adjustment Account:				
Reversal of items debited or credited to the CIES:				
Charges for depreciation of non-current assets	(12,989)	0	0	12,989
Revaluation losses on Property Plant and Equipment (PPE)	(13,770)	0	0	13,770
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
Insertion of items not debited or credited to the CIES:				
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:	0	0	0	0
Transfer of Dedicated Schools Grant (DSG) deficit to the DSG Adjustment Account	(1,128)	0	0	1,128
Total Adjustments	**(30,384)**	**0**	**476**	**29,908**

2019/20	Usable Reserves			
	General Fund Balances £000	Capital Receipts Reserve £000	Capital Grants and Other Contributions Unapplied Reserve £000	Movement in Unusable Reserves £000
Adjustments to Capital Adjustment Account:				
Reversal of items debited or credited to the CIES:				
Charges for depreciation of non-current assets	(12,388)	0	0	12,388
Revaluation losses on Property Plant and Equipment (PPE)	(53,460)	0	0	53,460
Revaluation gains on PPE (used to reverse previous revaluation losses)	18,460	0	0	(18,460)
Movements in the market value of Investment Properties	3,123	0	0	(3,123)
Amortisation of Intangible Assets	(8)	0	0	8
Capital grant and contributions received in year	15,870	0	(8,963)	(6,907)
Revenue expenditure funded from Capital under Statute	(3,547)	0	0	3,547
Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the CIES	(10,160)	0	0	10,160
Insertion of items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment:	0	0	0	0
- Minimum Revenue Provision (MRP) for capital financing	6,753	0	0	(6,753)
- GM and Lancashire debt repayment	1,032	0	0	(1,032)
Capital expenditure charged against General Fund Balances	2,352	0	0	(2,352)
Capital grant and contributions received in previous years - applied	0	0	5,890	(5,890)
Use of the Capital Receipts Unapplied Account to finance capital expenditure	0	10,061	0	(10,061)
Adjustment to Asset Register Opening Balances	3,618	0	0	(3,618)
Adjustments to Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	9,792	(9,792)	0	0
Disposal cost allowance	(265)	265	0	0
Contribution from the Capital Receipts Reserve to finance the	0	0	0	0
Adjustments to Deferred Capital Receipts Reserve:				
Transfer to Capital Receipts Unapplied Account upon receipt of	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	16	0	0	(16)
Adjustments to Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(52,375)	0	0	52,375
Employer's pensions contributions and direct payments to pensioners payable in the year	20,134	0	0	(20,134)
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	(10,706)	0	0	10,706
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	(32)	0	0	32
Total Adjustments	**(61,791)**	**534**	**(3,073)**	**64,330**

9a 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.

	2020/21 £000	2019/20 £000
General Fund Balances	(27,244)	(28,203)
Schools Balances	(9,354)	(7,057)
Earmarked Reserves (Note 11)	(150,072)	(118,473)
Capital Receipts Unapplied Account (Note 9b)	(3)	(3)
Capital Grants and Other Contributions Unapplied Reserve (Note 9c)	(19,947)	(20,423)
Total	**(206,619)**	**(174,159)**

9b 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.

	2020/21 £000	2019/20 £000
Balance at 1 April	**(4)**	**(537)**
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(55)	(9,792)
Use of the Capital Receipts Unapplied Account to finance new capital	55	10,059
Transfer from the Deferred Capital Receipts Reserve upon receipt of cash	0	0
Disposal cost allowance	0	265
Balance at 31 March	**(4)**	**(4)**

9c Capital Grants and Other Contributions Unapplied Reserve

	2020/21 £000	2019/20 £000
Balance at 1 April	**(20,423)**	**(17,350)**
Grants and contributions received in previous years - applied	6,093	5,890
Grants and contributions received in year - not applied	(5,616)	(8,963)
Balance at 31 March	**(19,947)**	**(20,423)**

10. 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 19 and 20, and in the accounting policies in note 41.

	2020/21 £000	2019/20 £000
Revaluation Reserve	(109,459)	(60,515)
Financial Instruments Revaluation Reserve	(14,224)	(18,851)
Capital Adjustment Account	(189,188)	(163,479)
Pensions Reserve	407,782	278,993
Available For Sale Financial Instruments Reserve	0	0
Collection Fund Adjustment Account	31,849	(3,105)
Short Term Accumulating Compensated Absences Account	3,715	3,251
Financial Instruments Adjustment Account	700	717
Deferred Capital Receipts	(7)	(7)
Dedicated Schools Grant Adjustment Account	1,686	0
Total	**132,853**	**37,004**

10a 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.*

	2020/21 £000	2019/20 £000
Balance at 1 April	**(60,515)**	**(50,687)**
Upward revaluation of assets	(66,591)	(19,616)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	10,800	7,498
Surplus or deficit on revaluation of non-current assets posted to the Surplus/Deficit on the Provision of Services	**(55,791)**	**(12,117)**
Difference between fair value and historical cost depreciation	1,211	732
Accumulated gains on assets sold or scrapped	5,636	1,558
Amount written off to the Capital Adjustment Account	**6,847**	**2,290**
Balance at 31 March	**(109,459)**	**(60,515)**

10b 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.*

	2020/21 £000	2019/20 Restated £000
Balance at 1 April	**(18,851)**	**(42,153)**
Transfer from Available For Sale Financial Instruments Reserve	0	0
Revaluation of investment in Manchester Airport Group (MAG)	3,510	31,400
Revaluation of investment in Inspiredspaces Tameside (Holdings 1& 2) Ltd	1,117	(8,098)
Surplus on revaluation of Financial Instrument Revaluation Reserve	**4,627**	**23,302**
Balance at 31 March	**(14,224)**	**(18,851)**

10c 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.

	2020/21 £000	2019/20 £000 *Restated
Balance at 1 April	**(163,479)**	**(182,560)**
Adjustment to Asset Register Opening Balances	0	(3,618)
Reversal of items debited or credited to the CIES:		
Charges for depreciation of non-current assets	12,989	12,388
Revaluation losses on Property, Plant and Equipment	13,770	53,460
Revaluation gains on Property, Plant and Equipment (used to reverse previous revaluation losses)	(29,615)	(18,460)
Amortisation of Intangible Assets	14	8
Revenue expenditure funded from capital under statute	4,070	3,547
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	8,739	10,160
	9,968	**57,486**
Adjusting amounts written out of the Revaluation Reserve	(6,847)	(2,290)
Net written out amount of the cost of non-current assets consumed in the year	**3,121**	**55,196**
Capital financing applied in the year:		
Use of the Capital Receipts Unapplied Account to finance new capital expenditure	(55)	(10,059)
Capital grants and contributions credited to the CIES that have been applied to capital financing	(9,161)	(6,907)
Application of grants to capital financing from the Capital Grants and Other Contributions Unapplied Account	(6,093)	(5,890)
Statutory provision for the financing of capital investment charged against the General Fund	(8,048)	(7,785)
Capital expenditure charged against the General Fund and Reserves	(8,457)	(2,352)
	(31,814)	**(32,992)**
Movements in the market value of Investment Properties debited or credited to the CIES	2,983	(3,123)
Balance at 31 March	**(189,188)**	**(163,479)**

*The 2019/20 Capital Adjustment Account has been restated to include our Holdings in the Manchester Airport group of £5.702m that was previously reported as a separate unusable reserve.

10d 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.

	2020/21 £000	2019/20 £000
Balance at 1 April	**278,993**	**359,396**
Remeasurement of net defined benefit liability	116,549	(112,644)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	33,544	52,375
Employer's pensions contributions and direct payments to pensioners payable in the year	(21,304)	(20,134)
Balance at 31 March	**407,782**	**278,993**

10e 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.

	2020/21 £000	2019/20 £000
Balance at 1 April	**(3,105)**	**(13,811)**
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	34,954	10,706
Balance at 31 March	**31,849**	**(3,105)**

10f 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.

	2020/21 £000	2019/20 £000
Balance at 1 April	**3,251**	**3,220**
Settlement or cancellation of accrual made at the end of the preceding year	(3,251)	(3,220)
Amounts accrued at the end of the current year	3,715	3,251
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**	**31**
Balance at 31 March	**3,715**	**3,251**

10g 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.

	2020/21 £000	2019/20 £000
Balance at 1 April	**718**	**734**
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(17)	(16)
Balance at 31 March	**701**	**718**

10h 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.

	2020/21 £000	2019/20 £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)**

10i 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.

	2020/21 £000	2019/20 £000
Balance at 1 April	**0**	**0**
Transfer of prior year's Dedicated Schools Grant deficit to new Adjustment Account	557	**0**
Dedicated Schools Grant deficit	1,129	0
Balance at 31 March	**1,686**	**0**

11. 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 2020 £000	Net Movement 2020/21 £000	Balance at 31 March 2021 £000	Balance at 1 April 2019 £000	Net Movement 2019/20 £000	Balance at 31 March 2020 £000	Purpose of the Earmarked Reserve
Building Schools for the Future (BSF) Affordability Reserve	(9,026)	(667)	(9,694)	(7,815)	(1,211)	(9,026)	For further information please see Note 28.
Capital Investment Reserve	(14,593)	5,686	(8,908)	(16,287)	1,694	(14,593)	To be used to finance the Council's Capital Investment Programme.
Corporate Initiatives Reserve	0	0	0	(871)	871	0	To fund the implementation of projects that support the Council's cross-cutting corporate initiatives.
Early Exit Costs Reserve	0	0	0	(5,069)	5,069	0	To assist in meeting future years additional pension costs.
Earmarked Reserves with a balance at 31 March 2021 under £0.500m	(3,515)	243	(3,273)	(4,528)	1,012	(3,515)	Various
Hard Facilities Management Service Contract Reserve	(632)	40	(593)	(668)	36	(632)	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	(1,960)	289	(1,671)	(2,605)	646	(1,960)	Ringfenced Public Health reserve per section 10 of the Department of Health Grant determination.
Health Integration Reserve	(2,864)	1,960	(905)	(3,980)	1,116	(2,864)	To support the development and implementation of the Care Together Programme.
Insurance Reserves	(7,479)	468	(7,011)	(10,231)	2,752	(7,479)	An estimate of claims incurred but not reported. Includes element to cover any expenditure for insurance claims.
Medium Term Financial Strategy Reserve	(14,628)	2,388	(12,240)	(22,370)	7,741	(14,628)	To support the delivery of the Medium Term Financial Strategy.
PFI Reserve	(3,332)	(53)	(3,385)	(3,255)	(77)	(3,332)	For further information please see Note 28.
School Funding Reserve	457	1,096	1,553	(3,295)	3,752	457	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	(1,685)	(1,686)	0	0	0	Adjustment to transfer DSG deficit from earmarked reserves to unusable reserves
Transport Replacement Fleet Reserve	(2,488)	(255)	(2,743)	(2,648)	160	(2,488)	To fund future maintenance of vehicles procured via Prudential Borrowing.
Unspent Revenue Grant and Contribution Reserve	(12,242)	(5,147)	(17,389)	(8,146)	(4,096)	(12,242)	Unspent revenue grant, with no conditions attached. IFRS require these grants to be classed as reserves.
Waste PFI Reserve	(1,515)	0	(1,515)	(6,515)	5,000	(1,515)	To smooth the impact of future years levy increases and associated managed collection costs.
IT Investment Fund	(780)	(268)	(1,048)	0	(780)	(780)	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 (i)	(21,563)	(30,702)	(52,265)	(10,871)	(10,692)	(21,563)	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)	(10,800)	(4,200)	(15,000)	To assist any funding risks of the implementation of the Care Together Programme
Service Improvement	(5,500)	(2,712)	(8,212)	(5,500)	0	(5,500)	To support one off service improvements in future to allow services to balance budgets.
Greater Manchester Bus Reform Reserve	0	(1,450)	(1,450)	0	0	0	To fund Tameside's contribution towards the Greater Manchester Bus Reform
COVID 19 Grants Reserve	0	(829)	(829)	0	0	0	Specific COVID 19 grants held in reserve to be utilised in 2021/22
Total	**(118,473)**	**(31,599)**	**(150,073)**	**(127,267)**	**8,794**	**(118,473)**	

(i) *The collection fund reserve includes £31m of Section 31 business rates grant received to compensate the Council for lost business rates income over the period where businesses were closed due to COVID. This includes a separate allocation of £2.551m for income compensation for losses on business rates.*

BALANCE SHEET NOTES

NON-CURRENT ASSETS (INCLUDING FINANCIAL INSTRUMENTS)

During 2019/20 the Council implemented a new asset register. As part of the implementation, a full review of the existing asset information was undertaken and a small number of adjustments were identified where the opening balances required correction. None of these adjustments were material. The adjustments in 2019/20 are clearly identified in notes 12, 14 and 15.

12. 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 fair value 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) – fair 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.
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 fair 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.

Infrastructure Assets

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (eg bridges), street lighting, street furniture (eg illuminated traffic signals, bollards) and land which together form a single integrated network.

Non-highways assets include digital infrastructure such as high-speed fibre networks.

Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

Measurement

Infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost.

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis.

Non-highways infrastructure assets are depreciated over periods of up to 40 years.

Annual depreciation is the depreciation amount allocated each year.

Useful lives of the various parts of the highways network are assessed by the Head of Engineering Services using industry standards where applicable as follows:

Part of the Highways Network	Useful life
Carriageways (inc. gullies & highways drainage)	*25 years*
Carriageways – New	*35 years*
Footways and cycle tracks	*25 years*
Structures (bridges, tunnels, underpasses & large culverts)	*110 years*
Small culverts - diameter less than 1.2m	*40 years*
Street lighting	*25 years*
Street furniture	*40 years*
Non-Highways Assets	**Useful life**
High Speed Fibre Network	*40 years*

Disposals and derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure

Statement, also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

12a. Details of movements in Property, Plant and Equipment in 2020/21:

	Land and Buildings £000	Vehicles, Plant and Equipment £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**	**18,414**	**3,346**	**6,942**	**320,137**	**94,358**
Additions	11,627	3,538	220	423	904	16,711	1,935
Revaluation increases/(decreases) recognised in the Revaluation Reserve	45,496	0	0	10,296	0	55,791	2,261
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	16,368	0	0	(522)	0	15,845	5,167
Accumulated Depreciation Written Out	(13,730)	0	0	(414)	0	(14,144)	(2,588)
Derecognition/disposal of non-current assets	(8,476)	(323)	0	(140)	(469)	(9,408)	0
Assets reclassified in year	3,075	0	0	1,629	(5,871)	(1,167)	0
At 31 March 2021	**322,745**	**26,263**	**18,633**	**14,617**	**1,507**	**383,765**	**101,134**
Accumulated Depreciation and Impairment							
Balance at 1 April 2020	**(6,845)**	**(8,346)**	**(3,590)**	**(128)**	**0**	**(18,909)**	**(192)**
Depreciation charge	(8,198)	(1,627)	0	0	0	(9,825)	(2,396)
Accumulated Depreciation Written Out	13,730	0	0	414	0	14,144	2,588
Assets reclassified in year	407	0	0	(414)	0	(7)	0
Derecognition/disposal of non-current assets	487	282	0	0	0	769	0
At 31 March 2021	**(418)**	**(9,692)**	**(3,590)**	**(128)**	**0**	**(13,828)**	**0**
Net Book Value							
At 31 March 2021	**322,327**	**16,572**	**15,043**	**14,489**	**1,507**	**369,937**	**101,135**
At 31 March 2020	**261,542**	**14,702**	**14,824**	**3,218**	**6,942**	**301,228**	**94,166**
Nature of asset owned at 31 March 2021							
Owned	221,191	16,572	15,043	14,489	1,507	369,937	0
Finance Lease	0	0	0	0	0	0	0
PFI	101,134	0	0	0	0	0	101,134
	322,325	**16,572**	**15,043**	**14,489**	**1,507**	**369,937**	**101,134**

12b. Details of the prior year movements in Property, Plant and Equipment:

	Land and Buildings £000	Vehicles, Plant and Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment £000
Cost or Valuation							
At 1 April 2019	295,334	38,827	18,361	4,973	10,546	368,041	88,700
Adjustments to prior years	326	547	0	38	0	0	(2,569)
Revised Balance at 1 April 2019	295,660	39,374	18,361	5,011	10,546	368,952	86,131
Additions	7,099	1,337	53	3	12,518	21,009	2,401
Revaluation increases/(decreases) recognised in the Revaluation Reserve	11,011	0	0	1,106	0	12,117	5,021
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(31,676)	0	0	(53)	(3,272)	(35,000)	4,548
Accumulated Depreciation Written Out	(13,056)	0	0	0	0	(13,056)	(3,742)
Derecognition/disposal of non-current assets	(5,286)	(17,663)	0	(3,044)	0	(25,993)	0
Assets reclassified in year	4,635	0	0	323	(12,850)	(7,892)	0
At 31 March 2020	**268,387**	**23,048**	**18,414**	**3,346**	**6,942**	**320,137**	**94,358**
Accumulated Depreciation and Impairment							
At 1 April 2019	(16,020)	(23,829)	(3,590)	(128)	0	(43,567)	(2,564)
Adjustments to prior year	3,595	(535)	0	0	0	3,060	0
Revised Balance at 1 April 2019	(12,425)	(24,364)	(3,590)	(128)	0	(40,507)	(2,564)
Depreciation charge	(7,942)	(1,481)	0	0	0	(9,423)	(1,370)
Accumulated Depreciation Written Out	13,056	0	0	0	0	13,056	3,742
Assets reclassified (to)/from Investment Property	44	0	0	0	0	44	0
Derecognition/disposal of non-current assets	423	17,499	0	0	0	17,921	0
At 31 March 2020	**(6,845)**	**(8,346)**	**(3,590)**	**(128)**	**0**	**(18,909)**	**(192)**
Net Book Value							
At 31 March 2020	261,542	14,702	14,824	3,218	6,942	301,228	94,166
At 31 March 2019	279,314	14,998	14,771	4,845	10,546	324,474	86,136
Nature of asset owned at 31 March 2020							
Owned	166,992	14,702	14,824	3,218	6,942	206,678	94,166
Finance Lease	0	0	0	0	0	0	0
PFI	94,550	0	0	0	0	94,550	0
	261,542	**14,702**	**14,824**	**3,218**	**6,942**	**301,228**	**94,166**

12c. The effective date of revaluation for non-current assets until 2018/19 was 1 April of each financial year. In 2019/20 the date of revaluation was been revised to 31 March. This change in the valuation date had the impact of reducing the in year depreciation charge to the CIES by an estimated £718k in 2019/20 and the impact on future periods is not material. Valuations as at 31 March 2021 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 £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Historical Cost						
Current Value at year end:						
Valued at Historic Cost	270	26,263	18,633	0	1,507	46,673
31 March 2017	2	0	0	0	0	2
31 March 2018	0	0	0	0	0	0
31 March 2019	0	0	0	686	0	686
31 March 2020	0	0	0	2	0	2
31 March 2021	322,472	0	0	13,929	0	336,401
Total Cost or Valuation	**322,744**	**26,263**	**18,633**	**14,617**	**1,507**	**383,764**

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.

12d. Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

	2020/21 £000	2019/20 £000
Net book value at start of year	126,327	118,606
Additions	8,347	10,686
Derecognition	0	0
Depreciation	(3,164)	(2,965)
Assets Reclassified in year	4,778	0
Balance at end of year	**136,288**	**126,327**

Reconciliation to the Balance Sheet:

	2020/21 £000	2019/20 £000
Infrastructure assets	136,288	126,327
Other PPE	369,935	301,228
Total PPE	**506,223**	**427,555**

12e. Assets Held for Sale

	2020/21 £000	2019/20 £000
Balance at start of the year	**539**	**1,230**
Adjustments to opening balance	0	(691)
Revised balance at start of year	**539**	**539**
Assets newly classified as held for sale	0	0
Revaluation losses or gains	0	0
Assets declassified as held for sale	(539)	0
Disposals in year	0	0
Balance at end of the year	**0**	**539**

13. 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 updated as a minimum 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 2020	640	13,457	2,012	911	17,020
At 31 March 2021	640	13,457	2,012	911	17,020

14. 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.

	2020/21 £000	2019/20 £000
Rental income from investment property	(3,166)	(1,847)
Direct operating expenses arising from investment property	2,102	2,067
Gains in fair value of investment property	(1,944)	(5,717)
Losses in the fair value of investment property	4,927	2,594
Net position	**1,919**	**(2,903)**

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

	2020/21 £000	2019/20 £000
Balance at start of the year	**38,134**	**28,707**
Adjustments to opening balance	0	327
Revised Balance at start of year	**38,134**	**29,034**
Additions	21	215
Movements in the fair value of investment property	(2,984)	3,123
Derecognition/disposal of non-current assets	(100)	(2,088)
Assets reclassified in year	(3,065)	7,850
Balance at end of the year	**32,006**	**38,133**

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 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

15. 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.

	2020/21 £000	2019/20 £000
Gross carrying amount	1,591	1,963
Adjustment to gross carrying amount	0	(5)
Revised gross carrying amount	**1,591**	**1,958**
Accumulated amortisation	(1,527)	(1,930)
adjustment to accumulated amortisation	0	10
Revised accumulated amortisation	**(1,527)**	**(1,920)**
Balance at start of the year	**64**	**38**
In year amortisation	(14)	(8)
Additions	1,027	33
Balance at end of the year	**1,077**	**63**

16. 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

	2020/21 £000	2019/20 £000
Opening CFR plus PFI added in Year	**284,959**	**280,590**
Capital Investment		
Property, Plant and Equipment	25,058	31,696
Investment Properties	21	215
Intangible Assets	1,027	34
Revenue Expenditure Funded from Capital under Statute	4,070	3,547
Other Long Term Investments	9,677	0
Manchester Airport Investment	3,740	1,870
Sources of Finance		
Capital Receipts	(55)	(10,059)
Government Grants and Other Contributions	(15,253)	(12,797)
Capital expenditure charged against General Fund Balances	(8,457)	(2,352)
Minimum Revenue Provision	(8,048)	(7,785)
Closing CFR	**296,739**	**284,959**

Explanation of movements in year:

	2020/21 £000	2019/20 £000
Change in Underlying Need to Borrow	14,476	7,119
Principal Element of Finance Lease Repayments	(5)	(5)
Principal Element of PFI Lease Repayments	(2,691)	(2,745)
Increase / (decrease) in CFR	**11,780**	**4,369**

17. Capital Commitments

At the Balance Sheet date, the Council had four contractual commitments for the construction or enhancement of Property, Plant and Equipment in 2021/22 and future years which are shown below:

	31 March 2021 £000
Aldwyn Primary School	2,429
St John's Primary School	1,064
Droylsden Library	1,058
Total	**4,551**

18. 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.

	2020/21 £000	2019/20 £000
Inspiredspaces Tameside (Holdings 1) Ltd	1,702	1,739
Inspiredspaces Tameside (Holdings 2) Ltd	3,045	3,054
Manchester Airport Loans	29,632	19,955
Manchester Airport Accrued Income	4,030	1,085
Active Tameside	3,038	3,074
Other Long Term Debtors	116	122
Credit Loss Allowance	(4,682)	0
Total	**36,881**	**29,028**

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.

In 2020/21, the Council determined that a provision for expected credit losses was required as a result of market uncertainty due to the ongoing Covid-19 pandemic.

19. 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 2019/20 valuation for Manchester Airport Group (MAG) has been restated to reflect the correction of an error in relation to the Council's shareholding.

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

Financial Assets

	31 March 2021		31 March 2020 Restated	
	Long Term £000	Current £000	Long Term £000	Current £000
Investments Principal Amount	3,000	91,266	28,000	115,096
Adjustment for amortised cost	38	750	291	567
Amounts treated as Cash Equivalents	0	(33,260)	0	(50,598)
Debtors	36,881	28,091	29,029	23,076
Financial Assets at amortised cost	**39,918**	**86,846**	**57,321**	**88,141**
Other Investments	23	0	33	0
Fair Value through Other Comprehensive Income (Designated)				
Inspiredspaces Tameside (Holdings 1) Ltd	3,181	0	3,288	0
Inspiredspaces Tameside (Holdings 2) Ltd	5,828	0	6,839	0
Manchester Airport Group (MAG)	17,700	0	21,300	0
Manchester Airport Group (MAG) Additional Shareholding	5,700	0	1,870	0
Total Investments and Debtors	**72,350**	**86,846**	**90,651**	**88,141**
Investments treated as Cash Equivalents	0	33,260	0	50,598
Other Cash	0	17,080	0	1,834
Total Financial Assets	**72,350**	**137,187**	**90,651**	**140,573**

Financial Liabilities

	31 March 2021		31 March 2020	
	Long Term £000	Current £000	Long Term £000	Current £000
Financial Liabilities Principal Amount	140,640	18,567	141,186	12,427
Adjustment for Amortised Cost	700	1,122	549	1,131
Financial Liabilities at amortised cost	141,340	19,690	141,735	13,558
Total Borrowing	**141,340**	**19,690**	**141,735**	**13,558**
Creditors	0	66,300	0	38,800
PFI, leases & transferred debt	97,799	2,821	102,736	2,796
Total Financial Liabilities	**239,139**	**88,811**	**244,471**	**55,154**

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 2021 £000	31 March 2020 Restated £000
Fair Value through Other Comprehensive Income (Designated)				
Inspiredspaces Tameside (Holdings 1) Ltd	Level 3	Discounted cash flow (see below)	3,181	3,288
Inspiredspaces Tameside (Holdings 2) Ltd	Level 3	Discounted cash flow (see below)	5,828	6,839
Manchester Airport Group (MAG)	Level 2	Market Value	17,700	21,300
Manchester Airport Group (MAG) Additional Shareholding	Level 2	Market Value	5,700	1,870
Total			**32,409**	**33,297**

With the adapotion 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 annualy 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 senstitive 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 Inspiredspces 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:

	2020/21 £000	2019/20 £000
Balance at 1 April	10,126	2,028
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	(1,117)	8,098
Balance at 31 March	**9,009**	**10,126**

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 a decrease of £3.600m 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 as a result of the ongoing Covid-19 pandemic. The Council remains highly unlikely to dispose of its shareholding.

MAG Additional Shareholding - an additonal £3.740m of investment was made in year bringing the Council's total additional shareholding to £5.610m. An external valuation of £5.700m was obtained on this shareholding.

	31 March 2021		31 March 2020	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
PWLB Debt	101,008	166,067	100,496	127,087
Non PWLB Debt	50,000	87,456	53,320	69,404
Total	**151,008**	**253,522**	**153,817**	**196,490**

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 £101.618m would be valued at £136.293m. 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 £136.293m.

The Council's financial assets are as follows:

	31 March 2021		31 March 2020	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Investments				
Less Than 1 Year	92,016	92,441	115,663	115,997
Greater Than 1 Year	3,038	3,162	28,291	28,855
Long Term Debtors	36,881	36,881	29,029	29,029
Total Financial Assets at Amortised Cost	**131,935**	**132,484**	**172,984**	**173,882**

- **Mark to Model Valuation for Financial Instruments**

As at 31st March the Council held £131.935m financial assets and £151.008m financial liabilities for which Level 2 valuations will apply. All the financial assets are with Money Market Funds, Local Authorities and Notice Accounts 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 2021 £000	31 March 2020 £000
Gains or Losses on:		
Financial Assets at Fair Value Through Other Comprehensive Income	(4,628)	(14,401)
Interest Income		
Financial Assets at Amortised Cost	(1,860)	(3,098)
Financial Assets at Fair Value Through Other Comprehensive Income	(3,297)	(8,995)
Total Interest Income	**(5,157)**	**(12,093)**
Interest Expense	**16,009**	**16,190**

20. 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 2020/21 Budget Report, which incorporates the prudential indicators, was approved by Council in February 2020 and is available on the Council website. The key indicators were:

Indicator	Limit	Outturn
Ratio of financing costs to net revenue stream	4.6%	4.5%
Capital financing requirement	£191,128,347.18	£191,128,347.18
Capital expenditure in year	£79,710,000.00	£43,593,347.77
Incremental impact on capital investment decisions	£4.24	£0.29
Authorised limit for external debt	£222,431,038.57	£151,159,736.78
Operational boundary for external debt	£202,431,038.57	£151,159,736.78
Upper limit for fixed interest rate exposure	£191,128,347.18	£21,333,860.87
Upper limit for variable interest rate exposure	£63,709,449.06	(£64,115,382.04)
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 2020/21 was approved by Full Council on 25 February 2020 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 £38.260m 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 2021 £000	Credit Rating	Historical experience of default %	Estimated maximum exposure to default £000
Banks and Financial Institutions				
Morgan Stanley - MMF	15,000	AAA	0.04	6
Invesco - MMF	9,480	AAA	0.04	4
DB Advisors - MMF	8,300	AAA	0.04	3
Aberdeen - MMF	480	AAA	0.04	0
DBS	5,000	AA-	0.02	1
Total	38,260			**14**
Other Local Authorities	56,000	N/A	N/A	N/A
Total	**94,260**			**14**

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 it's 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 £12.728m net of impairment was outstanding and is analysed by age below:

	31 March 2021 £000	31 March 2020 £000
Less than three months	4,046	3,450
Three to four months	215	351
More than four months	8,466	8,067
Total	**12,728**	**11,868**

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 2021 £000	31 March 2020 £000
Less than one year	91,266	115,096
Greater than one year	3,000	28,000
Total	**94,266**	**143,096**

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 2021 £000	31 March 2020 £000
Less than one year	15	0	18,567	12,424
Between one and two years	15	0	1,222	359
Between two and five years	30	0	3,393	4,801
Between five and ten years	40	0	3,550	3,550
More than ten years	100	50	132,475	132,475
Total			**159,207**	**153,610**

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 2021 £000	31 March 2020 £000
Decrease in the fair value of fixed rate borrowings liabilities (no impact on CIES)	48,022	60,330

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

21. Inventories

Materials or supplies that will be consumed in producing goods or providing services or will be sold or distributed as part of the Council's ordinary business. Inventories are valued at the lower of cost and net realisable value.

	2020/21 £000	**2019/20 £000**
Balance outstanding at start of year	1,344	572
Purchases	1,039	1,541
Recognised as an expense in the year	(901)	(770)
Balance outstanding at year end	**1,482**	**1,344**

22. 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.

	2020/21 £000	2019/20 £000
Central Government Bodies	7,863	5,780
NHS Bodies	41	266
Other Local Authorities	2,693	288
Other Entities and Individuals	55,097	55,905
Allowance for Expected Credit Loss	(15,761)	(12,604)
	49,933	**49,635**
Capital Debtors	3,610	1,133
Payments In Advance	4,321	7,199
Transferred Services	32	32
Total	**57,896**	**57,999**

23. 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.

	2020/21 £000	2019/20 £000
Cash held by the Council	6	6
Short Term Investments	33,260	50,598
Bank Current Accounts	17,074	1,828
Bank Overdraft	0	0
Total	**50,341**	**52,432**

<u>CURRENT LIABILITIES</u>

24. 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.

	2020/21 £000	2019/20 £000
Central Government Bodies	(18,404)	(3,905)
NHS Bodies	(349)	(70)
Other Local Authorities	(952)	(762)
Other Entities and Individuals	(30,290)	(36,462)
Public Corporations and Trading Funds	0	1,501
Total	**(49,995)**	**(39,698)**
Capital Creditors	(1,146)	(1,443)
Deposits and Receipts in Advance	(16,086)	(13,965)
Short Term Accumulating Compensated Absences	(3,715)	(3,251)
Total	**(70,942)**	**(58,357)**

25. 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
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	(1,147)	(1,147)
Rent Deposit on Leased Buildings		(33)	0	(33)
Total		**(469,320)**	**(3,968)**	**(473,288)**
2019/20				
Pension Liability	30	(278,987)	0	(278,987)
PFI	28	(96,873)	(2,691)	(99,564)
Finance Leases	27	(2,600)	(5)	(2,605)
Former Transferred Debt		(2,232)	0	(2,232)
Rent Deposit on Leased Buildings		(37)	0	(37)
Total		**(380,728)**	**(2,696)**	**(383,425)**

26. 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 2020	**(12,234)**	**(3,966)**	**(371)**	**(16,571)**
Additional provisions made in the period	(3,258)	0	(42)	**(3,300)**
Provision - written back	0	896	0	**896**
Amounts used	547	281	20	**848**
Provision Balance at 31 March 2021	**(14,945)**	**(2,789)**	**(393)**	**(18,126)**
Long Term Provision	(14,945)	(2,789)	(393)	**(18,126)**
Short term Provision	0	0	0	**0**
Total	**(14,945)**	**(2,789)**	**(393)**	**(18,126)**

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.

27. 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.

<u>Lessor Accounting for a Finance Lease</u>
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>Lessee Accounting for a Finance Lease</u>

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:

	2020/21 £000	2019/20 £000
Finance lease liabilities (net present value of minimum lease payments):		
- current	(5)	(5)
- non-current	(2,595)	(2,600)
Finance costs payable in future years	(18,697)	(18,949)
Minimum lease payments	**(21,297)**	**(21,554)**

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

	Minimum Lease Payments 2020/21 £000	Minimum Lease Liabilities 2020/21 £000	Minimum Lease Payments 2019/20 £000	Minimum Lease Liabilities 2019/20 £000
Not later than one year	(256)	(5)	(258)	(5)
Later than one year and not later than five years	(1,025)	(26)	(1,025)	(24)
Later than five years	(20,016)	(2,569)	(20,273)	(2,576)
	(21,297)	**(2,600)**	**(21,556)**	**(2,605)**

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:

	2020/21 £000	2019/20 £000
Not later than one year	4	7
Later than one year and not later than five years	1	1
	5	**8**

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

	2020/21 £000	2019/20 £000
Minimum lease payments	9	10

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:

	2020/21 £000	2019/20 £000 Restated
Not later than one year	1,472	1,532
Later than one year and not later than five years	5,395	5,251
Later than five years	89,768	92,198
	96,635	**98,981**

28. 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.

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 company.

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 company.

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	Inspiredspaces Tameside (Hold Co1) Limited £000	Inspiredspaces Tameside (Hold Co2) Limited £000	Total £000
Cost or Valuation				
1st 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**	**27,110**	**52,800**	**101,135**
Accumulated Depreciation and Impairment				
At 1st 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)**
Net Book Value				
At 31 March 2021	21,224	27,111	52,800	**101,135**
Adjusted1 April 2020	18,942	28,155	47,071	**94,168**
At 31 March 2020	18,942	28,155	47,071	**94,168**

Details of the comparative movements in PFI assets are below:

	Pyramid Schools (Tameside) Limited £000	Inspiredspaces Tameside (Hold Co1) Limited £000	Inspiredspaces Tameside (Hold Co2) Limited £000	Total £000
Cost or Valuation				
1st April 2019	19,695	26,820	42,186	88,701
* Adjustment to correct opening balance	804	(1,733)	(1,641)	(2,570)
Revised 1 April 2019	20,499	25,087	40,545	86,131
Additions	743	73	1,585	2,401
Revaluation losses	(2,300)	2,994	5,133	5,827
At 31 March 2020	**18,942**	**28,154**	**47,263**	**94,359**
Accumulated Depreciation and Impairment				
At 1st April 2019	(387)	(482)	(1,695)	(2,563)
* Adjustment to correct opening balance	0	0	0	0
Revised 1 April 2019	0	0	0	0
Depreciation charge	(330)	(403)	(637)	(1,370)
Revaluation losses	717	885	2,140	3,742
At 31 March 2020	**387**	**482**	**1,503**	**2,372**
Net Book Value				
At 31 March 2020	18,942	28,155	47,071	**94,168**
Adjusted1 April 2019	20,112	24,606	38,850	**83,568**
At 31 March 2019	0	26,339	40,491	**66,830**

Details of movements in PFI liabilities in the accounting period 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 (2020-21)	(349)	(1,043)	(1,423)	(2,815)
Long term finance lease liability (Future Years)	(11,006)	(30,451)	(52,601)	(94,059)
	(11,355)	**(31,495)**	**(54,024)**	**(96,874)**

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 2019	(12,027)	(33,144)	(57,138)	(102,310)
Payments made During the year	337	814	1,594	2,745
Liability outstanding at 31 March 2020	**(11,690)**	**(32,331)**	**(55,544)**	**(99,565)**
Short term Finance Lease liability (2019-20)	(335)	(836)	(1,520)	(2,691)
Long term finance lease liability (Future Years)	(11,355)	(31,495)	(54,024)	(96,874)
	(11,690)	**(32,331)**	**(55,544)**	**(99,565)**

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 2021		31 March 2020	
	Carrying	Fair Value	Carrying	Fair Value
PFI Liabilities	96,874	170,343	99,565	172,593
Total PFI Liabilities	**96,874**	**170,343**	**99,565**	**172,593**

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

	Payments Liability	Finance	Contingent	Service	Total	Indexation	Contract Expiry
Pyramid Schools (Tameside) Limited							
Payments within 1 year	349	1,218	507	1,710	3,784		
Payments within 2 to 5 years	2,675	4,349	2,622	5,865	15,512	RPI	2033
Payments within 6 to 10 years	5,465	3,377	4,130	8,103	21,074		
Payments within 11 to 15 years	2,866	467	1,830	3,030	8,193		
	11,355	**9,410**	**9,089**	**18,708**	**48,563**		
Inspiredspaces Tameside							
Payments within 1 year	1,043	2,842	727	2,347	6,960		
Payments within 2 to 5 years	5,533	10,259	3,544	9,727	29,062		
Payments within 6 to 10 years	9,138	9,621	5,575	15,624	39,958	RPIX	2036
Payments within 11 to 15 years	14,091	4,636	7,326	18,000	44,053		
Payments within 16 to 20 years	1,689	64	790	1,252	3,794		
	31,495	**27,423**	**17,961**	**46,949**	**123,827**		
Inspiredspaces Tameside (ProjectCo2) Limited							
Payments within 1 year	1,423	5,366	692	3,599	11,079		
Payments within 2 to 5 years	8,808	19,739	3,602	13,263	45,412		
Payments within 6 to 10 years	13,826	19,231	5,716	22,860	61,633	RPIX	2038
Payments within 11 to 15 years	21,369	11,090	7,526	26,931	66,915		
Payments within 16 to 20 years	8,599	969	2,624	7,557	19,750		
	54,024	**56,394**	**20,161**	**74,211**	**204,790**		

29. 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 2020/21 the Council paid £10.090m to the Teachers' Pension Agency in respect of the employers' contribution rate for teacher's pensions (£8.835m in 2019/20). These contributions are based on a national rate of 23.68%, which is unchanged from the previous year. Forecast contributions for 2021/22 are £9.239m 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 2020/21 these costs amounted to £1.631m (£1.713m in 2019/20). 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 30..

NHS Staff Pension Scheme

In 2020/21, the Council paid £0.029m (£0.039m in 2019/20) 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 2020/21.

30. 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.

<u>Early Retirement, Discretionary Payments</u>
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 29) 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 2020/21 the Council paid an employer's contribution of £18.344m (£17.017m in 2019/20) into the Fund representing 19.9% (19.9% in 2019/20) of pensionable pay. Contributions payable in 2021/22 are estimated to be £18.860m based on a contribution rate of 19.9%. The Council also paid £1.433m in 2020/21 (£1.433m in 2019/20) 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.

In 2019/20, the figures used in the financial statements were taken from the Actuary's report in June 2020. The Actuary updated the 2019/20 estimates in September 2020 however the change was not considered to be material and no amendments were made to the 2019/20 Statement of Accounts. The opening balances used by the Actuary for 2020/21 reflect the September report – as a result an adjustment is reflected below to the opening balances.

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

	2020/21 £000	2019/20 £000
Service Cost		
- Current service costs	31,434	38,627
- Past service costs (including curtailments)	168	5,054
- Effect of settlements	(1,314)	0
Total Service Cost	30,288	43,681
Financing and Investment Income and Expenditure		
- Interest income on scheme assets	(20,219)	(23,572)
- Interest cost on defined benefit obligation	26,742	32,266
Total Net Interest	6,523	8,694
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	36,811	52,375
Remeasurements of the Net Defined Liability		
- Remeasurement recognised in Other Comprehensive Income and Expenditure relating to the prior year	(5,155)	0
- Return on plan assets excluding amounts included in net interest	(177,385)	101,271
- Actuarial losses arising from changes in demographic assumptions	7,937	(37,895)
- Actuarial losses arising from changes in financial assumptions	302,224	(92,824)
- Other experience	(11,072)	(83,196)
Total Remeasurements Recognised in Other Comprehensive Income and Expenditure	**116,549**	**(112,644)**
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	**153,360**	**(60,269)**
Movement in Reserves Statement		
- Adjustment to net charges made to the surplus or deficit on provision of services relating to the prior year'	3,267	0
- Reversal of net charges made to the surplus or deficit on provision of services	(36,811)	(52,375)
- Employers' Contribution payable to the scheme	21,304	20,134

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:

	2020/21 £000	2019/20 £000
Fair value of employers assets	1,116,432	889,895
Present value of funded liabilities	(1,452,086)	(1,132,619)
Present value of unfunded liabilities	(36,987)	(36,269)
Net liability arising from Defined Benefit obligation	**(372,641)**	**(278,993)**

Reconciliation of the Movements in Fair Value of Scheme Assets:

	2020/21 £000	2019/20 £000
Opening fair value of scheme assets	889,895	992,523
Remeasurement recognised in Other Comprehensive Income and Expenditure relating to the prior year	5,154	0
Opening fair value of scheme assets after adjustments	**895,049**	**992,523**
Interest income	20,219	23,572
Effect of settlements	(2,149)	0
Remeasurement gain	0	0
- Return on plan assets excluding amounts included in net interest	177,385	(101,271)
Employer Contributions	53,485	0
Benefits paid	(33,563)	(30,554)
Contributions from employees into the scheme	6,006	5,625
Closing fair value of scheme assets	**1,116,432**	**889,895**

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

	2020/21 £000	2019/20 £000
Opening fair value of scheme liabilities	(1,168,888)	(1,337,666)
Adjustment to net charges made to the surplus or deficit on provision of services relating to the prior year	3,268	0
Opening fair value of scheme liabilities after adjustments	**(1,165,620)**	**(1,337,666)**
Current service cost	(31,434)	(38,627)
Interest cost	(26,742)	(32,266)
Contributions from scheme participants	(6,006)	(5,625)
Effect of settlements	3,463	0
Remeasurement gain	0	0
- Actuarial losses arising from changes in financial assumptions	(302,224)	92,825
- Actuarial losses arising from changes in demographic assumptions	(7,937)	37,896
- Other experience	11,072	83,197
Past service cost	(168)	(5,054)
Benefits paid	36,522	36,432
Closing fair value of scheme liabilities	**(1,489,074)**	**(1,168,888)**

Fair Value of Employer Assets:

Asset Category	31 March 2021				31 March 2020			
	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	97,966	0	97,966	9%	80,790	0	80,790	9%
Manufacturing	87,249	0	87,249	8%	68,352	0	68,352	8%
Energy and Utilities	54,139	0	54,139	5%	51,169	0	51,169	6%
Financial Institutes	117,277	0	117,277	11%	98,904	0	98,904	11%
Health and Care	55,800	0	55,800	5%	40,126	0	40,126	5%
Information Technology	58,970	0	58,970	5%	35,694	0	35,694	4%
Other	18,038	0	18,038	2%	18,565	0	18,565	2%
Debt Securities:								
Corporate Bonds (investment grade)	53,964	0	53,964	5%	33,652	0	33,652	4%
Corporate Bonds (non-investment grade)	0	0	0	0%	0	0	0	0%
UK Government	0	0	0	0%	0	0	0	0%
Other	14,503	0	14,503	1%	28,701	0	28,701	3%
Private Equity:								
All	0	66,449	66,449	6%	0	45,943	45,943	5%
Real Estate:								
UK Property	0	41,715	41,715	4%	0	37,496	37,496	4%
Investment funds and Unit Trusts:								
Equities	100,312	0	100,312	9%	89,293	0	89,293	10%
Bonds	141,485	0	141,485	13%	102,751	0	102,751	12%
Infrastructure	0	56,913	56,913	5%	0	43,173	43,173	5%
Other	24,199	106,151	130,350	12%	22,316	78,855	101,171	11%
Derivatives:								
Other	-896	0	-896	0%	0	0	0	0%
Cash and Cash Equivalents:								
All	22,188	0	22,188	2%	14,116	0	14,116	2%
Totals	**845,194**	**271,238**	**1,116,432**	**100%**	**684,427**	**205,468**	**889,895**	**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 variation.

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

	2020/21	2019/20
Mortality assumptions *		
Longevity at 65 for current pensioners:		
Men	20.5 years	20.5 years
Women	23.3 years	23.1 years
Longevity at 65 for future pensioners:		
Men	21.9 Years	22.0 years
Women	25.3 years	25.0 years
Rate of inflation	2.85%	1.90%
Rate of increase in salaries	3.60%	2.70%
Rate of increase in pensions	2.85%	1.90%
Rate for discounting scheme liabilities	2.00%	2.30%

* 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 2021	Approximate % change to Employer Liability	Approximate Monetary Amount £000
0.5% decrease in Real Discount Rate	10%	146,939
0.5% increase in the Salary Increase Rate	1%	13,213
0.5% increase in the Pension Increase Rate	9%	130,681

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 effecieincy of the Fund.

The most recent actuarial valulation 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

31. 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	2020/21 £000	2019/20 £000
Depreciation and amortisation of non-current assets	(13,003)	(12,396)
Increase/(Decrease) in inventories	138	772
(Increase)/Decrease in Creditors	(16,534)	(10,668)
Increase/(Decrease) in Debtors	(2,388)	8,754
Pensions Liability	(30,584)	(32,241)
Contributions (to)/from Provisions	(4,682)	0
Impairment and downward valuations	15,845	(31,383)
Carrying value on disposal of non-current assets	(8,739)	(10,160)
Other non-cash adjustments	(4,792)	(16,425)
	(64,740)	**(103,747)**

b) Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	2020/21 £000	2019/20 £000
Proceeds from the sale of non-current assets	46	9,792
Capital grants received	15,429	15,870
	15,475	**25,662**

c) Interest received, interest paid and dividends received	2020/21 £000	2019/20 £000
Interest received	(2,974)	(2,567)
Interest paid	15,903	16,424
Dividends received	0	(7,557)
	12,929	**6,301**

32. Investing Activities

	2020/21 £000	2019/20 £000
Purchase of property, plant and equipment, investment property and intangible assets	26,403	31,289
Pension contributions advanced payment	52,712	0
Purchase of short term and long term investments	66,740	83,871
Other movements in investing activities	13,623	1,084
Proceeds from the sale of non-current assets	(55)	(9,792)
Proceeds from short term and long term investments	(94,500)	(69,000)
Other receipts from investing activities	(12,385)	(13,687)
Net cash flows from investing activities	**52,538**	**23,765**

33. Financing Activities

	2020/21 £000	2019/20 £000
Cash receipts of short term and long term borrowing	(10,000)	(30,000)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	2,821	2,696
Repayments of short term and long term borrowing	6,494	7,346
Billing Authority - Council Tax and NDR adjustments	1,501	(1,687)
Net cash flows from financing activities	**816**	**(21,645)**

33a. Reconciliation of liabilities arising from financing activities

	01-Apr-20	Financing cash flows	Non-cash changes		31-Mar-21
			Acquisition	Other non-cash changes	
	£000	£000	£000	£000	£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)**

	01-Apr-19	Financing cash flows	Non-cash changes		31-Mar-20
			Acquisition	Other non-cash changes	
	£000	£000	£000	£000	£000
Long-term borrowing	(114,323)	(30,000)	0	358	(143,965)
Short-term borrowings	(20,546)	7,346	0	(358)	(13,558)
Lease Liabilities	(2,605)	5	0	0	(2,600)
On balance sheet PFI liabilities	(99,564)	2,691	0	0	(96,873)
Billing Authority - Council Tax and NDR adjustments	186	(1,687)	0	0	(1,501)
Total liabilities from financing activities	**(236,852)**	**(21,645)**	**0**	**0**	**(258,497)**

34. Member's Allowances

	2020/21 £000	2019/20 £000
Payments to Members	1,212	1,191

35. 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	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
£0-£20,000	0	0	26	36	26	36	139	206
£20,001-£40,000	0	0	0	5	0	5	0	149
£40,001-£60,000	0	0	1	0	1	0	56	0
£60,001-£80,000	0	0	0	0	0	0	0	0
Total	**0**	**0**	**27**	**41**	**27**	**41**	**195**	**355**

36. Officer's Remuneration

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

	2020/21				
Post Holder Information	**Salary Entitle-ment Full Time £**	**Salary, Fees and Allow-ances Paid £**	**Compen-sation for Loss of Office £**	**Employ-er's Pensions Contrib-ution £**	**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 45 (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).

	2019/20				
Post Holder Information	**Salary Entitle-ment Full Time £**	**Salary, Fees and Allow-ances £**	**Compen-sation for Loss of Office £**	**Employ-er's Pensions Contrib-ution £**	**Total £**
Chief Executive - Steven Pleasant (i)	177,164	177,164	0	37,204	**214,368**
Director of Adults	99,704	99,704	0	20,938	**120,642**
Director of Children's Services - Richard Hancock	127,500	127,500	0	26,775	**154,275**
Director of Growth	102,026	102,026	0	21,420	**123,446**
Director of Operations and Neighbourhoods	98,838	98,838	0	20,756	**119,594**
Director of Governance & Pensions (Borough Solicitor) - Sandra Stewart (ii)	131,606	131,606	0	27,637	**159,243**
Director of Population Health (iii)	0	0	0	0	**0**
Director of Finance (Section 151 Officer) (iv)	8,323	8,323	0	0	**8,323**

(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 45 (Related Party Transactions).

(iii) The post of Director of Population Health has been vacant since 28 February 2018. The post has been filled via a secondment from Haringey Council since 31st July 2018, at a cost of £126,900 for the twelve months to 31 March 2020.

(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 2019 to 31st March 2020 was £128,202 (Salary £112,084 and Pension Contributions £16,118). The Council paid an additional amount of £8,323 for the 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 2019 to 31st March 2020 was £109,038 (Salary £100,599 and Pension Contributions £8,439).

(vi) The Director of Commissioning salary is paid by the CCG. The total cost paid by the CCG for the period 1st April 2019 to 31st March 2020 was £126,005 (Salary £110,742 and Pension Contributions £15,263).

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) 2020/21	Number of employees (including severance payments) 2020/21	Number of employees (excluding severance payments) 2019/20	Number of employees (including severance payments) 2019/20
£50,000 - £54,999	92	95	64	64
£55,000 - £59,999	38	38	37	38
£60,000 - £64,999	29	29	27	28
£65,000 - £69,999	26	26	18	18
£70,000 - £74,999	9	9	4	5
£75,000 - £79,999	4	4	4	4
£80,000 - £84,999	12	12	8	8
£85,000 - £89,999	0	0	1	1
£90,000 - £94,999	8	8	11	11
£95,000 - £99,999	3	3	0	0
£100,000 - £104,999	0	0	0	0
£125,000 - £129,999	0	0	0	0
£130,000 - £134,999	0	0	1	1
£135,000 - £139,999	1	1	0	0
Total	**222**	**225**	**175**	**178**

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.

37. 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.

Foster Care Payments

A Foster Care Payment for Skills report (agreed by Executive Cabinet in June 2016) may not have been fully implemented, resulting in some connected carers potentially being paid at the incorrect skills payment level. The scope and value of any liabilities cannot be determined until a skills assessment has been undertaken but the potential cost of any claims is not expected to exceed £600k.

38. 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 2021.

39. External Audit Costs

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

	2020/21 £000	2019/20 £000
Fees payable with regard to external audit services	150	87
Total	**150**	**87**

40. 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 19 July 2021. 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 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

41. 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 2020

The Statement of Accounts summarises the Council's income, expenditure, assets and liabilities held and incurred during the 2020/21 financial year, and it's position at 31 March 2021.

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 2020/21 (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.

Infrastructure Assets - Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

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.

Infrastructure Assets - infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

*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.

Infrastructure Assets - When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

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.
- 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.

Infrastructure Assets - Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis.

Non-highways infrastructure assets are depreciated over periods of up to 40 years.

Annual depreciation is the depreciation amount allocated each year.

Useful lives of the various parts of the highways network are assessed by the Head of Engineering Services using industry standards where applicable as follows:

Part of the Highways Network	**Useful life**
Carriageways (inc. gullies & highways drainage)	*25 years*
Carriageways – New	*35 years*
Footways and cycle tracks	*25 years*
Structures (bridges, tunnels, underpasses & large culverts)	*110 years*
Small culverts - diameter less than 1.2m	*40 years*
Street lighting	*25 years*
Street furniture	*40 years*
Non-Highways Assets	**Useful life**
High Speed Fibre Network	*40 years*

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) 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.

I 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.

<u>Pensions Reserve</u>

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.

<u>Early Retirement, Discretionary Payments</u>

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) 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.

Expected credit losses are offset against the debtor amount shown as an asset, the movement 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.*

42. 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 2020/21 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2021/22 code are:

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

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

43. 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. Critical estimation uncertainties are described in Note 44.

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 liablity (see note 28 for further details). The table below summarises the number of schools by type in Tameside, together with the value of land and buildings recognised on the balance sheet.

Type of School	Number	Number	Number	Total	Land on the Balance Sheet £000s	Buildings on the Balance Sheet £000s
Community	22	4	5	31	12,234	147,934
Voluntary Controlled (VC)	6	0	0	6	729	-
Voluntary Aided (VA)	19	2	0	21	2,857	10,489
Foundation	0	0	0	0	0	0
Foundation Trust	0	0	0	0	0	0
Maintained Schools	**47**	**6**	**5**	**58**	**15,820**	**158,423**
Free Schools	0	1	0	1	-	-
Academies	29	9	1	39	-	-
Total	**76**	**16**	**6**	**98**	**15,820**	**158,423**

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.

44. 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 (110 years for structures)
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 2021 was £283.828m. A 1% change in the value of these assets would result in a £2.838m 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 2020/21 financial year was £13.076m. An increase of one to all useful economic lives would reduce this depreciation charge by £0.884m, and a reduction of one to all useful economic lives would increase the depreciation charge by £1.188m.

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 2021.

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 £0.788m change to the debtors balance at 31 March 2021.

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 2021 the Council's valuers advised an increase of £1.800m in the fair value of the shares held by Tameside Council from £30.200m to £32.000m which has been reflected in the financial statements.

45. 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 2020/21 is shown in Note 34.

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 2020/21 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	2020/21				2019/20			
	Receipts £000	Payments £000	Creditors £000	Debtors £000	Receipts £000	Payments £000	Creditors £000	Debtors £000
Active Tameside (Tameside Sport Trust)	(542)	3,607	25	(350)	-	3,296	(53)	-
Ashton Pioneer Homes	-	51	-	-	-	54	3	-
Jigsaw Homes (New Charter Housing)	(26)	2,575	677	(280)	(26)	2,307	673	(378)

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	2020/21 £000	2019/20 £000
Greater Manchester Combined Authority - Waste Disposal	13,357	12,727
Greater Manchester Combined Authority - Transport	15,411	15,129
Environmental Agency - Flood Defense	119	117
Canal & River Trust - British Waterways	99	93

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.

	2020/21 £000	2019/20 £000
Balance B/fwd owed from/(to) the Pension Fund at 1st April	(2,367)	2,218
Cost incurred of behalf of Pension Fund	8,107	5,676
VAT Refund obtained from HMRC	(3,930)	(5,535)
Due to Tameside MBC from the Pension Fund	**1,810**	**2,359**
Reimbursements by the Pension Fund to TMBC	(1,416)	(4,726)
Owed from/(to) the Pension Fund by TMBC at 31st March	**393**	**(2,367)**

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. Exceptionally, during 2020/21 GMPF entered into various transactions which gave rise to VAT refunds totalling £5.362m, which was initially recovered from HMRC by the Council. As at 31st March 2021, TMBC owed £1.039m back to 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	• Joint role as Chief Accountable Officer of NHS Tameside and Glossop CCG. Salary information is disclosed in note 36. • 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	• Joint role as the Chief Finance Officer of NHS Tameside and Glossop CCG. Salary information is disclosed in note 36.
Director of Governance and Pensions	• Director of Greater Manchester Pension Fund • Director of Northern Pool General Partner (Number 1) Ltd representing Greater Manchester Pension Fund
Director of Growth	• Director of Inspired Spaces Tameside Ltd

	• Director of Inspired Spaces Tameside (Project Co 1) Ltd and Inspired Spaces Tameside (Project Co 2) Ltd • Director of Inspired Spaces Tameside (Holdings 1) Ltd and Inspired Spaces Tameside (Holdings 2) Ltd
Assistant Director of Finance	• Director of Inspired Spaces Tameside Ltd • Director of Inspired Spaces Tameside (Project Co 1) Ltd and Inspired Spaces Tameside (Project Co 2) Ltd • Director of Inspired Spaces Tameside (Holdings 1) Ltd and Inspired Spaces Tameside (Holdings 2) Ltd
Assistant Director, Digital Tameside	• Director of Co-operative Network Infrastructure

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	2020/21				2019/20			
	Receipts £000	Payments £000	Creditors £000	Debtors £000	Receipts £000	Payments £000	Creditors £000	Debtors £000
Co-operative Network Infrastructure	(73)	33	-	(2)	-	-	27	(32)
Inspired SpacesTameside Ltd	-	15,090	1,130	(137)	-	16,451	203	-
Inspired Spaces Tameside (Project Co 1) Ltd	(296)	-	-	(122)	(180)	-	-	(118)
Inspired Spaces Tameside (Project Co 2) Ltd	(1,465)	-	-	(178)	-	-	-	(1,133)

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.

46. 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	**(3,728)**	**(40)**	**(369)**	**(421)**	**(1,136)**	**(1,061)**	**(334)**	**(377)**
Contributions	0	(119)	(244)	(360)	(1,060)	(500)	(721)	(545)
Interest earned on Balances	(4)	0	0	0	(1)	0	0	0
Total Income	**(4)**	**(119)**	**(244)**	**(360)**	**(1,061)**	**(500)**	**(721)**	**(545)**
Employee Expenses	0	14	258	268	504	1	195	406
Payments as per Business Plan	31	0	0	0	0	0	0	0
Project Payments to Authorities	0	0	0	0	0	0	0	0
Supplies & Services/Other expenditure	0	98	55	12	410	328	155	110
Total Expenditure	**31**	**112**	**313**	**279**	**914**	**329**	**349**	**516**
Balance Carried Forward	**(3,701)**	**(47)**	**(300)**	**(501)**	**(1,283)**	**(1,232)**	**(706)**	**(406)**

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 of the sale of land to Base 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 development agreement and distributes the funds to the partners in priority ranking as per the Agreement. The balance will be carried forward into 2021/22 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 2020/21 iStandUK developed a standards project, funded by MHCLG LDCU, to identify and support vulnerable individuals and households; phase 2 of this project continues into 2021/22 with continuous funding from MHCLG. The 2020/21 balance will be carried forward into 2021/22 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 2020/21 balance will be carried forward into 2021/22.

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, almost 90% of local authorities are members and there are a rapidly growing number of affiliated wider public authorities including social housing providers. NAFN is widely recognised as provider of data and intelligence and is the single point of contact for all local authority acquisition of communications data.

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.

47. 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 £0.112m in 2020/21, which was made up of a deficit on chargeable activities of £0.040m and a deficit on non-chargeable activities of £0.072m..

	2020/21		
	Chargeable	Non-Chargeable	Total
	£000	£000	£000
Expenditure:			
Employee Expenses	123	53	176
Premises	12	5	17
Transport	0	0	0
Supplies and Services	7	3	10
Central and Support Service Charges	26	11	37
	168	**72**	**240**
Income:			
Building Regulation Charges	(128)	0	(128)
Miscellaneous Income	0	0	0
	(128)	**0**	**(128)**
(Surplus)/Deficit for year	**40**	**72**	**112**

48. 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:	**2020/21 £000**		
	Council	**Tameside & Glossop CCG**	**Total**
Section 75	53,693	300,836	354,529
Wider Aligned Budget	116,099	112,598	228,697
In Collaboration Services	35,487	37,174	72,662
Total	**205,279**	**450,608**	**655,887**

Expenditure met from the pooled budget:	**2020/21 £000**		
	Council	**Tameside & Glossop CCG**	**Total**
Section 75	51,823	300,811	352,635
Wider Aligned Budget	111,613	112,440	224,053
In Collaboration Services	41,740	37,357	79,097
Total	**205,177**	**450,608**	**655,785**

49. Prior Period Restatement

The prior period Comprehensive Income and Expenditure Statement is restated so that 2019/20 is presented in a comparable way to 2020/21.

Restatements are as follows;

1. £13,148k of depreciation charges and revaluation losses relating to school assets were incorrectly allocated against Children's Social Care in the 2019/20 Comprehensive Income and Expenditure Statement. These charges have been restated to allocate the depreciation charges and revaluation losses against the Education service. Note 1, Expenditure Funding Analaysis has also been restated to reflect this.

	As reported in the 2019/20 CIES £000	Transfer between directorates £000	As restated 2019/20 £000
Net Expenditure			
Children's Social Care	73,947	(13,148)	60,799
Education	17,909	13,148	31,057
Adults' Social Care	45,069	0	45,069
Population Health	19,224	0	19,224
Quality & Safeguarding	176	0	176
Operations & Neighbourhoods	45,338	0	45,338
Growth	10,043	0	10,043
Finance & IT	9,493	0	9,493
Governance	11,098	0	11,098
Corporate Costs	(8,497)	0	(8,497)
Total Net Cost of Services	**223,800**	**0**	**223,800**

2.(Surplus)/Deficit on Financial Assets Measured at Fair Value Through Other Comprehensive Income has been restated in 2019/20 by £8,900k to reflect the correction of an error in relation to the Council's shareholding in Manchester Airport Group. On the balance sheet this has resulted in a reduction in Long Term Investments of £8,900k with a corresponding entry in the Financial Instruments Revaluation Reserve (Unusable Reserves).

	As reported in the 2019/20 CIES £000	Restatement £000	As restated 2019/20 £000
Other Comprehensive Income and Expenditure			
Revaluation Gains	(12,117)	0	(12,117)
Remeasurement of Net Defined Benefit Liability	(112,644)	0	(112,644)
(Surplus)/Deficit on Financial Assets Measured at Fair Value Through Other Comprehensive Income	14,402	8,900	23,302
Total Other Comprehensive Income and Expenditure	**(110,359)**	**8,900**	**(101,459)**

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 2021

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 2021			31 March 2020		
	Council Tax £000	NDR £000	Total £000	Council Tax £000	NDR £000	Total £000
Income						
Income from Council Tax	(115,825)	0	**(115,825)**	(112,090)		**(112,090)**
Transfers from General Fund (S13A relief)	(2,133)	0				
Income from NDR	0	(27,386)	**(27,386)**		(56,957)	**(56,957)**
Total Income	**(117,958)**	**(27,386)**	**(143,212)**	**(112,090)**	**(56,957)**	**(169,047)**
Expenditure						
Council Tax						
The Council	96,762		**96,762**	91,579		**91,579**
GMCA Mayoral Police and Crime Commissioner	13,187		**13,187**	12,355		**12,355**
GMCA Mayoral General Precept (inc. Fire)	5,758		**5,758**	4,795		**4,795**
NDR						
The Council		53,844	**53,844**		51,805	**51,805**
Central Government		0	**0**		0	**0**
GM Fire and Rescue Authority		544	**544**		523	**523**
Allowance for cost of collection		285	**285**		287	**287**
Transitional Protection Payments		1,163	**1,163**		896	**896**
Increase/(decrease) in:		0	**0**		0	**0**
Allowance for non-collection	2,647	1,014	**3,661**	453	1,095	**1,548**
Provision for appeals		2,738	**2,738**		3,328	**3,328**
Surplus/deficit (allocated)/paid out in year:						
The Council	3,657	(2,636)	**1,021**	11,328	846	**12,174**
Central Government		0	**0**		0	**0**
GMCA Mayoral Police and Crime Commissioner	493	0	**493**	1,397	0	**1,397**
GMCA Mayoral General Precept (inc. Fire)	191	(27)	**165**	545	9	**553**
Total Expenditure	**122,695**	**56,927**	**179,622**	**122,453**	**58,789**	**181,241**
(Surplus)/deficit for the year	**4,737**	**29,540**	**34,277**	**10,363**	**1,831**	**12,195**
Balance brought forward	(6,640)	2,489	**(4,151)**	(17,003)	657	**(16,346)**
(Surplus)/deficit for the year	4,737	29,540	**34,277**	10,363	1,831	**12,195**
Balance carried forward	**(1,903)**	**32,029**	**30,126**	**(6,640)**	**2,489**	**(4,151)**
Share of (surplus)/deficit						
The Council	(1,635)	33,485	**31,850**	(5,579)	4,240	**(1,338)**
Central Government		(1,777)	**(1,777)**		(1,777)	**(1,777)**
GMCA Mayoral Police and Crime Commissioner	(217)	0	**(217)**	(755)		**(755)**
GMCA Mayoral General Precept (inc. Fire)	(50)	320	**270**	(306)	25	**(281)**
	(1,903)	**32,029**	**30,126**	**(6,640)**	**2,489**	**(4,151)**

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 2020/21

The Council Tax base for 2020/21 was set in January 2020.

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

Tameside 2020/21Tax 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	59	5/9	33	0	0	0	0
Band A	52,600	36,097	6/9	24,065	1,019	139	61	1,218
Band B	19,062	15,974	7/9	12,425	1,188	162	71	1,421
Band C	19,549	17,361	8/9	15,432	1,358	185	81	1,624
Band D	6,804	6,377	9/9	6,377	1,528	208	91	1,827
Band E	3,757	3,536	11/9	4,322	1,867	255	111	2,233
Band F	917	865	13/9	1,250	2,207	301	131	2,639
Band G	423	395	15/9	658	2,547	347	152	3,045
Band H	42	20	18/9	40	3,056	417	182	3,654
Total	103,154	80,684		64,600				
Less Allowance for Losses on Collection				(2,293.1)				
MOD Properties				0				
Total Tameside Tax Base 2020/21				62,306.8				

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

Tameside 2020/21Tax 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	2,819	2,095	6/9	1,397	1,019	6	139	61	1,224
Band B	892	781	7/9	607	1,188	7	162	71	1,428
Band C	1,009	920	8/9	818	1,358	8	185	81	1,632
Band D	400	423	9/9	423	1,528	9	208	91	1,836
Band E	182	178	11/9	218	1,867	11	255	111	2,244
Band F	49	50	13/9	72	2,207	13	301	131	2,653
Band G	14	16	15/9	27	2,547	15	347	152	3,061
Band H	1	0	18/9	0	3,056	18	417	182	3,673
Total	5,366	4,466		3,563					
Less Allowance for Losses on Collection				(174.6)					
MOD Properties				0					
Total Mossley Parish Tax Base 2020/21				3,388.7					

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 2020/21, the total Non-Domestic Rateable value at 31 March 2021 is £148.8m (£148.7m in 2019/20). The national multipliers for 2020/21 were 49.9p for qualifying small businesses, and the standard multiplier being 51.2p for all other businesses (49.1p and 50.4p respectively in 2019/20).

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 2021/22, means that Tameside retains 99% of total collectible rates, with 1% distributed to the GMFRA. The NDR shares paid in 2020/21, (excluding previous years distribution) were £53.844m to the Council and £0.544m to GMFRA. (2019/20 shares paid were £0.523m to GMFRA and £51.805m 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 2020/21.

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. Currents 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

2020/21

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

Report on the audit of the financial statements

Opinion on the financial statements of Greater Manchester Pension Fund

We have audited the financial statements of Greater Manchester Pension Fund ('the Pension Fund') for the year ended 31 March 2021, which comprise the Fund Account, the Net Assets Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2021, and the amount and disposition of the Pension Fund's assets and liabilities as at 31 March 2021; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council, as administering authority for the Pension Fund, in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pension Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Resources with respect to going concern are described in the relevant sections of this report.

Other information

The Director of Resources is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Director of Resources for the financial statements

As explained more fully in the Statement of Responsibilities, the Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view. The Director of Resources is also responsible for such internal control as the Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Resources is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution of the Pension Fund without transfer of services or function to another entity. The Director of Resources is responsible for assessing each year whether or not it is appropriate for the Pension Fund to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Pension Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Pension Fund, we identified that the principal risks of non-compliance with laws and regulations related to the Public Service Pensions Act 2013, the Local Government Pension Scheme Regulations 2013 (as amended) and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Director of Resources' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit Panel the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Fund which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit Panel on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Panel. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Director of Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in April 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the members of Tameside Metropolitan Borough Council, as a body and as administering authority for the Greater Manchester Pension Fund, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Karen Murray

Key Audit Partner
For and on behalf of Mazars LLP

One St Peter's Square
Manchester
M2 3DE

14 August 2023

Fund Account for the year ended 31 March 2021			
31 March 2020 £000		**Note**	**31 March 2021 £000**
	Contributions and benefits		
(152,068)	Contributions from employees	5	(158,377)
(460,162)	Contributions from employers	5	(754,571)
(612,230)			(912,948)
0	Transfers in (bulk)	5a	(53,583)
(25,694)	Transfers in (individual)		(19,090)
(637,924)			(985,621)
860,201	Benefits payable	6	882,095
42,351	Payments to and on account of leavers	7	33,147
264,628	**Net (additions) / withdrawals from dealings with members**		(70,379)
34,734	Management expenses	8	39,702
299,362	**Net (additions) / withdrawals including management expenses**		**(30,677)**
	Returns on investments		
(523,587)	Investment income	9	(472,608)
3,973	Taxation	10	2,718
2,029,086	Profit and losses on disposal of investments and changes in value of investments	11a	(4,354,653)
1,509,472	**Net return on investments**		**(4,824,543)**
1,808,834	**Net (increase) / decrease in the net assets available for benefits during the year**		**(4,855,220)**
(23,843,623)	Net assets of the Fund at start of year		(22,034,789)
(22,034,789)	**Net assets of the Fund at end of year**		**(26,890,009)**

Net Assets Statement at 31 March 2021

31 March 2020 £000		Note	31 March 2021 £000
7,829,132	Equities		11,462,318
1,850,051	Bonds	11b	1,731,185
835,885	Investment property	11c	870,516
13,975	Derivative contracts	11d	356
6,216,538	Pooled investment vehicles	11e	7,386,148
4,567,405	Insurance policies	11f	4,634,286
484,347	Cash and deposits	11g	663,516
186,718	Other investment assets	11h	221,170
21,984,051	**Investment assets**		**26,969,495**
(1,354)	Derivative contract liabilities	11e	(8,099)
(6,219)	Other investment liabilities	11h	(120,098)
(7,573)	**Investment liabilities**		**(128,197)**
78,517	Current assets	11h	74,694
(20,206)	Current liabilities	11h	(25,983)
58,311	**Net current assets**		**48,711**
22,034,789	**Net assets of the scheme available to fund benefits at the reporting period end**		**26,890,009**

Notes to Greater Manchester Pension Fund

1. Notes to the Accounts

From 1 April 2010 GMPF was required to prepare its financial statements under International Financial Reporting Standards (IFRS). The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 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 2020/21 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 manages 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 2021 and the preceding year is shown below:

31 March 2020		31 March 2021
112,274	Contributors	112,593
132,068	Pensioners	135,268
140,153	Deferred Members *	142,791
384,495	**Total Membership**	**390,652**
597	**Employers with Contributing Members**	**591**

* 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 2020/21.

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) and advance payment of employer contributions 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:
A financial asset or a financial liability shall be recognised in the balance sheet when, and only when, GMPF becomes a party to the contractual provisions of the instrument. 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.

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, income from pooled investment vehicles, 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 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom: 2020/21 Accounts.

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 2021.

Foreign investments:
Foreign investments are translated at the exchange rate applicable at 31 March 2021. 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 payable represent the benefits paid during the financial year and include an estimated accrual for lump-sum benefits outstanding as at the year-end if applicable. Benefits payable also includes interest on late payment. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

Investment values:
All investment assets are valued at their fair value as at 31 March 2021 are determined as follows

At 31 March 2021	Valuation basis / technique	Main assumptions	Key sensitivities affecting the valuations provided
Equities and bonds	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.	n/a
Direct investment property	Independent valuations for freehold and leasehold investment properties at fair value have been valued by Colliers International Valuation UK LLP, Chartered Surveyors, as at 31 December 2020, subsequently adjusted for transactions undertaken between 1 January 2021 and 31 March 2021. 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.	Significant changes in rental growth, vacancy levels or discount rate could affect valuations, as could more general changes to market processes.
Indirect property (part of Pooled Investment Vehicles)	Independent valuations for freehold and leasehold properties less any debt within the individual property fund plus/minus other net assets.	Freehold and leasehold properties valued on an open market basis. Valuation carried out in accordance with the principles laid down by the RICS Appraisal and Valuation Manual and independent audit review of the net assets within the individual property fund.	Material events occurring between the date of the financial statements provided and GMPF's own reporting date, changes to expected cashflows, differences audited and unaudited accounts.
Cash and other net assets	Value of deposit or value of transaction.	Cash and account balances are short-term, highly liquid and subject to minimal changes in value. All cash is recorded at book value unless there is knowledge of any impairment.	n/a

At 31 March 2021	Valuation basis / technique	Main assumptions	Key sensitivities affecting the valuations provided
Derivatives	Derivative contracts are valued at fair value. Futures contracts' fair value is determined using exchange prices at the reporting date. The fair value is the unrealised profit or loss at the current bid market quoted price. The amounts included in change in market value are the realised gains and losses on closed futures contracts and the unrealised gains and losses on open futures contracts. The fair value of the forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.	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.	n/a
Private equity, infrastructure and special opportunities portfolios	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.	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.	Material events occurring between the date of the financial statements provided and GMPF's own reporting date, changes to expected cashflows, differences audited and unaudited accounts.

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. 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 deducted directly by the investment managers. These costs are not charged directly to the Fund Account nor analysed in Note 8. They are included in the fair value adjustments applied to assets concerned within the Fund Account and corresponding notes. The performance of these investments is reported on a net basis. In line with CIPFA recommendations on improving disclosure of investment costs, Note 11i includes an estimate of these costs for this financial year and previous financial year.

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:

- For those assets held at amortised cost, no investments are impaired (further detail on the investment strategy and approach to managing risk can be found in Note 4)
- All leases are classified as operating leases.

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.

2b. Major sources of estimation uncertainty

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 2021 was £3,623,513,000 (£2,942,866,000 at 31 March 2020).

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.

3. Classification of financial instruments

Accounting policies describe how different asset classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

	At 31 March 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	1,731,185	0	0
Derivatives	356	0	0
Pooled investment vehicles	7,386,149	0	0
Insurance Policies	4,634,285	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	(8,099)	0	0
Other investment liabilities	0	0	(120,098)
Current liabilities	0	0	(25,983)
	(8,099)	0	(146,081)
Total	**25,206,194**	**959,380**	**(146,081)**

	At 31 March 2020		
	Fair value through profit and loss £000	**Financial assets at amortised cost £000**	**Financial liabilities at amortised cost £000**
Financial assets:			
Equities	7,829,132	0	0
Bonds	1,850,051	0	0
Derivatives	13,975	0	0
Pooled investment vehicles	6,216,538	0	0
Insurance Policies	4,567,405	0	0
Cash	0	484,347	0
Other investment assets	0	186,718	0
Current assets	0	78,517	0
	20,477,101	749,582	0
Financial liabilities:			
Derivatives	(1,354)	0	0
Other investment liabilities	0	0	(6,219)
Current liabilities	0	0	(20,206)
	(1,354)	0	(26,425)
Total	**20,475,747**	**749,582**	**(26,425)**

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 £4,400,000 (£1,947,000 net loss as at 31 March 2020).

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 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**

	At 31 March 2020			
	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets:				
Equities	7,829,132	0	0	7,829,132
Fixed interest	0	1,433,695	0	1,433,695
Index linked	0	416,356	0	416,356
Derivatives	0	13,975	0	13,975
Pooled investment vehicles	0	5,997,916	4,786,027	10,783,943
Non-financial assets (at fair value through profit & loss):				
Directly held investment property	0	0	835,885	835,885
Total	**7,829,132**	**7,861,942**	**5,621,912**	**21,312,986**

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.

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

31 March 2020 £000		31 March 2021 £000
4,839,471	Opening balance	5,621,912
1,134,685	Acquisitions	1,358,778
(470,917)	Disposal proceeds / Return of capital	(587,346)
	Total gains/losses included in the Fund account:	
173,172	- on assets sold	225,268
(54,498)	- on assets held at year end	(3,045)
5,621,912	**Closing balance**	**6,615,567**

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 31 January 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:

	Potential Market Movements (+/-)	
Asset type	**31 March 2020 p.a.**	**31 March 2021 p.a.**
UK equities	27.5%	16.7%
Overseas equities	28.0%	17.4%
Fixed interest - gilts	7.6%	7.3%
Index linked gilts	7.4%	7.5%
Corporate bonds	9.8%	8.0%
High yield debt	8.7%	5.9%
Investment property	14.2%	14.2%
Private equity	28.4%	28.5%
Infrastructure	15.6%	15.3%
Cash and other liquid funds	0.3%	0.3%
GMPF	15.2%	9.3%

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 2020 and 2021. The calibration of the model is based on a combination of historical data, economic theory and expert 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 2020 and 2021 would have been as shown in the tables below.

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**

Asset type	31 March 2020 £000	% Change p.a.	Value on increase £000	Value on decrease £000
UK equities	2,898,333	27.5%	3,695,375	2,101,291
Overseas equities	6,906,510	28.0%	8,840,333	4,972,687
Fixed interest bonds	950,169	7.6%	1,022,382	877,956
Index linked bonds	1,323,200	7.4%	1,421,117	1,225,283
Corporate bonds	1,958,368	9.8%	2,150,288	1,766,448
High yield debt	1,255,301	8.7%	1,364,512	1,146,090
Investment property	1,864,851	14.2%	2,129,660	1,600,042
Private equity	2,364,324	28.4%	3,035,792	1,692,856
Infrastructure	1,392,737	15.6%	1,610,004	1,175,470
Cash and other liquid funds	1,070,258	0.3%	1,073,469	1,067,047
GMPF	**21,984,051**	**15.2%**	**25,325,627**	**18,642,475**

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 2021, GMPF had £193,394,000 (2019/20 £153,187,000) invested in this asset via pooled investment vehicles. Therefore, a 1% change in interest rates will increase or reduce GMPF's return by £1,934,000 (2019/20 £1,532,000) 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 equities 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 2021 was £506,700,000 (31 March 2020 £391,100,000). This was held with the following institutions:

Summary	Rating	Balance at 31 March 2020 £000	Balance at 31 March 2021 £000
Money market Funds			
Aberdeen Assets	AAA	75,000	75,000
DB Advisors	AAA	0	75,000
Federated	AAA	0	75,000
Morgan Stanley	AAA	15,100	75,000
Invesco	AAA	0	71,700
Banks			
Bank of Scotland	A+	30,000	20,000
Close Brothers	A+	10,000	0
Barclays	A+	50,000	50,000
Local authorities & public bodies			
Aberdeenshire Council	N/A	10,000	0
Cambridgeshire County Council	N/A	20,000	15,000
Eastleigh Council	N/A	10,000	10,000
Falkirk Council	N/A	10,000	0
GM Combined Authority	N/A	50,000	0
Kingston Upon Hull Council	N/A	10,000	0
Leeds City Council	N/A	10,000	25,000
London Borough of Enfield	N/A	10,000	0
Mid Suffolk DC	N/A	5,000	0
North Lanarkshire Council	N/A	10,000	0
PCC West Mercia	N/A	10,000	0
Plymouth Council	N/A	10,000	0
Rotherham Council	N/A	20,000	0
Slough Council	N/A	10,000	0
Somerset West Taunton	N/A	0	10,000
Surrey Council	N/A	10,000	0
Tewkesbury Borough Council	N/A	6,000	5,000
Total		**391,100**	**506,700**

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 £506 million cash balances at 31 March 2021.

All financial liabilities at 31 March 2021 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 2020 £000	Liquidity terms	31 March 2021 £000
16,126,139	Assets realisable within 7 days	20,218,929
96,000	Assets realisable in 8-30 days	50,000
0	Assets realisable in 31-90 days	15,000
5,761,912	Assets taking more than 90 days to realise	6,685,566
21,984,051	**Total**	**26,969,495**

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 2020 £000		31 March 2021 £000
(152,068)	Employees contributions	(158,377)
	Employers:	
(445,468)	Normal contributions	(743,915)
(14,694)	Deficit recovery contributions	(10,656)
(460,162)	Total employers contributions	(754,571)
(612,230)	**Total**	**(912,948)**

By Authority

31 March 2020 £000		31 March 2021 £000
(8,633)	Tameside MBC (administering body)	(58,990)
(487,097)	Scheduled Bodies	(742,342)
(116,500)	Admission bodies	(111,616)
(612,230)	**Total**	**(912,948)**

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 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

Greater Manchester Combined Authority (GMCA) appointed Suez Recycling & Recovery UK Ltd with effect from 1 June 2019 to carry out the waste management services previously provided by Viridor Waste.

As part of the agreement, employees who were previously earning benefits in the Citrus Pension Plan (a trust-based defined benefit scheme providing similar benefits to the LGPS specifically created for outsourced waste providers) became contributing members of GMPF with effect from 1 June 2019.

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 of terminating the previous contract.

6. Benefits payable

By Category

31 March 2020 £000		31 March 2021 £000
707,822	Pensions	733,944
133,258	Commutation & lump sum retirement benefits	125,319
19,121	Lump sum death benefits	22,832
860,201	**Total**	**882,095**

By Authority

31 March 2020 £000		31 March 2021 £000
35,971	Tameside MBC (administering body)	35,850
643,848	Scheduled Bodies	658,215
180,382	Admission bodies	188,030
860,201	**Total**	**882,095**

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 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 2020 £000		31 March 2021 £000
0	Group transfers to other schemes	2,052
40,726	Individual transfers to other schemes	30,109
(54)	Payments for members joining state scheme	0
(12)	Income for members from state scheme	(28)
1,691	Refunds to members leaving service	1,014
42,351	**Total**	**33,147**

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.

Investment management expenses:

31 March 2020 £000		31 March 2021 £000
1,491	Employee costs	1,516
315	Support services including IT	173
5,967	Transaction costs (public managers) *	8,414
18,977	Management fees	20,269
253	Custody fees	403
27,003	**Total**	**30,775**

* Transaction costs are incremental costs directly attributable to the sale and purchase of UK and Overseas equities. They comprise £1,526,000 (2020 £2,002,000) commissions and £6,888,000 (2020 £3,965,000) other costs which included UK stamp duty and market levies.

Administrative costs:

31 March 2020 £000		31 March 2021 £000
4,610	Employee costs	4,937
1,553	Support services including IT	2,325
101	Printing and publications	123
6,264	**Total**	**7,385**

Oversight and governance costs:

31 March 2020 £000		31 March 2021 £000
376	Employee costs	447
137	Support services including IT	219
143	Governance and decision making costs	157
11	Investment performance monitoring	28
74	External audit fees *	74
114	Internal audit fees	121
108	Actuarial fees - investment consultancy	151
504	Actuarial fees	345
1,467	**Total**	**1,542**

* Total external auditors fee in 2020/21 is £73,383 (2019/20 73,743) of which £30,000 (2019/20 £30,360) was in relation to work carried out on behalf of GMPF's main scheme employers.

The above costs include set up costs for Northern LGPS Pool – see Note 8a for further details.

8a. Costs related to the Northern LGPS Pool

	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**

	At 31 March 2020			
	Direct £000	**Indirect £000**	**Total in year £000**	**Cumulative £000**
Set up costs:				
Legal	6	0	6	71
Procurement	0	0	0	30
Other costs	64	0	64	146
Total set up costs	**70**	**0**	**70**	**247**

9. Investment income

31 March 2020 £000		31 March 2021 £000
(41,230)	Fixed interest (corporate and government bonds)	(39,919)
(319,926)	Equities	(248,750)
(2,801)	Index linked	(957)
(118,040)	Pooled investment vehicles	(150,275)
(38,650)	Investment property (gross)	(35,653)
5,630	Investment property non-recoverable expenditure	5,450
(7,799)	Interest on cash deposits	(1,993)
(771)	Stocklending	(511)
(523,587)	**Total**	**(472,608)**

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 2020/21 amounts to £2,718,000 (2019/20 £3,973,000) 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. 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 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
1,850,051	Bonds	679,005	(786,002)	(11,869)	1,731,185
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**

Value at 31 March 2019 £000		Purchases £000	Sales £000	Change in fair value £000	Value at 31 March 2020 £000
	Financial assets at fair value through profit and loss				
7,189,192	Equities	6,897,858	(4,066,936)	(2,190,982)	7,829,132
1,373,279	Bonds	768,252	(376,649)	85,169	1,850,051
881,991	Investment property	75,702	(40,166)	(81,642)	835,885
0	Net derivatives	112,941	(56,833)	(43,487)	12,621
13,453,499	Managed and unitised funds	2,757,475	(5,628,944)	201,912	10,783,942
22,897,961		10,612,228	(10,169,528)	(2,029,030)	21,311,631
	Financial assets and liabilities at amortised cost				
755,437	Cash				484,347
212,544	Other investment assets				186,718
73,556	Net current assets				78,517
(73,279)	Other investment liabilities				(6,219)
(22,596)	Net current liabilities				(20,206)
23,843,623	**Total**				**22,034,788**

11b. Bonds

31 March 2020 £000		31 March 2021 £000
52,049	UK public sector quoted	49,542
442,782	Overseas public sector quoted	326,674
541,544	UK corporate quoted	590,284
397,320	Overseas corporate quoted	491,653
416,356	Overseas index linked	273,032
1,850,051	**Total**	**1,731,185**

11c. Investment property

31 March 2020 £000		31 March 2021 £000
671,430	UK - Main investment property portfolio	705,385
164,455	UK - Greater Manchester Property Venture Fund	165,131
835,885		**870,516**

All investment property is located in England, Wales or Scotland and, in order to reduce risk, is diversified over several sectors that include offices, industrial/logistics, high street retail, shopping centres, retail parks, leisure, healthcare and student accommodation. Gross and net rental income is shown in Note 9 of these accounts.

Following the purchase of the freehold interest in Whitehall Place, London on 25 March 2021, 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. Three properties were either being prepared for sale, being marketed or prices had been agreed at 31 March 2021 (combined valuation: £21,150,000).

GMPF sold one investment property during the 2020/21 financial year: ALPHA, Airport City, Manchester (industrial scheme), 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 2020/21	**£000**
Balance at 1 April 2020	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 2021 *	**870,516**

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

Movement in the fair value of investment properties in 2019/20	**£000**
Balance at 1 April 2019	881,991
Purchases	32,809
Expenditure during year	42,892
Disposals	(40,166)
Net gains/ (losses) from fair value adjustments	(81,641)
Balance at 31 March 2020 *	**835,885**

* No properties were being marketed at 31 March 2020

Future operating lease rentals receivable

31 March 2020 £000		**31 March 2021 £000**
36,599	Not later than 1 year	38,984
123,091	Later than 1 year, but not later than 5 years	156,437
194,836	Later than 5 years	260,497
354,526	**Total**	**455,918**

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.
- 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.
- No contingent rents were recognised during the period.

11d. Derivatives

31 March 2020 £000		31 March 2021 £000
	Investment assets:	
4,878	Forward currency contracts	356
14,041	Financial futures	332
18,919		688
	Investment liabilities:	
(6,232)	Forward currency contracts	0
(66)	Financial futures	(8,431)
12,621	**Net (liability)/asset**	**(7,743)**

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.

The tables below analyse the derivative contracts held at 31 March 2021 by maturity date. The Forward Currency Contracts were all traded on an over-the-counter-basis.

31 March 2021				
Contract	**Settlement date**	**Currency**	**Economic exposure 000**	**Market value £000**
UK Equity Futures	Less than one year	GBP	(31,594)	144
Overseas Equity Futures	Less than one year	GBP	(28,535)	188
UK Commodity Futures	Less than one year	GBP	735	(3)
Overseas Equity Futures	Less than one year	GBP	(639,933)	(8,428)
Total			**(699,327)**	**(8,099)**

31 March 2020				
Contract	**Settlement Date**	**Currency**	**Economic Exposure 000**	**Market Value £000**
UK Equity Futures	Less than one year	GBP	15,498	1,987
Overseas Equity Futures	Less than one year	GBP	214,178	12,054
Overseas Equity Futures	Less than one year	GBP	4,476	(66)
Total			**234,152**	**13,975**

31 March 2021 **Contract**	**Settlement date**	**Currency**	**Currency bought 000**	**Currency**	**Currency sold 000**	**Assets £000**	**Liability £000**
Forward Currency Contract	Within one month	GBP	137,574	USD	189,355	342	0
Forward Currency Contract	Within one month	USD	6,500	GBP	4,697	14	0
Total						**356**	**0**

31 March 2020 **Contract**	**Settlement Date**	**Currency**	**Currency Bought 000**	**Currency**	**Currency Sold 000**	**Assets £000**	**Liability £000**
Forward Currency Contract	Within one month	GBP	157,140	USD	188,920	4,878	(13)
Forward Currency Contract	Within one month	AUD	6,500	GBP	3,285	0	(77)
Forward Currency Contract	Within one month	USD	147,000	GBP	123,585	0	(5,087)
Forward Currency Contract	Within one month	CAD	12,500	GBP	7,307	0	(227)
Forward Currency Contract	Within one month	EUR	11,500	GBP	10,466	0	(286)
Forward Currency Contract	Within one month	CHF	7,500	GBP	6,448	0	(192)
Forward Currency Contract	Within one month	JPY	2,660,000	GBP	20,181	0	(296)
Forward Currency Contract	Within one month	HKD	12,000	GBP	1,302	0	(54)
Forward Currency Contract	Within one month	GBP	0	EUR	0	0	0
Total						**4,878**	**(6,232)**

11e. 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 2020 £000		31 March 2021 £000
661,210	Property	584,503
1,249,685	Infrastructure *	1,462,277
1,955,059	Private Equity **	2,490,314
419,780	Equities	448,419
405,977	Special Opportunities	474,527
1,057,994	Global credit	1,241,582
5,749,705	**Managed funds**	**6,701,622**
466,833	Property	684,526
466,833	**Unit trusts**	**684,526**
6,216,538	**Total pooled investment vehicles**	**7,386,148**

* includes £593,768,000 GLIL investment via the Northern LGPS Pool vehicle (2020 £476,208,000)
** includes £181,647,000 NPEP investment via the Northern LGPS Pool vehicle (2020 £57,014,000)

11f. Insurance Policies

31 March 2020 £000		31 March 2021 £000
47,263	Property	48,904
63,965	UK quoted equity	21,782
226,982	UK fixed interest	250,177
688,631	UK index linked securities	736,007
605,060	UK corporate bonds	688,850
372,686	UK cash instruments	193,394
1,477,991	Overseas quoted equity	1,476,523
228,356	Overseas fixed interest	254,628
414,445	Overseas corporate bonds	489,555
218,213	Overseas index linked securities	250,236
197,306	Global credit	192,551
26,507	Inflation funds	31,679
4,567,405	**Total Insurance policies**	**4,634,286**

11g. Cash

31 March 2020 £000		31 March 2021 £000
390,684	Sterling	535,156
93,663	Foreign currency	128,360
484,347	**Total**	**663,516**

11h. Other investments balances and net assets

31 March 2020 £000		31 March 2021 £000
6,156	Amounts due from broker	9,418
61,806	Outstanding dividends and recoverable withholding tax	61,244
17,588	Gross accrued interest on bonds	16,721
4,384	Gross accrued interest on loans	10,200
68,381	Investment loans	71,980
26,374	Variation margin	50,007
2,029	Other accrued interest and tax reclaims	1,600
186,718	**Other investment assets**	**221,170**
(4,454)	Amounts due to broker	(118,333)
(1,765)	Irrecoverable withholding tax	(1,765)
(6,219)	**Other investment liabilities**	**(120,098)**
44,861	Employer contributions - main scheme	35,586
944	Employer contributions - additional pensions	519
13,215	Property	19,702
466	Admin & investment management expenses	411
19,031	Other	18,476
78,517	Current assets	74,694
(8,700)	Property	(8,450)
(19)	Employer contributions - main scheme	(20)
(1,390)	Employer contributions - additional pensions	(1,683)
(5,620)	Admin & investment management expenses	(5,112)
(4,477)	Other	(10,718)
(20,206)	Current liabilities	(25,983)
58,311	**Net current assets**	**48,711**
238,810	**Other investment balances and net assets**	**149,783**

11i. Transaction and management costs not charged directly to the Fund Account

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 £2,457,000 for 2020/21 (2019/20 £1,999,000).

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 met within the vehicle rather than an explicit charge paid by GMPF. Thus, costs are not charged directly to the Fund Account nor analysed in Note 8. They are included in the fair value adjustments applied to assets concerned within the Fund Account and corresponding notes. The performance is reported on a net basis.

The table below shows estimates made for these costs during the current and previous financial year using methodology agreed with external advisers on private assets and include potential accrued performance fees.

31 March 2020 £000		31 March 2021 £000
	GMPF Private market and alternative investments	
64,237	- performance related	89,516
66,948	- non-performance related	66,417
	GMPF Indirect investment property	
12,502	- performance related	10,078
25,544	- non-performance related	20,098
	Northern LGPS investments (NPEP/GLIL)	
37	- performance related	4,669
4,843	- non-performance related	10,580
174,111	**Total**	**201,358**

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 2020 £000		31 March 2021 £000
164,455	Greater Manchester Property Venture Fund	165,131

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 2020 £000		31 March 2021 £000
0	UK equities	21,543
173,485	UK corporate bond	188,982
473,287	UK Index linked	481,174
21,074	Cash instruments	21,287
53,622	Cash	32,773
26,507	Inflation funds	31,679
197,306	High yield debt	192,551
945,281	**Total**	**969,989**

14. Summary of managers' portfolio values at 31 March

2020			2021	
£m	**%**		**£m**	**%**
		Externally managed		
7,119	32.3%	UBS Global Asset Management	9,064	33.7%
4,520	20.5%	Legal & General	4,585	17.1%
1,912	8.7%	Sci Beta	2,659	9.9%
1,430	6.5%	Investec	1,912	7.1%
1,058	4.8%	Stone Harbor	1,242	4.6%
880	4.0%	LaSalle	705	2.6%
164	0.7%	Avison Young (advisory mandate)	165	0.6%
17,083	77.5%		20,332	75.6%
		Internally managed		
3,615	16.4%	Private equity	4,427	16.5%
54	0.2%	Designated funds	33	0.1%
964	4.4%	Property (indirect)	1,318	4.9%
318	1.5%	Cash, other investments and net assets	780	2.90%
4,951	22.5%		6,558	24.4%
22,034	**100.0%**	**Total**	**26,890**	**100.0%**

15. Concentration of investment

As at 31 March 2021, GMPF held, respectively, 13.56% 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 2020 £000	POLICY MF32950	31 March 2021 £000
1,325,995	Overseas equities	1,475,957
217,765	UK fixed interest	250,144
413,617	UK corporate bonds	499,800
219,088	Overseas fixed interest	254,594
206,607	UK Index linked	254,798
209,385	Overseas index linked	250,202
333,740	UK cash instruments	172,040
397,219	Overseas corporate bonds	489,488
3,323,416	**Total**	**3,647,023**

31 March 2020 £000	POLICY MF36558	31 March 2021 £000
63,965	UK equities	239
151,996	Overseas equities	566
9,217	UK fixed interest	33
17,958	UK corporate bonds	67
9,268	Overseas fixed interest	34
8,737	UK Index linked	35
17,872	UK cash instruments	67
8,828	Overseas index linked	34
17,226	Overseas corporate bonds	68
305,067	**Total**	**1,143**

16. Notifiable interests

As at 31 March 2021 and 31 March 2020, GMPF had holdings of 3% or over in the ordinary share capital of the following quoted companies:

UK Equity 31 March 2020 %		UK Equity 31 March 2021 %
0.0	Babcock International Group PLC	3.4
3.7	Balfour Beatty PLC	4.3
7.7	Brown (N) Group PLC	0.0
0.0	Carnival PLC	3.1
0.0	Dixons Carphone PLC	5.3
3.3	Intu Properties PLC	3.3
4.7	Man Group PLC	6.3
6.7	Mothercare PLC	4.5
0.0	National Express Group PLC	3.0
0.0	Pagegroup PLC	3.5
3.6	Royal Mail PLC	0.0
6.1	RPS Group PLC	5.9
5.3	SIG PLC	3.7
5.1	STV Group PLC	0.0
3.4	Volution GRP PLC	0.0

17. Undrawn commitments

31 March 2020 £000	Asset type	Nature of commitment	31 March 2021 £000
275	Directly held investment property	Commitments regarding demolition or refurbishment work	3,131
33,898	Directly held investment property	Commitments regarding purchases	2,098
2,106,524	Indirect private equity and infrastructure	Commitments to fund	1,992,967
311,845	Special Opportunities portfolio	Commitments to fund	345,622
184,380	Property managed funds	Commitments to fund	245,781
3,761	Property unit trusts	Commitments to fund	27,280
10,699	Commercial/domestic based property unit trust	Commitments to fund	2,410
16,651	Local Investment 4 Growth fund	Commitments to fund	4,751
196,469	Local Impact Portfolio	Commitments to fund	193,527
6,038	Greater Manchester Property Venture Fund	Commitment to lend	32,704
514,238	Private debt portfolio	Commitment to fund	684,102
3,384,778	**Total**		**3,534,373**

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 £8,106,000 (2019/20 £7,894,000) on behalf of GMPF and reclaimed from HMRC VAT of £3,930,000 (£2019/20 £5,5355,0000) net. Total payments due to Tameside MBC therefore, amounted to £4,176,000 (2019/20 £2,359,000). As GMPF reimbursed Tameside MBC £1,416,000 (2019/20 £4,726,000) for these charges during the year, there is a Creditor of £393,000 at the year-end owing to Tameside MBC, after offsetting the debtor brought forward from 2019/20 £2,367,000. 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 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**

For Year Ending 31 March 2020	**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)	*92,320*	41,031	8,617	**49,648**
Pensions (Investments)	*92,320*	92,320	19,387	**111,707**
Pensions (Funding & Business Development)	*92,320*	92,320	19,387	**111,707**
Pensions (Local Investments & Property)	*92,320*	92,320	19,387	**111,707**
Pensions (Administration)	*81,495*	81,495	17,114	**98,609**

Note: There were no payments for Compensation for Loss of Office in 2019/20 or 2020/21

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).

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 2020/21	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
Neil Charnock	Head of Pension Fund Legal	Hive Bethnal Green Ltd	09362438
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 Rock Rail East Anglia (Holdings) 1 Ltd Rock Rail East Anglia (Holdings) 2 Ltd Rock Rail East Anglia PLC GLIL Renewable Holdings 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 10266130 09918883 10360543 12315576 SC281105 11108175 12880831 07930598 07930515 07930434
John Douglas	Investment Manager	GLIL Renewable Holdings	12315576

The above receive no remuneration for these directorships.

Name	Position in GMPF 2020/21	Company in which directorship is held	Company Registration Number
Kevin Etchells	Investment Manager	Island Site (General Partner) Ltd Island Site (Nominee) Ltd	11532059 11532379
Andrew Hall	Investment Manager	GMPF UT (Second Unit Holder) Ltd	08725454
		Matrix Homes (General Partner) Ltd	08980059
		Plot 5 First Street GP Ltd	09904743
		Plot 5 First Street Nominee Ltd	09919396
		Manchester Charles Street Residential (ELP GP) Ltd	10977358
		Manchester Charles Street Residential (SLP GP) Ltd	SC576947
		Island Site (General Partner) Ltd	11532059
		Island Site (Nominee) Ltd	11532379
		Manchester New Square (General Partner) Ltd	11082473
David Olliver	Investment Manager	GLIL Corporate Holdings 3 Ltd	12932522

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:

Name	Position
Cllr J Fitzpatrick	Councillor member (resigned November 2020)
Cllr C Patrick	Councillor member
Cllr L Drennan	Councillor member
Cllr A Jabbar	Councillor member

The following members of the Management and Advisory Panels are in receipt of pension benefits:

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

The following member of the Management and Advisory Panels and the Local Board has benefits on hold by virtue of his membership of GMPF in current or previous employments:

Name	Position
Cllr C Patrick	Councillor member

The following members of the Management and Advisory Panels and the Local Board, by virtue of their membership of GMPF in previous employments, are in receipt of pension benefits:

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
M Fulham	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:

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	Contributing employer
	Trustee of Jigsaw Homes Group Limited (Reg No 29433R)	Contributing employer
	Director of Ashton Pioneer Homes Ltd (Reg No 03383565)	Contributing employer
	Director of Pioneer Homes Services Ltd (subsidiary of Ashton Pioneer Homes Ltd) (Reg No 06546606)	Contributing employer
	Director of APH Developments Ltd (subsidiary of Ashton Pioneer Homes Ltd) (Reg No 03989251)	Contributing employer
	Director of Mechanics' Centre Ltd (Reg No 01983373)	Contributing employer
Cllr G Newton	Employee of SUEZ Recycling & Recovery UK Ltd (Reg No 002291198)	Contributing employer

Name	Position & Organisation	Organisation relationship with GMPF
Cllr T Sharif	Director of Homestart Oldham, Stockport and Tameside Limited	Contributing employer
Cllr B Fairfoull	Member of Manchester Airport Consultative Committee	Contributing employer
Cllr K Cunliffe	Director of Wigan Metropolitan Development Company Limited (Co No: 01486410)	Contributing employer
Cllr A Jabbar	Deputy - Greater Manchester Combined Authority	Contributing employer
	External Member - Oldham College	Contributing employer
Cllr M Barnes	Employee of University of Salford	Contributing employer
Cllr P Andrews	Member of Manchester Airport Consultative Committee	Contributing employer
	Member of Manchester Port Health Authority	Contributing employer
	Governor of Newall Green Primary School	Contributing employer
	Director of Mechanics' Centre Ltd (Reg No 01983373)	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
P McDonagh	Employee of Manchester City Council	Contributing employer
M Fulham	Employee of Bury MBC	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 2020 GMPF had £50,000,000 on short-term loan to Greater Manchester Combined Authority. This was repaid during 2020/21. There was £nil on loan to any contributing employers at 31 March 2021.

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, which is a contributing employer to GMPF.

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 2021 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 have brought forward their payment of pension contributions in 2020/21 (total £217 million) to make efficient use of their cash balances.

Contributions from Employers 2020 £m	Contributions from Employees 2020 £m	Benefits Paid 2020 £m		Contributions from Employers 2021 £m	Contributions from Employees 2021 £m	Benefits Paid 2021 £m
(23)	(7)	43	Bolton Borough Council	(24)	(7)	45
(15)	(5)	29	Bury Borough Council	(15)	(5)	30
(47)	(16)	107	Manchester City Council	(130)	(16)	107
(3)	(5)	36	Oldham Borough Council	(48)	(6)	38
(20)	(6)	37	Rochdale Borough Council	(20)	(6)	37
(20)	(6)	43	Salford City Council	(21)	(7)	45
(3)	(7)	35	Stockport Borough Council	(58)	(7)	36
(3)	(6)	36	Tameside Borough Council (administering authority)	(53)	(6)	36
(2)	(5)	28	Trafford Borough Council	(43)	(5)	27
(27)	(9)	45	Wigan Borough Council	(29)	(9)	45
(204)	(55)	241	Other scheme employers *	(225)	(61)	248
(92)	(25)	180	Admitted bodies *	(89)	(23)	188
(459)	**(152)**	**860**	**Total**	**(755)**	**(158)**	**882**

* 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
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 2021 can be found in Note 25.

The key financial assumptions adopted for the 2019 valuation were:

	31 March 2019	
Financial Assumptions	**% 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 £456.4 million (31 March 2020: £313.8 million) in exchange for which the custodian held collateral at fair value of £474.2 million (31 March 2020: £333.7 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)(c) 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.

The latest figures available for the year to March 2021 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 2020/21 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 2020 % p.a.	Year ended:	31 March 2021 % p.a.
1.9%	Inflation/pension increase rate	2.9%
2.7%	Salary increase rate	3.6%
2.3%	Discount rate	2.0%

Mortality

Life expectancy is based on GMPF's VitaCurves with improvements in line with the CMI 20208 model, assuming the current rate of improvements has reached a peak and will converge to a long-term rate of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

31 March 2020			31 March 2021	
Males	Females		Males	Females
20.5 years	23.1 years	Current pensioners	20.5 years	23.3 years
22.0 years	25.0 years	Future pensioners*	21.9 years	25.3 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. This applies to both the current and prior years.

Value of promised retirement liabilities

31 March 2020 £m		31 March 2021 £m
22,035	Value of Net Asstes per NAS	26,890
(28,264)	Present value of promised retirement benefits	(37,007)
(6,229)	IAS26 surplus/ (deficit) in the Fund	**(10,117)**

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 2020			31 March 2021	
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%	2,544	0.5% increase in the Pension Increase Rate	9%	3,331
1%	283	0.5% increase in the Salary Increase Rate	1%	370
3%	848	1 year increase in member life expectancy	3%	1,110
10%	2,826	0.5% decrease in Real Discount Rate	10%	3,701

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.